ORH Limited
and Controlled Entities
ABN 57 077 398 826

Annual Financial Report

FOR THE YEAR ENDED 30 June 2014

Date: 29 August 2014

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Corporate Directory

Directors
Domenic Martino - Non-Executive Chairman
Jamie Detata - Executive Director
Jackob Tsaban - Executive Director

Company Secretary
Louisa Youens

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BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney NSW 2000

Directors' Report

The directors present their report, together with the financial statements on the consolidated entity consisting of ORH Limited (herein referred to as the "Company", "ORH" or "the parent entity") and the entities it controlled (the "Group") for the year ended 30 June 2014.

Directors

The following persons were directors of the Company during the financial year and until the date of this report:

Name	Date of Appointment
Domenic Martino	7 May 2009
Jamie Detata	25 March 2010
Jackob Tsaban	19 December 2013
Kevin Dundo[1]	14 January 2013

[1] Resigned on 19 December 2013.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Meetings of Directors

The number of directors' meetings during the financial year and the number of meetings attended by each director during the financial year are:

	Board Meetings	
Director	Number eligible to attend	Number attended
Domenic Martino	7	7
Jamie Detata	4	4
Jackob Tsaban	3	3
Kevin Dundo	4	4

Information on Directors

Details of the qualifications and experience of the directors of the Company at the date of this report are set out below:

Mr Domenic Martino - Non-Executive Director
Mr Martino is a Chartered Accountant and an experienced director of ASX listed companies. Previously CEO of Deloitte Touch Tohmatsu in Australia, he has significant experience in the development of "micro-cap" companies.

Mr Martino is a key player in the re-birth of a broad grouping of ASX companies including Cokal Limited, Pan Asia Corporation Limited, Clean Global Energy Limited (renamed Citation Resources Ltd) and NuEnergy Capital Limited. He has a strong reputation in China, with a lengthy track record of operating in Papua New Guinea (PNG) and Indonesia, where he has successfully closed key energy and resources deals with key local players. He has a proven track record in capital raisings across a range of markets.

Mr Martino was a recipient of the Centenary Medal 2003 for his service to Australian society through business and the arts.

During the past three years Mr Martino held the following directorships in other ASX listed companies:
Australasian Resources Ltd (27 November 2003-Current), Citation Resources Ltd (9 October 2009-13 December 2012), Cokal Ltd (24 December 2010-Current), Coral Sea Petroleum Limited (3 August 2012-Current), MUI Corporation Limited (19 December 2013 – Current), NuEnergy Capital Limited (1 March 2011-18 May 2011), Pan Asia Corporation Ltd (24 December 2010-Current) and Synergy Plus Limited (7 July 2006-Current).

Directors' Report (Continued)

Information on Directors (continued)

Mr Jamie Detata - Executive Director
Mr Detata has had extensive senior management experience in the earthmoving and mining sector over the past 25 years and is employed as the General Manager of ORH's operating subsidiary ORH Engineering (Aust.) Pty Ltd.

Mr Jackob Tsaban - Executive Director (Appointed 19 December 2013)
Mr Tsaban is a qualified chartered accountant. He moved from Israel to Australia in 2007 and was appointed as the Chief Financial Officer for the ORH Group on 18 November 2011.

During the past three years Mr Tsaban held the following directorships in other ASX listed companies:
Non-Executive Director of South East Asia Resources Limited (18 October 2013 – Current).

Mr Kevin A Dundo - Non-Executive Director (Resigned 19 December 2013)
Mr Dundo practices as a lawyer in Perth. He specialises in the commercial and corporate areas (in particular mergers and acquisitions) with experience in the mining sector, the service industry and the financial services industry. Mr Dundo gained a Bachelor of Commerce from the University of Western Australia and a Bachelor of Laws from the Australian National University. He is a member of the Law Society of Western Australia, a member of the Law Council of Australia, a fellow of the Australian Society of Certified Practising Accountants and a member of the Australian Institute of Company Directors.

During the past three years Mr Dundo held the following directorships in other ASX listed companies:
Non- Executive Director of Imdex Limited (14 January 2004 – Current), Red 5 Limited (29 March 2011 – Current) and Synergy Plus Limited (7 July 2006 – Current).

Louisa Youens - Company Secretary
Ms Youens provides company secretarial and accounting services through Transaction Services Pty Ltd. Prior to this she was the Chief Financial Officer of a private company during its stage of seeking investor financing.

Ms Youens previously worked for a corporate finance company, assisting with company compliance (ASIC and ASX) and capital raisings. She also has experience working for a government organisation in its Business Development division where she performed reviews of business opportunities and prepared business case documents seeking Government funding.

Ms Youens previously worked for a major accounting firm in Perth, London and Sydney where she provided corporate advisory services, predominantly on IPOs and mergers and acquisitions and also performed due diligence reviews. She has a Bachelor of Commerce from the University of Western Australia, is a member of the Institute of Chartered Accountants in Australia and a member of the Financial Services Institute of Australasia (FINSIA).

Directors' Report (Continued)

Directors' Equity Holdings

As at 30 June 2014, the interests of the Directors in the equity of the Company are as follows:

Name	Opening Balance 1 July 2013	Acquired during the period	Disposed of during the period	Closing Balance 30 June 2014
DV Martino [1]				
Ordinary Shares	17,207,884	20,412,501	-	37,620,385
JL Detata [2]				
Ordinary Shares	10,180,456	15,000,000	-	25,180,456
J Tsaban [3]				
Ordinary Shares	-	-	-	-
KA Dundo [4]				
Ordinary Shares	6,666,667	-	-	6,666,667
Total Ordinary Shares	34,055,007	35,412,501	-	69,467,508

Notes to Table

The information below reflects the indirect and direct holdings of the directors of ORH Limited as at 30 June 2013.

1. Mr Martino holds 412,501 securities directly as at 30 June 2014. Mr Martino has indirect interests in shares of the Company via Indian West Pty Ltd, a company of which Mr Martino is the sole director and shareholder, which holds 6,033,188 Fully Paid Ordinary Shares (3,016,594 of which are held on trust for the Sydney Investment Trust), Impact Nominees Pty Ltd, a company controlled by Mr Martino, which holds 28,873,338 Fully Paid Ordinary Shares, Domenal Enterprises Pty Ltd, a company controlled by Mr Martino, which holds 540,000 Fully Paid Ordinary Shares and Fanucci Pty Ltd as trustee for the Fanucci Trust, of which Mr Martino's wife is a beneficiary, which holds 1,761,358 Fully Paid Ordinary Shares.

   Pursuant to the Company's General Meeting held on 9 August 2013, Mr Martino received 20,412,501 Fully Paid Ordinary Shares during the financial year in satisfaction of debt owing.

2. Mr Detata holds 24,186,667 Fully Paid Ordinary Shares in the Company. He is a director and shareholder of Blazeway Holdings which holds a total of 993,789 ordinary shares in the Company.

   Pursuant to the Company's General Meeting held on 9 August 2013, Mr Detata received 15,000,000 Fully Paid Ordinary Shares in satisfaction of debt owing. In addition, Mr Detata was issued 85,000,000 options of which 30,000,000 options were vested during the current financial year and remain unissued, 30,000,000 were issued and expired due to not meeting vesting conditions at 30 June 2014, and 25,000,000 options were issued and subject to vesting conditions in the 2015 year.

3. Mr Tsaban was appointed a director on 19 December 2013, consequently his opening balance of Fully Paid Ordinary Shares held is as at that date. In addition, Mr Tsaban holds 12,000,000 options which were issued and vested during the current financial year and remained unissued.

4. Mr Dundo resigned on 19 December 2013, consequently his closing balance of Fully Paid Ordinary Shares held is as at that date.

Principal Activities

The Group is an industrial services group of companies that provides design and manufacturing of service trucks, water carts, tipper trucks and other trucks per customers' requirements for the mining and construction industries.

No significant change in the nature of these activities occurred during the financial year.

Directors' Report (Continued)

Review of Operations

The consolidated loss of the Group for the financial year, after providing for income tax, amounted to $1,997,311 (2013: profit $2,149,589).

The Group has fulfilled its obligations under the Deed of Company Arrangement (DOCA) and has enjoyed strong revenue and profit growth in the 2013 financial year and the first quarter of the 2014 financial year. The remainder of the 2014 financial year has resulted in a decrease in revenue and profitability due to a market slow-down that led to a deferral of customer orders and losses for the Group.

