



---

## HALF YEAR REPORT

31 December 2018

---

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE  
30 JUNE 2018 ANNUAL REPORT OF THE COMPANY  
LODGED ON ASX ON 25 OCTOBER 2018



**ASX Code : OEQ**

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

**REGISTERED OFFICE:**

Level 2  
23 Ventnor Avenue  
West Perth, Western Australia 6005

**T** | (08) 9214 9797  
**F** | (08) 9214 9701  
**E** | [info@orionequities.com.au](mailto:info@orionequities.com.au)  
**W** | [www.orionequities.com.au](http://www.orionequities.com.au)

**SHARE REGISTRY:**

Advanced Share Registry Services  
Western Australia – Main Office  
110 Stirling Highway  
Nedlands, Western Australia 6009  
PO Box 1156, Nedlands  
Western Australia 6909

**T** | (08) 9389 8033  
**F** | (08) 9262 3723  
**E** | [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
**W** | [www.advancedshare.com.au](http://www.advancedshare.com.au)

New South Wales – Branch Office  
Suite 8H, 325 Pitt Street  
Sydney, New South Wales 2000  
PO Box Q1736, Queen Victoria Building  
New South Wales 1230  
**T** | (02) 8096 3502

**CONTENTS**

ASX Appendix 4D Half Year Report	<b>2</b>
Directors' Report	<b>4</b>
Auditor's Independence Declaration	<b>12</b>
Consolidated Statement of Profit or Loss and other Comprehensive Income	<b>13</b>
Consolidated Statement of Financial Position	<b>14</b>
Consolidated Statement of Changes in Equity	<b>15</b>
Consolidated Statement of Cash Flows	<b>16</b>
Notes to the Consolidated Financial Statements	<b>17</b>
Directors' Declaration	<b>27</b>
Auditor's Independent Review Report	<b>28</b>
Securities Information	<b>29</b>

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

- Market Announcements
- Financial Reports
- Corporate Governance
- NTA Backing History
- Forms
- Email subscription

**CORPORATE DIRECTORY****BOARD**

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

**COMPANY SECRETARY**

Victor Ho

**PRINCIPAL AND REGISTERED OFFICE**

Level 2  
23 Ventnor Avenue  
West Perth, Western Australia 6005  
Telephone: (08) 9214 9797  
Facsimile: (08) 9214 9701  
Email: [info@orionequities.com.au](mailto:info@orionequities.com.au)  
Website: [www.orionequities.com.au](http://www.orionequities.com.au)

**AUDITORS**

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

**STOCK EXCHANGE**

Australian Securities Exchange  
Perth, Western Australia

**ASX CODE**

OEQ

**SHARE REGISTRY**

Advanced Share Registry Services  
Main Office  
110 Stirling Highway  
Nedlands, Western Australia 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9262 3723  
Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
Investor Web: [www.advancedshare.com.au](http://www.advancedshare.com.au)

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

# APPENDIX 4D HALF YEAR REPORT

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

Current Reporting Period:	1 July 2018 to 31 December 2018
Previous Corresponding Period:	1 July 2017 to 31 December 2017
Balance Date:	31 December 2018
Company:	Orion Equities Limited ( <b>OEQ</b> or the <b>Company</b> )
Consolidated Entity:	Orion and controlled entities ( <b>Orion</b> )

## OVERVIEW OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

<b>Consolidated Entity</b>	<b>Dec 2018</b> \$	<b>Dec 2017</b> \$	<b>% Change</b>	<b>Up/ Down</b>
Total revenues	25,125	22,461	12%	Up
Net gain on sale of non-current asset	201,786	-	N/A	N/A
Net gain/(loss) on financial assets	(116,901)	185,663	163%	Gain down
Share of Associate entity's profit/(loss)	(433,068)	183,274	336%	Profit Down
Expenses:				
Personnel expenses	(212,767)	(205,059)	4%	Up
Corporate expenses	(22,540)	(21,414)	5%	Up
Other expenses	(114,785)	(58,431)	96%	Up
<b>Profit/(Loss) before tax</b>	<b>(673,150)</b>	<b>106,494</b>	732%	Profit Down
Income tax expense	(38,973)	-		
<b>Profit/(Loss) attributable to members of the Company</b>	<b>(712,123)</b>	<b>106,494</b>	769%	Profit Down
Basic and diluted earnings/(loss) per share (cents)	(4.55)	0.68	769%	Earnings Down

<b>Consolidated Entity</b>	<b>Dec 2018</b> \$	<b>Jun 2018</b> \$	<b>% Change</b>	<b>Up/ Down</b>
Pre-tax NTA backing per share	0.200	0.252	21%	Down
Post-tax NTA backing per share	0.200	0.252	21%	Down

## BRIEF EXPLANATION OF RESULTS

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

Overall net loss of \$0.673 million relate principally to Orion's investment portfolio performance, which includes an unrealised loss on Strike Resources Limited (ASX:SRK) of \$0.117 million.

The share of Associate entity's loss of \$0.433 million relates to Orion's investment in Bentley Capital Limited (ASX:BEL) – Orion notes that the 31 December 2018 carrying value of its 20,513,783 shareholding in Bentley was 3.45 cents per share (worth \$0.707 million), which compares with Bentley's closing bid price of 9.5 cents (worth \$1.95 million) and Bentley's net tangible asset (**NTA**) backing of 9.44 cents (worth \$1.937 million) (both as at 31 December 2018).

