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## FULL YEAR REPORT

ASX Appendix 4E Preliminary Final Report  
Directors' Report  
Auditors' Independence Declaration  
Financial Report  
Audit Report

30 June 2015

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ASX Code: OEQ

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

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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 & REGISTERED OFFICE**

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**STOCK EXCHANGE**

Australian Securities Exchange  
Perth, Western Australia

**ASX CODE**

OEQ

**SHARE REGISTRY**

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# Results for Announcement to the Market

Current Reporting Period:	Financial year ended 30 June 2015
Previous Corresponding Period:	Financial year ended 30 June 2014
Balance Date:	30 June 2015
Company:	Orion Equities Limited (OEQ)
Consolidated Entity:	Orion and controlled entities (Orion)

## OVERVIEW OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated Entity	2015 \$	2014 \$	% Change	Up/ Down
Total revenues	303,057	397,138	24%	Down
Total expenses	(1,062,948)	(1,187,306)	10%	Down
<b>Loss before tax</b>	(759,891)	(790,168)	4%	Down
Income tax benefit	89,501	-	N/A	N/A
<b>Loss attributable to members of the Company</b>	(670,390)	(790,168)	15%	Down
Basic and diluted loss per share (cents)	(4.22)	(4.67)	10%	Down
Pre-tax NTA backing per share (\$)	0.510	0.539	5%	Down
Post-tax NTA backing per share (\$)	0.510	0.539	5%	Down

## BRIEF EXPLANATION OF RESULTS AND COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Revenues were down 24% from the previous year.

Expenses were down 10% from the previous year.

Orion bought back 45,000 shares on-market<sup>1</sup> at a total cost of \$10,495 and at an average buy-back cost (including brokerage) of \$0.233 per share during the financial year.

Please refer to the attached Directors' Report and Financial Report for further information on a review of Orion's operations and the financial position and performance of Orion and Company for the year ended 30 June 2015.

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial year ended 30 June 2015.

<sup>1</sup> Refer Orion's ASX announcements - [Appendix 3C - Announcement of Buy-Back dated 5 August 2013](#), [ASX Appendix 3C - Announcement of Buy-Back dated 24 February 2014](#) and [ASX Appendix 3C - Announcement of Buy-back dated 5 June 2015](#)

# Results for Announcement to the Market

## ASSOCIATE ENTITY

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

- (1) 27.42% interest (20,513,783 shares) in ASX-listed Bentley Capital Limited (ACN 008 108 218) (BEL) (30 June 2014: 27.76%; 20,513,783 shares).

## CONTROLLED ENTITIES

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

## ANNUAL GENERAL MEETING (AGM)

Pursuant to the ASX Listing Rules, the Company gives notice that its 2015 AGM is expected to be held on or about 12 November 2015.

For and on behalf of the Directors,



Date: 31 August 2015

**Victor Ho**  
Executive Director and Company Secretary

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

# DIRECTORS' REPORT

The Directors present their report on Orion Equities Limited (**Company** or **OEQ**) and its controlled entities (the **Consolidated Entity** or **Orion**) for the year ended 30 June 2015 (**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 and an olive grove operation.

## NET TANGIBLE ASSET BACKING (NTA)

Consolidated Entity	2015 \$	2014 \$
Net tangible assets (before tax)	8,093,102	8,565,149
<b>Pre-Tax NTA Backing per share</b>	0.510	0.539
Less deferred tax assets and tax liabilities		-
Net tangible assets (after tax)	8,093,102	8,565,149
<b>Post-Tax NTA Backing per share</b>	0.510	0.539
Based on total issued share capital	15,860,528	15,905,528

Orion bought back 45,000 shares on-market<sup>2</sup> at a total cost of \$10,495 and at an average buy-back cost (including brokerage) of \$0.233 per share during the financial year.

## FINANCIAL POSITION

Consolidated Entity	2015 \$	2014 \$
Cash	140,807	601,690
Financial assets at fair value through profit and loss	1,162,119	918,362
Investments in listed Associate entity	3,510,526	3,892,016
Property held for development or resale	1,350,000	1,490,000
Receivables	6,234	136,941
Other assets	2,079,277	1,708,311
Deferred tax asset	179,424	98,600
<b>Total Assets</b>	8,428,387	8,845,920
Other payables and liabilities	(155,862)	(182,171)
Deferred tax liability	(179,424)	(98,600)
<b>Net Assets</b>	8,093,101	8,565,149
Issued capital	18,854,714	18,865,209
Reserves	436,643	227,806
Accumulated losses	(11,198,255)	(10,527,866)
<b>Total Equity</b>	8,093,101	8,565,149

## OPERATING RESULTS

<sup>2</sup> Refer Orion's ASX announcements - [Appendix 3C - Announcement of Buy-Back dated 5 August 2013](#), [ASX Appendix 3C - Announcement of Buy-Back dated 24 February 2014](#) and [ASX Appendix 3C - Announcement of Buy-back dated 5 June 2015](#)

# DIRECTORS' REPORT

Consolidated Entity	2015 \$	2014 \$
Total revenues	303,057	397,138
Total expenses	(1,062,948)	(1,187,306)
<b>Loss before tax</b>	<b>(759,891)</b>	<b>(790,168)</b>
Income tax benefit	89,501	-
<b>Loss attributable to members of the Company</b>	<b>(670,390)</b>	<b>(790,168)</b>

## LOSS PER SHARE

Consolidated Entity	2015	2014
Basic and diluted loss per share (cents)	(4.44)	(4.67)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	15,898,172	16,918,497

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial year ended 30 June 2015.

## CAPITAL MANAGEMENT

### (a) Securities on Issue

At the Balance Date, the Company had 15,860,528 shares on issue (2014: 15,905,528). All such shares are listed on ASX. The Company does not have other securities on issue at the date of this report.

As at the date of this report, the Company has 15,849,228 shares on issue (as a consequence of on-market share buy-backs undertaken after the end of the financial year).

### (b) On-Market Share Buy-Backs

During the financial year, the Company bought back 45,000 shares on-market at a total cost of \$10,495 and at an average buy-back cost (including brokerage) of \$0.233 per share, pursuant to a series of on-market share buy-backs<sup>3</sup>.

Subsequent to the end of the financial year and as at the date of this report, Orion bought back 11,300 shares at a total cost of \$2,267 and at an average buy-back cost (including brokerage) of \$0.20 per share.

<sup>3</sup> Refer Orion's ASX announcements - [Appendix 3C - Announcement of Buy-Back dated 5 August 2013](#), [ASX Appendix 3C - Announcement of Buy-Back dated 24 February 2014](#) and [ASX Appendix 3C - Announcement of Buy-back dated 5 June 2015](#)

# DIRECTORS' REPORT

## (c) 'Small Holding' Share Sale Facility

On 27 August 2014, the Company initiated a 'Small Holding Share Sale Facility'<sup>4</sup> in respect of small parcel shareholdings (also sometimes referred to as 'unmarketable parcels') valued at \$500 or less.

Based on the Company's then last sale share price on the ASX of \$0.27 (on 28 August 2014), a small holding under this facility constituted 1,851 or fewer shares. The Company's share register had ~340 (out of 594) shareholders holding a small holding and these holders held, in aggregate, ~244,637 shares or ~1.538% of the Company's total issued share capital (of 15,905,528 shares).

The Company's constitution provides a mechanism by which the Board may, with the agreement of the relevant shareholder, aggregate small holdings and sell them on the shareholders' behalf thereby possibly achieving a higher price for the shares than would have been possible had they been sold as individual small parcels. This initiative allows for the full gross proceeds to be realised by shareholders of such small parcels without any associated brokerage or selling costs (which will be borne by the Company).

This initiative will benefit the Company in terms of savings in maintenance costs in relation to share registry fees and also printing, mail-out and postage costs. Furthermore, for some shareholders, the costs of selling their small holdings may result in a proportionally high transaction cost compared to the gross proceeds of sale.

The Company refers to its ASX market announcement entitled "[Small Holding Share Sale Facility](#)" dated 27 August 2014 for further details in relation to this capital management initiative.

As at the date of this report, the Company has not yet completed the sale of the aggregated small parcel shareholdings. The Company anticipates that the sale process will be completed within the next 6 months. Once completed, affected small holders will receive a formal Sale Notice advising of the sale details along with a proceeds cheque.

