

For personal use only

**ORH Limited**  
(ABN 51 077 398 826)

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

1. Highlights of Results

2. Financial Statements

31<sup>st</sup> August 2009

## 1. Highlights of Results

Set out below is summary financial information for the company for the Full Year to 30 June 2009 and previous corresponding year 30 June 2008.

Summary Information	Consolidated			
	30-Jun-09 AUD	30-Jun-08 AUD	Change AUD	Change %
Revenue from Continuing Operations	10,104,846	3,645,436	6,459,410	170.4
(Loss) from Continuing Operations after Tax	(2,733,608)	(1,819,792)	(913,816)	(50.2)
Net (Loss) after Tax Attributable to Members	(2,006,270)	(1,819,792)	(186,478)	(10.2)
Net Tangible Asset Backing Per Share (cents)	14.7	3.5		

Dividends (distributions)	Per Security	Franked Amount Per Security
Dividends Paid during Year	Nil	Nil
Proposed Final Dividend	Nil	Nil
Proposed payment date for final dividend	N/A	
Record date for determining entitlements to the dividend	N/A	

The Company's accounts are in the process of being audited by PKF, Chartered Accountants.

### Summary Commentary on Results

The results for the 30 June 2009 financial year for ORH Limited ("ORH" or "the Company") reflected a consolidated net loss attributable to members of \$2,006,270 (2008: \$1,819,792). This figure reflects for the last time the financial results for the company's investment in its Chinese corrosion engineering business for the six months to 31 December 2008 as well as incorporating for the first time the financial results of the Ridwest Group of Companies for the 6 month period to 30 June 2009.

### Sale of Chinese Corrosion Engineering Business

In March 2009 the Board of ORH announced that it received an unconditional cash offer of US\$900,000 for the sale of its subsidiary, Orient Corrosion Engineering Pty Ltd ("OCE"). The acquirer, a division of Beijing Beida Jade Bird Group subsequently acquired ORH's direct joint venture interest of OCE rather than shares in OCE itself. Settlement of this agreement occurred in May 2009 with the effective date of the transaction being 31 December 2008.

## Purchase of Ridwest Group of Companies

In September 2008 the Board of ORH announced that it had signed a conditional Amended Sale and Purchase Agreement for the acquisition of Ridwest Engineering Pty Ltd, Ridwest Mining Services Pty Ltd and Ridwest Mechanical Contracting Pty Ltd, collectively the Ridwest Group of Companies (Ridwest Group).

It became apparent to the ORH Board on completion of the audit of the financial statements for the 2007/08 financial year of the Ridwest Group that the net asset position of the Ridwest Group at Completion may be below the \$6million target originally advised to shareholders. To address this issue, Joshua Ridley, one of the vendors of the Ridwest Group agreed to contribute his net equity in a property at 30 Pinnacles Street in Port Hedland.

The Amended Sale and Purchase Agreement thus ensured that the Ridwest Group met a key condition precedent of the transaction, being a minimum net asset position of \$6million at Completion.

In March 2009 the Board of ORH announced that the acquisition of the Ridwest Group was completed on 27 February 2009 with an effective date of 1 January 2009.

During June 2009, Ridwest Engineering Pty Ltd, Ridwest Mining Services Pty Ltd and Ridwest Mechanical Contracting Pty Ltd names were changed to ORH Engineering Pty Ltd, ORH Mining Pty Ltd and ORH Contracting Pty Ltd to reflect the change in the ownership of them.

## Corporate

ORH completed a placement in March 2009 of 10 million shares at a price of 11.5 cents and 5 million attaching unlisted options exercisable on or before 13 June 2011 by the payment of 11.5 cents.

Mr Ramesh Kana resigned as Non Executive Chairman of ORH on 6 May 2009 and was replaced by Mr Domenic Martino as Non Executive Chairman.

Mr Geoffrey Hann was appointed Managing Director of the Company on 6 May 2009 and resigned from the Company Secretary position to be replaced by Ms Kim Petrich.

During the course of the financial year and as a result of a change of emphasis on ORH's operations, ORH's head office functions were moved from Sydney to the Ridwest Groups Perth headquarters at Level 1, 183 Great Eastern Highway in Belmont, Western Australia.

On 3 July 2009 the Board of ORH announced that it had entered into an underwriting agreement with Transocean Securities Limited for the issue of \$3million in Convertible Notes however on 3 August 2009 ORH announced that it was seeking a voluntary suspension of its shares on the ASX pending an announcement on the successful completion of a raising of a higher amount in the form of equity and debt.

## Outlook

The order book of the ORH Group of companies continues to be strong in the areas of plant hire and delivery of new service trucks and water carts and with the pending announcement of a successful capital raising, ORH will be capitalised appropriately to meet this growth.

