

# 2019

## ANNUAL REPORT



A.B.N. 77 000 742 843

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**Orion's 2019****Corporate Governance Statement**

can be found at the following

URL on the Company's website:

[www://orionequities.com.au/corporate-governance](http://www.orionequities.com.au/corporate-governance)

**Visit [www.orionequities.com.au](http://www.orionequities.com.au) for:**

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**CORPORATE DIRECTORY****BOARD**

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

**COMPANY SECRETARY**

Victor Ho

**PRINCIPAL AND REGISTERED OFFICE**

Level 2  
23 Ventnor Avenue  
West Perth, Western Australia 6005  
Telephone: (08) 9214 9797  
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Email: [info@orionequities.com.au](mailto:info@orionequities.com.au)  
Website: [www.orionequities.com.au](http://www.orionequities.com.au)

**AUDITORS**

Rothsay Auditing  
Chartered Accountants  
Level 1, Lincoln House  
4 Ventnor Avenue  
West Perth, Western Australia 6005  
Telephone: (08) 9486 7094  
Website: [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

**STOCK EXCHANGE**

Australian Securities Exchange  
Perth, Western Australia

**ASX CODE**

OEQ

**SHARE REGISTRY**

Advanced Share Registry Limited (ASX:ASW)  
Main Office  
110 Stirling Highway  
Nedlands, Western Australia 6009  
Local Telephone: 1300 113 258  
Telephone: (08) 9389 8033  
Facsimile: (08) 9262 3723  
Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)

Investor Web: [www.advancedshare.com.au](http://www.advancedshare.com.au)

Sydney Office  
Suite 8H, 325 Pitt Street  
Sydney, New South Wales 2000  
Telephone: (02) 8096 3502

# DIRECTORS' REPORT

The Directors present their report on Orion Equities Limited ABN 77 000 742 843 (**OEQ** or the **Company**) and its controlled entities (**Orion** or the **Consolidated Entity**) for the financial year ended 30 June 2019 (**Balance Date**).

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

## PRINCIPAL ACTIVITIES

The principal activities of Orion during the financial year were the management of its investments, including investments in listed and unlisted securities, real estate held for development and resale.

## NET TANGIBLE ASSET BACKING (NTA)

| Consolidated Entity                          | 2019<br>\$   | 2018<br>\$   |
|----------------------------------------------|--------------|--------------|
| Net tangible assets (before tax)             | 2,563,416    | 3,945,509    |
| <b>Pre-Tax NTA Backing per share</b>         | <b>0.164</b> | <b>0.252</b> |
| Less deferred tax assets and tax liabilities | -            | -            |
| Net tangible assets (after tax)              | 2,563,416    | 3,945,509    |
| <b>Post-Tax NTA Backing per share</b>        | <b>0.164</b> | <b>0.252</b> |
| Based on total issued share capital          | 15,649,228   | 15,649,228   |

## FINANCIAL POSITION

| Consolidated Entity                                    | 2019<br>\$       | 2018<br>\$       |
|--------------------------------------------------------|------------------|------------------|
| Cash                                                   | 814,067          | 35,775           |
| Financial assets at fair value through profit and loss | 450,000          | 551,901          |
| Investment in Associate entity (BEL)                   | 477,719          | 1,242,743        |
| Property held for development or resale                | 1,100,000        | 1,220,000        |
| Receivables                                            | 13,750           | 68,435           |
| Other assets                                           | 6,558            | 1,407,852        |
| Deferred tax asset                                     | -                | 38,973           |
| <b>Total Assets</b>                                    | <b>2,862,094</b> | <b>4,565,679</b> |
| Other payables and liabilities                         | (298,678)        | (581,197)        |
| Deferred tax liability                                 | -                | (38,973)         |
| <b>Net Assets</b>                                      | <b>2,563,416</b> | <b>3,945,509</b> |
| Issued capital                                         | 18,808,028       | 18,808,028       |
| Asset Revaluation Reserve                              | -                | 102,746          |
| Profits Reserve                                        | 2,624,527        | 2,783,750        |
| Accumulated losses                                     | (18,869,139)     | (17,749,015)     |
| <b>Total Equity</b>                                    | <b>2,563,416</b> | <b>3,945,509</b> |

# DIRECTORS' REPORT

## OPERATING RESULTS

| <b>Consolidated Entity</b>                         | <b>2019</b>        | <b>2018</b>        |
|----------------------------------------------------|--------------------|--------------------|
|                                                    | <b>\$</b>          | <b>\$</b>          |
| Total revenues                                     | 48,972             | 39,256             |
| Net gain on sale of non-current asset              | 201,786            | -                  |
| Net gain/(loss) on financial assets                | (86,901)           | 130,123            |
| Share of Associate entity's loss                   | (662,455)          | (554,324)          |
| Other Expenses                                     |                    |                    |
| Personnel expenses                                 | (434,743)          | (432,362)          |
| Corporate expenses                                 | (29,635)           | (24,926)           |
| Other expenses                                     | (220,638)          | (87,525)           |
| <b>Loss from continuing operations before tax</b>  | <b>(1,183,614)</b> | <b>(929,758)</b>   |
| Loss from discontinued operations                  | (56,760)           | (105,374)          |
| Income tax expense                                 | (38,973)           | (22,233)           |
| <b>Loss attributable to members of the Company</b> | <b>(1,279,347)</b> | <b>(1,057,365)</b> |

Orion realised \$1.46 million cash (gross) and generated a net gain of \$0.202 million from the sale of Agribusiness Assets in October 2018.

The overall net loss of the Company relates principally to Orion recognising \$0.662 million as a share of an Associate entity's loss – this relates to Orion's investment in Bentley Capital Limited (ASX:BEL).

Orion accounts for Bentley as an Associate entity, which means that Orion is required to recognise a share of Bentley's net gain or loss in respect of the financial year based on Orion's (26.95% as at 30 June 2019) shareholding interest in Bentley (this is known as the equity method of accounting for an associate entity). This share of Bentley's net loss is the primary contributor to Orion's net loss for the year, rather than as a consequence of Orion's own direct activities or operations.

## EARNINGS PER SHARE

| <b>Consolidated Entity</b>                                                                                                         | <b>2019</b> | <b>2018</b> |
|------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Basic and diluted loss per share (cents)                                                                                           | (8.18)      | (6.76)      |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share | 15,649,228  | 15,649,228  |

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial year ended 30 June 2019.

As at 30 June 2019, the Company had:

- \$2.62 million in its Profits Reserve account, which is available to fund the payment of dividends to shareholders in the future; and
- \$3.05 million Franking Credits, which is sufficient to fund the payment of fully franked (at Orion's applicable 27.5% company tax rate) dividends totalling \$8.05 million (subject to Orion's capacity to declare and pay such dividends).

# DIRECTORS' REPORT

## CAPITAL MANAGEMENT

### (a) Securities on Issue

At the Balance Date (and currently), the Company had 15,649,228 shares on issue (2018: 15,649,228).

All such shares are listed on ASX. The Company does not have other securities on issue.

### (b) Voluntary Winding Up Resolution at 2018 AGM

At the Company's 2013 AGM on 28 November 2013, shareholders approved a modification to the Company's Constitution to introduce a new "performance-based wind-up vote trigger" clause. The new clause provides a mechanism to give shareholders the opportunity to realise the value in the Company in the event that performance is more than 15% below a benchmark index for two consecutive financial years.

In summary if, in each of two consecutive financial years, the percentage change in the Orion consolidated group's 'Adjusted Net Assets' for a financial year is more than 15% lower (in absolute terms) than the percentage change in the ASX All Ordinaries Accumulation Index (**Index**) over that financial year, the Directors would be required to put a special resolution to the next AGM for shareholders to vote on whether the Company should be wound up.

That is, if the Orion group's performance is more than 15% below the performance of the Index for two consecutive financial years, shareholders will be able to vote on whether to wind up the Company.

In summary, "Adjusted Net Assets" means the Orion consolidated group's assets net of liabilities (reflecting the parent entity interest excluding minority or non-controlling interests), adjusted by adding back any dividends or capital paid, returned or distributed to shareholders during the financial year (including the cost of share buy-backs, whether on-market or off-market) and deducting the proceeds of any capital raisings from share issues (where applicable).

The percentage change in the Orion group's adjusted net assets during each of 2017/2018 and 2018/19 were more than 15% below (in absolute terms) the percentage change in the performance of the Index over the same periods.

Therefore, the Directors will propose a voluntary winding up (special) resolution at the 2019 AGM.

To pass, any wind-up resolution would require a "For" vote by 75% of the Company's shareholders present in person or by proxy who vote on the resolution.

Under the Constitution, if the Company were wound up its assets would be sold and its liabilities discharged, with surplus funds being distributed to shareholders in proportion to their holdings.

The Company refers to the Notice of AGM and Explanatory Statement dated 23 October 2013 for further details in relation to the 'Voluntary Winding Up Trigger'. Further details in relation to the voluntary winding up (special) resolution will be included in the Notice of AGM expected to be despatched to shareholders in October for the 2019 AGM to be held in November.

At the Company's 2018 AGM held on 28 November 2018, shareholders did not approve a special resolution for the voluntary winding up of the Company as a consequence of a "triggering" of the Company's voluntary winding up mechanism under Clause 164A of the Company's Constitution (as percentage change in the Orion group's adjusted net assets during each of 2016/2017 and 2017/18 were more than 15% below (in absolute terms) the percentage change in the performance of the Index over the same periods).<sup>1</sup>

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1 Orion's ASX Announcement dated 28 November 2018: Results of 2018 Annual General Meeting

# DIRECTORS' REPORT

## REVIEW OF OPERATIONS

### (a) Portfolio Details as at 30 June 2019

#### Asset Weighting

| Consolidated Entity                                                    | % of Net Assets |             |
|------------------------------------------------------------------------|-----------------|-------------|
|                                                                        | 2019            | 2018        |
| Australian equities                                                    | 36%             | 45%         |
| Agribusiness <sup>2</sup>                                              | -               | 35%         |
| Property held for development and resale                               | 43%             | 31%         |
| Net tax liabilities (current year and deferred tax assets/liabilities) | -               | -           |
| Net cash/other assets and provisions                                   | 21%             | (11)%       |
| <b>TOTAL</b>                                                           | <b>100%</b>     | <b>100%</b> |

#### Major Holdings in Securities Portfolio

| Equities                 | Fair Value  | %           | ASX Code | Industry Sector Exposures |
|--------------------------|-------------|-------------|----------|---------------------------|
|                          | \$'m        | Net Assets  |          |                           |
| Bentley Capital Limited  | 1.54        | 77%         | BEL      | Diversified               |
| Strike Resources Limited | 0.45        | 23%         | SRK      | Materials                 |
| <b>TOTAL</b>             | <b>1.99</b> | <b>100%</b> |          |                           |

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

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

Orion holds 26.95% (20,513,783 shares) of Bentley's issued ordinary share capital as at 30 June 2019 (2018: 20,513,783 shares (26.95%)).

Bentley's asset weighting as at 30 June 2019 was 98% Australian equities (2018: 95%) and 2% net cash/other assets (2018: 3.9%).

Bentley had net assets of \$6.35 million as at 30 June 2019 (2018: \$9.347 million) and incurred an after-tax net loss of \$2.458 million for the financial year (2018: after-tax net loss of \$1.844 million).

During the financial year, Bentley paid a 0.50 cent fully franked dividend that was distributed in July 2018 at a total cost of \$0.38 million (2018 distributions: two 0.50 cent fully franked dividend totalling \$0.761 million).

Orion received a \$0.103 million dividends from Bentley during the financial year (2018: \$0.205 million).

