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## HALF YEAR REPORT

31 December 2016

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THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE  
30 JUNE [2016 ANNUAL REPORT](#) OF THE COMPANY  
LODGED ON ASX ON 24 OCTOBER 2016



**ASX Code : OEQ**

Orion Equities Limited  
A.B.N. 77 000 742 843

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- [Financial Reports](#)
- [Corporate Governance](#)
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**CORPORATE DIRECTORY****BOARD**

|             |                        |
|-------------|------------------------|
| Farooq Khan | Executive Chairman     |
| Victor Ho   | Executive Director     |
| Yaqoob Khan | Non-Executive Director |

**COMPANY SECRETARY**

Victor Ho

**PRINCIPAL AND REGISTERED OFFICE**

Level 2  
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**AUDITORS**

Rothsay Auditing  
Chartered Accountants  
Level 1, Lincoln House  
4 Ventnor Avenue  
West Perth, Western Australia 6005  
Telephone: (08) 9486 7094  
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**STOCK EXCHANGE**

Australian Securities Exchange  
Perth, Western Australia

**ASX CODE**

OEQ

**SHARE REGISTRY**

Advanced Share Registry Services  
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# APPENDIX 4D HALF YEAR REPORT

This Half Year Report is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.2A.3.

|                                |                                                |
|--------------------------------|------------------------------------------------|
| Current Reporting Period:      | 1 July 2016 to 31 December 2016                |
| Previous Corresponding Period: | 1 July 2015 to 31 December 2015                |
| Balance Date:                  | 31 December 2016                               |
| Company:                       | Orion Equities Limited ( <b>OEQ</b> )          |
| Consolidated Entity:           | Orion and controlled entities ( <b>Orion</b> ) |

## OVERVIEW OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

| Consolidated Entity                                         | Dec 2016<br>\$   | Dec 2015<br>\$ | % Change | Up/<br>Down      |
|-------------------------------------------------------------|------------------|----------------|----------|------------------|
| Total revenues                                              | 282,302          | 133,012        | 112%     | Up               |
| Share of Associate entity's profit/(loss)                   | (745,257)        | 689,047        | 208%     | Down             |
| Expenses:                                                   |                  |                |          |                  |
| Personnel expenses                                          | (184,399)        | (242,202)      | 24%      | Down             |
| Corporate expenses                                          | (22,112)         | (22,173)       | <1%      | Down             |
| Other expenses                                              | (62,501)         | (107,933)      | 42%      | Down             |
| <b>Profit/(Loss) before tax</b>                             | <b>(731,967)</b> | <b>449,751</b> | 263%     | Down             |
| Income tax expense                                          | -                | -              | N/A      | N/A              |
| <b>Profit/(Loss) attributable to members of the Company</b> | <b>(731,967)</b> | <b>449,751</b> | 263%     | Down             |
| Basic and diluted earnings/(loss) per share (cents)         | (4.68)           | 2.87           | 263%     | Earnings<br>Down |

| Consolidated Entity            | Dec 2016<br>\$ | Jun 2016<br>\$ | % Change | Up/<br>Down |
|--------------------------------|----------------|----------------|----------|-------------|
| Pre-tax NTA backing per share  | 0.433          | 0.479          | 10%      | Down        |
| Post-tax NTA backing per share | 0.433          | 0.479          | 10%      | Down        |

## BRIEF EXPLANATION OF RESULTS

The share of Associate entity's loss of \$0.745 million relates to Orion's investment in [Bentley Capital Limited](#) (ASX:[BEL](#)) – Orion notes that the 31 December 2016 carrying value of its 20,513,783 shareholding in BEL was 12.7 cents per share (worth \$2.604 million), which compares with BEL's closing bid price of 14 cents (\$2.872 million) (as at 28 February 2017) and BEL's last published net tangible asset backing of [18.2](#) cents (\$3.734 million) (as at 31 January 2017).

Expenses were down 28% from the previous financial half year (excluding share of Associate entity's loss).

Please refer to the Directors' Report and Financial Report for further information on a review of Orion's operations and the financial position and performance of Orion for the financial half year ended 31 December 2016.

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2016.

# APPENDIX 4D HALF YEAR REPORT

## ASSOCIATE ENTITY

The Company has accounted for the following share investment at the Balance Date as an investment in an Associate entity (on an equity accounting basis):

- (1) 27.07% interest (20,513,783 shares) in [Bentley Capital Limited](#) (ASX:[BEL](#)) (30 June 2016: 27.20%; 20,513,783 shares).

## CONTROLLED ENTITIES

The Company did not gain or lose control over entities during the Current Reporting Period.

For and on behalf of the Directors,



Date: 28 February 2017

Victor Ho  
Executive Director and Company Secretary

Telephone: (08) 9214 9797  
Email: [cosec@orionequities.com.au](mailto:cosec@orionequities.com.au)

# DIRECTORS' REPORT

The Directors present their report on Orion Equities Limited ABN 77 000 742 843 (**OEQ** or the **Company**) and its controlled entities (**Orion** or the **Consolidated Entity**) for the financial year ended 31 December 2016 (**Balance Date**).

Orion Equities Limited is a public company limited by shares that was incorporated in New South Wales and has been listed on the Australian Securities Exchange (**ASX**) since November 1970 (ASX Code: [OEQ](#)).

## NET TANGIBLE ASSET BACKING (NTA)

|                                              | Dec 2016     | Jun 2016     |
|----------------------------------------------|--------------|--------------|
| <b>Consolidated Entity</b>                   | <b>\$</b>    | <b>\$</b>    |
| Net tangible assets (before tax)             | 6,770,495    | 7,502,464    |
| <b>Pre-Tax NTA Backing per share</b>         | <b>0.433</b> | <b>0.479</b> |
| Less deferred tax assets and tax liabilities | -            | -            |
| Net tangible assets (after tax)              | 6,770,495    | 7,502,464    |
| <b>Pre-Tax NTA Backing per share</b>         | <b>0.433</b> | <b>0.479</b> |
| Based on total issued share capital          | 15,649,228   | 15,649,228   |