## 2. Consolidated Preliminary Financial Statements

### Consolidated Income Statement

For The Year Ended 30 June 2009

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30 June 2009</i>	<i>30 June 2008</i>
		\$	\$
<b>Continuing operations</b>			
Revenue		10,104,846	3,645,436
Cost of sales		4,403,603	2,068,692
Gross Profit		<u>5,701,242</u>	<u>1,576,744</u>
Other income			
Gain on disposal of joint venture		90,903	-
Interest income		21,270	-
Other income		106,385	145,900
		<u>218,558</u>	<u>1,722,644</u>
Depreciation and amortisation expense		1,177,907	78,609
Foreign exchange loss		278,948	-
Finance costs		882,504	-
Employee benefits expense		3,137,692	863,117
Other administrative expenses		4,037,562	2,411,366
		<u>9,514,613</u>	<u>3,353,092</u>
<b>(Loss) from continuing operations before tax</b>		<u>(3,594,813)</u>	<u>(1,630,448)</u>
Income tax benefit/(expense)		861,205	(189,344)
<b>Net (loss) from continuing operations after tax</b>		<u>(2,733,608)</u>	<u>(1,819,792)</u>
<b>Discontinued operations</b>			
Profit from discontinued operations after tax		727,338	-
Loss attributable to minority interest		-	-
<b>(Loss) for the year attributable to members of the parent entity</b>		<u>(2,006,270)</u>	<u>(1,819,792)</u>
Basic and diluted earnings per share (cents)		(1.33)	(1.8)

The accompanying notes form part of these Consolidated Preliminary Financial Statements.

# Consolidated Balance Sheet

As At 30 June 2009

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30</i>	<i>30</i>
		<i>June</i>	<i>June</i>
		<i>2009</i>	<i>2008</i>
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		13,805	583,569
Trade and other receivables		2,783,713	1,438,927
Financial assets		-	1,650,000
Inventories		1,816,667	128,650
<b>Total Current Assets</b>		<u>4,614,185</u>	<u>3,801,146</u>
<b>Non-current Assets</b>			
Property, plant and equipment		27,322,436	195,314
Deferred tax asset		940,968	271,179
Goodwill		5,421,513	-
Other financial assets		1,410,000	-
<b>Total Non-current Assets</b>		<u>35,094,917</u>	<u>466,493</u>
<b>TOTAL ASSETS</b>		<u>39,709,102</u>	<u>4,267,639</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		7,086,621	422,394
Borrowings		6,585,461	17,713
Current tax liabilities		1,645,004	335,185
<b>Total Current Liabilities</b>		<u>15,317,086</u>	<u>775,292</u>
<b>Non-current Liabilities</b>			
Deferred tax liability		343,991	-
Borrowings		13,379,267	16,974
<b>Total Non-current Liabilities</b>		<u>13,723,258</u>	<u>16,974</u>
<b>TOTAL LIABILITIES</b>		<u>29,040,344</u>	<u>792,266</u>
<b>NET ASSETS</b>		<u>10,668,758</u>	<u>3,475,373</u>
<b>EQUITY</b>			
Contributed equity		30,348,874	21,383,222
Accumulated losses		(20,269,738)	(18,412,568)
Reserves		589,622	504,719
<b>TOTAL EQUITY</b>		<u>10,668,758</u>	<u>3,475,373</u>

The accompanying notes form part of these Consolidated Preliminary Financial Statements.

# Consolidated Cash Flow Statement

For The Year Ended 30 June 2009

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30</i>	<i>30</i>
		<i>June</i>	<i>June</i>
		<i>2009</i>	<i>2008</i>
		<i>\$</i>	<i>\$</i>
<b>Cash flows from operating activities</b>			
Receipts from customers		10,958,257	3,718,970
Payments to suppliers and employees		(11,802,173)	(5,776,833)
Income taxes paid		84,674	(113,313)
Net finance costs		(861,234)	145,900
<b>Net cash (outflow) from operating activities</b>		<u>(1,620,476)</u>	<u>(2,025,276)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(286,057)	(60,881)
Proceeds on disposal of foreign joint venture		1,193,760	-
Costs for acquisition of Ridwest		(461,120)	-
Overdraft assumed on acquisition of Ridwest		(37,996)	-
Other Investments		1,650,000	(1,650,000)
<b>Net cash inflow/(outflow) from investing activities</b>		<u>2,058,587</u>	<u>(1,710,881)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,150,000	1,058,841
Repayment of Borrowings		(800,791)	(86,676)
<b>Net cash inflow from financing activities</b>		<u>349,209</u>	<u>972,165</u>
<b>Net cash inflow from continuing operations</b>		787,320	(2,763,992)
<b>Net cash outflow from discontinued operations</b>		(1,357,084)	-
Net (decrease) in cash and cash equivalents		(569,764)	(2,763,992)
Cash and cash equivalents at beginning of the year		583,569	3,350,534
Net foreign exchange differences		-	(2,973)
<b>Cash and cash equivalents at end of year</b>		<u>13,805</u>	<u>583,569</u>

The accompanying notes form part of these Consolidated Preliminary Financial Statements.

