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# ORION

EQUITIES LIMITED

A.B.N. 77 000 742 843

# 2022

# ANNUAL REPORT

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**Orion's 2022****Corporate Governance Statement**

can be found at the following URL on the Company's website:  
[www://orionequities.com.au/corporate-governance](http://www.orionequities.com.au/corporate-governance)

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

- 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  
Email: [cosec@orionequities.com.au](mailto:cosec@orionequities.com.au)

**PRINCIPAL AND REGISTERED OFFICE**

Suite 1, Level 1  
680 Murray Street  
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 Audit & Assurance Pty Ltd  
Level 1, Lincoln House  
4 Ventnor Avenue  
West Perth, Western Australia 6005  
Telephone: (08) 9486 7094  
Website: [www.rothsay.com.au](http://www.rothsay.com.au)

**STOCK EXCHANGE**

Australian Securities Exchange  
Perth, Western Australia

**ASX CODE**

OEQ

**SHARE REGISTRY**

Advanced Share Registry Limited

**Main Office**

110 Stirling Highway  
Nedlands, Western Australia 6009  
Local Telephone: 1300 113 258  
Telephone: (08) 9389 8033  
Facsimile: (08) 6370 4203  
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

**Investor Portal:**

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

# OVERVIEW OF PERFORMANCE

| ORION CONSOLIDATED ENTITY   | 2022<br>\$         | 2021<br>\$       |
|---|--------------------|------------------|
| Total revenues  | 45,367             | 122,146          |
| Net gain/(loss) on financial assets   | (1,550,000)        | 2,200,000        |
| Share of Associate entity's profit/(loss)                                     | (2,329,842)        | 2,811,553        |
| Impairment reversal on revaluation of property held for development or resale | -                  | 650,000          |
| Expenses:   |                    |                  |
| Personnel expenses  | (56,791)           | (413,173)        |
| Corporate expenses  | (30,565)           | (27,755)         |
| Other expenses  | (14,951)           | (62,294)         |
| <b>Profit/(Loss) before tax</b>   | <b>(3,936,782)</b> | <b>5,280,477</b> |
| Income tax expense  | -                  | -                |
| <b>Profit/(Loss) attributable to members of the Company</b>                   | <b>(3,936,782)</b> | <b>5,280,477</b> |
| <b>Basic and diluted earnings/(loss) per share (cents)</b>                    | <b>(25.16)</b>     | <b>33.74</b>     |
| <b>Pre-Post tax NTA backing per share</b>                                     | <b>\$0.20</b>      | <b>\$0.45</b>    |

Orion's \$3.937 million net loss for the financial year is principally attributable to:

- \$1.55 million unrealised loss from its investment in Strike Resources Limited (ASX:SRK), which declined in price from 26.5 to 11 cents per share during the financial year; and
- \$2.33 million recognised as a share of an Associate entity's net loss – this relates to Orion's investment in Bentley Capital Limited (ASX:BEL); Bentley generated a net loss of \$8.646 million for the financial year (attributable principally to an unrealised loss on its investment in Strike).

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 a financial year based on Orion's (26.95% as at 30 June 2022) shareholding interest in Bentley (this is known as the equity method of accounting for an associate entity).

Orion and Bentley's financial performance is primarily dependent on the share price performance of Strike (in which Orion has 10 million shares and Bentley has 53.7 million shares).

Strike is developing its Paulsens East Iron Ore Project in Western Australia (with its maiden export of 66,618 tonnes of lump iron ore completed in late August 2022) and has completed exports of iron ore from Peru and accordingly, it is exposed to the iron ore price and market sentiment in the junior iron ore sector - Orion notes that the iron price has been volatile during the past financial year - declining significantly from a historical high of ~US\$220/t in July 2021 to a low of ~US\$91/t (in November 2021), with a current price of ~US\$96/t (as at 14 October 2022). The volatility in the iron ore price has matched the volatility in the Strike share price, which has traded within a range of 32 cents (on 15 July 2021) to 9 cents (on 6 December 2021) in the past 12 months, with a bid price of 11 cents (as at 30 June 2022) and a current price of 9.5 cents (as at 14 October 2022).

Notwithstanding the accounting carrying value of the investments of the Company as outlined herein, Orion notes that the market value of these share investments as at balance date are as follows:

| Investment                         | Shareholding | ASX Market Value <sup>1</sup> |                    |
|------------------------------------|--------------|-------------------------------|--------------------|
|                                    |              | 30 June 2022                  | 30 June 2021       |
| Bentley Capital Limited (ASX:BEL)  | 20,513,783   | \$1,271,855                   | \$2,051,378        |
| Strike Resources Limited (ASX:SRK) | 10,000,000   | \$1,100,000                   | \$2,650,000        |
|                                    | <b>Total</b> | <b>\$2,371,855</b>            | <b>\$4,701,378</b> |

Further information about Bentley is outlined in Bentley's 30 June 2022 Annual Report.

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 year ended 30 June 2022.

<sup>1</sup> Based on closing bid price on ASX

# DIRECTORS' REPORT

The Directors present their report on Orion Equities Limited ABN 77 000 742 843 (**OEQ** or the **Company**) and its controlled entities (**Orion** or the **Consolidated Entity**) for the financial year ended 30 June 2022 (**Balance Date**).

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

## PRINCIPAL ACTIVITIES

OEQ is a listed investment company (**LIC**).

## NET TANGIBLE ASSET BACKING (NTA)

| Consolidated Entity                          | 2022<br>\$   | 2021<br>\$   |
|--|--------------|--------------|
| Net tangible assets (before tax)             | 3,116,972    | 7,053,754    |
| <b>Pre-Tax NTA Backing per share</b>         | <b>0.199</b> | <b>0.451</b> |
| Less deferred tax assets and tax liabilities | -            | -            |
| Net tangible assets (after tax)              | 3,116,972    | 7,053,754    |
| <b>Post-Tax NTA Backing per share</b>        | <b>0.199</b> | <b>0.451</b> |
| Based on total issued share capital          | 15,649,228   | 15,649,228   |

## FINANCIAL POSITION

| Consolidated Entity                                    | 2022<br>\$       | 2021<br>\$       |
|--|------------------|------------------|
| Cash and cash equivalents                              | 13,640           | 195,423          |
| Financial assets at fair value through profit and loss | 1,100,000        | 2,650,000        |
| Investment in Associate entity (BEL)                   | 651,552          | 2,981,394        |
| Property held for development or resale                | 1,750,000        | 1,750,000        |
| Receivables  | 97,149           | 42,597           |
| Other assets   | 1,629            | 2,418            |
| <b>Total Assets</b>                                    | <b>3,613,970</b> | <b>7,621,832</b> |
| Other payables and liabilities                         | (496,998)        | (568,078)        |
| <b>Net Assets</b>                                      | <b>3,116,972</b> | <b>7,053,754</b> |
| Issued capital   | 18,808,028       | 18,808,028       |
| Profits Reserve  | 6,654,468        | 6,546,107        |
| Accumulated losses                                     | (22,345,524)     | (18,300,381)     |
| <b>Total Equity</b>                                    | <b>3,116,972</b> | <b>7,053,754</b> |

# DIRECTORS' REPORT

## OPERATING RESULTS

| Consolidated Entity   | 2022               | 2021             |
|---|--------------------|------------------|
|   | \$                 | \$               |
| Total revenues  | 45,367             | 122,146          |
| Net gain/(loss) on financial assets   | (1,550,000)        | 2,200,000        |
| Share of Associate entity's profit/(loss)                                     | (2,329,842)        | 2,811,553        |
| Impairment reversal on revaluation of property held for development or resale | -                  | 650,000          |
| Other Expenses  |                    |                  |
| Personnel expenses  | (56,791)           | (413,173)        |
| Corporate expenses  | (30,565)           | (27,755)         |
| Other expenses  | (14,951)           | (62,294)         |
| <b>Profit/(Loss) before tax</b>   | <b>(3,936,782)</b> | <b>5,280,477</b> |
| Income tax expense  | -                  | -                |
| <b>Profit/(Loss) attributable to members of the Company</b>                   | <b>(3,936,782)</b> | <b>5,280,477</b> |

Orion's \$3.937 million net loss for the financial year is principally attributable to:

- \$1.55 million unrealised loss from its investment in Strike Resources Limited (ASX:SRK) (**Strike**), which declined in price from 26.5 to 11 cents per share during the financial year; and
- \$2.33 million recognised as a share of an Associate entity's net loss – this relates to Orion's investment in Bentley Capital Limited (ASX:BEL); Bentley generated a net loss of \$8.646 million for the financial year (attributable principally to an unrealised loss on its investment in Strike).

