FULL YEAR REPORT:

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

30 June 2011

ASX Code: OEQ

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

PRINCIPAL & REGISTERED OFFICE:
Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia 6000
Local T | 1300 762 678
T | (08) 9214 9797
F | (08) 9322 1515
E | info@orionequities.com.au
W | www.orionequities.com.au

SHARE REGISTRY:
Advanced Share Registry Limited
Suite 2, 150 Stirling Highway
Nedlands,
Western Australia 6009
PO Box 1156, Nedlands, WA 6909

T | (08) 9389 8033
F | (08) 9389 7871
E | admin@advancedshare.com.au
W | www.advancedshare.com.au

Level 6, 225 Clarence Street
Sydney, New South Wales 2000
PO Box Q1736,
Queen Victoria Building, NSW 1230
T | (02) 8096 3502

CONTENTS

Overview to the Market	2
Directors' Report	4
Auditor's Independence Declaration	14
Consolidated Statement of Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to Consolidated Financial Statements	19
Directors' Declaration	43
Independent Audit Report	44
Securities Information	46

www.orionequities.com.au

Visit our website for:

- **Latest News**
- **Market Announcements**
- **Financial Reports**

Register your email with us to receive latest Company announcements and releases

EMAIL US NOW

info@orionequities.com.au

CORPORATE DIRECTORY

BOARD

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

COMPANY SECRETARY
Victor Ho

PRINCIPAL & REGISTERED OFFICE
Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

Telephone: (08) 9214 9797
Facsimile: (08) 9322 1515
Email: info@orionequities.com.au

Website: www.orionequities.com.au

STOCK EXCHANGE
Email: admin@advancedshare.com.au
Investor Web: www.advancedshare.com.au

ASX CODE
OEQ

SHARE REGISTRY
Advanced Share Registry Services
Suite 2, 150 Stirling Highway
Nedlands Western Australia 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

Level 6, 225 Clarence Street
Sydney, New South Wales 2000
Telephone: (02) 8096 3502

Email: admin@advancedshare.com.au
Investor Web: www.advancedshare.com.au

AUDITOR
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008
Telephone: (08) 6382 4600
Facsimile: (08) 6382 4601
Website: www.bdo.com.au

OVERVIEW TO THE MARKET

Current Reporting Period:	Financial year ended 30 June 2011
Previous Corresponding Period:	Financial year ended 30 June 2010
Balance Date:	30 June 2011
Company:	Orion Equities Limited (**OEQ**)
Consolidated Entity:	Orion and controlled entities.

OVERVIEW OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

CONSOLIDATED ENTITY	2011 $	2010 $	% Change	Up/ Down
Total revenues	1,124,813	4,692,025	76%	Down
Total expenses	(3,800,821)	(4,273,059)	11%	Down
Profit/(Loss) before tax	**(2,676,008)**	**418,966**	739%	Down
Income tax benefit	(82,211)	694,440	112%	Down
Profit/(Loss) attributable to members of the Company	**(2,758,219)**	**1,113,406**	348%	Down
Basic and diluted earnings/(loss) cents per share	(15.48)	6.25	348%	Down
Pre-tax NTA backing per share	0.975	1.135	14%	Down
Post-tax NTA backing per share	0.975	1.135	14%	Down

BRIEF EXPLANATION OF RESULTS

Revenues include:

(1) $496,680 gain on sale of securities (June 2010: $887,317 loss);

(2) $450,027 income from olive grove operations (June 2010: $1,200,987); and

(3) $167,032 share of Associate entity's profit (net of dividends received from Associate of $410,276) (June 2010: $890,284 net of dividends received from Associate of $410,276).

Expenses include:

(1) $2,013,636 net loss in fair value in securities (June 2010: $2,583,275 net gain);

(2) $601,024 olive grove and oils operations (which does not include revaluation and depreciation expenses) (June 2010: $1,023,130);

(3) $201,041 olive grove impairment and depreciation expenses (June 2010: $123,303); and

(4) $617,837 personnel costs (including Directors' fees) (June 2010: $539,042).

OVERVIEW TO THE MARKET

The principal components of the $2,013,636 net loss in fair value in securities are:

(a) $2.51 million unrealised loss on a share investment in ASX listed Strike Resources Limited (SRK), which declined in value from 50 cents to 24.5 cents per share during the financial year;

(b) $1.5 million unrealised gain on a share investment in ASX listed Alara Resources Limited (AUQ), which increased in value from 8.7 cents to 36.5 cents per share during the financial year; and

(c) $1 million reversal of net unrealised gain on share investments sold (and unlisted options in SRK exercised) during the financial year.

DIVIDENDS

The Directors have not declared a dividend in respect of the financial year ended 30 June 2011.

ASSOCIATE ENTITIES

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

(1) 28.256% interest in ASX listed Bentley Capital Limited (ACN 008 108 218) (**BEL**) (30 June 2010: 28.488%).

CONTROLLED ENTITIES

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

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Please refer to the attached Directors' Report and Financial Report for further information on a review of the Consolidated Entity's operations and the financial position and performance of the Consolidated Entity and Company for the year ended 30 June 2011.

ANNUAL GENERAL MEETING

Pursuant to the ASX Listing Rules, the Company gives notice that its 2011 Annual General Meeting (AGM) will be held at The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia on Friday, 4 November 2011.

For and on behalf of the Directors,

Date: 31 August 2011

Victor Ho
Executive Director and Company Secretary

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

DIRECTORS' REPORT

The Directors present their report on Orion Equities Limited (**Company** or **OEQ**) and its controlled entities (the **Consolidated Entity** or **Orion**) for the year ended 30 June 2011 (**Balance Date**).

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

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the management of its investments, including investments in listed and unlisted securities, real estate held for development and resale, an olive grove and ultra premium 'Dandaragan Estate' Olive Oil operation.

NET TANGIBLE ASSET BACKING (NTA)

Consolidated Entity	2011 $	2010 $
Net tangible assets (before tax)	17,364,240	20,211,659
Pre-Tax NTA Backing per share	0.975	1.135
Less deferred tax assets and tax liabilities	-	-
Net tangible assets (after tax)	17,364,240	20,211,659
Pre-Tax NTA Backing per share	0.975	1.135
Based on total issued share capital	17,814,389	17,814,389

FINANCIAL POSITION

Consolidated Entity	2011 $	2010 $
Cash	289,140	397,531
Financial assets at fair value through profit and loss	6,470,003	8,519,072
Investments in listed Associate entity	7,088,745	7,331,989
Inventory	2,799,430	2,119,400
Receivables	106,554	132,187
Intangibles	782,058	884,683
Other assets	1,794,954	2,154,290
Deferred tax asset	1,165,887	2,090,691
Total Assets	20,496,771	23,629,843
Other payables and liabilities	(1,184,586)	(442,810)
Deferred tax liability	(1,165,887)	(2,090,691)
Net Assets	18,146,298	21,096,342
Issued capital	19,374,007	19,374,007
Retained earnings/(Accumulated Losses)	(1,647,232)	1,110,987
Reserves	419,523	611,348
Total Equity	18,146,298	21,096,342

DIRECTORS' REPORT

OPERATING RESULTS

Consolidated Entity	2011 $	2010 $
Total revenues	1,124,813	4,692,025
Total expenses	(3,800,821)	(4,273,059)
Profit/(Loss) before tax	(2,676,008)	418,966
Income tax benefit/(expense)	(82,211)	694,440
Profit/(Loss) attributable to members of the Company	(2,758,219)	1,113,406

Revenues include:

(1) $496,680 gain on sale of securities (June 2010: $887,317 loss);

(2) $450,027 income from olive grove operations (June 2010: $1,200,987); and

(3) $167,032 share of Associate entity's profit (net of dividends received from Associate of $410,276) (June 2010: $890,284 net of dividends received from Associate of $410,276).