## Consolidated Statement of Changes in Equity

For The Year Ended 30 June 2009

	Contributed Equity	Accumulated Losses	Foreign Currency Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2008</b>	21,383,222	(18,412,568)	(85,724)	590,443	3,475,373
Net loss for the year	-	(2,006,270)	-	-	(2,006,270)
Shares issued during the year net of share issue costs					
- private placement	1,150,000	-	-	-	1,150,000
- Ridwest acquisition	7,815,652	-	-	339,865	8,155,517
Fluctuation on foreign exchange	-	-	(42,000)	-	(42,000)
Transfer to income statement on disposal of foreign joint venture	-	-	(63,862)	-	(63,862)
Transfer of expired options	-	149,100	-	(149,100)	-
<b>Balance at 30 June 2009</b>	<b>30,348,874</b>	<b>(20,269,738)</b>	<b>(191,586)</b>	<b>781,208</b>	<b>10,668,758</b>

	Contributed Equity	Accumulated Losses	Foreign Currency Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2007</b>	20,768,874	(17,149,917)	16,172	763,091	4,398,220
Net loss for the year	-	(1,819,792)	-	-	(1,819,792)
Total income and expense for the year	-	(1,819,792)	-	-	(1,819,792)
Shares issued during the year net of expenses					
- share issue	23,841	-	-	-	23,841
- private placement	1,035,000	-	-	-	1,035,000
- costs of current period private placement	(60,000)	-	-	-	(60,000)
- costs of prior period private placement	(384,493)	-	-	384,493	-
Fluctuation on foreign exchange	-	-	(101,896)	-	(101,896)
Transfer of option expired	-	557,141	-	(557,141)	-
<b>Balance at 30 June 2008</b>	<b>21,383,222</b>	<b>(18,412,568)</b>	<b>(85,724)</b>	<b>590,443</b>	<b>3,475,373</b>

The accompanying notes form part of these Consolidated Preliminary Financial Statements.

# Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2009

---

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Preliminary Financial Statements of ORH Limited (“**ORH**”) and its subsidiaries (“**the Group**”) for the year ended 30 June 2009 do not include all the notes of the type that would normally be included within the annual financial report, and therefore cannot be expected to provide as full an understanding of the financial performance and financial position of the Group as the full financial report.

### **Basis of Preparation**

The Preliminary Financial Statements have been prepared on an accruals basis and are based on historical costs as modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Unless otherwise detailed in this note, accounting policies have been consistently applied by the entities in the Group, and are consistent with those applied in the 30 June 2008 annual report.

### **Changes in Accounting Policy**

Since 1 July 2008 the Group has adopted certain Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2008. The Group has assessed the impact of adopting these Standards and Interpretations and does not believe that there is an effect on the financial position or performance of the Group. These Standards and Interpretations will be disclosed in the 2009 financial report.

For personal use only

## Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2009

### 2. SEGMENT REPORTING

#### Primary Reporting – Geographical Segments

The Group's risks and rewards are affected predominantly by differences in the geographical areas in which it operates, therefore, its primary reporting format is based on geographical segments.

#### Secondary Reporting - Business segments

The Group previously operated in the business of design of corrosion protection systems, the Group now operates in the Mining Services Sector.

The following tables present the revenue and profit information regarding business segments for the years ended 30 June 2009 and 30 June 2008.

30 June 2009	Continuing Operations			Discontinued	Total
	United			Operations	Operations
	Australia	Kingdom	Total	China	
	\$	\$	\$	\$	\$
<b>Segment revenue</b>					
Sales and other revenue from external parties	8,656,477	1,448,369	10,104,846	4,053,876	14,158,722
Total Revenue	8,656,477	1,448,369	10,104,846	4,053,876	14,158,722
<b>Segment Result</b>					
(Loss)/profit before income tax	(3,243,242)	(351,571)	(3,594,813)	842,883	(2,751,930)
Income tax benefit/(expense)	861,205	-	861,205	(115,545)	745,660
Net (loss)/profit for the year	(2,382,037)	(351,571)	(2,733,608)	727,338	(2,006,270)
<b>Segment assets/liabilities</b>					
Segment assets	39,488,215	220,887	39,709,102	-	39,709,102
Segment liabilities	(28,185,801)	(854,543)	(29,040,344)	-	(29,040,344)
<b>Other segment information</b>					
Depreciation and amortisation	1,174,334	3,573	1,177,907	-	1,177,907

## Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2009

### 2. SEGMENT REPORTING (Continued)

30 June 2008	Continuing Operations			Total Operations
	Australia \$	China \$	United Kingdom \$	\$
<b>Segment revenue</b>				
Sales and other revenue from external parties	131,539	2,545,623	968,274	3,645,436
Total Revenue	131,539	2,545,623	968,274	3,645,436
<b>Segment Result</b>				
Profit / (loss) before income tax	(1,840,594)	513,171	(303,025)	(1,630,448)
Income tax expense	-	(189,344)	-	(189,344)
Net profit / (loss) for the year	(1,840,594)	323,827	(303,025)	(1,819,792)
<b>Segment assets/liabilities</b>				
Segment assets	2,308,956	1,880,735	77,948	4,267,639
Segment liabilities	(21,282)	(711,669)	(59,315)	(792,266)
<b>Other segment information</b>				
Depreciation and amortisation	41,668	34,533	2,408	78,609

For personal use only

## Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2009

### 3. CONTRIBUTED EQUITY

Share Capital	<i>30 June 2009</i> \$	<i>30 June 2008</i> \$
<i>Ordinary shares</i> Issued and fully paid	<u>30,348,874</u>	<u>21,383,222</u>
	<i>Number of Shares</i>	\$
<i>Movements in shares on issue</i> At 1 July 2008	109,422,508	21,383,222
Shares issued during the period	121,652,169	8,965,552
Cost of share issues recognised during the period	-	-
At 30 June 2009	<u>231,074,677</u>	<u>30,348,874</u>

### 4. BUSINESS COMBINATION

On 27 February 2009, ORH announced that it had concluded the acquisition of 100% of the issued share capital of Ridwest Mechanical Contracting Pty Limited, Ridwest Engineering Pty Limited and Ridwest Mining Services Pty Limited collectively known as the Ridwest Group. By mutual consent of the parties to the transaction the effective date of the acquisition was 1 January 2009.

The Ridwest Group is a Perth-based mining and industrial business which provides:

- Engineering design, implementation and supply of service trucks and water carts for the mining and construction industries;
- Supply of heavy earthmoving equipment for hire on major infrastructure projects in mining, civil and marine projects;
- Steel fabrication on equipment for infrastructure projects

The accounting for this business combination is provisional as certain matters have not been finalised including the method of transfer of the property situated at Port Hedland, which forms part of the assets acquired.

Transaction costs, comprising legal and advisory services, amounting to \$461k have been capitalised as part of the costs of the acquisition.

The values of the assets acquired and liabilities assumed have been valued at the acquisition date, generally using fair values, in determining the fair value of Property, Plant and Equipment acquired ORH engaged two independent valuers and applied a weighted average method to determine the appropriate value.

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force. None of the goodwill recognised is expected to be deductible for income tax purposes.

## Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2009

Details of the provisional purchase price allocation for the Ridwest Group acquisition are as follows:

	Acquiree's carrying amount	Fair Value
Cash equivalents	(38,104)	(38,104)
Trade and other receivables	2,381,168	2,381,168
Inventories	2,453,246	2,453,246
Property, plant and equipment	27,164,159	27,902,879
Deferred tax assets	583,932	583,932
Trade and other payables	(11,778,395)	(11,778,395)
Deferred tax liabilities	(343,991)	(343,991)
Borrowings	(19,543,956)	(19,543,956)
Net assets acquired	878,059	1,616,780
Goodwill		5,421,454
Total purchase consideration		<u>7,038,234</u>

The purchase consideration has been calculated as follows:

48,695,652 ordinary shares issued to Josh Ridley	3,408,696
62,956,522 ordinary shares issued to Indian West and Transocean Securities	4,406,957
14,782,609 performance shares issued to Josh Ridley	-
7,500,000 performance options issued to Josh Ridley	-
4,347,826 options issued to Josh Ridley	38,261
14,000,000 options issued to Indian West and Transocean Securities	123,200
Capitalised transaction costs	461,120
Less: Transferred to other financial assets pending resolution of the transfer of the property at Port Hedland	(1,400,000)
Total	<u>7,038,234</u>

## Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2009

---

### 5. DIRECTORS AND EXECUTIVE DISCLOSURES

#### (a) Details of Key Management Personnel

##### (i) Directors

Domenic Martino	Chairman
Geoffrey Hann	Managing Director
Michael Palmer	Non - Executive Director
Stephen Gu	Non - Executive Director
Grant Freeman	Non - Executive Director
Joshua Ridley	Non - Executive Director
Ramesh Kana	Non - Executive Chairman (resigned 6 May 2009)

##### Key Personnel

Rohan Erwin	Chief Operations Officer
Kim Petrich	Company Secretary
Jamie Detata	General Manager
Jamie Morton	Financial Controller