The majority of the loss for the financial year is related to one off expenses that incurred during the year and are not expected to repeat in subsequent years. Main items contributing to the loss are listed below:

	2014 $
Loss after income tax	1,997,311
Non recurring / Non cash expenses	
Non recurring outsourced fabrication services[1]	1,085,830
Non recurring marketing expense[2]	90,000
Non recurring IT expense[3]	38,250
Non recurring accounting fees expense[4]	165,801
Non cash share based payment expense[5]	104,314
Non recurring interest expense[6]	219,675
Non cash tax expense[7]	641,459
Total non recurring / Non cash expenses	2,345,329

[1] During 2013FY, as a result of production capacity, the Company's engineering business started outsourcing fabrication and manufacturing services. During the current financial year, the business phased out the outsourcing services and as of the end of the year all manufacturing is in house. The cost of outsourcing fabrication services for 2014 was $1,085,830.
[2] During 2014, the Company sponsored Perth Glory, for $90,000 per year, with anticipation it will contribute to the company's sales. This cost will not be repeated.
[3] IT services - during 2014FY, the company engaged with service provider, to improve the Google ranking of the ORH website. The cost of which was $38,250. As the results did not yield the expected return, this has now ceased.
[4] During the financial year, the Company lodged all financial reports for the half-years ended December 2010, 2011 and 2012 and the financial years ended 30 June 2011, 2012 and 2013 and also engaged for a review of its tax position. That lead to an accounting and tax fee of $245,801 in 2014 vs. an average of 80,000 in a regular year.
[5] The loss reported is including non-cash expense for valuation of options issued for $104,314.
[6] During the financial year the Company incurred interest expenses for loans provided, of $219,675. As it is expected that these loans will be paid during the next year, it is reasonable to assume that these expenses will be significantly lower.
[7] The report includes a non-cash tax expense, related to impairment of the deferred tax assets as a result of the losses incurred during the current year. This expense can be reversed during future years, subject to the group's profitability.

The Group focuses on the design and manufacture of specialised vehicles, particularly for the mining and construction industries. The Group generates revenue from:

- Designing, manufacturing and selling trucks, carts and specialised vehicles;
- Selling spare parts; and
- Servicing and refurbishment of vehicles.

During the current financial year, as a result of the market slowdown, the company has significantly increased its product portfolio offering to its traditional markets and also started selling its products to new markets. In addition, the Company switched to in-house production, to enable cost savings and improved quality control.

Directors' Report (Continued)

Review of Operations (continued)

During the year the Company applied to the ASX for the re-quotation of its shares for trading. The Company re-listed on 16 May 2014. This is a positive step for the Company as it provides liquidity for the Company's shareholders and allows the Company to offer quoted securities under its employee share purchase plan, in doing so giving the Company a mechanism to attract, retain and incentivise its employees. As part of the re-listing process, the Company finalised a 1 for 3 non-renounceable rights issue at $0.01 per share, raising $3,005,300. This allowed the Company to further consolidate its financial position from which it can grow.

The Company's financial position has improved following the capital raising during the current financial year, with total net assets of $1,016,522 (2013: net liabilities $1,781,021).

Dividends

No dividends were paid or declared for payment during the financial year.

Significant Changes in State of Affairs

There were no significant changes in the Group's state of affairs during the financial year and to the date of this report, except for the re-quotation of the Company's shares for trading on the ASX in May 2014.

Events Subsequent to Reporting Date

On 8 July 2014, the Company's subsidiary, ORH Distribution Pty Ltd was granted with a Motor Vehicle Dealer licence.

Apart from the above mentioned, no matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information should be treated as expectation only.

The Group constantly works to enhance its offering to its customers by launching new products into the market, which complies with changes in standards and demand by customers. The Group is also continually developing arrangements with suppliers or supplementing its product lines. Diversifying the Group's product line provides additional sources of revenue and profitability. In addition, sales of the Group's products result in follow-on sales opportunities, by servicing the trucks sold, refurbishing old trucks and replacing trucks.

During the next and coming financial years, the Group will be focusing on the following plans:

- Expanding its products portfolio offering to the existing industries it is working with, in order to increase its market share and penetration, relying on its high quality products.
- Expand its market to other industries that might have the need for the Group's products.
- Explore entering into new business niches that are related to its core activity of trucks manufacturing.

Environmental Regulation

The consolidated entity is not subject to any significant environmental registration under Australian Commonwealth or State law.

Directors' Report (Continued)

Indemnifying Officers or Auditor

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Corporate Governance

The directors support the adoption of appropriate corporate governance policies and a summary of the Company's corporate governance policies is set out separately and forms part of these financial statements.

Directors' Report (Continued)

Remuneration Report (audited)

This report details the nature and amount of remuneration for directors and executives of ORH Limited.

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Share-based payments
C. Details of remuneration
D. Additional information

A. Principles Used to Determine the Nature and Amount of Remuneration

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company. The performance of the Group depends upon the quality of its key management personnel. To prosper the Group must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company adopted an employee share option scheme at the general meeting held in August 2013.

During the year the small size of the Company required that the Board determined and implemented the remuneration policy for directors and executives having regard to individual performance, relevant comparative information, and if thought appropriate, independent expert advice. A remuneration consultant has not been employed by the Company to provide recommendations in respect of remuneration, given the size of the Group and its structure.

As well as base salary, remuneration may include retirement and termination entitlements and fringe benefits. The Board sets quantitative and qualitative objectives to be achieved by the Executive Director. These objectives will be linked to and be consistent with the Company's strategic objectives and will be tied to the "at-risk" component of the executives' remuneration.

Remuneration of non-executive directors is recommended by the Board within the limits approved by the shareholders from time to time.

The Executive Director and Chief Financial Officer may be invited to attend meetings of the Board when discussing remuneration from time to time but neither may take part in any discussions regarding their own remuneration.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

There are no formal agreements with Directors. Directors are paid on a month to month basis. Mr Detata and Mr Tsaban are paid via director-related entities. Mr Martino and Mr Dundo (until retirement) are paid directly and their remuneration includes superannuation.

Executive Director Remuneration

Remuneration of the executive directors consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

<u>Fixed remuneration</u>

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally, individual performance and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Directors' Report (Continued)

Remuneration Report (audited) (continued)

Executive Director Remuneration (continued)

Variable remuneration

Short-Term Incentive

The objective of the short-term incentives ('STI') is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. These targets are reviewed annually by the Board.

Long-Term Incentive

The long-term incentives ('LTI') include long service leave and equity-based payments. Options are awarded to executives over a period of three years based on long-term incentive measures. These include increase in the volume of products sold in the market and increase in profitability.

Executive director remuneration

Mr Detata's employment with the Company is on a month to month basis at a base salary of $345,000 for the financial year (2013: $368,166). In addition, Mr Detata receives a cash bonus based on performance criteria set by the Board, which are based on achieving EBIDTA targets, with a minimum bonus of $120,000. For the financial year this cash bonus totalled $120,000 (2013: 209,000).

On 9 August 2013, shareholders approved the granting of a long-term incentive of 85,000,000 options to Mr Detata under the Employee Share Option Plan, subject to vesting conditions. On 5 November 2013, 30,000,000 of the 85,000,000 options vested. These options have an exercise price of $0.01 per share and an expiry date of 5 November 2018 and remain unissued. A further 30,000,000 of the 85,000,000 options have expired, as vesting conditions have not been met at 30 June 2014. The remaining 25,000,000 options will vest with Mr Detata should, during the 2015 financial year, the monthly average production of trucks be a minimum of 15 trucks per month and an EBIDTA of ORH Engineering (Aust) Pty Ltd for that financial year be at least $4,000,000.

Mr Tsaban is a director and Chief Financial Officer of the Company and accrues fees on a month to month basis through his personal company at $240,000 for the financial year (2013: $180,000).

At a general meeting held on 9 August 2013, shareholders resolved to grant 12,000,000 options to Mr Tsaban which have an exercise price of $0.01 and an expiry date of 5 November 2018. These options have vested but remain unissued.

Non-Executive Director Remuneration

The Board seeks to set non-executive director aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 28 November 2013 when shareholder approved an aggregate remuneration of $600,000 per year.

The Board has determined the fee structure for non-executive directors as set out below.

