

Appendix 4E

Preliminary final report

ORH Limited

ABN 57 077398 826

30th June 2015

Lodged with the ASX under Listing Rule 4.3A

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ORH Limited

Year ended 30 June 2015

(Previous corresponding period: Year ended 30 June 2014)

Results for Announcement to the Market

Revenues from continuing ordinary activities	Down	30%	to	\$17,549,389
Loss from ordinary activities after tax attributable to members	Down	24%	to	\$2,469,094
Net loss for the period attributable to members	Down	24%	to	\$2,469,094

Dividends / distributions	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

Record date for determining entitlements to the dividend

N/A

Explanation of Revenue

Revenues from continuing ordinary activities reflects income from the sale of products resulting from the Group's core activity of providing design and manufacturing of service trucks, water carts, tipper trucks and other vehicles per customers' requirements. Predominantly the decline in revenues has resulted from a market slow-down that impacted the reduced number of orders from customers.

Explanation of loss from ordinary activities after tax

The 2015 financial year reports a loss of \$2,469,094 compared to a loss of \$1,997,311 in the prior year. \$1,200,945 of the 2015 financial year 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 \$1,154,520 compared to a loss of \$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.

Explanation of Net Loss

See above: explanation of loss from ordinary activities after tax.

Future Developments

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 at a subscription price of 0.1 cents (\$0.001) per New Share (the Offer). The Offer is not underwritten.

The funds raised by the Offer will provide the means for the Company to expand its product portfolio to specifically enter new industries (transport, logistics and industrial business) and to provide working capital.

ORH Limited

Preliminary 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
Other income		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		(10,414)	(268,798)
Consulting fees		(593,128)	(809,314)
Rental expenses		(583,217)	(608,434)
Depreciation		(103,215)	(88,274)
Other administrative expenses		(1,064,162)	(1,241,095)
Loss before income tax expense		(1,268,149)	(1,355,852)
Income tax expense	3	(1,200,945)	(641,459)
Loss after income tax expense for the year		(2,469,094)	(1,997,311)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of ORH Limited		<u>(2,469,094)</u>	<u>(1,997,311)</u>
Earnings per share for loss attributable to members of ORH Limited			
Basic earnings per share (cents)		(0.24)	(0.20)
Diluted earnings per share (cents)		(0.24)	(0.20)

The above preliminary statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ORH Limited

Preliminary consolidated statement of financial position

As at 30 June 2015

	Note	2015 \$	2014 \$
Current assets			
Cash and cash equivalents		53,965	2,166,702
Trade and other receivables		299,296	1,641,944
Inventories		633,352	1,612,730
Other assets	2	1,728,104	195,162
Total current assets		2,714,717	5,616,538
Non-current assets			
Plant and equipment		513,501	575,752
Deferred tax asset	3	-	1,200,945
Total non-current assets		513,501	1,776,697
Total assets		3,228,218	7,393,235
Current liabilities			
Trade and other payables		3,580,477	5,086,898
Borrowings	4	1,060,656	1,267,041
Total current liabilities		4,641,133	6,353,939
Non-current liabilities			
Trade and other payables		39,657	22,774
Total non-current liabilities		39,657	22,774
Total liabilities		4,680,790	6,376,713
Net assets/ (liabilities)		(1,452,572)	1,016,522
Equity			
Contributed equity		44,102,750	44,102,750
Reserves		104,314	104,314
Accumulated losses		(45,659,636)	(43,190,542)
Total equity		(1,452,572)	1,016,522

The above preliminary statement of financial position should be read in conjunction with the accompanying notes.