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 a financial year based on Orion's (26.95% as at 30 June 2022) shareholding interest in Bentley (this is known as the equity method of accounting for an associate entity).

Orion and Bentley's financial performance is primarily dependent on the share price performance of Strike (in which Orion has 10 million shares and Bentley has 53.7 million shares).

Strike has commenced production at its Paulsens East Iron Ore Project in Western Australia (with its maiden export of approximately 66,000 tonnes of lump iron ore scheduled in late August 2022)<sup>2</sup> and has completed exports of iron ore from Peru and accordingly, it is exposed to the iron ore price and market sentiment in the junior iron ore sector.

Orion notes that the iron price has been volatile during the past financial year - declining significantly from a historical high of ~US\$220/t in July 2021 to a low of ~US\$91/t (in November 2021) and recovering to current levels of ~US\$105/t (as at 25 August 2022).

The volatility in the iron ore price has matched the volatility in the Strike share price, which has traded within a range of 32 cents (on 15 July 2021) to 9 cents (on 6 December 2021) in the past 12 months, with a bid price of 11 cents (as at 30 June 2022) and a current price of 10.5 cents (as at 25 August 2022).

## EARNINGS PER SHARE

| Consolidated Entity   | 2022       | 2021       |
|---|------------|------------|
| Basic and diluted earnings/(loss) per share (cents)   | (25.16)    | 33.74      |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings/(loss) per share | 15,649,228 | 15,649,228 |

<sup>2</sup> Refer Strike's ASX Announcements dated 1 August 2022: Maiden 68,000 Tonne Shipment of Paulsens East Lump Iron Ore and 25 August 2022: Maiden Shipment of Paulsens East Lump Iron Ore and Operational Update

# DIRECTORS' REPORT

## DIVIDENDS

The Directors have not declared a dividend in respect of the financial year ended 30 June 2022.

As at 30 June 2022, the Company had:

- \$5.91 million in its Profits Reserve account, which is available to fund the payment of dividends to shareholders in the future; and
- \$3.09 million Franking Credits, which is sufficient to fund the payment of fully franked (at Orion's applicable 30% company tax rate) dividends totalling \$7.22 million (subject to Orion's capacity to declare and pay such dividends).

## SECURITIES ON ISSUE

At the Balance Date (and currently), the Company had 15,649,228 shares on issue (2021: 15,649,228).

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

## REVIEW OF OPERATIONS

### (a) Portfolio Details as at 30 June 2022

#### Asset Weighting

| Consolidated Entity  | % of Net Assets |             |
|--|-----------------|-------------|
|  | 2021            | 2021        |
| Australian equities  | 56%             | 80%         |
| Property held for development and resale                               | 56%             | 25%         |
| Net tax liabilities (current year and deferred tax assets/liabilities) | -               | -           |
| Net cash/other assets and provisions                                   | (12)%           | (5)%        |
| <b>TOTAL</b>   | <b>100%</b>     | <b>100%</b> |

#### Major Holdings in Securities Portfolio

| Equities                 | Fair Value \$'m | % of Net Assets | ASX Code | Industry Sector Exposures |
|--------------------------|-----------------|-----------------|----------|---------------------------|
| Bentley Capital Limited  | 1.27            | 41%             | BEL      | Diversified               |
| Strike Resources Limited | 1.10            | 35%             | SRK      | Materials                 |
| <b>TOTAL</b>             | <b>2.37</b>     | <b>76%</b>      |          |                           |

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

As at 30 June 2022 and currently, Orion holds 20,513,783 Bentley shares (26.95%) (2021: 20,513,783 shares (26.95%)).

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

Shareholders are advised to refer to Bentley's 30 June 2022 Full Year Report, 31 December 2021 Half Year Report and monthly NTA disclosures 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)

# DIRECTORS' REPORT

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)

As at 30 June 2022 and currently, Orion holds 10,000,000 Strike shares (3.70%) (2021: 10,000,000 shares; 3.7%) while Associate entity, Bentley, holds 53,689,857 Strike shares (19.885%<sup>3</sup>) (2021: 52,689,857 shares; 19.885%). Therefore, Orion has a deemed relevant interest in 63,689,857 Strike shares (23.589%<sup>4</sup>) (2021: 63,689,857 shares; 23.589%).

Strike Resources Limited (ASX:SRK) is an ASX listed resource company which is developing the Paulsens East Iron Ore Project in Western Australia – production has commenced and Strike is targeting its maiden shipment of approximately 66,000 tonnes of 'Paulsens East Lump' DSO (grading 62% Fe) out of Utah Point, Port Hedland, in late August 2022.<sup>3</sup> Strike also owns the high grade Apurimac Iron Ore Project in Peru where it has exported "Apurimac Premium Lump" DSO product of ~65% Fe. Strike also has a 43% shareholding in Lithium Energy Limited (ASX:LEL), which was spun-out of Strike under a \$9m IPO in May 2021. Lithium Energy is developing battery minerals related assets - the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland.<sup>5</sup>

Orion is also 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 (Mining Lease M47/1583) owned by Strike. This royalty entitlement stems from Orion's sale of a portfolio of tenements (including the Paulsens East tenement) to Strike in September 2005.<sup>6</sup>

Further information about Strike's resource projects and activities are contained in the company's ASX releases, including as follows:

- 1 August 2022: Quarterly Reports – 30 June 2022;
- 16 March 2022: Half Year Report – 31 December 2021; and
- 29 October 202: Annual Report - 2021.

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

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

3 Refer Bentley's ASX announcement dated 9 June 2021: Change of Substantial Shareholder Notice in SRK

4 Refer Orion's ASX announcement dated 9 June 2021: Change of Substantial Shareholder Notice in SRK

5 Based on Strike's ASX announcement released on 1 August 2022: Quarterly Report – 30- June 2022

6 For further information, please refer to the following ASX Announcements: Orion's announcement dated 23 September 2005: CXL Retains a 25% Free Carried Interest in NT Uranium Tenements. Strike's announcement dated 20 September 2005: Acquisition of Uranium Tenements) and Strike's announcement dated 11 August 2008: Acquisition of Outstanding Interests in Berau Coal and Paulsens East Iron Ore Projects

# DIRECTORS' REPORT

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## FUTURE DEVELOPMENTS

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

## ENVIRONMENTAL REGULATION

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

## BOARD OF DIRECTORS

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

| Farooq Khan  | Executive Chairman   |
|--|--|
| <i>Appointed</i>   | 23 October 2006  |
| <i>Qualifications</i>  | BJuris, LLB (Western Australia)  |
| <i>Experience</i>  | Farooq 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 sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments. |
| <i>Relevant interest in shares</i>                                   | 2,000 shares – directly <sup>7</sup>   |
| <i>Special Responsibilities</i>                                      | Chairman of the Board and the Investment Committee   |
| <i>Other current directorships in listed entities</i>                | <ol style="list-style-type: none"> <li>(1) Executive Chairman and Managing Director of Queste Communications Ltd (ASX:QUE) (since 10 March 1998)</li> <li>(2) Executive Chairman of Bentley Capital Limited (ASX:BEL) (director since 2 December 2003)</li> <li>(3) Executive Chairman (appointed 18 December 2015) of Strike Resources Limited (ASX:SRK) (Director since 1 October 2015)</li> <li>(4) Executive Director of Lithium Energy Limited (ASX:LEL) (since 14 January 2021)</li> </ol>                       |
| <i>Former directorships in other listed entities in past 3 years</i> | -  |