Position	Fee
Chairman of the Board	$120,000
Non-Executive Director	$60,000

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst the directors is reviewed annually. The Board considers advice from external advisors (if required) as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Directors' Report (Continued)

Remuneration Report (audited) (continued)

Non-Executive Director Remuneration (continued)

Mr Martino accrues fees on a month to month basis at $120,000 plus superannuation for the financial year (2013: $120,000).

Mr Dundo accrued fees on a month to month basis until his resignation on 19 December 2013 at $22,435 plus superannuation for the financial year (2013: $23,803).

Senior executive remuneration

There are currently no senior executives employed by the Company.

B. Share-Based Payments

Compensation options were issued during the financial year (2013: Nil) to Mr Detata and Mr Tsaban as follows:

- On On 9 August 2013, shareholders approved the granting of a long-term incentive of 85,000,000 options to Mr Detata under the Employee Share Option Plan, subject to vesting conditions. On 5 November 2013, 30,000,000 of the 85,000,000 options vested. These options have an exercise price of $0.01 per share and an expiry date of 5 November 2018 and remain unissued. A further 30,000,000 of the 85,000,000 options have expired, as vesting conditions have not been met at 30 June 2014. The remaining 25,000,000 options will vest with Mr Detata should, during the 2015 financial year, the monthly average production of trucks be a minimum of 15 trucks per month and an EBIDTA of ORH Engineering (Aust) Pty Ltd for that financial year be at least $4,000,000.
- Mr Tsaban was issued 12,000,000 options during the financial year which have an exercise price of $0.01 and an expiry date of 5 November 2018. These options have vested but remain unissued.

No shares were issued on the exercise of compensation options during the financial year (2013: Nil).

C. Details of Remuneration

Details of Remuneration for the year ended 30 June 2014 (audited)

	Short-Term		Post-Employment	Share-Based Payments	
	Cash Salary & Fees	Cash Bonus	Super-annuation	Equity-settled	Total
	$	$	$	$	$
Non-Executive Directors:					
Domenic Martino	120,000	-	10,800	-	130,800
Kevin Dundo[1]	22,435	-	2,049	-	24,484
Executive Directors:					
Jamie Detata[2]	345,000	120,000	-	80,178	545,178
Kobi Tsaban[2]	240,000	-	-	24,136	264,136
	727,435	**120,000**	**12,849**	**104,314**	**964,598**

[1]Resigned 19 December 2013.
[2]Payments to Mr Detata and Mr Tsaban paid to their related entities, Blazeway Holdings Pty Ltd and Jackori Consulting

Directors' Report (Continued)

Remuneration Report (audited) (continued)

C. Details of Remuneration (continued)

Details of Remuneration for the year ended 30 June 2013 (audited)

	Short-Term		Post-Employment	Share-Based Payments	
	Cash Salary & Fees	Cash Bonus	Super-annuation	Equity-settled	Total
	$	$	$	$	$
Non-Executive Directors:					
Domenic Martino	120,000	-	10,800	-	130,800
Kevin Dundo[2]	23,803	-	2,142	-	25,945
Executive Directors:					
Jamie Detata[3]	368,166	209,000	-	-	577,166
Geoff Hann[1]	-	-	-	-	-
Other Key Management Personnel					
Kobi Tsaban[3]	180,000	-	-	-	180,000
	691,969	**209,000**	**12,942**	**-**	**913,911**

[1]Resigned 14 January 2013.
[2]Appointed 14 January 2013.
[3]Payments to Mr Detata and Mr Tsaban paid to their related entities, Blazeway Holding Pty Ltd and Jackori Consulting

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
	2014	2013	2014	2013	2014	2013
Non-Executive Directors:						
Domenic Martino	100%	100%	- %	- %	- %	- %
Kevin Dundo	100%	100%'	- %	- %	- %	- %
Executive Directors:						
Jamie Detata	62%	64%	23%	36%	15%	- %
Kobi Tsaban	91%	100%	-%	-%	9%	- %

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
	2014	2013	2014	2013
Executive Directors:				
Jamie Detata	29%	100%	71%	-%

Directors' Report (Continued)

Remuneration Report (audited) (continued)

D. Additional Information

	2014 $	2013 $
Sales revenue	25,051,355	47,624,852
EBITDA	(998,780)	3,419,181
Profit / (Loss) after income tax	(1,997,311)	2,149,589

	2014	2013
Share price at financial year end ($A) [1]	$0.002	$0.018
Total dividends declared (cents per share)	-	-
Basic earnings per share (cents per share)	(0.20)	0.28

[1]The Company was suspended from trading on ASX as at 30 June 2013

No comments were received on the remuneration report at the 2013 AGM and the remuneration report was adopted by way of show of hands.

This concludes the remuneration report, which has been audited.

Directors' Report (Continued)

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the financial statements.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

D Martino
Chairman

Perth, Western Australia, 29 August 2014

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DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF ORH LIMITED

As lead auditor of ORH Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ORH Limited and the entities it controlled during the period.

Grant Saxon
Partner

BDO East Coast Partnership

Sydney, 29 August 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of ORH Limited

Report on the Financial Report

We have audited the accompanying financial report of ORH Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our 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*, which has been given to the directors of ORH Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of ORH Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Saxon

Grant Saxon
Partner

Sydney, 29 August 2014

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors

Domenic Martino
Chairman

29 August 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue and Other Income			
Revenue from sale of products		24,474,354	46,307,906
Revenue from hire of goods		577,001	1,316,946
Gain on de-recognition of liabilities	3	-	113,586
Other income	2	15,558	29,777
Expenses			
Cost of sales		(20,256,141)	(37,869,743)
Employee benefits expense	4	(3,150,709)	(3,720,712)
Finance costs	4	(268,798)	(320,479)
Consulting fees		(809,314)	(873,079)
Rental expenses	4	(608,434)	(503,704)
Depreciation	4	(88,274)	(65,376)
Loss on disposal of plant and equipment		-	(10,168)
Other administrative expenses	4	(1,241,095)	(1,371,628)
Profit/ (loss) before income tax expense		(1,355,852)	3,033,326
Income tax expense	5	(641,459)	(883,737)
Profit/ (loss) after income tax expense for the year		(1,997,311)	2,149,589
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of ORH Limited		(1,997,311)	2,149,589
Earnings per share for profit/(loss)attributable to members of ORH Limited			
Basic earnings/ (losses) per share (cents)	6	(0.20)	0.28
Diluted earnings/ (losses) per share (cents)	6	(0.20)	0.28

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2014

	Note	2014 $	2013 $
Assets			
Current Assets			
Cash and cash equivalents	7	2,166,702	368,434
Trade and other receivables	8	1,641,944	2,242,674
Inventories	9	1,612,730	2,100,066
Other financial assets	10	195,162	227,619
Total Current Assets		5,616,538	4,938,793
Non-Current Assets			
Plant and equipment	11	575,752	499,583
Deferred tax asset	12	1,200,945	1,793,704
Total Non-Current Assets		1,776,697	2,293,287
Total Assets		7,393,235	7,232,080
Current Liabilities			
Trade and other payables	13	5,086,898	6,468,160
Interest bearing liabilities	14	1,267,041	2,506,795
Amounts owed to administrators	15	-	11,236
Total Current Liabilities		6,353,939	8,986,191
Non Current Liabilities			
Trade and other payables	13	22,774	26,910
Total Non Current Liabilities		22,774	26,910
Total Liabilities		6,376,713	9,013,101
Net Assets/ (Liabilities)		1,016,522	(1,781,021)
Equity			
Issued capital	16	44,102,750	39,412,210
Reserves	17	104,314	-
Accumulated losses		(43,190,542)	(41,193,231)
Total Equity		1,016,522	(1,781,021)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2014

	Note	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2012		38,978,310	-	(43,342,820)	(4,364,510)
Profit after income tax expense for the year		-	-	2,149,589	2,149,589
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	2,149,589	2,149,589
Transactions with owners in their capacity as owners					
Contributions of equity, net of transactions costs	17	433,900	-	-	433,900
Balance at 30 June 2013		39,412,210	-	(41,193,231)	(1,781,021)
Balance at 1 July 2013		39,412,210	-	(41,193,231)	(1,781,021)
Loss after income tax expense for the year		-	-	(1,997,311)	(1,997,311)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	(1,997,311)	(1,997,311)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transactions costs	17	4,690,540	-	-	4,690,540
hare based payments	18	-	104,314	-	104,314
Balance at 30 June 2014		44,102,750	104,314	(43,190,452)	1,016,522