Orion accounts for Bentley as an Associate entity, which means that Orion is required to recognise a share of Bentley's net gain or loss in respect of the financial half year based on Orion's (26.95% as at 31 December 2018) shareholding interest in Bentley (this is known as the equity method of accounting for an associate entity).

# APPENDIX 4D HALF YEAR REPORT

Accordingly, as Bentley incurred a net loss of \$1.607 million for the financial half year (primarily due to the adverse performance of its listed investments), Orion is required to recognise a 26.95% share of this loss (calculated as at each month end through the course of the half year from 1 July 2018 to 31 December 2018), being \$0.433 million, in Orion's own accounts for the half year. This share of Bentley's net loss is the primary contributor to Orion's overall net loss for the half year, rather than as a consequence of Orion's own direct activities or operations.

Please refer to the Directors' Report and Financial Report for further information on a review of Orion's operations and the financial position and performance of Orion for the financial half year ended 31 December 2018.

## DIVIDEND

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2018.

## 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) 26.95% interest (20,513,783 shares) in Bentley Capital Limited (ASX:BEL) (30 June 2018 and 31 December 2017: 26.95%; 20,513,783 shares).

## CONTROLLED ENTITIES

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

For and on behalf of the Directors,



Date: 28 February 2019

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 ABN 77 000 742 843 (**OEQ** or the **Company**) and its controlled entities (**Orion** or the **Consolidated Entity**) for the financial half year ended 31 December 2018 (**Balance Date**).

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

## NET TANGIBLE ASSET BACKING (NTA)

<b>Consolidated Entity</b>	<b>Dec 2018</b>	<b>Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Net tangible assets (before tax)	3,130,640	3,945,509
<b>Pre-Tax NTA Backing per share</b>	<b>0.200</b>	<b>0.252</b>
Less deferred tax assets and tax liabilities		-
Net tangible assets (after tax)	3,130,640	3,945,509
<b>Pre-Tax NTA Backing per share</b>	<b>0.200</b>	<b>0.252</b>
<b>Value of dividend paid in previous 6 months</b>	-	140,843
Based on total issued share capital	15,649,228	15,649,228

## FINANCIAL POSITION

<b>Consolidated Entity</b>	<b>Dec 2018</b>	<b>Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	1,055,441	35,775
Financial assets at fair value through profit and loss	420,000	551,901
Investments in listed Associate entity (BEL)	707,106	1,242,743
Property held for development or resale	1,220,000	1,220,000
Receivables	15,163	68,435
Other assets	19,092	1,407,852
Deferred tax asset	-	38,973
<b>Total Assets</b>	<b>3,436,802</b>	<b>4,565,679</b>
Other payables and liabilities	(306,162)	(581,197)
Deferred tax liability	-	(38,973)
<b>Net Assets</b>	<b>3,130,640</b>	<b>3,945,509</b>
Issued capital	18,808,028	18,808,028
Asset Revaluation Reserve	-	102,746
Profits Reserve	2,624,527	2,783,750
Accumulated losses	(18,301,915)	(17,749,015)
<b>Total Equity</b>	<b>3,130,640</b>	<b>3,945,509</b>

# DIRECTORS' REPORT

## OPERATING RESULTS

<b>Consolidated Entity</b>	<b>Dec 2018</b>	<b>Dec 2017</b>
	<b>\$</b>	<b>\$</b>
Total revenues	25,125	22,461
Net gain on sale of non-current asset	201,786	-
Net gain/(loss) on financial assets	(116,901)	185,663
Share of Associate entity's profit/(loss)	(433,068)	183,274
Other Expenses		
Personnel expenses	(212,767)	(205,059)
Corporate expenses	(22,540)	(21,414)
Other expenses	(114,785)	(58,431)
<b>Profit/(Loss) before tax</b>	<b>(673,150)</b>	<b>106,494</b>
Income tax expense	(38,973)	-
<b>Profit/(Loss) attributable to members of the Company</b>	<b>(712,123)</b>	<b>106,494</b>

Orion realised \$1.45 million cash (gross) and generated a net gain of \$0.202 million from the sale of Agribusiness Assets in October 2018.

Overall net loss of \$0.673 million relate principally to Orion's investment portfolio performance, which includes an unrealised loss on Strike Resources Limited (ASX:SRK) of \$0.117 million.

The share of Associate entity's loss of \$0.433 million relates to Orion's investment in Bentley Capital Limited (ASX:BEL) – Orion notes that the 31 December 2018 carrying value of its 20,513,783 shareholding in Bentley was 3.45 cents per share (worth \$0.707 million), which compares with Bentley's closing bid price of 9.5 cents (worth \$1.95 million) and Bentley's net tangible asset (NTA) backing of 9.44 cents (worth \$1.937 million) (both as at 31 December 2018).

Orion accounts for Bentley as an Associate entity, which means that Orion is required to recognise a share of Bentley's net gain or loss in respect of the financial half year based on Orion's (26.95% as at 31 December 2018) shareholding interest in Bentley (this is known as the equity method of accounting for an associate entity).