Expenses include:

(1) $2,013,636 net loss in fair value in securities (June 2010: $2,583,275 net gain);

(2) $601,024 olive grove and oils operations (which does not include revaluation and depreciation expenses) (June 2010: $1,023,130);

(3) $201,041 olive grove impairment and depreciation expenses (June 2010: $123,303); and

(4) $617,837 personnel costs (including Directors' fees) (June 2010: $539,042).

The principal components of the $2,013,636 net loss in fair value in securities are:

(a) $2.51 million unrealised loss on a share investment in ASX listed Strike Resources Limited (SRK), which declined in value from 50 cents to 24.5 cents per share during the financial year;

(b) $1.5 million unrealised gain on a share investment in ASX listed Alara Resources Limited (AUQ), which increased in value from 8.7 cents to 36.5 cents per share during the financial year; and

(c) $1 million reversal of net unrealised gain on share investments sold (and unlisted options in SRK exercised) during the financial year.

LOSS PER SHARE

Consolidated Entity	2011	2010
Basic and diluted earnings/(loss) per share (cents)	(15.48)	6.25
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings/(loss) per share	17,814,389	17,814,389

DIVIDENDS

The Directors have not declared a dividend in respect of the financial year ended 30 June 2011.

SECURITIES IN THE COMPANY

At Balance Date and the date of this report, the Company had 17,814,389 shares on issue (30 June 2010: 17,814,389). The Company does not have other securities on issue at the date of this report.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

(a) Portfolio Details As At 30 June 2011

Asset Weighting

	% of Net Assets 2011	2010
Australian equities	75%	75%
Agribusiness[1]	14%	16%
Property held for development and resale	10%	10%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	-
Net cash/other assets and provisions	1%	(1%)
TOTAL	**100%**	**100%**

Major Holdings in Securities Portfolio

Equities		Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Bentley Capital Limited	4.51	24.87%	BEL	Diversified Financials
2.	Strike Resources Limited	4.09	22.53%	SRK	Materials
3.	Alara Resources Limited	2.31	12.74%	AUQ	Materials
TOTAL		**10.91**	**60.14%**		

(b) Agribusiness

The Company owns the ultra premium 'Dandaragan Estate' Extra Virgin Olive Oil business and a 143 hectare commercial olive grove located in Gingin, Western Australian (approximately 100 kilometres North of Perth) producing olive oil from approximately 64,500, 12 year old olive tree plantings.

A summary of olive grove operations during the 2011 financial year are as follows:

(a) The 2011 harvesting season yielded ~1,200 tonnes of fruit from which ~200,000 litres of oils were extracted (2010: ~400 tonnes of fruit and ~81,000 litres of oils);

(b) The increase in tonnes processed reflects the biennial cycle of growth and production from olive trees whereby trees exhibit alternating years of high and low bearing fruit;

(c) Olive grove operation expenses were $601,024 (which does not include revaluation and depreciation expenses) (June 2010: $1,023,130);

(d) Inventory – Bulk Oils of $890,093 reflects the cost of harvesting and processing during the 2011 season incurred up to balance date (June 2010: $515,525); and

(e) Inventory – Packaged Oils of 109,337(June 2010: $103,875).

1 Agribusiness net assets include olive grove land, olive trees, water licence, buildings, plant and equipment and inventory (bulk and packaged oils)

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FUTURE DEVELOPMENTS

The Consolidated Entity 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 the Consolidated Entity invests. The investments' performance depends 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 the Consolidated Entity's investments or the forecast of the likely results of the Consolidated Entity's activities.

ENVIRONMENTAL REGULATION

The Consolidated Entity notes the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* (**EEOA**) and the *National Greenhouse and Energy Reporting Act 2007* (**NGERA**). The *Energy Efficiency Opportunities Act 2006* requires affected companies to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the company intends to take as a result. The *National Greenhouse and Energy Reporting Act 2007* requires affected companies to report its annual greenhouse gas emissions and energy use.

The Consolidated Entity has determined that it does not operate a recognised facility requiring registration and reporting under the NGERA and in any event, it would fall under the threshold of greenhouse gas emissions required for registration and reporting. Similarly, the Consolidated Entity's energy consumption would fall under the threshold required for registration and reporting under the EEOA.

The Consolidated Entity is not otherwise subject to any particular or significant environmental regulation under either Commonwealth or State legislation. To the extent that any environmental regulations may have an incidental impact on the Consolidated Entity's operations, the Directors are not aware of any breach by the Consolidated Entity of those regulations.

DIRECTORS' REPORT

BOARD OF DIRECTORS

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

Farooq Khan	**Executive Chairman**
Appointed	23 October 2006
Qualifications	BJuris , LLB. (*Western Australia*)
Experience	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
Relevant interest in shares	2,000 shares - directly 9,063,153 shares - indirectly[2]
Special Responsibilities	Chairman of the Company and the Investment Committee
Other current directorships in listed entities	(1) Executive Chairman and Managing Director of Queste Communications Ltd (QUE) (since 10 March 1998) (2) Executive Chairman of Bentley Capital Limited (BEL) (director since 2 December 2003) (3) Non-Executive Director of Alara Resources Limited (AUQ) (director since 18 May 2007)
Former directorships in other listed entities in past 3 years	(1) Yellow Brick Road Holdings Limited (formerly ITS Capital Investments Ltd) (27 April 2006 to 18 March 2011) (2) Strike Resources Limited (3 September 1999 to 3 February 2011) (3) Scarborough Equities Limited (merged with Bentley on 13 March 2009 and delisted)

William M. Johnson	**Executive Director**
Appointed	28 February 2003.
Qualifications	MA (Oxon), MBA
Experience	Mr Johnson commenced his career in resource exploration and has held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. Throughout his career, Mr Johnson has been actively involved in the strategic analysis of a diverse range of business and investment opportunities, and the execution of many corporate transactions. As Executive Director, Mr Johnson is part of the Investment Committee of the Company. Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution.
Relevant interest in shares	None
Special Responsibilities	None
Other current directorships in listed entities	(1) Executive Director of Bentley Capital Limited (BEL) (since 13 March 2009) (2) Non-Executive Director of Alara Resources Limited (AUQ) (director since 26 October 2009) (3) Non-Executive Director of Strike Resources Limited (SRK) (director since 14 July 2006)
Former directorships in other listed entities in past 3 years	None

2 Held by Queste Communications Ltd (**QUE**); Farooq Khan (and associated companies) have a deemed relevant interest in the OEQ shares in which QUE has a relevant interest by reason of having greater than 20% voting power in QUE.

DIRECTORS' REPORT

Victor P. H. Ho	**Executive Director and Company Secretary**
Appointed	Executive Director since 4 July 2003; Company Secretary since 2 August 2000
Qualifications	BCom, LLB (*Western Australia*)
Experience	Mr Ho has been in company secretarial/executive roles with a number of public listed companies since 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has extensive experience in the structuring and execution of commercial and corporate transactions, capital raisings, capital management matters, public company administration, corporations law and stock exchange compliance and shareholder relations.
Relevant interest in shares	None
Special Responsibilities	Member of Investment Committee
Other positions held in listed entities	Company Secretary of: (1) Queste Communications Ltd (QUE) (since 30 August 2000) (2) Bentley Capital Limited (BEL) (since 5 February 2004) (3) Alara Resources Limited (AUQ) (since 4 April 2007)
Former directorships in other listed entities in past 3 years	(1) Strike Resources Limited (secretary between 9 March 2000 and 30 April 2010 and director between 12 October 2000 and 25 September 2009) (2) Scarborough Equities Limited (merged with Bentley on 13 March 2009 and delisted)

Yaqoob Khan	**Non-Executive Director**
Appointed	5 November 1999
Qualifications	BCom (*Western Australia*), Master of Science in Industrial Administration (*Carnegie Mellon*)
Experience	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.
Relevant interest in shares	None
Special Responsibilities	None
Other current directorships in listed entities	Non-Executive Director of Queste Communications Ltd (QUE) (since 10 March 1998)
Former directorships in other listed entities in past 3 years	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, including meetings of the Investment Committee:

Name of Director	Meetings Attended	Maximum Possible Meetings
Farooq Khan	6	6
William Johnson	8	8
Victor Ho	10	10
Yaqoob Khan	7	7

DIRECTORS' REPORT

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 the Consolidated Entity's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

REMUNERATION REPORT (audited)

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 the Consolidated Entity.