## FINANCIAL POSITION

|                                                        | Dec 2016         | Jun 2016         |
|--------------------------------------------------------|------------------|------------------|
| <b>Consolidated Entity</b>                             | <b>\$</b>        | <b>\$</b>        |
| Cash and cash equivalents                              | 78,108           | 78,788           |
| Financial assets at fair value through profit and loss | 828,858          | 722,445          |
| Investments in listed Associate entity                 | 2,604,767        | 3,452,593        |
| Property held for development or resale                | 1,350,000        | 1,350,000        |
| Receivables                                            | 17,761           | 20,391           |
| Other assets                                           | 2,005,621        | 2,018,780        |
| Deferred tax asset                                     | 116,782          | 116,782          |
| <b>Total Assets</b>                                    | <b>7,001,897</b> | <b>7,759,779</b> |
| Other payables and liabilities                         | (114,620)        | (140,535)        |
| Deferred tax liability                                 | (116,782)        | (116,782)        |
| <b>Net Assets</b>                                      | <b>6,770,495</b> | <b>7,502,462</b> |
| Issued capital                                         | 18,808,028       | 18,808,028       |
| Reserves                                               | 550,601          | 450,344          |
| Accumulated losses                                     | (12,588,134)     | (11,755,910)     |
| <b>Total Equity</b>                                    | <b>6,770,495</b> | <b>7,502,462</b> |

# DIRECTORS' REPORT

## OPERATING RESULTS

| Consolidated Entity                                         | Dec 2016<br>\$   | Dec 2015<br>\$ |
|-------------------------------------------------------------|------------------|----------------|
| Total revenues                                              | 282,302          | 133,012        |
| Share of Associate entity's profit/(loss)                   | (745,257)        | 689,047        |
| Expenses:                                                   |                  |                |
| Personnel expenses                                          | (184,399)        | (242,202)      |
| Corporate expenses                                          | (22,112)         | (22,173)       |
| Other expenses                                              | (62,501)         | (107,933)      |
| <b>Profit/(Loss) before tax</b>                             | <b>(731,967)</b> | <b>449,751</b> |
| Income tax expense                                          | -                | -              |
| <b>Profit/(Loss) attributable to members of the Company</b> | <b>(731,967)</b> | <b>449,751</b> |

## EARNINGS PER SHARE

| Consolidated Entity                                                                                                                                | Dec 2016   | Dec 2015   |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Basic and diluted earnings/(loss) per share (cents)                                                                                                | (4.68)     | 2.87       |
| Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic and diluted earnings/(loss) per share | 15,649,228 | 15,694,799 |

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2016.

## CAPITAL MANAGEMENT

### (a) Securities in The Company

At the Balance Date, the Company had 15,649,228 shares on issue (30 June 2016: 15,649,228). All such shares are listed on ASX. The Company does not have other securities on issue.

### (b) 'Small Holding' (Unmarketable Parcel) Share Sale Facility

On 6 September 2016, the Company initiated a 'Small Holding Share Sale Facility'<sup>1</sup> in respect of small parcel shareholdings (unmarketable parcels) valued at \$500 or less.

On 29 December 2016, the aggregated small parcel shareholdings totalling 147,153 shares were sold by the Company on behalf of the 92 affected shareholders on-market at a price of \$0.16 per share under this facility. The proceeds of sale were distributed to these shareholders on 31 December 2016.

The Company refers to its ASX market announcement entitled "[Small Holding Share Sale Facility](#)" dated 6 September 2016 for further details in relation to this capital management initiative.

<sup>1</sup> Refer Orion's ASX announcement: [Small Holding Share Sale Facility](#) dated 6 September 2016

# DIRECTORS' REPORT

## REVIEW OF OPERATIONS

### (a) Portfolio Details as at 31 December 2016

#### Asset Weighting

| Consolidated Entity                                                    | % of Net Assets |             |             |
|------------------------------------------------------------------------|-----------------|-------------|-------------|
|                                                                        | Dec 2016        | Jun 2016    | Dec 2015    |
| Australian equities                                                    | 50%             | 55%         | 58%         |
| Agribusiness <sup>2</sup>                                              | 30%             | 27%         | 24%         |
| Property held for development and resale                               | 20%             | 18%         | 16%         |
| Net tax liabilities (current year and deferred tax assets/liabilities) | -               | -           | -           |
| Net cash/other assets and provisions                                   | -               | -           | 2%          |
| <b>TOTAL</b>                                                           | <b>100%</b>     | <b>100%</b> | <b>100%</b> |

#### Major Holdings in Securities Portfolio

| Security                                            | Fair Value<br>\$/million | % of<br>Net<br>Assets | ASX<br>Code         | Industry Sector<br>Exposures |
|-----------------------------------------------------|--------------------------|-----------------------|---------------------|------------------------------|
| Bentley Capital Limited                             | 2.67                     | 39.84%                | <a href="#">BEL</a> | Diversified Financials       |
| Strike Resources Limited                            | 0.65                     | 9.71%                 | <a href="#">SRK</a> | Materials                    |
| CBG Australian Equities Fund (Wholesale) (CBG Fund) | 0.17                     | 2.58%                 | N/A                 | Diversified                  |
| Other ASX listed securities                         | 0.01                     | 0.10%                 | Various             | Various                      |
| <b>TOTAL</b>                                        | <b>3.50</b>              | <b>52.23%</b>         |                     |                              |

### (b) [Bentley Capital](#) Limited (ASX: [BEL](#))

Bentley Capital Limited (**Bentley**) is a listed investment company with a current exposure to Australian equities.

Orion holds 27.07% (20,513,783 shares) of Bentley's issued ordinary share capital with Queste Communications Ltd (the controlling company of Orion) holding 1.72% (1,300,000 shares) of Bentley's issued ordinary share capital (30 June 2016: Orion held 20,513,783 shares (27.20%) and Queste held 1,300,000 shares (1.72%)).

Bentley's asset weighting as at 31 December 2016 was 85.6% Australian equities (30 June 2016: 89%), 2.0% intangible assets (30 June 2016: 3.7%) and 12.4% net cash/other assets (30 June 2016: 7.2%).

Bentley had net assets of \$14.50 million as at 31 December 2016 (30 June 2016: \$16.29 million) and incurred an after-tax net loss of \$1.826 million for the financial year (31 December 2015: after-tax net profit of \$2.512 million).

Bentley paid a 0.50 cent fully franked dividend that was distributed in September 2016 at a total cost of \$0.377 million (31 December 2015: 0.50 cent fully franked dividend totalling \$0.374 million).