Shareholders are advised to refer to the 30 June 2019 Full Year Report and monthly NTA disclosures lodged by Bentley for further information about the status and affairs of the company.

Information concerning Bentley may be viewed from its website: <http://www.bel.com.au>

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

2 In 2018, Agribusiness net assets included olive grove land, olive trees, water licence, buildings, plant and equipment

# DIRECTORS' REPORT

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

Strike owns the high grade Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru and the Paulsens East Iron Ore Project in Western Australia. Strike is also developing a number of battery minerals related projects around the world, including the highly prospective Solaroz Lithium Brine Project in Argentina, the Burke Graphite Project in Queensland and a lithium exploration tenement in Western Australia.<sup>3</sup>

As at 30 June 2019, Orion holds 10,000,000 Strike shares (6.88%) (2018: 10,000,000 shares (6.88%)) while Associate entity, Bentley, holds 52,553,493 Strike shares (36.16%) (2018: 52,553,493 SRK shares (36.16%)). Therefore, Orion has a deemed relevant interest in 62,553,493 Strike shares (43.041%<sup>4</sup>).

On 18 July 2019, Strike raised \$0.981 million through a placement of 21,800,000 shares. Accordingly, Orion's interest in Strike has diluted to 5.983%, Bentley's interest in Strike has diluted to 31.4%<sup>5</sup>, and Orion's deemed relevant interest in Strike has diluted to 37.427%<sup>6</sup>.

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

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

## (d) Other Assets

In October 2018, Orion sold its 143 hectare commercial olive grove operation (which was on care and maintenance) located in Gingin, Western Australian for \$1.45 million (gross). Orion generated a net gain of \$0.202 million from the sale.

Orion also owns a property held for redevelopment or sale (currently rented out) located in Mandurah, Western Australia.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of Orion that occurred during the financial year not otherwise disclosed in this Directors' Report or the financial statements.

## FUTURE DEVELOPMENTS

Orion intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying companies and securities in which Orion invests. The investments' performances depend on many economic factors and also industry and company specific issues. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of Orion's investments or the forecast of the likely results of Orion's activities.

## ENVIRONMENTAL REGULATION

Orion is not subject to any particular or significant environmental regulation under Australian Commonwealth or State legislation.

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3 Refer SRK's ASX Announcement dated 27 July 2019: June 2019 Quarterly Reports

4 Refer Orion's ASX Announcement dated 4 September 2015: Change in Substantial Holding Notice

5 Refer Bentley's ASX Announcement dated 22 July 2019: Change in Substantial Holding in SRK

6 Refer Orion's ASX Announcement dated 22 July 2019: Change in Substantial Holding Notice

# DIRECTORS' REPORT

## BOARD OF DIRECTORS

Information concerning Directors in office during or since the financial year:

| <b>Farooq Khan</b>                                                   | <b>Executive Chairman</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Appointed</i>                                                     | 23 October 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Qualifications</i>                                                | BJuris, LLB (Western Australia)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Experience</i>                                                    | Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments. |
| <i>Relevant interest in shares</i>                                   | 2,000 shares – directly <sup>7</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Special Responsibilities</i>                                      | Chairman of the Board and the Investment Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Other current directorships in listed entities</i>                | <ol style="list-style-type: none"> <li>(1) Executive Chairman and Managing Director of Queste Communications Ltd (ASX:QUE) (since 10 March 1998)</li> <li>(2) Executive Chairman of Bentley Capital Limited (ASX:BEL) (director since 2 December 2003)</li> <li>(3) Chairman (appointed 18 December 2015) of Strike Resources Limited (ASX:SRK) (Director since 1 October 2015)</li> </ol>                                                                                                                          |
| <i>Former directorships in other listed entities in past 3 years</i> | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| <b>Victor P. H. Ho</b>                                               | <b>Executive Director and Company Secretary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Appointed</i>                                                     | Executive Director since 4 July 2003; Company Secretary since 2 August 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Qualifications</i>                                                | BCom, LLB (Western Australia), CTA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <i>Experience</i>                                                    | Mr Ho has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 19 years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate, M&A and International joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations. |
| <i>Relevant interest in shares</i>                                   | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Special Responsibilities</i>                                      | Member of the Investment Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <i>Other positions held in listed entities</i>                       | <ol style="list-style-type: none"> <li>(1) Executive Director and Company Secretary of Queste Communications Ltd (ASX:QUE) (Director since 3 April 2013; Company Secretary since 30 August 2000)</li> <li>(2) Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004)</li> <li>(3) Executive Director and Company Secretary of Strike Resources Limited (ASX:SRK) (Director since 24 January 2014 and Company Secretary since 1 October 2015)</li> <li>(4) Company Secretary of Keybridge Capital Limited (ASX:KBC) (since 13 October 2016)</li> </ol>                                                                                                                                                                   |
| <i>Former directorships in other listed entities in past 3 years</i> | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

<sup>7</sup> Refer to Orion's ASX announcement dated 20 November 2014: Change in Directors Interest Notice

# DIRECTORS' REPORT

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

At the Company's 2018 AGM<sup>8</sup>:

- Victor Ho retired as a Director (by rotation) pursuant to the Company's Constitution and was re-elected a Director at that AGM.

## DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the financial year (including Directors' circulatory resolutions), and the numbers of meetings attended by each Director of the Company:

| Name of Director | Meetings Attended | Maximum Possible Meetings |
|------------------|-------------------|---------------------------|
| Farooq Khan      | 4                 | 4                         |
| Victor Ho        | 4                 | 4                         |
| Yaqoob Khan      | 4                 | 4                         |

## Board Committees

During the financial year and as at the date of this Directors' Report, the Company did not have separate designated Audit or Remuneration Committees. In the opinion of the Directors, in view of the size of the Board and nature and scale of Orion's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

<sup>8</sup> Refer Orion's ASX announcement dated 28 November 2018: Results of 2018 Annual General Meeting

# REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director and Company Executive (being a company secretary or senior manager) (**Key Management Personnel**) of Orion.

The information provided under headings (1) to (5) below has been audited for compliance with section 300A of the *Corporations Act 2001 (Cth)* as required under section 308(3C).

## (1) Remuneration Policy

The Board determines the remuneration structure of all Key Management Personnel having regard to the Company's strategic objectives, scale and scope of operations and other relevant factors, including experience and qualifications, length of service, the duties and accountability of Key Management Personnel, the frequency of Board meetings, market practice (including available data concerning remuneration paid by other listed companies and in particular, companies of comparable size and nature) and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

**Corporate Governance Principles:** The Company's Corporate Governance Statement (**CGS**) also addresses matters pertaining to the Board, Senior Management and Remuneration. The latest version of the CGS may be downloaded from the Company's website: <http://www.orionequities.com.au/corporate-governance>

**Fixed Cash Short-Term Employment Benefits:** The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration per annum inclusive of employer superannuation contributions where applicable, to be divided as the Board determines appropriate.

The Board has determined the following fixed cash remuneration for current Key Management Personnel during the year as follows:

### Executive Directors

- (1) Mr Farooq Khan (Executive Chairman) - a base salary of \$220,369 per annum inclusive of employer superannuation contributions (9.50% of base salary during the financial year);
- (2) Mr Victor Ho (Executive Director and Company Secretary) - a base salary of \$106,762 per annum inclusive of employer superannuation contributions.

### Non – Executive Director

- (3) Mr Yaqoob Khan (Non-Executive Director) - a base fee of \$25,000 per annum.

Key Management Personnel can also opt to "salary sacrifice" their cash fees/salary and have them paid wholly or partly as further employer superannuation contributions or benefits exempt from fringe benefits tax.

**Special Exertions and Reimbursements:** Pursuant to the Company's Constitution, each Director is entitled to receive:

- (a) Payment for reimbursement of all travelling, hotel and other expenses reasonably incurred by a Director for the purpose of attending meetings of the Board or otherwise in and about the business of the Company; and
- (b) In respect of Non-Executive Directors, payment for the performance of extra services or the making of special exertions for the benefit of the Company (at the request of and with the concurrence of the Board).

**Short-Term Benefits:** The Company does not have any short-term incentive (**STI**) cash bonus schemes (or equivalent) in place for Key Management Personnel.

# REMUNERATION REPORT

**Long Term Benefits:** The Company does not have any long-term incentive (LTI) cash bonus schemes (or equivalent) in place for Key Management Personnel.

**Equity Based Benefits:** The Company does not presently have any equity (shares or options) based remuneration arrangements for any personnel pursuant to any executive or employee share or option plan or otherwise.

**Post-Employment Benefits:** The Company does not presently provide retirement benefits to Key Management Personnel. Other than early termination benefits disclosed in 'Employment Agreement' below, Key Management Personnel also have no right to termination payments save for payment of accrued unused annual and long service leave (where applicable) (these accrued employee entitlements are not applicable in respect of Non-Executive Directors). The Company notes that shareholder approval is required where a Company proposes to make a "termination payment" (for example, a payment in lieu of notice, a payment for a post-employment restraint and payments made as a result of the automatic or accelerated vesting of share based payments) in excess of one year's "base salary" (defined as the average base salary over the previous 3 years) to a director or any person who holds a managerial or executive office.

**Service Agreements:** The Company does not presently have formal service agreements or employment agreements with any Key Management Personnel.

**Performance-Related Benefits and Financial Performance of Company:** The Company does not presently provide short- or long-term incentive/performance based benefits related to the Company's performance to Key Management Personnel, including payment of cash bonuses. The current remuneration of Key Management Personnel is fixed, is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

The Board does not believe that it is appropriate at this time to implement an equity-based benefit scheme or a performance related/variable component to Key Management Personnel remuneration or remuneration generally linked to the Company's performance but reserves the right to implement these remuneration measures if appropriate in the future (subject to prior shareholder approval where applicable).

In considering the Company's performance and its effects on shareholder wealth, Directors have had regard to the data set out below for the latest financial year and the previous four financial years.

|                                                 | 2019        | 2018        | 2017        | 2016      | 2015      |
|-------------------------------------------------|-------------|-------------|-------------|-----------|-----------|
| Loss before income tax (\$)                     | (1,240,374) | (1,035,132) | (1,898,921) | (543,953) | (670,390) |
| Basic loss per share (cents)                    | (8.18)      | (6.76)      | (12.94)     | (3.47)    | (4.22)    |
| Dividends paid (\$)                             | -           | 0.9         | -           | -         | -         |
| VWAP share price on ASX for financial year (\$) | 0.18        | 0.19        | 0.17        | 0.198     | 0.165     |
| Closing bid share price as at 30 June (\$)      | 0.19        | 0.165       | 0.15        | 0.16      | 0.213     |

## (2) Details of Remuneration of Key Management Personnel

Details of the nature and amount of each element of remuneration of each Key Management Personnel paid or payable by the Company during the financial year are as follows:

| 2019                     |                     | Short-term Benefits          |                  | Post-Employment Benefits | Other Long-term Benefits | Equity Based       | Total   |
|--------------------------|---------------------|------------------------------|------------------|--------------------------|--------------------------|--------------------|---------|
| Key Management Personnel | Performance related | Cash, salary and commissions | Non-cash benefit | Superannuation           | Long service leave       | Shares and Options |         |
|                          | %                   | \$                           | \$               | \$                       | \$                       | \$                 |         |
|                          |                     |                              |                  |                          |                          |                    |         |
| Executive Directors:     |                     |                              |                  |                          |                          |                    |         |
| Farooq Khan              | -                   | 201,250                      | -                | 19,119                   | -                        | -                  | 220,369 |
| Victor Ho                | -                   | 97,500                       | -                | 9,263                    | -                        | -                  | 106,763 |
| Non-Executive Director:  |                     |                              |                  |                          |                          |                    |         |
| Yaqoob Khan              | -                   | 25,000                       | -                | -                        | -                        | -                  | 25,000  |

# REMUNERATION REPORT

| 2018                     |                     | Short-term Benefits          |                  | Post-Employment Benefits | Other Long-term Benefits | Equity Based       |         |
|--------------------------|---------------------|------------------------------|------------------|--------------------------|--------------------------|--------------------|---------|
| Key Management Personnel | Performance related | Cash, salary and commissions | Non-cash benefit | Superannuation           | Long service leave       | Shares and Options | Total   |
|                          | %                   | \$                           | \$               | \$                       | \$                       | \$                 | \$      |
| Executive Directors:     |                     |                              |                  |                          |                          |                    |         |
| Farooq Khan              | -                   | 201,249                      | -                | 19,119                   | -                        | -                  | 220,368 |
| Victor Ho                | -                   | 97,499                       | -                | 9,262                    | -                        | -                  | 106,761 |
| Non-Executive Director:  |                     |                              |                  | -                        | -                        |                    |         |
| Yaqoob Khan              | -                   | 25,000                       | -                | -                        | -                        | -                  | 25,000  |

Victor Ho is also Company Secretary of the Company.

