

ORH Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	ORH Limited
ABN:	57 077398 826
Reporting period:	For the year ended 30 June 2015
Previous period:	For the year ended 30 June 2014

2. Results for announcement to the market

			\$
Revenues from ordinary activities	Down	30% to	17,549,389
Loss from ordinary activities after tax attributable to the members of ORH Limited	Down	83% to	(3,659,916)
Loss for the year attributable to the members of ORH Limited	Down	83% to	(3,659,916)

Dividends

No dividends have been declared or paid during the year ended 30 June 2015, nor in the prior period, and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2015.

Comments

The consolidated loss of the Group for the financial year, after providing for income tax, amounted to \$3,659,916 (2014: loss \$1,997,311).

The 2015 financial year reports a loss of \$3,659,916 compared to a loss of \$1,997,311 in the prior year. \$1,752,852 of the 2015 financial year loss is attributable to asset impairments and \$1,200,945 of the loss is attributable to derecognition of deferred tax assets. The remainder of the loss for the 2015 financial year results from the decrease in revenue and consequently profitability, despite cost reductions implemented by the Company..

The financial year EBITDA is a loss of \$592,491 compared to a loss of EBITDA \$998,781 in the prior year. With the decline in revenues from continuing ordinary activities, it reflects the improvement in the gross margin and cost savings made this year. The gross margin on the sale of products increased from 17.23% in 2014 to 19.08% in 2015 as costs were tightened. In addition, corporate administration costs have declined from \$6,166,624 in 2014 to \$4,960,917 for the 2015 financial year.

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 Group 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.

The Group's financial position has deteriorated during the current financial year, with total net liabilities of \$2,643,394, due to the above mentioned impairments (2014: net assets \$1,016,522)..

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.20)</u>	<u>(0.02)</u>

4. Dividend reinvestment plans

Not applicable.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion with an emphasis of matter has been issued.

6. Signed



Signed _____

Date: 19 January 2018

Domenic Martino
Chairman
Perth



**ORH Limited
and Controlled Entities**
ABN 57 077 398 826

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2015

Date:

19 January 2018



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Corporate Directory

Directors

Domenic Martino	- Non-Executive Chairman
Boelio Muliadi	- Non-Executive Director
Jamie Detata	- Executive Director
Jackob Tsaban	- Executive Director

Company Secretary

Louisa Youens

Home Stock Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX Code

ORH

Website

www.orh.net.au

Registered Office

Level 5
56 Pitt Street
Sydney NSW 2000
T: +61 2 8823 3179
F: +61 2 8823 3188

Principal Place of Business

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Hazelmere WA 6055
T: +61 8 9250 2250

Share Registry

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110 Stirling Highway
Nedlands Western Australia 6009
Telephone: +618 9389 8033
Facsimile: +618 9262 3723

Auditors

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 2015.

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
Boelio Muliadi	23 April 2015

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:

Director	Board Meetings	
	Number eligible to attend	Number attended
Domenic Martino	2	2
Jamie Detata	2	2
Jackob Tsaban	2	2
Boelio Muliadi	-	-

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), South Pacific Resources Limited (3 August 2012-Current), MUI Corporation Limited (19 December 2013 – Current), 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 Jakob Tsaban - Executive Director

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 – 28 December 2017).

Mr Boelio Muliadi - Non-Executive Director (Appointed 23 April 2015)

Mr. Muliadi is a resident of Indonesia and has a degree in Business Administration and Finance from the University of Washington, Seattle USA. Mr. Muliadi has had a diverse career, which has included businesses in the property development, retail chain, manufacturing, food and beverage, aircraft leasing, agricultural and healthcare industries.

Mr. Muliadi is a Director of Indonesia Stock Exchange listed company PT. Cakra Mineral Tbk. PT Cakra Mineral Tbk is a manufacturer and exporter of iron ore and metal zircon sand. The company has integrated mining business segments ranging from exploration, mining and processing to marketing.

Mr Muliadi has extensive experience and business contacts in China and has engineered a number of commercial joint ventures with Chinese enterprises on behalf of PT. Cakra Mineral Tbk. He will bring the benefit of these relationships to ORH and assist with ORH's expansion of its product line and customer base.

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 Chartered Accountants Australia and New Zealand and a member of the Financial Services Institute of Australasia (FINSIA).



Directors' Report (Continued)

Directors' Equity Holdings

As at 30 June 2015, the interests of the Directors in the equity of the Company are as follows:

Name	Opening Balance 1 July 2014	Acquired during the period	Disposed of during the period	Closing Balance 30 June 2015
DV Martino ¹				
Ordinary Shares	37,620,385	-	-	37,620,385
JL Detata ²				
Ordinary Shares	25,180,456	-	-	25,180,456
J Tsaban ³				
Ordinary Shares	-	-	-	-
B Muliadi ⁴				
Ordinary Shares	87,500,000	-	-	87,500,000
Total Ordinary Shares	150,300,841	-	-	150,300,841

Notes to Table

The information below reflects the indirect and direct holdings of the directors of ORH Limited as at 30 June 2015.

- Mr Martino holds 412,501 securities directly as at 30 June 2015. 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 2014 financial year in satisfaction of debt owing.

- 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 2014 financial year, 30,000,000 were issued and cancelled due to not meeting vesting conditions at 30 June 2014, and 25,000,000 options were issued and cancelled due to not meeting vesting conditions at 30 June 2015.

- Mr Tsaban holds 12,000,000 options that were issued and vested during the 2014 financial year.
- Mr Muliadi was appointed on 23 April 2015, consequently his opening balance of Fully Paid Ordinary Shares held is as at that date. Mr Muliadi holds 62,500,000 shares through his company Lanesborough Investment Pte Ltd and 25,000,000 shares through Aspire Horizon Limited.

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 \$3,659,916 (2014: loss \$1,997,311).

The 2015 financial year reports a loss of \$3,659,916 compared to a loss of \$1,997,311 in the prior year. \$1,752,852 of the 2015 financial year loss is attributable to asset impairments and \$1,200,945 of the loss is attributable to derecognition of deferred tax assets. The remainder of the loss for the 2015 financial year results from the decrease in revenue and consequently profitability, despite cost reductions implemented by the Company.

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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, other than those disclosed below in events subsequent to reporting date.

Events Subsequent to Reporting Date

As announced on 30 July 2015, ORH Limited has resolved to raise up to \$2,620,395 in cash (before costs) by way of a renounceable rights issue on the basis of an offer to existing shareholders of two new shares for every one existing share held as at the Record Date at a subscription price of 0.1 cents (\$0.001) per New Share (the Offer). The Offer was not underwritten.

The amount raised was \$8,737 and 8,737,358 shares were issued.

On 19 April 2016, the engineering business was sold to a new wholly owned subsidiary in the group, ORH Trucks Solutions Pty Ltd, due to the need to restructure the group to facilitate the substantial new investment being negotiated with Chinese parties. As part of the sale process, the value of the business assets were assessed and as a result, the Plant and equipment was impaired, as reflected in note 10 to the financial statements.

On 29 April 2016, ORH Engineering (Aust) Pty Ltd, a wholly owned subsidiary, was put into voluntary administration. A Deed of Company Arrangement (DOCA) was executed on 23 June 2016, which lead to a significant improvement in the group's net liabilities during the year ended 30 June 2016.

