ORION EQUITIES LIMITED

ANNUAL REPORT

2007

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CORPORATE DIRECTORY

BOARD

Farooq Khan	(Executive Chairman)
William Johnson	(Executive Director)
Victor Ho	(Executive Director)
Yaqoob Khan	(Non Executive Director)

COMPANY SECRETARY
Victor Ho

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Advanced Share Registry Services
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110 Stirling Highway
Nedlands Western Australia 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871
Email: admin@advancedshare.com.au
Website: www.asrshareholders.com

STOCK EXCHANGE
Australian Securities Exchange
Perth, Western Australia

ASX CODE
OEQ

AUDITOR
BDO Kendalls Audit & Assurance (WA)
128 Hay Street
Subiaco, Western Australia 6008
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COMPANY PROFILE

Orion Equities Limited is an investment company (**LIC**) listed on the Australian Securities Exchange (**ASX**) (under ASX Code: **OEQ**).

Orion Equities increased its net profit during the year to $16.5 million (pre tax) (up 182% from 2006: $5.9 million) and $10 million (post tax) (up 54% from 2006: $6.5 million). The profit was generated from total revenues of $18.2 million and total expenses of $1.7 million.

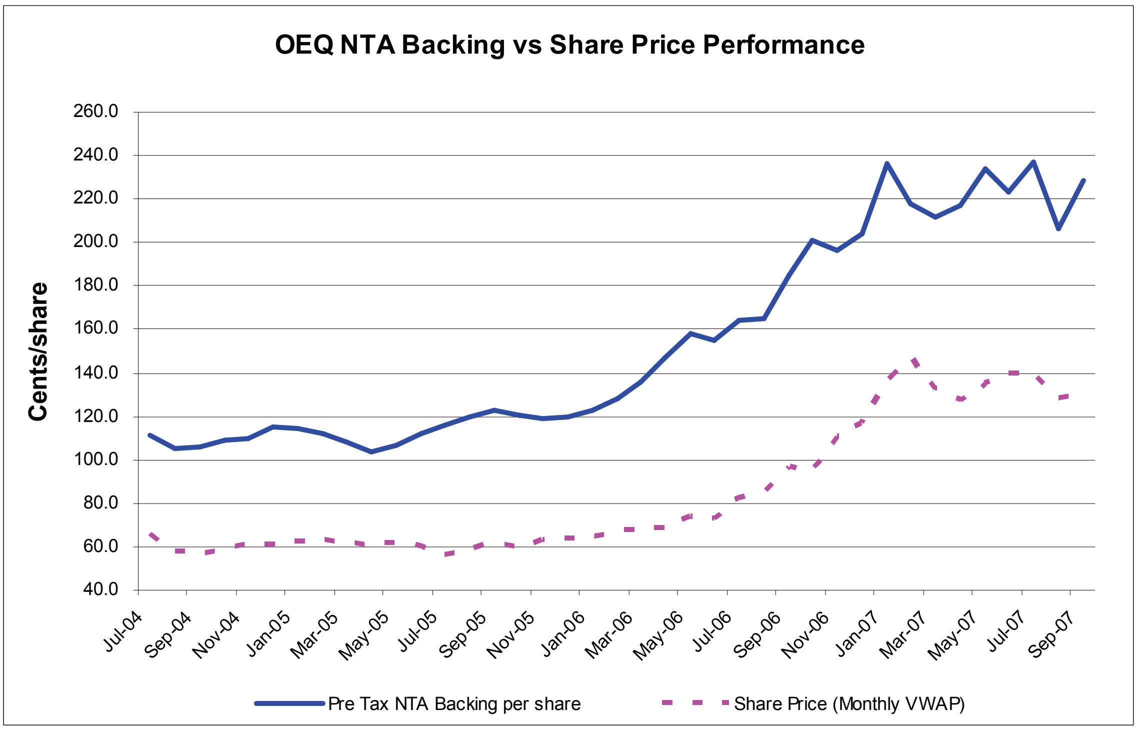
Earnings per share increased 54% from $0.37 for the 2006 financial year to $0.56 for the 2007 financial year.

Pre tax NTA backing per share increased 43% to $2.22 from $1.56 for the previous 2006 balance date. Post tax NTA backing per share increased 35% to $1.93 from $1.43 for the previous 2006 balance date.

At 30 June 2007, OEQ had a market capitalisation of $24 million (at $1.36 per share), net assets of $34 million (at $1.907 after tax NTA backing per share), 17,814,389 fully paid ordinary shares on issue, and 790 shareholders on its share register (30 June 2006: $13 million market capitalisation (at $0.75 per share), net assets of $25.4 million (at $1.426 cents after tax NTA backing per share), 17,814,389 shares on issue, and 1,377 shareholders).

The Company has paid regular dividends as an LIC:

Dividend Rate per share	Record Date	Payment Date	Franking	Total Dividends Paid
2 cents	17 September 2007	21 September 2007	Fully franked	$356,288
1.5 cents	8 March 2007	15 March 2007	Fully franked	$267,216
3.0 cents	12 October 2006	19 October 2006	Fully franked	$534,432
1.5 cent	31 March 2006	7 April 2006	Fully franked	$267,216
1.5 cent	30 September 2005	13 October 2005	Fully franked	$267,216
5 cents	6 July 2004	9 July 2004	60% franked	$861,000



Source: IRESS

OVERVIEW OF PERFORMANCE

SUMMARY OF RESULTS

Consolidated Entity	2007 $	2006 $	% Change	Up/ Down
Total revenues	18,184,064	6,576,731	176%	Up
Total expenses	(1,663,789)	(718,791)	131%	Up
Profit before tax	16,520,275	**5,857,940**	**182%**	**Up**
Income tax expense	(4,619,027)	(1,369,682)	237%	Up
Profit from continuing operations	11,901,248	**4,488,258**	165%	**Up**
Profit / (Loss) from discontinued operations	(1,852,990)	2,049,410	-190%	Down
Profit attributable to members of the Company	10,048,258	**6,537,668**	54%	**Up**
Basic and diluted earnings per share	0.56	**0.37**	**54%**	**Up**
Pre-tax NTA backing per share	2.223	**1.557**	**43%**	**Up**
Post-tax NTA backing per share	1.931	**1.426**	**35%**	**Up**

Total revenues include:

(1) $11,593,494 net income from the Company's share trading portfolio including:

(a) $8,583,740 unrealised gains on securities (2006: $5,536,239);

(b) $2,840,719 realised gains on sale of securities (2006: $1,868,639);

(c) $169,034 dividend income (2006: $141,161);

(2) $49,200 net income from the Company's options portfolio (2006: $126,579);

(3) $1,562,500 net profit from the sale of a subsidiary (2006: Nil);

(4) $1,668,955 share of Associate entities' net profits (2006: $1,146,453);

(5) $481,726 dividend income received from Associate entities (2006: $343,080);

(6) $58,095 income from olive grove operations (2006: Nil); and

(7) $127,595 interest and other income (2006: $76,921).

Total expenses include:

(1) $613,171 personnel costs (including employee entitlements) (2006: $269,693);

(2) $418,467 olive grove operations (2006: Nil);

(3) $66,515 brokerage costs (2006: $88,184);

(4) $79,708 exploration and evaluation expenses (2006: $62,065); and

(5) $20,678 legal and other professional fees (2006: $105,060).

THE BOARD'S REPORT

Dear Shareholders,

I am pleased to report that the Company has again delivered another year of substantial profit and value growth, with profit for the year of $16.5 million before tax (2006: $5.9 million) and $10 million after tax (2006: $6.5 million).

The Company added a total of 72.5 cents of value per share, increasing the Net Tangible Asset (**NTA**) backing per share from $1.55 to $2.23 by year end and paying 4.5 cents of fully franked dividends during the year. This equates to a 47% pre-tax return for the year – an exceptional result when compared to the S&P/ASX 200 Accumulation Index which returned 28.7% over the same period.

A major contributor of value growth for the Company was its investment in Strike Resources Limited (**SRK**). The value of the Company's shares and options (listed and unlisted) in SRK grew in value from $3.25 million to $13 million during the year, mainly as a result of the market re-rating of SRK's iron ore projects in Peru, South America. Three of the Company's directors sit on the board of SRK and are actively involved in the development of the company.

During the year, the Company marginally increased its holdings in two of its strategic investments, Scarborough Equities Limited (**SCB**) (from 27.9% to 28.2%) and Bentley International Limited (**BEL**) (from 27.9% to 28.4%). The Company's investments in both BEL and SCB are accounted for under the equity method in the consolidated financial statements. Under the equity method, the carrying amount of each investment is cost plus a share of that company's net profit or loss (after tax) for the financial year.

SCB reported a very profitable year and the Company's share of profit from SCB for the year was $1.51 million. In contrast, BEL's performance was again disappointing. BEL is one of only a few listed investment companies in Australia that invests solely in international equities. The relatively poor performance of international stocks in general coupled with currency exchange rate effects played a large role in BEL's poor return for this year, as was the case last year. The Company's share of profit from BEL for the year was $0.16 million.

In May 2007, the Company completed the sale of wholly owned subsidiary Hume Mining NL, which held various uranium tenement exploration interests in Australia, to ASX listed Alara Uranium Limited (**AUQ**) and received 6,250,000 AUQ shares as consideration. These shares are subject to escrow until 24 May 2009 and had a market value of $1.1 million as at 23 October 2007.

The Company also maintained an active trading portfolio during the year, with the trading of shares and options in the portfolio of approximately 45 ASX listed companies making an important contribution of $4.74 million towards the Company's overall profits.

The trading portfolio was heavily weighted towards the resources sector and included investments in majors such as BHP Billiton Limited (**BHP**) and Rio Tinto Limited (**RIO**) as well as smaller companies such as Oilex Ltd (**OEX**), Magma Metals Limited (**MM**B) and Mineral Resources (**MIN**). Non resource stock holdings included Telstra Corporation Limited (**TLS**), Macquarie Bank Limited (**MBL**) and A.B.C. Learning Centres Limited (**ABS**).

THE BOARD'S REPORT

In February 2007, the Company settled on the acquisition of a 143 hectare property in Gingin, Western Australia (approximately 100 kilometres north of Perth) comprising the Koorian Olive Grove (which has approximately 64,500, 8 year old olive tree plantings), certain grove related equipment/infrastructure and an approximately one gigalitre per annum water licence and related bore assets, in consideration of payment of approximately $2.6 million.