Accordingly, as Bentley incurred a net loss of \$1.607 million for the financial half year (primarily due to the adverse performance of its listed investments), Orion is required to recognise a 26.95% share of this loss (calculated as at each month end through the course of the half year from 1 July 2018 to 31 December 2018), being \$0.433 million, in Orion's own accounts for the half year. This share of Bentley's net loss is the primary contributor to Orion's overall net loss for the half year, rather than as a consequence of Orion's own direct activities or operations.

## EARNINGS PER SHARE

<b>Consolidated Entity</b>	<b>Dec 2018</b>	<b>Dec 2017</b>
Basic and diluted earnings/(loss) per share (cents)	(4.55)	0.68
Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic and diluted earnings/(loss) per share	15,649,228	15,649,228

# DIRECTORS' REPORT

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2018

As at 31 December 2018, the Company had:

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

## CAPITAL MANAGEMENT

### (a) Securities in The Company

At the Balance Date, the Company had 15,649,228 shares on issue (30 June 2018 and 31 December 2017: 15,649,228).

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

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

At the Company's 2018 AGM held on 28 November 2018, shareholders did not approve a special resolution<sup>1</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>2</sup>

By way of background:

- At the Company's 2013 AGM, shareholders approved the adoption of a "performance-based wind-up vote trigger" clause in the Company's Constitution. 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.
- 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).
- Further details in relation to the 'Voluntary Winding Up Trigger' is in the Company's Notice of 2013 AGM and Explanatory Statement dated 23 October 2013.

<sup>1</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>2</sup> Orion's ASX Announcement dated 28 November 2018: Results of 2018 Annual General Meeting

# DIRECTORS' REPORT

The percentage change in the Orion group's adjusted net assets during each of 2016/2017 and 2017/18 were more than 15% below (in absolute terms) the percentage change in the performance of the Index over the same periods. Therefore, the Directors proposed a voluntary winding up (special) resolution at the 2018 AGM.

The Company also refers to the Notice of 2018 AGM and Explanatory Statement dated 25 October 2018 for further details in relation to this voluntary winding up special resolution.

## REVIEW OF OPERATIONS

### (a) Portfolio Details as at 31 December 2018

#### Asset Weighting

Consolidated Entity	% of Net Assets		
	Dec 2018	Jun 2018	Dec 2017
Australian equities	36%	45%	53%
Agribusiness <sup>3</sup>	-	35%	30%
Property held for development and resale	39%	31%	24%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	-	-
Net cash/other assets and provisions	25%	(11)%	(7)%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### Major Holdings in Securities Portfolio

Security	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
Bentley Capital Limited	1.95	62%	BEL	Diversified Financials
Strike Resources Limited	0.42	13%	SRK	Materials
<b>TOTAL</b>	<b>2.37</b>	<b>75%</b>		

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

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

Orion holds 26.95% (20,513,783 shares) of Bentley's issued ordinary share capital as at 31 December 2018 (30 June 2018 and 31 December 2017: 20,513,783 shares (26.95%)).

Bentley's asset weighting as at 31 December 2018 was 98% Australian equities (30 June 2018: 95.1%), 2.4% intangible assets (30 June 2018: 1%) and -0.3% net cash/other assets (30 June 2018: 3.9%).

Bentley had net assets of \$7.36 million as at 31 December 2018 (30 June 2018: \$9.347 million) and generated a net loss of \$1.607 million for the financial half year (31 December 2017: after-tax net profit of \$0.893 million).

3 Agribusiness net assets comprised olive grove land, olive trees, buildings and plant and equipment.



# DIRECTORS' REPORT

During the financial half year, Bentley paid a 0.50 cent fully franked dividend that was distributed in July 2018 (31 December 2017: 0.50 cent fully franked dividend).

Orion received \$0.103 million dividends from Bentley during the financial half year (6 months to 30 June 2018: \$0.103 million).

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	20 July 2018
0.50 cent	Dividend	\$102,569	25 January 2018
0.50 cent	Dividend	\$102,569	31 August 2017
0.50 cent	Dividend	\$102,569	31 March 2017
0.50 cent	Dividend	\$102,569	29 September 2016
0.50 cent	Dividend	\$102,569	18 March 2016
0.50 cent	Dividend	\$102,569	25 September 2015
0.55 cent	Dividend	\$112,826	20 March 2015
0.95 cent	Dividend	\$194,881	26 September 2014
One cent	Dividend	\$205,138	21 March 2014
One cent	Return of capital	\$205,138	12 December 2013
One cent	Return of capital	\$205,138	18 April 2013
One cent	Return of capital	\$205,138	30 November 2012
One cent	Return of capital	\$205,138	19 April 2012
5.0 cents	Return of capital	\$1,025,689	14 October 2011
2.4 cents	Dividend (Special)	\$492,331	26 September 2011
One cent	Dividend	\$205,138	26 September 2011
One cent	Dividend	\$205,138	17 March 2011
One cent	Dividend	\$205,138	30 September 2010
One cent	Dividend	\$205,138	15 March 2010

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

Shareholders are advised to refer to the 31 December 2018 Half Year Report, 30 June 2018 Annual Report and monthly NTA disclosures lodged by Bentley for further information about the status and affairs of the company.