## (d) Voluntary Winding Up Resolution at 2014 AGM

At the Company's 2014 AGM held on 27 November 2014, shareholders did not approve a special resolution<sup>5</sup> 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.<sup>6</sup>

By way of background:

- 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 164A 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.

<sup>4</sup> Refer Orion's ASX announcement dated 27 August 2014 [Small Holding Share Sale Facility](#)

<sup>5</sup> A special resolution must be passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution and present in person, by proxy, by attorney or by authorised representatives at the general meeting.

<sup>6</sup> Refer Orion's ASX Announcement dated 27 November 2014: [Results of 2014 Annual General Meeting](#)

# DIRECTORS' REPORT

- 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 Company also refers to the [Notice of 2013 AGM and Explanatory Statement dated 23 October 2013](#) for further details in relation to this 'Voluntary Winding Up Trigger'.

The percentage change in the Orion group's Adjusted Net Assets during each of 2012/2013 and 2013/14 were more than 15% below (in absolute terms) the percentage change in the performance of the Index over the same periods. Therefore, the Directors proposed a voluntary winding up special resolution at the 2014 AGM.

The Company also refers to the [Notice of 2014 AGM and Explanatory Statement dated 20 October 2014](#) for further details in relation to this voluntary winding up special resolution.

The Company notes that the "performance-based wind-up vote trigger" will fall to be considered after the 30 June 2016 financial year and at the 2016 AGM (where applicable).

## REVIEW OF OPERATIONS

### (a) Portfolio Details as at 30 June 2015

#### Asset Weighting

Consolidated Entity	% of Net Assets	
	2015	2014
Australian equities	58%	56%
Agribusiness <sup>7</sup>	25%	20%
Property held for development and resale	17%	17%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	-
Net cash/other assets and provisions	<1%	7%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

#### Major Holdings in Securities Portfolio

Equities	Fair Value	%	ASX	Industry Sector
	\$'m	Net Assets	Code	Exposures
Bentley Capital Limited	2.67	33.10%	BEL	Diversified Financials
Strike Resources Limited	0.80	9.94%	SRK	Materials
CBG Australian Equities Fund (Wholesale) (CBG Fund)	0.26	3.24%	N/A	Diversified
Other ASX listed securities	0.10	1.24%	Various	Various
<b>TOTAL</b>	<b>3.83</b>	<b>47.52%</b>		

<sup>7</sup>

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



# DIRECTORS' REPORT

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

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

Orion holds 27.42% (20,513,783 shares) of Bentley's issued ordinary share capital with Queste Communications Ltd (the controlling company of Orion) holding 2.33% (1,740,625 shares) of Bentley's issued ordinary share capital (2014: Orion held 20,513,783 shares (27.76%) and Queste held 1,740,625 shares (2.36%)).

Bentley's asset weighting as at 30 June 2015 was 95.2% Australian equities (2014: 94.5%), 3.9% intangible assets (2014: 2.7%) and 0.9% net cash/other assets (2014: 2.8%).

Bentley had net assets of \$16.43 million as at 30 June 2015 (2014: \$17.68 million) and incurred an after-tax net loss of \$0.267 million for the financial year (2014: \$0.797 million).

Bentley paid a 0.95 cent and a 0.55 cent fully franked dividend distributed in September 2014 and March 2015 respectively at a total cost of \$1.111 million (2014 distributions: one cent capital return and one cent fully franked dividend, totalling \$1.468 million).

Orion received \$0.308 million from these dividends during the financial year (2014 distributions received: \$0.205 million capital return and \$0.205 million in dividend).

Subsequent to 30 June 2015, Bentley announced its intention to pay a fully-franked dividend of 0.5 cent per share. Orion's entitlement to such dividend would be ~\$102,569

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

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

Shareholders are advised to refer to the 30 June 2015 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: [www.bel.com.au](http://www.bel.com.au)

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

# DIRECTORS' REPORT

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

Strike Resources Limited (**Strike**) is a resources company with iron ore exploration and development projects in Peru.

Orion holds 16,690,802 shares in Strike, being 11.48% of Strike's issued ordinary share capital (2014: 16,690,802 shares and 11.48%).

On 30 June 2015, Bentley announced its intention to make a conditional off-market bid for all of the fully paid ordinary shares in Strike for a cash consideration of 5.5 cents per share (the **Bid**).<sup>8</sup> Bentley's Bidder's Statement was despatched to Strike shareholders on 31 July 2015 with the Bid scheduled to close on 2 September 2015 (unless extended or withdrawn).<sup>9</sup> Prior to the launch of the takeover bid, Bentley did not have a relevant interest in any Strike shares.

Orion will gain a relevant interest in any Strike shares Bentley acquires a relevant interest in under the Bid.<sup>10</sup>

Orion also notes that there are some common Directors and Officers on the Boards of Bentley, Strike and Orion, as follows:

- Farooq Khan is Executive Chairman of Orion and Bentley and also an Alternate Director of Strike (as an Alternate Director to Victor Ho);
- Victor Ho is an Executive Director/Company Secretary of Orion, a Company Secretary of Bentley and a Non-Executive Director of Strike; and
- William Johnson is a Non-Executive Director of Bentley and the Managing Director of Strike;

For further details in relation to Bentley's Bid for Strike, the Company refers to Bentley's and Strike's releases on ASX and in particular:

- Bentley's [Bidder's Statement](#) released on ASX on 31 July 2015; and
- Strike's [Target Statement](#) released on ASX on 14 August 2015.

On 26 August 2015, Bentley announced that it had freed its Bid from all defeating conditions other than that no Prescribed Occurrence<sup>11</sup> occurs before the end of the offer period.<sup>12</sup>

Based on acceptances received as at 28 August 2015:

- Bentley has a relevant interest in 22,498,939 Strike shares (15.481%)<sup>13</sup>; and
- Inclusive of Bentley's relevant interest above, Orion has a relevant interest in 39,189,741 Strike shares (29.965%).<sup>14</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 code "SRK".

<sup>8</sup> Refer Bentley's ASX Announcement dated 30 June 2015: [Cash Takeover Bid For Strike Resources At 5.5 Cents Per Share](#)

<sup>9</sup> Refer Bentley's ASX Announcement dated 31 July 2015: [Despatch of Bidders Statement to Holders of Strike Resources Limited](#)

<sup>10</sup> Orion is taken under section 608(3)(a) of the Corporations Act to have a relevant interest in securities in which Bentley has a relevant interest by reason of having greater than 20% voting power (i.e. shareholding) in Bentley.

<sup>11</sup> Refer to the condition in Section 8.7(g) of Bentley's [Bidder's Statement](#) - a "Prescribed Occurrence" is defined in the Bidder's Statement as an event or circumstance of the kind referred to in section 652C of the *Corporations Act 2001 (Cth)*.

<sup>12</sup> Refer Bentley's ASX Announcement dated 26 August 2015: [Takeover Bid For Strike Resources –Offer Declared Free Of Defeating Conditions Except Prescribed Occurrences](#)

<sup>13</sup> Refer Bentley's ASX Announcement dated 31 August 2015: [Notice of Change in Interests of Substantial Holder in Strike](#).

<sup>14</sup> Refer Orion's ASX Announcement dated 31 August 2015: [Notice of Change in Interests of Substantial Holder in Strike](#)

# DIRECTORS' REPORT

## (d) Other Assets

Orion also owns:

- a 143 hectare commercial olive grove operation (with approximately 64,500, 16 year old olive tree plantings) located in Gingin, Western Australian; and
- a property held for redevelopment or sale but currently rented out located in Mandurah, Western Australia.

## 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.

# 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>15</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 (QUE) (since 10 March 1998)</li> <li>(2) Executive Chairman of Bentley Capital Limited (BEL) (director since 2 December 2003)</li> <li>(3) Alternate Director to Victor Ho, who is Non-Executive Director of Strike Resources Limited (SRK) (since 20 January 2014)</li> </ol>
<i>Former directorships in other listed entities in past 3 years</i>	Alara Resources Limited (AUQ) (18 May 2007 to 31 August 2012)

<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 15+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate, M&A and International joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations.
<i>Relevant interest in shares</i>	None
<i>Special Responsibilities</i>	Member of Investment Committee
<i>Other positions held in listed entities</i>	<ol style="list-style-type: none"> <li>(1) Executive Director and Company Secretary of Queste Communications Ltd (QUE) (Director since 3 April 2013; Company Secretary since 30 August 2000)</li> <li>(2) Non-Executive Director of Strike Resources Limited (SRK) (since 24 January 2014)</li> <li>(3) Company Secretary of Bentley Capital Limited (BEL) (since 5 February 2004)</li> </ol>
<i>Former positions in other listed entities in past 3 years</i>	Company Secretary of Alara Resources Limited (AUQ) (4 April 2007 to 31 August 2015)

<sup>15</sup> Refer to ASX [Change in Directors Interest Notice](#) dated 20 November 2014

# 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 (QUE) (since 10 March 1998)
<i>Former directorships in other listed entities in past 3 years</i>	None

## 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	11	11
Victor Ho	11	11
Yaqoob Khan	11	11

## 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.

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

**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 fixed by the Company at a shareholders meeting, to be divided as the Board determines appropriate.