The Koorian Olive Grove was set up as a managed investment scheme approximately 8 years ago with over $10 million having been invested into the scheme. The grove has to date had 3 harvests of oil and table olives, including the season just completed in May 2007. This 2007 harvesting season yielded a record 1,416 tonnes of fruit from which 205,000 litres of extra virgin olive oil (**EVOO**) were extracted. Subsequent to year end all the EVOO has been sold for over $1 million, which will be accounted for as revenue in the 2007/2008 financial year.

Koorian also received supplementary income during the year from the provision of contract harvesting services to another olive grove and from the sale of a small number of table olives.

During the year, the Company acquired a 70% interest in a thermal coal concession in north-east Kalimantan, Indonesia known as the Berau Coal Project. This project comprises an area of 5,000 hectares and is located approximately 40 kilometres south-west of Berau and approximately 350 kilometres north of Balikpapan (the capital city of Kalimantan). No consideration was paid to the vendor but rather, the Company has agreed to meet the balance (US$0.5 million) of staged payments and future royalties payable to the Indonesian concession holder. The Company has recently completed a 1,500 metre drilling programme on the concession and is planning for another drilling campaign as well as scoping/feasibility studies for the potential development of mining operations and transportation of coal to the coast near Berau.

In the year ahead, the Company will continue to carry out investment activities in accordance with the investment objectives of the Company. This will include the oversight and management of its strategic investments in BEL, SCB and SRK together with a continuation of trading activities in other listed entities and management of its other assets.

I thank all shareholders for their continuing support of the Company.

On behalf of the Board,

Farooq Khan
Chairman

24 October 2007

DIRECTORS' REPORT

The Directors present their report on Orion Equities Limited (**Company** or **Orion Equities** or **OEQ**) and its controlled entities (the **Consolidated Entity**) for the year ended 30 June 2007 (**Balance Date**).

Orion Equities 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 (Current ASX Code: OEQ).

Orion Equities has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. Those entities are:

(1) Silver Sands Developments Pty Ltd (ACN 094 097 122), a wholly owned subsidiary;

(2) Central Exchange Mining Ltd (ACN 119 438 265), a wholly owned subsidiary;

(3) Koorian Olives Pty Ltd (ACN 120 616 891) (formerly OEQO Pty Ltd) incorporated in Western Australia on 7 July 2006, a wholly owned subsidiary;

(4) Orion Indo Operations Pty Ltd (ACN 124 702 245) incorporated in Western Australia on 30 March 2007, a wholly owned subsidiary;

(5) PT Orion Indo Mining, incorporated in Indonesia on 4 April 2007, 100% beneficially owned by Orion Indo Operations Pty Ltd; and

(6) Hume Mining NL (ACN 064 994 945), a wholly owned subsidiary sold to Alara Uranium Limited (**Alara** or **AUQ)** on 18 May 2007.

Orion Equities has accounted for the following investments at Balance Date as investments in an Associate entity (on an equity accounting basis):

(1) 28.22% interest in ASX listed Scarborough Equities Limited (**SCB**) (30 June 2006: 27.86%);

(2) 28.38% interest in ASX listed Bentley International Limited (**BEL**) (30 June 2006: 27.93%).

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the management of its investments, including investments in listed securities, real estate, an olive grove operation and resource projects in Indonesia and Pakistan.

OPERATING RESULTS

Consolidated Entity	**2007 $**	**2006 $**	**% Change**
Total revenues	18,184,064	6,576,731	+176%
Total expenses	(1,663,789)	(718,791)	+131%
Profit before tax	**16,520,275**	**5,857,940**	**+182%**
Income tax expense	(4,619,027)	(1,369,682)	+237%
Profit from continuing operations	11,901,248	**4,488,258**	**+160%**
Profit / (Loss) from discontinued operations	(1,852,990)	2,049,410	-190%
Profit attributable to members of the Company	10,048,258	**6,537,668**	**+54%**

DIRECTORS' REPORT

Total revenues include:

(1) $11,593,494 net income from the Company's share trading portfolio including:
   (a) $8,583,740 unrealised gains on securities (2006: $5,536,239);
   (b) $2,840,719 realised gains on sale of securities (2006: $1,868,639);
   (c) $169,034 dividend income (2006: $141,161);

(2) $49,200 net income from the Company's options portfolio (2006: $126,579);

(3) $1,562,500 net profit from the sale of a subsidiary (2006: Nil);

(4) $1,668,955 share of Associate entities' net profits (2006: $1,146,453);

(5) $481,726 dividend income received from Associate entities (2006: $343,080);

(6) $58,095 income from olive grove operations (2006: Nil); and

(7) $127,595 interest and other income (2006: $76,921).

Total expenses include:

(1) $613,171 personnel costs (including employee entitlements) (2006: $269,693);

(2) $418,467 olive grove operations (2006: Nil);

(3) $66,515 brokerage costs (2006: $88,184);

(4) $79,708 exploration and evaluation expenses (2006: $62,065); and

(5) $20,678 legal and other professional fees (2006: $105,060).

EARNINGS PER SHARE

Consolidated Entity	2007	2006	% Change
Basic and diluted earnings per share	$0.56	$0.367	+54%
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	17,814,389	17,814,389	

NET TANGIBLE ASSET BACKING (NTA)

Consolidated Entity	2007 $	2006 $	% Change
Net tangible assets (before tax)	39,595,902	27,743,830	
Pre-Tax NTA Backing per share (cents)	2.223	1.557	+43%
Less deferred tax assets and tax liabilities	(5,195,589)	(2,338,534)	
Net tangible assets (after tax)	34,400,313	25,405,296	
Post-tax NTA Backing per share (cents)	1.931	1.426	+35%
Based on total issued share capital	17,814,389	17,814,389	-

DIRECTORS' REPORT

BALANCE SHEET

Consolidated Entity	2007 $	2006 $
Cash	1,620,198	1,102,658
Financial assets at fair value through profit and loss	20,935,654	12,636,778
Investments in listed Associate entities	11,639,535	9,726,370
Inventory	4,467,902	3,821,038
Intangibles	250,000	-
Receivables	167,201	589,312
Other assets	2,420,395	35,450
Total Assets	**41,500,885**	**27,911,606**
Tax liabilities	(5,195,589)	(2,338,534)
Other payables and liabilities	(1,654,983)	(167,776)
Net Assets	**34,650,313**	**25,405,296**
Contributed Equity	19,374,007	19,375,598
Retained earnings	15,276,306	6,029,698
Total Equity	**34,650,313**	**25,405,296**

DIVIDENDS

The Company has paid a final dividend as follows:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
2 cents per share	17 September 2007	21 September 2007	Fully franked	$356,288

The Company also paid the following interim dividend during the financial year:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
1.5 cents per share	8 March 2007	15 March 2007	Fully franked	$267,216

Dividend Policy

It is the objective of the Company to provide a regular and stable dividend payment to shareholders after the announcement of its half year and full year operating results. These results are normally announced in February and August each year and the Company will endeavour to announce its dividend payments at this time.

The Company intends to distribute annually to shareholders up to 50% of the available net profits arising from the dividend, interest and other income it receives from its investments and the gains on its investments, to the extent permitted by law and subject to prudent business practices. Dividends will be franked to the extent that available franking credits permit and in accordance with the stated objective of providing 2 dividend payments a year.

SECURITIES IN THE COMPANY

At Balance Date and the date of this report, the Company had 17,814,389 shares on issue (30 June 2006: 17,814,389). The Company does not have other securities on issue at the date of this report.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

1. Portfolio Details As At 30 June 2007

Asset Weighting

	% of Net Assets
Australian equities	79%
International equities[1]	13%
Property held for development and resale	11%
Koorian Olives[2]	9%
Tax liabilities (current year and deferred)	-15%
Net cash/other assets and provisions	3%
TOTAL	100%

Top 20 Holdings in Securities Portfolio

Equities	Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1. Strike Resources Limited	13.04	38.5%	SRK	Materials
2. Scarborough Equities Limited[3]	5.78	17.1%	SCB	Diversified Financials
3. Bentley International Limited[3]	4.40	13.0%	BEL	Diversified Financials
4. Alara Uranium Limited	2.25	6.6%	AUQ	Energy
5. Oilex NL	1.43	4.2%	OEX	Energy
6. Katana Capital Limited	1.12	3.3%	KAT	Diversified Financials
7. Metcash Limited	0.72	2.1%	MTS	Retailing
8. BHP Billiton Limited	0.53	1.6%	BHP	Materials
9. Zinifex Limited	0.28	0.8%	ZFX	Materials
10. RuralAus Investments Limited	0.27	0.8%	RUR	Materials
11. Emeco Holdings Limited	0.24	0.7%	EHL	Capital Goods
12. Telstra Corporations Limited	0.23	0.7%	TLSCA	Telecommunications
13. Woodside Petroleum Ltd.	0.19	0.6%	WPL	Energy
14. Chemrok Pty Ltd	0.16	0.5%	Unlisted	Materials
15. OM Holdings Limited	0.13	0.4%	OMH	Materials
16. Malagasy Minerals Limited	0.08	0.2%	Unlisted	Materials
17. Magma Metals Limited	0.07	0.2%	MMB	Materials
18. Newsat Limited	0.05	0.1%	NWT	Software & Services
19. Elixir Petroleum	0.05	0.1%	EXR	Energy
20. Jutt Holdings Limited	0.04	0.1%	JUT	Materials
TOTAL	**31.01**	**91.7%**		

1 BEL is an ASX listed investment company with investments in securities listed on overseas markets. The Company's investment in BEL represents an indirect interest in international equities

2 Includes land, water licence, buildings, plant and equipment and inventory

3 BEL and SCB have been accounted for as investments in Associate entities

DIRECTORS' REPORT

The investment in Strike Resources Limited comprises the following securities:

	Fair Value $'million	% of Net Assets	ASX Code	
(a) Listed shares	4.81	14.2%	SRK	
(b) Listed $0.20 (30 June 2008) Options	1.82	5.4%	SRKO	
(c) Unlisted $0.20 (9 Feb 2011) Options	3.42	10.1%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being $2.02 (the last bid price as at 30 June 2007). (ii) A risk free rate of return of 6.41% (based on the Commonwealth 5 year bond yield rate as at 30 June 2007). (iii) An estimated future volatility of SRK's share price of 65%.
(d) Unlisted $0.30 (9 Feb 2011) Options	2.99	8.8%		
Sub-total	**13.04**	**38.5%**		

2. Uranium Assets Spin-Off to Alara Uranium Limited

The Company's subsidiary, Hume Mining NL, retained a 25% interest in various uranium tenement interests sold to Strike Resources Limited (**Strike**) in February 2006.