After the Group's re-structure in 2016, ORH has focused on its core business; being a leading manufacturer of industrial equipment including water carts, service trucks, tippers, tilt tray trucks, and general trailers. The Group has also sought to expand its product lines with the addition of concrete mixer trucks, skip lifters, rear loaders and front



Directors' Report (Continued)

Events Subsequent to Reporting Date (continued)

loaders, which have all been designed and built in-house. This has enabled the business to diversify from being predominantly mining industry focused, to also include the waste management, transport and construction industries. It is worth noting that the new waste management and servicing components of the Group's operations provide regular and diversified revenue in addition to truck sales, particularly the Group's new bins' fabrication and maintenance business.

Incorporating the above changes into the Group's business strategy has resulted in a strong order book and the Group continues to employ approximately 40 staff.

In October 2016 the Group's operations moved to a new premises at 1 Central Avenue, Hazelmere WA 6055, being an 8,000 sqm location (2.5 times larger than its previous occupancy), allowing for expansion of the Group's operations at a reduced cost.

In June 2016, and subsequently on 30 October 2017, the Company announced the negotiation of strategic funding with HEWUYUE Investment Limited (HEWUYUE), an investment company with approximately AUD600 million in businesses that specialize in areas such as logistics, manufacturing of new energy vehicles, vehicle parts, sales, services, financial services and new technologies in agriculture. HEWUYUE has an association with Beiben Trucks Group Co. Ltd, a manufacturer of commercial vehicles; encompassing research and development, manufacturing, sales and services.

HEWUYUE and ORH continue to work together on the strategic funding, which is anticipated to total AUD2.5 million, with the funding received as follows (Proposed Investment):

- 1) 50% – AUD1,250,000; and
- 2) 50% – Provided as the Beiben trucks equivalent to AUD1,250,000, subject to Beiben Trucks Australian Registration

The Company has been working with the Beiben factory to ensure that the Beiben Trucks meet Australian Design Rules (ADR). Specifications have been finalized and homologation testing completed with the Company currently in the process of submitting documentation to obtain ADR approvals.

The terms of the Proposed Investment are currently:

- 1) HEWUYUE to hold at least 51% of ORH;
- 2) HEWUYUE has the ability to appoint representatives to the Board, as well as the Chairman, to assist with the development and execution of the Group's strategy;

The investment amount will be used for the growth and development of the Group's operations, including the pursuit of the significant growth opportunities in transport, logistics and industrial business in Australia. This will include:

- a. Investment in to marketing and development of the Beiben brand in Australia;
- b. Working with Beiben to expand the product portfolio to maximize customer penetration; and
- c. Expansion in wholesale business through dealerships and opening representative offices in key sales locations.

All funds invested in to the business will be utilized for business growth and development and will not be used to fund repayment of loans or any other obligations of the Group.

Completion of the Proposed Investment will restructure the Group's net asset base, providing working capital, a new board and strategic business direction. The Proposed Investment is subject to shareholder approval where required, particularly in respect of a 51% ownership in the Company by HEWUYUE.

The main impediment to progression of the strategic funding has been as a result of funds being sourced from mainland China for outbound transactions. These transactions are subject to additional scrutiny and discretionary approval from China's State Administration of Foreign Exchange ("SAFE") or its local branches. Requirements for the transfer of funds include pre-registration of the provision of offshore loans, strict verification of business scale and loan scale and detail of the actual usage of loans. The Company has been advised by HEWUYUE that it has almost completed the SAFE process and funds are anticipated in the near future.

Apart from the above mentioned, no matter or circumstance has arisen since 30 June 2015 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.



Directors' Report (Continued)

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 product 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.

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).

Fixed remuneration

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 \$325,000 for the financial year (2014: \$345,000). 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 \$nil (2014: \$120,000).

Pursuant to the Company's General Meeting held on 9 August 2013, Mr Detata was issued 85,000,000 options of which 30,000,000 options were vested during the 2014 financial year. These 30,000,000 options were issued and cancelled due to not meeting vesting conditions at 30 June 2014. 25,000,000 options were vested during the 2015 financial year. These options were issued and cancelled due to not meeting vesting conditions at 30 June 2015.

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 \$238,000 for the financial year (2014: \$240,000).

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 and 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 (2014: \$120,000).

Mr Muliadi was appointed on 23 April 2015 and accrues fees on a month to month basis commencing 1 July 2015 of \$4,000 per month. He was paid \$nil for the financial year (2014: \$nil).

Senior executive remuneration

There are currently no senior executives employed by the Company.

B. Share-Based Payments

Nil compensation options were issued during the financial year (2014: 42,000,000). The 2014 financial year options were issued to Mr Detata and Mr Tsaban as follows:

- 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. The remaining 55,000,000 of the 85,000,000 options have been cancelled, as vesting conditions have not been met at 30 June 2014 and 30 June 2015.
- Mr Tsaban was issued 12,000,000 options during the 2014 financial year, which have an exercise price of \$0.01 and an expiry date of 5 November 2018. These options have vested.

No shares were issued on the exercise of compensation options during the financial year (2014: Nil).

C. Details of Remuneration

Details of Remuneration for the year ended 30 June 2015 (audited)

	Short-Term		Post-Employment	Share-Based Payments	
	Cash Salary & Fees	Cash Bonus	Super-annuation	Equity-settled	Total
	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Domenic Martino	120,000	-	10,800	-	130,800
Boelio Muliadi ¹	-	-	-	-	-
<i>Executive Directors:</i>					
Jamie Detata ²	325,000	-	-	-	325,000
Kobi Tsaban ²	238,000	-	-	-	238,000
	683,000	-	10,800	-	693,800

¹Appointed 23 April 2015.

²Payments 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 2014 (audited)

	Short-Term		Post-Employment	Share-Based Payments	
	Cash Salary & Fees	Cash Bonus	Super-annuation	Equity-settled	Total
	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Domenic Martino	120,000	-	10,800	-	130,800
Kevin Dundo ¹	22,435	-	2,049	-	24,484
<i>Executive Directors:</i>					
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

¹Resigned 19 December 2013.

²Payments to Mr Detata and Mr Tsaban paid to their related entities, Blazeway Holdings 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	
	2015	2014	2015	2014	2015	2014
<i>Non-Executive Directors:</i>						
Domenic Martino	100%	100%	- %	- %	- %	- %
Boelio Muliadi	100%	n/a	- %	n/a	- %	n/a
Kevin Dundo	n/a	100%	n/a	- %	n/a	- %
<i>Executive Directors:</i>						
Jamie Detata	100%	62%	-%	23%	-%	15 %
Kobi Tsaban	100%	91%	-%	-%	9%	- %

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

	Cash bonus paid/payable		Cash bonus forfeited	
	2015	2014	2015	2014
<i>Executive Directors:</i>				
Jamie Detata	-%	29%	100%	71%



Directors' Report (Continued)

Remuneration Report (audited) (continued)

D. Additional Information

	2015 \$	2014 \$
Sales revenue	17,549,388	25,051,355
EBITDA	(592,491)	(998,780)
Profit / (Loss) after income tax	(3,659,916)	(1,997,311)
	2015	2014
Share price at financial year end (\$A)	\$0.001	\$0.002
Total dividends declared (cents per share)	-	-
Basic earnings per share (cents per share)	(0.28)	(0.20)

No comments were received on the remuneration report at the 2014 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 20 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 20 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, 19 January 2018

DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF ORH LIMITED

As lead auditor of ORH Limited for the year ended 30 June 2015, 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.



Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 19 January 2018

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 2015, 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 Statements*, 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 2015 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through the proposed strategic funding. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

A handwritten signature in black ink, appearing to read 'Ian Hooper', with a stylized flourish at the end.

Ian Hooper
Partner

Sydney, 19 January 2018



Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian 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 2015 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

A handwritten signature in black ink, appearing to read 'Domenic Martino', written over a horizontal line.

Domenic Martino
Chairman

19 January 2018



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue and Other Income			
Revenue from sale of products		17,077,063	24,474,354
Revenue from hire of goods		472,326	577,001
Research and development incentive		562,029	-
Other income	2	5,438	15,558
Expenses			
Cost of sales		(13,862,009)	(20,256,141)
Employee benefits expense		(2,606,831)	(3,150,709)
Finance costs	3	(10,414)	(268,798)
Consulting fees		(593,128)	(809,314)
Rental expenses	3	(583,217)	(608,434)
Depreciation	3	(103,215)	(88,274)
Impairment of assets	9,10	(1,752,851)	-
Other administrative expenses		(1,064,162)	(1,241,095)
Loss before income tax expense		(2,458,971)	(1,355,852)
Income tax expense	4	(1,200,945)	(641,459)
Loss after income tax expense for the year		(3,659,916)	(1,997,311)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of ORH Limited		(3,659,916)	(1,997,311)
Earnings per share for profit/(loss) attributable to members of ORH Limited			
Basic earnings/ (losses) per share (cents)	5	(0.28)	(0.20)
Diluted earnings/ (losses) per share (cents)	5	(0.28)	(0.20)

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 2015

	Note	2015 \$	2014 \$
Assets			
Current Assets			
Cash and cash equivalents	6	53,965	2,166,702
Trade and other receivables	7	861,474	1,641,944
Inventories	8	633,352	1,612,730
Other financial assets	9	227,955	195,162
Total Current Assets		1,776,746	5,616,538
Non-Current Assets			
Plant and equipment	10	260,650	575,752
Deferred tax asset	11	-	1,200,945
Total Non-Current Assets		260,650	1,776,697
Total Assets		2,037,396	7,393,235
Current Liabilities			
Trade and other payables	12	3,580,477	5,086,898
Interest bearing liabilities	13	1,060,656	1,267,041
Total Current Liabilities		4,641,133	6,353,939
Non Current Liabilities			
Trade and other payables	12	39,657	22,774
Total Non Current Liabilities		39,657	22,774
Total Liabilities		4,680,790	6,376,713
Net Assets/ (Liabilities)		(2,643,394)	1,016,522
Equity			
Issued capital	14	44,102,750	44,102,750
Reserves	15	104,314	104,314
Accumulated losses		(46,850,458)	(43,190,542)
Total Equity		(2,643,394)	1,016,522

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 2015

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
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)
<i>Transactions with owners in their capacity as owners</i>					
Contributions of equity, net of transactions costs	14	4,690,540	-	-	4,690,540
Share based payments	15	-	104,314	-	104,314
Balance at 30 June 2014		44,102,750	104,314	(43,190,542)	1,016,522
Balance at 1 July 2014		44,102,750	104,314	(43,190,542)	1,016,522
Loss after income tax expense for the year		-	-	(3,659,916)	(3,659,916)
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	(3,659,916)	(3,659,916)
Balance at 30 June 2015		44,102,750	104,314	(46,850,458)	(2,643,394)

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 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		17,359,094	28,144,985
Payment to suppliers and employees (inclusive of GST)		(18,852,637)	(28,694,812)
		(1,493,543)	(549,827)
Interest received		5,438	10,476
Interest paid		(10,414)	(108,755)
Net cash flows used in operating activities	25	(1,498,519)	(648,106)
Cash flows from investing activities			
Payment for purchase of plant and equipment		(40,963)	(164,444)
Net cash flows used in investing activities		(40,963)	(164,444)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,842,965
Proceeds from borrowings		5,000	425,000
Repayment of borrowings		(578,255)	(657,147)
Net cash flows from (used in) / financing activities		(573,255)	2,610,818
Net increase (decrease) / in cash and cash equivalents		(2,112,737)	1,798,268
Cash and cash equivalents at the beginning of the financial year	6	2,166,702	368,434
Cash and cash equivalents at the end of the financial year	6	53,965	2,166,702

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



Notes to the Consolidated Financial Statements

Note 1. Significant Accounting Policies

The Consolidated financial report covers the consolidated entity of ORH Limited ("the Company" or "ORH") 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 19 January 2018 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 \$3,659,916 for the year ended 30 June 2015 (2014: \$1,997,311). As at that date the Consolidated Entity had net current liabilities of \$2,864,387 and net liabilities of \$2,643,394.

Also, as announced on 30 October 2017, the Company is finalising a plan for strategic funding with HEWUYUE Investment Limited (HEWUYUE), an investment company with approximately AUD600 million in businesses that specialise in areas such as logistics, manufacturing of new energy vehicles, vehicle parts, sales, services, financial services and new technologies in agriculture. HEWUYUE has an association with Beiben Trucks Group Co. Ltd, a manufacturer of commercial vehicles; encompassing research and development, manufacturing, sales and services.

HEWUYUE and ORH continue to work together on the strategic funding, which is anticipated to total AUD\$2,500,000, with the funding received as follows (Proposed Investment):

- 1) 50% – AUD1,250,000; and
- 2) 50% – Provided as the Beiben trucks equivalent to AUD1,250,000, subject to Beiben Trucks Australian Registration.

The above factors, and the Consolidated Entities dependency on the proposed strategic funding to continue as a going concern, results in a material uncertainty as at 30 June 2015 as to whether the Consolidated Entity will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the consolidated financial report.

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:

- The Consolidated Entity has continued to trade successfully since balance date until the date of signing of this financial report;
- The Deed of Company Arrangement entered into in April 2016, as described in the subsequent events note, has decreased the Group's net liabilities;
- The remaining balance of the interest bearing liabilities, owed to related parties and related party creditors, are repayable subject to the Consolidated Entities cash flow availability;
- The forecast cashflows and budget for the Group for the next 12 months indicate an improvement in operating cash flows that will be supported by the proposed investment; and



Note 1. Significant Accounting Policies (continued)

Going concern (continued)

- The main impediment to progression of the strategic funding has been as a result of funds being sourced from mainland China for outbound transactions. These transactions are subject to additional scrutiny and

discretionary approval from China's State Administration of Foreign Exchange ("SAFE") or its local branches. The Company has been advised by HEWUYUE that it has almost completed the SAFE process and funds are anticipated in the near future, and as a result, the Directors are confident that the proposed investment will be successful.

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.

The consolidated financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated Entity does continue as a going concern.

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 23 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.