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

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

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

Strike owns the high grade Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru and is currently developing its Burke Graphite Project in Queensland and lithium exploration tenements in Western Australia; Strike also retains relatively strong cash reserves and liquid investments totalling ~\$3.654 million (as at 31 December 2018)<sup>4</sup>.

Orion holds 10,000,000 Strike shares (6.88%) (30 June 2018: 10,000,000 shares (6.88%)) while Bentley holds 52,553,493 Strike shares (36.16%) currently and as at 31 December 2018. Therefore, Orion has a deemed relevant interest in 62,553,493 Strike shares (43.041%)<sup>5</sup>.

<sup>4</sup> Refer SRK's ASX Announcement dated 31 January 2019: December 2018 Quarterly Report

<sup>5</sup> Refer Orion's ASX Announcement dated 4 September 2016: Change in Substantial Holding Notice

# DIRECTORS' REPORT

During the half year, SRK shares traded on ASX within a range of 4.4 to 6.2 cents with a closing price of 4.5 cents as at 31 December 2018 and a current closing price of 4.2 cents (as at 22 February 2019).

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

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

## (d) Other Assets

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

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

## BOARD OF DIRECTORS

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

Farooq Khan	Executive Chairman
<i>Appointed</i>	23 October 2006
<i>Qualifications</i>	BJuris, LLB (Western Australia)
<i>Experience</i>	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Relevant interest in shares</i>	2,000 shares – directly <sup>6</sup>
<i>Special Responsibilities</i>	Chairman of the Board and the Investment Committee
<i>Other current directorships in listed entities</i>	(1) Executive Chairman and Managing Director of Queste Communications Ltd (ASX:QUE) (since 10 March 1998) (2) Executive Chairman of Bentley Capital Limited (ASX:BEL) (director since 2 December 2003) (3) Chairman (appointed 18 December 2015) of Strike Resources Limited (ASX:SRK) (Director since 1 October 2015)
<i>Former directorships in other listed entities in past 3 years</i>	None

<sup>6</sup> Refer Orion's ASX announcement dated 20 November 2014: Change in Directors Interest Notice

# DIRECTORS' REPORT

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

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

At the Company's 2018 AGM<sup>7</sup>:

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

<sup>7</sup> Refer Orion's ASX Announcement dated 28 November 2018: Results of 2018 Annual General Meeting

# DIRECTORS' REPORT

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* forms part of this Directors Report and is set out on page 12. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

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



Farooq Khan  
Chairman



Victor Ho  
Executive Director

28 February 2019

# *R*OTHSA Y


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

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

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2018 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 28 February 2019

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2018

	Note	31 Dec 18 \$	31 Dec 17 \$
Revenue	2	25,125	22,461
<b>Other</b>			
Net gain on sale of non-current assets		201,786	-
Net gain on financial assets at fair value through profit or loss		-	185,663
Share of net profit of Associate entity		-	183,274
<b>TOTAL REVENUE AND INCOME</b>		<b>226,911</b>	<b>391,398</b>
<b>EXPENSES</b>	<b>3</b>		
Share of Associate entity's loss		(433,068)	-
Net loss on financial assets at fair value through profit or loss		(116,901)	-
Land operation expenses		(7,794)	(5,435)
Personnel expenses		(212,767)	(205,059)
Occupancy expenses		(15,090)	(13,579)
Corporate expenses		(22,540)	(21,414)
Communication expenses		(1,196)	(2,819)
Finance expenses		(279)	(919)
Administration expenses		(33,667)	(14,218)
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>(616,391)</b>	<b>127,955</b>
Income tax expense		-	-
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>(616,391)</b>	<b>127,955</b>
Loss from discontinued operations	5	(56,759)	(21,461)
Income tax benefit		(38,973)	-
<b>PROFIT/(LOSS) AFTER INCOME TAX</b>		<b>(712,123)</b>	<b>106,494</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Reversal of revaluation of assets, net of tax		(102,746)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR</b>		<b>(814,869)</b>	<b>106,494</b>
<b>EARNING/(LOSS) PER SHARE FOR THE PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted loss per share (cents)	6	(4.55)	0.68

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 31 December 2018

	Note	31 Dec 18	30 Jun 18
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,055,441	35,775
Financial assets at fair value through profit or loss	7	420,000	551,901
Receivables		15,163	68,435
Other current assets		12,760	2,469
<b>TOTAL CURRENT ASSETS</b>		<b>1,503,364</b>	<b>658,580</b>
<b>NON CURRENT ASSETS</b>			
Investment in Associate entity	10	707,106	1,242,743
Property held for development or resale		1,220,000	1,220,000
Property, plant and equipment		6,332	1,405,383
Deferred tax asset		-	38,973
<b>TOTAL NON CURRENT ASSETS</b>		<b>1,933,438</b>	<b>3,907,099</b>
<b>TOTAL ASSETS</b>		<b>3,436,802</b>	<b>4,565,679</b>
<b>CURRENT LIABILITIES</b>			
Payables		238,893	515,033
Provisions		67,269	66,164
<b>TOTAL CURRENT LIABILITIES</b>		<b>306,162</b>	<b>581,197</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liability		-	38,973
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>-</b>	<b>38,973</b>
<b>TOTAL LIABILITIES</b>		<b>306,162</b>	<b>620,170</b>
<b>NET ASSETS</b>		<b>3,130,640</b>	<b>3,945,509</b>
<b>EQUITY</b>			
Issued capital		18,808,028	18,808,028
Reserves			
Asset revaluation reserve		-	102,746
Profit reserve		2,624,527	2,783,750
Accumulated losses		(18,301,915)	(17,749,015)
<b>TOTAL EQUITY</b>		<b>3,130,640</b>	<b>3,945,509</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the half year ended 31 December 2018