The information provided under headings (1) to (3) below has been audited as required under section 308(3)(c) of the *Corporations Act 2001*.

(1) Remuneration Policy

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

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

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

(a) Mr Farooq Khan (Executive Chairman) – a base salary of $250,000 per annum plus employer superannuation contributions (currently 9%);

(b) Mr William Johnson (Executive Director) – a base salary of $45,000 per annum plus employer superannuation contributions (currently 9%);

(c) Mr Victor Ho (Executive Director and Company Secretary) – a base salary of $75,000 per annum plus employer superannuation contributions (currently 9%); and

(d) Mr Yaqoob Khan (Non-Executive Director) – a base fee of $25,000 per annum.

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

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

(a) Payment for the performance of extra services or the making of special exertions at the request of the Board and for the purposes of the Company.

(b) Payment for reimbursement of all reasonable expenses (including traveling and accommodation expenses) incurred by a Director for the purpose of attending meetings of the Company or the Board, on the business of the Company, or in carrying out duties as a Director.

DIRECTORS' REPORT

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

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

Post Employment Benefits: The Company does not presently provide retirement benefits to Key Management Personnel.

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

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

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

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

(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:

CURRENT YEAR: 2011		Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	
Key Management Personnel	Performance related %	Cash, salary and commissions $	Non-cash benefit $	Superannuation $	Long service leave $	Shares & Options $	Total $
Executive Directors:							
Farooq Khan	-	230,769	-	20,769	-	-	251,538
William Johnson	-	77,885	-	7,010	-	-	84,895
Victor Ho	-	77,885	-	7,010	-	-	84,895
Non-Executive Director:							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

PREVIOUS YEAR: 2010		Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	
Key Management Personnel	Performance related %	Cash, salary and commissions $	Non-cash benefit $	Superannuation $	Long service leave $	Shares & Options $	Total $
Executive Directors:							
Farooq Khan	-	250,000	-	22,500	-	-	272,500
William Johnson	-	100,962	-	12,087	-	-	113,049
Victor Ho	-	62,018	-	5,582	-	-	67,600
Non-Executive Director:							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

DIRECTORS' REPORT

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 2011 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.

This concludes the audited remuneration report.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has not included details of the nature of the liabilities covered or the amount of premiums paid in respect of a Directors and Officers liability and legal expenses' insurance contract, as such disclosure is prohibited under the terms of the contract.

DIRECTORS' DEEDS

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

(i) 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

(ii) 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 the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of such proceedings. The Consolidated Entity was not a party to any such proceedings during and since the financial year.

AUDITOR

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

Audit & Review Fees $	Non-Audit Services $	Total $
36,809	3,850	40,659

DIRECTORS' REPORT

The Board is satisfied that the provision of non audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Board is satisfied that the nature of the non-audit services disclosed above did not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* forms part of this Directors Report and is set out on page 14. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 26), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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

Farooq Khan
Chairman

William Johnson
Director

31 August 2011

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

31 August 2011

The Board of Directors
Orion Equities Limited
Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia, 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD McVEIGH TO THE DIRECTORS OF ORION EQUITIES LIMITED

As lead auditor of Orion Equities Limited for the year ended 30 June 2011, 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
- any applicable code of professional conduct in relation to the audit.

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

Brad McVeigh
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2011

	Note	Consolidated Entity 2011 $	2010 $
Revenue from continuing operations	3 a	461,101	1,218,466
Other income	3 a		
- Net gain on sale of financial assets held at fair value		496,680	-
- Net change on financial assets held at fair value through profit or loss		-	2,583,275
- Share of Associate entity's net profits	13	167,032	890,284
		1,124,813	4,692,025
Expenses	3 b		
Net change on financial assets held at fair value through profit or loss		(2,013,636)	-
Net loss on sale of financial assets held at fair value		-	(887,317)
Cost of goods sold in relation to olive oils operations		(582,608)	(910,006)
Depreciation expenses in relation to olive oils operations		(201,041)	(123,303)
Other costs in relation to olive oils operations		(18,416)	(440,704)
Impairment/(reversal) of property held for development and resale		300,000	(950,000)
Other costs in relation to land operations		(367,300)	(130,080)
Personnel		(617,837)	(539,042)
Communications		(15,736)	(19,548)
Occupancy		(75,626)	(56,119)
Corporate expenses		(33,936)	(105,499)
Financing		(3,383)	(3,847)
Borrowing cost		(18,454)	(2,729)
Other depreciation expenses		(2,906)	(2,991)
Other administration expenses		(149,942)	(101,874)
Profit/(Loss) before income tax		(2,676,008)	418,966
Income tax expense	4	(82,211)	694,440
Profit/(Loss) after income tax attributable to owners of Orion Equities Limited		(2,758,219)	1,113,406
Other comprehensive income			
Changes in revaluation of assets		(191,825)	(29,013)
Other comprehensive income, net of tax		(191,825)	(29,013)
Total comprehensive income/(loss) for the year attributable to owners of Orion Equities Limited		(2,950,044)	1,084,393
Basic and diluted earnings/(loss) per share (cents)			
Earnings/(loss) per share for loss attributable to the ordinary equity holders of the			
Basic and diluted earnings/(loss) per share	7	(15.5)	6.3

The accompanying notes form part of these financial statements

CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

	Note	Consolidated Entity 2011 $	Consolidated Entity 2010 $
CURRENT ASSETS			
Cash and cash equivalents	8	289,140	397,531
Financial assets at fair value through profit or loss	9	6,470,003	8,519,072
Trade and other receivables	10	73,731	99,364
Inventories - Olive Oils	11	999,430	619,400
Other current assets	12	5,057	-
TOTAL CURRENT ASSETS		7,837,361	9,635,367
NON CURRENT ASSETS			
Trade and other receivables	10	32,823	32,823
Inventories - Land	11	1,800,000	1,500,000
Investments in Associate entity	13	7,088,745	7,331,989
Olive trees	14	65,500	65,500
Property, plant and equipment	15	1,724,397	2,088,790
Intangible assets	16	782,058	884,683
Deferred tax assets	19	1,165,887	2,090,691
TOTAL NON CURRENT ASSETS		12,659,410	13,994,476
TOTAL ASSETS		20,496,771	23,629,843
CURRENT LIABILITIES			
Trade and other payables	17	1,100,349	361,416
Provisions	18	84,237	81,394
TOTAL CURRENT LIABILITIES		1,184,586	442,810
NON CURRENT LIABILITIES			
Deferred tax liabilities	19	1,165,887	2,090,691
TOTAL NON CURRENT LIABILITIES		1,165,887	2,090,691
TOTAL LIABILITIES		2,350,473	2,533,501
NET ASSETS		18,146,298	21,096,342
EQUITY			
Issued capital	20	19,374,007	19,374,007
Reserves	21	419,523	611,348
Retained earnings/(Accumulated losses)		(1,647,232)	1,110,987
TOTAL EQUITY		18,146,298	21,096,342

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2011

	Issued Capital $	Reserves $	Retained Earnings $	Total Equity $
Balance as at 1 July 2009	19,374,007	640,361	(2,419)	20,011,949
Total comprehensive income for the year	-	(29,013)	1,113,406	1,084,393
Balance as at 30 June 2010	19,374,007	611,348	1,110,987	21,096,342
Balance as at 1 July 2010	19,374,007	611,348	1,110,987	21,096,342
Total comprehensive income for the year	-	(191,825)	(2,758,219)	(2,950,044)
Balance as at 30 June 2011	19,374,007	419,523	(1,647,232)	18,146,298

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2011

	Note	Consolidated Entity 2011 $	Consolidated Entity 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		450,037	1,200,987
Sale proceeds from trading portfolio		1,321,780	1,059,608
Payments for trading portfolio		(789,667)	-
Payments to suppliers and employees		(1,999,554)	(2,510,745)
Interest received		9,224	14,729
Interest paid		(190)	(2,517)
Income tax refund/(paid)		-	-
Dividends received		412,126	413,026
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	8 b	(596,244)	175,088
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(12,147)	(19,714)
Loan from controlling entity		750,000	-
Loan repaid to controlling entity		(250,000)	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		487,853	(19,714)
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		(108,391)	155,374
Cash and cash equivalents at beginning of the financial year		397,531	242,157
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	289,140	397,531

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2011

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report includes the financial statements for the Consolidated Entity consisting of Orion Equities Limited and its subsidiaries. Orion Equities Limited is a company limited by shares, incorporated in Western Australia, Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

1.1. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

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

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

1.2. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Orion Equities Limited as at 30 June 2011 and the results of its subsidiaries for the year then ended. Orion Equities Limited and its subsidiaries are referred to in this financial report as the Consolidated Entity.