Notes to the Consolidated Financial Statements



Note 1. Significant Accounting Policies (continued)

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.

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 the 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



Notes to the Consolidated Financial Statements

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.

Note 1. Significant Accounting Policies (continued)

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.

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 between the 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.

Notes to the Consolidated Financial Statements



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

Note 1. Significant Accounting Policies (continued)

Plant and equipment (continued)

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.

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



Notes to the Consolidated Financial Statements

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.

Note 1. Significant Accounting Policies (continued)

(iii) Retirement benefit obligations

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

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



Notes to the Consolidated Financial Statements

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 statement of financial position.

Note 1. Significant Accounting Policies (continued)

Financial instruments (continued)

(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 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 statement of profit and loss and other comprehensive income.

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.



Notes to the Consolidated Financial Statements

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:

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

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 2015. 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



Notes to the Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to

Note 1. Significant Accounting Policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

AASB 9 Financial Instruments (continued)

recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2018 and standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it creates an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12 month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional disclosures. The entity has both long term and short term trade receivables. When this standard is adopted, the entity's loss allowance on trade receivable may increase due to the change to an expected credit loss method. The change is applied retrospectively, however comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time is recognised as an adjustment to the opening balance of retained earnings on 1 July 2018. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.



Notes to the Consolidated Financial Statements

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 consolidated 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.

Notes to the Consolidated Financial Statements



Note 2 - Other income

	2015 \$	2014 \$
Other income		
Interest income	5,438	10,476
Miscellaneous income	-	5,082
	<u>5,438</u>	<u>15,558</u>

Note 3 – Expenses

	2015 \$	2014 \$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	65,672	66,921
Motor vehicles	<u>37,543</u>	<u>21,353</u>
Total depreciation	<u>103,215</u>	<u>88,274</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<u>583,217</u>	<u>608,434</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>195,506</u>	<u>246,288</u>
<i>Finance costs</i>		
Interest on interest bearing liabilities	<u>10,414</u>	<u>268,798</u>
Share based payments expense	<u>-</u>	<u>104,314</u>

Notes to the Consolidated Financial Statements



Note 4 - Income Tax

	2015 \$	2014 \$
(a) Income tax expenses		
Current tax	-	-
Deferred tax	1,200,945	673,904
Over provision for prior year	-	(32,445)
Aggregate income tax expense	1,200,945	641,459
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Tax at the Australian tax rate of 30% (2014: 30%)	(1,097,975)	(406,756)
Add: Tax effect of Non-deductible expenditure		
- Entertainment	4,284	4,743
- Administrator & other consultancy fees	-	11,559
Over provision for prior year	-	(32,445)
Reversal of tax losses previously recognised	1,200,945	460,000
Current tax losses not recognised	1,093,691	604,358
Income tax expense	1,200,945	641,459
(c) Tax losses		
Unused tax losses for which no deferred tax has been recognised	12,703,360	11,877,689
Potential tax benefit @ 30%	3,811,008	3,563,307

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 5 - Earnings Per Share

	2015 \$	2014 \$
Basic		
Profit/ (loss) per share for loss from continuing operations attributable to the ordinary holders of the company	(3,659,916)	(1,997,311)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and dilutive loss per share	1,310,197,254	1,014,028,936
Earnings/ (loss) per share for losses attributable to the ordinary holders of the company (cents per share)	(0.28)	(0.20)

Note 6 – Cash and Cash Equivalents

	2015 \$	2014 \$
Cash at bank and on hand	53,965	2,166,702
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	53,965	2,166,702

Notes to the Consolidated Financial Statements



Note 7 - Trade and Other Receivables

	2015 \$	2014 \$
Current		
Trade receivables	431,743	1,663,218
Less: provision for impairment of receivables	(132,447)	(21,274)
	299,296	1,641,944
 Research and Development Incentive	 562,178	 -
	861,474	1,641,944

Impairment of receivables

The consolidated entity has recognised an impairment charge of \$111,173 (2014: \$21,274) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015. 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:

	2015 \$	2014 \$
Current	168,513	1,497,592
31-60 days overdue	119,772	123,946
61-90 days overdue	9,369	5,751
Greater than 90 days overdue	134,089	14,655
	431,743	1,641,944

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

	2015 \$	2014 \$
Balance at beginning of year	21,274	27,505
Amounts written off during the year	-	(27,505)
Provision created during the year	111,173	21,274
Balance at end of year	132,447	21,274

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 8 - Inventories

	2015 \$	2014 \$
Raw materials	155,933	327,865
Work in progress	477,419	1,284,865
	633,352	1,612,730

Notes to the Consolidated Financial Statements



Note 9 - Other Assets

	2015 \$	2014 \$
Prepayments	69,312	94,434
Lease deposits	158,643	100,728
	<u>227,955</u>	<u>195,162</u>
Deposit for import of goods ¹	1,500,000	-
Provision for impairment ¹	(1,500,000)	-
	<u>-</u>	<u>-</u>
	<u>227,955</u>	<u>195,162</u>

¹ On 24 October 2014 the company signed a contract with Delli Alliance, an Indonesian company, to import and distribute cement mixers and tanks, manufactured in Indonesia and paid a deposit of \$1,500,000. To the date of this report, the company did not receive the goods. While the company believes the goods will be provided or funds will be repaid, a provision was made for the deposit amount.

Note 10 - Plant and Equipment

	2015 \$	2014 \$
Plant and equipment		
At cost	715,038	707,477
Accumulated depreciation	(418,813)	(353,140)
Impairment ¹	(144,475)	-
	<u>151,750</u>	<u>354,337</u>
Motor vehicles		
At cost	326,248	292,845
Accumulated depreciation	(108,972)	(71,430)
Impairment ¹	(108,376)	-
	<u>108,900</u>	<u>221,415</u>
Total plant and equipment	<u>260,650</u>	<u>575,752</u>

¹ As noted in the events subsequent to report date, On 19 April 2016, the engineering business was sold to a new wholly owned subsidiary in the group, ORH Trucks Solutions Pty Ltd, due to the need to restructure the group to facilitate the substantial new investment being negotiated with Chinese parties. As part of the sale process, the value of the business assets were assessed and as a result, the carrying value of Plant and Equipment was impaired, as noted above.