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		28,144,985	50,674,369
Payment to suppliers and employees (inclusive of GST)		(28,694,812)	(49,908,648)
		(549,827)	765,721
Interest received		10,476	-
Interest paid		(108,755)	(74,866)
Net cash flows from/ (used in) operating activities	27	(648,106)	690,855
Cash flows from investing activities			
Payment for purchase of plant and equipment		(164,444)	(205,678)
Proceeds from disposal of plant and equipment		-	48,020
Net cash flows used in investing activities		(164,444)	(157,658)
Cash flows from financing activities			
Proceeds from issue of shares		2,842,965	-
Proceeds from borrowings		425,000	370,000
Repayment of borrowings		(657,147)	(1,011,719)
Net cash flows from/ (used in) financing activities		2,610,818	(641,719)
Net increase / (decrease) in cash and cash equivalents		1,798,268	(108,522)
Cash and cash equivalents at the beginning of the financial year	7	368,434	476,956
Cash and cash equivalents at the end of the financial year	7	2,166,702	368,434

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Significant Accounting Policies

The Consolidated financial report covers the consolidated entity of ORH Limited and its controlled entities ("Consolidated Entity" or "Group"). ORH Limited is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, ORH Limited, have not been presented within this consolidated financial report as permitted by the Corporations Act 2001.

The consolidated financial report was authorised for issue on 29 August 2014 by the Board of Directors.

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

Going concern

As disclosed in the consolidated financial statements, the Consolidated Entity generated a loss after tax of $1,997,311 for the year ended 30 June 2014. As at that date the Consolidated Entity had net current liabilities of $737,401 and net assets of $1,016,522.

Notwithstanding this, the Directors believe that there are reasonable grounds to believe that the Consolidated Entity will be able to continue as going concern, after consideration of the following factors:

- As noted in the directors report, the 2014 loss after income tax was impacted by a number of non-recurring and non-cash expenses.
- Current liabilities include interest bearing advances of $1,267,041, which are only repayable subject to the Consolidated Entity's cash flow availability.
- The Company has a solid order book and the based on 2015 results to date and forecasts, cash flows from operations are expected to be positive for the following year.
- In addition, given the Consolidated Entity's history of successful raising of capital, the Directors are confident of the Company's ability to raise additional funds should they be required.

Accordingly, the Directors believe that the Consolidated Entity will be able to continue as going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report.

Note 1. Significant Accounting Policies (continued)

Principles of Consolidation

A controlled entity is any entity that ORH Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 25 to the consolidated financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax Consolidation

ORH Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, ORH Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Note 1. Significant Accounting Policies (continued)

Revenue and other income (continued)

Revenue is recognised for the major business activities as follows:

(i) Sale of goods
The Group manufactures and sells Water Trucks and Service Trucks to the Mining and Construction Industries. Sales of goods are recognised when a group entity has delivered products to the customer.

(ii) Hire of goods
The Group hires equipment to the Mining Industry. Revenue from the rendering of this service is recognised over the term of the lease.

(iii) Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

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

Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group consolidated financial statements are presented in Australian dollars, which is ORH Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in he profit or loss.

Leases

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.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant Accounting Policies (continued)

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 consolidated statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Cash and cash equivalents

Cash include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference betweenthe asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials. Costs are assigned to individual items of inventory on basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the reporting period in which they are incurred.

Note 1. Significant Accounting Policies (continued)

Plant and equipment (continued)

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 carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight line value basis over their useful lives to the Consolidated 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.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 33%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial report date.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are generally paid within 60 days of recognition of the liability.

Interest bearing liabilities

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, legal or constructive, as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured.

Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sickleave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Contributions are made by the Group to employee nominated superannuation funds and are charged as expenses when incurred.

Note 1. Significant Accounting Policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Financial instruments

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through 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. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

(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 are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 8) and other financial assets (note 10) in the balance sheet.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and

Note 1. Significant Accounting Policies (continued)

Financial instruments (continued)

reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment

The Consolidated Entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received. Any transactions costs arising on the issue of ordinary shares are fully recognised directly in equity as a reduction of the proceeds received.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Consolidated Entity, adjusted to exclude costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

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 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.

Note 1. Significant Accounting Policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Note 1. Significant Accounting Policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of

AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Note 1. Significant Accounting Policies (continued)

Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Impairment
The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the economic entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Inventory net realisable values and impairment assessments
Inventory is valued at the lower of cost or net realisable value. Assessments are performed annually and are based on management's estimates of future market conditions. The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Income tax
The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Long service leave provision
The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 2 - Other income

	2014 $	2013 $
Other income		
Interest income	10,476	10,369
Gain on sale of assets	-	16,158
Miscellaneous income	5,082	3,250
	15,558	29,777

Note 3 - Gain on de-recognition of liabilities

Deeds of Company Arrangement ("DOCA") were entered by ORH Limited, ORH Engineering Pty Ltd and ORH Contracting Pty Ltd on 12 January 2012.

The effect of the DOCA resulted in a gain on de-recognition of liabilities summarised as follows:

	2014 $	2013 $
Liabilities de-recognised as a result of the execution of DOCA	-	113,586

Note 4 – Expenses

	2014 $	2013 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	66,921	44,992
Motor vehicles	21,353	20,834
Total depreciation	88,274	65,376
Rental expense relating to operating leases		
Minimum lease payments	608,434	503,704
Superannuation expense		
Defined contribution superannuation expense	246,288	253,610
Finance costs		
Interest on interest bearing liabilities	268,798	320,479
Share based payments expense	104,314	-

Note 5 - Income Tax

	2014 $	2013 $
(a) Income tax expenses		
Current tax	-	-
Deferred tax	673,904	883,737
Over provision for prior year	(32,445)	-
Aggregate income tax expense	641,459	883,737
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Tax at the Australian tax rate of 30% (2013: 30%)	(406,756)	909,998
Add: Tax effect of Non-deductible expenditure		
- Entertainment	4,743	5,566
- Administrator & other consultancy fees	11,559	166,479
Tax effect of temporary differences recognised	-	(1,128,746)
Over provision for prior year	(32,445)	-
Reversal of tax losses previously recognised	460,000	930,440
Current tax losses Not recognised	604,358	-
Income tax expense	641,459	883,737
(c) Tax losses		
Unused tax losses for which no deferred tax has been recognised	11,877,689	9,863,162
Potential tax benefit @ 30%	3,563,307	2,958,949

Unused tax losses for which no deferred tax asset has been recognised are estimated and subject to final submission of income tax returns for preceding financial years.

Note 6 - Earnings Per Share

	2014 $	2013 $
Basic		
Profit/ (loss) per share for loss from continuing operations attributable to the ordinary holders of the company	(1,997,311)	2,149,589
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and dilutive loss per share	1,014,028,936	773,376,909
Earnings/ (loss) per share for losses attributable to the ordinary holders of the company (cents per share)	(0.20)	0.28

Note 7 – Cash and Cash Equivalents

	2014 $	2013 $
Cash at bank and on hand	2,166,702	368,434

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	2,166,702	368,434

Note 8 - Trade and Other Receivables

	2014 $	2013 $
Current		
Trade receivables	1,663,218	2,268,992
Less: provision for impairment of receivables	(21,274)	(27,505)
	1,641,944	2,241,487
Other receivables	-	1,187
	1,641,944	2,242,674

Impairment of receivables

The consolidated entity has recognised an impairment charge of $21,274 (2013: $27,505) in profit or loss in respect of impairment of receivables for the year ended 30 June 2014. This impairment relates to balances past due greater than 90 days below.

The ageing of the past due but not impaired receivables are as follows:

	2014 $	2013 $
Current	1,497,592	1,859,761
31-60 days overdue	123,946	239,919
61-90 days overdue	5,751	114,302
Greater than 90 days overdue	14,655	27,505
	1,641,944	2,241,487

Movements in the provision for impairment of receivables are as follows:

	2014 $	2013 $
Balance at beginning of year	27,505	-
Amounts written off during the year	(27,505)	-
Provision created during the year	21,274	27,505
Balance at end of year	21,274	27,505

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The consolidated entity does not hold any collateral as security. Refer to note 26 for more information on risk management, foreign currency risk and interest rate risk.