<sup>7</sup> Refer to 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>  | Victor Ho has been in Executive roles with a number of ASX-listed companies across the investments, resources and technology sectors over the past 22 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 investment management of listed investment companies (as an Executive Director and/or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America (Peru, Chile and Argentina), Indonesia and the Middle East (Saudi Arabia and Oman)) transactions, capital raisings, resources project (debt) financing, spin-outs/demergers and IPO's/re-listings on ASX and capital management initiatives and has extensive experience in public company administration, corporations' law, ASIC/ASX compliance and investor/shareholder relations. |
| <i>Relevant interest in shares</i>                               | None  |
| <i>Special Responsibilities</i>                                  | Member of the Investment Committee  |
| <i>Other positions held in listed entities</i>                   | <ol style="list-style-type: none"> <li>(1) Executive Director and Company Secretary of Queste Communications Ltd (ASX:QUE) (Director since 3 April 2013; Company Secretary since 30 August 2000)</li> <li>(2) Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004)</li> <li>(3) Executive Director and Company Secretary of Strike Resources Limited (ASX:SRK) (Director since 24 January 2014 and Company Secretary since 1 October 2015)</li> <li>(4) Company Secretary of Lithium Energy Limited (ASX:LEL) (since 14 January 2021)</li> </ol>  |
| <i>Former positions in other listed entities in past 3 years</i> | <p>Company Secretary of Keybridge Capital Limited (ASX:KBC) (13 October 2016 to 13 October 2019)</p> <p>Executive Director of Lithium Energy Limited (ASX:LEL) (14 January to 18 March 2021)</p>  |

# DIRECTORS' REPORT

| Yaqoob Khan  | Non-Executive Director   |
|--|--|
| <i>Appointed</i>   | 5 November 1999  |
| <i>Qualifications</i>  | BCom (Western Australia), Master of Science in Industrial Administration (Carnegie Mellon)   |
| <i>Experience</i>  | Mr Khan holds a Masters degree in Business and has worked as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been involved in the structuring and ASX listing of a number of public companies and in subsequent executive management. Mr Khan brings considerable international experience in corporate finance and the strategic analysis of listed investments. |
| <i>Relevant interest in shares</i>                                   | 55,229 shares – directly <sup>8</sup>  |
| <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   |

## DIRECTORS' MEETINGS

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

| Name of Director | Meetings Attended | Maximum Possible Meetings |
|------------------|-------------------|---------------------------|
| Farooq Khan      | 7                 | 7                         |
| Victor Ho        | 7                 | 7                         |
| Yaqoob Khan      | 7                 | 7                         |

## Board Committees

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

<sup>8</sup> Refer to Orion's ASX announcement dated 30 March 2022: Change of Directors Interest Notice – Y Khan

# REMUNERATION REPORT

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

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

## (1) Remuneration Policy

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

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

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

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

### Executive Directors

- (1) Mr Farooq Khan (Executive Chairman) - a base salary of \$220,369 per annum inclusive of employer superannuation contributions (which Mr Khan has voluntarily agreed to suspend in respect of the financial year); and
- (2) Mr Victor Ho (Executive Director and Company Secretary) - a base salary of \$105,013 per annum inclusive of employer superannuation contributions (which Mr Ho has voluntarily agreed to suspend in respect of the financial year).

### Non – Executive Director

- (3) Mr Yaqoob Khan (Non-Executive Director) - a base fee of \$25,000 per annum (the payment of which Mr Khan has voluntarily agreed to suspend in respect of the financial year).

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

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

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

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

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

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# REMUNERATION REPORT

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

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

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

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

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

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

|   | 2022        | 2021      | 2020      | 2019        | 2018        |
|---|-------------|-----------|-----------|-------------|-------------|
| Profit/(Loss) before income tax (\$)            | (3,936,782) | 5,280,477 | (790,139) | (1,240,374) | (1,035,132) |
| Basic earnings/(loss) per share (cents)         | (25.16)     | 33.74     | (5.05)    | (8.18)      | (6.76)      |
| Dividends paid (\$)                             | -           | -         | -         | -           | 0.9         |
| VWAP share price on ASX for financial year (\$) | 0.29        | 0.20      | 0.07      | 0.18        | 0.19        |
| Closing bid share price as at 30 June (\$)      | 0.24        | 0.27      | 0.055     | 0.19        | 0.165       |

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

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

| 2022                           | Key Management Personnel | Performance related % | Short-term Benefits             |                     | Post-Employment Benefits | Other Long-term Benefits | Equity Based          | Total \$ |
|--------------------------------|--------------------------|-----------------------|---------------------------------|---------------------|--------------------------|--------------------------|-----------------------|----------|
|                                |                          |                       | Cash, salary and commissions \$ | Non-cash benefit \$ | Superannuation \$        | Long service leave \$    | Shares and Options \$ |          |
| <b>Executive Directors:</b>    |                          |                       |                                 |                     |                          |                          |                       |          |
|                                | Farooq Khan              | -                     | -(A)                            | -                   | -                        | -                        | -                     | -        |
|                                | Victor Ho                | -                     | -(B)                            | -                   | -                        | -                        | -                     | -        |
| <b>Non-Executive Director:</b> |                          |                       |                                 |                     |                          |                          |                       |          |
|                                | Yaqoob Khan              | -                     | 25,000                          | -                   | -                        | -                        | -                     | 25,000   |

(A) Mr Khan has voluntarily agreed to suspend his salary in respect of the financial year

(B) Mr Ho has voluntarily agreed to suspend his salary in respect of the financial year

# REMUNERATION REPORT

| 2021                           | Key Management Personnel | Performance related % | Short-term Benefits             |                     | Post-Employment Benefits | Other Long-term Benefits | Equity Based         | Total \$ |
|--------------------------------|--------------------------|-----------------------|---------------------------------|---------------------|--------------------------|--------------------------|----------------------|----------|
|                                |                          |                       | Cash, salary and commissions \$ | Non-cash benefit \$ | Superannuation \$        | Long service leave \$    | Shares and Option \$ |          |
| <b>Executive Directors:</b>    |                          |                       |                                 |                     |                          |                          |                      |          |
|                                | Farooq Khan              | -                     | 201,250                         | -                   | 19,119                   | -                        | -                    | 220,369  |
|                                | Victor Ho                | -                     | 95,750                          | -                   | 9,263                    | -                        | -                    | 105,013  |
| <b>Non-Executive Director:</b> |                          |                       |                                 |                     |                          |                          |                      |          |
|                                | Yaqoob Khan              | -                     | 25,000                          | -                   | -                        | -                        | -                    | 25,000   |

Victor Ho is also Company Secretary of the Company.

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

No Key Management Personnel has during or since the end of the 30 June 2022 financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

### (4) Engagement of Remuneration Consultants

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

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

The number of ordinary shares in the Company held by Key Management Personnel is set out below:

| Key Management Personnel       | Balance at 30 June 2021 | Additions | Received as part of remuneration | Disposals | Balance at 30 June 2022 |
|--------------------------------|-------------------------|-----------|----------------------------------|-----------|-------------------------|
| <b>Executive Directors:</b>    |                         |           |                                  |           |                         |
| Farooq Khan                    | 2,000                   | -         | -                                | -         | 2,000                   |
| Victor Ho                      | -                       | -         | -                                | -         | -                       |
| <b>Non-Executive Director:</b> |                         |           |                                  |           |                         |
| Yaqoob Khan                    | -                       | 55,229    | -                                | -         | 55,229                  |

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

### (6) Voting and Comments on Remuneration Report at 2020 AGM

At the Company's most recent (2021) AGM, a resolution to adopt the prior year (2021) Remuneration Report was put to the vote and passed unanimously on a show of hands with the proxies received also indicating majority (93.7%) support in favour of adopting the Remuneration Report.<sup>9</sup> No comments were made on the Remuneration Report that was considered at the AGM.

This concludes the audited Remuneration Report.

<sup>9</sup> Refer Orion's ASX announcement dated 25 November 2021: Results of 2021 Annual General Meeting

# DIRECTORS' REPORT

## DIRECTORS' DEEDS

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

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

## LEGAL PROCEEDINGS ON BEHALF OF CONSOLIDATED ENTITY

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

## AUDITORS

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

| Auditor                           | Audit & Review Fees<br>\$ | Non-Audit Services<br>\$ | Total<br>\$ |
|-----------------------------------|---------------------------|--------------------------|-------------|
| Rothsay Auditing                  | 4,400                     | -                        | 4,400       |
| Rothsay Audit & Assurance Pty Ltd | 8,800                     | -                        | 8,800       |

On 9 August 2022, Rothsay Audit & Assurance Pty Ltd were appointed the Company's Auditor, following the resignation of the firm of 'Rothsay Auditing' and receipt of ASIC's consent to that resignation.<sup>10</sup>

Rothsay Auditing completed the review of Orion for the half year ended 31 December 2021. Rothsay Audit & Assurance Pty Ltd completed the audit of Orion for the financial year ended 30 June 2022.