Subsidiaries are all entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity. Information on the controlled entities is contained in Note 2(b) to the financial statements.

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

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

1.3. Investments in Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the consolidated financial statements are accounted for using the equity method of accounting, after initially being recognised at cost. Under this method, the Consolidated Entity's share of the post-acquisition profits or losses of associates are recognised in the consolidated Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. (Refer to Note 13).

Dividends receivable from associates are recognised in the Company's statement of comprehensive income, while in the consolidated statement of financial position they reduce the carrying amount of the investment. When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Consolidated Entity and its associates are eliminated to the extent of the Consolidated Entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity. All associated entities have a June financial year-end.

1.4. Segment Reporting

The Consolidated Entity has applied AASB 8: Operating Segments which requires that segment information be presented on the same basis as that used for internal reporting purposes.

In this financial year, the operating segments have been determined by the Board, to be investments comprising of investments in shares, land and Associate entity and the olive grove. The Consolidated Entity's segment reporting is contained in Note 22 of the notes to the financial statements.

1.5. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. All revenue is stated net of the amount of goods and services tax (**"GST"**) except where the amount of GST incurred is not recoverable from the Australian Tax Office. The following specific recognition criteria must also be met before revenue is recognised:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2011

Sale of Goods and Disposal of Assets **-** Revenue from the sale of goods and disposal of other assets is recognised when the Consolidated Entity has passed control of the goods or other assets to the buyer.

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

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

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

Other Revenues **-** Other revenues are recognised on a receipts basis.

1.6. Income Tax

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

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

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

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

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

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

Tax consolidation legislation

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

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

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

1.7. Goods and Services Tax (GST)

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

1.8. Employee Benefits

Short term obligations **-** Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2011

Consolidated Entity in accordance with statutory obligations and are charged as an expense when incurred.

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

1.9. Cash and Cash Equivalents

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

1.10. Receivables

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

1.11. Investments and Other Financial Assets and Liabilities

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss - A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise.

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

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

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

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

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

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

1.12. Fair value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

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

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

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at reporting date (refer to Note 9).

1.13. Property held for Resale

Property held for development and sale is valued at 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 2011

1.14. Property, Plant and Equipment

All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold Land is not depreciated. Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. It is shown at fair value, based on periodic valuations by external independent valuers.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	Depreciation Method
Plant and Equipment	15-33.3%	Diminishing Value
Furniture and Equipment	15-20%	Diminishing Value
Leasehold Improvements	15%	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1.15. Impairment of Assets

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

1.16. Payables

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

1.17. Provisions

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

1.18. Issued Capital

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

1.19. Earnings Per Share

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

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

1.20. Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. They include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2011

individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) **Land held for resale/capitalisation of borrowing costs**

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

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

1.21. Leases

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

1.22. Biological Assets

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

1.23. Intangible Assets

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

1.24. Comparative Figures

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

1.25. Critical accounting judgements and estimates

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

The Consolidated Entity carries its freehold land and intangible assets (water licence) at fair value with changes in the fair values recognised in equity. It also carries inventory (land held for development and resale) and olive trees at fair value with changes in the fair value recognised in the Statement of Comprehensive Income. Independent valuations are obtained for these non-current assets at least annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2011

1.26. Summary Of Accounting Standards Issued Not Yet Effective

The following new Accounting Standards and Interpretations (which have been released but not yet adopted) have no material impact on the Consolidated Entity's financial statements or the associated notes therein.

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. Requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to: (a) Classification and measurement of financial liabilities; and (b) Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2013
AASB 2010-4 (issued June 2010)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	Not urgent but necessary changes to IFRSs as a result of IASB's 2009 annual improvements project.	Periods commencing on or after 1 January 2011.
AASB 2010-8 (issued December 2010)	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. However, this presumption cannot be rebutted for the land portion of investment property which is not depreciable.	Periods commencing on or after 1 January 2012
AASB 2010-9 (issued December 2010)	Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters [AASB 1]	A first-time adopter of Australian Accounting Standards must apply the derecognition requirements in AASB 139 *Financial Instruments: Recognition and Measurement* prospectively for transactions occurring on or after the date of transition to Australian Accounting Standards, rather than 1 January 2004.	Periods commencing on or after 1 July 2011 (i.e. date of transition would be 1 July 2010)
AASB 124 (issued December 2009)	Related Party Disclosures	Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party.	Annual reporting periods commencing on or after 1 January 2011.
AASB 2010-6 (issued November 2010)	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	Additional disclosures required for entities that transfer financial assets, including information about the nature of financial assets involved and the risks associated with them.	Annual reporting periods commencing on or after 1 July 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2011

1.26 Summary Of Accounting Standards Issued Not Yet Effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:
IFRS 10 (issued May 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: (a) Power over investee (whether or not power used in practice) (b) Exposure, or rights, to variable returns from investee (c) Ability to use power over investee to affect the entity's returns from investee. Introduces the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated. Potential voting rights are only considered when determining of there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable. This may result in possibly fewer instances of control. Additional guidance included to determine when decision making authority over an entity has been delegated by a principal to an agent. Factors to consider include: (a) Scope of decision making authority (b) Rights held by other parties, e.g. kick-out rights (c) Remuneration and whether commensurate with services provided (d) Decision maker's exposure to variability of returns from other interests held in the investee.	Annual reporting periods commencing on or after 1 January 2013
IFRS 13 (issued May 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. IFRS 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	Annual reporting periods commencing on or after 1 January 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

2. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Orion Equities Limited as at 30 June 2011. The information presented here has been prepared using accounting policies outlined in Note 1.

	Company 2011 $	Company 2010 $
Statement of Financial Position		
Current assets	6,753,352	8,908,985
Non current assets	10,201,479	9,891,510
Total assets	16,954,831	18,800,495
Current liabilities	785,042	246,069
Non current liabilities	610,401	610,401
Total liabilities	1,395,443	856,470
Net assets	15,559,388	17,944,025
Issued capital	19,374,007	19,374,007
Accumulated losses	(3,814,619)	(1,429,982)
Total equity	15,559,388	17,944,025
Loss for the year	(2,384,637)	(2,628,206)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(2,384,637)	(2,628,206)

(a) Current assets

(i) Financial assets held at fair value through profit and loss

	2011	2010
Listed investments at fair value	6,470,003	7,558,576
Unlisted options in listed corporations at cost	-	10,000
Add: net change in fair value	-	950,495
	-	960,495
Financial assets held at fair value through profit and loss	6,470,003	8,519,071

(b) Non current assets

(i) Loans to subsidiaries

Details of the percentage of ordinary shares held in controlled entities are disclosed below. The amounts owed remain outstanding at balance date. Provision for doubtful debts have been raised in relation to any outstanding balances owed by subsidiaries, Silver Sands Developments Pty Ltd and Dandaragan Estate Pty Ltd, that are in excess of the net assets of the controlled entities. Interest is not charged on such outstanding amounts.