Note 9 - Inventories

	2014 $	2013 $
Raw materials	327,865	37,017
Work in progress	1,284,865	2,063,049
	1,612,730	2,100,066

Note 10 - Other Financial Assets

	2014 $	2013 $
Prepayments	94,434	121,891
Deposits	100,728	105,728
	195,162	227,619

Note 11 - Plant and Equipment

	2014 $	2013 $
Plant and equipment		
At cost	707,477	664,547
Accumulated depreciation	(353,140)	(286,219)
	354,337	378,328
Motor vehicles		
At cost	292,845	171,332
Accumulated depreciation	(71,430)	(50,077)
	221,415	121,255
Total plant and equipment	575,752	499,583

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial year are set out below:

	Plant and equipment		Motor Vehicles	
	2014 $	2013 $	2014 $	2013 $
Balance at beginning of the year	378,328	325,828	121,255	91,641
Additions	42,930	98,468	121,513	107,210
Depreciation for year	(66,921)	(44,992)	(21,353)	(20,384)
Disposals	-	(976)	-	(57,212)
Balance at end of the year	354,337	378,328	221,415	121,255

Note 12 - Deferred Tax Asset

	2014 $	2013 $
Deferred tax asset comprises temporary differences attributable to:		
Employee benefits	44,716	90,680
Other	345,973	432,768
Tax losses	810,256	1,270,256
	1,200,945	1,793,704

Note 12 - Deferred Tax Asset (continued)

	2014 $	2013 $
Movements:		
Opening balance	1,793,704	2,677,441
Credited to profit or loss (note 5)	(641,459)	(883,737)
Credited to equity	48,700	-
Closing balance	1,200,945	1,793,704

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The directors believe the consolidated entity will have sufficient taxable profits in order to utilise the deferred tax assets recognised above.

Note 13 - Trade and Other Payables

	2014 $	2013 $
Trade payables	4,618,401	6,019,350
Other payables	386,200	362,689
Employee Benefits Provision - Current	82,297	86,121
Total current trade and other payables	5,086,898	6,468,160
Employee Benefits Provision – Non Current	22,774	26,910
	5,109,672	6,495,070

All amounts included in the current employee benefits provision are expected to be settled within the next 12 months

Note 14 - Interest Bearing Liabilities

	2014 $	2013 $
Current		
Loan – J Detata	459,759	460,193
Loan – K Tsaban	30,000	45,000
Loan – Filmrim Pty Ltd	-	55,421
Loan - Graceview Pty Ltd	219,098	229,098
Loan – Harun Abidin	225,000	-
Loan - Chaleyer Holding Pty Ltd	243,184	860,251
Loan – Orient Finance Australia Pty Limited	90,000	856,832
	1,267,041	2,506,795

Repayment terms and conditions

Loan from Chaleyer Holdings Pty Limited bears interest at 20% and is unsecured and repayable on demand. Details of related party loans (J Detata, K Tsaban, Orient Finance Australia Pty Limited) terms and conditions are contained in Note 23 – Related Parties. Remaining loans bear interest at market rates, are unsecured, and repayable on demand.

Note 14 - Interest Bearing Liabilities (continued)

Conversion of debt to shares

On 9 August 2013, shareholders approved to convert the following balances into fully paid ordinary shares at share price of $0.01 per share. The conversion was executed on 6 September 2013 following shareholder approval.

	Balance approved to convert $	Number of shares issued
Loan – Chaleyer Holding Pty Ltd	650,000	65,000,000
Loan - Orient Finance Australia Pty Ltd	600,000	60,000,000
Directors loan balances	154,125	15,412,501
Creditor balance	394,750	39,475,016
	1,798,875	179,887,517

Note 15 - Amounts Owed to Administrators

Amounts due to Administrators arose mainly from the execution of the Deeds of Company Arrangement (DOCA), as follows:

	2014 $	2013 $
Amounts due to Administrators arose from the execution of DOCA for:		
ORH Limited	-	-
ORH Engineering Pty Ltd	-	-
ORH Contracting Pty Ltd	-	11,236
Other fees	-	-
	-	11,236

Note 16 - Issued Capital

		Parent Entity			
		2014		2013	
		Number of Shares	$	Number of Shares	$
(a)	**Ordinary Shares**				
	At the beginning of the year	829,778,700	39,412,210	719,192,324	38,978,310
	Issued to shareholders, net	480,418,554	4,690,540	110,586,376	433,900
	At end of year	1,310,197,254	44,102,750	829,778,700	39,412,210

At the shareholders' meeting, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Options

On 9 August 2013, shareholders approved the granting of a long-term incentive of 85,000,000 options to Mr Detata under the Employee Share Option Plan, subject to vesting conditions. On 5 November 2013, 30,000,000 of the 85,000,000 options vested. These options have an exercise price of $0.01 per share and an expiry date of 5 November 2018 and remain unissued. A further 30,000,000 of the 85,000,000 options have expired, as vesting conditions have not been met at 30 June 2014. The remaining 25,000,000 options will vest with Mr Detata should, during the 2015 financial year, the monthly average production of trucks be a minimum of 15 trucks per month and an EBIDTA of ORH Engineering (Aust) Pty Ltd for that financial year be at least $4,000,000.

Note 16(b) Issued Capital (continued)

At a general meeting held on 9 August 2013,shareholders resolved to grant 12,000,000 options to Mr Tsaban which have an exercise price of $0.01 and an expiry date of 5 November 2018. These options have vested and remain unissued.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

Note 17 - Reserves

The options reserve arises through the recognition of expenses relating to the issue of share options.

	2014 $	2013 $
Share based payment reserve	104,314	-
	104,314	-

	Number of options	$
Balance 1 July 2013	-	-
Issued during the year	97,000,000	104,314
Balance 30 June 2014	97,000,000	104,314

	Number of options
Options issued during the year vested yet not exercised	42,000,000
Options issued during the year, not vested	25,000,000
Options issued, vesting conditions not met	30,000,000
Balance 30 June 2014	97,000,000

Note 17 - Reserves (continued)

The option reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of options issued as share based payments

Fair value of options granted

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2014 included:
- Options are granted for no consideration;
- Exercise price of $0.01;
- Grant date of 5 November 2013;
- Expiry date of 5 November 2018;
- Vesting period of 5 years;
- Share price valued at grant date of $0.07;
- Expected volatility of the company’s shares 40.0%
- Expected dividend yield 0.0%; and
- Risk free rate 3.5%

Expected volatility is based on the implied volatility of publically traded options over the Company’s share and the historic volatility of the market price and the Company’s share price. Each of these assumptions has been based on two years’ historic volatility data. The valuation per option has been determined at $0.0185 per option. The dividend rate is based on the past Company practice and the Risk free rate is determined with reference to medium term government bonds.

Note 18 - Dividends

No dividends have been declared or paid during the year ended 30 June 2014, nor in the prior period, and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2014.

Note 19 - Commitments

Lease commitments

The company has entered into operating lease agreements with the property owners of the premises at 225 Great Eastern Highway, Belmont (“Belmont lease”) and 72 Kewdale Road, Welshpool (“Welshpool lease”). The Belmont lease was renewed until 30 June 2015. Refer to subsequent events (Note 28) for more details. The Welshpool lease expires at 28 February 2015.

	2014 **$**	**2013** **$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	400,669	227,000
One to five years	136,840	151,333
	537,509	378,333

Note 20 - Contingent Liabilities

To the date of the financial report, apart from what have been disclosed in the financial statements, there are no contingent liabilities to the consolidated entity.

Note 21 - Segment Reporting

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the management team (chief operating decision makers) in assessing performance and determining the allocation of resources.

According to AASB 8 *Segment reporting,* an operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues."

While in previous year's, the Group reported each subsidiary as an operating segment, in current year, the Group reported only one business segment. which is the Engineering business.

Business segment

For management purposes the Group is organised into one major strategic unit, being Engineering services.

The operating segment analysis presented in these financial statements reflects the operation analysis by business. It best describes the way the Group is managed and provides a meaningful insight into the business activities of the Group. The following tables present details of revenue and operating profit by operating segment as well as a reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements. The information disclosed in the tables below is derived directly from the internal financial reporting system used by corporate management to monitor and evaluate the performance of its operating segments separately.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. Segment assets if clearly identifiable to a particular segment on the basis of their nature are allocated directly. Segment assets include trade receivables and intangible assets which are allocated based on segments' overall proportion of revenue generation within the Group.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and provision of staff benefits which are allocated based on segments' overall proportion of revenue generation within the Group.

