



ORH LIMITED
ACN 077 398 826

HALF YEAR FINANCIAL REPORT
31 DECEMBER 2017

ORH LIMITED

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ORH LIMITED

CORPORATE DIRECTORY

Directors

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

Company Secretary

Louisa Martino

Website

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Auditors

BDO East Coast Partnership
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Sydney NSW 2000

Solicitors

HopgoodGanim
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ORH LIMITED DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or the 'Group') consisting of ORH Limited (referred to hereafter as the 'Company', 'Parent Entity' or 'ORH') and the entities it controlled for the half-year ended 31 December 2017.

DIRECTORS

The names of the directors of the Company who held office during or since the end of the half year and up to the date of this report are as set out below. Directors were in office for this entire period unless otherwise stated.

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

PRINCIPAL ACTIVITIES:

The Group includes an industrial services company that provides design and manufacturing of service trucks, water carts, tipper trucks and other trucks per customers' requirements for the mining and construction and waste management industries and a dealership for used trucks sales.

REVIEW OF OPERATIONS

The consolidated results for the half-year ended 31 December 2017 and the previous corresponding period are detailed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and summarised as follows:

	2017	2016
	\$	\$
Revenue	8,090,112	5,645,464
Loss before income tax	(586,812)	(584,713)
Loss after income tax	(586,812)	(584,713)

The principal activity of the Consolidated Entity during the reported period was the design and manufacturing of service trucks and water carts for the mining and construction industries.

As shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, during the half year there has been a significant increase in revenue, due to the impact of the market recovery.

Borrowings increased from \$2,523,613 at 30 June 2017 to \$3,386,186 on 31 December 2017, mainly from related parties and financing borrowings on inventory and debtors.

SUBSEQUENT EVENTS

On 20 September 2018 the Company extended its lease for the fabrication premises at 72 Kewdale Road, Welshpool WA 6106 until 22 April 2019.

On 15 August 2018 the Company announced that it has signed a Memorandum of Understanding for strategic funding with Changyuan Tiandi Zhizhong New Energy Vehicle Co., Ltd ("Changyuan"), an investment Company that specialises in areas such as logistics, manufacturing of new energy vehicles, vehicle parts, sales, services, financial services and new technologies in agriculture.

Changyuan and ORH agreed that Changyuan will invest AUD3,000,000 into ORH for a 70% interest in the Company. ORH will issue 153,875,705 ordinary fully paid shares in the Company at AUD0.02 per share (Offer Shares). Changyuan acknowledges that the shares will not be cleansed and cannot be traded on the ASX upon re-listing for 12 months or unless cleansed.

ORH LIMITED

DIRECTORS' REPORT

SUBSEQUENT EVENTS (CONTINUED)

The funding is to be received as follows (Proposed Investment):

- 1) AUD500,000 to be deposited before 31 August 2018 subject to the acceptance of the MOU; and
- 2) The remainder of the AUD2,500,000 to be paid upon receiving unconditional shareholder approval.

The first instalment of AUD 500,000 was received on 15 August 2018.

Changyuan may appoint up to 2 directors to the ORH Board with effect from ORH receiving unconditional shareholder approval. ("Completion"). There will be a maximum of 5 directors on the board of ORH immediately following Completion.

On 26 September 2018 the Company advised that it has been unable to satisfy the requirements for re-listing on ASX and would be removed from the Official List on 30 September 2018. The Company advised in addition that it continues its discussions with Changyuan Tiande Zhizhong New Energy Vehicle Co. Ltd. ("Changyuan"), a development, production and distribution company for electric vehicles, in accordance with the Proposed Transaction as set out in the Announcement dated 15 August 2018 and will endeavour to complete the Proposed Transaction, with a view to making an application to re-list on the ASX.

Apart from the above mentioned, no matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant change in the nature of these activities occurred during the six months ended 31 December 2017.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors



Domenic Martino
Chairman

Perth, Western Australia, 11 December 2018

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

As lead auditor of ORH Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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



Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 11 December 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ORH Limited

Report on the Half-Year Financial Report

Qualified conclusion

We have reviewed the half-year financial report of ORH Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, with the exception of the matter described in the *Basis for qualified conclusion* section, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for qualified conclusion

Following the sale of the Company's engineering business to a new wholly owned subsidiary, ORH Engineering (Aust.) Pty Ltd was put into voluntary administration on 29 April 2016 and a deed of company arrangement was executed on 23 June 2016. As a result, we were not actively engaged until after 31 December 2017 and thus did not observe the counting of physical inventories at the beginning of the period. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2017, which are stated in the consolidated statement of financial position at \$1,240,820. Our conclusion on the half-year financial report is also modified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Directors' responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