The Board has determined current Key Management Personnel remuneration during the year as follows:

- (a) Mr Farooq Khan (Executive Chairman) - a base salary of \$273,750 per annum inclusive of employer superannuation contributions (9.50% of base salary during the financial year);
- (b) Mr Victor Ho (Executive Director and Company Secretary) - a base salary of \$82,125 per annum inclusive of employer superannuation contributions;
- (c) Mr Yaqoob Khan (Non-Executive Director) - a base fee of \$25,000 per annum; and

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 the performance of extra services or the making of special exertions at the request of the Board and for the purposes of the Company.
- (b) Reimbursement of all reasonable expenses (including travelling and accommodation expenses) incurred by a Director for the purpose of attending meetings of the Company or the Board, on the business of the Company, or in carrying out duties as a Director.

**Long Term Benefits:** Key Management Personnel have no right to termination payments save for payment of accrued annual leave and long service leave (other than Non-Executive Directors).

**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.

# REMUNERATION REPORT

**Performance Related Benefits/Variable Remuneration:** 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.

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

**Financial Performance of Company:** There is no relationship between the Company's current remuneration policy and 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.

	2015	2014	2013	2012	2011
Loss before income tax (\$)	(670,390)	(790,168)	(3,055,135)	(4,953,167)	(2,676,008)
Basic loss per share (cents)	(4.22)	(4.67)	(17.47)	(27.94)	(15.50)
Dividends paid (\$)	-	-	-	-	-
VWAP share price on ASX for financial year (\$)	0.165	0.255	0.207	0.212	0.329
Closing bid share price as at 30 June (\$)	0.213	0.260	0.190	0.210	0.300

## (2) 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.

## (3) Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2015 reporting period held by Key Management Personnel, including their related parties are set below:

Key Management Personnel	Balance at 30 June 2014	Additions	Received as part of remuneration	Disposals	Balance at 30 June 2015
<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).

# REMUNERATION REPORT

## (4) 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:

2015	Key Management Personnel	Performance related	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
			Cash, salary and commissions	Non-cash benefit	Superannuation	Long service leave	Shares and Options	
<b>Executive Directors:</b>								
	Farooq Khan	-	238,101	-	22,802	1,923	-	262,826
	Victor Ho	-	68,750	-	13,375	-	-	82,125
<b>Non-Executive Director:</b>								
	Yaqoob Khan	-	29,000*	-	-	-	-	29,000

2014	Key Management Personnel	Performance related	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity Based	Total
			Cash, salary and commissions	Non-cash benefit	Superannuation	Long service leave	Shares and Options	
<b>Executive Directors:</b>								
	Farooq Khan	-	213,942	-	23,125	36,058	-	273,125
	Victor Ho	-	75,000	-	6,937	-	-	81,937
<b>Non-Executive Director:</b>								
	Yaqoob Khan	-	35,000*	-	-	-	-	35,000

\* Includes fees received for the performance of extra services or the making of special exertions at the request of the Board and for the purposes of the Company.

Victor Ho is also Company Secretary of the Company.

## (5) Other KMP Transactions

On 1 June 2015, Orion subsidiary, Silver Sands Developments Pty Ltd (SSD) entered into a fixed term standard form residential tenancy agreement with Director, Farooq Khan, to rent out the Property Held for Development or Resale. The lease is for a term of 12 months with the monthly rental being \$3,683.

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

No Key Management Personnel has during or since the end of the 30 June 2015 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.

## (7) Voting and Comments on Remuneration Report at 2014 AGM

At the Company's most recent (2014) AGM, a resolution to adopt the prior year (2014) Remuneration Report was put to the vote and passed on a show of hands with the proxies received also indicating majority (83%) support in favour of adopting the Remuneration Report.<sup>16</sup> No comments were made on the Remuneration Report that was considered at the AGM.

This concludes the audited Remuneration Report.

<sup>16</sup> Refer Orion's ASX announcement dated 27 November 2014: [Results of 2014 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.

## AUDITOR

Details of the amounts paid or payable by the Company to the auditor (BDO Audit (WA) Pty Ltd), for audit and non-audit (tax services) services provided during the financial year are set out below:

Audit & Review Fees \$	Non-Audit Services \$	Total \$
34,883	5,858	40,741

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.

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327B of the *Corporations Act 2001 (Cth)*.

# DIRECTORS' REPORT

## EARLY ADOPTION OF ASX CORPORATE GOVERNANCE PRINCIPLES

The Company updated its Corporate Governance Statement<sup>17</sup> in accordance with the early adoption of the [Corporate Governance Principles and Recommendations](#) (3<sup>rd</sup> Edition, March 2014) issued by the ASX Corporate Governance Council in respect of the 30 June 2014 financial year, one year before the mandatory adoption date.

The Company will update its Corporate Governance Statement and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) for 2015, which will be announced on ASX and uploaded to the Company's website at: <http://orionequities.com.au/corporate-governance>

## 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 18. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

## 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 28), 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**  
Chairman



**Victor Ho**  
Executive Director and Company Secretary

31 August 2015

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<sup>17</sup> Refer Orion's ASX announcements dated 20 October 2014: [2014 Corporate Governance Statement](#) and [Appendix 4G Key to Disclosures of Corporate Governance Principles and Recommendations](#)!

## DECLARATION OF INDEPENDENCE BY IAN SKELTON TO THE DIRECTORS OF ORION EQUITIES LIMITED

As lead auditor of Orion Equities Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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



Ian Skelton

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue	2	62,968	88,971
<b>Other</b>			
Net gain on financial assets at fair value through profit or loss		136,759	-
Share of net profit of Associate	11	-	222,481
Reversal of impairment - olive grove land		101,296	-
Other income		2,034	12,619
<b>TOTAL REVENUE AND INCOME</b>		<b>303,057</b>	<b>324,071</b>
<b>EXPENSES</b>	2		
Net loss on financial assets at fair value through profit or loss		-	(51,722)
Share of net loss of Associate	11	(73,783)	-
Cost of goods sold in relation to olive oil operations		-	(11,209)
Olive grove operation expenses		(71,808)	(183,073)
Revaluation loss on property held for development or resale		(140,000)	-
Land Operation Expenses		(7,217)	(7,690)
Personnel expenses		(559,781)	(561,868)
Occupancy expenses		(53,471)	(65,767)
Corporate expenses		(27,628)	(24,152)
Communication expenses		(6,480)	(5,061)
Finance expenses		(2,484)	(1,936)
Administration expenses		(120,296)	(90,906)
<b>LOSS BEFORE INCOME TAX</b>		<b>(759,891)</b>	<b>(679,313)</b>
Income tax benefit	3	89,501	-
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(670,390)</b>	<b>(679,313)</b>
Loss for the year from discontinued operations	4	-	(110,855)
<b>LOSS FOR THE YEAR</b>		<b>(670,390)</b>	<b>(790,168)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluation of assets, net of tax		208,837	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(461,553)</b>	<b>(790,168)</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Continuing operations		(461,553)	(679,313)
Discontinued operations		-	(110,855)
		<b>(461,553)</b>	<b>(790,168)</b>
Basic loss per share (cents) from continuing operations	5	(4.22)	(4.02)
Basic loss per share (cents) from discontinuing operations		-	(0.66)
<b>Basic loss per share (cents) attributable to the ordinary equity holders of the Company</b>		<b>(4.22)</b>	<b>(4.67)</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 30 June 2015