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	
	2015 \$	2014 \$	2015 \$	2014 \$
Balance at beginning of the year	354,337	378,328	221,415	121,255
Additions	7,560	42,930	33,403	121,513
Depreciation for year	(65,672)	(66,921)	(37,543)	(21,353)
Impairment ¹	(144,475)	-	(108,375)	-
Balance at end of the year	<u>151,750</u>	<u>354,337</u>	<u>108,900</u>	<u>221,415</u>

Notes to the Consolidated Financial Statements



Note 11 - Deferred Tax Asset

	2015 \$	2014 \$
Deferred tax asset comprises temporary differences attributable to:		
Employee benefits	-	44,716
Other	-	345,973
Tax losses	-	810,256
	-	1,200,945

	2015 \$	2014 \$
Movements:		
Opening balance	1,200,945	1,793,704
Credited to profit or loss (note 5)	(1,200,945)	(641,459)
Credited to equity	-	48,700
Closing balance	-	1,200,945

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 12 - Trade and Other Payables

	2015 \$	2014 \$
Trade payables	3,140,604	4,618,401
Other payables	354,557	386,200
Employee Benefits Provision - Current	85,316	82,297
Total current trade and other payables	3,580,477	5,086,898
Employee Benefits Provision – Non Current	39,657	22,774
	3,620,134	5,109,672

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

Note 13 - Interest Bearing Liabilities

	2015 \$	2014 \$
Current		
Loan – J Detata	553,374	459,759
Loan – K Tsaban	30,000	30,000
Loan – Filmrim Pty Ltd	-	-
Loan - Graceview Pty Ltd	199,098	219,098
Loan – Harun Abidin	-	225,000
Loan - Chaleyer Holding Pty Ltd	188,184	243,184
Loan – Orient Finance Australia Pty Limited	90,000	90,000
	1,060,656	1,267,041



Notes to the Consolidated Financial Statements

Note 13 - Interest Bearing Liabilities (continued)

Repayment terms and conditions

The loan from Chaleyer Holdings Pty Limited bears interest at 20% and is unsecured and repayable on demand. Interest for 2015 was waived. Details of related party loans (J Detata, K Tsaban, Orient Finance Australia Pty Limited) terms and conditions are contained in Note 21 – Related Parties. Remaining loans bear interest at market rates, are unsecured, and repayable on demand.

Note 14 - Issued Capital

	Parent Entity			
	2015		2014	
	Number of Shares	\$	Number of Shares	\$
(a) Ordinary Shares				
At the beginning of the year	1,310,197,254	44,102,750	829,778,700	39,412,210
Issued to shareholders, net	-	-	480,418,554	4,690,540
At end of year	1,310,197,254	44,102,750	1,310,197,254	44,102,750

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. The remaining 55,000,000 of the 85,000,000 options have been cancelled, as vesting conditions have not been met at 30 June 2014 and 30 June 2015.

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 2014 Annual Report.

Notes to the Consolidated Financial Statements



Note 15 - Reserves

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

	2015 \$	2014 \$
Share based payment reserve	104,314	104,314
	104,314	104,314

	Number of options	\$
Balance 1 July 2014	97,000,000	104,314
Cancelled during the year	(55,000,000)	-
Balance 30 June 2015	42,000,000	104,314

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 16 - Dividends

No dividends have been declared or paid during the year ended 30 June 2015, nor in the prior period, and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2015.

Notes to the Consolidated Financial Statements



Note 17 - 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 from 31 July 2015 until 30 June 2017 but was terminated on 31 October 2016. Refer to subsequent events (Note 28) for more details. The Welshpool lease expires at 28 February 2015.

	2015 \$	2014 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	458,669	400,669
One to five years	692,560	136,840
	<u>1,151,229</u>	<u>537,509</u>

Operating lease commitments, which existed as at 30 June 2015, were removed as part of the Deed of Company Arrangement executed on 23 June 2016.

Note 18 - 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 19 - 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 two major strategic units, being Engineering services and Distribution.

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



Notes to the Consolidated Financial Statements

Note 19 - Segment Reporting (continued)

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.

	Engineering \$	Distribution \$	Total \$
2015			
For the year ended 30 June 2015			
Revenues from external customers	16,354,262	1,195,126	17,549,388
Reportable segment profit/ (loss) before income tax	(2,895,732)	177,188	(2,718,544)
Reportable segment assets at 30 June 2015	1,474,413	1,621	1,476,034
Reportable segment liabilities at 30 June 2015	4,124,915	-	4,124,915
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
	2015		2014
	\$		\$
Reconciliation of reportable segment profit or loss			
Total profit/ (loss) for reportable segments	(2,718,544)		(708,339)
Research and development incentive	562,029		-
Unallocated overheads	(295,949)		(619,413)
Unallocated finance expenses	(6,509)		(116,335)
Unallocated gain from de-recognition of liabilities	-		88,235
Loss from continuing operations before tax	(2,458,971)		(1,355,852)
Reconciliation of reportable segment assets			
Reportable segment assets	1,476,034		4,296,431
Unallocated deferred tax assets	-		1,200,945
Unallocated assets	561,362		1,699,876
Total assets	2,037,396		7,393,235
Reconciliation of reportable segment liabilities			
Reportable segment liabilities	4,124,915		5,531,682
Unallocated interest bearing liabilities	555,785		845,031
Total liabilities	4,680,790		6,376,713

Notes to the Consolidated Financial Statements



Note 19 - Segment Reporting (continued)

Geographic Segment

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

Note 20 – 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:

	2015 \$	2014 \$
<i>Audit services – BDO East Coast Partnership</i>		
Audit or review of the financial statements	76,500	75,027
Audit or review of previous years	-	113,274
Taxation services	-	45,000
Investigating accountants report	-	12,500
	<u>76,500</u>	<u>245,801</u>

Note 21 - 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 23.

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.

(c) Transactions with Director related parties

The following transactions occurred with related parties:

	2015 \$	2014 \$
Payment for goods and services:		
Payment for company secretarial services - Transaction Services Pty Limited, a company related to Domenic Martino	60,000	60,000
Transactions with Blazeway Holdings, a company controlled by Jamie Detata.		
- Consultancy fees including performance related payments	312,500	465,000
- Leaseback of trucks	206,946	295,362
Legal fees - HopgoodGanim (formerly Q Legal) of which Kevin Dundo is a partner	-	28,744
Transactions with Jackori Consulting, a company controlled by Jakob Tsaban.		
- Consultancy fees	238,000	240,000
Receipts for goods sold:		
Sale of trucks to Blazeway Holdings, a company controlled by Jamie Detata	276,735	-

Notes to the Consolidated Financial Statements



Note 21 - Related Party Transactions (continued)

(d) Receivable from and payable to related parties

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

	2015	2014
	\$	\$
Current payables:		
Blazeway Holdings	98,201	432,590
Jackori Consulting	52,800	44,000
Transaction Services Pty Ltd	38,500	16,500
	<u>189,501</u>	<u>493,090</u>

(e) Loans to/from related parties

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

	2015	2014
	\$	\$
Jamie Detata	553,375	459,736
Jackob Tsaban	30,000	30,000
Orient Finance Australia Pty Ltd	90,000	90,000
	<u>673,375</u>	<u>579,736</u>

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. No interest was charged for this financial year.

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:

	2015	2014
	\$	\$
Short-term employee benefits	683,000	827,435
Post-employment benefits	10,800	12,849
Long-term benefits	-	-
Share-based payments	-	104,314
	<u>693,800</u>	<u>944,598</u>

Notes to the Consolidated Financial Statements



Note 22 - Parent Entity Information

	2015 \$	2014 \$
Current assets	562,040	1,699,148
Non-current assets	728	1,201,673
Total assets	562,768	2,900,821
Current liabilities	1,660,821	1,557,551
Non-current liabilities	-	-
Total liabilities	1,660,821	1,557,551
Total Net Assets/ (liabilities)	(1,098,052)	1,343,270
Contributed equity	44,102,750	44,102,750
Reserves	104,314	104,314
Accumulated losses	(45,305,116)	(42,863,794)
Total equity	(1,098,052)	1,343,270
Loss for the year	(2,441,323)	(13,410,955)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(2,441,323)	(13,410,955)

Note 23 - 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 (%)	
		2015	2014
Parent entity:			
ORH Limited	Australia		
Subsidiaries of ORH Limited:			
ORH Engineering (Aust) 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 24 - 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.