Orion received a \$0.103 million dividend from Bentley during the financial half year (6 months to 30 June 2016: \$0.103 million).

Subsequent to 31 December 2016, Bentley announced its intention to pay a fully-franked dividend of 0.50 cent per share. Orion's entitlement to such dividend is expected to be \$0.103 million.

2 Agribusiness net assets include olive grove land, olive trees, buildings and plant and equipment.

# DIRECTORS' REPORT

Bentley has a long distribution track record, as illustrated below:

| Rate per share | Nature             | Orion's Entitlement | Payment Date      |
|----------------|--------------------|---------------------|-------------------|
| 0.50 cent      | Dividend           | \$102,569           | 31 March 2017     |
| 0.50 cent      | Dividend           | \$102,569           | 29 September 2016 |
| 0.50 cent      | Dividend           | \$102,569           | 18 March 2016     |
| 0.50 cent      | Dividend           | \$102,569           | 25 September 2015 |
| 0.55 cent      | Dividend           | \$112,826           | 20 March 2015     |
| 0.95 cent      | Dividend           | \$194,881           | 26 September 2014 |
| One cent       | Dividend           | \$205,138           | 21 March 2014     |
| One cent       | Return of capital  | \$205,138           | 12 December 2013  |
| One cent       | Return of capital  | \$205,138           | 18 April 2013     |
| One cent       | Return of capital  | \$205,138           | 30 November 2012  |
| One cent       | Return of capital  | \$205,138           | 19 April 2012     |
| 5.0 cents      | Return of capital  | \$1,025,689         | 14 October 2011   |
| 2.4 cents      | Dividend (Special) | \$492,331           | 26 September 2011 |
| One cent       | Dividend           | \$205,138           | 26 September 2011 |
| One cent       | Dividend           | \$205,138           | 17 March 2011     |
| One cent       | Dividend           | \$205,138           | 30 September 2010 |
| One cent       | Dividend           | \$205,138           | 15 March 2010     |

Note: Bentley has paid a distribution to shareholders every year (save on 4 occasions in its 31 year history) since its admission to ASX in 1986. Refer to Bentley's website for full [distribution history](#)

Shareholders are advised to refer to the 31 December 2016 Half Year Report, [30 June 2016 Annual Report](#) and monthly NTA disclosures lodged by Bentley for further information about the status and affairs of the company.

Information concerning Bentley may be viewed from its website: [www.bel.com.au](http://www.bel.com.au)

Bentley's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX code "[BEL](#)".

## (c) [Strike Resources Limited](#) (ASX: [SRK](#))

Strike Resources Limited (**Strike**) owns the high grade [Apurimac Magnetite Iron Ore Project](#) and [Cusco Magnetite Iron Ore Project](#) in Peru and is currently developing a portfolio of [lithium](#) and [graphite](#) exploration projects in Australia and Chile - for further information, refer to Strike's 31 December 2016 Half Year Report and [2016 Annual Report](#)<sup>3</sup> Strike retains cash reserves of ~\$6.33 million (as at 31 December 2016).

On 14 December 2016, Strike announced that it had entered into a [conditional sale agreement](#) with a subsidiary of Chinese industrial and financial group [Zhongrong Xinda Group](#) Co. Ltd. (Zhongrong Xinda) to sell its [Apurimac](#) and [Cusco](#) Iron Ore Projects in Peru for US\$10 million (~A\$13.8 million).

Orion holds 10,000,000 Strike shares (6.88%) (30 June 2016: 10,000,000 shares (6.88%)) while Bentley holds 52,553,493 Strike shares (36.16%). Therefore Orion has a deemed relevant interest in 62,553,493 Strike shares (43.041%<sup>4</sup>).

Information concerning Strike may be viewed from its website: [www.strikeresources.com.au](http://www.strikeresources.com.au).

Strike's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX: "[SRK](#)".

<sup>3</sup> Refer Strike's [2016 Annual Report](#) released on ASX on 19 October 2016

<sup>4</sup> Refer Orion's [Change in Substantial Holding Notice](#) dated 4 September 2016



# DIRECTORS' REPORT

## (d) Other Assets

Orion also owns:

- a 143 hectare commercial olive grove operation (currently on care and maintenance) with approximately 64,500, 18 year old olive tree plantings located in Gingin, Western Australian; and
- a property held for redevelopment or sale but currently rented out located in Mandurah, Western Australia.

## BOARD OF DIRECTORS

Information concerning Directors in office during or since the half year is as follows:

| Farooq Khan                                                          | Executive Chairman                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Appointed</i>                                                     | 23 October 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Qualifications</i>                                                | BJuris, LLB (Western Australia)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Experience</i>                                                    | Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments. |
| <i>Relevant interest in shares</i>                                   | 2,000 shares – directly <sup>5</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Special Responsibilities</i>                                      | Chairman of the Board and the Investment Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Other current directorships in listed entities</i>                | (1) Executive Chairman and Managing Director of Queste Communications Ltd (ASX:QUE) (since 10 March 1998)<br>(2) Executive Chairman of Bentley Capital Limited (ASX:BEL) (director since 2 December 2003)<br>(3) Chairman (appointed 18 December 2015) of Strike Resources Limited (ASX:SRK) (Director since 1 October 2015)                                                                                                                                                                                        |
| <i>Former directorships in other listed entities in past 3 years</i> | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

<sup>5</sup> Refer to Orion's ASX announcement dated [20 November 2014: Change in Directors Interest Notice](#)