It was announced on 16 February 2007 that Alara was acquiring Strike and Orion's uranium tenement interests and would be undertaking an Initial Public Offering (**IPO**) of up to $10 million at 25 cents per share.

Alara lodged its IPO Prospectus on 3 April 2007, which successfully closed on 9 May 2007 with 40 million shares issued raising $10 million. Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

On 18 May 2007, the Company completed the sale of Hume Mining NL to Alara and received 6,250,000 Alara shares as consideration. These shares are subject to escrow for 24 months from 24 May 2007.

The Consolidated Entity recorded a gain on disposal of Hume Mining NL of $1.56 million.

3. Koorian Olive Grove

On 21 February 2007, Koorian Olives Pty Ltd (formerly OEQO Pty Ltd) (a wholly owned subsidiary incorporated on 7 July 2007) (**Koorian**) settled on the acquisition of a 143 hectare property in Gingin, Western Australia (approximately 100 kilometres north of Perth) comprising the Koorian Olive Grove (which has approximately 64,500, 8 year old olive tree plantings), certain grove related equipment/infrastructure and an approximately one gigalitre per annum water licence and related bore assets, in consideration of payment of approximately $2.6 million.

The Koorian Olive Grove was set up as a managed investment scheme approximately 8 years ago with over $10 million having been invested into the scheme. The grove has to date had 3 harvests of oil and table olives, including the season just completed in May 2007.

DIRECTORS' REPORT

A summary of olive grove operations during the 2007 financial year are as follows:

(1) The 2007 harvesting season yielded ~1,416 tonnes of fruit from which ~205,000 litres of extra virgin olive oil (**EVOO**) were extracted;

(2) Expenses from Olive Grove operations (excluding depreciation and harvesting and processing costs which are included in Inventory) were $418,467.

(3) Inventory of $646,864 reflects the cost of harvesting and processing the fruit into EVOO as at Balance Date;

(4) Koorian has subsequently reached agreement with a local supplier for the sale of ~200,000 litres of EVOO for ~$1.02 million payable in 4 tranches between August and November 2007 which will be accounted for as revenue in the 2007/2008 financial year;

(5) Income received totalled $58,095 comprising $49,595 from the provision of harvesting services to a third party grove in the Gingin region and $8,500 from the sale of table olive varieties; and

4. Acquisition of Interest In Berau Coal Project (East Kalimantan, Indonesia)

During the year, the Consolidated Entity acquired an interest in a thermal coal concession in north-east Kalimantan, Indonesia (of 5,000 hectares located approximately 40 kilometres south-west of Tanjungredeb (Berau) and approximately 350 kilometres north of Balikpapan (the capital city of Kalimantan) (**Berau Coal Project**)). No consideration was paid to the vendor but rather, the Consolidated Entity has agreed to meet the balance (US$0.5 million) of staged payments and future royalties payable to the Indonesia concession holder.

The Consolidated Entity has recently completed a ~1,500 metre drilling programme on the concession and is planning for another drilling campaign as well as scoping/feasibility studies for the development of mining operations and transportation to the coast near Berau.

Background

By a cooperation agreement dated 12 April 2007 between Strike Operations Pty Ltd (**SOPL**)[4], PT Indo Batubara (**PTIB**)[5] and PT Kaltim Jaya Bara (**KJB**), PTIB had acquired the right to exclusively conduct general survey activities, explore for, exploit, mine and sell coal and methane gas and other minerals in the concession area.

Under the terms of the agreement, SOPL had paid US$30,000 (after execution of the agreement) to KJB and had the following future payment and royalty obligations to KJB:

(a) Three staged cash payments totalling US$0.50 million over a 12 month period; and

(b) Royalties of between US$1.00 to $4.00 per dry metric tonne of coal mined and sold from the concession area, depending on the calorific value of the coal (ranging from 5,000 to 6,000 KCal and above) and the waste to ore ratio of mining operations.

4 A subsidiary of Strike Resources Limited

5 An Indonesian company 100% beneficially owned by SOPL

DIRECTORS' REPORT

Assignment of Interest to Orion

On 27 June 2007, SOPL and PTIB reached agreement with Orion Indo Operations Pty Ltd (**OIO**)[6] and PT Orion Indo Mining[7] (**PTOIM**) for PTIB assigned to PTOIM 70% of its interest in the Berau Coal Project; PTOIM has agreed to assume the obligations (effective from 19 June 2007) under the original cooperation agreement with KJB; PTIB's 30% interest is free-carried until a Decision to Mine[8] is made by PTOIM.

If a party elects not to contribute to expenditure in such circumstances, its interest in the Berau Coal Project shall be diluted on a pro-rata basis. If PTIB's interest is diluted to below 10%, PTIB's interest shall be transferred to PTOIM in consideration for a royalty to PTIB of 7.5% of net profits derived from coal resources produced and sold.

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

In the opinion of the Directors, it may prejudice the interests of the Consolidated Entity to provide additional information (beyond that reported in this Directors' Report) in relation to future developments and the business strategies and operations of the Consolidated Entity and the expected results of those operations in subsequent financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

In the course of its mineral exploration and evaluation activities, the Consolidated Entity adheres to environmental regulations imposed upon it by various authorities. The Company has complied with all environment requirements during the year and up to the date of this report. No reportable environmental breaches occurred during the financial year and up to the date of this report.

6 A subsidiary of Orion Equities Limited

7 An Indonesian company 100% beneficially owned by OIO

8 **"Decision to Mine"** means PTOIM providing written notice to PTIB that, having completed an exploration programme and project feasibility study, it wishes to proceed to commercial exploitation of coal resources in the concession area

DIRECTORS' REPORT

DIRECTORS AND COMPANY SECRETARY

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 8,558,127 shares - indirectly[9]
Special Responsibilities	Chairman of the Company and the Investment Committee
Other current directorships in listed entities	Current Chairman and Managing Director of: (1) Queste Communications Ltd (QUE) (since 10 March 1998) Current Chairman of: (2) Bentley International Limited (BEL) (director since 2 December 2003) (3) Scarborough Equities Limited (SCB) (since 29 November 2004) Current Executive Director of: (4) Strike Resources Limited (SRK) (since 9 September 1999) (5) Alara Uranium Limited (AUQ) (since 18 May 2007)
Former directorships in other listed entities in past 3 years	(1) Altera Capital Limited (AEA) (9 November 2001 to 18 October 2005) (2) Sofcom Limited (SOF) (3 July 2002 to 18 October 2005)

William M. Johnson	**Executive Director**
Appointed	28 February 2003.
Qualifications	MA (Oxon), MBA
Experience	Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. As Regional Director Asia Pacific for Telecom New Zealand Ltd, Mr Johnson was responsible for identifying, evaluating and implementing investment strategies that included start-up technology ventures, a technology focussed venture capital fund and strategic investments and acquisitions in Asia and Australia. As Executive Director, Mr Johnson is part of the Investment Committee of the Company and has been actively involved in the strategic analysis of a diverse range of business and investment opportunities and the execution of a number of corporate transactions. 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	Current Director of: (1) Strike Resources Limited (SRK) (since 14 July 2006) (2) Scarborough Equities Limited (SCB) (since 29 November 2004) (3) Drillsearch Energy Limited (DLS) (since October 2006) (4) Sofcom Limited (SOF) (since 18 October 2005)
Former directorships in other listed entities in past 3 years	Altera Capital Limited (AEA) (18 October 2005 to 8 August 2006)

9 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 >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 early 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 been actively involved in the structuring and execution of a number of corporate transactions, capital raisings and capital management matters and has extensive experience in 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	Current Executive Director and Company Secretary of: (1) Strike Resources Limited (SRK) (Secretary since 9 March 2000 and Director since 12 October 2000) (2) Sofcom Limited ((SOF) Director since 3 July 2002 and Company Secretary since 23 July 2003) Current Company Secretary of: (3) Queste Communications Ltd (QUE) (since 30 August 2000) (4) Bentley International Limited (BEL) (since 5 February 2004) (5) Scarborough Equities Limited (SCB) (since 29 November 2004) (6) Alara Uranium Limited (AUQ) (since 4 April 2007)
Former directorships in other listed entities in past 3 years	Altera Capital Limited (AEA) (Director between 9 November 2001 and 8 August 2006 and Secretary between 26 November 2001 and 8 August 2006)

Yaqoob Khan	**Non-Executive Director**
Appointed	5 November 1999
Qualifications	BCom (*Western Australia*), Master of Science in Industrial Administration (*Carnegie Mellon*)
Experience	After working for several years in the Australian Taxation Office, Mr Khan completed his postgraduate Masters degree and commenced work as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been an integral member of the team responsible for the pre-IPO structuring and IPO promotion of a number of ASX floats and has been involved in the management of such companies. Mr Khan brings considerable international experience in key aspects of corporate finance and the strategic analysis of listed investments
Relevant interest in shares	None
Special Responsibilities	None
Other current directorships in listed entities	Queste Communications Ltd (QUE) (since 10 March 1998)
Former directorships in other listed entities in past 3 years	Strike Resources Limited (SRK) (9 September 1999 to 26 September 2005)

DIRECTORS' REPORT

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	3	3
William Johnson	9	9
Victor Ho	9	9
Yaqoob Khan	11	11

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.

Investment Committee

The Board has established an Investment Committee comprising Executive Chairman, Farooq Khan, Executive Director William Johnson and Executive Director and Company Secretary, Victor Ho.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director and Company Executive (Key Management Personnel) of the Consolidated Entity.

The information provided under headings (1) to (4) below in this Remuneration Report includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited. The disclosures in (5) and (6) below in this Remuneration Report are additional disclosures required by the *Corporations Act 2001* and the *Corporations Regulations 2001* which have not been audited.

(1) Remuneration Policy (Audited)

The Board determines the remuneration structure of all Directors and Company Executives (being a company secretary or senior manager) (**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.

DIRECTORS' REPORT

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 $150,000 per annum plus employer superannuation contributions (currently 9%);

(c) Mr Victor Ho (Company Secretary) – a base salary of $60,000 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.

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.