ORH Limited

Preliminary consolidated statement of cash flows

For the year ended 30 June 2015

	2015 \$	2014 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	20,581,680	28,144,985
Payment to suppliers and employees (inclusive of GST)	(22,198,984)	(28,694,812)
	(1,617,304)	(549,827)
Interest received	5,438	10,476
Interest paid	(10,414)	(108,755)
Net cash used in operating activities	(1,622,280)	(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	(454,494)	(657,147)
Net cash flows from / (used in) financing activities	(449,494)	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	2,166,702	368,434
Cash and cash equivalents at the end of the financial year	53,965	2,166,702

The above preliminary statement of cash flows should be read in conjunction with the accompanying notes.

ORH Limited

Preliminary consolidated statement of changes in equity

For the year ended 30 June 2015

	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	4,690,540	-	-	4,690,540
Share based payments	-	104,314	-	104,314
Balance at 30 June 2014	<u>44,102,750</u>	<u>104,314</u>	<u>(43,190,542)</u>	<u>1,016,522</u>
Balance at 1 July 2014	44,102,750	104,314	(43,190,542)	1,016,522
Loss after income tax expense for the year	-	-	(2,469,094)	(2,469,094)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,469,094)	(2,469,094)
Balance at 30 June 2015	<u>44,102,750</u>	<u>104,314</u>	<u>(45,659,636)</u>	<u>(1,452,572)</u>

The above preliminary statement of changes in equity should be read in conjunction with the accompanying notes.

ORH Limited
Other notes to the preliminary financial statements
For the year ended 30 June 2015

Note 1. Basis of preparation

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and is based on accounts which are in the process of being audited.

The preliminary financial report has been prepared in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board and Corporations Act 2001 as appropriate for profit oriented entities. The preliminary financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public pronouncements made by the consolidated entity during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. Accounting policies have been consistently applied by the entities in the group and are consistent with those applied in the 30 June 2014 annual report.

Note 2. Other Assets

	2015 \$	2014 \$
Prepayments	70,189	94,434
Deposits	157,915	100,728
Advance for stock purchase	1,500,000	-
	<u>1,728,104</u>	<u>195,162</u>

Note 3. Deferred tax assets

The Board has reviewed the deferred tax assets previously recognised and has determined that it is no longer sufficiently probable that future taxable profits will be available for the carrying amount to be recovered in the short term. This has resulted in a tax expense of \$1,200,945 for the year.

Note 4 - Borrowings

	2015 \$	2014 \$
Current		
Loan – J Detata	553,375	459,759
Loan – K Tsaban	30,000	30,000
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
	<u>1,060,656</u>	<u>1,267,041</u>

ORH Limited

Other notes to the preliminary financial statements

For the year ended 30 June 2015

Repayment terms and conditions

Loan from Chaleyer Holdings Pty Limited bears interest at 20% and is unsecured and repayable on demand. Remaining loans bear interest at market rates, are unsecured, and repayable on demand. Interest for 2015 was waived.

Note 5. Net Tangible Assets Per Security

	2015	2014
Net tangible asset backing per ordinary share (cents per share)	(0.14)	(0.02)

Note 6. Segment Reporting

	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	(1,142,881)	177,189	(965,692)
Reportable segment assets at 30 June 2015	1,727,264	1,621	1,728,885
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	(965,692)	(708,339)	
Unallocated overheads	(295,899)	(619,413)	
Unallocated finance expenses	(6,508)	(116,335)	
Unallocated gain from de-recognition of liabilities	-	88,235	
Loss before income tax	(1,268,099)	(1,355,852)	
Reconciliation of reportable segment assets			
Reportable segment assets	1,728,885	4,296,431	
Unallocated deferred tax assets	-	1,200,945	
Unallocated assets	1,499,333	1,699,876	
Total assets	3,228,218	7,393,235	
Reconciliation of reportable segment liabilities			
Reportable segment liabilities	4,124,915	5,531,682	
Unallocated interest bearing liabilities	555,785	845,032	
Total liabilities	4,680,790	6,376,713	

ORH Limited

Other notes to the preliminary financial statements

For the year ended 30 June 2015

Audit

The financial statements are still in the process of being audited.