BDO East Coast Partnership

BDO

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

Ian Hooper
Partner

Sydney, 11 December 2018

ORH LIMITED**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the Half Year Ended 31 December 2017

	Half-Year Ended 31 December 2017	Half-Year Ended 31 December 2016
	\$	\$
Revenue and other income		
Revenue from sale of goods	8,090,112	5,641,176
Revenue from hire of trucks	-	4,288
Research and development incentive	323,431	310,421
Other income	229	294
Expenses		
Cost of sales	(6,256,937)	(3,985,916)
Employee benefits expense	(1,505,795)	(1,282,653)
Depreciation expense	(23,334)	(59,344)
Rent and outgoings	(402,472)	(341,955)
Consulting fees	(167,979)	(243,990)
Finance costs	(117,655)	(39,935)
Other administrative expenses	(526,412)	(587,099)
Loss before income tax expense	(586,812)	(584,713)
Income tax expense	-	-
Loss after income tax expense for the half-year	(586,812)	(584,713)
Other comprehensive income		
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year attributable to members of ORH Limited	(586,812)	(584,713)
Basic earnings/(loss) per share (cents)	(0.044)	(0.044)
Diluted earnings/(loss) per share (cents)	(0.044)	(0.044)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

ORH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		608,882	377,968
Trade and other receivables	2	1,654,183	1,272,150
Inventories		1,215,280	1,240,820
Other assets		58,864	95,848
Total Current Assets		<u>3,537,209</u>	<u>2,986,786</u>
NON-CURRENT ASSETS			
Other assets		-	172,920
Property, plant and equipment		223,507	245,024
Total Non-Current Assets		<u>223,507</u>	<u>417,944</u>
Total Assets		<u><u>3,760,716</u></u>	<u><u>3,404,730</u></u>
CURRENT LIABILITIES			
Trade and other payables	3	5,997,996	5,917,771
Borrowings	4	3,386,186	2,523,613
Total Current Liabilities		<u>9,384,182</u>	<u>8,441,384</u>
NON CURRENT LIABILITIES			
Trade and other payables	3	91,760	91,760
Total Non Current Liabilities		<u>91,760</u>	<u>91,760</u>
Total Liabilities		<u><u>9,475,942</u></u>	<u><u>8,533,144</u></u>
Net Liabilities		<u><u>(5,715,226)</u></u>	<u><u>(5,128,414)</u></u>
EQUITY			
Issued capital	7	44,096,158	44,096,158
Reserves		104,314	104,314
Accumulated losses		(49,915,698)	(49,328,886)
Total Equity		<u><u>(5,715,226)</u></u>	<u><u>(5,128,414)</u></u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

ORH LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2017

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 1 July 2016	44,096,158	(47,909,805)	104,314	(3,709,333)
Loss after income tax expense for the half year	-	(584,713)	-	(584,713)
Other comprehensive income for the half year, net of tax	-	-	-	-
Total comprehensive income for the half year, net of tax	-	(584,713)	-	(584,713)
Balance at 31 December 2016	44,096,158	(48,494,518)	104,314	(4,294,046)
Balance at 1 July 2017	44,096,158	(49,328,886)	104,314	(5,128,414)
Loss after income tax expense for the half year	-	(586,812)	-	(586,812)
Other comprehensive income for the half year, net of tax	-	-	-	-
Total comprehensive income for the half year, net of tax	-	(586,812)	-	(586,812)
Balance at 31 December 2017	44,096,158	(49,915,698)	104,314	(5,715,226)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

ORH LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2017

	Half Year Ended 31 December 2017 \$	Half Year Ended 31 December 2016 \$
Cash flows from operating activities		
Receipts from customers (incl. of GST)	8,840,521	6,078,297
Payments to suppliers and employees (incl. of GST)	(9,352,937)	(6,765,557)
Interest paid	(117,655)	(39,935)
Interest received	229	294
Net cash used in operating activities	<u>(629,842)</u>	<u>(726,901)</u>
Cash flows from investing activities		
Purchase of plant and equipment	<u>(1,817)</u>	<u>(40,445)</u>
Net cash used in investing activities	<u>(1,817)</u>	<u>(40,445)</u>
Cash flows from financing activities		
Net proceeds from borrowings	<u>862,573</u>	<u>499,562</u>
Net cash provided by financing activities	<u>862,573</u>	<u>499,562</u>
Net increase/(decrease) in cash and cash equivalents	230,914	(267,784)
Cash and cash equivalents at the beginning of the financial half year	<u>377,968</u>	<u>432,993</u>
Cash and cash equivalents at the end of the financial half year	<u>608,882</u>	<u>165,209</u>