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>BALANCE AT 1 JULY 2017</b>		<b>18,808,028</b>	<b>306,653</b>	<b>(13,912,350)</b>	<b>5,202,331</b>
Profit for the half year		-	-	106,494	106,494
Profits reserve transfer		-	2,779,300	(2,779,300)	-
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the half year</b>		<b>-</b>	<b>2,779,300</b>	<b>(2,672,806)</b>	<b>106,494</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid	9	-	(140,843)	-	(140,843)
<b>BALANCE AT 31 DECEMBER 2017</b>		<b>18,808,028</b>	<b>2,945,110</b>	<b>(16,585,156)</b>	<b>5,167,982</b>
<b>BALANCE AT 1 JULY 2018</b>		<b>18,808,028</b>	<b>2,886,496</b>	<b>(17,749,015)</b>	<b>3,945,509</b>
Loss for the half year		-	-	(712,123)	(712,123)
Profit reserve transfer		-	(159,223)	159,223	-
Other comprehensive income		-	(102,746)	-	(102,746)
<b>Total comprehensive loss for the half year</b>		<b>-</b>	<b>(261,969)</b>	<b>(552,900)</b>	<b>(814,869)</b>
<b>BALANCE AT 31 DECEMBER 2018</b>		<b>18,808,028</b>	<b>2,624,527</b>	<b>(18,301,915)</b>	<b>3,130,640</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the half year ended 31 December 2018

	Note	31 Dec 18 \$	31 Dec 17 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		18,850	18,850
Dividends received		102,569	102,569
Interest received		3,133	469
Payments to suppliers and employees		(582,050)	(187,306)
Interest paid		-	(7)
Sale of financial assets at fair value through profit or loss		67,844	34,555
Purchase of financial assets at fair value through profit or loss		-	(2,000)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(389,654)</b>	<b>(32,870)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(3,680)	(728)
Disposal of agricultural assets		1,456,500	-
Commission from sale of agricultural assets		(43,500)	-
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>1,409,320</b>	<b>(728)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	9	-	(140,843)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>-</b>	<b>(140,843)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>1,019,666</b>	<b>(174,441)</b>
Cash and cash equivalents at beginning of financial year		35,775	207,703
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL HALF YEAR</b>		<b>1,055,441</b>	<b>33,262</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

The half year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2018 to the date of this report. The half-year report complies with Australian Accounting Standards – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board.

#### Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Consolidated Entity's financial statements for the financial year ended 30 June 2018.

#### Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period

In the current reporting period, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

The following new and revised Standards and Interpretations effective for the current reporting period that are relevant to the Consolidated Entity include:

- AASB 15 *Revenue from Contracts with Customers*, and relevant amending standards
- AASB 9 *Financial Instruments*, and relevant amending standards
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

#### Impact on Application

The adoption of the aforementioned standards has not had a quantitatively material impact on the interim financial statements of the Consolidated Entity as at 31 December 2018. A more detailed discussion on the impact of the adoption of AASB 9 and AASB 15 is included below.

#### AASB 15: Revenue from Contracts with Customers (AASB 15)

AASB 15 establishes a comprehensive five-step framework for determining the timing and quantum of revenue recognised. It has replaced the existing guidance, including AASB 118 *Revenue* and AASB 111 *Construction Contracts*. The core principle of AASB 15 is that an entity shall recognise revenue as control of a good or service transfers to a customer. The Consolidated Entity has adopted the modified transition approach. The adoption of AASB 15 from 1 July 2018 has not resulted in any adjustments.

#### AASB 9: Financial Instruments (AASB 9)

The Consolidated Entity has adopted AASB 9 from 1 July 2018 which have resulted in changes to accounting policies and the analysis for possible adjustments to amounts recognised in the Interim Financial Report. In accordance with the transitional provisions in AASB 9, the reclassifications and adjustments are not reflected in the statement of financial position as at 30 June 2018 but recognised in the opening statement of financial position as at 1 July 2018. As per the new impairment model introduced by AASB 9, the Consolidated Entity has not recognised a loss allowance on trade and other receivables as at 1 July 2018.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Classification and Measurement

On 1 July 2018, the Consolidated Entity has assessed which business models apply to the financial instruments held by the Consolidated Entity and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Consolidated Entity classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Consolidated Entity's financial instruments.