Loans to subsidiaries	2011 $	2010 $
Opening balance	8,337,263	7,856,966
Loans advanced	802,000	780,297
Loan repayments received	(68,000)	(300,000)
Closing balance	9,071,263	8,337,263
Movement in provision for impairment of receivables		
Opening balance	(3,107,519)	(1,939,382)
Provision for impairment recognised during the year	(323,741)	(1,168,137)
Provision for impairment on amounts receivable	(3,431,260)	(3,107,519)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

2. PARENT ENTITY INFORMATION (continued)

	Ownership interest 2011	Ownership interest 2010
Investment in Controlled Entities:		
Silver Sands Developments Pty Ltd (ACN 094 097 122)	100%	100%
Incorporated in Australia on 10 August 2000		
This company is currently engaged in property development activities and holds non- current Inventory.		
Dandaragan Estate Pty Ltd (ACN 120 616 891)	100%	100%
Incorporated in Australia on 7 July 2006		
This company is currently engaged in olive oil production and sales		
The following controlled entities are currently inactive:		
CXM Limited (ACN 132 294 645)	100%	100%
Incorporated in Australia on 18 July 2008		
Margaret River Wine Corporation Pty Ltd (ACN 094 706 500)	100%	100%
A subsidiary of Dandaragan Estate Pty Ltd		
Incorporated in Australia on 9 October 2000 and acquired on 23 June 2009		
Margaret River Olive Oil Company Pty Ltd (ACN 094 706 519)	100%	100%
A subsidiary of Dandaragan Estate Pty Ltd		
Incorporated in Australia on 9 October 2000 and acquired on 23 June 2009		
Aquaverde Holdings Pty Ltd (ACN 128 938 090)	-	50%
Formerly a subsidiary of Silver Sands Developments Pty Ltd		
Deregistered on 21 February 2011		

(c) Parent entities

ASX listed Queste Communications Ltd (QUE) is deemed to control the Consolidated Entity as QUE has 50.88% (2010: 48%) of the Company's total issued share capital.

(d) Transactions with related parties

During the financial year, there were transactions between the Company, QUE and Associate entity, Bentley Capital Limited (ASX Code: BEL), pursuant to shared office and administration expense arrangements. There were no outstanding amounts as at balance date. The following transactions also occurred with related parties:

	Company 2011	Company 2010
Dividends received from:	**$**	**$**
Bentley Capital Limited	410,276	410,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

3. PROFIT/(LOSS) FOR THE YEAR

The Consolidated Entity's profit/(loss) for the year includes the following items of revenue and expenses below.

		2011	2010
(a)	**Revenue from continuing operations**	**$**	**$**
	Dividends received from securities - trading portfolio	1,850	2,750
	Income from sale of olive oils	450,027	1,200,987
	Interest received - other	9,224	14,729
		461,101	1,218,466
	Other income		
	Net gain on sale of financial assets held at fair value	496,680	-
	Net change on financial assets held at fair value through profit or loss	-	2,583,275
	Share of Associate entity's profit	167,032	890,284
		663,712	3,473,559
	Total revenue	1,124,813	4,692,025
(b)	**Expenses from continuing operations**		
	Net change on financial assets held at fair value through profit or loss	2,013,636	-
	Net loss on sale of financial assets held at fair value	-	887,317
	Costs in relation to olive oil operations		
	- Cost of goods sold	582,608	910,006
	- Revaluation of trees	-	327,580
	- Impairment and depreciation expenses - olive oil assets	201,041	123,303
	- Other expenses	18,416	113,124
	Costs in relation to Land operations		
	- Impairment/(reversal) of property held for development and resale	(300,000)	950,000
	- Other expenses	367,300	130,080
	Occupancy expenses	75,626	56,119
	Personnel - remuneration and other	646,933	558,969
	- employee entitlements	(29,096)	(19,927)
	Corporate expenses	33,936	105,499
	Finance expenses	3,383	3,847
	Borrowing cost	18,454	2,729
	Administration expenses		
	- Communications	15,736	19,548
	- Professional fees	55,465	3,014
	- Brokerage fees	7,270	9,699
	- Realisation cost of share portfolio written back	(12,043)	(1,073)
	- Write off lapsed options	-	1,200
	- Write off fixed assets	1,182	2,160
	- Depreciation expenses - other assets	2,906	2,991
	- Other expenses	98,068	86,874
		3,800,821	4,273,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

4. INCOME TAX EXPENSE

		2011	2010
(a)	**Income tax expense**	**$**	**$**
	Current tax		
	Current year income tax charge	-	-
	Deferred tax		
	Current year deferred tax benefit	82,211	(694,440)
	Total income tax benefit per income statement	82,211	(694,440)
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Profit/(Loss) before income tax	**(2,676,008)**	**418,966**
	Tax at the Australian tax rate of 30% (2010: 30%)	(802,802)	125,690
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Other assessable income	176,070	53,103
	Other non-deductible items	558	3,321
	Current year tax losses not recognised	129,937	-
	Derecognition of previously recognised tax losses	680,789	-
	Share of Associate's (profits)/loss	(50,110)	(144,002)
	Derecognition of prior year capital losses	264,269	69,001
	Excess current year franking credits converted to recognised tax losses	-	(177,011)
	Utilisation of prior year capital losses against current year capital gains	(316,500)	-
	Income tax expense attributable to operating loss	82,211	(69,898)
	Deferred tax assets not previously brought to account	-	(624,542)
	Income tax expense/(benefit)	82,211	(694,440)
(c)	**Deferred tax recognised directly in equity**		
	Relating to revaluations and intangibles	(82,211)	-
	Deferred tax benefit attributable to entity recognised in equity	(82,211)	-
(d)	**Deferred tax assets not brought to account at 30%**		
	Tax revenue losses	987,352	-
	Capital losses	246,719	295,802
		1,234,071	295,802

The Deferred Tax Asset not brought to account for the period will only be obtained if:

a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;

b) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and

c) the Company is able to meet the continuity of ownership and/or continuity of business tests under tax legislation.

(e) Tax consolidation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

5. KEY MANAGEMENT PERSONNEL DISCLOSURES

	2011	2010
(a) Key management personnel compensation	**$**	**$**
Directors		
Short-term employee benefits - salary and fees	411,539	437,980
Post-employment benefits - superannuation	34,789	40,169
	446,328	478,149

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report.

(b) Compensation of other key management personnel

The Consolidated Entity do not have any key executives (other than executive directors).

(c) Options, rights and equity instruments provided as remuneration

There were no options, rights and equity instruments provided as remuneration to key management personnel and no shares issued on the exercise of any such instruments, during the financial year.

(d) Shareholdings of key management personnel

2011	**Balance at start of the year**	**Net Changes during the year**	**Balance at end of the year**
Directors			
Farooq Khan	2,000	-	2,000
William Johnson	-	-	-
Victor Ho	-	-	-
Yaqoob Khan	-	-	-
2010			
Directors			
Farooq Khan	2,000	-	2,000
William Johnson	-	-	-
Victor Ho	-	-	-
Yaqoob Khan	-	-	-

The disclosures of equity holdings above are in accordance with the accounting standards which requires a 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). The 2010 comparatives have been restated to reflect the above definition as they were previously incorrectly disclosed based on a previous wider definition under the standard and to correct an incorrect attribution of certain shareholdings.

(e) Option holdings of key management personnel

The Consolidated Entity does not have any options on issue.

(f) Loans to key management personnel

There were no loans to key management personnel (or their personally related entities) during the financial year.