Rothsay Auditing and Rothsay Audit & Assurance Pty Ltd did not provide any non-audit services during the financial year.

Rothsay Audit & Assurance Pty Ltd continues in office in accordance with section 327C of the *Corporations Act 2001 (Cth)*.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 15. This relates to the Auditor's Report, where the Auditor states that they have issued an independence declaration.

<sup>10</sup> Refer Orion's ASX Announcement dated 9 August 2022: Change of Auditors

# DIRECTORS' REPORT

## EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in the Review of Operations) or the financial statements or notes thereto (in particular Note 23), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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



Farooq Khan  
Executive Chairman

26 August 2022



Victor Ho  
Executive Director and  
Company Secretary

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# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the audit of Orion Equities Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla  
Director

26 August 2022

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Sydney NSW 2000

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

|   | Note | 2022<br>\$         | 2021<br>\$       |
|---|------|--------------------|------------------|
| Revenue   | 2    | 45,367             | 43,080           |
| <b>Other</b>  |      |                    |                  |
| Share of Associate entity's net profit  |      | -                  | 2,811,553        |
| Net gain on financial assets at fair value through profit or loss   |      | -                  | 2,200,000        |
| Impairment reversal on revaluation of property held for development or resale                                     |      | -                  | 650,000          |
| Other   |      | -                  | 79,066           |
| <b>TOTAL REVENUE AND INCOME</b>   |      | <b>45,367</b>      | <b>5,783,699</b> |
| <b>EXPENSES</b>   | 3    |                    |                  |
| Share of Associate entity's net loss  |      | (2,329,842)        | -                |
| Net loss on financial assets at fair value through profit or loss   |      | (1,550,000)        |                  |
| Land operation expenses   |      | (7,775)            | (8,451)          |
| Personnel expenses  |      | (56,791)           | (413,173)        |
| Occupancy expenses  |      | (9,927)            | (11,079)         |
| Corporate expenses  |      | (30,565)           | (27,755)         |
| Communication expenses  |      | (2,051)            | (2,302)          |
| Finance expenses  |      | (213)              | (169)            |
| Administration expenses   |      | 5,015              | (40,293)         |
| <b>PROFIT/(LOSS) BEFORE TAX</b>   |      | <b>(3,936,782)</b> | <b>5,280,477</b> |
| Income tax benefit  | 5    | -                  | -                |
| <b>PROFIT/(LOSS) AFTER INCOME TAX</b>   |      | <b>(3,936,782)</b> | <b>5,280,477</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>   |      |                    |                  |
| Other comprehensive income, after tax   |      | -                  | -                |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>   |      | <b>(3,936,782)</b> | <b>5,280,477</b> |
| <b>EARNINGS/(LOSS) PER SHARE FOR THE PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY</b> |      |                    |                  |
| Basic and diluted earnings/(loss) per share (cents)   | 6    | (25.16)            | 33.74            |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 30 June 2022

|   | Note  | 2022<br>\$       | 2021<br>\$       |
|---|-------|------------------|------------------|
| <b>CURRENT ASSETS</b>                                 |       |                  |                  |
| Cash and cash equivalents                             | 7     | 13,640           | 195,423          |
| Financial assets at fair value through profit or loss | 8     | 1,100,000        | 2,650,000        |
| Loan to controlling entity                            | 20(a) | 97,149           | 42,597           |
| <b>TOTAL CURRENT ASSETS</b>                           |       | <b>1,210,789</b> | <b>2,888,020</b> |
| <b>NON-CURRENT ASSETS</b>                             |       |                  |                  |
| Property held for development or resale               | 11    | 1,750,000        | 1,750,000        |
| Investment in Associate entity                        | 19    | 651,552          | 2,981,394        |
| Property, plant and equipment                         |       | 1,629            | 2,418            |
| <b>TOTAL NON-CURRENT ASSETS</b>                       |       | <b>2,403,181</b> | <b>4,733,812</b> |
| <b>TOTAL ASSETS</b>                                   |       | <b>3,613,970</b> | <b>7,621,832</b> |
| <b>CURRENT LIABILITIES</b>                            |       |                  |                  |
| Payables  | 12    | 100,795          | 72,317           |
| Provisions  | 13    | 122,748          | 107,482          |
| <b>TOTAL CURRENT LIABILITIES</b>                      |       | <b>223,543</b>   | <b>179,799</b>   |
| <b>NON-CURRENT LIABILITIES</b>                        |       |                  |                  |
| Payables  | 12    | 273,455          | 388,279          |
| <b>TOTAL LIABILITIES</b>                              |       | <b>496,998</b>   | <b>568,078</b>   |
| <b>NET ASSETS</b>                                     |       | <b>3,116,972</b> | <b>7,053,754</b> |
| <b>EQUITY</b>   |       |                  |                  |
| Issued capital  | 14    | 18,808,028       | 18,808,028       |
| Profits reserve                                       | 15    | 6,654,468        | 6,546,107        |
| Accumulated losses                                    |       | (22,345,524)     | (18,300,381)     |
| <b>TOTAL EQUITY</b>                                   |       | <b>3,116,972</b> | <b>7,053,754</b> |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended 30 June 2022

|  | Note | Issued Capital<br>\$ | Reserves<br>\$   | Accumulated<br>Losses<br>\$ | Total<br>\$        |
|--|------|----------------------|------------------|-----------------------------|--------------------|
| <b>BALANCE AT 1 JULY 2020</b>                      |      | <b>18,808,028</b>    | <b>2,599,373</b> | <b>(19,634,124)</b>         | <b>1,773,277</b>   |
| Profit for the year                                |      | -                    | -                | 5,280,477                   | 5,280,477          |
| Profits reserve transfer                           | 15   | -                    | 3,946,734        | (3,946,734)                 | -                  |
| Other comprehensive income                         |      | -                    | -                | -                           | -                  |
| <b>Total comprehensive income<br/>for the year</b> |      | <b>-</b>             | <b>3,946,734</b> | <b>1,333,743</b>            | <b>5,280,477</b>   |
| <b>BALANCE AT 30 JUNE 2021</b>                     |      | <b>18,808,028</b>    | <b>6,546,107</b> | <b>(18,300,381)</b>         | <b>7,053,754</b>   |
| <b>BALANCE AT 1 JULY 2021</b>                      |      | <b>18,808,028</b>    | <b>6,546,107</b> | <b>(18,300,381)</b>         | <b>7,053,754</b>   |
| Loss for the year                                  |      | -                    | -                | (3,936,782)                 | (3,936,782)        |
| Profits reserve transfer                           | 15   | -                    | 108,361          | (108,361)                   | -                  |
| Other comprehensive income                         |      | -                    | -                | -                           | -                  |
| <b>Total comprehensive income<br/>for the year</b> |      | <b>-</b>             | <b>108,361</b>   | <b>(4,045,143)</b>          | <b>(3,936,782)</b> |
| <b>BALANCE AT 30 JUNE 2022</b>                     |      | <b>18,808,028</b>    | <b>6,654,468</b> | <b>(22,345,524)</b>         | <b>3,116,972</b>   |

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the year ended 30 June 2022

|  | Note         | 2022<br>\$       | 2021<br>\$       |
|--|--------------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |              |                  |                  |
| Receipts from customers                                    |              | 37,700           | 37,700           |
| Other receipts   |              | -                | 79,066           |
| Interest received  |              | 7,667            | 5,380            |
| Payments to suppliers and employees                        |              | (172,597)        | (273,614)        |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>               | <b>7</b>     | <b>(127,230)</b> | <b>(151,468)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |              |                  |                  |
| Purchase of plant and equipment                            |              | -                | (349)            |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>               |              | <b>-</b>         | <b>(349)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |              |                  |                  |
| Loan to controlling entity                                 | <b>20(a)</b> | (66,500)         | (10,000)         |
| Loan repayment from controlling entity                     | <b>20(a)</b> | 11,947           | 62,832           |
| <b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b> |              | <b>(54,553)</b>  | <b>52,832</b>    |
| <b>NET DECREASE IN CASH HELD</b>                           |              | <b>(181,783)</b> | <b>(98,985)</b>  |
| Cash and cash equivalents at beginning of financial year   |              | 195,423          | 294,408          |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>  |              | <b>13,640</b>    | <b>195,423</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 1. ABOUT THIS REPORT

#### 1.1 Background

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

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

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

Information is considered material and relevant if, for example:

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

The notes are organised into the following sections:

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

| Notes |                     |
|-------|---------------------|
| 2     | Revenue             |
| 3     | Expenses            |
| 4     | Segment information |
| 5     | Tax                 |
| 6     | Loss per share      |

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

| Notes |   |
|-------|---|
| 7     | Cash and cash equivalents                             |
| 8     | Financial assets at fair value through profit or loss |
| 9     | Financial risk management                             |
| 10    | Fair value measurement of financial instruments       |

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

| Notes |   |
|-------|---|
| 11    | Property held for development or resale |
| 12    | Payables                                |
| 13    | Provisions                              |

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

| Notes |                         |
|-------|-------------------------|
| 14    | Issued capital          |
| 15    | Profits reserve         |
| 16    | Capital risk management |

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

| Notes |                                   |
|-------|-----------------------------------|
| 17    | Parent entity information         |
| 18    | Investment in controlled entities |
| 19    | Investment in associate entity    |
| 20    | Related party transactions        |

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

| Notes |   |
|-------|---|
| 21    | Auditors' remuneration                      |
| 22    | Contingencies                               |
| 23    | Events occurring after the reporting period |

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

#### 1.2. Basis of preparation

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

#### Compliance with IFRS

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### Reporting Basis and Conventions

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

#### 1.3. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Orion Equities Limited as at 30 June 2022 and the results of its subsidiaries for the year then ended. Orion Equities Limited and its subsidiaries are referred to in this financial report as the Consolidated Entity.

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

#### 1.4. Comparative Figures

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

#### 1.5. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### 1.6. Dividends Policy

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

#### 1.7. Impairment of Assets

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

#### 1.8. Leases

At the lease commencement, the Consolidated Entity recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Consolidated Entity believes it is reasonably certain that the option will be exercised. The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Consolidated Entity's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Consolidated Entity's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Exceptions to lease accounting

The Consolidated Entity has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Consolidated Entity recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 1.9. New, revised or amending Accounting Standards and Interpretations adopted

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

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted. These are not expected to have a material impact on the Consolidated Entity's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 2. REVENUE

|   | 2022          | 2021             |
|---|---------------|------------------|
|   | \$            | \$               |
| The consolidated profit/(loss) before income tax includes the following items of revenue: |               |                  |
| <b>Revenue</b>  |               |                  |
| Rental revenue  | 37,700        | 37,700           |
| Interest revenue  | 7,667         | 5,380            |
|   | <u>45,367</u> | <u>43,080</u>    |
| <b>Other</b>  |               |                  |
| Share of Associate entity's net profit  | -             | 2,811,553        |
| Net gain on financial assets at fair value through profit or loss                         | -             | 2,200,000        |
| Impairment reversal on revaluation of property held for development or resale             | -             | 650,000          |
| Other income  | -             | 79,066           |
|   | <u>45,367</u> | <u>5,783,699</u> |

#### Accounting policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. All revenue is stated net of the amount of Goods and Services Tax (GST). The following specific recognition criteria must also be met before revenue is recognised:

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

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

#### (b) Interest revenue

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

#### (c) Dividend revenue

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

#### (d) Other revenues

Other revenues are recognised on a receipts basis.

### 3. EXPENSES

|  | 2022      | 2021    |
|--|-----------|---------|
|  | \$        | \$      |
| The consolidated profit/(loss) before income tax includes the following items of expenses: |           |         |
| Share of Associate entity's net loss   | 2,329,842 | -       |
| Net loss on financial assets at fair value through profit or loss                          | 1,550,000 | -       |
| Land operations  | 7,775     | 8,451   |
| Salaries, fees and employee benefits   | 56,791    | 413,173 |
| Occupancy expenses   | 9,927     | 11,079  |
| Finance expenses   | 213       | 169     |
| Communication expenses   | 2,051     | 2,302   |
| Corporate expenses   |           |         |
| ASX and CHES fees  | 20,273    | 17,541  |
| ASIC fees  | 5,849     | 6,024   |
| Share registry   | 3,600     | 3,548   |
| Other corporate expenses   | 843       | 642     |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

| 3. EXPENSES (continued)                    | 2022             | 2021           |
|--|------------------|----------------|
|  | \$               | \$             |
| Administration expenses                    |                  |                |
| Professional and legal fees                | 466              | 3,608          |
| Depreciation                               | 789              | 1,194          |
| Reversal of provision of realisation costs | (11,648)         | -              |
| Payroll tax refunded                       | (12,832)         | -              |
| Other administration expenses              | 18,210           | 35,491         |
|  | <b>3,982,149</b> | <b>503,222</b> |

### 4. SEGMENT INFORMATION

|   | Investments        | Corporate        | Total              |
|---|--------------------|------------------|--------------------|
|   | \$                 | \$               | \$                 |
| <b>2022</b>   |                    |                  |                    |
| <b>Segment revenues</b>   |                    |                  |                    |
| Revenue   | 37,700             | -                | 37,700             |
| Other   | -                  | 7,667            | 7,667              |
| <b>Total segment revenues</b>                                     | <b>37,700</b>      | <b>7,667</b>     | <b>45,367</b>      |
| Share of Associate entity's net loss                              | 2,329,842          | -                | 2,329,842          |
| Net loss on financial assets at fair value through profit or loss | 1,550,000          | -                | 1,550,000          |
| Personnel expenses  | -                  | 56,791           | 56,791             |
| Finance expenses  | -                  | 213              | 213                |
| Administration expenses   | -                  | (5,803)          | (5,803)            |
| Depreciation expense  | -                  | 789              | 789                |
| Other expenses  | 7,775              | 42,542           | 50,317             |
| <b>Total segment profit/(loss)</b>                                | <b>(3,849,917)</b> | <b>(86,865)</b>  | <b>(3,936,782)</b> |
| <b>Segment assets</b>   |                    |                  |                    |
| Cash and cash equivalents   | -                  | 13,640           | 13,640             |
| Financial assets  | 1,100,000          | -                | 1,100,000          |
| Property held for development or resale                           | 1,750,000          | -                | 1,750,000          |
| Investment in Associate entity                                    | 651,552            | -                | 651,552            |
| Property, plant and equipment                                     | -                  | 1,629            | 1,629              |
| Other assets  | -                  | 97,149           | 97,149             |
| <b>Total segment assets</b>                                       | <b>3,501,552</b>   | <b>112,418</b>   | <b>3,613,970</b>   |
| <b>2021</b>   |                    |                  |                    |
| <b>Segment revenues</b>   |                    |                  |                    |
| Revenue   | 37,700             | -                | 37,700             |
| Other   | 5,661,553          | 84,446           | 5,745,999          |
| <b>Total segment revenues</b>                                     | <b>5,699,253</b>   | <b>84,446</b>    | <b>5,783,699</b>   |
| Personnel expenses  | -                  | 413,173          | 413,173            |
| Finance expenses  | -                  | 169              | 169                |
| Administration expenses   | -                  | 39,100           | 39,100             |
| Depreciation expense  | -                  | 1,194            | 1,194              |
| Other expenses  | 8,451              | 41,135           | 49,586             |
| <b>Total segment loss</b>   | <b>5,690,802</b>   | <b>(410,325)</b> | <b>5,280,477</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

| 4. SEGMENT INFORMATION (continued)      | Investments      | Corporate      | Total            |
|---|------------------|----------------|------------------|
|   | \$               | \$             | \$               |
| <b>Segment assets</b>                   |                  |                |                  |
| Cash and cash equivalents               | -                | 195,423        | 195,423          |
| Financial assets                        | 2,650,000        | -              | 2,650,000        |
| Property held for development or resale | 1,750,000        | -              | 1,750,000        |
| Investment in Associate entity          | 2,981,394        | -              | 2,981,394        |
| Property, plant and equipment           | -                | 2,418          | 2,418            |
| Other assets                            | -                | 42,597         | 42,597           |
| <b>Total segment assets</b>             | <b>7,381,394</b> | <b>240,438</b> | <b>7,621,832</b> |

### Accounting policy

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

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

### Description of segments

- (a) Investments comprise of equity investments of companies listed on the Australian Securities Exchange (ASX) and liquid financial assets; and
- (b) Corporate items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