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

The following table summarises the impact on the classification and measurement of the Consolidated Entity's financial instruments at 1 July 2018:

Presentation on Statement of Financial Position	AASB 139 Classification	AASB 9 Classification	AASB 139 Carrying amount	AASB 9 Carrying amount
Cash and cash equivalents	Loans and receivables	Amortised cost	No change	No change
Receivables	Loans and receivables	Amortised cost or fair value	No change	No change
Financial assets at fair value through Profit or Loss (FVTPL)	Financial assets at FVTPL	Financial assets at FVTPL	No change	No change

Notes:

- (1) The Consolidated Entity may at times hold bank deposits. These items would previously meet the classification of loans and receivables under AASB 139 but will be now measured at amortised cost under AASB 9.
- (2) These investments in other listed securities were classified as FVTPL under AASB 139. The Consolidated Entity has elected to maintain this classification on transition to AASB 9.

The Consolidated Entity does not currently enter into any hedge accounting and therefore there is no impact to the Consolidated Entity's Interim Financial Report.

#### Impairment

AASB 9 introduces a new expected credit loss (ECL) impairment model that requires the Consolidated Entity to adopt an ECL position across the Consolidated Entity's financial assets at 1 July 2018. The Consolidated Entity's receivables balance comprises trade receivables from customers, GST refunds from the Australian Tax Office, interest receivables and amounts owing to it from the sale of an asset in a previous period. Whilst cash and cash equivalents are also subject to the impairment requirements of AASB 9, an impairment loss would be considered immaterial.

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

(i) **the simplified approach** (which will be applied to most trade receivables) which requires the recognition of lifetime ECLs by considering forward-looking assumptions and information regarding expected future conditions affecting historical customer default rates;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) **the general approach** (which will be applied to most loans and debt securities) whereby ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, the Consolidated Entity will provide for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance will arise for credit losses expected over the remaining life of exposure, irrespective of the timing of the default; and

(iii) **For purchased or originated credit-impaired receivables**, the fair value at initial recognition already takes into account lifetime expected losses. At each reporting date, the Consolidated Entity updates its estimated cash flows and adjusts the loss allowance accordingly.

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

#### Accounting Policies

Due to the mandatory application of AASB 9, the Consolidated Entity has been required to update its accounting policies to meet the requirements of the new standard. The updated policies are detailed in the respective notes to the financial statements as applicable.

#### Other standards

Other standards that become effective this period that are relevant to the Consolidated Entity include:

- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*; and
- AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*.

They do not affect the Consolidated Entity's accounting policies or any of the amounts recognised in the financial statements.

	31 Dec 18	31 Dec 17
<b>2. Revenue</b>	<b>\$</b>	<b>\$</b>
Rental revenue	21,992	21,992
Dividend revenue	-	-
Interest revenue	3,133	469
	<hr/>	<hr/>
	25,125	22,461
<b>Other</b>		
Net gain on sale of non-current assets	201,786	-
Net gain on financial assets at fair value through profit or loss	-	185,663
Share of net profit of Associate entity	-	183,274
	<hr/>	<hr/>
	<b>226,911</b>	<b>391,398</b>

### 3. EXPENSES

The consolidated loss before income tax includes the following items of expenses:

Share of net loss of Associate entity	433,068	-
Net loss on financial assets at fair value through profit or loss	116,901	-
Salaries, fees and employee benefits	212,767	205,059

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

3. EXPENSES (continued)	31 Dec 18	31 Dec 17
	\$	\$
Olive grove operations		
Depreciation of olive grove assets	3,566	13,220
Other expenses	53,193	8,241
Land operations		
Other expenses	7,794	5,435
Occupancy expenses	15,090	13,579
Finance expenses	279	919
Communication expenses	1,196	2,819
Corporate expenses		
ASX fees	16,971	16,915
Share registry	3,729	3,986
Other corporate expenses	1,840	513
Administration expenses		
Professional and legal fees	2,946	442
Depreciation	1,155	753
Other administration expenses	29,566	13,023
	<b>900,061</b>	<b>284,904</b>

### 4. SEGMENT INFORMATION

31 Dec 18	Investments	Olive grove	Corporate	Total
	\$	\$	\$	\$
<b>Segment revenues</b>				
Revenue	21,992	-	-	21,992
Other	-	201,786	3,133	204,919
<b>Total segment revenues</b>	<b>21,992</b>	<b>201,786</b>	<b>3,133</b>	<b>226,911</b>
Personnel expenses	-	-	212,767	212,767
Finance expenses	-	3	279	282
Administration expenses	-	47,296	32,591	79,887
Depreciation expense	-	3,566	1,155	4,721
Other expenses	557,421	5,894	39,089	602,404
<b>Total segment profit/(loss)</b>	<b>(535,429)</b>	<b>145,027</b>	<b>(282,748)</b>	<b>(673,150)</b>
<b>Segment assets</b>				
Cash and cash equivalents	-	-	1,055,441	1,055,441
Financial assets	420,000	-	-	420,000
Property held for development or resale	1,220,000	-	-	1,220,000
Investment in Associate entity	707,106	-	-	707,106
Property, plant and equipment	-	-	6,332	6,332
Other assets	-	-	27,923	27,923
<b>Total segment assets</b>	<b>2,347,106</b>	<b>-</b>	<b>1,089,696</b>	<b>3,436,802</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