# DIRECTORS' REPORT

| Victor P. H. Ho                                                  | Executive Director and Company Secretary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Appointed</i>                                                 | Executive Director since 4 July 2003; Company Secretary since 2 August 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <i>Qualifications</i>                                            | BCom, LLB (Western Australia), CTA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <i>Experience</i>                                                | Mr Ho has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 17+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate, M&A and International joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations. |
| <i>Relevant interest in shares</i>                               | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <i>Special Responsibilities</i>                                  | Member of Investment Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <i>Other positions held in listed entities</i>                   | <ol style="list-style-type: none"> <li>(1) Executive Director and Company Secretary of Queste Communications Ltd (ASX:<a href="#">QUE</a>) (Director since 3 April 2013; Company Secretary since 30 August 2000)</li> <li>(2) Company Secretary of <a href="#">Bentley Capital</a> Limited (ASX:<a href="#">BFL</a>) (since 5 February 2004)</li> <li>(3) Director and Company Secretary of <a href="#">Strike Resources</a> Limited (ASX:<a href="#">SRK</a>) (Director since 24 January 2014 and Company Secretary since 1 October 2015)</li> <li>(4) Company Secretary of <a href="#">Keybridge Capital Limited</a> (ASX:<a href="#">KBC</a>) (since 13 October 2016)</li> </ol>                                                              |
| <i>Former positions in other listed entities in past 3 years</i> | Company Secretary of Alara Resources Limited (ASX: <a href="#">AUQ</a> ) (4 April 2007 to 31 August 2015)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |


| Yaqoob Khan                                                          | Non-Executive Director                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Appointed</i>                                                     | 5 November 1999                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Qualifications</i>                                                | BCom (Western Australia), Master of Science in Industrial Administration (Carnegie Mellon)                                                                                                                                                                                                                                                                                                                                     |
| <i>Experience</i>                                                    | Mr Khan holds a Masters degree in Business and has worked as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been involved in the structuring and ASX listing of a number of public companies and in subsequent executive management. Mr Khan brings considerable international experience in corporate finance and the strategic analysis of listed investments. |
| <i>Relevant interest in shares</i>                                   | None                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <i>Special Responsibilities</i>                                      | None                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <i>Other current directorships in listed entities</i>                | Non-Executive Director of Queste Communications Ltd (ASX: <a href="#">QUE</a> ) (since 10 March 1998)                                                                                                                                                                                                                                                                                                                          |
| <i>Former directorships in other listed entities in past 3 years</i> | None                                                                                                                                                                                                                                                                                                                                                                                                                           |

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under [section 307C](#) of the *Corporations Act 2001* forms part of this Directors Report and is set out on page 11. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

# DIRECTORS' REPORT

Signed for and on behalf of the Directors in accordance with a resolution of the Board,



Farooq Khan  
Chairman



Victor Ho  
Executive Director

28 February 2017



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA  
6005 P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

The Directors  
Orion Equities Limited  
Level 2 23 Ventnor Ave  
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2016 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Auditing

Dated 28<sup>th</sup> February 2017



Chartered Accountants

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2016

|                                                                                                         |      | 31 Dec 16        | 31 Dec 15      |
|---------------------------------------------------------------------------------------------------------|------|------------------|----------------|
|                                                                                                         | Note | \$               | \$             |
| Revenue                                                                                                 | 2    | 22,891           | 25,451         |
| Other                                                                                                   |      |                  |                |
| Net gain on financial assets at fair value through profit or loss                                       |      | 259,411          | 107,508        |
| Share of Associate entity's profit                                                                      |      | -                | 689,047        |
| Other income                                                                                            |      | -                | 53             |
| <b>TOTAL REVENUE AND INCOME</b>                                                                         |      | <b>282,302</b>   | <b>822,059</b> |
| <b>EXPENSES</b>                                                                                         | 3    |                  |                |
| Share of Associate entity's loss                                                                        |      | (745,257)        | -              |
| Olive grove operation expenses                                                                          |      | (17,028)         | (30,048)       |
| Land operation expenses                                                                                 |      | (7,745)          | (8,437)        |
| Personnel expenses                                                                                      |      | (184,399)        | (242,202)      |
| Occupancy expenses                                                                                      |      | (9,891)          | (15,811)       |
| Corporate expenses                                                                                      |      | (22,112)         | (22,173)       |
| Communication expenses                                                                                  |      | (4,009)          | (2,569)        |
| Finance expenses                                                                                        |      | (1,275)          | (1,535)        |
| Administration expenses                                                                                 |      | (22,553)         | (49,533)       |
| <b>PROFIT/(LOSS) BEFORE INCOME TAX</b>                                                                  |      | <b>(731,967)</b> | <b>449,751</b> |
| Income tax expense                                                                                      |      | -                | -              |
| <b>PROFIT/(LOSS) FOR THE HALF YEAR</b>                                                                  |      | <b>(731,967)</b> | <b>449,751</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                                       |      |                  |                |
| Revaluation of assets, net of tax                                                                       |      | -                | -              |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR</b>                                                     |      | <b>(731,967)</b> | <b>449,751</b> |
| <b>EARNING/(LOSS) PER SHARE FOR LOSS ATTRIBUTABLE TO<br/>THE ORDINARY EQUITY HOLDERS OF THE COMPANY</b> |      |                  |                |
| Basic and diluted earning/(loss) per share (cents)                                                      | 5    | (4.68)           | 2.87           |

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 31 December 2016

|                                                       | Note | 31 Dec 16<br>\$  | 30 Jun 16<br>\$  |
|-------------------------------------------------------|------|------------------|------------------|
| <b>CURRENT ASSETS</b>                                 |      |                  |                  |
| Cash and cash equivalents                             |      | 78,108           | 78,788           |
| Financial assets at fair value through profit or loss | 6    | 828,858          | 722,445          |
| Receivables                                           |      | 17,761           | 20,391           |
| Other current assets                                  |      | 8,979            | 4,785            |
| <b>TOTAL CURRENT ASSETS</b>                           |      | <b>933,706</b>   | <b>826,409</b>   |
| <b>NON CURRENT ASSETS</b>                             |      |                  |                  |
| Investment in Associate entity                        | 9    | 2,604,767        | 3,452,593        |
| Property held for development or resale               |      | 1,350,000        | 1,350,000        |
| Property, plant and equipment                         |      | 1,931,142        | 1,948,495        |
| Olive trees                                           |      | 65,500           | 65,500           |
| Deferred tax asset                                    |      | 116,782          | 116,782          |
| <b>TOTAL NON CURRENT ASSETS</b>                       |      | <b>6,068,191</b> | <b>6,933,370</b> |
| <b>TOTAL ASSETS</b>                                   |      | <b>7,001,897</b> | <b>7,759,779</b> |
| <b>CURRENT LIABILITIES</b>                            |      |                  |                  |
| Payables                                              |      | 48,457           | 93,026           |
| Provisions                                            |      | 66,163           | 47,509           |
| <b>TOTAL CURRENT LIABILITIES</b>                      |      | <b>114,620</b>   | <b>140,535</b>   |
| <b>NON CURRENT LIABILITIES</b>                        |      |                  |                  |
| Deferred tax liability                                |      | 116,782          | 116,782          |
| <b>TOTAL NON CURRENT LIABILITIES</b>                  |      | <b>116,782</b>   | <b>116,782</b>   |
| <b>TOTAL LIABILITIES</b>                              |      | <b>231,402</b>   | <b>257,317</b>   |
| <b>NET ASSETS</b>                                     |      | <b>6,770,495</b> | <b>7,502,462</b> |
| <b>EQUITY</b>                                         |      |                  |                  |
| Issued capital                                        |      | 18,808,028       | 18,808,028       |
| Reserves                                              | 8    | 550,601          | 450,344          |
| Accumulated losses                                    |      | (12,588,134)     | (11,755,910)     |
| <b>TOTAL EQUITY</b>                                   |      | <b>6,770,495</b> | <b>7,502,462</b> |