(g) Other transactions with key management personnel

There were no other transactions with key management personnel (or their personally related entities) during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

6. AUDITORS' REMUNERATION

During the year the following fees were paid for services provided by the auditor of the parent entity and its related practices:	2011 $	2010 $
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	36,809	29,280
Taxation services	3,850	1,100
Other services	-	550
	40,659	30,930

7. EARNINGS/(LOSS) PER SHARE

	2011	2010
Basic earnings/(loss) per share (cents)	(15.5)	6.3
Net Profit/(Loss) used to calculate earnings per share ($)	(2,758,219)	1,113,406
Weighted average number of ordinary shares during the year used in the calculation of basic earnings/(loss) per share	17,814,389	17,814,389

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

8. CASH AND CASH EQUIVALENTS

	2011 $	2010 $
Cash at bank	289,140	397,531

(a) Risk exposure

The Consolidated Entity's exposure to interest rate risk is discussed in Note 23. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Reconciliation of Net Profit/(Loss) after Tax to Net Cash Flow from Operations	2011 $	2010 $
Profit/(Loss) after income tax	(2,758,219)	1,113,406
Net change in fair value in trading portfolio	2,013,636	(2,583,275)
Net loss/(gain) on sale of financial assets held at fair value	(496,680)	887,317
Share of Associate entity's profit	(167,032)	(890,284)
Impairment/(reversal) of property held for development and resale	(300,000)	950,000
Impairment and depreciation - olive oil and other assets	203,947	126,294
Write off fixed assets	1,182	2,160
Revaluation of trees	-	327,580
Write off lapsed options	-	1,200
(Increase)/Decrease in Assets:		
Financial assets at fair value through profit or loss	532,113	1,059,607
Trade and other receivables	25,634	(65,163)
Inventories - Olive Oils	(380,030)	222,748
Investments accounted for using the equity method	410,276	410,276
Other current assets	(5,057)	5,294
Increase/(Decrease) in Liabilities:		
Trade and other payables	238,931	(707,259)
Provisions	2,843	9,627
Tax liabilities	82,212	(694,440)
Net cash inflow (outflow) from operating activities	(596,244)	175,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

9. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

	2011 $	2010 $
Current		
Listed investments at fair value	6,470,003	7,558,576
Unlisted options in listed corporations at cost	-	10,000
Add: net change in fair value	-	950,496
	-	960,496
	6,470,003	8,519,072

Risk exposure

Information about the Consolidated Entity's exposure to market and price risk is in Note 23.

10. TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
Current		
Trade receivables	34,786	51,791
Other receivables	3,462	18,986
GST receivable	35,483	28,587
	73,731	99,364
Non Current		
Bonds and guarantees	32,823	32,823

(a) Risk exposure

Information about the Consolidated Entity's exposure to credit risk, foreign exchange risk and interest rate risk is in Note 23.

(b) Impaired receivables

None of the receivables are impaired or past due.

11. INVENTORIES

	2011 $	2010 $
Current - Olive Oil Inventory		
Bulk oils - at cost	890,093	515,525
Packaged oils - at cost	109,337	103,875
	999,430	619,400
Non Current - Land Development		
Property held for development and resale - at cost	3,797,339	3,797,339
Revaluation of property	(1,997,339)	(2,297,339)
	1,800,000	1,500,000

Property held for development and resale was valued by an independent qualified valuer (an Associate member of the Australian Property Institute) on 6 June 2011. The upwards revaluation has been recognised as an impairment reversal through profit or loss.

12. OTHER CURRENT ASSETS

	2011 $	2010 $
Prepayments - Director's & Officers' insurance	5,057	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

13. INVESTMENTS IN ASSOCIATE ENTITY

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
		2011	2010	2011	2010
				$	$
Bentley Capital Limited (BEL)	Investments	28.3%	28.5%	7,088,745	7,331,989

	2011	2010
Movement in Investments in Associate		
Shares in listed Associate entity brought forward	7,331,989	6,851,981
Share of profit before income tax expense	167,032	890,284
Dividend from Associate entity	(410,276)	(410,276)
Carrying amount at the end of the financial period	7,088,745	7,331,989
Fair value of listed investments in Associate	4,513,032	4,615,601
Net tangible asset value of listed investments in Associate	8,139,662	8,413,911
Share of Associate's profits		
Profit before income tax	167,032	890,284
Share of income tax expense	-	-
Profit after income tax	167,032	890,284
Group share of Bentley Capital Limited		
Summarised Financial Position of Associate		
Current assets	8,139,451	8,451,992
Non current assets	21,580	39,290
Total assets	8,161,031	8,491,282
Current liabilities	(16,618)	(36,289)
Non current liabilities	(4,751)	(41,082)
Total liabilities	(21,369)	(77,371)
Net assets	8,139,662	8,413,911
Revenues	528,875	1,182,016
Profit after income tax of Associate	167,032	890,284

Bentley Capital Limited - Lease Commitments

BEL and its subsidiary, Scarborough Equities Pty Ltd, have the same lease commitments as disclosed in Note 24.

14. OLIVE TREES

	2011	2010
	$	$
Olive trees - at cost	300,000	300,000
Revaluation of trees	(234,500)	(234,500)
	65,500	65,500

Nature of asset

The olive trees are on the Olive Grove property (approximately 64,500, 12 year old trees planted over 143 hectares). The fair value is at the Directors' valuation having regard to, amongst other matters, the replacement cost of the trees and the trees being in commercial production.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2011

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings on Freehold Land	Plant & Equipment	Leasehold Improvement	Total
At 1 July 2009	$	$	$	$	$
At cost	861,214	112,432	1,323,780	22,170	2,319,596
Revaluation/(Accumulated depreciation)	367,236	(18,551)	(425,119)	(17,063)	(93,497)
Net carrying amount	1,228,450	93,881	898,661	5,107	2,226,099
Year ended 30 June 2010					
Carrying amount at beginning	1,228,450	93,881	898,661	5,107	2,226,099
Asset revaluation (Note 21)	(28,569)	-	-	-	(28,569)
Additions	-	-	19,714	-	19,714
Depreciation expense	-	(7,041)	(118,510)	(743)	(126,294)
Disposals	-	-	(2,160)	-	(2,160)
Carrying amount at balance date	1,199,881	86,840	797,705	4,364	2,088,790
At 30 June 2010					
At cost	861,214	112,432	1,326,732	22,170	2,322,548
Revaluation/(Accumulated depreciation)	338,667	(25,592)	(529,027)	(17,806)	(233,758)
Net carrying amount	1,199,881	86,840	797,705	4,364	2,088,790
Year ended 30 June 2011					
Carrying amount at beginning	1,199,881	86,840	797,705	4,364	2,088,790
Asset revaluation (Note 21)	(171,411)	-	-	-	(171,411)
Additions	-	5,443	6,704	-	12,147
Depreciation expense	-	(6,788)	(196,526)	(633)	(203,947)
Disposals	-	-	(1,182)	-	(1,182)
Carrying amount at balance date	1,028,470	85,495	606,701	3,731	1,724,397
At 30 June 2011					
At cost	861,214	117,875	1,332,254	22,170	2,333,513
Revaluation/(Accumulated depreciation)	167,256	(32,380)	(725,553)	(18,439)	(609,116)
Net carrying amount	1,028,470	85,495	606,701	3,731	1,724,397

16. INTANGIBLE ASSETS

	Water Licence	Brand name	Total
Year ended 30 June 2010	$	$	$
Opening net book amount	523,125	99,996	623,121
Asset revaluation	261,562	-	261,562
Closing net book amount	784,687	99,996	884,683
At 30 June 2010			
Cost	250,000	99,996	349,996
Asset revaluation (Note 21)	534,687	-	534,687
Net book amount	784,687	99,996	884,683
Year ended 30 June 2011			
Opening net book amount	784,687	99,996	884,683
Asset revaluation	(102,625)	-	(102,625)
Closing net book amount	682,062	99,996	782,058

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

16. INTANGIBLE ASSETS (continued)

	Water Licence	Brand name	Total
At 30 June 2011	**$**	**$**	**$**
Cost	250,000	99,996	349,996
Asset revaluation (Note 21)	432,062	-	432,062
Net book amount	682,062	99,996	782,058

Nature of asset

The Water Licence pertains to the Consolidated Entity's Olive Grove property in Gingin, Western Australia. As at 30 June 2011, an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute) revalued the water licence downwards by $102,625 from the previous balance date. The Brand name pertains to the ultra premium Dandaragan Estate Olive Oil Brand.