### Liabilities

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

| 5. TAX  | 2022        | 2021      |
|---|-------------|-----------|
|   | \$          | \$        |
| <b>The components of tax expense/(benefit) comprise:</b>  |             |           |
| Current tax   | -           | -         |
| Deferred tax  | -           | -         |
|   | -           | -         |
| <b>(a) The prima facie tax on operating profit/(loss) before income tax is reconciled to the income tax as follows:</b> |             |           |
| Prima facie tax payable on operating profit/(loss) before income tax at 30% (2021: 27.5%)                               | (1,181,035) | 1,452,131 |
| Adjust tax effect of:   |             |           |
| Non-assessable income   | -           | (783,750) |
| Non-deductible expenses   | -           | 42,576    |
| Share of net loss of Associate  | 698,953     | (773,177) |
| Current year tax losses not brought to account  | 482,082     | 62,220    |
| <b>Income tax attributable to entity</b>  | <b>-</b>    | <b>-</b>  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

| 5. TAX (continued)                               | 2022             | 2021             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Unrecognised deferred tax balances</b>        |                  |                  |
| Unrecognised deferred tax asset - revenue losses | 3,654,050        | 3,310,218        |
| Unrecognised deferred tax asset - capital losses | 341,539          | 313,078          |
|  | <b>3,995,589</b> | <b>3,623,296</b> |

### Critical accounting judgement and estimate

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

### Tax Consolidation

The head entity, Orion Equities Limited and its controlled entities have formed a tax consolidated group with effect from 29 June 2004. The members of the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

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

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

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 5. TAX (continued)

#### Accounting policy

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

### 6. EARNINGS/(LOSS) PER SHARE

|   | 2022           | 2021         |
|---|----------------|--------------|
| Basic and diluted earnings/(loss) per share (cents) | <u>(25.16)</u> | <u>33.74</u> |

The following represents the profit/(loss) and weighted average number of shares used in the earnings/(loss) per share calculations:

|  |                         |            |
|--|-------------------------|------------|
| Net loss after income tax (\$)             | (3,936,782)             | 5,280,477  |
|  | <b>Number of Shares</b> |            |
| 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 earnings/(loss) per share.

#### Accounting policy

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

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

### 7. CASH AND CASH EQUIVALENTS

|              | 2022          | 2021           |
|--------------|---------------|----------------|
|              | \$            | \$             |
| Cash at bank | <u>13,640</u> | <u>195,423</u> |

#### Accounting policy

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 7. CASH AND CASH EQUIVALENTS (continued)

| Reconciliation of operating loss after income tax to net cash used in operating activities | 2022               | 2021             |
|--|--------------------|------------------|
|  | \$                 | \$               |
| <b>Profit/(Loss) after income tax</b>  | <b>(3,936,782)</b> | <b>5,280,477</b> |
| <b>Add non-cash items:</b>   |                    |                  |
| Depreciation   | 789                | 1,194            |
| Net gain on financial assets at fair value through profit or loss                          | 1,550,000          | (2,200,000)      |
| Impairment reversal on revaluation of property held for development or resale              | -                  | (650,000)        |
| Share of Associate entity's (profit)/loss  | 2,329,842          | (2,811,553)      |
| <b>Changes in Assets and Liabilities:</b>  |                    |                  |
| Receivables  | -                  | (5,299)          |
| Payables   | (86,344)           | 204,987          |
| Provisions   | 15,265             | 28,726           |
|  | <b>(127,230)</b>   | <b>(151,468)</b> |

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

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Listed securities at fair value | <b>1,100,000</b> | <b>2,650,000</b> |
|---------------------------------|------------------|------------------|

#### Accounting policy

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

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

### 9. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable and payable, investments in listed securities, and other unlisted securities. The principal activity of the Consolidated Entity is the management of its investments (Financial Assets at Fair Value through Profit and Loss) (refer Note 8). The Consolidated Entity's investments are subject to market (which includes interest rate and price risk), credit and liquidity risks.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

|   |      | 2022             | 2021             |
|---|------|------------------|------------------|
|   | Note | \$               | \$               |
| Cash and cash equivalents                             | 7    | 13,640           | 195,423          |
| Financial assets at fair value through profit or loss | 8    | 1,100,000        | 2,650,000        |
|   |      | <b>1,113,640</b> | <b>2,845,423</b> |
| Payables  | 12   | (100,795)        | (72,317)         |
| <b>Net financial assets</b>                           |      | <b>1,012,845</b> | <b>2,773,106</b> |

#### (a) Market risk

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

##### (i) Price risk

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

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

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

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

| ASX All Ordinaries Accumulation Index | Impact on post-tax profit |           | Impact on other components of equity |           |
|---------------------------------------|---------------------------|-----------|--------------------------------------|-----------|
|                                       | 2022                      | 2021      | 2022                                 | 2021      |
|                                       | \$                        | \$        | \$                                   | \$        |
| Increase 15%                          | 129,121                   | 317,652   | 129,121                              | 317,652   |
| Decrease 15%                          | (129,121)                 | (317,652) | (129,121)                            | (317,652) |

##### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The weighted average interest rate for the year for the table below is 0.1% (2021: 0.1%). The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 9. FINANCIAL RISK MANAGEMENT (continued)

| (a) Market Risk (continued)         | 2022   | 2021    |
|-------------------------------------|--------|---------|
| (ii) Interest rate risk (continued) | \$     | \$      |
| Cash at bank                        | 13,640 | 195,423 |

### (b) Credit risk

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

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

|                                  | 2022   | 2021    |
|----------------------------------|--------|---------|
| <b>Cash and Cash Equivalents</b> | \$     | \$      |
| AA-                              | 13,490 | 195,273 |

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

### (c) Liquidity Risk

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

### 10. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### Fair Value Hierarchy

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

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

|  | Level 1   | Level 2 | Level 3 | Total     |
|--|-----------|---------|---------|-----------|
|  | \$        | \$      | \$      | \$        |
| Financial assets at fair value through profit or loss: |           |         |         |           |
| Listed securities at fair value                        |           |         |         |           |
| 2022   | 1,100,000 | -       | -       | 1,100,000 |
| 2021   | 2,650,000 | -       | -       | 2,650,000 |

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

#### (a) Valuation techniques

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

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

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

|                           |    | 2022            | 2021           |
|---------------------------|----|-----------------|----------------|
|                           |    | \$              | \$             |
| Cash and cash equivalents | 7  | 13,640          | 195,423        |
| Current payables          | 12 | (100,795)       | (72,317)       |
|                           |    | <b>(87,155)</b> | <b>123,106</b> |

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

### 11. PROPERTY HELD FOR DEVELOPMENT OR RESALE

|                          | 2022             | 2021             |
|--------------------------|------------------|------------------|
|                          | \$               | \$               |
| Property held for resale | 3,797,339        | 3,797,339        |
| Impairment of property   | (2,047,339)      | (2,047,339)      |
|                          | <b>1,750,000</b> | <b>1,750,000</b> |

#### Critical accounting judgement and estimate

The carrying value of Property held for resale is based on the Directors' judgement, having regard to the most recent independent valuation report dated 30 June 2021 and an assessment of current pertinent real estate market conditions. The Directors are of the view that the property is not impaired as at balance date.

#### Accounting policy

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

| 12. PAYABLES                             | 2022           | 2021           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Current</b>                           |                |                |
| Trade payables                           | 22,468         | 7,127          |
| Other payables and accrued expenses      | 78,327         | 65,190         |
|  | <b>100,795</b> | <b>72,317</b>  |
| <b>Non-current</b>                       |                |                |
| Accrued Directors' fees and entitlements | <b>273,455</b> | <b>388,279</b> |

### Accounting policy

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

### Risk exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 9.

| 13. PROVISIONS                         | 2022           | 2021           |
|--|----------------|----------------|
|  | \$             | \$             |
| Employee benefits - annual leave       | 50,739         | 41,213         |
| Employee benefits - long service leave | 65,282         | 59,542         |
| Provision for dividends                | 6,727          | 6,727          |
|  | <b>122,748</b> | <b>107,482</b> |

### Accounting policy

#### Short-term obligations

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

#### Other long-term employee benefit obligations

The liability for long-service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the Balance Date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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

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

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

|  | 2022          | 2021          |
|--|---------------|---------------|
|  | \$            | \$            |
| Leave obligations expected to be settled after 12 months | <b>65,282</b> | <b>59,542</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 14. ISSUED CAPITAL

|  | 2022              | 2021              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| 15,649,228 Fully paid ordinary shares (2021: 15,649,228) | <b>18,808,028</b> | <b>18,808,028</b> |

No movement in issued capital in the current financial year.