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

ORH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2017

1. Summary of significant accounting policies

The financial report of ORH Limited for the half-year ended 31 December 2017 has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

(a) Basis of Preparation

The half-year financial report does not include all the notes of the type normally included in annual financial report. Accordingly, this financial report should be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

This consolidated half year financial report was approved by the Board of Directors on 11 December 2018.

Going concern

As disclosed in the consolidated financial statements, the Consolidated Entity generated a loss after tax of \$586,812 for the period ended 31 December 2017 (31 December 2016 loss of \$584,713). As at that date the Consolidated Entity had net liabilities of \$5,715,226 (30 June 2017: \$5,128,414).

As announced on 15 August 2018, the Company has finalised a plan for strategic funding with Changyuan Tiandi Zhizhong New Energy Vehicle Co., Ltd (Changyuan), an investment Company that specialises in areas such as logistics, manufacturing of new energy vehicles, vehicle parts, sales, services, financial services and new technologies in agriculture.

Changyuan and ORH continue to work together on the strategic funding, which is anticipated to total AUD\$3,000,000, with the funding received as follows (Proposed Investment):

- 1) A deposit of AUD500,000; and
- 2) The remaining balance of AUD2,500,000 upon unconditional shareholder approval.

The first instalment of AUD 500,000 was received on 15 August 2018.

Changyuan may appoint up to 2 directors to the ORH Board with effect from ORH receiving unconditional shareholder approval. ("Completion"). There will be a maximum of 5 directors on the board of ORH immediately following Completion.

On 26 September 2018 the Company advised that it has been unable to satisfy the requirements for re-listing on ASX and would be removed from the Official List on 30 September 2018. The Company advised in addition that it continues its discussions with Changyuan Tiande Zhizhong New Energy Vehicle Co. Ltd. ("Changyuan"), a development, production and distribution company for electric vehicles, in accordance with the Proposed Transaction as set out in the Announcement dated 15 August 2018 and will endeavour to complete the Proposed Transaction, with a view to making an application to re-list on the ASX.

The above factors, and the Consolidated Entity's dependency on the proposed strategic funding to continue as a going concern, results in a material uncertainty as at 31 December 2017 as to whether the Consolidated Entity will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the consolidated financial report.

The Directors believe that there are reasonable grounds to believe that the Consolidated Entity will be able to continue as going concern, after consideration of the following factors:

- The Consolidated Entity has traded profitably since balance date until the date of signing of this financial report;
- The remaining balance of the borrowings and trade and other payables, owed to related parties and related party creditors, are repayable subject to the Consolidated Entity's cash flow availability;
- The forecast cash flows and budget for the Group for the next 12 months indicate a positive in operating cash flows that will be supported by the proposed investment; and
- The Consolidated Entity has received AUD500,000 of the strategic funding deposit to the date of this report.

ORH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2017

1. Summary of significant accounting policies

Accordingly, the Directors believe that the Consolidated Entity will be able to continue as going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated half-year financial report.

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

(b) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates and judgements

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the economic entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Inventory net realisable values and impairment assessments

Inventory is valued at the lower of cost or net realisable value. Assessments are performed annually and are based on management's estimates of future market conditions. The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Income tax

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Research and development incentive

The income from Research and development incentive is recognised and measured at the present value of the Research and development incentive claim lodged with the Department of Industry Innovation and Science. In determining the present value of the income, estimates of costs related to research and development have been taken into account.

(c) New, revised or amending Accounting Standards

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

ORH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2017

2. Trade and other receivables

	As at 31 December 2017 \$	As at 30 June 2017 \$
Trade receivables	741,612	683,011
Less: provision for impairment of receivables	(31,703)	(31,703)
	<u>709,909</u>	<u>651,308</u>
Research and development incentive	944,274	620,842
	<u>1,654,183</u>	<u>1,272,150</u>

3. Trade and other payables

	As at 31 December 2017 \$	As at 30 June 2017 \$
Current		
Trade payables	2,587,836	1,568,385
Other payables	736,373	771,819
Trade and other payables – related parties	1,593,807	1,912,622
Customer deposits	780,893	1,305,858
Amounts payable to the administrator of ORH Engineering (Aust) Pty Ltd	169,044	229,044
Employee benefits provision - current	130,043	130,043
	<u>5,997,996</u>	<u>5,917,771</u>
Non-current		
Employee benefits provision – non-current	91,760	91,760
	<u>6,089,756</u>	<u>6,009,531</u>