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2016

|                                                              | Note | Issued Capital<br>\$ | Reserves<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$      |
|--------------------------------------------------------------|------|----------------------|----------------|-----------------------------|------------------|
| <b>BALANCE AT 1 JULY 2015</b>                                |      | 18,854,714           | 436,643        | (11,198,256)                | 8,093,101        |
| Profit for the half year                                     |      | -                    | -              | 449,751                     | 449,751          |
| Other comprehensive income                                   |      | -                    | -              | -                           | -                |
| <b>Total comprehensive income for the half year</b>          |      | -                    | -              | 449,751                     | 449,751          |
| <b>Transactions with owners in their capacity as owners:</b> |      |                      |                |                             |                  |
| Share buy-back                                               |      | (46,686)             | -              | -                           | (46,686)         |
| <b>BALANCE AT 31 DECEMBER 2015</b>                           |      | <b>18,808,028</b>    | <b>436,643</b> | <b>(10,748,505)</b>         | <b>8,496,166</b> |
| <b>BALANCE AT 1 JULY 2016</b>                                |      | 18,808,028           | 450,344        | (11,755,910)                | 7,502,462        |
| Loss for the half year                                       |      | -                    | -              | (731,967)                   | (731,967)        |
| Profits reserve                                              | 8    | -                    | 100,257        | (100,257)                   | -                |
| Other comprehensive income                                   |      | -                    | -              | -                           | -                |
| <b>Total comprehensive loss for the half year</b>            |      | -                    | 100,257        | (832,224)                   | (731,967)        |
| <b>BALANCE AT 31 DECEMBER 2016</b>                           |      | <b>18,808,028</b>    | <b>550,601</b> | <b>(12,588,134)</b>         | <b>6,770,495</b> |

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the half year ended 31 December 2016

|                                                                   | 31 Dec 16<br>\$ | 31 Dec 15<br>\$ |
|-------------------------------------------------------------------|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |                 |                 |
| Receipts from customers                                           | 22,100          | 22,153          |
| Dividends received                                                | 103,099         | 104,151         |
| Interest received                                                 | 261             | 1,769           |
| Other income received                                             | (61)            | -               |
| Payments to suppliers and employees                               | (279,024)       | (375,239)       |
| Interest paid                                                     | (53)            | (21)            |
| Sale of financial assets at fair value through profit or loss     | 156,568         | 460,116         |
| Purchase of financial assets at fair value through profit or loss | (3,570)         | (64,919)        |
| <b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>        | <b>(680)</b>    | <b>148,010</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |                 |                 |
| Share buy-back                                                    | -               | (46,686)        |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                      | <b>-</b>        | <b>(46,686)</b> |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>                       | <b>(680)</b>    | <b>101,324</b>  |
| Cash and cash equivalents at beginning of financial year          | 78,788          | 140,807         |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL HALF YEAR</b>    | <b>78,108</b>   | <b>242,131</b>  |

The accompanying notes form part of these consolidated financial statements



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

The half year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2016 to the date of this report.

#### Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Consolidated Entity's financial statements for the financial year ended 30 June 2016.

### 2. REVENUE

|                                                                                           | 31 Dec 16             | 31 Dec 15             |
|-------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                           | \$                    | \$                    |
| The consolidated profit/(loss) before income tax includes the following items of revenue: |                       |                       |
| <b>Revenue</b>                                                                            |                       |                       |
| Rental revenue                                                                            | 22,100                | 22,100                |
| Dividend revenue                                                                          | 530                   | 1,582                 |
| Interest revenue                                                                          | 261                   | 1,769                 |
|                                                                                           | <u>22,891</u>         | <u>25,451</u>         |
| <b>Other</b>                                                                              |                       |                       |
| Net gain on financial assets at fair value through profit or loss                         | 259,411               | 107,508               |
| Share of Associate entity's profit                                                        | -                     | 689,047               |
| Other income                                                                              | -                     | 53                    |
|                                                                                           | <u><b>282,302</b></u> | <u><b>822,059</b></u> |

### 3. EXPENSES

The consolidated profit/(loss) before income tax includes the following items of expenses:

|                                      |         |         |
|--------------------------------------|---------|---------|
| Share of Associate entity's loss     | 745,257 | -       |
| Olive grove operations               |         |         |
| Depreciation of olive grove assets   | 16,431  | 20,535  |
| Other expenses                       | 597     | 9,513   |
| Land operations                      | 7,745   | 8,437   |
| Salaries, fees and employee benefits | 184,399 | 242,202 |
| Occupancy expenses                   | 9,891   | 15,811  |
| Finance expenses                     | 1,275   | 1,535   |
| Communication expenses               | 4,009   | 2,569   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

| 3. EXPENSES (continued)       | 31 Dec 16        | 31 Dec 15      |
|-------------------------------|------------------|----------------|
|                               | \$               | \$             |
| Corporate expenses            |                  |                |
| ASX fees                      | 16,853           | 15,865         |
| Share registry                | 4,032            | 4,622          |
| Other corporate expenses      | 1,227            | 1,686          |
| Administration expenses       |                  |                |
| Professional and legal fees   | 1,000            | 1,336          |
| Depreciation                  | 922              | 1,010          |
| Other administration expenses | 20,631           | 47,187         |
|                               | <b>1,014,269</b> | <b>372,308</b> |