Notes to the Consolidated Financial Statements



Note 24 - Financial Risk Management (continued)

(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.

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.

Notes to the Consolidated Financial Statements



Note 24 - Financial Risk Management (continued)

(c) Liquidity risk

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

	Consolidated Entity			Total \$
	<=6 months \$	6 - 12 months \$	1 – 5 years \$	
As at 30 June 2015				
Financial assets				
Cash and cash equivalents	53,965	-	-	53,965
Trade and other receivables	861,474	-	-	861,474
Other financial assets	227,955	-	-	277,955
	<u>1,143,394</u>	<u>-</u>	<u>-</u>	<u>1,143,394</u>
Financial liabilities				
Trade and other payables	3,580,477	-	39,657	3,620,134
Interest bearing liabilities ¹	-	1,060,656	-	1,060,656
	<u>3,580,477</u>	<u>1,060,656</u>	<u>-</u>	<u>4,680,790</u>
Net maturity	<u>(2,437,083)</u>	<u>(1,060,656)</u>	<u>(39,657)</u>	<u>(3,537,396)</u>
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
	<u>4,003,808</u>	<u>-</u>	<u>-</u>	<u>4,003,808</u>
Financial liabilities				
Trade and other payables	5,086,898	-	22,274	5,109,672
Interest bearing liabilities	-	1,267,041	-	1,267,041
	<u>5,086,898</u>	<u>1,267,041</u>	<u>22,274</u>	<u>6,376,713</u>
Net maturity	<u>(1,083,090)</u>	<u>(1,267,041)</u>	<u>(22,274)</u>	<u>(2,372,905)</u>

¹ The remaining balance of the interest bearing liabilities, owed to related parties and related parties creditors, are repayable subject to the Consolidated entities cash flow availability.

(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.



Notes to the Consolidated Financial Statements

Note 24 - 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 25 - Cash Flow Information

Reconciliation of Cash Flow from Operating Activities

	2015 \$	2014 \$
Profit/(loss) for the year after income tax	(3,659,916)	(1,997,311)
Adjusted for:		
Non-cash flows included in loss from ordinary activities		
Depreciation and amortisation	103,215	88,274
Interest accrued on interest bearing liabilities	-	160,044
Impairment of plant and equipment	252,851	-
Impairment of deposit	1,500,000	-
Share based payments	-	104,314
Movement in bad debts provision	111,173	(6,231)
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 and other asserts	(863,496)	639,418
Decrease in inventories	979,378	487,336
Decrease in deferred tax assets	1,200,945	641,459
Decrease in trade and other payables	(1,122,669)	(1,396,634)
Net cash flow from operating activities	(1,498,519)	(648,106)

Note 26 - Events Subsequent to Reporting Date

As announced on 30 July 2015, ORH Limited has resolved to raise up to \$2,620,395 in cash (before costs) by way of a renounceable rights issue on the basis of an offer to existing shareholders of two new shares for every one existing share held as at the Record Date at a subscription price of 0.1 cents (\$0.001) per New Share (the Offer). The Offer was not underwritten.

The amount raised was \$8,737 and 8,737,358 shares were issued.

On 19 April 2016, the engineering business was sold to a new wholly owned subsidiary in the group, ORH Trucks Solutions Pty Ltd, due to the need to restructure the group to facilitate the substantial new investment being negotiated with Chinese parties. As part of the sale process, the business assets were valued and as a result, the Plant and equipment were impaired, as reflected in note 10 to the financial statement.

On 29 April 2016, ORH Engineering (Aust) Pty Ltd, wholly owned subsidiary, was put into voluntary administration. A Deed of Company Arrangement (DOCA) was executed on 23 June 2016, which lead to a Events Subsequent to Reporting Date (continued).



Notes to the Consolidated Financial Statements

Note 26 - Events Subsequent to Reporting Date (continued)

After the Group's re-structure in 2016, ORH has focused on its core business; being a leading manufacturer of industrial equipment including water carts, service trucks, tippers, tilt tray trucks, and general trailers. The Group has also sought to expand its product lines with the addition of concrete mixer trucks, skip lifters, rear loaders and front loaders, which have all been designed and built in-house. This has enabled the business to diversify from being predominantly mining industry focused, to also include the waste management, transport and construction industries. It is worth noting that the new waste management and servicing components of the Group's operations provide regular and diversified revenue in addition to truck sales, particularly the Group's new bins' fabrication and maintenance business.

Incorporating the above changes into the Group's business strategy has resulted in a strong order book and the Group continues to employ approximately 40 staff.

In October 2016 the Group's operations moved to a new premises at 1 Central Avenue, Hazelmere WA 6055, being an 8,000 sqm location (2.5 times larger than its previous occupancy), allowing for expansion of the Group's operations at a reduced cost.

In June 2016, and subsequently on 30 October 2017, the Company announced negotiation of strategic funding with HEWUYUE Investment Limited (HEWUYUE), an investment company with approximately AUD600 million in businesses that specialize in areas such as logistics, manufacturing of new energy vehicles, vehicle parts, sales, services, financial services and new technologies in agriculture. HEWUYUE has an association with Beiben Trucks Group Co. Ltd, a manufacturer of commercial vehicles; encompassing research and development, manufacturing, sales and services.

HEWUYUE and ORH continue to work together on the strategic funding, which is anticipated to total AUD2.5 million, with the funding received as follows (Proposed Investment):

- 1) 50% – AUD1,250,000; and
- 2) 50% – Provided as the Beiben trucks equivalent to AUD1,250,000, subject to Beiben Trucks Australian Registration

The Company has been working with the Beiben factory to ensure that the Beiben Trucks meet Australian Design Rules (ADR). Specifications have been finalized and homologation testing completed with the Company currently in the process of submitting documentation to obtain ADR approvals.

The terms of the Proposed Investment are currently:

- 1) HEWUYUE to hold at least 51% of ORH;
- 2) HEWUYUE has the ability to appoint representatives to the Board, as well as the Chairman, to assist with the development and execution of the Group's strategy;

The investment amount will be used for the growth and development of the Group's operations, including the pursuit of the significant growth opportunities in transport, logistics and industrial business in Australia. This will include:

- a. Investment in to marketing and development of the Beiben brand in Australia;
- b. Working with Beiben to expand the product portfolio to maximize customer penetration; and
- c. Expansion in wholesale business through dealerships and opening representative offices in key sales locations.

All funds invested in to the business will be utilized for business growth and development and will not be used to fund repayment of loans or any other obligations of the Group.

Completion of the Proposed Investment will restructure the Group's net asset base, providing working capital, a new board and strategic business direction. The Proposed Investment is subject to shareholder approval where required, particularly in respect of a 51% ownership in the Company by HEWUYUE.

The main impediment to progression of the strategic funding has been as a result of funds being sourced from mainland China for outbound transactions. These transactions are subject to additional scrutiny and discretionary approval from China's State Administration of Foreign Exchange ("SAFE") or its local branches. Requirements for the transfer of funds include pre-registration of the provision of offshore loans, strict verification of business scale and loan scale and detail of the actual usage of loans. The Company has been advised by HEWUYUE that it has almost completed the SAFE process and funds are anticipated in the near future.