### 4. SEGMENT INFORMATION (continued)

31 Dec 17	Investments	Olive grove	Corporate	Total
<b>Segment revenues</b>	\$	\$	\$	\$
Revenue	21,992	-	-	21,992
Other	368,937	-	469	369,406
<b>Total segment revenues</b>	<b>390,929</b>	<b>-</b>	<b>469</b>	<b>391,398</b>
Personnel expenses	-	-	205,059	205,059
Finance expenses	65	61	919	1,045
Administration expenses	-	1,017	8,216	9,233
Revaluation/Depreciation expense	-	13,220	753	13,973
Other expenses	5,370	7,163	43,061	55,594
<b>Total segment loss</b>	<b>385,494</b>	<b>(21,461)</b>	<b>(257,539)</b>	<b>106,494</b>
<b>30 Jun 18</b>				
<b>Segment assets</b>				
Cash and cash equivalents	-	-	35,775	35,775
Financial assets	539,901	-	12,000	551,901
Property held for development or resale	1,220,000	-	-	1,220,000
Investment in Associate entity	1,242,744	-	-	1,242,744
Property, plant and equipment	-	1,400,000	5,383	1,405,383
Other assets	-	1,534	108,342	109,876
<b>Total segment assets</b>	<b>3,002,645</b>	<b>1,401,534</b>	<b>161,500</b>	<b>4,565,679</b>

### 5. DISCONTINUED OPERATIONS

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

Financial information relating to the discontinued operation which has been incorporated into the Income Statement is as follows:	31 Dec 18	31 Dec 17
	\$	\$
Revenue	-	-
Expenses	(56,760)	(21,461)
Loss before income tax	(56,760)	(21,461)
Income tax expense	-	-
Loss after income tax	(56,760)	(21,461)
Gain on sale of Olive Grove Agribusiness Assets	201,786	-
Income tax	(38,973)	-
Gain on sale of Olive Grove Agribusiness Assets after tax	162,813	-
Reversal of revaluation of assets, net of tax	(102,746)	-
Net gain on sale of non-current assets	60,067	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

### 5. DISCONTINUED OPERATIONS (continued)

The carrying amount of the assets and liabilities of the operation at the date of cessation were:	<b>31 Dec 18</b>	<b>30 Jun 18</b>
	\$	\$
Total assets	1,403,475	1,401,600
Total liabilities	(5,008,507)	(4,951,201)
Net liabilities	<u>(3,605,032)</u>	<u>(3,549,601)</u>

The net cash flows of the operations, which have been incorporated into the Cash Flow Statement are as follows:	<b>31 Dec 18</b>	<b>31 Dec 17</b>
	\$	\$
Net cash used in operating activities	(7,812)	(7,113)
Net cash provided by investing activities	1,413,000	-
Effect on cash flows	<u>1,405,188</u>	<u>(7,113)</u>

#### Details of sale of operations:

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

#### Critical accounting judgement and estimate

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

#### Accounting policy

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

<b>6. EARNINGS/(LOSS) PER SHARE</b>	<b>31 Dec 18</b>	<b>31 Dec 17</b>
Basic and diluted earnings/(loss) per share (cents)	<u>(4.55)</u>	<u>0.68</u>

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

Net profit/(loss) after income tax (\$)	(712,123)	106,494
---	-----------	---------

#### Number of Shares

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

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

<b>7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>31 Dec 18</b>	<b>30 Jun 18</b>
	\$	\$
Listed securities at fair value	<u>420,000</u>	<u>551,901</u>

## 8. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
31 Dec 18	\$	\$	\$	\$
Financial assets at fair value through profit or loss:				
Listed securities at fair value	420,000	-	-	420,000
<b>Total</b>	<u>420,000</u>	<u>-</u>	<u>-</u>	<u>420,000</u>

### 30 Jun 18

Financial assets at fair value through profit or loss:

Listed securities at fair value	551,901	-	-	551,901
Land at independent valuation	-	-	1,259,608	1,259,608
<b>Total</b>	<u>551,901</u>	<u>-</u>	<u>1,259,608</u>	<u>1,811,509</u>

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

### (a) Valuation techniques

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

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

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

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

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

(b) Level 3 assets	Land	Olive trees	Total
	\$	\$	\$
<b>At 1 Jul 2017</b>	<b>1,340,455</b>	<b>65,500</b>	<b>1,405,955</b>
Revaluation/(Impairment)	(80,847)	(65,500)	(146,347)
<b>At 30 Jun 2018</b>	<b>1,259,608</b>	<b>-</b>	<b>1,259,608</b>
Disposal	(1,259,608)	-	(1,259,608)
<b>At 31 Dec 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	31 Dec 18	30 Jun 18
	\$	\$
Cash and cash equivalents	1,055,441	35,775
Receivables	15,163	68,435
	<b>1,070,604</b>	<b>104,210</b>
Payables	(238,893)	(515,033)
	<b>831,711</b>	<b>(410,823)</b>

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

### 9. DIVIDENDS

		31 Dec 18	31 Dec 17
	Paid On	\$	\$
Dividends paid in cash during the financial year:			
0.90 cent per share fully franked dividend	29-Sep-17	-	<b>140,843</b>
Franking credits available for subsequent periods based on a tax rate of 27.5% (31 Dec 2017: 27.5%)		<b>3,053,798</b>	<b>3,014,892</b>