### 4. SEGMENT INFORMATION

|                                         | Investments      | Olive grove      | Corporate        | Total            |
|-----------------------------------------|------------------|------------------|------------------|------------------|
|                                         | \$               | \$               | \$               | \$               |
| <b>31 Dec 16</b>                        |                  |                  |                  |                  |
| <b>Segment revenues</b>                 |                  |                  |                  |                  |
| Revenue                                 | 22,891           | -                | -                | 22,891           |
| Other                                   | 259,411          | -                | -                | 259,411          |
| <b>Total segment revenues</b>           | <b>282,302</b>   | <b>-</b>         | <b>-</b>         | <b>282,302</b>   |
| Personnel expenses                      | -                | -                | 173,484          | 173,484          |
| Finance expenses                        | -                | 130              | 1,415            | 1,545            |
| Administration expenses                 | 745,257          | 4,183            | 18,152           | 767,592          |
| Depreciation expense                    | -                | 16,431           | 922              | 17,353           |
| Other expenses                          | 5,902            | 7,199            | 41,194           | 54,295           |
| <b>Total segment loss</b>               | <b>(468,857)</b> | <b>(27,943)</b>  | <b>(235,167)</b> | <b>(731,967)</b> |
| <b>Segment assets</b>                   |                  |                  |                  |                  |
| Cash and cash equivalents               | -                | -                | 78,108           | 78,108           |
| Financial assets                        | 828,858          | -                | -                | 828,858          |
| Property held for development or resale | 1,350,000        | -                | -                | 1,350,000        |
| Investment in Associate entity          | 2,604,767        | -                | -                | 2,604,767        |
| Property, plant and equipment           | -                | 1,924,928        | 6,214            | 1,931,142        |
| Other assets                            | -                | 65,816           | 143,206          | 209,022          |
| <b>Total segment assets</b>             | <b>4,783,625</b> | <b>1,990,744</b> | <b>227,528</b>   | <b>7,001,897</b> |
| <b>31 Dec 15</b>                        |                  |                  |                  |                  |
| <b>Segment revenues</b>                 |                  |                  |                  |                  |
| Revenue                                 | 23,682           | -                | 1,769            | 25,451           |
| Other                                   | 796,555          | -                | 53               | 796,608          |
| <b>Total segment revenues</b>           | <b>820,237</b>   | <b>-</b>         | <b>1,822</b>     | <b>822,059</b>   |
| Personnel expenses                      | -                | -                | 242,202          | 242,202          |
| Finance expenses                        | -                | 132              | 1,665            | 1,797            |
| Administration expenses                 | -                | (525)            | 47,633           | 47,108           |
| Depreciation expense                    | -                | 20,535           | 1,010            | 21,545           |
| Other expenses                          | 6,213            | 9,906            | 43,537           | 59,656           |
| <b>Total segment profit/(loss)</b>      | <b>814,024</b>   | <b>(30,048)</b>  | <b>(334,225)</b> | <b>449,751</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 4. SEGMENT INFORMATION (continued)

| 30 Jun 16                               | Investments      | Olive grove      | Corporate      | Total            |
|-----------------------------------------|------------------|------------------|----------------|------------------|
| Segment assets                          | \$               | \$               | \$             | \$               |
| Cash and cash equivalents               | -                | -                | 78,788         | 78,788           |
| Financial assets                        | 722,445          | -                | -              | 722,445          |
| Property held for development or resale | 1,350,000        | -                | -              | 1,350,000        |
| Investment in Associate entity          | 3,452,593        | -                | -              | 3,452,593        |
| Property, plant and equipment           | -                | 1,941,359        | 7,136          | 1,948,495        |
| Other assets                            | -                | 66,765           | 140,693        | 207,458          |
| <b>Total segment assets</b>             | <b>5,525,038</b> | <b>2,008,124</b> | <b>226,617</b> | <b>7,759,779</b> |

#### Description of segments

- (a) Investments comprise equity investments in companies listed on the Australian Securities Exchange (ASX), unlisted managed funds and liquid financial assets;
- (b) Olive grove is in relation to the olive grove farm in Gingin; and
- (c) Corporate items comprise corporate assets and operations.

#### Liabilities

Liabilities are not reported to the Board of Directors by segment. All liabilities are assessed at a consolidated entity level.

### 5. EARNINGS/(LOSS) PER SHARE

|                                                     | 31 Dec 16     | 31 Dec 15   |
|-----------------------------------------------------|---------------|-------------|
| Basic and diluted earnings/(loss) per share (cents) | <b>(4.68)</b> | <b>2.87</b> |

The following represents the earnings/(loss) and weighted average number of shares used in the earnings/(loss) per share calculations:

|                                         |           |         |
|-----------------------------------------|-----------|---------|
| Net profit/(loss) after income tax (\$) | (731,967) | 449,751 |
|-----------------------------------------|-----------|---------|

|                                            | Number of Shares |            |
|--------------------------------------------|------------------|------------|
| Weighted average number of ordinary shares | 15,649,228       | 15,694,799 |

The Consolidated Entity has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic loss per share.

### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|                                     | 31 Dec 16      | 30 Jun 16      |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| Listed securities at fair value     | 656,451        | 456,195        |
| Unlisted managed fund at fair value | 172,407        | 266,250        |
|                                     | <b>828,858</b> | <b>722,445</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### Fair Value Hierarchy

AASB 13 (Fair Value Measurement) requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|                                                        | Level 1        | Level 2        | Level 3          | Total            |
|--------------------------------------------------------|----------------|----------------|------------------|------------------|
|                                                        | \$             | \$             | \$               | \$               |
| <b>31 Dec 16</b>                                       |                |                |                  |                  |
| Financial assets at fair value through profit or loss: |                |                |                  |                  |
| Listed securities at fair value                        | 656,451        | -              | -                | 656,451          |
| Unlisted managed fund at fair value                    | -              | 172,407        | -                | 172,407          |
| Land at independent valuation                          | -              | -              | 1,741,664        | 1,741,664        |
| Olive trees                                            | -              | -              | 65,500           | 65,500           |
| <b>Total</b>                                           | <b>656,451</b> | <b>172,407</b> | <b>1,807,164</b> | <b>2,636,022</b> |

#### 30 Jun 16

Financial assets at fair value through profit or loss:

|                                     |                |                |                  |                  |
|-------------------------------------|----------------|----------------|------------------|------------------|
| Listed securities at fair value     | 456,195        | -              | -                | 456,195          |
| Unlisted managed fund at fair value | -              | 266,250        | -                | 266,250          |
| Land at independent valuation       | -              | -              | 1,741,664        | 1,741,664        |
| Olive trees                         | -              | -              | 65,500           | 65,500           |
| <b>Total</b>                        | <b>456,195</b> | <b>266,250</b> | <b>1,807,164</b> | <b>2,529,609</b> |

There have been no transfers between the levels of the fair value hierarchy during the financial half year.