Apart from the above mentioned, no matter or circumstance has arisen since 30 June 2015 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 2015, the Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd Edition). 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.

The Corporate Governance Council's principles are summarised as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

This statement outlines the main corporate governance practices in place during the year ended 30 June 2015, which comply with the ASX Corporate Governance Council recommendations, except where noted.

This Corporate Governance Statement is in respect of the year ended 30 June 2015. It is current as at 19 January 2018 and has been adopted by the Board.

Principle 1 Lay solid foundations for management and oversight

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.
- Appointing the Chair and appoint and review the performance of the managing director/ executive director.
- Ratification of the appointment and, if appropriate removal of, the Chief Financial Officer (or equivalent), the Company Secretary and / or other senior executives (if any),
- Reviewing, approving and monitoring business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Arranging for effective budgeting and financial supervision.
- Ensuring 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.
- Setting and reviewing systems of risk management and internal compliance and control, codes of conduct and legal compliance including ensuring compliance with continuous disclosure requirements.
- Reporting to shareholders.

The board delegates to the Managing Director the responsibility for managing the day to day operations of the company. The Managing Director is also responsible for providing the board with accurate, timely and clear information to enable the board to perform its responsibilities.



Corporate Governance Statement (continued)

The Managing Director consults with the chair in the first instance on matters which are sensitive, extraordinary or strategic in nature.

Appointment of new directors

The Board identifies potential candidates and may take advice from an external consultant. Potential new directors are subject to appropriate and prudent background and screening checks prior to appointment. Board candidates must stand for election at the next general meeting of shareholders following such appointment, where information is set out to shareholders including; biographical details, other material directorships, any material adverse information revealed by checks and details of interest, position, association or relationship that might have influence.

Letters of appointment for Directors and senior executives

The Company does not adhere to letters of appointment for directors. Their service is on a month to month basis. The Managing Director and senior executives have entered into agreements with the Company in respect of their services.

Company Secretary

The Company Secretary reports directly to the Board and supports the Board by advising on governance matters, monitoring implementation of policy and procedures, co-ordinating and timely despatch of Board papers and ensuring minutes accurately capture the business conducted at Board meetings.

Diversity

The Company continues to strive towards achieving objectives established towards increasing diversity. It does not propose to establish measurable gender diversity objectives in the future as:

- The Group's Directors and senior executives is a small, stable team of experienced personal. There is no intention to make changes in the near future; and
- The Group is committed to making all selection decisions on the basis of merit. Setting specific objectives for such a small team would potentially influence decision making to the detriment of the Group.

At the end of the reporting period (30 June 2015), the Company employed 25 staff, 6 of which are women employees. The Board of Directors consisted of four men and the Company Secretary is female.

Evaluation of the board, committees, directors and senior executives

The Chairman is responsible for the evaluation of the Board's performance, the performance of its committees and individual directors on an annual basis. The Managing Director is responsible for annual evaluations of senior executives. Evaluations of the Board and executives did not occur during the year, nor has the Company disclosed the basis of such evaluation processes adopted by the Company. The Board takes ultimate responsibility for these matters and does not consider disclosure of performance evaluation necessary at this stage.

Principle 2 Structure the board to add value

Board Structure

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

- The Board shall comprise at least three 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



Corporate Governance Statement (continued)

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.

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 4 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".

Composition of the Board

The following information on each of the Directors of the Company in office at the date of this report is set below:

Name	Position	Independent	Length of Services to 30 June 2015
Domenic Martino	Chairman	Yes	6 years, 2 months
Jamie Detata	Managing Director	No	5 years, 3 months
Kobi Tsaban	Executive Director	No	2 years, 6 months
Boelio Muliadi	Non-executive Director	Yes	2 months

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.

Nomination Committee

The Board has not established a formal nomination committee. The full Board attends to the matters normally attended to by a nomination committee.

As part of its usual role, the full Board oversees the appointment and induction process for directors, and the selection, appointment, evaluation and succession planning process of the Company's directors and senior executives. When a vacancy exists or there is a need for a particular skill, the Board determines the selection criteria that will be applied. The Board then identifies suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates.



Corporate Governance Statement (continued)

Board skills matrix

The Board uses a skills matrix to guide its assessment of the skills and experience of current Directors, and those skills that the Board considers will complement the effective functioning of the Board. Current Directors possess a range of professional skills summarised in the following table:

Industry specific knowledge and expertise	Specific experience, knowledge and expertise gained from providing industrial services across the mining and construction industries
Country specific knowledge and expertise	Specific experience, knowledge and expertise gained from regions and countries related to the Company's strategy and activities (in particular Asia Pacific)
Health, Safety and Environmental	Experience related to workplace health and safety, environmental and social responsibility
Financial acumen	Financial knowledge and experience, including an understanding of the financial statements of organisations the type and size of the Company
Strategic and commercial acumen	An ability to define strategic objectives and implement strategy using analytical and technical expertise
Risk management	An understanding of risk management, including operational, financial reporting and compliance risks
Governance and compliance	Commitment to, and knowledge of, governance (incorporating experience gained from working in publicly listed companies)

Principle 3 Act ethically and responsibly

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.

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



Corporate Governance Statement (continued)

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.

Principle 4 **Safeguard integrity in corporate reporting**

Audit 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 and rotation 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.

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 for the half-year and full year. 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.

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.



Corporate Governance Statement (continued)

Principle 5 Make timely and balanced disclosure

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.

Principle 6 Respect the rights of security holders

Provide Information via website

The Company provides information about itself and its governance at its website www.orh.net.au, however the Directors will consider whether further detail is incorporated on the website taking into consideration the cost associated with updating and maintaining the website.

Investor relation program

Shareholders are encouraged to be involved in the Company. Directors are available to meet with security holders on request. The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals.

The Company does not currently have the facilities to send and receive correspondence electronically with shareholders. The Directors will review this option, in light of the cost associated with maintaining the electronic system for communication.

Principle 7 Recognise and manage risk

Risk management committee

The Group is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of a separate risk management committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Group's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Overview of the risk management system

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing operational, financial reporting and compliance risks for the Group. The Group is not of a size nor are its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls.

The Managing Director, in accordance with Company policy, approves all expenditure, is intimately acquainted with all operations and reports all relevant issues to the other Directors at the directors' meetings.

Before approving the Group's yearly financial statements, the Chief Financial Officer and Managing Director declare to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Internal Audit

The Group does not have a formally established internal audit function. The Board ensures compliance with the internal controls and risk management procedures previously mentioned.

Material exposure to economic, environmental and social sustainability risks



Corporate Governance Statement (continued)

The Group undertakes manufacturing and fabrication and, as such, faces risks inherent to its business, including economic and social sustainability risks, which may materially impact the Group's ability to create or preserve value for security holders over the short, medium or long term.

The Group views sustainable and responsible business practices as an important long term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive interaction with the community.

The Group has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Risk Management Policy is located on the Company's website.