### (3) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2019 financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

### (4) Engagement of Remuneration Consultants

The Company has not engaged any remuneration consultants to provide remuneration recommendations in relation to Key Management Personnel during the year. The Board has established a policy for engaging external Key Management Personnel remuneration consultants which includes, inter alia, that the Non-Executive Directors on the Remuneration Committee be responsible for approving all engagements of and executing contracts to engage remuneration consultants and for receiving remuneration recommendations from remuneration consultants regarding Key Management Personnel. Furthermore, the Company has a policy that remuneration advice provided by remuneration consultants be quarantined from Management where applicable.

### (5) Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2019 reporting period held by Key Management Personnel, including their related parties are set below:

| Key Management Personnel       | Balance at 30 June 2018 | Additions | Received as part of remuneration | Disposals | Balance at 30 June 2019 |
|--------------------------------|-------------------------|-----------|----------------------------------|-----------|-------------------------|
| <b>Executive Directors:</b>    |                         |           |                                  |           |                         |
| Farooq Khan                    | 2,000                   | -         | -                                | -         | 2,000                   |
| Victor Ho                      | -                       | -         | -                                | -         | -                       |
| <b>Non-Executive Director:</b> |                         |           |                                  |           |                         |
| Yaqoob Khan                    | -                       | -         | -                                | -         | -                       |

Note: The disclosures of shareholdings above are in accordance with the accounting standards which require disclosure of shares held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard AASB 124 Related Party Disclosures).

### (6) Voting and Comments on Remuneration Report at 2018 AGM

At the Company's most recent (2018) AGM, a resolution to adopt the prior year (2018) Remuneration Report was put to the vote and passed unanimously on a show of hands with the proxies received also indicating majority (93.5%) support in favour of adopting the Remuneration Report.<sup>9</sup> No comments were made on the Remuneration Report that was considered at the AGM.

This concludes the audited Remuneration Report.

<sup>9</sup> Refer Orion's ASX announcement dated 28 November 2018: Results of 2018 Annual General Meeting

# DIRECTORS' REPORT

## DIRECTORS' AND OFFICERS' INSURANCE

The Company insures Directors and Officers against liability they may incur in respect of any wrongful acts or omissions made by them in such capacity (to the extent permitted by the *Corporations Act 2001 (Cth)*) (**D&O Policy**). Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

## DIRECTORS' DEEDS

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the Corporations Act), the Company has also entered into a deed with each of the Directors to regulate certain matters between the Company and each Director, both during the time the Director holds office and after the Director ceases to be an officer of the Company, including the following matters:

- (a) The Company's obligation to indemnify a Director for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act); and
- (b) Subject to the terms of the deed and the Corporations Act, the Company may advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Director.

## LEGAL PROCEEDINGS ON BEHALF OF CONSOLIDATED ENTITY

No person has applied for leave of a court to bring proceedings on behalf of Orion or intervene in any proceedings to which Orion is a party for the purpose of taking responsibility on behalf of Orion for all or any part of such proceedings. Orion was not a party to any such proceedings during and since the financial year.

## AUDITORS

Details of the amounts paid or payable by the Company to the Auditors for audit and non-audit (tax services) services provided during the financial year are set out below:

|                  | Audit & Review Fees | Non-Audit Services | Total  |
|------------------|---------------------|--------------------|--------|
| Auditor          | \$                  | \$                 | \$     |
| Rothsay Auditing | 22,000              | -                  | 22,000 |

The Board is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*. The Board is satisfied that the nature of the non-audit services disclosed above did not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, 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 risk and rewards.

Rothsay Auditing continues in office in accordance with section 327 of the *Corporations Act 2001 (Cth)*.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 14. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

# DIRECTORS' REPORT

## EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in the Review of Operations) or the financial statements or notes thereto (in particular Note 27), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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



Farooq Khan  
Executive Chairman



Victor Ho  
Executive Director and  
Company Secretary

30 August 2019



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

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

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2019 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 30 August 2019

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

|                                                                                                   |      | 2019               | 2018               |
|---------------------------------------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                                                   | Note | \$                 | \$                 |
| Revenue                                                                                           | 2    | 48,972             | 39,124             |
| <b>Other</b>                                                                                      |      |                    |                    |
| Net gain on sale of non-current assets                                                            |      | 201,786            | -                  |
| Net gain on financial assets at fair value through profit or loss                                 |      | -                  | 130,123            |
| Other income                                                                                      |      | -                  | 132                |
| <b>TOTAL REVENUE AND INCOME</b>                                                                   |      | <b>250,758</b>     | <b>169,379</b>     |
| <b>EXPENSES</b>                                                                                   | 3    |                    |                    |
| Share of Associate entity's loss                                                                  |      | (662,455)          | (554,324)          |
| Net loss on financial assets at fair value through profit or loss                                 |      | (86,901)           | -                  |
| Land operation expenses                                                                           |      | (128,704)          | (10,053)           |
| Personnel expenses                                                                                |      | (434,743)          | (432,362)          |
| Occupancy expenses                                                                                |      | (28,682)           | (28,268)           |
| Corporate expenses                                                                                |      | (29,635)           | (24,926)           |
| Communication expenses                                                                            |      | (2,048)            | (3,863)            |
| Finance expenses                                                                                  |      | (431)              | (1,720)            |
| Administration expenses                                                                           |      | (60,773)           | (43,621)           |
| <b>LOSS FROM CONTINUING OPERATIONS</b>                                                            |      | <b>(1,183,614)</b> | <b>(929,758)</b>   |
| Loss from discontinued operations                                                                 | 5    | (56,760)           | (105,374)          |
| Income tax benefit                                                                                | 6    | (38,973)           | (22,233)           |
| <b>LOSS AFTER INCOME TAX</b>                                                                      |      | <b>(1,279,347)</b> | <b>(1,057,365)</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                                 |      |                    |                    |
| Reversal of revaluation of assets, net of tax                                                     | 18   | (102,746)          | (58,614)           |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                                    |      | <b>(1,382,093)</b> | <b>(1,115,979)</b> |
| <b>LOSS PER SHARE FOR THE LOSS ATTRIBUTABLE TO THE<br/>ORDINARY EQUITY HOLDERS OF THE COMPANY</b> |      |                    |                    |
| Basic and diluted loss per share (cents)                                                          | 7    | (8.18)             | (6.76)             |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 30 June 2019

|                                                       | Note | 2019<br>\$       | 2018<br>\$       |
|-------------------------------------------------------|------|------------------|------------------|
| <b>CURRENT ASSETS</b>                                 |      |                  |                  |
| Cash and cash equivalents                             | 8    | 814,067          | 35,775           |
| Financial assets at fair value through profit or loss | 9    | 450,000          | 551,901          |
| Receivables                                           | 12   | 13,750           | 68,435           |
| Other current assets                                  |      | 1,087            | 2,469            |
| <b>TOTAL CURRENT ASSETS</b>                           |      | <b>1,278,904</b> | <b>658,580</b>   |
| <b>NON CURRENT ASSETS</b>                             |      |                  |                  |
| Investment in Associate entity                        | 23   | 477,719          | 1,242,743        |
| Property held for development or resale               | 13   | 1,100,000        | 1,220,000        |
| Property, plant and equipment                         | 14   | 5,471            | 1,405,383        |
| Deferred tax asset                                    | 6    | -                | 38,973           |
| <b>TOTAL NON CURRENT ASSETS</b>                       |      | <b>1,583,190</b> | <b>3,907,099</b> |
| <b>TOTAL ASSETS</b>                                   |      | <b>2,862,094</b> | <b>4,565,679</b> |
| <b>CURRENT LIABILITIES</b>                            |      |                  |                  |
| Payables                                              | 15   | 222,491          | 515,033          |
| Provisions                                            | 16   | 76,187           | 66,164           |
| <b>TOTAL CURRENT LIABILITIES</b>                      |      | <b>298,678</b>   | <b>581,197</b>   |
| <b>NON CURRENT LIABILITIES</b>                        |      |                  |                  |
| Deferred tax liability                                | 6    | -                | 38,973           |
| <b>TOTAL NON CURRENT LIABILITIES</b>                  |      | <b>-</b>         | <b>38,973</b>    |
| <b>TOTAL LIABILITIES</b>                              |      | <b>298,678</b>   | <b>620,170</b>   |
| <b>NET ASSETS</b>                                     |      | <b>2,563,416</b> | <b>3,945,509</b> |
| <b>EQUITY</b>                                         |      |                  |                  |
| Issued capital                                        | 17   | 18,808,028       | 18,808,028       |
| Reserves                                              | 18   |                  |                  |
| Asset revaluation reserve                             |      | -                | 102,746          |
| Profits reserve                                       |      | 2,624,527        | 2,783,750        |
| Accumulated losses                                    |      | (18,869,139)     | (17,749,015)     |
| <b>TOTAL EQUITY</b>                                   |      | <b>2,563,416</b> | <b>3,945,509</b> |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended 30 June 2019

|                                                              | Note | Issued Capital<br>\$ | Reserves<br>\$   | Accumulated<br>Losses<br>\$ | Total<br>\$        |
|--------------------------------------------------------------|------|----------------------|------------------|-----------------------------|--------------------|
| <b>BALANCE AT 1 JULY 2017</b>                                |      | <b>18,808,028</b>    | <b>306,653</b>   | <b>(13,912,350)</b>         | <b>5,202,331</b>   |
| Loss for the year                                            |      | -                    | -                | (1,057,365)                 | (1,057,365)        |
| Profits reserve transfer                                     |      | -                    | 2,779,300        | (2,779,300)                 | -                  |
| Other comprehensive income                                   |      | -                    | (58,614)         | -                           | (58,614)           |
| <b>Total comprehensive loss for the year</b>                 |      | <b>-</b>             | <b>2,720,686</b> | <b>(3,836,665)</b>          | <b>(1,115,979)</b> |
| <b>Transactions with owners in their capacity as owners:</b> |      |                      |                  |                             |                    |
| Dividend paid                                                | 19   | -                    | (140,843)        | -                           | (140,843)          |
| <b>BALANCE AT 30 JUNE 2018</b>                               |      | <b>18,808,028</b>    | <b>2,886,496</b> | <b>(17,749,015)</b>         | <b>3,945,509</b>   |
| <b>BALANCE AT 1 JULY 2018</b>                                |      | <b>18,808,028</b>    | <b>2,886,496</b> | <b>(17,749,015)</b>         | <b>3,945,509</b>   |
| Loss for the year                                            |      | -                    | -                | (1,279,347)                 | (1,279,347)        |
| Profits reserve transfer                                     |      |                      | (159,223)        | 159,223                     | -                  |
| Other comprehensive income                                   |      | -                    | (102,746)        | -                           | (102,746)          |
| <b>Total comprehensive loss for the year</b>                 |      | <b>-</b>             | <b>(261,969)</b> | <b>(1,120,124)</b>          | <b>(1,382,093)</b> |
| <b>BALANCE AT 30 JUNE 2019</b>                               |      | <b>18,808,028</b>    | <b>2,624,527</b> | <b>(18,869,139)</b>         | <b>2,563,416</b>   |