DIRECTORS' REPORT

(2) Details of Remuneration of Key Management Personnel - Directors (Audited)

Details of the nature and amount of each element of remuneration of each Director (Key Management Personnel) paid or payable by the Consolidated Entity during the financial year are as follows:

Name of Director	Office Held	Short Term Employment Benefits		Post Employment Benefits	Long Term Benefits	Equity Based Benefits (including shares and options)	Total	Performance Related	Percentage of Total Related to Equity Based Benefits (including shares and options)
		Cash Fees $	Cash Bonuses $	Superannuation $	$	$	$	%	%
Farooq Khan	Executive Chairman (appointed 23 October 2006)	168,269	-	15,144	-	-	183,413	-	-
William Johnson	Executive Director	147,534	-	13,278	-	-	160,812	-	-
Victor Ho	Executive Director and Company Secretary	61,574	-	5,541	-	-	67,115	-	-
Yaqoob Khan	Non-Executive Director	25,000		-	-	-	25,000	-	-

(3) Details of Remuneration of Key Management Personnel – Company Executive (Audited)

The Company did not have any Company Executives (other than Executive Directors) during the financial year.

(4) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2007 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.

(5) 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.

(6) 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);

DIRECTORS' REPORT

(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; and

Shareholders have approved the entry into such deeds by the Company.

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 to the auditor (BDO Kendalls Audit & Assurance (WA), formerly BDO) for audit and non-audit services provided during the financial year are set out below:

Audit & Review Fees $	Fees for Other Services $	Total $
21,727	-	21,727

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

AUDITORS' 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 18. 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 28), 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

Victor Ho
Director

27 September 2007

BDO Kendalls

BDO Kendalls Audit & Assurance (WA)
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ABN 90 360 101 594

28 September 2007

The Directors
Orion Equities Limtied
Level 14, The Forrest Centre
221 St Georges Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO KENDALLS TO THE DIRECTORS OF ORION EQUITIES LIMITED

As lead auditor of Orion Equities Ltd for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

Yours faithfully
BDO Kendalls Audit & Assurance (WA) (formerly BDO)

BDO Kendalls

C Burton

Chris Burton
Partner

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated Entity		Company	
		2007	2006	2007	2006
	Note	$	$	$	$
Revenue from continuing operations		16,387,514	5,353,357	16,329,420	5,373,197
Share of Associate entities' net profits		1,668,955	1,146,453	1,668,955	1,146,453
Other income		127,595	76,921	125,868	76,921
Total revenue	2 a	18,184,064	6,576,731	18,124,243	6,596,571
Expenses	2 b				
Personnel		(613,171)	(269,693)	(554,790)	(269,693)
Communications		(23,623)	(20,125)	(20,276)	(20,125)
Occupancy		(51,692)	(21,780)	(13,864)	(20,813)
Corporate		(32,520)	(33,221)	(32,520)	(34,074)
Financing		(4,236)	(4,013)	(3,161)	(3,831)
Borrowing cost		-	(1,426)	-	(1,426)
Costs in relation to investments		(29,245)	(21,978)	(29,245)	(21,978)
Olive grove operations		(418,467)	-	-	-
Administration expenses					
– legal and other professional fees		(20,678)	(105,060)	(17,826)	(105,060)
– exploration and evaluation expenditure		(78,454)	(40,550)	(78,404)	(39,485)
– brokerage fees		(66,515)	(88,184)	(66,515)	(88,184)
– doubtful debts (provision)/written back		-	-	260,252	(46,229)
– other		(325,188)	(112,761)	(236,840)	(132,601)
Profit before income tax		16,520,275	5,857,940	17,331,054	5,813,072
Income tax expense	3	(4,619,027)	(1,369,682)	(4,778,171)	(1,280,587)
Profit for the year		11,901,248	4,488,258	12,552,883	4,532,485
Profit / (Loss) from discontinued operations	5	(1,852,990)	2,049,410	-	-
Profit after income tax		10,048,258	6,537,668	12,552,883	4,532,485
Profit attributable to members of the Company		10,048,258	6,537,668	12,552,883	4,532,485
Dividends per share (cents) per share	7	4.5	3.0	4.5	3.0
Basic earnings per share ($)	8	0.56	0.37	0.70	0.25
Diluted earnings per share ($)	8	0.56	0.37	0.70	0.25

The accompanying notes form part of these financial statements

BALANCE SHEET
AS AT 30 JUNE 2007

		Consolidated Entity		Company	
		2007	2006	2007	2006
	Note	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	9	1,620,198	1,102,658	1,553,974	1,094,633
Trade and other receivables	10	134,378	556,489	7,211,191	4,382,622
Financial assets at fair value through profit and loss	11	20,935,654	12,636,778	20,935,654	9,642,611
Inventories	12	646,864	-	-	-
Other	13	-	1,083	-	1,083
TOTAL CURRENT ASSETS		23,337,094	14,297,008	29,700,819	15,120,949
NON CURRENT ASSETS					
Trade and other receivables	10	32,823	32,823	32,823	32,823
Inventory	12	3,821,038	3,821,038	-	-
Investments in controlled entities	14	-	-	300	-
Investments in Associate entities - equity accounted	15	11,639,535	9,726,370	11,639,535	9,726,370
Property, plant and equipment	16	2,120,395	34,367	27,697	34,367
Olive trees	17	300,000	-	-	-
Intangible asset	18	250,000	-	-	-
Resource projects	19	-	-	-	-
TOTAL NON CURRENT ASSETS		18,163,791	13,614,598	11,700,355	9,793,560
TOTAL ASSETS		41,500,885	27,911,606	41,401,174	24,914,509
CURRENT LIABILITIES					
Trade and other payables	20	1,654,983	167,776	1,003,437	166,431
Current tax liabilities	21	726,615	538,860	740,157	452,190
TOTAL CURRENT LIABILITIES		2,381,598	706,636	1,743,594	618,621
NON CURRENT LIABILITIES					
Deferred tax liability	21	4,468,974	1,799,674	4,535,974	923,924
TOTAL NON CURRENT LIABILITIES		4,468,974	1,799,674	4,535,974	923,924
TOTAL LIABILITIES		6,850,572	2,506,310	6,279,568	1,542,545
NET ASSETS		34,650,313	25,405,296	35,121,606	23,371,964
EQUITY					
Contributed equity	22	19,374,007	19,375,598	19,374,007	19,375,598
Retained earnings		15,276,306	6,029,698	15,747,599	3,996,366
TOTAL EQUITY		34,650,313	25,405,296	35,121,606	23,371,964

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

Consolidated Entity	Contributed Equity	Retained Earnings	Total Equity
At 1 July 2005	28,717,470	(9,906,466)	18,811,004
Profit for the year	-	6,537,668	6,537,668
Total recognised income and expense for the year	-	6,537,668	6,537,668
Dividends paid	-	(534,693)	(534,693)
Issue of shares	591,317	-	591,317
Reduction of share capital against accumulated losses	(9,933,188)	9,933,188	-
At 30 June 2006	19,375,599	6,029,697	25,405,296
At 1 July 2006	19,375,599	6,029,697	25,405,296
Profit for the year	-	10,048,258	10,048,258
Total recognised income and expense for the year	-	10,048,258	10,048,258
Dividends paid	-	(801,649)	(801,649)
Costs in relation to sale of unmarketable parcels	(1,592)	-	(1,592)
At 30 June 2007	19,374,007	15,276,306	34,650,313
Company			
At 1 July 2005	28,717,470	(9,934,615)	18,782,855
Profit for the year	-	4,532,485	4,532,485
Total recognised income and expense for the year	-	4,532,485	4,532,485
Dividends paid	-	(534,693)	(534,693)
Issue of shares	591,317	-	591,317
Reduction of share capital against accumulated losses	(9,933,188)	9,933,188	-
At 30 June 2006	19,375,599	3,996,365	23,371,964
At 1 July 2006	19,375,599	3,996,365	23,371,964
Profit for the year	-	12,552,883	12,552,883
Total recognised income and expense for the year	-	12,552,883	12,552,883
Dividends paid	-	(801,649)	(801,649)
Costs in relation to sale of unmarketable parcels	(1,592)	-	(1,592)
At 30 June 2007	19,374,007	15,747,599	35,121,606

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		57,487	22,060	54,040	22,060
Sale proceeds from trading portfolio		12,328,482	18,187,240	12,328,482	18,187,240
Payments for trading portfolio		(6,483,983)	(15,337,708)	(6,483,983)	(15,337,708)
Proceeds from options portfolio		49,200	137,579	49,200	137,579
Payments for options portfolio		-	(29,333)	-	(11,000)
Payments to suppliers and employees		(1,354,898)	(748,078)	(830,823)	(764,963)
Payments for exploration and evaluation		(79,708)	3,904	(78,404)	-
Interest received		73,554	54,861	71,827	54,861
Interest paid		-	(1,426)	-	(1,426)
Income tax paid		(970,058)	(259,250)	(878,153)	(259,250)
Dividends received		416,958	257,682	416,958	257,682
NET CASH INFLOW FROM OPERATING ACTIVITIES	9 a	4,037,034	2,287,531	4,649,144	2,285,075
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for:					
equity investments		(6,657)	(680,531)	(6,657)	(680,531)
property, plant and equipment		(2,709,474)	(10,749)	(1,485)	(10,749)
subsidiaries		-	-	(300)	-
inventory - land		-	(24,486)	-	-
Loans to subsidiaries		-	-	(3,377,998)	(29,000)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(2,716,131)	(715,766)	(3,386,440)	(720,280)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments in relation to sale of unmarketable parcels		(1,592)	(2,531)	(1,592)	(2,531)
Payments for dividends		(801,771)	(535,668)	(801,771)	(535,668)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(803,363)	(538,199)	(803,363)	(538,199)
NET INCREASE IN CASH ASSETS HELD		517,540	1,033,566	459,341	1,026,596
Cash at beginning of the financial year		1,102,658	69,092	1,094,633	68,037
CASH AT THE END OF THE FINANCIAL YEAR	9	1,620,198	1,102,658	1,553,974	1,094,633

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report (comprising the financial statements and notes thereto) is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report includes separate financial statements for Orion Equities Limited as an individual parent entity (the **"Company"**) and 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.

Compliance with IFRS

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. Compliance with AIFRS ensures that the consolidated financial statements of Orion Equities Limited comply with International Financial Reporting Standards (**IFRS**) save that the parent has elected to apply the relief provided in respect of certain disclosure requirements pursuant to *AASB 132 Financial Instruments: Disclosure and Presentation*.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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.