	Note	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	140,807	601,690
Financial assets at fair value through profit or loss	7	1,162,119	918,362
Trade and other receivables	8	6,234	136,941
Other current assets	9	4,828	4,892
<b>TOTAL CURRENT ASSETS</b>		<b>1,313,988</b>	<b>1,661,885</b>
<b>NON CURRENT ASSETS</b>			
Trade and other receivables	8	18,333	-
Property held for development or resale	10	1,350,000	1,490,000
Investment in Associate entity	11	3,510,526	3,892,016
Property, plant and equipment	12	1,990,616	1,637,919
Olive trees	13	65,500	65,500
Intangible assets	14	-	-
Deferred tax asset	17	179,424	98,600
<b>TOTAL NON CURRENT ASSETS</b>		<b>7,114,399</b>	<b>7,184,035</b>
<b>TOTAL ASSETS</b>		<b>8,428,387</b>	<b>8,845,920</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	119,290	143,569
Provisions	16	36,572	38,602
<b>TOTAL CURRENT LIABILITIES</b>		<b>155,862</b>	<b>182,171</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liability	17	179,424	98,600
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>179,424</b>	<b>98,600</b>
<b>TOTAL LIABILITIES</b>		<b>335,286</b>	<b>280,771</b>
<b>NET ASSETS</b>		<b>8,093,101</b>	<b>8,565,149</b>
<b>EQUITY</b>			
Issued capital	18	18,854,714	18,865,209
Reserves	19	436,643	227,806
Accumulated losses		(11,198,256)	(10,527,866)
<b>TOTAL EQUITY</b>		<b>8,093,101</b>	<b>8,565,149</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Note	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
<b>BALANCE AT 1 JULY 2013</b>		<b>19,374,007</b>	<b>227,806</b>	<b>(9,737,698)</b>	<b>9,864,115</b>
Loss for the year		-	-	(790,168)	(790,168)
Other comprehensive income		-	-	-	-
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(790,168)</b>	<b>(790,168)</b>
Transactions with owners in their capacity as owners:					
Share buy-back	18	(217,638)	-	-	(217,638)
<b>BALANCE AT 30 JUNE 2014</b>		<b>19,156,369</b>	<b>227,806</b>	<b>(10,527,866)</b>	<b>8,856,309</b>
<b>BALANCE AT 1 JULY 2014</b>		<b>18,865,209</b>	<b>227,806</b>	<b>(10,527,866)</b>	<b>8,565,149</b>
Loss for the year		-	-	(670,390)	(670,390)
Other comprehensive income		-	208,837	-	208,837
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>208,837</b>	<b>(670,390)</b>	<b>(461,553)</b>
Transactions with owners in their capacity as owners:					
Share buy-back	18	(10,495)	-	-	(10,495)
<b>BALANCE AT 30 JUNE 2015</b>		<b>18,854,714</b>	<b>436,643</b>	<b>(11,198,256)</b>	<b>8,093,101</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		44,200	152,049
Dividends received		319,933	205,138
Interest received		6,542	51,433
Other income received		2,034	-
Payments to suppliers and employees		(819,865)	(714,158)
Interest paid		(71)	(303)
Sale of financial assets at fair value through profit or loss		254,541	-
Purchase of financial assets at fair value through profit or loss		(361,539)	(250,000)
<b>Net cash used in continuing operations</b>		<b>(554,225)</b>	<b>(555,841)</b>
Net cash (used in)/provided by discontinued operations	4	9,369	(216,799)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(544,856)</b>	<b>(772,640)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of olive oil operations	4	101,994	-
Return of capital received		-	205,138
Purchase of plant and equipment		(7,526)	(17,638)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<b>94,468</b>	<b>187,500</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share buy-back	18	(10,495)	(508,798)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(10,495)</b>	<b>(508,798)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(460,883)</b>	<b>(1,093,938)</b>
Cash and cash equivalents at beginning of financial year		601,690	1,695,628
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>		<b>140,807</b>	<b>601,690</b>

The accompanying notes form part of these consolidated financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 1. SUMMARY OF ACCOUNTING POLICIES

#### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report includes the financial statements for the Consolidated Entity consisting of Orion Equities Limited and its subsidiaries. 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).

#### 1.1. 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, Orion Equities Limited, 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.

#### 1.2. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Orion Equities Limited as at 30 June 2015 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.

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. Information on the controlled entities is contained in Note 20(b) to the financial statements.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. 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 or significant influence, 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.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

#### 1.3. Investments in Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanying a shareholding of between 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. (Refer Note 11).

Dividends receivable from associates are recognised in the Company's Statement of Profit or Loss and Other Comprehensive Income, while in the Statement of Financial Position they reduce the carrying amount of 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.

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. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity. All associated entities have a June financial year-end.

#### 1.4. Segment Reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

allocation of resources to operating segments and assessing their performance.

### 1.5. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. 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:

#### *Sale of Goods and Disposal of Assets*

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

#### *Contributions of Assets*

Revenue arising from the contribution of assets is recognised when the Consolidated Entity gains control of the asset or the right to receive the contribution.

#### *Interest Revenue*

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

#### *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 date.

#### *Other Revenues*

Other revenues are recognised on a receipts basis.

### 1.6. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the 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.

#### *Tax consolidation legislation*

The Consolidated Entity implemented the tax consolidation legislation as of 29 June 2004. The head entity, Orion Equities Limited, and the controlled entities in the tax consolidated 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.

### 1.7. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 1.8. Employee Benefits

#### **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.

### 1.9. Cash and Cash Equivalents

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.

#### 1.10. Receivables

Trade and other receivables are recorded at amounts due less any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when considered non-recoverable.

#### 1.11. Investments and Other Financial Assets and Liabilities

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 these instruments are measured as set out below.

#### **Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. 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.

#### **Available for sale financial assets**

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other category. Realised and unrealised gains and losses arising from changes in the fair value of these assets are recognised in equity in the period in which they arise.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as "financial assets at fair value through profit and loss".

#### 1.12. Fair value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. 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 Date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques, including but not limited to recent arm's length transactions, reference to similar instruments and option pricing models. The Consolidated Entity may use a variety of methods and makes assumptions that are based on market conditions existing at each Balance Date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at the reporting date (refer Note 7).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 1.13. Property held for Resale

Property held for development and sale 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.

### 1.14. Property, Plant and Equipment

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 and the water licence are not depreciated. Increases in the carrying amounts arising on revaluation of land and water licence 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.

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 depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Rate	Method
Buildings	7.5%	Diminishing Value
Plant and Equipment	5-75%	Diminishing Value
Leasehold Improvements	7.5-15%	Diminishing Value

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.

### 1.15. 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.

### 1.16. Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### 1.17. Provisions

Provisions for legal claims, service warranties and make good obligations are made where the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

### 1.18. Issued Capital

Ordinary shares are classified as equity. 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.

### 1.19. Earnings Per Share

#### *Basic Earnings 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 Earnings per share*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 1.20. Inventories

#### **Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. They include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **Land held for resale/capitalisation of borrowing costs**

Land held for resale is stated at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

### 1.21. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

### 1.22. Biological Assets

Biological assets are initially, and subsequent to initial recognition, measured at their fair value less any estimated point-of-sale costs. Gains or losses arising on initial or subsequent recognition are accounted for via the profit or loss for the period in which the gain or loss arises. Agricultural produce harvested from the biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest.

### 1.23. Intangible Assets

Intangible assets acquired in a business combination are initially measured at its purchase price as its fair value at the acquisition date. The revaluation method states that after the initial recognition, an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. For the purpose of revaluations under AASB 138: *Intangible Assets*, fair value is determined by reference to an active market. Revaluations shall be made with such regularity that at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value.

### 1.24. Comparative Figures

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

### 1.25. Critical accounting judgements and estimates

The preparation of the consolidated financial statements requires Directors to make judgements and estimates and form assumptions that affect how certain assets, liabilities, revenue, expenses and equity are reported. At each reporting period, the Directors evaluate their judgements and estimates based on historical experience and on other various factors they believe to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities (that are not readily apparent from other sources, such as independent valuations). Actual results may differ from these estimates under different assumptions and conditions.

#### **Non-current assets estimated at fair value**

The Consolidated Entity carries its freehold land and attached water licence at fair value, with changes in the fair values recognised in equity. It also carries inventory (land held for development and resale) and olive trees at fair value, with changes in the fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Independent valuations are obtained for these non-current assets every two years.