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the year ended 30 June 2019

|                                                                   | Note      | 2019<br>\$       | 2018<br>\$       |
|-------------------------------------------------------------------|-----------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |           |                  |                  |
| Receipts from customers                                           |           | 37,700           | 18,850           |
| Dividends received                                                |           | 103,951          | 102,569          |
| Interest received                                                 |           | 11,272           | 469              |
| Payments to suppliers and employees                               |           | (850,536)        | (187,306)        |
| Interest paid                                                     |           | -                | (7)              |
| Sale of financial assets at fair value through profit or loss     |           | 67,844           | 34,555           |
| Purchase of financial assets at fair value through profit or loss |           | -                | (2,000)          |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                      | <b>8</b>  | <b>(629,769)</b> | <b>(32,870)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |           |                  |                  |
| Disposal of agricultural assets                                   |           | 1,456,500        | -                |
| Commission from sale of agricultural assets                       |           | (43,500)         | -                |
| Purchase of plant and equipment                                   |           | (4,714)          | (728)            |
| <b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>        |           | <b>1,408,286</b> | <b>(728)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |           |                  |                  |
| Dividends paid                                                    | <b>19</b> | (225)            | (140,843)        |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                      |           | <b>(225)</b>     | <b>(140,843)</b> |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>                       |           | <b>778,292</b>   | <b>(174,441)</b> |
| Cash and cash equivalents at beginning of financial year          |           | 35,775           | 207,703          |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>         |           | <b>814,067</b>   | <b>33,262</b>    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 1. ABOUT THIS REPORT

#### 1.1 Background

This financial report covers the consolidated financial statement of the consolidated entity consisting of Orion Equities Limited (ASX:OEQ) (the **Company** or **OEQ**), its subsidiaries and investments in associates (the **Consolidated Entity** or **Orion**). The financial report is presented in the Australian currency.

Orion Equities Limited is a company limited by shares, incorporated in New South Wales, Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

These financial statements have been prepared on a streamlined basis where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Consolidated Entity.

Information is considered material and relevant if, for example:

- (a) the amount in question is significant because of its size or nature;
- (b) it is important for understanding the results of the Consolidated Entity;
- (c) it helps to explain the impact of significant changes in the Consolidated Entity's business – for example, acquisitions; or
- (d) it relates to an aspect of the Consolidated Entity's operations that is important to its future performance.

The notes are organised into the following sections:

- (a) **Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that the Directors consider most relevant to understanding performance and shareholder returns for the year:

#### Notes

|   |                         |
|---|-------------------------|
| 2 | Revenue                 |
| 3 | Expenses                |
| 4 | Segment information     |
| 5 | Discontinued operations |
| 6 | Tax                     |
| 7 | Loss per share          |

- (b) **Financial Risk Management:** Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

#### Notes

|    |                                                       |
|----|-------------------------------------------------------|
| 8  | Cash and cash equivalents                             |
| 9  | Financial assets at fair value through profit or loss |
| 10 | Financial risk management                             |
| 11 | Fair value measurement of financial instruments       |

- (c) **Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

#### Notes

|    |                               |
|----|-------------------------------|
| 12 | Receivables                   |
| 13 | Property held for resale      |
| 14 | Property, plant and equipment |
| 15 | Payables                      |
| 16 | Provisions                    |

- (d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs, as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

#### Notes

|    |                         |
|----|-------------------------|
| 17 | Issued capital          |
| 18 | Reserves                |
| 19 | Dividend                |
| 20 | Capital risk management |

- (e) **Consolidated Entity Structure:** Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

#### Notes

|    |                                   |
|----|-----------------------------------|
| 21 | Parent entity information         |
| 22 | Investment in controlled entities |
| 23 | Investment in associate entity    |
| 24 | Related party transactions        |

- (f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

#### Notes

|    |                                             |
|----|---------------------------------------------|
| 25 | Auditors' remuneration                      |
| 26 | Contingencies                               |
| 27 | Events occurring after the reporting period |

Significant and other accounting policies that summarise the measurement basis used and presentation policies and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 1.2. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australia Accounting Interpretations and the *Corporations Act 2001 (Cth)*, as appropriate for for-profit entities.

#### **Compliance with IFRS**

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### **Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### 1.3. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Orion Equities Limited as at 30 June 2019 and the results of its subsidiaries for the year then ended. Orion Equities Limited and its subsidiaries are referred to in this financial report as the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

### 1.4. Comparative Figures

Certain comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### 1.5. 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 Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the 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.

### 1.6. Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### 1.7. Dividends Policy

Provision is made for the amount of any dividend declared; being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the Balance Date.

### 1.8. 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 AASB that are mandatory for the current reporting period.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 1.9. Summary of Accounting Standards Issued but not yet Effective

The following new Accounting Standards and Interpretations (which have been released but not yet adopted) have been considered and is expected to have limited material impact on the Consolidated Entity's financial statements or the associated notes therein.

| AASB reference | Title and Affected Standard(s) | Nature of Change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Application date                                              |
|----------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| AASB 16        | Leases                         | <p>AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 <i>Leases</i>. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p> | Annual reporting periods beginning on or after 1 January 2019 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 2. REVENUE

|                                                                                  | 2019                  | 2018                  |
|----------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                  | \$                    | \$                    |
| The consolidated loss before income tax includes the following items of revenue: |                       |                       |
| <b>Revenue</b>                                                                   |                       |                       |
| Rental revenue                                                                   | 37,700                | 37,700                |
| Dividend revenue                                                                 | -                     | 666                   |
| Interest revenue                                                                 | 11,272                | 758                   |
|                                                                                  | <u>48,972</u>         | <u>39,124</u>         |
| <b>Other</b>                                                                     |                       |                       |
| Net gain on sale of non-current assets                                           | 201,786               | -                     |
| Net gain on financial assets at fair value through profit or loss                | -                     | 130,123               |
| Other income                                                                     | -                     | 132                   |
|                                                                                  | <u><b>250,758</b></u> | <u><b>169,379</b></u> |

#### Accounting policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. All revenue is stated net of the amount of Goods and Services Tax (GST) except where the amount of GST incurred is not recoverable from the Australian Tax Office. The following specific recognition criteria must also be met before revenue is recognised:

#### (a) Sale of financial assets, goods and other assets

Revenue from the sale of financial assets, goods or other assets is recognised when the Consolidated Entity has passed control of the financial assets, goods or other assets to the buyer.

#### (b) Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

#### (c) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established. The Consolidated Entity brings dividend revenue to account on the applicable ex-dividend entitlement

#### (d) Other revenues

Other revenues are recognised on a receipts basis.

### 3. EXPENSES

|                                                                                   | 2019    | 2018    |
|-----------------------------------------------------------------------------------|---------|---------|
|                                                                                   | \$      | \$      |
| The consolidated loss before income tax includes the following items of expenses: |         |         |
| Share of Associate entity's loss                                                  | 662,455 | 554,324 |
| Net loss on financial assets at fair value through profit or loss                 | 86,901  |         |
| Olive grove operations                                                            |         |         |
| Depreciation of olive grove assets                                                | 3,566   | 26,441  |
| Impairment of olive trees                                                         | -       | 65,500  |
| Other expenses                                                                    | 53,193  | 13,433  |
| Land operations                                                                   |         |         |
| Impairment loss on property held for development or resale                        | 120,000 | -       |
| Other expenses                                                                    | 8,704   | 10,053  |
| Salaries, fees and employee benefits                                              | 434,743 | 432,362 |
| Occupancy expenses                                                                | 28,682  | 28,268  |
| Finance expenses                                                                  | 431     | 1,720   |
| Communication expenses                                                            | 2,048   | 3,863   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

| 3. EXPENSES (continued)       | 2019             | 2018             |
|-------------------------------|------------------|------------------|
|                               | \$               | \$               |
| Corporate expenses            |                  |                  |
| ASX fees                      | 17,010           | 16,954           |
| Share registry                | 5,483            | 5,899            |
| Other corporate expenses      | 7,142            | 2,073            |
| Administration expenses       |                  |                  |
| Professional and legal fees   | 16,700           | 2,710            |
| Depreciation                  | 2,634            | 1,509            |
| Other administration expenses | 41,439           | 39,402           |
|                               | <b>1,491,131</b> | <b>1,204,511</b> |

### 4. SEGMENT INFORMATION

|                                         | Investments      | Olive grove      | Corporate        | Total              |
|-----------------------------------------|------------------|------------------|------------------|--------------------|
|                                         | \$               | \$               | \$               | \$                 |
| <b>2019</b>                             |                  |                  |                  |                    |
| <b>Segment revenues</b>                 |                  |                  |                  |                    |
| Revenue                                 | 37,700           | -                | 11,272           | 48,972             |
| Other                                   | -                | 201,786          | -                | 201,786            |
| <b>Total segment revenues</b>           | <b>37,700</b>    | <b>201,786</b>   | <b>11,272</b>    | <b>250,758</b>     |
| Personnel expenses                      | -                | -                | 434,743          | 434,743            |
| Finance expenses                        | -                | 6                | 431              | 437                |
| Administration expenses                 | -                | 47,296           | 58,219           | 105,515            |
| Depreciation expense                    | -                | 3,566            | 2,634            | 6,200              |
| Other expenses                          | 877,718          | 5,891            | 60,628           | 944,237            |
| <b>Total segment profit/(loss)</b>      | <b>(840,018)</b> | <b>145,027</b>   | <b>(545,383)</b> | <b>(1,240,374)</b> |
| <b>Segment assets</b>                   |                  |                  |                  |                    |
| Cash and cash equivalents               | -                | -                | 814,067          | 814,067            |
| Financial assets                        | 450,000          | -                | -                | 450,000            |
| Property held for development or resale | 1,100,000        | -                | -                | 1,100,000          |
| Investment in Associate entity          | 477,719          | -                | -                | 477,719            |
| Property, plant and equipment           | -                | -                | 5,471            | 5,471              |
| Other assets                            | -                | -                | 14,837           | 14,837             |
| <b>Total segment assets</b>             | <b>2,027,719</b> | <b>-</b>         | <b>834,375</b>   | <b>2,862,094</b>   |
| <b>2018</b>                             |                  |                  |                  |                    |
| <b>Segment revenues</b>                 |                  |                  |                  |                    |
| Revenue                                 | 38,497           | -                | -                | 38,497             |
| Other                                   | 130,123          | -                | 759              | 130,882            |
| <b>Total segment revenues</b>           | <b>168,620</b>   | <b>-</b>         | <b>759</b>       | <b>169,379</b>     |
| Personnel expenses                      | -                | -                | 432,362          | 432,362            |
| Finance expenses                        | 95               | 101              | 1,720            | 1,916              |
| Administration expenses                 | 105              | 2,732            | 34,022           | 36,859             |
| Depreciation expense                    | 3                | 26,441           | 1,509            | 27,953             |
| Other expenses                          | 564,174          | 76,100           | 65,147           | 705,421            |
| <b>Total segment loss</b>               | <b>(395,757)</b> | <b>(105,374)</b> | <b>(534,001)</b> | <b>(1,035,132)</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 4. SEGMENT INFORMATION (continued)

| 30 Jun 18                               | Investments      | Olive grove      | Corporate      | Total            |
|-----------------------------------------|------------------|------------------|----------------|------------------|
| Segment assets                          | \$               | \$               | \$             | \$               |
| Cash and cash equivalents               | -                | -                | 35,775         | 35,775           |
| Financial assets                        | 539,901          | -                | 12,000         | 551,901          |
| Property held for development or resale | 1,220,000        | -                | -              | 1,220,000        |
| Investment in Associate entity          | 1,242,744        | -                | -              | 1,242,744        |
| Property, plant and equipment           | -                | 1,400,000        | 5,383          | 1,405,383        |
| Other assets                            | -                | 1,534            | 108,342        | 109,876          |
| <b>Total segment assets</b>             | <b>3,002,645</b> | <b>1,401,534</b> | <b>161,500</b> | <b>4,565,679</b> |

#### Accounting policy

The operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker" (**CODM**). The Consolidated Entity's CODM is the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments.