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

10. INVESTMENT IN ASSOCIATE ENTITY	Ownership Interest		31 Dec 18	30 Jun 18
	31 Dec 18	30 Jun 18	\$	\$
Bentley Capital Limited (ASX:BEL)	26.95%	26.95%	<b>707,106</b>	<b>1,242,743</b>
<b>Movements in carrying amounts</b>				
Opening balance			1,242,743	2,002,205
Share of net loss after tax			(433,068)	(554,324)
Dividend received			(102,569)	(205,138)
Closing balance			<b>707,106</b>	<b>1,242,743</b>
<b>Fair value (at market price on ASX) of investment in Associate entity</b>			<b>1,948,809</b>	<b>1,948,809</b>
<b>Net asset value of investment</b>			<b>1,983,441</b>	<b>2,518,676</b>
<b>Summarised statement of profit or loss and other comprehensive income</b>				
Revenue			15,251	1,291,720
Expenses			(1,622,392)	(3,135,545)
<b>Loss before income tax</b>			<b>(1,607,141)</b>	<b>(1,843,825)</b>
Income tax expense			-	-
<b>Loss after income tax</b>			<b>(1,607,141)</b>	<b>(1,843,825)</b>
Other comprehensive income			-	-
<b>Total comprehensive income</b>			<b>(1,607,141)</b>	<b>(1,843,825)</b>
<b>Summarised statement of financial position</b>				
Current assets			5,382,005	7,092,182
Non-current assets			2,230,534	2,593,165
<b>Total assets</b>			<b>7,612,539</b>	<b>9,685,347</b>
Current liabilities			251,865	323,579
Non-current liabilities			-	14,805
<b>Total liabilities</b>			<b>251,865</b>	<b>338,384</b>
<b>Net assets</b>			<b>7,360,674</b>	<b>9,346,963</b>

### 11. RELATED PARTY TRANSACTIONS

#### Transactions with Related Parties

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

	31 Dec 18	31 Dec 17
<b>Bentley Capital Limited</b>	\$	\$
Dividend received	102,569	102,569

During the half year, the Consolidated Entity generated \$21,992 rental income from a KMP/close family member of a KMP (the KMP being Director, Farooq Khan), pursuant to a standard form residential tenancy agreement in respect of the Property Held for Resale (31 Dec 2017: \$21,992).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the half year ended 31 December 2018

### 12. CONTINGENCIES

#### (a) Directors' Deeds

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

#### (b) Tenement Royalties

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

### 13. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

# DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (1) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half year ended on that date; and
  - (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan  
Chairman



Victor Ho  
Executive Director

28 February 2019



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

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

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

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Orion Equities Limited for the half-year ended 31 December 2018.

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

#### **Review approach**

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2018 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Orion Equities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### **Independence**

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

#### **Conclusion**

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

- giving a true and fair view of the consolidated financial position as at 31 December 2018 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Rothsay Auditing**

**Graham Swan FCA  
Partner**

Dated 28 February 2019



# SECURITIES INFORMATION

## as at 31 December 2018

### DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1	-	1,000	23	9,733	0.062%
1,001	-	5,000	61	219,441	1.402%
5,001	-	10,000	43	326,721	2.088%
10,001	-	100,000	57	1,771,288	11.319%
100,001	-	and over	15	13,322,045	85.129%
<b>Total</b>			<b>199</b>	<b>15,649,228</b>	<b>100.00%</b>

### UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	3,333	44	55,460	0.354%
3,334	-	over	155	15,593,768	99.646%
<b>Total</b>			<b>199</b>	<b>15,649,228</b>	<b>100.00%</b>

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 3,333 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 31 December 2018 of \$0.15 per share.

### SUBSTANTIAL SHAREHOLDERS

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

Notes:

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

### TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Total Shares	% Issued Capital
1	QUESTE COMMUNICATIONS LTD	9,367,653	59.86%
2	DYNASTY PEAK PTY LIMITED	923,038	5.90%
3	THUNDERDOME PTY LTD	555,600	3.55%
4	DR STEVEN G RODWELL	525,129	3.36%
5	MR SEAN DENNEHY	278,936	1.78%
6	REDSUMMER PTY LTD	225,000	1.44%
7	MS HOON CHOO TAN	197,538	1.26%
8	MR JOHN STEPHEN CALVERT	196,732	1.26%
9	MR JANET BACKHOUSE	188,000	1.20%
10	MRS PENELOPE MARGARET SIEMON	181,355	1.16%
11	MR BRUCE ERNEST SIEMON	172,351	1.10%
12	JIT INVESTMENTS PTY LTD	151,189	0.97%
13	VIKAND CONSULTING PTY LTD	144,798	0.93%
14	MR ANTHONY NEALE KILLER & MS SANDRA MARIE KILLER	120,000	0.77%
15	MR JOHN CHENG-HSIANG YANG & MRS PEGA PING MOK	103,726	0.66%
16	MRS CAROLINE ANN PICKERING	100,000	0.64%
17	MS MORAG HELEN BARRETT	94,013	0.60%
18	MR DAMIAN GERARD BOWDLER & MRS MARGARET CLARE BOWDLER	85,900	0.55%
19	GIBSON KILLER PTY LTD	80,000	0.51%
20	MR LUKE FREDERICK ATKINS	74,696	0.48%
<b>TOTAL</b>		<b>13,765,654</b>	<b>87.98%</b>