Note 21 - Segment Reporting (continued)

	Contracting $	Engineering $	Total $
2014			
For the year ended 30 June 2014			
Revenues from external customers	-	25,056,437	25,056,437
Reportable segment profit/ (loss) before income tax	-	(708,339)	(708,339)
Reportable segment assets at 30 June 2014	-	4,296,431	4,296,431
Reportable segment liabilities at 30 June 2014	-	5,335,699	5,335,699
2013			
For the year ended 30 June 2013			
Revenues from external customers	-	47,624,852	47,624,852
Reportable segment profit/ (loss) before income tax	(36,697)	3,500,597	3,463,900
Reportable segment assets at 30 June 2013	162,411	5,275,194	5,437,605
Reportable segment liabilities at 30 June 2013	368,836	7,326,391	7,695,226

	2014 $	2013 $
Reconciliation of reportable segment profit or loss		
Total profit/ (loss) for reportable segments	(708,339)	3,463,900
Unallocated overheads	(619,413)	(223,681)
Unallocated finance expenses	(116,335)	(320,479)
Unallocated gain from de-recognition of liabilities	88,235	(113,586)
Profit from continuing operation before tax	(1,355,852)	3,033,326
Reconciliation of reportable segment assets		
Reportable segment assets	4,296,431	5,437,605
Unallocated deferred tax assets	1,200,945	1,793,704
Unallocated assets	1,699,876	771
Total assets	7,393,235	7,232,080
Reconciliation of reportable segment liabilities		
Reportable segment liabilities	5,531,682	7,695,226
Unallocated interest bearing liabilities	845,032	1,317,875
Total liabilities	6,376,713	9,013,101

Geographic Segment

The consolidated entity's operations are based solely in Australia.

Note 22 – Auditor's Remuneration

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company, its network firms and unrelated firms:

	2014 $	2013 $
Audit services – BDO East Coast Partnership		
Audit or review of the financial statements	75,027	90,000
Audit or review of previous years	113,274	-
Taxation services	45,000	10,000
Investigating accountant report	12,500	-
	245,801	100,000

Note 23 - Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties:

(a) Ultimate parent company

ORH Limited is the ultimate Australian parent company.

(b) Controlled entities

Interests in controlled entities are set out in Note 25.

During the year, funds have been advanced between entities within the Consolidated Entity for the purposes of working capital requirements only. All loans between entities are interest free and have no fixed repayment date.

Note 23 - Related Party Transactions (continued)

(c) Transactions with Director related parties

The following transactions occurred with related parties:

	2014 $	2013 $
Payment for goods and services:		
Leaseback of trucks - Orient Finance Australia Pty Limited, a company controlled by Geoffrey Hann and Domenic Martino	-	359,409
Payment for services from associate - Indian Ocean Group Pty Limited, a company related to Domenic Martino	-	400,000
Payment for company secretarial services - Transaction Services Pty Limited, a company related to Domenic Martino	60,000	56,638
Transactions with Blazeway Holdings, a company controlled by Jamie Detata.		
- Consultancy fees including performance related payments	465,000	581,815
- Leaseback of trucks	295,362	474,562
Legal fees - HopgoodGanim (formely Q Legal) of which Kevin Dundo is a partner	28,744	119,718
Transactions with Jackori Consulting, a company controlled by Jackob Tsaban.		
- Consultancy fees	240,000	180,000
Receipts for goods sold:		
Sale of trucks to Blazeway Holdings, a company controlled by Jamie Detata	-	660,000

(d) Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2014 $	2013 $
Current payables:		
Blazeway Holdings	432,590	392,720
HopgoodGanim	-	6,237
Indian Ocean Corporate Pty Ltd	-	343,432
Orient Finance Australia Pty Ltd	-	33,000
Jackori Consulting	44,000	-
Transaction Services Pty Ltd	16,500	5,500
	493,090	780,889

Note 23 - Related Party Transactions (continued)

(e) Loans to/from related parties

The following loans from related parties exist at current and previous reporting date:

	2014 $	2013 $
Jamie Detata	459,736	460,193
Jackob Tsaban	30,000	45,000
Orient Finance Australia Pty Ltd	90,000	856,832
	579,736	1,362,025

Of the above liabilities, loans from J Detata, J Tsaban and Orient Finance Australia Pty Limited are related party loans and are unsecured, bear interest at 20% (loans from J Detata and J Tsaban) and 12% (loan from Orient Finance Australia Pty Limited) and are repayable on demand.

Key management personnel

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2014 $	2013 $
Short-term employee benefits	827,435	900,969
Post-employment benefits	12,849	12,942
Long-term benefits	-	-
Share-based payments	104,314	-
	944,598	913,911

Note 24 - Parent Entity Information

	2014 $	2013 $
Current assets	1,699,148	13
Non-current assets	1,201,673	7,449,562
Total assets	2,900,821	7,449,575
Current liabilities	1,557,551	1,317,845
Non-current liabilities	-	-
Total liabilities	1,557,551	1,317,845
Total Net Assets	1,343,270	6,131,730
Contributed equity	44,102,750	39,412,310
Reserves	104,314	-
Accumulated losses	(42,863,794)	(33,280,580)
Total equity	1,343,270	6,131,730
Loss for the year	(13,410,955)	(2,464,510)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(13,410,955)	(2,464,510)

Note 25 - Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy in Note 1.

	Country of Incorporation	Percentage Owned (%)	
		2014	2013
Parent entity:			
ORH Limited	Australia		
Subsidiaries of ORH Limited:			
ORH Engineering Pty Ltd	Australia	100%	100%
ORH Contracting Pty Ltd	Australia	100%	100%
ORH Distribution Pty Ltd	Australia	100%	100%

The parent and ultimate controlling party of the ORH Limited Group is ORH Limited.

The proportion of ownership interest is equal to the proportion of voting power held.

Note 26 - Financial Risk Management

The Consolidated Entity's activities might expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Consolidated Entity. To date, the Consolidated Entity has not used derivative financial instruments. The Consolidated Entity uses sensitivity analysis to measure interest rate and aging analysis for credit risk. Risk management is carried out by the Chief Financial Officer (CFO) under policies approved by the Board of Directors. The CFO identifies, evaluates and mitigates financial risks in close cooperation with senior management.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the Consolidated Entity's functional currency. As at 30 June 2014, the Group had no exposure to foreign exchange risk.

(ii) Price risk

The Group's exposure to commodity and equity security price risk is minimal.

(iii) Cash flow and fair value interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's short term deposits held.
The effect of volatility of interest rates within expected reasonable possible movements would not be material. The Group's fixed rate borrowings are carried at amortised cost and are therefore not subject to interest rate risk as defined by AASB 7.

(b) Credit risk

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 of those assets, net of any allowance for doubtful debts, as disclosed in the balance sheet and notes to the financial report.

Note 26 - Financial Risk Management (continued)

At 30 June 2014, the Group's exposure to material credit risk exposures to any single receivable or group of receivables is minimal.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

(c) Liquidity risk

The Group manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

	Consolidated Entity			
	<=6 months $	6 - 12 months $	1 – 5 years $	Total $
As at 30 June 2014				
Financial assets				
Cash and cash equivalents	2,166,702	-	-	2,166,702
Trade and other receivables	1,641,944	-	-	1,641,944
Other financial assets	195,162	-	-	195,162
	4,003,808	-	-	4,003,808
Financial liabilities				
Trade and other payables	5,086,898	-	22,274	5,109,672
Interest bearing liabilities	-	1,267,041	-	1,267,041
	5,109,672	1,267,041	22,274	6,376,713
Net maturity	(1,083,090)	(1,267,041)	(22,274)	(2,372,905)
As at 30 June 2013				
Financial assets				
Cash and cash equivalents	368,434	-	-	368,434
Trade and other receivables	2,242,674	-	-	2,242,674
Other financial assets	227,619	-	-	227,619
	2,838,727	-	-	2,838,727
Financial liabilities				
Trade and other payables	6,468,160	-	26,910	6,495,070
Interest bearing liabilities	-	2,506,795	-	2,506,795
Amounts owed to administrators	11,236	-	-	11,236
	6,479,396	2,506,795	26,910	9,013,101
Net maturity	(3,640,669)	(2,506,795)	(26,910)	(6,174,374)

(d) Fair value risk

The following methods and assumptions are used to determine the net fair values of financial assets and financial liabilities:

Cash and cash equivalents: The carrying amount approximates fair value because of the short term to maturity.