The Board has considered the business and geographical perspectives of the operating results and determined that the Consolidated Entity operates only within Australia, with the main segments being Investments and Olive Grove. Corporate items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

#### Description of segments

- (a) Investments comprise of equity investments of companies listed on the Australian Securities Exchange (**ASX**) and liquid financial assets;
- (b) Olive grove is in relation to the olive grove farm in Gingin;
- (c) Corporate items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

#### Liabilities

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

### 5. DISCONTINUED OPERATIONS

On 11 October 2018, the Company completed the sale of its Olive Grove Agribusiness Assets in consideration of \$1.45 million cash. Financial information relating to the discontinued operations are as follows:

| Financial information relating to the discontinued operation which has been incorporated into the Income Statement is as follows: | 2019      | 2018      |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                                                                   | \$        | \$        |
| Revenue                                                                                                                           | -         | -         |
| Expenses                                                                                                                          | (56,760)  | (105,374) |
| Loss before income tax                                                                                                            | (56,760)  | (105,374) |
| Income tax expense                                                                                                                | (38,973)  | (22,233)  |
| Loss after income tax                                                                                                             | (95,733)  | (127,607) |
| Gain on sale of Olive Grove Agribusiness Assets                                                                                   | 201,786   | -         |
| Income tax                                                                                                                        | (38,973)  | -         |
| Gain on sale of Olive Grove Agribusiness Assets after tax                                                                         | 162,813   | -         |
| Reversal of revaluation of assets, net of tax                                                                                     | (102,746) | -         |
| Net gain on sale of non-current assets                                                                                            | 60,067    | -         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 5. DISCONTINUED OPERATIONS (continued)

The carrying amount of the assets and liabilities of the operation at the date of cessation were:

|                   | 2019               | 2018               |
|-------------------|--------------------|--------------------|
|                   | \$                 | \$                 |
| Total assets      | 1,403,475          | 1,401,600          |
| Total liabilities | (5,008,507)        | (4,951,201)        |
| Net liabilities   | <u>(3,605,032)</u> | <u>(3,549,601)</u> |

The net cash flows of the operations, which have been incorporated into the Cash Flow Statement are as follows:

|                                           | 2019             | 2018            |
|-------------------------------------------|------------------|-----------------|
|                                           | \$               | \$              |
| Net cash used in operating activities     | (9,695)          | (13,423)        |
| Net cash provided by investing activities | 1,413,000        | -               |
| Effect on cash flows                      | <u>1,403,305</u> | <u>(13,423)</u> |

#### Details of sale of operations:

|                                                         |                    |
|---------------------------------------------------------|--------------------|
| Consideration received in cash                          | 1,456,500          |
| Carrying amount of net assets sold                      | <u>(1,396,433)</u> |
| Gain on sale of Olive Grove Agribusiness Assets         | 60,067             |
| Income tax                                              | <u>38,973</u>      |
|                                                         | 99,040             |
| Reversal of revaluation of assets, net of tax (Note 18) | <u>102,746</u>     |
| Net gain on sale of non-current assets                  | <u>201,786</u>     |

#### Critical accounting judgement and estimate

Judgements have been made in the determination of consideration pertaining to assets sold during the financial year. In making these judgements, the Consolidated Entity has considered the conditions and probability of receipt pursuant to the relevant sale agreements.

#### Accounting policy

A discontinued operation is a component of the Consolidated Entity's business where the operations and cash flows can be clearly distinguished from the rest of the Consolidated Entity and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 6. TAX

|                                                   | 2019          | 2018          |
|---------------------------------------------------|---------------|---------------|
|                                                   | \$            | \$            |
| The components of tax expense/(benefit) comprise: |               |               |
| Current tax                                       | -             | 0             |
| Deferred tax                                      |               |               |
| - discontinued operations                         | 38,973        | 22,233        |
|                                                   | <u>38,973</u> | <u>22,233</u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

| 6. TAX (continued)                                                                                             | 2019                       | 2018                            |
|----------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------------|
|                                                                                                                | \$                         | \$                              |
| <b>(a) The prima facie tax on operating loss before income tax is reconciled to the income tax as follows:</b> |                            |                                 |
| Prima facie tax payable on operating loss before income tax at 27.5% (2018: 27.5%)                             | (341,103)                  | (290,775)                       |
| Adjust tax effect of:                                                                                          |                            |                                 |
| Other assessable income                                                                                        | 38,905                     | 67,112                          |
| Non-deductible expenses                                                                                        | 1,876                      | 20                              |
| Share of Associate Entity's loss                                                                               | 182,175                    | 152,439                         |
| Current year tax losses not brought to account                                                                 | 118,147                    | 71,204                          |
| Prior year's deferred tax assets recognition reversal                                                          | 38,973                     | 22,233                          |
| <b>Income tax attributable to entity</b>                                                                       | <b>38,973</b>              | <b>22,233</b>                   |
|                                                                                                                |                            |                                 |
|                                                                                                                | <b>Deferred tax assets</b> | <b>Deferred tax liabilities</b> |
|                                                                                                                | 2019                       | 2018                            |
|                                                                                                                | \$                         | \$                              |
| Fair value losses                                                                                              | -                          | 38,973                          |
|                                                                                                                |                            |                                 |
| <b>(i) Movements - deferred tax assets</b>                                                                     | <b>2019</b>                | <b>2018</b>                     |
| <b>Fair value losses</b>                                                                                       | <b>\$</b>                  | <b>\$</b>                       |
| <b>Opening balance</b>                                                                                         | <b>38,973</b>              | <b>61,206</b>                   |
| (Credited)/charged to income statement                                                                         | (38,973)                   | (22,233)                        |
| <b>Closing balance</b>                                                                                         | <b>-</b>                   | <b>38,973</b>                   |
|                                                                                                                |                            |                                 |
| <b>(ii) Movements - Deferred tax liabilities</b>                                                               |                            |                                 |
| <b>Fair value gains</b>                                                                                        |                            |                                 |
| <b>Opening balance</b>                                                                                         | <b>38,973</b>              | <b>61,206</b>                   |
| Charged/(Credited) to the profit and loss                                                                      | (38,973)                   | (22,233)                        |
| <b>Closing balance</b>                                                                                         | <b>-</b>                   | <b>38,973</b>                   |
|                                                                                                                |                            |                                 |
| <b>(iii) Deferred tax recognised directly in other comprehensive income</b>                                    |                            |                                 |
| Revaluations of land and intangible assets                                                                     | 38,973                     | 22,233                          |
|                                                                                                                |                            |                                 |
| <b>Unrecognised deferred tax balances</b>                                                                      |                            |                                 |
| Unrecognised deferred tax asset - revenue losses                                                               | 3,069,919                  | 2,809,486                       |
| Unrecognised deferred tax asset - capital losses                                                               | 310,259                    | 254,768                         |
|                                                                                                                | <b>3,380,178</b>           | <b>3,064,254</b>                |

### Critical accounting judgement and estimate

The above deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits. Revenue and capital tax losses are subject to relevant statutory tests.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 6. TAX (continued)

#### Tax Consolidation

The head entity, Orion Equities Limited and its controlled entities have formed a tax consolidated group with effect from 29 June 2004. The members of the tax consolidation group continue to 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.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets (as appropriate) arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

#### Accounting policy

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each taxing jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (if applicable).

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 which are enacted or substantively enacted for each taxing jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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 amount of deferred tax assets benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

| 7. LOSS PER SHARE                        | 2019          | 2018          |
|------------------------------------------|---------------|---------------|
| Basic and diluted loss per share (cents) | <b>(8.18)</b> | <b>(6.76)</b> |

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

|                                |             |             |
|--------------------------------|-------------|-------------|
| Net loss after income tax (\$) | (1,279,347) | (1,057,365) |
|--------------------------------|-------------|-------------|

### Number of Shares

|                                            |            |            |
|--------------------------------------------|------------|------------|
| Weighted average number of ordinary shares | 15,649,228 | 15,649,228 |
|--------------------------------------------|------------|------------|

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

### Accounting policy

Basic loss per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

Diluted loss per share adjusts the figures used in the determination of basic loss per share by taking into account amounts unpaid on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial period.

| 8. CASH AND CASH EQUIVALENTS | 2019           | 2018          |
|------------------------------|----------------|---------------|
|                              | \$             | \$            |
| Cash at bank                 | <b>814,067</b> | <b>35,775</b> |

### Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

| Reconciliation of operating loss after income tax to net cash used in operating activities | 2019               | 2018               |
|--------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                            | \$                 | \$                 |
| Loss after income tax                                                                      | <b>(1,279,347)</b> | <b>(1,057,365)</b> |
| <b>Add non-cash items:</b>                                                                 |                    |                    |
| Depreciation                                                                               | 6,201              | 27,950             |
| Write off of plant and equipment                                                           | 1,992              | -                  |
| Impairment of olive trees                                                                  | -                  | 65,500             |
| Net loss on financial assets at fair value through profit or loss                          | 89,901             | (116,902)          |
| Impairment loss on property held for development or resale                                 | 120,000            | -                  |
| Share of Associate entity's loss                                                           | 662,455            | 554,324            |
| <b>Changes in Assets and Liabilities:</b>                                                  |                    |                    |
| Financial assets at fair value through profit or loss                                      | 12,000             | 59,358             |
| Receivables                                                                                | 98,185             | (49,303)           |
| Other current assets                                                                       | 1,382              | 1,698              |
| Investment in Associate entity                                                             | 102,569            | 205,138            |
| Agricultural assets                                                                        | (201,786)          | -                  |
| Payables                                                                                   | (292,542)          | 250,766            |
| Provisions                                                                                 | 10,248             | -                  |
| Deferred tax                                                                               | 38,973             | 22,233             |
|                                                                                            | <b>(629,769)</b>   | <b>(36,603)</b>    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

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

|                                 | 2019    | 2018    |
|---------------------------------|---------|---------|
|                                 | \$      | \$      |
| Listed securities at fair value | 450,000 | 551,901 |

#### Accounting policy

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, financial assets at fair value through profit and loss acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 9: Financial Instruments will recognise its realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date which is the current bid price. The fair value of the unlisted managed fund is determined from unit price information provided by investment manager. The Consolidated Entity's investment portfolio is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value.

### 10. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable and payable, investments in listed securities, and other unlisted securities. The principal activity of the Consolidated Entity is the management of its investments (Financial Assets at Fair Value through Profit and Loss) (refer Note 9). The Consolidated Entity's investments are subject to market (which includes interest rate and price risk), credit and liquidity risks.