#### **Estimation of useful lives of assets**

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations, market, economic, legal environment or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### **Property, Plant & Equipment – Impairment Assessment**

In assessing the recoverable amount of the groups farm property, plant and equipment, management monitors the worldwide olive oil prices annually in determining if the Gingin olives should be harvested. As such the property, plant and equipment is carried at its written down value and continues to be depreciated as it is in a condition to be used to generate economic benefits to the group at such time as required and the assets are maintained in good working condition therefore their recoverable amount has been assessed to be in excess of their carrying values at reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 1.26. 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 no 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 9 (issued December 2014)	Financial Instruments	<p><b>Classification and measurement</b> AASB 9 amends the classification and measurement of financial assets:</p> <ul style="list-style-type: none"> <li>Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).</li> <li>Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL.</li> <li>All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss</li> </ul> <p>The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:</p> <ul style="list-style-type: none"> <li>Classification and measurement of financial liabilities, and</li> <li>Derecognition requirements for financial assets and liabilities.</li> </ul> <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p> <p><b>Impairment</b> The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model.</p> <p>A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses.</p> <p>A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months.</p> <p>For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.</p>	Annual reporting periods beginning on or after 1 January 2018

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date
AASB 2015-1 (issued January 2015)	Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	Non-urgent but necessary changes to standards	Annual periods beginning on or after 1 January 2016
AASB 2014-9 (issued December 2014)	Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements	Currently, investments in subsidiaries, associates and joint ventures are accounted for in separate financial statements at cost or at fair value under AASB 139/AASB 9. These amendments provide an additional option to account for these investments using the equity method as described in AASB 128 Investments in Associates and Joint Ventures.	Annual periods beginning on or after 1 January 2016
IFRS 15 (issued June 2014)	Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Annual reporting periods beginning on or after 1 January 2018

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 2. LOSS FOR THE YEAR

The Consolidated Entity's Operating Loss before Income Tax includes the following items of revenue and expense:

	2015	2014
	\$	\$
<b>(a) Revenue</b>		
Revenue from sale of olive oil	-	5,298
Rental revenue	44,200	44,200
Dividend revenue	12,226	-
Interest revenue	6,542	39,473
	<u>62,968</u>	<u>88,971</u>
<b>Other</b>		
Net gain on financial assets at fair value through profit or loss	136,759	-
Share of net profit of Associate	-	222,481
Reversal of impairment - olive grove land	101,296	-
Other income	2,034	12,619
	<u>240,089</u>	<u>235,100</u>
	<u><b>303,057</b></u>	<u><b>324,071</b></u>
<b>(b) Expenses</b>		
Net loss on financial assets at fair value through profit or loss	-	51,722
Share of net loss of Associate	73,783	-
Olive grove operations		
Cost of goods sold	-	11,209
Depreciation of olive grove assets	51,602	64,602
Net loss on disposal of brand, equipment and inventory	-	66,196
Other expenses	20,206	52,275
Land operations		
Impairment loss on property held for development or resale	140,000	-
Other expenses	7,217	7,690
Salaries, fees and employee benefits	559,781	561,868
Occupancy expenses	53,471	65,767
Finance expenses	2,484	1,936
Communications	6,480	5,061
Corporate expenses		
ASX fees	18,059	15,616
Share registry	7,372	6,529
Other corporate expenses	2,197	2,007
Administration expenses		
Professional fees	15,115	19,673
Legal fees	22,763	26,159
Depreciation	2,653	3,347
Other administration expenses	79,765	41,727
	<u>1,062,948</u>	<u>1,003,384</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

3. INCOME TAX EXPENSE	Note	2015 \$	2014 \$
<b>The components of tax expense/(benefit) comprise:</b>			
Current tax		-	-
Deferred tax	17	(89,501)	-
		<u>(89,501)</u>	<u>-</u>
<b>Income tax expense is attributable to:</b>			
Loss from continuing operations		-	-
Loss from discontinuing operations		-	-
		<u>-</u>	<u>-</u>
<b>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 30% (2014: 30%)		(211,661)	(237,050)
<b>Adjust tax effect of:</b>			
Other Assessable Income		132,310	87,916
Non-Deductible Expenses		7,196	7,995
Share of net (profit)/loss of associate		22,135	(66,744)
Current year tax losses not brought to account		(39,481)	207,883
<b>Income tax attributable to entity</b>		<u>(89,501)</u>	<u>-</u>
<b>Deferred tax recognised directly in Other Comprehensive Income</b>			
Revaluations of land and water licence		(89,501)	-
<b>Unrecognised deferred tax balances</b>			
Unrecognised deferred tax asset - revenue losses		2,574,842	2,340,374
Unrecognised deferred tax asset - capital losses		28,388	-
		<u>2,603,230</u>	<u>2,340,374</u>

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.

### Tax Consolidation

The Consolidated Entity has elected to consolidate for tax purposes and has entered into a tax sharing and funding agreement with its subsidiaries in respect of such arrangements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 4. DISCONTINUED OPERATIONS

On 30 June 2014, the Consolidated Entity sold a segment of olive oil operations as a going concern. The brand, equipment and oil inventory relating to the segment were sold in consideration of \$101,994 cash, resulting in a net loss of \$66,196.

	2015	2014
	\$	\$
The operating loss from this discontinued operations are:		
Revenue from sale of olive oil	-	191,213
Olive oil operation expenses		
Cost of goods sold	-	(222,435)
Impairment and depreciation of olive oil assets	-	(2,924)
Other expenses	-	(76,709)
<b>Loss for the year from discontinued operations</b>	<b>-</b>	<b>(110,855)</b>

The carrying amount of assets in this discontinued operations are summarised as follows:

#### Current assets

Inventories	-	69,557
Plant and equipment	-	23,637

#### Non-current assets

Intangibles	-	74,996
<b>Total assets</b>	<b>-</b>	<b>168,190</b>

The Cash Flows generated from the discontinued operations are as follows:

#### Operating activities

Receipts from customers	16,907	82,345
Payments to suppliers and employees	(7,538)	(299,144)
<b>Net cash used in discontinued operations</b>	<b>9,369</b>	<b>(216,799)</b>

### 5. LOSS PER SHARE

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

	2015	2014
	\$	\$
Loss after income tax from continuing operations	(670,390)	(679,313)
Loss after income tax from discontinuing operations	-	(110,855)
<b>Loss after tax attributable to the ordinary equity holders of the Company</b>	<b>(670,390)</b>	<b>(790,168)</b>

#### Number of Shares

Weighted average number of ordinary shares	<b>15,898,172</b>	<b>16,918,497</b>
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The Consolidated Entity has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic loss per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 5. LOSS PER SHARE (continued)

	2015	2014
	cents	cents
Basic loss per share		
From continuing operations attributable to the ordinary equity holders of the Company	(4.22)	(4.02)
From discontinued operations	-	(0.66)
Total basic loss per share attributable to the ordinary equity holders of the Company	<u>(4.22)</u>	<u>(4.67)</u>

### 6. CASH AND CASH EQUIVALENTS

#### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2015	2014
	\$	\$
Cash at bank and in hand	<u>140,807</u>	<u>601,690</u>

#### (b) Reconciliation of operating profit after income tax to net cash used in operating activities

Loss after income tax	(670,390)	(790,168)
<b>Add/(deduct) non-cash items:</b>		
Depreciation	54,255	70,873
Write off of plant and equipment	208	2,773
Net loss/(gain) on financial assets at fair value through profit or loss	(126,393)	51,722
Loss on land held for development or resale	140,000	-
Reversal of impairment - olive grove assets	(101,296)	-
Share of net loss/(profit) of Associate	73,783	(222,481)
<b>Changes in assets and liabilities:</b>		
Financial assets at fair value through profit or loss	(117,364)	(250,000)
Trade and other receivables	10,380	(63,527)
Inventories	-	140,622
Other non-current assets from discontinued operations	-	98,632
Other current assets	63	(1,464)
Investments in Associate accounted for under equity method	307,707	205,138
Trade and other payables	(24,278)	16,180
Provisions	(2,030)	(30,940)
Deferred tax	(89,501)	-
	<u>(544,856)</u>	<u>(772,640)</u>

#### (c) Risk exposure

The Consolidated Entity's exposure to interest rate risk is discussed in Note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2015	2014
	\$	\$
<b>Current</b>		
Listed securities at fair value	901,038	668,482
Unlisted managed fund at fair value	261,081	249,880
	<u>1,162,119</u>	<u>918,362</u>

### Risk exposure

The Consolidated Entity's exposure to price risk is discussed in Note 22.

## 8. TRADE AND OTHER RECEIVABLES

### Current

Trade receivables	2,088	129,235
GST receivable	1,668	5,273
Other receivables	2,478	2,433
	<u>6,234</u>	<u>136,941</u>

### Non current

Bonds and guarantees	<u>18,333</u>	<u>-</u>
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### Risk exposure

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 22.