17. TRADE AND OTHER PAYABLES

	2011	2010
	$	**$**
Trade payables	257,461	59,497
Other creditors and accruals	297,874	273,610
Loan from holding company, Queste Communications Ltd	516,712	-
Dividend payable	28,302	28,309
	1,100,349	361,416

(a) Loan from holding company, Queste Communications Ltd (QUE)

The loan from QUE is unsecured and attracts 10% interest per annum and the term of the facility expires on 30 June 2012. Subsequent to balance date, the Company has drawn down a further $150,000 under this facility.

(b) Amounts not expected to be settled within the next 12 months

Other creditors and accruals include accruals for annual leave. The entire obligation is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement. However based on past experience, the Consolidated Entity does not expect all employees to take the full amount of their accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months.

	2011	2010
	$	**$**
Annual leave obligation expected to be settled after 12 months	18,488	22,153

(c) Risk exposure

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note 23.

18. PROVISIONS

	2011	2010
	$	**$**
Employee benefits - long service leave	84,237	81,394

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and accrued long service leave benefits. The entire obligation is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement. However based on past experience, the Consolidated Entity does not expect all employees to take their full amount of the accrued long service leave or require payment within the next 12 months. The amounts above reflect leave that is not expected to be taken or paid within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

19. DEFERRED TAX ASSETS AND LIABILITIES

		2011	2010
(a)	**Assets - Non Current**	**$**	**$**
	Deferred tax asset comprises:		
	Provisions & accruals	99,568	97,078
	Revenue tax losses	321,292	1,008,506
	Other	745,027	985,107
		1,165,887	2,090,691
(b)	**Liabilities - Non Current**		
	Deferred tax liability comprises:		
	Fair Value Gain Adjustments	1,057,471	1,899,035
	Other	108,416	191,656
		1,165,887	2,090,691
(c)	**Reconciliations**		
(i)	**Gross movements**		
	The overall movement in the deferred tax account is as follows:		
	Opening balance	-	(432,433)
	(Charged)/credited to statement of comprehensive income	(82,211)	694,439
	(Charged)/credited to equity	82,211	(262,006)
	Closing balance	-	-
(ii)	**Deferred tax asset:**		
	The movement in deferred tax asset for each temporary difference during the year is as follows:		
	Provisions & accruals		
	Opening balance	97,078	124,291
	Charged to statement of comprehensive income	2,490	(27,213)
	Closing balance	99,568	97,078
	Revenue tax losses		
	Opening balance	1,008,506	760,155
	Charged to statement of comprehensive income	(687,214)	248,351
	Closing balance	321,292	1,008,506
	Other		
	Opening balance	985,107	404,277
	Charged to statement of comprehensive income	(240,080)	580,830
	Closing balance	745,027	985,107
	Total	1,165,887	2,090,691
(iii)	**Deferred tax liability:**		
	The overall movement in recognised deferred tax liabilities for each temporary difference is as follows:		
	Fair Value Gain Adjustments		
	Opening balance	1,899,035	1,455,846
	Charged to statement of comprehensive income	(841,564)	443,189
	Closing balance	1,057,471	1,899,035
	Other		
	Opening balance	191,656	265,310
	Charged to statement of comprehensive income	(1,029)	(335,660)
	Charged to equity	(82,211)	262,006
	Closing balance	108,416	191,656
	Total	1,165,887	2,090,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

20. ISSUED CAPITAL

	2011 shares	2010 shares	2011 $	2010 $
Fully paid ordinary shares	17,814,389	17,814,389	19,374,007	19,374,007

	Number of shares	$
30 June 2010		
At 1 July 2009	17,814,389	19,374,007
	-	-
At 30 June 2010	17,814,389	19,374,007
30 June 2011		
At 1 July 2010	17,814,389	19,374,007
	-	-
At 30 June 2011	17,814,389	19,374,007

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(a) Capital risk management

The Consolidated Entity's objectives when managing its capital are to safeguard their 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.

21. RESERVES

	Note	2011 $	2010 $
Property, plant and equipment	15	167,256	338,667
Intangibles	16	432,062	534,687
		599,318	873,354
Deferred tax liability		(179,795)	(262,006)
Asset revaluation reserve		419,523	611,348

Movement of asset revaluation reserve		
Opening balance	611,348	640,361
Revaluation	(274,036)	232,993
Deferred tax liability movement	82,211	(262,006)
Closing balance	419,523	611,348

The Asset Revaluation Reserve relates to the revaluation of the Olive Grove Land from $1,199,881 to $1,028,470 and the Water Licence from $784,687 to $682,062, as assessed by an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

22. SEGMENT INFORMATION

The Board has considered the product and geographical perspective of the operating results and determined that the Consolidated Entity operates only in Australia with segments in Investments and Olive Oils. Unallocated items comprise mainly corporate assets, office expenses and income tax assets and liabilities.

	Investments	Olive oil	Unallocated	Total
2011	$	$	$	$
Total segment revenues	(1,348,074)	450,027	9,224	(888,823)
Adjusted EBITDA	(1,723,347)	(197,775)	(849,187)	(2,770,309)
Total segment assets	15,957,949	3,628,772	910,050	20,496,771
Total segment liabilities	(54,915)	(577,909)	(1,717,649)	(2,350,473)
2010				
Total segment revenues	3,476,309	1,200,987	14,729	4,692,025
Adjusted EBITDA	2,446,198	177,857	(808,281)	1,815,774
Total segment assets	17,358,441	3,719,279	2,552,123	23,629,843
Total segment liabilities	(116,456)	(147,244)	(2,269,801)	(2,533,501)

(a) Other segment information

(i) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The adjusted EBITDA excludes impairment of assets.	2011	2010
	$	$
Adjusted EBITDA	(2,770,309)	1,815,774
Interest revenue	9,224	14,729
Revaluation of trees	-	(327,580)
Impairment of property held for development and resale	300,000	(950,000)
Finance cost	(21,837)	(6,576)
Realisation cost of share portfolio provision/(written back)	12,043	1,073
Fixed assets written off	(1,182)	(2,160)
Impairment and depreciation of assets	(203,947)	(126,294)
Profit before income tax	(2,676,008)	418,966

(ii) Segment assets	19,586,721	21,077,720
Unallocated:		
Cash and cash equivalents	289,140	397,531
Trade and other receivables	33,547	50,559
Other current assets	5,057	-
Property, plant and equipment	15,620	13,342
Deferred tax asset	566,686	2,090,691
Total assets as per the Statement of Financial Position	20,496,771	23,629,843

(iii) Segment liabilities	(632,824)	(263,700)
Unallocated:		
Trade and other payables	(647,318)	(97,716)
Provisions	(84,238)	(81,394)
Deferred tax liability	(986,093)	(2,090,691)
Total liabilities as per the Statement of Financial Position	(2,350,473)	(2,533,501)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

23. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments comprise of deposits with banks, accounts receivable and payable and investments in listed securities. The principal activity of the Consolidated Entity is the management of these investments - "financial assets held at fair value" (refer to Note 9). The Consolidated Entity's investments are subject to price (which includes interest rate and market risk), credit and liquidity risks.

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

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

The Consolidated Entity hold the following financial instruments:	2011	2010
Financial assets	**$**	**$**
Cash and cash equivalents	289,140	397,531
Trade and other receivables	73,731	99,364
Financial assets at fair value through profit or loss	6,470,003	8,519,072
	6,832,874	9,015,967
Financial liabilities		
Trade and other payables	(1,100,349)	(361,416)
	(1,100,349)	(361,416)
Net Financial Assets	5,732,525	8,654,551

(a) Market Risk

(i) Price risk

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

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

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

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 Share Index was utilised as the benchmark for the listed share investments which are available for sale assets or at fair value through profit or loss.