4. Borrowings

	As at 31 December 2017 \$	As at 30 June 2017 \$
Loan – J Detata	961,565	781,326
Loan – K Tsaban	232,100	16,000
Loan – Minimum Risk Pty Ltd	192,986	192,986
Loan – Orient Finance Australia Pty Limited	90,000	90,000
Total borrowings from related parties	<u>1,476,651</u>	<u>1,080,312</u>
Loan – Filmrim Pty Ltd	48,428	48,428
Loan - Graceview Pty Ltd	199,098	199,098
Loan - Chaley Holding Pty Ltd	188,184	188,184
Loan – Axsess Today	282,249	200,000
Debtor factoring facility – AFC	1,191,576	807,591
	<u>3,386,186</u>	<u>2,523,613</u>

ORH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2017

4. Borrowings

Repayment terms and conditions

The loan to Chaleyer Holdings Pty Limited bears interest at 20% and is unsecured and repayable on demand. Interest for the period was waived. The remaining loans bear interest at market adjusted rates, are unsecured, and repayable subject to ORH's cash flow availability, as per Note 1. As per agreement between the parties, interest was waived for this period.

The loan from Axsess Today is repayable on 31 December 2017 and incurred interest at 14%. Balance was repaid subsequent to the financial period and incurred interest at 14%.

The debtor factoring facility with AFC attracts a debtor finance fee of 3.5% and is on end of month plus 60 days repayment terms.

Related party loans comprise:

Of the above liabilities, loans to J Detata and K Tsaban are related party loans and are unsecured. As per agreement between the parties, interest was waived for this period. Loan to Orient Finance Australia Pty Ltd is related party loan and is unsecured, bearing no interest.

5. Contingent liabilities

The Group has no contingent liabilities as at the date of these financial statements.

6. Dividends

No dividends have been declared or paid during the half year ended 31 December 2017 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the half year ended 31 December 2017.

7. Issued Capital

	Number of Shares	\$
31 December 2017		
Issued Capital at 1 July 2017	1,318,934,612	44,096,158
Shares issued during the period	-	-
Issued capital at 31 December 2017	<u>1,318,934,612</u>	<u>44,096,158</u>
30 June 2017		
Issued Capital at 1 July 2016	1,318,934,612	44,096,158
Shares issued during the period	-	-
Issued capital at 30 June 2017	<u>1,318,934,612</u>	<u>44,096,158</u>

ORH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2017

8. Segment Reporting

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the management team (chief operating decision makers) in assessing performance and determining the allocation of resources.

Business segment

For management purposes the Consolidated Entity is organised into two major strategic units which operate in different industries and are managed separately:

- Engineering services - provides design and manufacturing of service trucks, water carts, tipper trucks and other trucks per customers' requirements for the mining and construction and waste management industries
- Distribution services - a dealership for used trucks sales

The operating segment analysis presented in these financial statements reflects the operation analysis by business. It best describes the way the Group is managed and provides a meaningful insight into the business activities of the Group. The following tables present details of revenue and operating profit by operating segment as well as a reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements. The information disclosed in the tables below is derived directly from the internal financial reporting system used by corporate management to monitor and evaluate the performance of its operating segments separately.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. Segment assets if clearly identifiable to particular segment on the basis of their nature are allocated directly. Segment assets include trade receivables and intangible assets which are allocated based on segments' overall proportion of revenue generation within the Group.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and provision of staff benefits which are allocated based on segments' overall proportion of revenue generation within the Group.

ORH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2017

8. Segment Reporting (continued)

	Engineering \$	Distribution \$	Total \$
For the half year ended 31 December 2017			
Revenues from external customers	6,050,058	2,040,054	8,090,112
Reportable segment profit/(loss) before income tax	(832,259)	151,606	(680,653)
Reportable segment assets at 31 December 2017	2,568,411	247,275	2,815,686
Reportable segment liabilities at 31 December 2017	6,472,287	374,699	6,846,986

For the half year ended 31 December 2016			
Revenues from external customers	3,993,333	1,652,131	5,645,464
Reportable segment loss before income tax	(688,237)	202,987	(485,250)