### Impaired trade receivables

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

9. OTHER CURRENT ASSETS	2015	2014
	\$	\$
Prepayments	<u>4,828</u>	<u>4,892</u>

## 10. PROPERTY HELD FOR DEVELOPMENT OR RESALE

Property held for development or resale	3,797,339	3,797,339
Impairment of property	(2,447,339)	(2,307,339)
	<u>1,350,000</u>	<u>1,490,000</u>

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 2015. The revaluation loss of \$140,000 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 2015

### 11. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest		2015	2014
	2015	2014	\$	\$
Bentley Capital Limited (ASX:BEL)	27.42%	27.76%	<b>3,510,526</b>	<b>3,892,016</b>
<b>Movements in carrying amounts</b>				
Opening balance			3,892,016	4,079,810
Share of net profit/(loss) after tax			(73,783)	222,481
Dividend received			(307,707)	(205,138)
Return of capital received			-	(205,137)
Closing balance			<b>3,510,526</b>	<b>3,892,016</b>
<b>Fair value of listed investment in Associate</b>			<b>2,666,792</b>	<b>2,974,499</b>
<b>Net asset value of investment</b>			<b>4,504,830</b>	<b>4,906,943</b>
<b>Summarised statement of profit or loss and other comprehensive income</b>				
Revenue			2,398,085	2,091,248
Expenses			(2,665,385)	(1,298,338)
<b>Profit/(Loss) before income tax</b>			<b>(267,300)</b>	<b>792,910</b>
Income tax expense			-	3,698
<b>Profit/(Loss) after income tax</b>			<b>(267,300)</b>	<b>796,608</b>
Other comprehensive income			-	-
<b>Total comprehensive income</b>			<b>(267,300)</b>	<b>796,608</b>
<b>Summarised statement of financial position</b>				
Current assets			6,565,383	17,384,218
Non-current assets			10,524,117	878,452
<b>Total assets</b>			<b>17,089,500</b>	<b>18,262,670</b>
Current liabilities			304,394	206,914
Non-current liabilities			358,969	379,448
<b>Total liabilities</b>			<b>663,363</b>	<b>586,362</b>
<b>Net assets</b>			<b>16,426,137</b>	<b>17,676,308</b>
<b>Lease commitments</b>				
Not longer than one year			56,035	73,333
Longer than one year but not longer than five years			32,083	-
			<b>88,118</b>	<b>73,333</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 12. PROPERTY, PLANT AND EQUIPMENT

	Cost	Revaluation	Accumulated Depreciation	Total
	\$	\$	\$	\$
<b>2015</b>				
Freehold land	867,889	36,775	-	904,664
Water licence	250,000	587,000	-	837,000
Buildings	124,867	-	(55,808)	69,059
Plant and equipment	1,313,522	-	(1,133,629)	179,893
Leasehold improvements	-	-	-	-
	<b>2,556,278</b>	<b>623,775</b>	<b>(1,189,437)</b>	<b>1,990,616</b>
<b>2014</b>				
Freehold land	867,889	(101,296)	-	766,593
Water licence	250,000	325,437	-	575,437
Buildings	117,875	-	(50,209)	67,666
Plant and equipment	1,312,988	-	(1,084,992)	227,996
Leasehold improvements	578	-	(351)	227
	<b>2,549,330</b>	<b>224,141</b>	<b>(1,135,552)</b>	<b>1,637,919</b>

#### Movements in carrying amounts

	Opening balance	Revaluation /Additions	Disposal/ Write offs	Depreciation expense	Closing balance
	\$	\$	\$	\$	\$
<b>2015</b>					
Freehold land	766,593	138,071	-	-	904,664
Water licence	575,437	261,563	-	-	837,000
Buildings	67,666	6,992	-	(5,599)	69,059
Plant and equipment	227,996	534	-	(48,637)	179,893
Leasehold improvements	227	-	(208)	(19)	-
	<b>1,637,919</b>	<b>407,160</b>	<b>(208)</b>	<b>(54,255)</b>	<b>1,990,616</b>
<b>2014</b>					
Freehold land	759,918	6,675	-	-	766,593
Water licence	575,437	-	-	-	575,437
Buildings	73,152	-	-	(5,486)	67,666
Plant and equipment	306,409	10,963	(24,009)	(65,367)	227,996
Leasehold improvements	2,648	-	(2,401)	(20)	227
	<b>1,717,564</b>	<b>17,638</b>	<b>(26,410)</b>	<b>(70,873)</b>	<b>1,637,919</b>

Land was valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015. The revaluation gain of \$138,071 has been recognised in the Statement of Profit or Loss and Other Comprehensive Income (\$101,296) and the Asset Revaluation Reserve (\$36,775; refer to Note 19).

The Water Licence pertains to the olive grove property in Gingin, Western Australia. As at 30 June 2015, an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) revalued the water licence upwards by \$261,563 from the previous reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

13. OLIVE TREES	2015	2014
	\$	\$
Olive trees - at cost	300,000	300,000
Revaluation	(234,500)	(234,500)
	<b>65,500</b>	<b>65,500</b>

There are approximately 64,500 16 year old olive trees on the 143 hectare Olive Grove located in Gingin, Western Australia. The fair value of the trees is at the Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities.

14. INTANGIBLE ASSETS	Brand name	Total
	\$	\$
<b>2014</b>		
At cost	-	-
Revaluation/(Impairment)	-	-
	-	-
<b>Movements in Carrying Amounts</b>		
At 1 July 2013	74,996	74,996
Disposal	(74,996)	(74,996)
At 30 June 2014	-	-

The Brand Name pertains to the 'Dandaragan Estate' Olive Oil brand. The Company sold the brand name, equipment and oil inventory as a going concern on 30 June 2014 (Refer to Note 4).

15. TRADE AND OTHER PAYABLES	2015	2014
	\$	\$
<b>Current</b>		
Trade payables	23,409	31,953
Other payables and accrued expenses	67,579	83,314
Dividend payable	28,302	28,302
	<b>119,290</b>	<b>143,569</b>

#### Risk Exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 22.

16. PROVISIONS	2015	2014
	\$	\$
<b>Current</b>		
Employee benefits - annual leave	8,687	15,044
Employee benefits - long service leave	27,885	23,558
	<b>36,572</b>	<b>38,602</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 16. PROVISIONS (continued)

#### 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:

	2015	2014
	\$	\$
Leave obligations expected to be settled after 12 months	27,885	23,558

### 17. DEFERRED TAX

#### Deferred tax assets

Employee benefits & accruals	22,916	22,838
Fair value losses	156,508	75,762
	<b>179,424</b>	<b>98,600</b>

#### Deferred tax liabilities

Fair value gains	179,424	97,631
Other	-	969
	<b>179,424</b>	<b>98,600</b>

(a) Movements - deferred tax assets	Employee	Fair value	Total
	benefits	losses	
	\$	\$	\$
At 1 July 2013	35,439	59,249	94,688
Credited/(charged) to the profit and loss	(12,601)	16,513	3,912
At 30 June 2014	<b>22,838</b>	<b>75,762</b>	<b>98,600</b>
At 1 July 2014	22,838	75,762	98,600
Credited/(charged) to the profit and loss	78	80,746	80,824
At 30 June 2015	<b>22,916</b>	<b>156,508</b>	<b>179,424</b>

(b) Movements - deferred tax liabilities	Fair value	Other	Total
	gains		
	\$	\$	\$
At 1 July 2013	90,131	4,557	94,688
Charged/(Credited) to the profit and loss	7,500	(3,588)	3,912
At 30 June 2014	<b>97,631</b>	<b>969</b>	<b>98,600</b>
At 1 July 2014	97,631	969	98,600
Charged/(Credited) to equity	89,501	-	89,501
Charged/(Credited) to the profit and loss	(7,708)	(969)	(8,677)
At 30 June 2015	<b>179,424</b>	<b>-</b>	<b>179,424</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

18. ISSUED CAPITAL	2015	2014	2015	2014
	Number	Number	\$	\$
Fully paid ordinary shares	15,860,528	15,905,528	<u>18,854,714</u>	<u>18,865,209</u>
<b>Movements in Ordinary shares</b>	<b>Date of issue</b>	<b>Number of shares</b>		<b>\$</b>
<b>At 1 July 2013</b>		<b>17,814,389</b>		<b>19,374,007</b>
Share buy-back - refer (b)	Sep-Dec 13	(836,553)		(217,638)
Share buy-back - refer (b)	Jan-Jun 14	(1,072,308)		(291,160)
<b>At 30 June 2014</b>		<u><b>15,905,528</b></u>		<u><b>18,865,209</b></u>
<b>At 1 July 2014</b>		<b>15,905,528</b>		<b>18,865,209</b>
Share buy-back - refer (b)	Jun-Oct 14	(10,000)		(2,730)
Share buy-back - refer (b)	Jun-15	(35,000)		(7,765)
<b>At 30 June 2015</b>		<u><b>15,860,528</b></u>		<u><b>18,854,714</b></u>

### (a) Ordinary shares

Fully paid ordinary shares carry one vote per share and the right to dividends. There was no movement in fully paid ordinary shares during the financial year.