1.1. Principles of Consolidation

A controlled entity is any entity the Company has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in note 14 to the financial statements. 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. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

1.2. Investments in Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control. A list of associates is contained in note 15 to the financial statements. All associated entities have a June financial year-end.

1.3. Mineral Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated (i.e. capitalised) in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Under AASB 6 "Exploration for and Evaluation of Mineral Resources", if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets and measure any impairment in accordance with AASB 136 "Impairment of Assets". Any impairment loss is to be recognised as an expense. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1.4. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The consolidated entity's segment reporting is contained in note 24 of the notes to the financial statements.

1.5. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. All revenue is stated net of the amount of goods and services tax (**"GST"**). The following specific recognition criteria must also be met before revenue is recognised:

***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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

***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 parent entity 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 equity are also recognised directly in equity.

Tax consolidation legislation

The consolidated entity has 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 balance sheet 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

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 consolidated entity in accordance with statutory obligations and are charged as an expense when incurred.

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 balance sheet.

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

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

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 income statement 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.

Held-to-maturity investments - These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the consolidated entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets - Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

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. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

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 sheet 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.

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.

1.14. Property, Plant and Equipment

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

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 income statement 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 sheet 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 income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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for the year ended 30 June 2007

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 income statement. 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. Contributed Equity

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, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

1.18. 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.

1.19. Research and Development Costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

1.20. Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair va6e and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note l(t)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1.21. 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 losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to 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 and 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1.22. Non-current assets (or disposal groups) held for sale and discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

1.23. 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.

1.24. New Standards and Interpretations Released and Adopted

The Consolidated entity has elected to early adopt the following pronouncements. No adjustments to any of the financial statements were required.

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 101 (revised Oct 2006)	Presentation of Financial Statements	Removes Australian specific paragraphs (economic dependence and where functional currency is different to presentation currency) and example formats for balance sheet and income statement in appendix.	Periods commencing on or after 1 January 2007
AASB 2007-1 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Consequential amendments to AASB 2: Share-based Payment arising from AASB Interpretation 11: AASB 2 – Group and Treasury Share Transactions. Affects equity transactions with employees whether shares given by / issued by shareholders or apparent entity.	Periods commencing on or after 1 March 2007
AASB 2007-4 (issued Apr 2007)	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	Implements the proposals in ED 151: Australian additions to, and Deletions from, IFRSs. Changes to 34 standards. Introduction of new accounting policy choices and removal of various Australian-specific disclosure requirements (internationalising specific Australian treatments). Allows choice of reporting in cash flow statement from direct only to now include indirect, proportionate consolidation now allowed for joint ventures, tax reconciliation can now be done on tax rate basis, and changes to accounting for government grants.	Periods commencing on or after 1 July 2007
AASB Interpretation 10 (issued Sept 2006)	Interim Financial Reporting and Impairment AASB 134: Interim Financial Reporting, AASB 136: Impairment of Assets, and AASB 139: Financial Instruments: Recognition and Measurement	Prevents the reversal of impairment losses between interim and final reporting periods in respect of goodwill, investments in equity instruments, and financial assets carried at cost because fair value cannot be reliably determined.	Periods commencing on or after 1 November 2006
AASB Interpretation 11 (issued Feb 2007)	AASB 2 – Group and Treasury Share Transactions	Addresses the classification of a share-based payment transaction (as equity or cash settled) under AASB 2: Share-based Payment. It clarifies that when an entity's employees are granted rights to the entity's equity instruments either by the entity or its shareholders, the transactions are accounted for as equity-settled transactions. It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	Periods commencing on or after 1 March 2007

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1.25 New Standards And Interpretations Released But Not Yet Adopted.

These new standards and interpretations have no impact on the financial statements and the associated notes to the financial statements.

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 7 (issued Aug 2005)	Financial Instruments: Disclosures	Significant new disclosures of financial instruments – replaces and expands parts of AASB 132. This new standard affects disclosure only and will have no impact on accounting policies.	Periods commencing on or after 1 January 2007
AASB 2005-10 (issued Sept 2005)	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Changes to AASB 132 and 9 other standards arising from the issue of AASB 7 (see above). Amends AASB 101 to require the disclosure of the entity's objectives, policies and processes for managing capital (for reporting entities under Part 2M.3 of the Corps Act).	Periods commencing on or after 1 January 2007
AASB 2007-2 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Consequential amendments to 8 standards arising from AASB Interpretation 12: Service Concession Arrangements	Periods commencing on or after 1 January 2008
AASB 8 (issued Feb 2007)	Operating Segments	Disclosure of operating segments – replaces AASB 114: Segment Reporting. Applies to listed entities and similar only. Early adoption is permitted and likely to occur for many unlisted reporting entities to avoid segment reporting disclosures. Significantly changes the way segment information is given.	Periods commencing on or after 1 January 2009
AASB 2007-3 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Changes to 10 standards arising from the issue of AASB 8 (see above)	Periods commencing on or after 1 January 2009
AASB 2007-7 (issued Jun 2007)	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Makes editorial amendments to six Standards, removes the encouragement in AASB 107: Cash Flow Statements to adopt a particular format for the cash flow statement and deletes superseded implementation guidance accompanying AASB 4 Insurance Contracts.	Periods commencing on or after 1 July 2007
AASB Interpretation 12 (issued Feb 2007)	Service Concession Arrangements (recognition and measurement)	Addresses the accounting principles on recognising and measuring obligations and related rights for Service Concession Arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services e.g. toll roads, airports	Periods commencing on or after 1 January 2008
AASB Int 129 (issued Feb 2007)	Service Concession Arrangements: Disclosures [revised]	Addresses the appropriate disclosures for Service Concession Arrangements e.g. toll roads, airports	Periods commencing on or after 1 January 2008
AASB Interpretation 4 (revised Feb 2007)	Determining whether an Arrangement contains a Lease [revised]	Determining whether an Arrangement contains a Lease. Treats lease-like arrangements as leases. The Interpretation's scope has been amended to exclude service concession arrangements because these are now covered by AASB Interpretation 12.	Periods commencing on or after 1 January 2008
AASB Interpretation 13	Customer Loyalty Programmes	The fair value of revenue is to be allocated between sales and reward credits resulting in a portion of revenue being deferred until reward credits redeemed.	Periods commencing on or after 1 January 2008

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

2. PROFIT FOR THE YEAR

Profit for the year includes the following items of revenue and expenses below. Included are the revenue and expenses of the discontinued operations of Hume Mining NL, a wholly owned subsidiary disposed on 18 May 2007 (refer to Note 5).

		Consolidated Entity		Company	
(a) Income	**Note**	**2007**	**2006**	**2007**	**2006**
Trading portfolio		**$**	**$**	**$**	**$**
Proceeds from sale of securities		11,888,009	18,420,880	11,888,009	18,420,880
Cost of securities sold		(9,047,290)	(16,552,241)	(9,047,290)	(16,552,241)
Fair value gains on securities through the profit and loss	**5**	8,583,740	5,536,239	11,226,241	2,893,738
Dividends received from securities		169,034	141,161	169,034	141,161
		11,593,493	7,546,039	14,235,994	4,903,538
Options portfolio					
Proceeds from sale of options		49,200	137,579	49,200	137,579
Cost of options sold		-	(11,000)	-	(11,000)
		49,200	126,579	49,200	126,579
Associate entities					
Share of Associate entities' net profits		1,668,955	1,146,453	1,668,955	1,146,453
Dividends received from Associate entities		481,726	343,080	481,726	343,080
		2,150,681	1,489,533	2,150,681	1,489,533
Tenements					
Proceeds from sale of resource projects		-	333,333	-	-
Cost of resource projects sold		-	(19,840)	-	-
		-	313,493	-	-
Sale of subsidiary					
Proceeds from sale of Hume Mining NL		1,562,500	-	1,562,500	-
Diminution writeback		-	-	225,000	-
Cost of subsidiary sold		-	-	(225,000)	-
		1,562,500	-	1,562,500	-
Olive grove					
Income from sale of olives		8,500	-	-	-
Harvesting services		49,595	-	-	-
		58,095	-	-	-
Interest received - other		73,555	54,861	71,828	54,861
Other income		54,040	22,060	54,040	22,060
		127,595	76,921	125,868	76,921
Total revenue		15,541,564	9,552,565	18,124,243	6,596,571
(b) Expenses					
Olive grove operations		418,467	-	-	-
Occupancy expenses		51,692	21,780	13,864	20,813
Personnel - remuneration and other		564,664	262,280	506,283	262,280
- employee entitlements		48,507	7,413	48,507	7,413
Finance expenses	**5**	4,385	4,199	3,161	3,831
Borrowing cost		-	1,426	-	1,426
Corporate expenses	**5**	33,520	34,286	32,520	34,074
Administration expenses					
- Communications		23,623	20,125	20,276	20,125
- Legal and other professional fees		20,678	105,060	17,826	105,060
- Exploration and evaluation expenses	**5**	79,708	62,065	78,404	39,485
- Brokerage fees		66,515	88,184	66,515	88,184
- Costs in relation to investments		29,245	21,978	29,245	21,978
- Doubtful debts provision (written back)		-	-	(260,252)	46,229
- Write off fixed assets		-	493	-	493
- Depreciation expenses		73,446	7,116	8,155	7,116
- Provision for realisation cost of share portfolio		119,868	-	119,868	-
- Other expenses	**5**	131,874	124,992	108,817	124,992
		1,666,192	761,397	793,189	783,499