#### (a) Valuation techniques

The fair value of the listed securities traded in active markets is based on closing bid prices at the end of the reporting period. These investments are included in Level 1.

The fair value of any assets that are not traded in an active market are determined using certain valuation techniques. The valuation techniques maximise the use of observable market data where it is available, or independent valuation and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The fair value of the unlisted managed fund invested is valued at the audited unit price published by the investment manager and as such this financial instrument is included in Level 2.

At Level 3, the land was last valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015. These assets have been valued based on similar assets, location and market conditions or Direct Comparison or Comparative Sales Approach. The land value per hectare based on rural land sold in the general location provided a rate which included ground water licence. A 4% change would increase or decrease the land's fair value by approximately \$69,500. There has been no unusual circumstances that may affect the value of the trees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

#### (a) Valuation techniques (continued)

At Level 3 the olive trees' value was assessed as at 30 June 2016 by the Directors. The fair value of the trees is at the Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities. The significant unobservable input is the replacement cost of 18 year old fruiting trees. There are no age limits to the commercial viability of an olive grove. A 1% change in the (replacement) cost would result in an increase or decrease by \$3,500. There has been no unusual circumstances that may affect the value of the property.

#### (b) Level 3 assets

|                     | Land      | Olive trees | Total     |
|---------------------|-----------|-------------|-----------|
|                     | \$        | \$          | \$        |
| At 1 July 2015      | 1,741,664 | 65,500      | 1,807,164 |
| Addition/(Disposal) | -         | -           | -         |
| At 30 June 2016     | 1,741,664 | 65,500      | 1,807,164 |
| Addition/(Disposal) | -         | -           | -         |
| At 31 December 2016 | 1,741,664 | 65,500      | 1,807,164 |

#### (c) Fair values of other financial assets and liabilities

|                           | 31 Dec 16     | 30 Jun 16     |
|---------------------------|---------------|---------------|
|                           | \$            | \$            |
| Cash and cash equivalents | 78,108        | 78,788        |
| Receivables               | 17,761        | 20,391        |
|                           | <b>95,869</b> | <b>99,179</b> |
| Payables                  | (48,457)      | (93,026)      |
|                           | <b>47,412</b> | <b>6,153</b>  |

Due to their short-term nature, the carrying amounts of cash, current receivables and current payables is assumed to approximate their fair value.

### 8. RESERVES

|                                  | 31 Dec 16      | 30 Jun 16      |
|----------------------------------|----------------|----------------|
|                                  | \$             | \$             |
| <b>Asset Revaluation Reserve</b> |                |                |
| Revaluations of freehold land    | 623,775        | 623,775        |
| Deferred tax on revaluations     | (187,133)      | (187,132)      |
|                                  | 436,642        | 436,643        |
| <b>Profits reserve</b>           | 113,959        | 13,701         |
|                                  | <b>550,601</b> | <b>450,344</b> |

#### Asset Revaluation Reserve

The Asset Revaluation Reserve relates to the revaluation of the Olive Grove Land, as assessed by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015. There has been no movement this financial half year.

#### Profits reserve

An increase in the Profits Reserve will arise when the Company or its subsidiaries generates a net profit (after tax) for a relevant financial period (i.e. half year or full year) which the Board determines to credit to the company's Profits Reserve. Dividends may be paid out of (and debited from) the company's Profits Reserve, from time to time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 9. INVESTMENT IN ASSOCIATE ENTITY

|                                   | Ownership Interest |           | 31 Dec 16        | 30 Jun 16        |
|-----------------------------------|--------------------|-----------|------------------|------------------|
|                                   | 31 Dec 16          | 30 Jun 16 | \$               | \$               |
| Bentley Capital Limited (ASX:BEL) | 27.07%             | 27.20%    | <b>2,604,767</b> | <b>3,452,593</b> |

#### Movements in carrying amounts

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Opening balance                      | 3,452,593        | 3,510,526        |
| Share of net profit/(loss) after tax | (745,257)        | 147,205          |
| Dividend received                    | (102,569)        | (205,138)        |
| Closing balance                      | <b>2,604,767</b> | <b>3,452,593</b> |

Fair value (at market price on ASX) of investment in Associate Entity

**2,666,792**      **2,769,361**

Net asset backing value of investment in Associate Entity

**3,926,285**      **4,430,471**

#### Summarised statement of profit or loss and other comprehensive income

|                                        |                    |                |
|----------------------------------------|--------------------|----------------|
| Revenue                                | 56,412             | 3,258,497      |
| Expenses                               | (1,882,302)        | (2,732,417)    |
| <b>Profit/(Loss) before income tax</b> | <b>(1,825,890)</b> | <b>526,080</b> |
| Income tax expense                     | -                  | -              |
| <b>Profit/(Loss) after income tax</b>  | <b>(1,825,890)</b> | <b>526,080</b> |
| Other comprehensive income             | 367,874            | -              |
| <b>Total comprehensive income</b>      | <b>(1,458,016)</b> | <b>526,080</b> |

#### Summarised statement of financial position

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| Current assets           | 14,402,743        | 13,159,280        |
| Non-current assets       | 485,700           | 3,430,001         |
| <b>Total assets</b>      | <b>14,888,443</b> | <b>16,589,281</b> |
| Current liabilities      | 218,186           | 291,725           |
| Non-current liabilities  | 167,495           | 9,835             |
| <b>Total liabilities</b> | <b>385,681</b>    | <b>301,560</b>    |
| <b>Net assets</b>        | <b>14,502,762</b> | <b>16,287,721</b> |

### 10. RELATED PARTY TRANSACTIONS

During the financial year there were transactions between the Company, QUE and Associate Entity, Bentley Capital Limited (ASX:BEL), pursuant to shared office and administration arrangements. There were no outstanding amounts at the reporting date. The following related party transactions also occurred during the financial year:

|                                | 31 Dec 16 | 31 Dec 15 |
|--------------------------------|-----------|-----------|
| <b>Bentley Capital Limited</b> | <b>\$</b> | <b>\$</b> |
| Dividend Received              | 102,569   | 102,569   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2016

### 10. RELATED PARTY TRANSACTIONS (continued)

During the financial half year, the Consolidated Entity received \$22,100 rental income from a 'close family member' (as defined under AASB 124 "Related Party Disclosures") of a KMP (the KMP being Director, Farooq Khan), pursuant to a standard form residential tenancy agreement in respect of the Property Held for Resale (31 Dec 2015: \$22,100). The rental is in respect of a fixed term of 12 months (to 31 May) with the monthly rental being \$3,683.