### (b) Share buy-back

Pursuant to an on-market share buy-back approved by shareholders at the Company's 2013 annual general meeting on 28 November 2013, the Company bought back 10,000 shares on-market at a total cost of \$2,730 and at an average buy-back cost (including brokerage) of \$0.273 per share during the financial year.

This buy-back back expired on 30 October 2014 with the Company buying back a total of 318,861 shares at a total cost of \$86,063 and at an average buy-back cost (including brokerage) of \$0.27 per share under this capital management initiative.

On 5 June 2015, a fresh on-market share buy-back was announced and the Company bought back 35,000 shares at a total cost of \$7,765 and at an average buy-back cost (including brokerage) of \$0.22 per share under this capital management initiative.

### (c) 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 19. RESERVES

	2015	2014
	\$	\$
<b>Asset revaluation reserve</b>		
Revaluations of water licence	587,000	325,437
Revaluations of freehold land	36,775	-
Deferred tax on revaluations	(187,132)	(97,631)
	<b>436,643</b>	<b>227,806</b>

The movement in the Asset Revaluation Reserve relates to the revaluation of the olive grove land from \$766,593 to \$904,664 (Note 12) and the water licence from \$575,437 to \$837,000 (Note 12), as assessed by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015.

### 20. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Orion Equities Limited, as at 30 June 2015. The information presented below has been prepared using accounting policies outlined in Note 1.

	2015	2014
	\$	\$
<b>Statement of financial position</b>		
Current assets	1,316,823	1,509,312
Non current assets	6,473,542	6,792,950
<b>Total assets</b>	<b>7,790,365</b>	<b>8,302,262</b>
Current liabilities	100,945	129,402
Non current Liabilities	638,286	633,959
<b>Total liabilities</b>	<b>739,231</b>	<b>763,361</b>
<b>Net assets</b>	<b>7,051,134</b>	<b>7,538,901</b>
Issued capital	18,854,714	18,865,209
Accumulated losses	(11,803,580)	(11,326,308)
<b>Equity</b>	<b>7,051,134</b>	<b>7,538,901</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Loss for the year	(477,272)	(602,474)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(477,272)</b>	<b>(602,474)</b>
<b>(a) Current assets</b>		
<b>Cash and cash equivalents</b>		
Cash at bank	133,153	584,226
<b>Financial assets at fair value through profit and loss</b>		
Listed securities at fair value	896,288	668,482
Unlisted managed fund at fair value	261,081	249,880
	<b>1,157,369</b>	<b>918,362</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 20. PARENT ENTITY INFORMATION (continued)

#### (b) Non current assets

##### (i) Loans to subsidiaries

The balances below represent outstanding 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.

	2015	2014
	\$	\$
<b>Loans to subsidiaries</b>		
Opening balance	9,436,654	9,390,385
Loans advanced	42,803	113,786
Loans repaid	(186,996)	(67,517)
<b>Closing balance</b>	<b>9,292,461</b>	<b>9,436,654</b>

##### Provision for impairment

Opening balance	(5,628,815)	(5,377,996)
Additional impairment	134,819	(250,819)
<b>Closing balance</b>	<b>(5,493,996)</b>	<b>(5,628,815)</b>

##### (ii) Investments in wholly owned subsidiaries

Shares in controlled entities - at cost

<b>300</b>	<b>300</b>
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##### Details of percentage of ordinary shares held in controlled entities:

		Ownership Interest	
		2015	2014
Investment in controlled entities	Incorporated	%	%
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

#### (c) Ultimate parent company

ASX listed entity Queste Communications Ltd (ASX: **QUE**) is deemed to have control of the Consolidated Entity as it holds 59.06% (9,367,653 shares) (2014: 58.90% and 9,367,653 shares) of the Company's total issued share capital.

#### (d) Transactions with related parties

During the financial year there were transactions between the Company, QUE and Associate Entity, Bentley Capital Limited (ASX Code: **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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 20. PARENT ENTITY INFORMATION (continued)

(d) Transactions with related parties (continued)	2015	2014
Bentley Capital Limited	\$	\$
Dividend received	307,707	205,138
Return of capital received	-	205,137

During the financial year, Orion subsidiary, Silver Sands Developments Pty Ltd (SSD) received \$44,200 (2014: \$44,200) rental income from Director, Farooq Khan, pursuant to a standard form fixed term residential tenancy agreement in respect of the Property Held for Development or Resale.

(e) Lease Commitments (Refer to Note 26)	2015	2014
	\$	\$
Not longer than one year	56,035	73,333
Longer than one year but not longer than five years	32,083	-
	<b>88,118</b>	<b>73,333</b>

### 21. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker". The "Chief Operating Decision Maker", who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

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.

2015	Investments	Olive grove	Corporate	Total
<b>Segment revenues</b>	\$	\$	\$	\$
Revenue	62,968	-	-	62,968
Other	136,759	101,296	2,034	240,089
<b>Total segment revenues</b>	<b>199,727</b>	<b>101,296</b>	<b>2,034</b>	<b>303,057</b>
Personnel expenses	-	2,811	559,781	562,592
Finance expenses	-	313	2,675	2,988
Administration expenses	-	3,508	91,025	94,533
Depreciation expenses	-	51,602	2,653	54,255
Other expenses	225,875	13,409	109,296	348,580
<b>Total segment profit/(loss)</b>	<b>(26,148)</b>	<b>29,653</b>	<b>(763,396)</b>	<b>(759,891)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 21. SEGMENT INFORMATION (continued)

	Investments	Olive grove	Corporate	Total
	\$	\$	\$	\$
<b>Segment assets</b>				
Cash	-	5,532	135,275	140,807
Financial assets	1,162,119	-	-	1,162,119
Property held for development or resale	1,350,000	-	-	1,350,000
Investment in Associate	3,510,526	-	-	3,510,526
Property, plant and equipment	-	1,982,430	8,186	1,990,616
Other assets	-	67,786	206,533	274,319
<b>Total segment assets</b>	<b>6,022,645</b>	<b>2,055,748</b>	<b>349,994</b>	<b>8,428,387</b>
<b>Segment liabilities</b>	<b>-</b>	<b>214,166</b>	<b>121,120</b>	<b>335,286</b>
<b>2014</b>				
<b>Segment revenues</b>				
Revenue	83,673	196,511	-	280,184
Other	222,481	-	12,619	235,100
<b>Total segment revenues</b>	<b>306,154</b>	<b>196,511</b>	<b>12,619</b>	<b>515,284</b>
Personnel expenses	-	5,257	561,868	567,125
Finance expenses	-	995	2,137	3,132
Administration expenses	51,722	81,954	82,539	216,215
Depreciation expenses	-	67,526	3,347	70,873
Other expenses	7,245	340,619	100,243	448,107
<b>Total segment profit/(loss)</b>	<b>247,187</b>	<b>(299,840)</b>	<b>(737,515)</b>	<b>(790,168)</b>
<b>Segment assets</b>				
Cash	-	11,488	590,202	601,690
Financial assets	918,362	-	-	918,362
Property held for development or resale	1,490,000	-	-	1,490,000
Investment in Associate	3,892,016	-	-	3,892,016
Property, plant and equipment	-	1,627,406	10,513	1,637,919
Other assets	-	199,788	106,145	305,933
<b>Total segment assets</b>	<b>6,300,378</b>	<b>1,838,682</b>	<b>706,860</b>	<b>8,845,920</b>
<b>Segment liabilities</b>	<b>-</b>	<b>126,844</b>	<b>153,927</b>	<b>280,771</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 22. 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 to Note 7). 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 instruments:

		2015	2014
	Note	\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	6	140,807	601,690
Financial assets at fair value through profit or loss	7	1,162,119	918,362
Trade and other receivables	8	6,234	136,941
		<b>1,309,160</b>	<b>1,656,993</b>
<b>Financial liabilities</b>			
Trade and other payables	15	(119,290)	(143,569)
		<b>(119,290)</b>	<b>(143,569)</b>
<b>Net financial assets</b>		<b>1,189,870</b>	<b>1,513,424</b>

#### (a) Market risk

##### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 22. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Increase 15%	107,963	22,360	107,963	22,360
Decrease 15%	(107,963)	(22,360)	(107,963)	(22,360)

#### (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 1.85% (2014: 3.35%). The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity.