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

3. INCOME TAX EXPENSE

	Consolidated Entity 2007	Consolidated Entity 2006	Company 2007	Company 2006
(a) The major component of income tax expenses are:	$	$	$	$
Current income tax				
Current income tax charge	1,895,081	(360,883)	1,116,710	451,794
Under/(over) provision in prior years	54,646	165,153	49,411	139,131
Deferred income tax	2,669,300	1,565,412	3,612,050	689,662
	4,619,027	1,369,682	4,778,171	1,280,587
Income tax expense is attributable to:				
Profit from continuing operations	4,619,027	485,864	4,778,171	1,280,587
(Loss)/Profit from discontinued operations	(791,913)	883,818	-	-
Aggregate income tax expense	3,827,114	1,369,682	4,778,171	1,280,587
(b) The prima facie income tax on profit before tax is reconciled to the income tax provided in the accounts as follows:				
Profit from continuing operations	16,520,275	5,857,940	17,331,054	5,813,072
(Loss)/Profit from discontinued operations	(2,644,903)	2,933,228	-	-
Profit for the year	13,875,372	8,791,168	17,331,054	5,813,072
Prima facie tax payable on profit before income tax of continuing operations at 30% (2006:30%)	4,956,082	1,757,382	5,199,316	1,756,330
Permanent differences				
Other assessable income	72,320	44,553	72,320	44,553
Other non-deductible items	7,896	9,047	9,036	12,897
Other deductible items	(4,043)	(5,131)	(4,043)	(5,131)
Share of Associates' profits	(500,687)	(343,936)	(500,687)	(343,936)
Temporary differences				
Other non-deductible items	196,404	17,304	70,864	42,783
Other deductible items	(16,703)	(30,719)	(121,158)	(39,070)
Unrealised gains on securities	(2,575,122)	(1,660,872)	(3,367,872)	(868,121)
Income tax expense attributable to operating profit	2,136,147	(212,372)	1,357,776	600,305
Provision for deferred income tax	2,669,300	1,565,412	3,612,050	689,662
Under/(over) provision in prior years	54,646	165,153	49,411	139,131
Franking credits	(241,066)	(148,511)	(241,066)	(148,511)
Net income tax	4,619,027	1,369,682	4,778,171	1,280,587
The applicable weighted average effective tax rates are as follows:	28%	23%	28%	22%

(c) The Company and controlled entities of the Company have elected to consolidate for taxation purposes and have entered into a tax sharing and funding agreement in respect of such arrangements. The accounting policy is set out in Note 1.6.

4. KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel - directors (consolidated and parent entity)

Farooq Khan	Executive Chairman (appointed on 23 October 2006)
William M Johnson	Executive Director
Victor P H Ho	Executive Director and Company Secretary
Yaqoob Khan	Non-Executive Director

	Consolidated Entity 2007	Consolidated Entity 2006	Company 2007	Company 2006
Number of employees (including key management personnel)	3	3	3	3

(b) Compensation of key management personnel

	Consolidated Entity 2007	Consolidated Entity 2006	Company 2007	Company 2006
Directors	$	$	$	$
Short-term employee benefits - cash fees	402,377	234,215	402,377	234,215
Post-employment benefits - superannuation	33,963	18,829	33,963	18,829
Long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	436,340	253,044	436,340	253,044

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

4. KEY MANAGEMENT PERSONNEL (continued)

(b) Compensation of key management personnel (continued)
The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 14 to 17.

(c) Compensation of other key management personnel (consolidated and parent entity)
The Consolidated Entity and Company does not have any key executives (other than executive directors).

(d) Shares, options and other equity instruments provided as compensation
There were no shares or options issued as compensation and no shares issued on the exercise of options or rights during the financial year. There were no other equity instruments issued as compensation and no other equity instruments issued on the exercise of options or rights during the financial year.

(e) Shareholdings of key management personnel

2007 Directors	**Balance at 1 July 2006**	**Net Change Other**	**Balance at 30 June 2007**
Farooq Khan	8,651,356	-	8,651,356
William M Johnson	-	-	-
Victor P H Ho	-	-	-
Yaqoob Khan	8,651,356	-	8,651,356
2006 Directors	**Balance at 1 July 2005**	**Net Change Other**	**Balance at 30 June 2006**
William M Johnson	-	-	-
Victor P H Ho	-	-	-
Yaqoob Khan	8,391,779	259,577	8,651,356

The disclosures of equity holdings above are in accordance with the accounting standards which requires a disclosure of direct and indirect holdings of spouses, relatives, spouses of relatives and entities under the control or significant influence of each of the same. There are instances of some overlap between the disclosed holdings of Farooq Khan and Yaqoob Khan.

(f) Option holdings of key management personnel
The Company does not have any options on issue.

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

(h) Other transactions with key management personnel
There were no transactions with key management personnel (or their personally related entities) during the financ year.

5. DISCONTINUED OPERATIONS

On 18 May 2007, the Company disposed of its uranium assets via the sale of its subsidiary, Hume Mining NL to Alara Uranium Limited (Alara) in consideration for the issue of 6,250,000 ordinary shares in Alara. Alara completed its initial public offering of $10 million at $0.25 per share and commenced trading (ASX Code: AUQ) on ASX on 24 May 2007. Financial information relating to the discontinued operations of Hume from 1 July 2006 to the date of cessation is set out below.

Financial information relating to the discontinued operation of Hume, which has been incorporated into the Income Statement, is as follows:	**Consolidated Entity 2007 $**	**Consolidated Entity 2006 $**	**Company 2007 $**	**Company 2006 $**
Revenue	-	2,975,834	-	-
Expenses	(2,644,903)	(42,606)	-	-
Profit/ (Loss) before income tax	(2,644,903)	2,933,228	-	-
Income tax expense	791,913	(883,818)	-	-
Profit/ (Loss) after income tax	(1,852,990)	2,049,410	-	-
Gain on sale of subsidiary	1,562,500	-	-	-
Income tax expense	(468,750)	-	-	-
Gain on sale of subsidiary after tax	1,093,750	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

5. DISCONTINUED OPERATIONS (continued)	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
The carrying amounts of assets and liabilities of the operation at the date of cessation were:				
Total assets	-	3,009,245	-	-
Total liabilities	(11)	(969,226)	-	-
Net asset	(11)	2,040,019	-	-
The net cash flows of the business, which have been incorporated into the Cash Flows Statement, are as follows:				
Net cash outflow from operating activities	(25,634)	(94,664)	-	-
Net cash inflow from investing activities	27,896	91,415	-	-
Net increase/(decrease) in cash from businesses	2,262	(3,249)	-	-

6. AUDITORS REMUNERATION

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Amounts received or due and receivable by:				
(a) Auditor of the parent entity				
Auditing of the financial report	19,088	15,791	19,088	15,791
Underprovision for prior year	2,639	1,950	2,639	1,950
(b) Related practice of the Auditor				
Other services	-	165	-	165
	21,727	17,906	21,727	17,906

7. DIVIDENDS

Declared and paid during the year	**Date paid**	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Dividends on ordinary shares					
1.5 cent per share fully franked	07-Apr-06	-	267,218	-	267,218
1.5 cent per share fully franked	13-Oct-05	-	267,218	-	267,218
3.0 cents per share fully franked	19-Oct-06	534,432	-	534,432	-
1.5 cent per share fully franked	15-Mar-07	267,217	-	267,217	-
		801,649	534,436	801,649	534,436

Dividends declared post balance date	**Date paid**	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Dividends on ordinary shares					
3.0 cents per share fully franked	19-Oct-06		534,432		534,432
2.0 cents per share fully franked	21-Sep-07	356,288	-	356,288	-

	Company 2007	Company 2006
Franking credit balance	**1,652,759**	**1,026,714**
Balance of franking account at year end adjusted for franking credits arising from:		
Payment of provision for income tax	1,116,710	452,190
Franking debits arising from payment of proposed dividends	(152,695)	(229,042)
	2,616,774	1,249,862

8. EARNINGS PER SHARE	Consolidated Entity 2007	Consolidated Entity 2006	Company 2007	Company 2006
Basic earnings per share	0.564	0.367	0.705	0.254
Diluted earnings per share	0.564	0.367	0.705	0.254
Net profit for the year	10,048,258	6,537,668	12,552,883	4,532,485
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	17,814,389	17,814,389	17,814,389	17,814,389

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for the year ended 30 June 2007

	Consolidated Entity		Company	
9. CASH AND CASH EQUIVALENTS	**2007**	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Cash at bank	625,691	1,102,658	559,467	1,094,633
Bank bills	994,507	-	994,507	-
	1,620,198	1,102,658	1,553,974	1,094,633
(a) Reconciliation of Net Profit after Tax to Net Cash Flows from Operations				
Operating income after income tax expense	10,048,258	6,537,668	12,552,883	4,532,485
Depreciation - plant & equipment	73,446	7,116	8,155	7,116
Write off fixed assets disposed	-	493	-	493
Unrealised gains/(losses) on securities	(8,583,740)	(5,536,239)	(11,226,241)	(2,893,738)
Gain on sale of Hume Mining NL	-	-	(1,562,500)	-
Share of Associate entities' profits	(1,668,955)	(1,146,453)	(1,668,955)	(1,146,453)
Increase in income tax payable	187,755	(32,476)	287,967	(129,639)
Increase in deferred income tax	2,669,300	2,026,727	3,612,050	1,150,977
(Increase)/decrease in assets:				
Receivables	422,111	(219,426)	549,429	(220,984)
Trading portfolio	284,864	1,385,868	1,495,697	1,385,868
Associate entities	(237,553)	(574,476)	(237,553)	(222,809)
Inventory	(646,864)	-	-	-
Current assets	1,083	-	1,083	-
Exploration expenditure	-	15,622	-	-
Increase/(decrease) in liabilities:				
Payables	1,487,329	(184,306)	837,129	(185,654)
Provisions	-	7,413	-	7,413
Net cash flows provided by operating activities	4,037,034	2,287,531	4,649,144	2,285,075

(b) Disclosure of non-cash financing and investing activities

On 18 May 2007, the Company completed the sale of its uranium tenement interests in the Northern Territory and Western Australia to Alara Uranium Limited (**Alara**) (ASX Code: AUQ) through the sale of its wholly owned subsidiary Hume Mining NL in consideration for 6.25 million Alara shares. After successfully completing a $10 million Initial Public Offering (**IPO**) (at $0.25 per share) in May 2007, Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

10. TRADE AND OTHER RECEIVABLES	Consolidated Entity		Company	
	2007	**2006**	**2007**	**2006**
Current	**$**	**$**	**$**	**$**
Amount receivable from controlled entities (Note 22)	-	-	7,204,283	3,911,213
Less provision for non recovery	-	-	-	(84,928)
	-	-	7,204,283	3,826,285
Receivables on sale of investments	-	440,473	-	440,473
Amounts receivable from related parties (Note 22)	-	97,602	-	97,602
Other receivables	61,556	18,414	6,908	18,262
GST receivable	72,822	-	-	-
	134,378	556,489	7,211,191	4,382,622
Non Current				
Tenancy bonds and deposits	32,823	32,823	32,823	32,823