The Board of Directors is responsible for the overall internal control framework (which includes risk management) but no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

The financial receivables and payables of the Consolidated Entity in the table below are due or payable within 30 days. The financial investments are held for trading and are realised at the discretion of the Board of Directors.

The Consolidated Entity holds the following financial assets and liabilities:

|                                                       |      | 2019             | 2018           |
|-------------------------------------------------------|------|------------------|----------------|
|                                                       | Note | \$               | \$             |
| Cash and cash equivalents                             | 8    | 814,067          | 35,775         |
| Financial assets at fair value through profit or loss | 9    | 450,000          | 551,901        |
| Receivables                                           | 12   | 13,750           | 68,435         |
|                                                       |      | <b>1,277,817</b> | <b>656,111</b> |
| Payables                                              | 15   | (222,491)        | (515,033)      |
| <b>Net financial assets</b>                           |      | <b>1,055,326</b> | <b>141,078</b> |

#### (a) Market risk

Market risk is the risk that the fair value and/or future cash flows from a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises of price risk from fluctuations in the fair value of equities and interest rate risk from fluctuations in market interest rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market Risk (continued)

##### (i) Price risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified in the Statement of Financial Position at fair value through profit or loss. The Consolidated Entity is not exposed to commodity price risk, save where this has an indirect impact via market risk and equity securities price risk.

The value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. By its nature as an investment company, the Consolidated Entity will always be subject to market risk as it invests its capital in securities that are not risk free - the market price of these securities can and will fluctuate. The Consolidated Entity does not manage this risk through entering into derivative contracts, futures, options or swaps.

Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The ASX All Ordinaries Accumulation Index was utilised as the benchmark for the unlisted and listed share investments which are financial assets available-for-sale or at fair value through profit or loss.

| ASX All Ordinaries Accumulation Index | Impact on post-tax profit |          | Impact on other components of equity |          |
|---------------------------------------|---------------------------|----------|--------------------------------------|----------|
|                                       | 2019                      | 2018     | 2019                                 | 2018     |
|                                       | \$                        | \$       | \$                                   | \$       |
| Increase 15%                          | 31,842                    | 20,579   | 31,842                               | 20,579   |
| Decrease 15%                          | (31,842)                  | (20,579) | (31,842)                             | (20,579) |

##### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The weighted average interest rate for the year for the table below is 1.1% (2018: 1.35%). The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity.

|              | 2019    | 2018   |
|--------------|---------|--------|
|              | \$      | \$     |
| Cash at bank | 814,067 | 35,775 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions. Concentrations of credit risk are minimised primarily by undertaking appropriate due diligence on potential investments, carrying out all market transactions through approved brokers, settling non-market transactions with the involvement of suitably qualified legal and accounting personnel (both internal and external), and obtaining sufficient collateral or other security (where appropriate) as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity's business activities do not necessitate the requirement for collateral as a means of mitigating the risk of financial loss from defaults.

The credit quality of the financial assets are neither past due nor impaired and can be assessed by reference to external credit ratings (if available with Standard & Poor's) or to historical information about counterparty default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised below:

|                                         | 2019           | 2018          |
|-----------------------------------------|----------------|---------------|
|                                         | \$             | \$            |
| <b>Cash and Cash Equivalents</b>        |                |               |
| AA-                                     | <b>813,913</b> | <b>35,621</b> |
| <b>Receivables (due within 30 days)</b> |                |               |
| No external credit rating available     | <b>13,750</b>  | <b>68,435</b> |

The Consolidated Entity measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net any provision for losses, represents the Consolidated Entity's maximum exposure to credit risk.

#### (c) Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting obligations associated with financial liabilities. The Consolidated Entity has no borrowings. The Consolidated Entity's non-cash investments can be realised to meet trade and other payables arising in the normal course of business. The financial liabilities disclosed in the above table have a maturity obligation of not more than 30 days.

### 11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### Fair Value Hierarchy

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

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

|                                                        | Level 1        | Level 2 | Level 3 | Total          |
|--------------------------------------------------------|----------------|---------|---------|----------------|
| 2019                                                   | \$             | \$      | \$      | \$             |
| Financial assets at fair value through profit or loss: |                |         |         |                |
| Listed securities at fair value                        | <b>450,000</b> | -       | -       | <b>450,000</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

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

|                                                        | Level 1        | Level 2  | Level 3          | Total            |
|--------------------------------------------------------|----------------|----------|------------------|------------------|
| 2018                                                   | \$             | \$       | \$               | \$               |
| Financial assets at fair value through profit or loss: |                |          |                  |                  |
| Listed securities at fair value                        | 551,901        | -        | -                | 551,901          |
| Land at independent valuation                          | -              | -        | 1,259,608        | 1,259,608        |
| <b>Total</b>                                           | <b>551,901</b> | <b>-</b> | <b>1,259,608</b> | <b>1,811,509</b> |

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

#### (a) Valuation techniques

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

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

At Level 3, the land was valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 15 June 2017 was sold (Note 5). These assets have been valued based on similar assets, location and market conditions or Direct Comparison or Comparative Sales Approach. The land value per hectare based on rural land sold in the general location provided a rate which included ground water licence.

#### (b) Level 3 assets

|                          | Land             | Olive trees   | Total            |
|--------------------------|------------------|---------------|------------------|
|                          | \$               | \$            | \$               |
| <b>At 1 Jul 2017</b>     | <b>1,340,455</b> | <b>65,500</b> | <b>1,405,955</b> |
| Revaluation/(Impairment) | (80,847)         | (65,500)      | (146,347)        |
| <b>At 30 Jun 2018</b>    | <b>1,259,608</b> | <b>-</b>      | <b>1,259,608</b> |
| Disposal                 | (1,259,608)      | -             | (1,259,608)      |
| <b>At 30 Jun 2019</b>    | <b>-</b>         | <b>-</b>      | <b>-</b>         |

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

|                           | 2019           | 2018             |
|---------------------------|----------------|------------------|
|                           | \$             | \$               |
| Cash and cash equivalents | 814,067        | 35,775           |
| Receivables               | 13,750         | 68,435           |
|                           | <b>827,817</b> | <b>104,210</b>   |
| Payables                  | (222,491)      | (515,033)        |
|                           | <b>605,326</b> | <b>(410,823)</b> |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 12. RECEIVABLES

|                   | 2019          | 2018          |
|-------------------|---------------|---------------|
|                   | \$            | \$            |
| Deposits          | 13,750        | 13,750        |
| Other receivables | -             | 52,844        |
| GST receivable    | -             | 1,841         |
|                   | <b>13,750</b> | <b>68,435</b> |

#### Accounting policy

AASB 9: Financial Instruments introduces a new expected credit loss (ECL) impairment model that requires the Consolidated Entity to adopt an ECL position across the Consolidated Entity's financial assets at 1 July 2018. The Consolidated Entity's receivables balance comprises deposits and GST refunds from the Australian Tax Office.

At each reporting date, the Consolidated Entity reviews the carrying value of its financial assets based on the ECL model under AASB 9, which proposes three approaches in assessing impairment:

- (i) the simplified approach (which will be applied to most trade receivables) which requires the recognition of lifetime ECLs by considering forward-looking assumptions and information regarding expected future conditions affecting historical customer default rates;
- (ii) the general approach (which will be applied to most loans and debt securities) whereby ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, the Consolidated Entity will provide for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance will arise for credit losses expected over the remaining life of exposure, irrespective of the timing of the default; and
- (iii) For purchased or originated credit-impaired receivables, the fair value at initial recognition already takes into account lifetime expected losses. At each reporting date, the Consolidated Entity updates its estimated cash flows and adjusts the loss allowance accordingly.

The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates. The Consolidated Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Consolidated Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Consolidated Entity has not recognised any additional impairment to its current receivables or non-current receivables as a result of the application of AASB 9. This is due to the fact that the Consolidated Entity does not consider that there are any further ECL to the current carrying values of its current receivables or its non-current receivables.

#### Risk Exposure

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 10.

#### Impaired Trade Receivables

None of the Consolidated Entity's receivables are impaired or past due.

### 13. PROPERTY HELD FOR RESALE

|                          | 2019             | 2018             |
|--------------------------|------------------|------------------|
|                          | \$               | \$               |
| Property held for resale | 3,797,339        | 3,797,339        |
| Impairment of property   | (2,697,339)      | (2,577,339)      |
|                          | <b>1,100,000</b> | <b>1,220,000</b> |

#### Critical accounting judgement and estimate

Property held for development or resale was last valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2019. The revaluation impairment of \$120,000 has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 13. PROPERTY HELD FOR RESALE (continued)

#### Accounting policy

Property held for resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

### 14. PROPERTY, PLANT AND EQUIPMENT

|                          | Freehold land | Buildings | Plant and equipment | Total           |
|--------------------------|---------------|-----------|---------------------|-----------------|
|                          | \$            | \$        | \$                  | \$              |
| <b>2019</b>              |               |           |                     |                 |
| Cost                     | -             | -         | 54,624              | <b>54,624</b>   |
| Additions                | -             | -         | 4,714               | <b>4,714</b>    |
| Disposals                | -             | -         | (29,738)            | <b>(29,738)</b> |
| Accumulated depreciation | -             | -         | (24,129)            | <b>(24,129)</b> |
| Total                    | -             | -         | <b>5,471</b>        | <b>5,471</b>    |

|                          |                  |               |               |                    |
|--------------------------|------------------|---------------|---------------|--------------------|
| <b>2018</b>              |                  |               |               |                    |
| Cost                     | 1,117,889        | 124,867       | 1,316,199     | <b>2,558,955</b>   |
| Revaluation/Additions    | 141,719          | -             | -             | <b>141,719</b>     |
| Accumulated depreciation | -                | (70,211)      | (1,225,080)   | <b>(1,295,291)</b> |
| Total                    | <b>1,259,608</b> | <b>54,656</b> | <b>91,119</b> | <b>1,405,383</b>   |

#### Movements in Carrying Amounts

|                          |                  |               |                |                  |
|--------------------------|------------------|---------------|----------------|------------------|
| <b>As at 1 Jul 2017</b>  | <b>1,340,455</b> | <b>59,088</b> | <b>113,191</b> | <b>1,512,734</b> |
| Revaluation/Additions    | (80,847)         | -             | 1,446          | (79,401)         |
| Depreciation expense     | -                | (4,432)       | (23,518)       | (27,950)         |
| <b>As at 30 Jun 2018</b> | <b>1,259,608</b> | <b>54,656</b> | <b>91,119</b>  | <b>1,405,383</b> |

|                          |                  |               |               |                  |
|--------------------------|------------------|---------------|---------------|------------------|
| <b>As at 1 Jul 2018</b>  | <b>1,259,608</b> | <b>54,656</b> | <b>91,119</b> | <b>1,405,383</b> |
| Revaluation/Additions    | -                | -             | 4,714         | 4,714            |
| Disposals                | (1,259,608)      | (53,973)      | (84,845)      | (1,398,426)      |
| Depreciation expense     | -                | (683)         | (5,517)       | (6,200)          |
| <b>As at 30 Jun 2019</b> | <b>-</b>         | <b>-</b>      | <b>5,471</b>  | <b>5,471</b>     |

#### Accounting policy

All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land is not depreciated. Increases in the carrying amounts arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. It is shown at fair value, based on periodic valuations by external, independent valuers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining the recoverable amount.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Date. 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 profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

| Class of Fixed Asset | Rate  | Method            |
|----------------------|-------|-------------------|
| Buildings            | 7.50% | Diminishing Value |
| Plant and Equipment  | 5-75% | Diminishing Value |

### 15. PAYABLES

|                                          | 2019           | 2018           |
|------------------------------------------|----------------|----------------|
|                                          | \$             | \$             |
| Trade payables                           | 7,896          | -              |
| Other payables and accrued expenses      | 42,956         | 184,950        |
| Accrued Directors' fees and entitlements | 171,639        | 330,083        |
|                                          | <b>222,491</b> | <b>515,033</b> |

#### Accounting policy

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 unsecured and are usually paid within 30 days of recognition.