### 11. CONTINGENCIES

#### (a) Directors' Deeds

The Company has entered into Deeds of Indemnity with each of its Directors indemnifying them against liability incurred in discharging their duties as Directors/Officers of the Consolidated Entity. At the end of the financial period, no claims have been made under any such indemnities and accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

#### (b) Tenement Royalties

The Consolidated Entity is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from the Paulsens East (Iron Ore) Project tenement (currently a Retention Licence RL 47/7) in Western Australia currently held by Strike Resources Limited (ASX:SRK).

### 12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Associate entity, Bentley Capital Limited (ASX:BEL), has announced its intention to pay a fully-franked dividend of 0.50 cent per share in March 2017. The Company's entitlement to such dividend would be \$102,569.

No other matter or circumstance has arisen since the end of the financial half year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

# DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Orion Equities Limited made pursuant to [sub-section 303\(5\)](#) of the *Corporations Act 2001*, we state that:

In the opinion of the Directors:

- (1) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half year ended on that date; and
  - (b) complying with Accounting Standards [AASB 134](#) "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan  
Chairman



Victor Ho  
Executive Director

28 February 2017





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Phone 9486 7094 www.rothsayresources.com.au

### **Independent Review Report to the Members of Orion Equities Limited**

#### **The financial report and directors' responsibility**

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Orion Equities Limited for the half-year ended 31 December 2016.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### **Review approach**

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2016 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Orion Equities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

#### **Independence**

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

#### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Orion Equities Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2016 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Auditing

Graham R Swan  
Partner

Dated 28<sup>th</sup> February 2017



Chartered Accountants

# SECURITIES INFORMATION

## as at 31 December 2016

### DISTRIBUTION OF FULLY PAID ORDINARY SHARES

| Spread       | of | Holdings | Number of Holders | Number of Shares  | % of Total Issue Capital |
|--------------|----|----------|-------------------|-------------------|--------------------------|
| 1            | -  | 1,000    | 27                | 12,143            | 0.078 %                  |
| 1,001        | -  | 5,000    | 63                | 221,230           | 1.414 %                  |
| 5,001        | -  | 10,000   | 44                | 332,721           | 2.126 %                  |
| 10,001       | -  | 100,000  | 68                | 2,146,786         | 13.718 %                 |
| 100,001      | -  | and over | 16                | 12,936,348        | 82.664 %                 |
| <b>Total</b> |    |          | <b>218</b>        | <b>15,649,228</b> | <b>100%</b>              |

### UNMARKETABLE PARCELS

| Spread       | of | Holdings | Number of Holders | Number of Shares  | % of Total Issued Capital |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1            | -  | 3,124    | 44                | 40,202            | 0.257 %                   |
| 3,125        | -  | over     | 174               | 15,609,026        | 99.743 %                  |
| <b>TOTAL</b> |    |          | <b>218</b>        | <b>15,649,228</b> | <b>100 %</b>              |

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 3,124 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 31 December 2016 of \$0.155 per share.

### TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

| Rank         | Shareholder                                                                   | Total Shares      | % Issued Capital |
|--------------|-------------------------------------------------------------------------------|-------------------|------------------|
| 1*           | QUESTE COMMUNICATIONS LTD                                                     | 9,367,653         | 59.86%           |
| 2*           | CLEOD PTY LTD                                                                 | 506,000           |                  |
|              | CELLANTE SECURITES PTY LIMITED                                                | 417,038           |                  |
|              | Sub-total                                                                     | 923,038           | 5.90%            |
| 3            | DR STEVEN G RODWELL                                                           | 525,129           | 3.36%            |
| 4            | MR SEAN DENNEHY                                                               | 278,936           | 1.78%            |
| 5            | REDSUMMER PTY LTD                                                             | 225,000           | 1.44%            |
| 6            | MR STEPHEN JAMES LAMBERT & MRS RUTH LYNETTE LAMBERT<br>& MR SIMON LEE LAMBERT | 200,000           | 1.28%            |
| 7            | MS HOON CHOO TAN                                                              | 197,538           | 1.26%            |
| 8            | MR JOHN STEPHEN CALVERT                                                       | 196,732           | 1.26%            |
| 9            | MR SEAN ANTHONY DENNEHY                                                       | 188,000           | 1.20%            |
| 10           | MRS PENELOPE MARGARET SIEMON                                                  | 181,355           | 1.16%            |
| 11           | MR BRUCE SIEMON                                                               | 172,351           | 1.10%            |
| 12           | VIKAND CONSULTING PTY LTD                                                     | 144,798           | 0.93%            |
| 13           | MRS TAMI ELSIE VARNEY                                                         | 121,092           | 0.77%            |
| 14           | MR ANTHONY NEALE KILLER & MS SANDRA MARIE KILLER                              | 120,000           | 0.77%            |
| 15           | MR JOHN CHENG-HSIANG YANG & MRS PEGA PING MOK                                 | 103,726           | 0.66%            |
| 16           | MRS CAROLINE ANN PICKERING                                                    | 100,000           | 0.64%            |
| 17           | MS MORAG HELEN BARRETT                                                        | 94,013            | 0.60%            |
| 18           | MR DAMIAN GERARD BOWDLER & MRS MARGARET CLARE<br>BOWDLER                      | 85,900            | 0.55%            |
| 19           | MR KEVIN LEDGER & MRS ROBIN LEDGER                                            | 85,000            | 0.54%            |
| 20           | GIBSON KILLER PTY LTD                                                         | 80,000            | 0.51%            |
| <b>TOTAL</b> |                                                                               | <b>13,390,261</b> | <b>85.57%</b>    |

\* Substantial shareholders of the Company