Principle 8 Remunerate fairly and responsibly

Remuneration Committee

The Board has not established a formal remuneration committee. The full Board attends to the matters normally attended to by a remuneration 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.

Equity-based remuneration

There is no formal equity-based remuneration scheme, however shares and options can be issued as part remuneration. Securities can only be issued to Company Directors under a resolution at a general meeting of shareholders. The Directors and senior executives who participate in equity-based remuneration are prohibited from entering into transactions or arrangements that limit the economic risk of participating in unvested entitlements or entitlements subject to a holding lock.

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 Perform appropriate checks for election as director and provide security holders with all material information	✓	
1.3 Establish written agreement with each director and senior executive	✗	Note 1
1.4 Company secretary to account directly to the board	✓	
1.5 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 2
1.6 Disclose the process for evaluating the performance of board and disclose whether a performance evaluation was undertaken	✗	Note 3
1.7 Disclose the process for evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken	✗	Note 3
2.1 The board should establish a nomination committee and, if it does not, disclose the fact and the processes it employs	✓	
2.2 Companies should have and disclose a board skills matrix	✓	
2.3 Companies should disclose the names of directors considered independent and length of service	✓	
2.4 A majority of the board should be independent directors	✗	Note 4
2.5 The chair should be an independent director	✓	



Corporate Governance Statement (continued)

Recommendation	Complied	Note
2.6 Companies should have a program for inducting new directors and provide appropriate professional development.	X	Note 5
3.1 Establish a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code.	✓	
4.1 Establish an audit committee and, if it does not, disclose the fact and the processes it employs	✓	
4.2 Receive from CEO and CFO a declaration that the financial records have been properly maintained and that the financial statements comply with the accounting standards	X	Note 6
4.3 Ensure that external auditor attends AGM and available to answer questions	✓	
5.1 Establish and disclose written policies for complying with continuous disclosure obligations	✓	
6.1 Provide information about the company and its governance to investors via its website	✓	
6.2 Design and implement an investor relations program	X	Note 7
6.3 Disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders	✓	
6.4 Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically	X	Note 7
7.1 Establish a risk committee and, if it does not, disclose the fact and the processes it employs	✓	
7.2 Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place	X	Note 8
7.3 Disclose if the entity has an internal audit function and, if not disclose the fact and the processes it employs	✓	
7.4 Disclose whether any material exposure to economic, environmental and social sustainability risks and, if so, how the entity manages or intends to manage those risks	✓	
8.1 Establish a risk committee and, if it does not, disclose the fact and the processes it employs	✓	
8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	✓	
8.3 Establish and disclose a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme	✓	

Note 1: The Company does not adhere to letters of appointment for directors. Their service is on a month to month basis. The Managing Director and senior executives have entered into agreements with the Company in respect of their services.

Note 2: 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 established measurable objectives as:

- The Group's Directors and senior executives is a small, stable team of experienced personal. There is no intention to make changes in the near future; and
- The Group is committed to making all selection decisions on the basis of merit. Setting specific objectives for such a small team would potentially influence decision making to the detriment of the Group.

Note 3: The Chairman is responsible for the evaluation of the Board's performance and individual directors on an annual basis. The Managing Director is responsible for annual evaluations of senior executives. Evaluations of the Board and executives did not occur during the year, nor has the Company disclosed the basis of such evaluation processes adopted by the Company. The Board takes ultimate responsibility for these matters and does not consider disclosure of performance evaluation necessary at this stage.

Note 4: During the reporting period 2 of the 4 directors satisfies the test of independence set out in Box 2.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations (**Independence Test**) as follows:



Corporate Governance Statement (continued)

- Messers Martino and Muliadi are considered independent;
- 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 5: As part of its usual role, the full Board oversees the appointment and induction process for directors, and the selection, appointment, evaluation and succession planning process of the Company's directors and senior executives. When a vacancy exists or there is a need for a particular skill, the Board determines the selection criteria that will be applied. The Board then identifies suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates.

Note 6: The Company receives assurances from the Managing Director and CFO in respect of the yearly and half-yearly financial statements. Given the volume of accounting transaction and the size of the management team, quarterly assurances are not considered necessary

Note 7: The Company maintains a website, but is reviewing better ways to convey information to shareholders that are cost effective. The Company does not currently have the facilities to send and receive correspondence electronically with shareholders. The directors will review this option, in light of the cost associated with maintaining the electronic system for communication

Note 8: The Company has a small management team who interact with directors on a regular basis and ensures constant communication of material business risks.



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 29 December 2017 is set out below. All ordinary shares carry one vote per share.

Class	Number on Issue
Ordinary Shares	1,318,934,612

Spread

Ordinary Shares	No. of Holders	No. of Shares	%
1 – 1,000	97	34,707	0.003%
1,001 – 5,000	226	680,623	0.052%
5,001 – 10,000	158	1,369,849	0.104%
10,001 – 100,000	403	15,277,710	1.158%
100,001 and over	334	1,301,571,723	98.684%
	1,218	1,318,934,612	100.00%

Shareholders by Location	No. of Holders	No. of Shares	
Australian holders	1,192	1,176,721,315	89.218%
Overseas holders	26	142,213,297	10.782%
	1,218	1,318,934,612	100.00%



ASX Additional Information (continued)

Top 20 Shareholders as at 29 December 2017

		No. of Shares Held	% Held
1	BNP PARIBAS NOMS Pty Ltd	269,738,012	20.45%
2	Graceview Pty Ltd <Graceview Investment Trust>	112,205,883	8.51%
3	Chaleyer Holdings Pty Ltd <Rubben Family A/c>	87,388,506	6.63%
4	Lanesborough Investment PTE Ltd	62,500,000	4.74%
5	Filrim Pty Ltd	50,716,200	3.85%
6	LJM Capital Corporation Pty Ltd	35,597,433	2.70%
7	Hui Huang	30,000,000	2.28%
8	Aspire Horizon Limited	25,000,000	1.90%
9	Impact Nominees Pty Ltd <Sydney Investment A/C>	23,373,338	1.77%
10	Cardy & Company Pty Ltd	22,567,800	1.71%
11	CD Third Nominees Pty Ltd	21,530,103	1.63%
12	Indian Ocean Capital Group Pty Ltd	21,440,855	1.63%
13	Cardy & Company Pty Ltd	19,411,765	1.47%
14	Timothy Brown	19,172,822	1.45%
15	Transocean Securities Pty Ltd	18,156,507	1.38%
16	Jamie Detata	17,133,333	1.30%
17	Skye Nominees Pty Ltd <Erwin Family A/C>	16,000,000	1.21%
18	Two Tops Pty Ltd	15,503,267	1.18%
19	JLNOG Pty Ltd	12,879,819	0.98%
20	Beverley Allmines Resources Pte Ltd	12,500,000	0.95%
		892,815,643	67.69%

Substantial Shareholders as at 29 December 2017

Holder Name	Number of Shares Held	Percentage of Issued Shares Held (%)
1 Harun Abidin	150,000,000	11.37%
2 Chaleyer Holdings Pty Ltd	140,663,533	10.66%
3 Minimum Risk Pty Ltd	120,000,000	9.10%
4 Graceview Pty Ltd	112,205,883	8.51%
	522,869,416	39.64%

Restricted Securities

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