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value comprise:				
Listed investments at fair value	14,524,147	11,005,112	14,524,147	9,642,611
Unlisted options in listed corporations at cost	10,000	10,000	10,000	-
Add: net change in fair value	6,401,507	1,621,666	6,401,507	-
	6,411,507	1,631,666	6,411,507	-
Total financial assets at fair value	20,935,654	12,636,778	20,935,654	9,642,611

Changes in fair value of financial assets at fair value through the profit and loss are recorded in income (Note 2(a))

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

12. INVENTORIES	Consolidated Entity 2007	Consolidated Entity 2006	Company 2007	Company 2006
Current	$	$	$	$
Olive oil - work-in-progress (at cost)	646,864	-	-	-
Non Current				
Property held for development and resale	3,821,038	3,821,038	-	-

13. OTHER CURRENT ASSET				
Prepayments	-	1,083	-	1,083

14. NON-CURRENT INVESTMENTS				
Shares in controlled entities at cost	-	-	400	225,100
Less: Provision for diminution	-	-	(100)	(225,100)
	-	-	300	-

Investment in Controlled Entities:	Ownership interest 2007	Ownership interest 2006
Silver Sands Developments Pty Limited (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.		
Central Exchange Mining Ltd (ACN 119 438 265)	100%	100
Incorporated in Australia on 27 April 2006 This company is currently engaged in resource related activities.		
Koorian Olives Pty Ltd (ACN 120 616 891)	100%	-
Incorporated in Australia on 7 July 2006) This company is currently engaged in olive oil production.		
Orion Indo Operations Pty Ltd (ACN 124 702 245)	100%	-
Incorporated in Australia on 30 March 2007 This company is currently engaged in resource related activities.		
PT Orion Indo Mining	100%	-
Incorporated in Indonesia on 4 April 2007 This company is currently engaged in resource related activities.		
Hume Mining NL (ACN 064 994 945)	-	100%
Incorporated in Australia on 29 March 1994; sold to Alara Uranium Limited on 18 May 2006 This company was engaged in resource related activities.		

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest 2007	Ownership Interest 2006	Carrying Amount 2007 $	Carrying Amount 2006 $
Bentley International Limited (BEL)	Investments	28.38%	27.93%	4,626,965	4,357,549
Scarborough Equities Limited (SCB)	Investments	28.22%	27.86%	7,012,570	5,368,821
(Both companies were incorporated in Australia)				11,639,535	9,726,370

On 5 July 2006, the Company purchased 7,335 shares in SCB for $6,656. On 31 August 2006, the Company received 299,098 shares in BEL for $109,769 and 151,224 shares in SCB for $127,785 when the Company participated in the respective BEL and SCB Dividend Reinvestment Plans.

Movement in Investments in Associates	2007 $	2006 $
Shares in listed Associate entities brought forward	9,726,370	7,085,260
Share of profit before income tax expense	2,577,652	1,869,980
Share of income tax expense	(426,992)	(380,427)
Dividends received	(481,705)	(343,100)
Acquisition of shares	244,210	1,494,657
Carrying amount at the end of the financial year	11,639,535	9,726,370

Fair value of listed investments in associates		
Bentley International Limited	4,397,645	4,226,113
Scarborough Equities Limited	5,776,706	5,316,972
	10,174,352	9,543,085

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

	2007	2006
Net tangible asset value of listed investments in associates	**$**	**$**
Bentley International Limited	5,705,009	5,413,926
Scarborough Equities Limited	6,923,972	5,273,306
	12,628,981	10,687,232
Share of Associates' profits		
Profit before income tax	2,577,652	1,869,980
Income tax expense	(426,992)	(380,427)
Profit after income tax	2,150,660	1,489,553

Summarised Financial Position of Associates	**Group share of:**			
	Bentley International Limited		**Scarborough Equities Limited**	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Current assets	5,835,090	5,461,429	2,130,829	1,025,519
Non current assets	1,749	2,527	5,504,145	4,716,645
Total assets	5,836,839	5,463,955	7,634,974	5,742,164
Current liabilities	(131,830)	(50,030)	(42,064)	(22,170)
Non current liabilities	-	-	(668,938)	(446,688)
Total liabilities	(131,830)	(50,030)	(711,002)	(468,858)
Net assets	5,705,009	5,413,926	6,923,972	5,273,306
Revenues	995,411	791,176	2,745,757	1,920,920
Profit after income tax of associates	382,154	538,998	1,768,506	950,555

Scarborough Equities Limited and Bentley International Limited - Lease Commitments

SCB and BEL have the same lease commitments disclosed in note 25(a)

16. PROPERTY, PLANT AND EQUIPMENT

2007	**Freehold Land**	**Buildings on Freehold Land**	**Plant & Equipment**	**Leasehold Improvements**	**Total**
Consolidated Entity	**$**	**$**	**$**	**$**	**$**
Carrying amount at beginning	-	-	26,550	7,817	34,367
Additions	861,214	110,000	1,187,879	381	2,159,474
Depreciation expense	-	(2,758)	(69,492)	(1,196)	(73,446)
Carrying amount at balance date	861,214	107,242	1,144,937	7,002	2,120,395
At 1 July 2006					
Cost	-	-	70,177	21,788	91,965
Accumulated depreciation and impairment	-	-	(43,627)	(13,971)	(57,598)
Net carrying amount	-	-	26,550	7,817	34,367
At 30 June 2007					
Cost	861,214	110,000	1,256,540	22,169	2,249,923
Accumulated depreciation and impairment	-	(2,758)	(111,603)	(15,167)	(129,528)
Net carrying amount	861,214	107,242	1,144,937	7,002	2,120,395

The consolidated entity owns a property held for redevelopment and resale described in Note 12 (Inventories)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**Plant & Equipment**	**Leasehold Improvements**	**Total**
	$	**$**	**$**
Carrying amount at beginning	26,550	7,817	34,367
Additions	1,104	381	1,485
Depreciation expense	(6,959)	(1,196)	(8,155)
Carrying amount at balance date	20,695	7,002	27,697
At 1 July 2006			
Cost	70,177	21,788	91,965
Accumulated depreciation and impairment	(43,627)	(13,971)	(57,598)
Net carrying amount	26,550	7,817	34,367
At 30 June 2007			
Cost	69,765	22,169	91,934
Accumulated depreciation and impairment	(49,070)	(15,167)	(64,237)
Net carrying amount	20,695	7,002	27,697
2006			
Consolidated Entity & Company			
Carrying amount at beginning	17,340	9,196	26,536
Additions	15,441	-	15,441
Depreciation expense	(5,737)	(1,379)	(7,116)
Disposal	(494)	-	(494)
Carrying amount at balance date	26,550	7,817	34,367
At 1 July 2005			
Cost	56,364	21,788	78,152
Accumulated depreciation and impairment	(39,024)	(12,592)	(51,616)
Net carrying amount	17,340	9,196	26,536
At 30 June 2006			
Cost	70,177	21,788	91,965
Accumulated depreciation and impairment	(43,627)	(13,971)	(57,598)
Net carrying amount	26,550	7,817	34,367

17. OLIVE TREES	**Consolidated Entity 2007**	**Consolidated Entity 2006**	**Company 2007**	**Company 2006**
	$	**$**	**$**	**$**
Olive trees - at cost	300,000	-	-	-
	300,000	-	-	-

Nature of asset

On 21 February 2007, Koorian Olives Pty Ltd (formerly OEQO Pty Ltd (a wholly owned subsidiary incorporated on 7 July 2006)) settled on the acquisition of a 143 hectare property in Gingin, Western Australia (approximately 100 kilometres north of Perth) comprising the Koorian Olive Grove (which has approximately 64,500, 8 year old olive tree plantings), certain grove related equipment/infrastructure and an approximately one gigalitre water licence and related bore assets, in consideration of payment of approximately $2.6 million. The portion of the consideration ascribed to the olive trees was $300,000.

18. INTANGIBLE ASSET	**Consolidated Entity 2007**	**Consolidated Entity 2006**	**Company 2007**	**Company 2006**
	$	**$**	**$**	**$**
Water licence (Koorian Olives - one gigalitre) - at cost	250,000	-	-	-
19. RESOURCE PROJECTS				
Deferred Exploration Expenditure				
Balance at beginning of the year	-	15,622	-	-
Direct expenditure	79,708	4,217	-	-
Direct expenditure expensed	(79,708)	-	-	-
Sale of tenements	-	(19,839)	-	-
Balance at end of the year	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

20. TRADE AND OTHER CREDITORS	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Trade creditors	652,061	34,580	515	33,235
Pending settlement on share investment purchases	715,943	-	715,943	-
Other creditors - related parties (Note 22)	-	16,304	-	16,304
Other creditors and accruals	258,599	88,391	258,599	88,391
Dividend payable	28,380	28,501	28,380	28,501
	1,654,983	167,776	1,003,437	166,431

21. TAX

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Current tax asset				
Deferred tax on fair value gain adjustments	-	-	-	-
Current tax liabilities				
Income tax	726,615	538,860	740,157	452,190
Non current tax liabilities				
Deferred tax on fair value gain adjustments	4,468,974	1,799,674	4,535,974	923,924
	5,195,589	2,338,534	5,276,131	1,376,114
Reconciliations				
Gross movements				
The overall movement in the deferred tax account is as follows:				
Opening balance	1,799,674	234,262	923,924	234,262
Charged to income statement	2,669,300	1,565,412	3,612,050	689,662
Closing balance	4,468,974	1,799,674	4,535,974	923,924
Deferred tax asset - fair value adjustments				
The movement in deferred tax asset for each temporary difference during the year are as follows:				
Opening balance	-	227,053	-	227,053
Credited/(charged) to income statement	-	(227,053)	-	(227,053)
Closing balance	-	-	-	-
Deferred tax liability - fair value adjustments				
The movement in deferred tax liability for each temporary difference during the year are as follows:				
Opening balance	1,799,674	7,209	923,924	7,209
Charged to income statement	2,669,300	1,792,465	3,612,050	916,715
Closing balance	4,468,974	1,799,674	4,535,974	923,924

22. CONTRIBUTED EQUITY	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Company 2007 $	Company 2006 $
Fully paid ordinary shares	19,374,007	19,375,598	19,374,007	19,375,598

Movement in Ordinary Share Capital	Date of movement	Number of shares		
At 1 July 2005		16,812,156	28,717,469	28,717,469
Issue of shares	01-Jul-05	1,002,233	591,318	591,318
Reduce share capital value against accumulated losses	29-Sep-05	-	(9,933,189)	(9,933,189)
At 1 July 2006		17,814,389	19,375,598	19,375,598
Unmarketable parcel expenses		-	(1,591)	
		17,814,389	19,374,007	

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

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23. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	Note	Consolidated Entity 2007	Consolidated Entity 2006	Company 2007	Company 2006
(a) Transactions with related parties		$	$	$	$
Dividends revenue					
Bentley International Limited		222,529	101,132	222,529	101,132
Scarborough Equities Limited		259,197	241,948	259,197	241,948
Dividends paid					
Queste Communications Ltd		385,116	256,744	385,116	256,744
(b) Amounts owed by /(to) related parties					
Entities deemed to control parent entity					
Queste Communications Ltd	20	-	(16,304)	-	(16,304)
Associates of Orion Equities Limited					
Bentley International Limited	10	-	60,425	-	60,425
Scarborough Equities Limited	10	-	37,177	-	37,177

At balance date, the ultimate Australian Parent entity is Queste Communications Limited holds 48% of the ordinary shares in the Company. During the last financial year, there were transactions between the Company, QUE, BEL and SCB, pursuant to shared office and administration expense arrangements on a cost recovery basis. Interest is not charged on such outstanding amounts and amounts were fully received /(paid) by balance date.