#### Accounting policy

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

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

### 15. PROFITS RESERVE

|                          | 2022             | 2021             |
|--------------------------|------------------|------------------|
|                          | \$               | \$               |
| <b>Opening balance</b>   | <b>6,546,107</b> | <b>2,599,373</b> |
| Profits reserve transfer | 108,361          | 3,946,734        |
| <b>Closing balance</b>   | <b>6,654,468</b> | <b>6,546,107</b> |

#### Profits reserve

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

### 16. CAPITAL RISK MANAGEMENT

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

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

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

### 17. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Orion Equities Limited, as at 30 June 2022.

|   | 2022               | 2021             |
|---|--------------------|------------------|
|   | \$                 | \$               |
| <b>Statement of profit or loss and other comprehensive income</b> |                    |                  |
| Profit/(Loss) for the year  | (2,415,846)        | 3,123,860        |
| Other comprehensive income  | -                  | -                |
| <b>Total comprehensive income/(loss) for the year</b>             | <b>(2,415,846)</b> | <b>3,123,860</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 17. PARENT ENTITY INFORMATION (continued)

| Statement of financial position                       | 2022             | 2021             |
|---|------------------|------------------|
| Assets  | \$               | \$               |
| Cash and cash equivalents                             | 9,798            | 175,811          |
| Financial assets at fair value through profit or loss | 1,100,000        | 2,650,000        |
| Investment in controlled entities (at cost)           | -                | -                |
| Investment in Associate entity (market value)         | 1,271,855        | 2,051,378        |
| Loan to controlling entity                            | 97,149           | 42,597           |
| Loans to controlled entities                          | 1,613,889        |                  |
| Provision for impairment                              | (485,098)        |                  |
| Net loans to controlled entities                      | 1,128,791        | 1,172,874        |
| Other asset   | 1,628            | 2,418            |
| <b>Total assets</b>                                   | <b>3,609,221</b> | <b>6,095,078</b> |
| <b>Liabilities</b>                                    |                  |                  |
| Current liabilities                                   | 370,834          | 175,313          |
| Non-current liabilities                               | 122,749          | 388,280          |
| <b>Total liabilities</b>                              | <b>493,583</b>   | <b>563,593</b>   |
| <b>Net assets</b>                                     | <b>3,115,638</b> | <b>5,531,485</b> |
| Issued capital  | 18,808,028       | 18,808,028       |
| Profits Reserve                                       | 5,907,609        | 5,907,610        |
| Accumulated losses                                    | (21,599,999)     | (19,184,153)     |
| <b>Equity</b>   | <b>3,115,638</b> | <b>5,531,485</b> |

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

### 18. INVESTMENT IN CONTROLLED ENTITIES

| Subsidiaries                      | Incorporated | Ownership Interest |      |
|-----------------------------------|--------------|--------------------|------|
|                                   |              | 2022               | 2021 |
|                                   |              | %                  | %    |
| Silver Sands Developments Pty Ltd | Australia    | 100                | 100  |
| CXM Pty Ltd                       | Australia    | 100                | 100  |

#### Accounting policy

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 18. INVESTMENT IN CONTROLLED ENTITIES (continued)

#### Changes in Ownership Interests

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

### 19. INVESTMENT IN ASSOCIATE ENTITY

|  | Ownership Interest |        | 2022               | 2021              |
|--|--------------------|--------|--------------------|-------------------|
|  | 2022               | 2021   | \$                 | \$                |
| Bentley Capital Limited (ASX:BEL)  | 26.95%             | 26.95% | <b>651,552</b>     | <b>2,981,394</b>  |
| <b>Movements in carrying amounts</b>   |                    |        |                    |                   |
| Opening balance  |                    |        | 2,981,394          | 169,841           |
| Share of net profit/(loss) after tax   |                    |        | (2,329,842)        | 2,811,553         |
| Closing balance  |                    |        | <b>651,552</b>     | <b>2,981,394</b>  |
| <b>Fair value (at market price on ASX) of investment in Associate entity</b> |                    |        |                    |                   |
|  |                    |        | <b>1,271,855</b>   | <b>2,051,378</b>  |
| <b>Net asset value of investment</b>   |                    |        |                    |                   |
|  |                    |        | <b>1,885,178</b>   | <b>4,215,020</b>  |
| <b>Summarised statement of profit or loss and other comprehensive income</b> |                    |        |                    |                   |
| Revenue  |                    |        | 6,375              | 12,095,835        |
| Expenses   |                    |        | (8,652,563)        | (1,661,988)       |
| <b>Profit/(Loss) before income tax</b>                                       |                    |        | <b>(8,646,188)</b> | <b>10,433,847</b> |
| Income tax expense   |                    |        | -                  | -                 |
| <b>Profit/(Loss) after income tax</b>  |                    |        | <b>(8,646,188)</b> | <b>10,433,847</b> |
| Other comprehensive income   |                    |        | -                  | -                 |
| <b>Total comprehensive income</b>  |                    |        | <b>(8,646,188)</b> | <b>10,433,847</b> |
| <b>Summarised statement of financial position</b>                            |                    |        |                    |                   |
| Current assets   |                    |        | 8,020,784          | 16,942,748        |
| Non-current assets   |                    |        | 170,895            | 3,955             |
| <b>Total assets</b>  |                    |        | <b>8,191,679</b>   | <b>16,946,703</b> |
| Current liabilities  |                    |        | 1,195,668          | 1,304,504         |
| <b>Total liabilities</b>   |                    |        | <b>1,195,668</b>   | <b>1,304,504</b>  |
| <b>Net assets</b>  |                    |        | <b>6,996,011</b>   | <b>15,642,199</b> |

#### Accounting policy

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

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

#### Accounting policy (continued)

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

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

### 20. RELATED PARTY TRANSACTIONS

#### (a) Loan to Controlling Entity

Queste Communications Ltd (ASX : QUE) is deemed to have control of the Consolidated Entity as it holds 59.86% (9,367,653 shares) (2021: 59.86% and 9,367,653 shares) of the Company's total issued share capital.

The Company and QUE have entered into a Loan Agreement for the Company to advance up to \$200,000 to QUE. The loan is unsecured and matures on 31 December 2023 (unless extended by agreement of the parties) and accrues interest at 10% pa in respect of the first \$150,000 advanced, and 7.5% pa in respect of \$50,000 advanced thereafter. During the year, the Company advanced \$66,500 and received \$19,610 repayments from QUE and earned interest income of \$7,663. The outstanding loan balance as at Balance Date is \$97,149 (principal and accrued interest).

#### (b) Transactions with Related Parties

During the financial year there were transactions between the Company, QUE and Associate Entity, Bentley Capital Limited (ASX:BEL), pursuant to shared office and administration arrangements. There were no outstanding amounts at the Balance Date.

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

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2022. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

|                                | 2022          | 2021           |
|--------------------------------|---------------|----------------|
| Directors                      | \$            | \$             |
| Short-term employment benefits | 25,000        | 322,000        |
| Post employment benefits       | -             | 28,381         |
|                                | <b>25,000</b> | <b>350,381</b> |

At Balance Date, the Company owes the Directors an aggregate \$298,456 in unpaid salaries (net of PAYG withholding tax remitted to the ATO) (2021: \$273,456).

During the year, the Consolidated Entity generated \$37,700 rental income from a KMP/close family member of a KMP (the KMP being Director, Farooq Khan), pursuant to a standard form residential tenancy agreement in respect of the Property Held for Resale (2021: \$37,700).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2022

### 21. AUDITORS' REMUNERATION

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

|  | 2022          | 2021          |
|--|---------------|---------------|
| <b>Rothsay Auditing</b>                      | \$            | \$            |
| Audit and review of financial statements     | 4,400         | 15,950        |
| <b>Rothsay Audit &amp; Assurance Pty Ltd</b> |               |               |
| Audit and review of financial statements     | 8,800         | -             |
|  | <b>13,200</b> | <b>15,950</b> |

### 22. 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 Royalty

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 (Mining Lease M47/1583) in Western Australia currently owned by Strike Resources Limited (ASX:SRK). This royalty entitlement stems from the Consolidated Entity's sale of a portfolio of tenements (including the Paulsens East tenement) to Strike in September 2005.