#### Risk exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 10.

### 16. PROVISIONS

|                                        | 2019          | 2018          |
|----------------------------------------|---------------|---------------|
|                                        | \$            | \$            |
| Employee benefits - annual leave       | 19,002        | 3,035         |
| Employee benefits - long service leave | 50,446        | 63,129        |
| Provision for dividends                | 6,739         | -             |
|                                        | <b>76,187</b> | <b>66,164</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 16. PROVISIONS (continued)

#### Accounting policy

##### Short-term obligations

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the Balance Date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year from the Balance Date have been measured at the present value of the estimated future cash outflows to be made for those benefits. Employer superannuation contributions are made by the Consolidated Entity in accordance with statutory obligations and are charged as an expense when incurred.

##### Other long-term employee benefit obligations

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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

#### (a) Amounts not expected to be settled within 12 months

The provision for annual leave and long service leave is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement for any of these employee benefits. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances.

Based on past experience, the employees have never taken the full amount of long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

|                                                          | 2019   | 2018   |
|----------------------------------------------------------|--------|--------|
|                                                          | \$     | \$     |
| Leave obligations expected to be settled after 12 months | 50,446 | 63,129 |

### 17. ISSUED CAPITAL

|                                                          | 2019       | 2018       |
|----------------------------------------------------------|------------|------------|
|                                                          | \$         | \$         |
| 15,649,228 Fully paid ordinary shares (2018: 15,649,228) | 18,808,028 | 18,808,028 |

No movement in issued capital in the current financial year.

#### Accounting policy

Ordinary shares are classified as equity. Fully paid ordinary shares carry one vote per share and the right to dividends.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 18. RESERVES

|                                               | 2019             | 2018             |
|-----------------------------------------------|------------------|------------------|
|                                               | \$               | \$               |
| <b>Asset revaluation reserve</b>              |                  |                  |
| Revaluations of freehold land                 | -                | 141,719          |
| Deferred tax on revaluations                  | -                | (38,973)         |
|                                               | <b>-</b>         | <b>102,746</b>   |
| <b>Profits reserve</b>                        | 2,624,527        | 2,783,750        |
|                                               | <b>2,624,527</b> | <b>2,886,496</b> |
| <b>Movements in Asset revaluation reserve</b> |                  |                  |
| <b>Opening balance</b>                        | <b>102,746</b>   | <b>161,360</b>   |
| Disposal of freehold land                     | (141,719)        | -                |
| Revaluations of freehold land                 | -                | (80,847)         |
| Deferred tax on revaluations                  | 38,973           | 22,233           |
|                                               | <b>-</b>         | <b>102,746</b>   |
| <b>Movements in Profits reserve</b>           |                  |                  |
| <b>Opening balance</b>                        | <b>2,783,750</b> | <b>145,293</b>   |
| Profits reserve transfer                      | (159,223)        | 2,779,300        |
| Dividends paid (Note 19)                      | -                | (140,843)        |
| <b>Closing balance</b>                        | <b>2,624,527</b> | <b>2,783,750</b> |

#### Asset revaluation reserve

On 11 October 2018, the Company completed the sale of its Olive Grove Agribusiness Assets in consideration of \$1.45 million cash. Refer to Note 5.

#### Profits reserve

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

### 19. DIVIDENDS

|                                                                                              |           | 2019             | 2018             |
|----------------------------------------------------------------------------------------------|-----------|------------------|------------------|
|                                                                                              | Paid On   | \$               | \$               |
| Dividends paid in cash during the financial year:                                            |           |                  |                  |
| 0.90 cent per share fully franked dividend                                                   | 29-Sep-17 | -                | <b>140,843</b>   |
| Franking credits available for subsequent periods based on a tax rate of 27.5% (2018: 27.5%) |           | <b>3,093,275</b> | <b>3,014,892</b> |

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) Franking credits that will arise from the receipt of dividends recognised as receivables at balance date
- (b) Franking credits that will arise from the payment of the amount of the provision for income tax; and
- (c) Franking debits that will arise from the payment of dividends recognised as a liability at balance date.

The franking credits attributable to the Consolidated Entity include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 20. CAPITAL RISK MANAGEMENT

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Company and shareholders from time to time, including undertaking capital raisings, share buy-backs, capital reductions and the payment of dividends.

The Consolidated Entity has no external borrowings. The Consolidated Entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

### 21. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Orion Equities Limited, as at 30 June 2019.

|                                                                   | 2019               | 2018             |
|-------------------------------------------------------------------|--------------------|------------------|
|                                                                   | \$                 | \$               |
| <b>Statement of profit or loss and other comprehensive income</b> |                    |                  |
| Loss for the year                                                 | (1,002,621)        | 1,626,093        |
| Other comprehensive income                                        | -                  | -                |
| <b>Total comprehensive loss for the year</b>                      | <b>(1,002,621)</b> | <b>1,626,093</b> |
| <b>Statement of financial position</b>                            |                    |                  |
| <b>Assets</b>                                                     |                    |                  |
| Cash and cash equivalents                                         | 800,907            | 15,652           |
| Financial assets at fair value through profit or loss             | 450,000            | 551,901          |
| Investment in controlled entities (at cost)                       | 100                | 100              |
| Investment in associate entity (market value)                     | 1,538,534          | 1,948,809        |
| Loans to controlled entities                                      | 5,189,845          |                  |
| Provision for impairment                                          | (3,969,845)        |                  |
| Net loans to controlled entities                                  | 1,220,000          | 2,724,516        |
| Other asset                                                       | 23,449             | 77,895           |
| <b>Total assets</b>                                               | <b>4,032,990</b>   | <b>5,318,873</b> |
| <b>Liabilities</b>                                                |                    |                  |
| Current liabilities                                               | 221,747            | 514,819          |
| Non current liabilities                                           | 76,187             | 66,377           |
| <b>Total liabilities</b>                                          | <b>297,934</b>     | <b>581,196</b>   |
| <b>Net assets</b>                                                 | <b>3,735,056</b>   | <b>4,737,677</b> |
| Issued capital                                                    | 18,808,028         | 18,808,028       |
| Profits Reserve                                                   | 2,783,750          | 2,783,750        |
| Accumulated losses                                                | (17,856,722)       | (16,854,101)     |
| <b>Equity</b>                                                     | <b>3,735,056</b>   | <b>4,737,677</b> |

Loans to controlled entities are in relation to amounts owed by subsidiary companies, Silver Sands Developments Pty Ltd, Koorian Olives Pty Ltd and CXM Pty Ltd, at the reporting date. A provision for impairment has been recognised where the balance of the loan exceeds the net assets of the relevant subsidiary company. No interest is charged on outstanding balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 22. INVESTMENT IN CONTROLLED ENTITIES

| Subsidiaries                             | Incorporated | Ownership Interest |      |
|------------------------------------------|--------------|--------------------|------|
|                                          |              | 2019               | 2018 |
|                                          |              | %                  | %    |
| Silver Sands Developments Pty Ltd        | Australia    | 100                | 100  |
| Koorian Olives Pty Ltd                   | Australia    | 100                | 100  |
| CXM Pty Ltd                              | Australia    | 100                | 100  |
| Margaret River Wine Corporation Pty Ltd  | Australia    | 100                | 100  |
| Margaret River Olive Oil Company Pty Ltd | Australia    | 100                | 100  |

#### Accounting policy

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

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.

#### Changes in Ownership Interests

When the Consolidated Entity ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Entity has directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 23. INVESTMENT IN ASSOCIATE ENTITY

|                                                                              | Ownership Interest |        | 2019             | 2018             |
|------------------------------------------------------------------------------|--------------------|--------|------------------|------------------|
|                                                                              | 2019               | 2018   | \$               | \$               |
| Bentley Capital Limited (ASX:BEL)                                            | 26.95%             | 26.95% | <b>477,719</b>   | <b>1,242,743</b> |
| <b>Movements in carrying amounts</b>                                         |                    |        |                  |                  |
| Opening balance                                                              |                    |        | 1,242,743        | 2,002,205        |
| Share of net loss after tax                                                  |                    |        | (662,455)        | (554,324)        |
| Dividend received                                                            |                    |        | (102,569)        | (205,138)        |
| Closing balance                                                              |                    |        | <b>477,719</b>   | <b>1,242,743</b> |
| <b>Fair value (at market price on ASX) of investment in Associate entity</b> |                    |        | <b>1,538,534</b> | <b>1,948,809</b> |
| <b>Net asset value of investment</b>                                         |                    |        | <b>1,711,345</b> | <b>2,518,676</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 23. INVESTMENT IN ASSOCIATE ENTITY (continued)

|                                                                              | 2019               | 2018               |
|------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                              | \$                 | \$                 |
| <b>Summarised statement of profit or loss and other comprehensive income</b> |                    |                    |
| Revenue                                                                      | 296,380            | 1,291,720          |
| Expenses                                                                     | (2,754,789)        | (3,135,545)        |
| <b>Loss before income tax</b>                                                | <b>(2,458,409)</b> | <b>(1,843,825)</b> |
| Income tax expense                                                           | -                  | -                  |
| <b>Loss after income tax</b>                                                 | <b>(2,458,409)</b> | <b>(1,843,825)</b> |
| Other comprehensive income                                                   | -                  | -                  |
| <b>Total comprehensive income</b>                                            | <b>(2,458,409)</b> | <b>(1,843,825)</b> |
| <b>Summarised statement of financial position</b>                            |                    |                    |
| Current assets                                                               | 6,694,371          | 7,092,182          |
| Non-current assets                                                           | 22,364             | 2,593,165          |
| <b>Total assets</b>                                                          | <b>6,716,735</b>   | <b>9,685,347</b>   |
| Current liabilities                                                          | 363,900            | 323,579            |
| Non-current liabilities                                                      | 1,929              | 14,805             |
| <b>Total liabilities</b>                                                     | <b>365,829</b>     | <b>338,384</b>     |
| <b>Net assets</b>                                                            | <b>6,350,906</b>   | <b>9,346,963</b>   |

#### Accounting policy

Associates are all entities over which the Consolidated Entity has presumed significant influence but not control or joint control, generally accompanying a shareholding of between approximately 20% and 50% of the voting rights. Investments in Associates in the consolidated financial statements are accounted for using the equity method of accounting. On initial recognition investment in associates are recognised at cost, for investments which were classified as fair value through profit or loss, any gains or losses previously recognised are reversed through profit or loss. Under this method, the Consolidated Entity's share of the post-acquisition profits or losses of Associates are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in Other Comprehensive Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

A share of an Associate entity's net gain increases the investment (and a share of net loss decreases the investment) and dividend income received from an Associate entity decreases the investment. When the Consolidated Entity's share of losses in an Associate equals or exceeds its interest in the Associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

Where applicable, unrealised gains on transactions between the Consolidated Entity and its Associates are eliminated to the extent of the Consolidated Entity's interest in the Associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of Associates are aligned to ensure consistency with the policies adopted by the Consolidated Entity, where practicable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 24. RELATED PARTY TRANSACTIONS

#### (a) Ultimate Parent Company

ASX listed entity Queste Communications Ltd (ASX : QUE) is deemed to have control of the Consolidated Entity as it holds 59.86% (9,367,653 shares) (2018: 59.86% and 9,367,653 shares) of the Company's total issued share capital.