Trade receivables and payables: The carrying amount approximates fair value because of settlement terms.

Note 26 - Financial Risk Management (continued)

Interest bearing liabilities: The carrying amount approximates fair value because of the short term to maturity.

Terms, Conditions and Accounting Policies: The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date.

Due to their nature, the carrying amounts of current receivables, current trade and other payables and interest bearing liabilities, are assumed to approximate their fair values

Note 27 - Cash Flow Information

Reconciliation of Cash Flow from Operating Activities

	2014 $	2013 $
Profit/(loss) for the year after income tax	(1,997,311)	2,149,589
Adjusted for:		
Non-cash flows included in loss from ordinary activities		
Depreciation and amortisation	88,274	65,376
Loss on disposal of fixed assets	-	10,168
Interest accrued on interest bearing liabilities	160,044	245,613
Gain from de-recognition of liabilities	-	(113,586)
Share based payments	104,314	-
Movement in bad debts provision	(6,231)	27,505
Transfer from trade payables to interest bearing liabilities	232,349	-
Conversion of trade creditors to equity	398,875	-
Changes in assets and liabilities:		
Decrease/ (increase) in trade and other receivables	639,418	(352,014)
Decrease/ (increase) in inventories	487,336	(1,804,946)
Increase in deferred tax assets	641,459	883,737
Decrease in trade and other payables	(1,396,634)	(420,587)
Net cash flow from operating activities	(648,106)	690,855

Note 28 - Events Subsequent to Reporting Date

On 8 July 2014, the Company's subsidiary, ORH Distribution Pty Ltd was granted with a Motor Vehicle Dealer licence.

Apart from the above mentioned, no matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of the Company. The Board supports a system of corporate governance to ensure that the management of the Company is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX Corporate Governance Council Recommendations

For the year ended 30 June 2014, the Board has adopted corporate governance policies and practices consistent with the *ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations* ("ASX Principles and Recommendations 2nd Edition") where considered appropriate for a company of the Company's size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Security Trading, Continuous Disclosure, Shareholder Communication and Risk Management Policies. Further details in respect to the Company's corporate governance practises are summarised below and copies of Company's corporate governance policies are available of the Company's web site at www.orh.net.au.

All Recommendations have been applied for the financial year ended 30 June 2014 unless set out below.

The Board is currently implementing the ASX Corporate Governance Council's *"Corporate Governance Principles and Recommendations"* (3rd Edition).

Roles of the Board and Management

The Board considers that the essential responsibilities of the directors are to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value.

The Board has a charter, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.

The key responsibilities of the Board include:

- Contributing to the development of and approving corporate strategy.
- Appoint and review the performance of the managing director/ executive director.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Arrange for effective budgeting and financial supervision.
- Ensure that effective and appropriate reporting systems in place will, in particular, assure the board that proper financial, operational, compliance and risk management controls function adequately.
- Ensure that appropriate audit arrangements are in place.
- Reporting to shareholders.

Board Structure

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- The Board shall comprise at least 3 directors, increasing where additional expertise is considered desirable in certain areas.
- The Chairman should be non-executive.
- The Board should not comprise a majority of executive directors.
- Directors should bring characteristics that allow a mix of qualifications, skills and experience.

Board members should possess complementary business disciplines and experience aligned with the Company's objectives, with a number of directors being independent and where appropriate, major shareholders and executives are represented on the Board. Consequently, at various times there may not be a majority of directors classified as being independent, according to ASX guidelines. However, where any director has a material personal interest in a matter, the director will not be permitted to be present during discussions or to vote on the matter.

Corporate Governance Statement (continued)

Board Structure (continued)

The Board has determined that its optimum composition conforms with the constitution of the Company (being not less than three nor more than nine in number), have a majority of directors as non-executive and reflect the Company's geographic operations and strategic objectives. Whilst the guidance is that the Board should not comprise a majority of executive directors (2 of the 3 directors are executive), the mix of skills and experience is appropriate for a company of ORH's size and position in the market. Details of the members of the board, their experience, expertise, qualifications and term of office are set out in the Director's Report under the heading "Information on Directors".

The terms and conditions of the appointment and retirement of directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

Director Independence

Directors are expected to bring independent views and judgement to the Board's deliberations. In considering whether a director is independent, the Board has had regard to the independent criteria set out in ASX Principle 2 and other facts, information and circumstances that the Board considers material.

The financial materiality used in the assessment of independence is set at over 5% of annual turnover of the Company. In addition, a transaction of any amount or a relationship is deemed material if the transaction is considered to potentially impact shareholder understanding of the director's performance. In addition to the above criteria, the board determines whether a director is independent in character and judgment.

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which shall not be unreasonably withheld. If appropriate, any advice received will be made available to all directors. This right was neither sought nor exercised during the year.

Having regard to the share ownership structure of the Company, it is considered appropriate by the Board that a major shareholder may be represented on the Board and if nominated, hold the position of Chairman. Such appointment would not be deemed to be independent under ASX guidelines. In addition, it is considered appropriate by the Board to effectively utilise the Chairman's skills and expertise to provide crucial peer review of the corporate and commercial aspects of the Company's operations.

The Chairman is expected to bring independent thought and judgement to his role in all circumstances. Where matters arise in which there is a perceived conflict of interest, the Chairman must declare his interest and abstain from any consideration or voting on the relevant matter.

Performance assessment

The Board has adopted a formal process for an annual self-assessment of its collective performance and the performance of individual directors. The Board is required to meet at least annually with the purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties. The issues examined in the review include the Board's interaction with management, the type of information provided to the Board by management and management performance in helping the Board meet its objectives.

Meetings of the Board

The Board meets at least three times a year to consider the business of the Group, its financial performance and other operational issues.

Committees

Remuneration and Nomination Committee

The Board has not established a formal Remuneration and Nomination Committee. The full Board attends to the matters normally attended to by a Remuneration and Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

Audit and Risk Management Committee

The Board is of the view that given the current size of the Company and the size and composition of the Board, that there would be no efficiencies or other benefits gained by having a separate audit committee. However, the issues relevant to the integrity of the Company's financial reporting typically dealt with by such a committee are dealt with by the full Board. The Company has as a standing agenda item at each Board meeting to deal with any audit related matters that would normally be carried out by an audit committee.

The Company will assess the need to form an audit committee on a regular basis.

As the Board has not established an audit committee, it does not have a formal audit committee charter.

The Company has appointed external auditors who have clearly demonstrated quality and independence. The performance of the external auditors is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

External Auditor

The performance of the external auditor is reviewed annually. BDO East Coast Partnership were appointed as the external auditor in 2007. It is both the Company's and the auditor's policy to rotate audit engagement partners at least every five years.

The external auditor provides an annual declaration of their independence to the Board. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Code of Conduct

A formal code of conduct for the Company applies to all directors and employees. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The directors, managers and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics and strive at all times to enhance the good reputation and performance of the Group by acting in the best interests of the Group, being responsible and accountable for their actions and observing the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

The Group has developed an extensive code of conduct which is encapsulated in the corporate governance policies and the Company's terms and conditions of employment. Conduct guidelines apply to all employees which address the values and vision of the Company, business ethics and protocol, policies and procedures, employee entitlements, responsibilities and expectations of both the Group and employees and compliance with relevant legal, shareholder and stakeholder obligations.

All employees have position descriptions that reinforce their duties, rights and responsibilities and all are required to participate in performance reviews to ensure the Group expectation is aligned with employee goals and key performance indicators. Actual performance is reviewed annually and, if necessary, more frequently. The Company encourages regular feedback, review and continuous improvement so as to maintain and enhance the desired corporate culture and standard of ethical behaviour.

Corporate Governance Statement (continued)

Policy for Trading in Company Securities

Trading in the Company's securities by directors and employees is not permitted when they are in possession of unpublished price sensitive information. Any transactions undertaken must be notified to the Chairman in advance. The Company prohibits the hedging of unvested options and requires that any hedging arrangements for vested options must be disclosed to the Company.