For the year ended 30 June 2017			
Reportable segment assets at 30 June 2017	2,584,608	197,863	2,782,471
Reportable segment liabilities at 30 June 2017	5,846,632	342,504	6,189,136

	For the period ended 31 December 2017 \$	For the period ended 31 December 2016 \$
Reconciliation of reportable segment profit or loss		
Total profit/(loss) for reportable segments	(680,653)	(485,250)
Unallocated research and development incentive	323,431	310,421
Unallocated income/(expenses)	(229,590)	(409,884)
Profit/(loss) from before tax	(586,812)	(584,713)

	As at 31 December 2017 \$	As at 30 June 2017 \$
Reconciliation of reportable segment assets		
Reportable segment assets	2,815,686	2,782,471
Unallocated research and development incentive	944,273	620,842
Unallocated assets	757	1,417
Total assets	3,760,716	3,404,730

Reconciliation of reportable segment liabilities		
Reportable segment liabilities	6,846,986	6,189,136
Unallocated borrowings	2,628,956	2,344,008
Total liabilities	9,475,942	8,533,144

Geographical Segment

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

ORH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2017

9. Subsequent events

On 20 September 2018 the Company extended its lease for the fabrication premises at 72 Kewdale Road, Welshpool WA 6106 until 22 April 2019.

On 15 August 2018 the Company announced that it has signed a Memorandum of Understanding for strategic funding with Changyuan Tiandi Zhizhong New Energy Vehicle Co., Ltd ("Changyuan"), an investment Company that specialises in areas such as logistics, manufacturing of new energy vehicles, vehicle parts, sales, services, financial services and new technologies in agriculture.

Changyuan and ORH agreed that Changyuan will invest AUD3,000,000 into ORH for a 70% interest in the Company. ORH will issue 153,875,705 ordinary fully paid shares in the Company at AUD0.02 per share (Offer Shares). Changyuan acknowledges that the shares will not be cleansed and cannot be traded on the ASX upon re-listing for 12 months or unless cleansed.

The funding is to be received as follows (Proposed Investment):

- 1) AUD500,000 to be deposited before 31 August 2018 subject to the acceptance of the MOU; and
- 2) The remainder of the AUD2,500,000 to be paid upon receiving unconditional shareholder approval.

The first instalment of AUD 500,000 was received on 15 August 2018.

Changyuan may appoint up to 2 directors to the ORH Board with effect from ORH receiving unconditional shareholder approval. ("Completion"). There will be a maximum of 5 directors on the board of ORH immediately following Completion.

On 26 September 2018 the Company advised that it has been unable to satisfy the requirements for re-listing on ASX and would be removed from the Official List on 30 September 2018. The Company advised in addition that it continues its discussions with Changyuan Tiande Zhizhong New Energy Vehicle Co. Ltd. ("Changyuan"), a development, production and distribution company for electric vehicles, in accordance with the Proposed Transaction as set out in the Announcement dated 15 August 2018 and will endeavour to complete the Proposed Transaction, with a view to making an application to re-list on the ASX.

Apart from the above mentioned, no matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

ORH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2017

10. Related Parties Transactions

Included in the expenses for the half year is an amount of \$112,000 (half year ended 31 Dec 2016: \$104,000) for consulting fees for Blazeway Holdings Pty Limited, a company controlled by Jamie Detata.

Included in the expenses for the half year is an amount of \$217,767 (half year ended 31 Dec 2016: \$391,712) for cost of goods sold for Cooper Cove Pty Ltd, a trust controlled by Jamie Detata.

Included in the expenses for the half year is an amount of \$60,000 (half year ended 31 Dec 2016: \$85,000) for consulting fees for Jackori Consulting, a trust controlled by Jakob Tsaban.

Included in the expenses for the half year is an amount of \$30,000 (half year ended 31 Dec 2016: \$30,000) for Company Secretarial services fees for Indian Ocean Corporate Pty Ltd, a company related to Domenic Martino.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

11. Financial Instruments

Due to their nature, the carrying amounts of current receivables, current trade and other payables and current and non-current borrowings, is assumed to approximate their fair value.

ORH LIMITED
DIRECTORS' DECLARATION

For the Half Year Ended 31 December 2017

The directors of ORH Limited ("the consolidated entity") declare that:

1. the attached financial statements with the accompanied notes are in accordance with the *Corporation Act 2001*, and:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of the performance as for the half-year ended on that date.
2. there are reasonable grounds to believe that ORH Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 305(5) (a) of the Corporations Act 2001.

On behalf of the Directors



Domenic Martino
Chairman

Perth, 11 December 2018