	2015	2014
	\$	\$
Cash at bank and in hand	140,807	601,690

#### (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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 22. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)	2015	2014
Cash and cash equivalents	\$	\$
AA-	138,331	599,369
A	2,476	1,623
	<u>140,807</u>	<u>600,992</u>
Trade receivables (due within 30 days)		
No external credit rating available	<u>6,234</u>	<u>136,941</u>

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.

### 23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### (a) Fair value hierarchy

AASB 13 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).

#### 2015

Financial assets at fair value through profit or loss:	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Listed securities at fair value	901,038	-	-	901,038
Unlisted managed fund at fair value	-	261,081	-	261,081
Land at independent valuation	-	-	904,664	904,664
Water licence	-	-	837,000	837,000
Olive trees	-	-	65,500	65,500
<b>Total</b>	<u>901,038</u>	<u>261,081</u>	<u>1,807,164</u>	<u>2,969,283</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

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

2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:	\$	\$	\$	\$
Listed securities at fair value	668,482	-	-	668,482
Unlisted managed fund at fair value	-	249,880	-	249,880
Land at independent valuation	-	-	766,593	766,593
Water licence	-	-	575,437	575,437
Olive trees	-	-	65,500	65,500
<b>Total</b>	<b>668,482</b>	<b>249,880</b>	<b>1,407,530</b>	<b>2,325,892</b>

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

#### (b) Valuation techniques

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

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

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

At Level 3, the land and water licence were valued by an independent qualified valuer (a Certified Practising Valuer and Associate Member of the Australian Property Institute) as at 30 June 2015. These assets have been valued based on similar assets, location and market conditions or Direct Comparison or Comparative Sales Approach. The land value per hectare based on rural land sold in the general location provided a rate which included ground water licence. A 4% change would increase or decrease the land and water licence's fair value change by \$36,000 and \$33,500 respectively. There has been no unusual circumstances that may affect the value of the trees.

At Level 3 the olive trees' value was assessed as at 30 June 2015 by the Directors. The fair value of the trees is at the Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities. The significant unobservable input is the replacement cost of 16 year old fruiting trees. There are no age limits to the commercial viability of an olive grove. A 1% change in the minimum replacement cost would result in an increase or decrease by \$3,500. There has been no unusual circumstances that may affect the value of the property.

The changes in the Level 3 values are explained in Note 12 in relation to the land and water licence.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

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

#### (c) Level 3 assets

	Land	Water licence	Olive trees	Total
	\$	\$	\$	\$
At 1 July 2013	759,918	575,437	65,500	1,400,855
Addition/(Disposal)	6,675	-	-	6,675
<b>At 30 June 2014</b>	<b>766,593</b>	<b>575,437</b>	<b>65,500</b>	<b>1,407,530</b>
Revaluation	138,071	261,563	-	399,634
<b>At 30 June 2015</b>	<b>904,664</b>	<b>837,000</b>	<b>65,500</b>	<b>1,807,164</b>

#### (d) Fair values of other financial instruments

	2015	2014
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	140,807	601,690
Trade and other receivables	6,234	136,941
	<b>147,041</b>	<b>738,631</b>
<b>Financial liabilities</b>		
Trade and other payables	(119,290)	(143,569)
	<b>(119,290)</b>	<b>(143,569)</b>

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

### 24. KEY MANAGEMENT PERSONNEL DISCLOSURES (KMP)

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 2015.

The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

	2015	2014
	\$	\$
<b>Directors</b>		
Short-term employment benefits	372,028	354,004
Other long-term employment benefits	1,923	36,058
	<b>373,951</b>	<b>390,062</b>

During the year, Orion subsidiary, Silver Sands Developments Pty Ltd (SSD) received \$44,200 rental income from Director, Farooq Khan, pursuant to a standard form residential tenancy agreement in respect of Property Held for Development or Resale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 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:

	2015	2014
	\$	\$
<b>BDO Audit (WA) Pty Ltd</b>		
Audit and review of financial statements	34,883	35,572
Taxation and other services	5,858	3,909
	<u>40,741</u>	<u>39,481</u>

The Consolidated Entity may engage BDO on assignments additional to their statutory audit duties where their expertise and experience with the Consolidated Entity are important. These assignments principally relate to taxation advice in relation to the tax notes to the financial statements.

### 26. COMMITMENTS

	2015	2014
	\$	\$
Not longer than one year	56,035	73,333
Longer than one year but not longer than five years	32,083	-
	<u>88,118</u>	<u>73,333</u>

On or about 19 May 2015, the Consolidated Entity renewed its non-cancellable operating lease agreement for shared office accommodation. The lease commitment is the Consolidated Entity's share of the lease costs and includes all outgoings (inclusive of GST). The lease is for a further 18 month term expiring on or about 30 January 2017.

### 27. 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 various Australian tenements - EL47/1328 and PL47/1170 (the Paulsens East Project tenements currently held by Strike Resources Limited (**Strike**) (ASX: SRK)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2015

### 28. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Associate entity, Bentley Capital Limited (ASX : BEL), has announced its intention to pay a fully-franked dividend of 0.5 cent per share in September 2015. The Company's entitlement to such dividend would be \$102,569.

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 19 to 50 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 2015 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**  
Chairman

31 August 2015



**Victor Ho**  
Executive Director and Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the members of Orion Equities Limited

### Report on the Financial Report

We have audited the accompanying financial report of Orion Equities Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Orion Equities Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Opinion

In our opinion:

- (a) the financial report of Orion Equities Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

#### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### Opinion

In our opinion, the Remuneration Report of Orion Equities Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Ian Skelton

Director

Perth, 31 August 2015

# SECURITIES INFORMATION

## as at 30 June 2015

### DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1	-	1,000	51	21,176	0.134%
1,001	-	5,000	130	364,362	2.297%
5,001	-	10,000	47	357,401	2.253%
10,001	-	100,000	74	2,421,288	15.266%
100,001	-	and over	16	12,696,301	80.050%
<b>Total</b>			<b>318</b>	<b>15,860,528</b>	<b>100.00%</b>

### TOP TWENTY ORDINARY, FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	TOTAL SHARES	% ISSUED CAPITAL
1*	QUESTE COMMUNICATIONS LTD	9,367,653	59.063
2*	CLEOD PTY LTD - CELLANTE SUPER FUND A/C CELLANTE SECURITIES PTY LIMITED	506,000 417,038 Sub-total	5.820
3	DR STEVEN RODWELL	424,329	2.675
4	REDSUMMER PTY LTD	225,000	1.419
5	MR STEPHEN JAMES LAMBERT & MRS RUTH LYNETTE LAMBERT & MR SIMON LEE LAMBERT	200,000	1.261
6	MS HOON CHOO TAN	197,538	1.245
7	MRS PENELOPE MARGARET SIEMON	181,355	1.143
8	MR SEAN DENNEHY	177,500	1.119
9	MR JOHN STEPHEN CALVERT	169,532	1.069
10	MR BRUCE SIEMON	163,351	1.030
11	VIKAND CONSULTING PTY LTD	144,798	0.913
12	MR ANTHONY NEALE KILLER & MS SANDRA MARIE KILLER	120,000	0.757
13	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	105,000	0.662
14	MR JOHN CHENG-HSIANG YANG & MRS PEGA PING MOK	103,726	0.654
15	MRS CAROLINE ANN PICKERING	100,000	0.630
16	MS MORAG BARRETT	94,013	0.593
17	MRS TAMI VARNEY	90,000	0.567
18	MR DAMIAN GERARD BOWDLER & MRD MARGARET CLARE BOWDLER	85,900	0.542
19	MR KEVIN LEDGER & MRS ROBIN LEDGER	85,000	0.535
20	GIBSON KILLER PTY LTD	80,000	0.503
	<b>TOTAL</b>	<b>13,037,733</b>	<b>82.2%</b>

\* Substantial shareholders of the Company