Directors, officers and employees must not buy, sell or subscribe for securities if they are in possession of 'inside information' (information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities). The Corporations Act 2001 provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

Subject to the insider trading restrictions above, it is the Board's policy that directors, officers and employees will not trade in the securities in the two weeks prior to, and two business days after, the release of quarterly reports, in the four weeks prior to, and two business days after, the release of half year financial results, full year financial results and any other period when in possession of unpublished price-sensitive information and/or any time required pursuant to the ASX Listing Rules.

The Board's policy also reinforces the directors' and Company's statutory obligations to notify the ASX of any dealing in the securities which results in a change in the relevant interests of a Director in the securities. As contemplated in the ASX listing rules, each director provides notice of such dealings to the Company Secretary within three business days of any such dealing to enable the Group to comply with its corresponding obligation to notify the ASX.

Subject to the insider trading restrictions above, directors, officers and employees may trade outside the specified periods after discussion with the Chairman.

Continuous Disclosure and Shareholder Communication

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Board has also adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings.

The Chairman and the Company Secretary have been nominated as the Company's primary disclosure officers.

ORH Limited is committed to providing shareholders and stakeholders with extensive, transparent, accessible and timely communications on the Company's activities, strategy and performance.

Risk Management Policy

The Board takes a proactive approach to risk management and have a formal risk management policy to provide further guidance. The identification and proper management of risk within the Company is a priority for the Board and management.

Gender Diversity

The Company continues to strive towards achieving objectives established towards increasing gender diversity. At the end of the reporting period (30 June 2014), the Company employed 38 staff, 7 of which are women employees. The Board of Directors consisted of three men and the Company Secretary is female.

Corporate Governance Statement (continued)

Corporate reporting

The Executive Director and Chief Financial Officer provide a certification to the Board on the integrity of the Company's external financial reports. The Executive Director and Chief Financial Officer also provide assurance to the Board that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks. In addition reporting of the management of the Company's material business risks, forms part of routine management reporting to the Board.

ASX Best Practice Recommendations

The table below identifies the ASX Corporate Governance Principles and Recommendations (**Principles**) and whether or not the Company has complied with the recommendations during the reporting period:

Recommendation		Complied	Note
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	✓	
1.2	Disclose the process for evaluating the performance of senior executives	✓	
1.3	Provide the information indicated in the Guide to reporting on Principle 1	✓	
2.1	A majority of the board should be independent directors	✕	Note 1
2.2	The chair should be an independent director	✓	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	✓	
2.4	The board should establish a nomination committee	✕	Note 2
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	✓	
2.6	Provide information indicated in the Guide to reporting on Principle 2	✓	
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account heir legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	✕	Note 3
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	✕	Note 3
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	✓	
3.5	Provide information indicated in the Guide to reporting on Principle 3	✓	
4.1	Establish an audit committee	✕	Note 4
4.2	Structure the audit committee so that it: • consist only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	✕	Note 4
4.3	The audit committee to have a formal charter	✕	Note 4
4.4	Provide the information indicated in the Guide to reporting on Principle 4	✓	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	✓	
5.2	Provide the information indicated in the Guide to reporting on Principle 5	✓	
6.1	Design communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	✓	

Corporate Governance Statement (continued)

Recommendation		Complied	Note
6.2	Provide the information indicated in the Guide to reporting on Principle 6	✓	
7.1	Establish policies for oversight and management of material business risks and disclose a summary of those policies	✓	
7.2	Require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	✓	
7.3	Disclose whether assurance has been received from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide information indicated in the Guide to reporting on Principle 7	✓	
8.1	Establish a remuneration committee	✕	Note 2
8.2	The remuneration committee should be structured so that it: - consists of a majority of independent directors - is chaired by an independent chair has at least three members.	✕	Note 2
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	✓	
8.4	Provide the information indicated in the Guide to reporting on Principle 8	✓	

Note 1: During the reporting period 1 of the 3 directors satisfies the test of independence set out in Box 2.1 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations (**Independence Test**) as follows:

- Messers Detata and Tsaban do not satisfy the Independence Test as they were employed in an executive capacity during the financial year.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history, and directors' experience and knowledge of the Company's assets. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional independent directors as it deems appropriate.

Note 2: The Principles recommend that companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and that companies should have a structure to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 2.4 of the Principles states that the board should establish a nomination committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

The Board does not have a separate nomination committee. The Board, as a whole, serves as a nomination committee. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate nomination committee.

The responsibility for the selection of potential directors lies with the full Board of the Company. A separate nomination committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the nomination committee and to regularly review membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

Corporate Governance Statement (continued)

ASX Best Practice Recommendations (continued)

When a Board vacancy occurs, the Board acting as the nomination committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three (3) years.

The Company's director remuneration process comprises the Board acting without the affected director participating in the decision making process.

Note 4: ORH Limited is highly aware of the positive impacts that diversity may bring to an organisation. The Company continues to assess all staff and board appointments on their merits with consideration to diversity. The Company has not yet developed or disclosed a formal diversity policy and therefore has not complied with Recommendations 3.2 and 3.3.

Note 5: The Principles recommend that companies should have a structure to independently verify and safeguard the integrity of their financial reporting. Recommendation 4.1 of the Principles states that the Board should establish an audit committee.

Recommendation 4.2 of the Principles states that the audit committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members.

The Board considers that it is not of sufficient size at this stage to justify a separate audit committee. Until the audit committee has been established, its functions, roles and responsibilities will be undertaken by the Board.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

Issued Capital

The issued capital of the Company as at 31 July 2014 is set out below. All ordinary shares carry one vote per share.

Class	Number on Issue
Ordinary Shares	1,310,197,254

Spread

Ordinary Shares	No. of Holders	No. of Shares	%
1 – 1,000	95	34,208	0.003%
1,001 – 5,000	228	694,662	0.053%
5,001 – 10,000	167	1,445,574	0.110%
10,001 – 100,000	415	15,661,849	1.195%
100,001 and over	314	1,292,360,961	98.639%
	1,219	**1,310,197,254**	**100.00%**

Shareholders by Location	No. of Holders	No. of Shares	
Australian holders	1,196	1,168,890,497	89.215%
Overseas holders	23	141,306,757	10.785%
	1,219	**1,310,197,254**	**100.00%**

ASX Additional Information (continued)

Top 20 Shareholders as at 31 July 2014

		No. of Shares Held	% Held
1	JP Morgan Nominees Australia Ltd	270,000,000	20.61%
2	Graceview Pty Ltd <Graceview Investment Trust>	112,205,883	8.56%
3	Chaleyer Holdings Pty Ltd <Rubben Family A/c>	87,388,506	6.67%
4	Lanesborough Investment PTE Ltd	62,500,000	4.77%
5	Filmrim Pty Ltd	50,716,200	3.87%
6	LJM Capital Corporation Pty Ltd	35,597,433	2.72%
7	Hui Huang	30,000,000	2.29%
8	Aspire Horizon Limited	25,000,000	1.91%
9	HSBC Custody Nominees (Australia) Limited	24,530,103	1.87%
10	Impact Nominees Pty Ltd <Sydney Investment A/C>	23,373,338	1.78%
11	Cardy & Company Pty Ltd	22,567,800	1.72%
12	Indian Ocean Capital Group Pty Ltd	21,440,855	1.64%
13	Cardy & Company Pty Ltd	19,411,765	1.48%
14	Timothy Brown	19,172,822	1.46%
15	Transocean Securities Pty Ltd	18,156,507	1.39%
16	Jamie Detata	17,133,333	1.31%
17	Skye Nominees Pty Ltd <Erwin Family A/C>	16,000,000	1.22%
18	Two Tops Pty Ltd	15,503,267	1.18%
19	Beverley Allmines Resources Pte Ltd	12,500,000	0.95%
20	Spinite Pty Ltd	11,500,000	0.88%
		894,697,812	68.28%

Substantial Shareholders as at 31 July 2014

Holder Name		Number of Shares Held	Percentage of Issued Shares Held (%)
1	Harun Abidin	150,000,000	11.45%
2	Chaleyer Holdings Pty Ltd	140,663,533	10.74%
3	Minimum Risk Pty Ltd	120,000,000	9.16%
4	Graceview Pty Ltd	112,205,883	8.56%
		522,869,416	**39.91%**

Restricted Securities

The Company does not have any securities subject to escrow on issue.