### 23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) 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 (Mining Lease M47/1583) in Western Australia currently owned by Strike Resources Limited (ASX:SRK). Strike has announced that it has commenced iron ore production at Paulsens East and is targeting its first shipment of approximately 66,000 tonnes of lump direct-shipping iron ore (grading at 62% Fe) in late August 2022. The quantum of royalty entitlement is not currently known but the iron ore price is currently approximately US\$105 per tonne (based on the benchmark price for iron ore with a grade of 62% Fe on a CFR China basis).

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

# DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (1) The financial statements, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 16 to 36 are in accordance with the *Corporations Act 2001 (Cth)* and:
  - (a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting; and
  - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of their performance for the year ended on that date;
- (2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (3) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001 (Cth)* by the Executive Chairman (the person who, in the opinion of the Directors, performs the Chief Executive Officer function) and Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and
- (4) The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

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



Farooq Khan  
Executive Chairman



Victor Ho  
Executive Director and  
Company Secretary

26 August 2022

# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

### ORION EQUITIES LIMITED

#### Opinion

We have audited the financial report of Orion Equities Limited (“the Company”) and its controlled entities (“the Group”) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors’ declaration.

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

- (i) giving a true and fair view of the Group’s financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

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

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

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

#### Key Audit Matters

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

We have determined the following key audit matter to communicate in our report:

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Sydney NSW 2000

**A** Level 1, Lincoln Building,  
4 Ventnor Avenue, West Perth WA 6005

**E** info@rothsay.com.au  
**W** www.rothsay.com.au

ABN 14 129 769 151

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CHARTERED ACCOUNTANTS  
AUSTRALIA - NEW ZEALAND



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ORION EQUITIES LIMITED (continued)

| <b>Key Audit Matter - Going Concern</b>  | <b>How our Audit Addressed the Key Audit Matter</b>   |
|--|---|
| <p>The financial statements have been prepared on a going concern basis as disclosed in Note 1 to the financial statements.</p> <p>We have included going concern as a key audit matter as the Group relies on existing cash reserves and the realisation of financial and non-financial assets generating sufficient cashflows to cover future expenditure.</p> | <p>In assessing the appropriateness of the going concern assumption in preparing the financial statements our procedures included the following:</p> <ul style="list-style-type: none"><li>• Assessing the cash flow requirements of the Group over the next 12 months based on the historical and budgeted cash outflows;</li><li>• Considering the liquidity of assets on the balance sheet; and</li><li>• Assessing whether the disclosures included in the financial report meet the requirements of Australian Accounting Standards.</li></ul> |

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

**Directors' Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ORION EQUITIES LIMITED (continued)

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

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

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

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

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

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

*Report on the Remuneration Report*

*Opinion on the Remuneration Report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2022.

In our opinion the remuneration report of Orion Equities Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ORION EQUITIES LIMITED (continued)

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla  
Director

Dated 26 August 2022

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# ADDITIONAL ASX INFORMATION

## as at 14 October 2022

### INVESTMENT PORTFOLIO

#### As at 30 June 2022

| Equities                 | Fair Value<br>\$'m | %<br>Net<br>Assets | ASX Code | Industry Sector Exposures |
|--------------------------|--------------------|--------------------|----------|---------------------------|
| Bentley Capital Limited  | 1.27               | 41%                | BEL      | Diversified               |
| Strike Resources Limited | 1.10               | 35%                | SRK      | Materials                 |
| <b>TOTAL</b>             | <b>2.37</b>        | <b>76%</b>         |          |                           |

#### As at 30 September 2022

| Equities                             | Fair Value<br>\$'m | %<br>Net<br>Assets | ASX Code | Industry Sector Exposures |
|--------------------------------------|--------------------|--------------------|----------|---------------------------|
| Bentley Capital Limited <sup>1</sup> | 1.33               | 49%                | BEL      | Diversified               |
| Strike Resources Limited             | 0.90               | 33%                | SRK      | Materials                 |
| <b>TOTAL</b>                         | <b>2.23</b>        | <b>82%</b>         |          |                           |

Note:

- (1) The Company's investment in BEL, an Associated Entity (i.e. in which the Company has a greater than 20% interest), is accounted for under the equity method in the consolidated financial statements. Under the equity method, the carrying amount of such investment is cost plus a share of the Associate Entity's net profit or loss (after tax) for the financial year to balance date as provided to the Company by such Associated Entity (refer Note 19 (Investment in Associate Entity) at pages 34 and 35 of the 2022 Annual Report).

### TRANSACTIONS AND BROKERAGE

During the financial year ended 30 June 2022, the Company entered into Nil (2021: nil) transactions with stockbrokers for the sale or purchase of listed securities and accordingly, incurred no brokerage fees (2021: nil).

### VOTING RIGHTS

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

# ADDITIONAL ASX INFORMATION

## as at 14 October 2022

### DISTRIBUTION OF FULLY PAID ORDINARY SHARES

| Spread       | of | Holdings | Number of Holders | Number of Shares  | % of Total Issued Capital |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1            | -  | 1,000    | 40                | 12,832            | 0.08%                     |
| 1,001        | -  | 5,000    | 62                | 221,114           | 1.41%                     |
| 5,001        | -  | 10,000   | 37                | 273,732           | 1.75%                     |
| 10,001       | -  | 100,000  | 63                | 2,134,249         | 13.64%                    |
| 100,001      | -  | and over | 15                | 13,007,301        | 83.12%                    |
| <b>Total</b> |    |          | <b>217</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            | -  | 2,777    | 56                | 42,263            | 0.27%                     |
| 2,778        | -  | over     | 161               | 15,606,965        | 99.73%                    |
| <b>Total</b> |    |          | <b>217</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 2,777 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 13 October 2022 of \$0.18 per share.

### SUBSTANTIAL SHAREHOLDERS

| Substantial Shareholders   | Registered Shareholder      | Total Number of Shares Held | % Voting Power        |
|--|-----------------------------|-----------------------------|-----------------------|
| Queste Communications Ltd<br>(ASX:QUE)                                   | QUE                         | 9,367,653                   | 59.86% <sup>(1)</sup> |
| Geoff Wilson,<br>Dynasty Peak Pty Limited and<br>GW Holdings Pty Limited | Dynasty Peak Pty<br>Limited | 923,038                     | 5.90% <sup>(2)</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 initial substantial shareholding notice filed by Geoff Wilson dated 28 February 2018

# ADDITIONAL ASX INFORMATION

## as at 14 October 2022

### 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 LTD                              | 923,038           | 5.90%            |
| 3    | MR BOBBY VINCENT LI                               | 616,153           | 3.94%            |
| 4    | NEUTRAL PTY LTD                                   | 339,906           | 2.17%            |
| 5    | ACN 139 886 025 PTY LTD                           | 288,464           | 1.84%            |
| 6    | MISS ALICE JANE LI                                | 266,485           | 1.70%            |
| 7    | REDSUMMER PTY LTD                                 | 225,000           | 1.44%            |
| 8    | MS HOON CHOO TAN                                  | 197,538           | 1.26%            |
| 9    | MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER | 166,500           | 1.06%            |
| 10   | MRS PENELOPE MARGARET SIEMON                      | 156,355           | 1.00%            |
| 11   | MRS UDESHIKA ASHANI ALGAMA ROHDE                  | 120,000           | 0.77%            |
| 12   | MR BRUCE SIEMON                                   | 118,250           | 0.76%            |
| 13   | MR JOHN CHENG-HSIANG YANG & MS PEGA PING MOK      | 103,726           | 0.66%            |
| 14   | MR DAVID JOHN JEFFREE                             | 100,233           | 0.64%            |
| 15   | MRS CAROLINE ANN PICKERING                        | 100,000           | 0.64%            |
| 16   | GIBSON KILLER PTY LTD                             | 83,300            | 0.53%            |
| 17   | MR SCOTT ALEXANDER RIETHMULLER                    | 82,844            | 0.53%            |
| 18   | MR SANTOSA GUZZETTA                               | 81,423            | 0.52%            |
| 19   | CHRISTOPHER JOHN LYNCH HOLDINGS PTY LTD           | 79,867            | 0.51%            |
| 20   | BNP PARIBAS NOMINEES PTY LTD                      | 74,826            | 0.48%            |
|      | <b>TOTAL</b>                                      | <b>13,491,561</b> | <b>86.21%</b>    |

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**ASX Code: OEQ**

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