(i) **Equity Price risk - listed investments**	2011	2010
Change in profit	**$**	**$**
Increase by 15%	445,767	1,111,102
Decrease by 15%	(445,767)	(1,111,102)
Change in equity		
Increase by 15%	445,767	1,111,102
Decrease by 15%	(445,767)	(1,111,102)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

23. FINANCIAL RISK MANAGEMENT (continued)

(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 average interest rate for the year for the table below is 4.60% (2010: 4.61%). The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity.

The Consolidated Entity has a $500,000 unsecured loan facility with an interest rate of 10% per annum. The Consolidated Entity has a liability exposure to interest rate risk with a maximum interest rate expense of $50,000 for the year.

	2011	2010
	$	$
Cash at bank	289,140	397,531
Loan from Queste Communications Ltd	(516,712)	-

(iii) Foreign exchange risk

The Consolidated Entity is not exposed to foreign exchange risk as at Balance Date. The Consolidated Entity's current policy is not to hedge any overseas currency exposure.

The Consolidated Entity has no foreign exchange funds or investments and no asset or liability exposure to foreign exchange risk. There is no revenue or expense exposure in terms of the possible impact on profit or loss or total equity.

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

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

	2011	2010
Cash and cash equivalents	$	$
AA	288,277	394,709
BBB+	863	2,822
	289,140	397,531
Trade and other receivables (due within 30 days)		
No external credit rating available	73,731	99,364

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

23. FINANCIAL RISK MANAGEMENT (continued)

(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 borrowings as stated in Note 17(a). 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.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As at 1 July 2009, the Consolidated Entity has adopted the amendment to *AASB 7 Financial Instruments: Disclosures* which 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)

The following tables present the Consolidated Entity's assets and liabilities measured and recognised at fair value at 30 June 2010.

	Level 1	Level 2	Level 3	Total
2011	**$**	**$**	**$**	**$**
Financial assets held at fair value through profit or loss				
- Listed investments at fair value	6,470,003	-	-	6,470,003
2010				
Financial assets held at fair value through profit or loss				
- Listed investments at fair value	7,558,576	-	-	7,558,576
- Unlisted options in listed corporations at cost	-	960,496	-	960,496

The fair value of financial instruments that are not traded in an active market, that is, the unlisted Strike Resources Limited options is determined from a option pricing model, the Black Scholes model. This financial instrument is included in level 2.

24. COMMITMENTS

	Consolidated 2011	Consolidated 2010
	$	$
Not longer than one year	104,929	82,633
Between 12 months and 5 years	110,176	170,384
	215,105	253,017

The non-cancellable operating lease commitment is the Consolidated Entity's share of the office premises at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia, and includes all outgoings (exclusive of GST). The lease is for a 7 year term expiring 30 June 2013 and contains a rent review increase each year alternating between 5% and the greater of market rate or CPI + 1%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

25. CONTINGENT ASSETS AND LIABILITIES

(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) Royalty on Tenements

The Consolidated Entity is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from various Australian tenements - EL 47/1328 and PL 47/1170 (the Paulsens East Project tenements currently held by Strike Resources Limited), EL 24879, 24928 and 24929 and ELA 24927 (the Bigryli South Project tenements in the Northern Territory, currently held by Alara Resources Limited (Alara)) and EL 46/629 and a right to earn and acquire a 85% interest in ELA 46/585 (excluding all manganese mineral rights) (the Canning Well Project tenements in Western Australia, currently held by Alara).

26. EVENTS AFTER BALANCE DATE

(a) On 25 August 2011, Associate entity, Bentley Capital Limited, announced the declaration of a one cent final dividend and a 2.4 cent special dividend per share (totalling 3.4 cents fully franked), to be paid on or about 26 September 2011. The Company's share of this dividend will be $697,469. The Company has not elected to participate under Bentley's Dividend Reinvestment Plan and will therefore be receiving cash dividends.

(b) On 25 August 2011, Bentley Capital Limited, announced its intention to seek shareholder approval to undertake a 5 cent per share return of capital (Return of Capital). The Return of Capital is to be effected by Bentley seeking shareholder approval for a reduction in the share capital of the company by returning 5 cents per share to shareholders – this equates to an aggregate reduction of share capital by approximately $3.63 million based upon the company's 72,598,802 shares currently on issue. No shares will be cancelled as a result of the Return of Capital. Accordingly, the number of shares held by each shareholder will not change as a consequence of the Return of Capital. The Return of Capital is subject to shareholder approval which will be sought at a general meeting of shareholders anticipated to be held in late September /early October 2011. If Bentley shareholders approve this Return of Capital. the Company's share will be $1,025,676.

No other matter or circumstance has arisen since the end of the financial period 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 periods.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

(1) The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flow and accompanying notes as set out on pages 15 to 42, are in accordance with the *Corporations Act 2001* and:

  (a) comply with Accounting Standards and the Corporations Regulations 2001; and

  (b) give a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2011 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 by the Executive Chairman (the person who performs the chief executive function) and the Company Secretary (the person who performs the chief financial officer function) as required by section 295A of the *Corporations Act 2001*; 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*.

Farooq Khan
Chairman

William Johnson
Director

31 August 2011

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

Report on the Financial Report

We have audited the accompanying financial report of Orion Equities Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Orion Equities Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Orion Equities Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
BM Vy

Brad McVeigh
Director

Perth, Western Australia
Dated this 31st day of August 2011

SECURITIES INFORMATION
as at 30 June 2011

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	270	140,720	0.790%
1,001- 5000	225	537,690	3.018%
5,001- 10,000	62	476,230	2.673%
10,001 – 100,000	101	3,147,890	17.670%
100,001 and over	20	13,511,859	75.848%
Total	**678**	**17,814,389**	**100%**

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER		TOTAL SHARES	% ISSUED CAPITAL
1*	QUESTE COMMUNICATIONS LTD		9,063,153	50.875
2*	CELLANTE SECURITIES PTY LIMITED	712,038		
	CLEOD PTY LTD - CELLANTE SUPER FUND A/C	211,000		
	Sub-total		923,038	5.181
3	JP MORGAN NOMINEES LIMITED	866,000		
	JP MORGAN NOMINEES LIMITED <CASH INCOME A/C>	24,401		
	Sub-total		890,401	4.998
4	MR SIMON ROBERT EVANS & MRS KATHRYN MARGARET EVANS <KAMIYACHO SUPER FUND A/C>		397,320	2.230
5	REDSUMMER PTY LTD		225,000	1.263
6	MRS PENELOPE MARGARET SIEMON		201,355	1.130
7	MS HOON CHOO TAN		197,538	1.109
8	VIKAND CONSULTING PTY LTD		184,798	1.037
9	MR BRUCE SIEMON		173,351	0.973
10	MR SEAN DENNEHY		171,500	.963
11	MRS TAMI ELSIE VARNEY		150,000	0.842
12	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES		133,000	0.747
13	MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE		126,189	0.708
14	MR STEPHEN JAMES LAMBERT & MRS RUTH LYNETTE LAMBERT & MR SIMON LEE LAMBERT <LAMBERT RETIREMENT ACCOUNT>		125,000	0.702
15	MR EDWARD JAMES STEPHEN DALLY		125,000	0.702
16	OPTION OPPORTUNITY FUND PTY LTD		120,403	0.676
17	MR ANTHONY NEALE KILLER & MS SANDRA MARIE KILLER		120,000	0.674
18	MANAR NOMINEES PTY LTD <ZELWER SUPER BENEFIT A/C>		105,488	0.592
19	MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK		103,726	0.582
20	MR LAWRENCE BRIAN CUMMINGS & MRS FRANZIE NANETTE CUMMINGS ,CUMMINGS FAMILY S/F A/C>		100,000	0.561
	TOTAL		**13,636,260**	**76.545%**

* Substantial shareholders of the Company