#### (b) Transactions with Related Parties

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

|                                | 2019    | 2018    |
|--------------------------------|---------|---------|
|                                | \$      | \$      |
| <b>Bentley Capital Limited</b> |         |         |
| Dividend received              | 102,569 | 205,138 |

#### (c) Transactions with key management personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2019. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

|                                | 2019           | 2018           |
|--------------------------------|----------------|----------------|
|                                | \$             | \$             |
| <b>Directors</b>               |                |                |
| Short-term employment benefits | 323,750        | 309,333        |
| Post employment benefits       | 28,381         | 27,011         |
|                                | <b>352,131</b> | <b>336,344</b> |

During the year, the Consolidated Entity generated \$37,700 rental income from a KMP/close family member of a KMP (the KMP being Director, Farooq Khan), pursuant to a standard form residential tenancy agreement in respect of the Property Held for Resale (2018: \$37,700).

### 25. AUDITORS' REMUNERATION

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and by non-related audit firms:

|                                          | 2019   | 2018   |
|------------------------------------------|--------|--------|
|                                          | \$     | \$     |
| <b>Rothsay Auditing</b>                  |        |        |
| Audit and Review of Financial Statements | 22,000 | 22,000 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2019

### 26. CONTINGENCIES

#### (a) Directors' Deeds

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

#### (b) Tenement Royalties

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

### 27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

# DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (1) The financial statements, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 15 to 42 are in accordance with the *Corporations Act 2001 (Cth)* and:
  - (a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting; and
  - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of their performance for the year ended on that date;
- (2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (3) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001 (Cth)* by the Executive Chairman (the person who, in the opinion of the Directors, performs the Chief Executive Officer function) and Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and
- (4) The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001 (Cth)*.



Farooq Khan  
Executive Chairman



Victor Ho  
Executive Director and  
Company Secretary

30 August 2019



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## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ORION EQUITIES LIMITED**

### **Report on the Audit of the Financial Report**

#### ***Opinion***

We have audited the financial report of Orion Equities Limited ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2019, 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 on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### ***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### ***Key Audit Matter***

##### **Investment in Associate entity**

The Group's investment in associate entity is a key audit matter. We do not consider the carrying value of the investment in the associate entity to be at a high risk of significant misstatement or to be subject to a significant level of judgement. However due to the materiality and complexity of the investment in the





associate entity in the context of the financial statements as a whole, it is considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence, completeness and valuation of the Group's investment in the associated entity included but were not limited to:

- Documenting and assessing the processes and controls in place to record transactions and to value the assets;
- Agreeing the holding in the investment in the associate to independent third party documentation;
- Agreeing the calculation of the investment in associates share of the net loss after tax to the audited accounts of the associate; and
- Ensuring compliance with AASB 128.

We have also assessed the appropriateness of the disclosures included in Notes 3 and 23 to the financial report.

#### ***Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***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 the 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.



### ***Auditor's Responsibility for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/Home.aspx](http://www.auasb.gov.au/Home.aspx)**

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

### **Report on the Remuneration Report**

#### ***Opinion on the Remuneration Report***

We have audited the remuneration report included in the directors' report for the year ended 30 June 2019.

In our opinion the remuneration report of Orion Equities Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

#### ***Responsibilities***

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.

**Rothsay Auditing**  
**Dated 30<sup>th</sup> August 2019**

**Graham Swan FCA**  
**Partner**

# ADDITIONAL ASX INFORMATION

## INVESTMENT PORTFOLIO

As at 30 June 2019

| Equities                 | Fair Value<br>\$'m | %<br>Net<br>Assets | ASX Code | Industry Sector Exposures |
|--------------------------|--------------------|--------------------|----------|---------------------------|
| Bentley Capital Limited  | 1.54               | 60%                | BEL      | Diversified               |
| Strike Resources Limited | 0.45               | 18%                | SRK      | Materials                 |
| <b>TOTAL</b>             | <b>1.99</b>        | <b>78%</b>         |          |                           |

As at 30 September 2019

| Equities                             | Fair Value<br>\$'m | %<br>Net<br>Assets | ASX Code | Industry Sector Exposures |
|--------------------------------------|--------------------|--------------------|----------|---------------------------|
| Bentley Capital Limited <sup>1</sup> | 1.13               | 49%                | BEL      | Diversified               |
| Strike Resources Limited             | 0.45               | 20%                | SRK      | Materials                 |
| <b>TOTAL</b>                         | <b>1.58</b>        | <b>69%</b>         |          |                           |

Note:

- (1) The Company's investment in BEL, an Associated Entity (i.e. in which the Company has a greater than 20% interest), is accounted for under the equity method in the consolidated financial statements. Under the equity method, the carrying amount of such investment is cost plus a share of the Associate Entity's net profit or loss (after tax) for the financial year to balance date as provided to the Company by such Associated Entity (refer Note 23 (Investment in Associate Entity) at pages 39 and 40 of the 2019 Annual Report).

## TRANSACTIONS AND BROKERAGE

During the financial year ended 30 June 2019, the Company entered into one (2018: ~one) transaction with a stockbroker for the sale of listed securities, incurring \$126 brokerage fees (2018: ~nil).

## CORPORATE GOVERNANCE STATEMENT

The Company has adopted the Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition, March 2014) issued by the ASX Corporate Governance Council in respect of the financial year ended 30 June 2019.

Pursuant to ASX Listing Rule 4.10.3, the Company's 2019 Corporate Governance Statement (dated on or about 22 October 2019) and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) can be found at the following URL on the Company's Internet website: <http://orionequities.com.au/corporate-governance>

# ADDITIONAL ASX INFORMATION

## as at 11 October 2019

### DISTRIBUTION OF FULLY PAID ORDINARY SHARES

| Spread       | of | Holdings | Number of Holders | Number of Shares  | % of Total Issued Capital |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1            | -  | 1,000    | 24                | 9,742             | 0.06%                     |
| 1,001        | -  | 5,000    | 61                | 219,141           | 1.40%                     |
| 5,001        | -  | 10,000   | 42                | 317,721           | 2.03%                     |
| 10,001       | -  | 100,000  | 56                | 1,732,416         | 11.07%                    |
| 100,001      | -  | and over | 15                | 13,370,208        | 85.44%                    |
| <b>Total</b> |    |          | <b>198</b>        | <b>15,649,228</b> | <b>100.00%</b>            |

### UNMARKETABLE PARCELS

| Spread       | of | Holdings | Number of Holders | Number of Shares  | % of Total Issued Capital |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1            | -  | 6,024    | 99                | 311,318           | 1.99%                     |
| 6,025        | -  | over     | 99                | 15,337,910        | 98.01%                    |
| <b>TOTAL</b> |    |          | <b>198</b>        | <b>15,649,228</b> | <b>100.00%</b>            |

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 6,024 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 10 October 2019 of \$0.083 per share.

### VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none), at meetings of shareholders of the Company:

- Each shareholder entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a shareholder which is a corporation, by representative;
- Every person who is present in the capacity of shareholder or the representative of a corporate shareholder shall, on a show of hands, have one vote; and
- Every shareholder who is present in person, by proxy, by power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by him.

# ADDITIONAL ASX INFORMATION

## as at 11 October 2019

### TOP TWENTY ORDINARY, FULLY PAID SHAREHOLDERS

| RANK         | SHAREHOLDER                                               | SHARES HELD | TOTAL<br>SHARES   | % ISSUED<br>CAPITAL |
|--------------|-----------------------------------------------------------|-------------|-------------------|---------------------|
| 1            | QUESTE COMMUNICATIONS LTD                                 |             | 9,367,653         | 59.86%              |
| 2            | DYNASTY PEAK PTY LIMITED                                  |             | 923,038           | 5.90%               |
| 3            | THUNDERDOME PTY LTD                                       | 603,300     |                   |                     |
|              | JIT INVESTMENTS PTY LTD                                   | 180,000     |                   |                     |
|              |                                                           | Sub-total   | 783,300           | 5.01%               |
| 4            | DR STEVEN G RODWELL                                       |             | 525,129           | 3.36%               |
| 5            | MR SEAN DENNEHY                                           |             | 278,936           | 1.78%               |
| 6            | REDSUMMER PTY LTD                                         |             | 225,000           | 1.44%               |
| 7            | MS HOON CHOO TAN                                          |             | 197,538           | 1.26%               |
| 8            | MRS JANET BACKHOUSE                                       |             | 188,000           | 1.20%               |
| 9            | MRS PENELOPE MARGARET SIEMON                              |             | 181,355           | 1.16%               |
| 10           | MR BRUCE SIEMON                                           |             | 163,351           | 1.04%               |
| 11           | MR JOHN STEPHEN CALVERT                                   |             | 160,732           | 1.03%               |
| 12           | MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN                 |             | 152,450           | 0.97%               |
| 13           | MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER         |             | 120,000           | 0.77%               |
| 14           | MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK         |             | 103,726           | 0.66%               |
| 15           | MRS CAROLINE ANN PICKERING                                |             | 100,000           | 0.64%               |
| 16           | MR PETER ANDREW DUFFIELD & MRS KAREN ANNE MCLEAN          |             | 94,650            | 0.60%               |
| 17           | MS MORAG HELEN BARRETT                                    |             | 94,013            | 0.60%               |
| 18           | GIBSON KILLER PTY LTD                                     |             | 83,300            | 0.53%               |
| 19           | MR LUKE FREDERICK ATKINS                                  |             | 74,696            | 0.48%               |
| 20           | MR CALOGERO JOSEPH BARBAGIOVANNI + MR RAFFAELE GUADAGNINO |             | 70,000            | 0.45%               |
| <b>TOTAL</b> |                                                           |             | <b>13,886,867</b> | <b>88.74%</b>       |

### SUBSTANTIAL SHAREHOLDERS

| Substantial Shareholders            | Registered Shareholder   | Total Number of Shares Held | % Voting Power        |
|-------------------------------------|--------------------------|-----------------------------|-----------------------|
| Queste Communications Ltd (ASX:QUE) | QUE                      | 9,367,653                   | 59.86% <sup>(1)</sup> |
| Mr Azhar Chaudhri,                  | QUE                      | 9,367,653                   |                       |
| Renmuir Holdings Limited and        | Chi Tung Investments Ltd | 50,475                      | 60.21% <sup>(2)</sup> |
| Chi Tung Investments Ltd            | Renmuir Holdings Limited | 4,754                       |                       |
| Geoff Wilson,                       | Dynasty Peak Pty Limited | 923,038                     | 5.90% <sup>(3)</sup>  |
| Dynasty Peak Pty Limited and        |                          |                             |                       |
| GW Holdings Pty Limited             |                          |                             |                       |
| Justin Ridge,                       | Thunderdome Pty Ltd      | 603,300                     | 5.01% <sup>(4)</sup>  |
| Thunderdome Pty Ltd and             | JIT Investment           | 180,000                     |                       |
| JIT Investments Pty Ltd             |                          |                             |                       |

Notes:

- (1) Based on the change of substantial shareholding notice filed by QUE dated 28 September 2015 (updated to reflect current percentage voting power)
- (2) Based on the change of substantial shareholding notice filed by Azhar Chaudhri, Renmuir Holdings Limited and Chi Tung Investments Ltd dated 28 September 2015 (updated to reflect current percentage voting power)
- (3) Based on the initial substantial shareholding notice filed by Geoff Wilson dated 28 February 2018
- (4) Based on the initial substantial shareholding notice filed by Justin Ridge dated 16 April 2019



**ASX Code: OEQ**

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

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