	Note	Company 2007	Company 2006
(c) Loans to subsidiaries		$	$
Beginning of the year		3,911,213	3,835,983
Loans advanced		3,899,485	75,230
Loans repayment received		(625,220)	
Loans forgiven		18,805	-
End of year		7,204,283	3,911,213
Balances outstanding at Balance Date			
Subsidiaries of Orion Equities Limited			
Silver Sands Developments Pty Ltd	10	3,868,263	3,826,283
Koorian Olives Pty Ltd	10	3,326,220	-
Central Exchange Mining Ltd	10	4,900	-
Orion Indo Operations Pty Ltd	10	4,900	-
Hume Mining NL	10	-	84,930
		7,204,283	3,911,213

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 14 to the financial statements. The above amounts remain outstanding at balance date. No provisions for doubtful debts have been raised in relation to any outstanding balances amounts owed by Silver Sands Development Pty Ltd and Koorian Olives Pty Ltd as it has assets to the total of $3.8 million and $3.3 million as at 30 June 2007 respectively. Interest is not charged on such outstanding amounts.

24. SEGMENT REPORTING

The Consolidated entity operates predominantly within Australia in the investments, olive grove operations and resources sectors. The Consolidated entity also has resource project interests in Indonesia and Pakistan.

BUSINESS SEGMENT	Segment revenue 2007	Segment revenue 2006	Segment result 2007	Segment result 2006
	$	$	$	$
Investments	12,178,459	8,037,758	11,962,831	7,927,596
Resources	1,562,500	313,493	1,482,792	251,428
Olive grove operations	58,095	-	(360,372)	-
Share of associates' profit	1,668,955	1,146,453	1,668,955	1,146,453
Unallocated	73,555	54,861	(878,834)	(534,309)
Total segment revenue	15,541,564	9,552,565		
Profit before income tax			13,875,372	8,791,168
Income tax expense (Note 3(a))			3,827,114	(1,369,682)
Profit after income tax			17,702,486	7,421,486

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24. SEGMENT REPORTING (continued)

	Segment Assets 2007	Segment Assets 2006	Segment liabilities 2007	Segment liabilities 2006
	$	$	$	$
Investments	36,396,227	26,624,659	5,184,917	1,799,674
Resources	-	-	-	-
Olive grove operations	3,416,848	-	651,549	-
Unallocated	1,687,810	1,286,947	1,014,106	706,636
	41,500,885	27,911,606	6,850,572	2,506,310

Other	2007 Investments	2007 Resources	2007 Olive grove operations	2006 Investments	2006 Resources
	$	$	$	$	$
Acquisition of segment assets	5,935,246	-	2,707,989	11,624,134	-
Other non-cash expenses					
Unrealised gains/(losses) on securities	8,583,740	-	-	5,536,239	-

GEOGRAPHICAL SEGMENT	Segment revenue 2007	Segment results 2007	Segment Assets 2007	Segment Liabilities 2007	Acquisitions of segment assets 2007
	$	$	$		$
Australia	15,541,564	13,951,972	41,500,885	6,850,572	8,643,235
Indonesia	-	(4,727)	-	-	-
Pakistan	-	(71,874)	-	-	-
	15,541,564	13,875,372	41,500,885	6,850,572	8,643,235

25. FINANCIAL INSTRUMENTS

The consolidated entity's financial instruments mainly consist of investments in listed and unlisted securities, deposits with banks, accounts receivable and payable and loans to related parties. The main risks arising from the consolidated entity's financial instruments are interest rate risk, credit risk, exchange rate risk, market price risk and liquidity risk.

(a) Interest Rate Risk Exposure

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 consolidated entity has no borrowings. The effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:

2007	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate (less than 1 year)	Non-Interest Bearing	Total
Financial assets		$	$	$	$
Cash	5.42%	1,620,198	-	-	1,620,198
Receivables		-	-	167,201	167,201
Investments		-	-	20,935,654	20,935,654
		1,620,198	-	21,102,855	22,723,053
Financial liabilities					
Payables		-	-	(1,654,983)	(1,654,983)
Net financial assets		1,620,198	-	19,447,872	21,068,070
2006					
Financial assets					
Cash	5.17%	1,102,658	-	-	1,102,658
Receivables		-	-	589,312	589,312
Investments		-	-	12,636,778	12,636,778
		1,102,658	-	13,226,090	14,328,748
Financial liabilities					
Payables		-	-	(167,776)	(167,776)
Net financial assets		1,102,658	-	13,058,314	14,160,972

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

25. FINANCIAL INSTRUMENTS (continued)

Reconciliation of net financial assets to net assets	**Consolidated Entity 2007 $**	**2006 $**
Net financial assets as above	21,068,070	14,160,972
Non-financial assets and liabilities		
Inventory	4,467,902	3,821,038
Investments in Associate companies	11,639,535	9,726,370
Property, plant and equipment	2,120,395	34,367
Olive trees	300,000	-
Intangible assets	250,000	-
Other current assets	-	1,083
Net tax liabilities	(5,195,589)	(2,338,534)
Net Assets	34,650,313	25,405,296

(b) Credit Risk Exposure

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. 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.

Market prices of listed financial instruments generally incorporate credit assessments into valuations and risk of loss is implicitly provided or in the carrying value of such assets in the financial statements as they are marked to market at balance date. 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 without taking account of the value of any collateral or other security obtained (if any).

(c) Foreign Currency Risk

The consolidated entity is exposed to foreign currency risk on cash held by the Company and its controlled foreign entity, foreign resource project investment commitments and exploration and evaluation expenditure on foreign resource projects. The currency risk giving rise to this risk is primarily US dollars. The consolidated entity has not entered into any forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk.

(d) Market Price Risk Exposure

Market price risk represents the risk that 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 a listed investment company, the Company 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 Company does not manage this risk through entering into derivative contracts, futures, options or swaps.

(e) Liquidity Risk Exposure

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with financial liabilities. The consolidated entity has no borrowings. The consolidated entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial instruments recorded in the financial statements represent their fair value determined in accordance with the accounting policies disclosed in note 1. The aggregate fair value and carrying amount of financial assets and financial liabilities at balance date are set out in Note 24(a).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

26. COMMITMENTS

	Consolidated Entity	
	2007	**2006**
(a) Lease Commitments	**$**	**$**
Non-cancellable operating lease commitments:		
Not longer than one year	24,960	24,960
Between 12 months and 5 years	99,840	99,840
Greater than 5 years	24,960	49,920
	149,760	174,720

The lease is the Company'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%.

(b) Exploration Tenement Leases - Commitments for Expenditure

(i) In order to maintain current rights of tenure to its Australian exploration tenements, the consolidated entity is required to outlay lease rentals and meet minimum expenditure commitments. Based on tenements which have been granted as at the date of this report, the consolidated entity has a 12 month commitment of $45,154.

(ii) The consolidated entity also has exploration and evaluation commitments in relation to mineral licences held or applied for (upon grant) in Pakistan. The consolidated entity previously held a reconnaissance licence (**RL**) over a 5,000 square kilometre area in the Chitral Region, North-West Frontier Province, Pakistan, prospective for gold and copper. There was a US$250,000 expenditure commitment under the terms of such licence within the first 12 months; A$71,874 was actually incurred on the RL during the financial year; however, an application for an exploration licence (**EL**) over 493 square kilometres in this RL area was filed in March 2007 prior to the expiry of this RL. The consolidated entity has also recently applied for another RL in the province of 3,000 square kilometres and a similar US$250,000 expenditure commitment is expected to apply to this RL upon its grant. As at the date of this report, the EL and new RL applications have not been granted.

Financial commitments for subsequent periods are contingent upon future exploration and evaluation results and cannot be estimated. These obligations are subject to renegotiation upon expiry of the tenement lease or when application for a mining lease is made and have not been provided for in the accounts.

27. CONTINGENT LIABILITIES AND ASSETS

(a) Cooperation Agreement - Berau Coal Project (East Kalimantan, Indonesia)

On 27 June 2007, Orion Indo Operations Pty Ltd (**OIO**) and its Indonesian subsidiary PT Orion Indo Mining (**PTOIM**) reached agreement with Strike Operations Pty Ltd (**SOPL**) and its Indonesian subsidiary PT Indo Batubara (**PTIB**) for PTIB to assign a 70% interest in the Berau Coal Project (described below) to PTOIM; PTOIM has agreed to assume the obligations (effective from 19 June 2007) under an original cooperation agreement with the vendor, PT Kaltim Jaya Bara (**KJB**); PTIB's 30% interest is free-carried until a decision to mine is made by PTOIM.

By the original cooperation agreement dated 12 April 2007 between SOPL, PTIB and KJB, PTIB had acquired the right to exclusively conduct general survey activities, explore for, exploit, mine and sell coal and methane gas and other minerals in the concession area of 5,000 hectares located approximately 40 kilometres south-west of Tanjungredeb (Berau) and approximately 350 kilometres north of Balikpapan (the capital city of Kalimantan).

Under the terms of the original cooperation agreement, PTOIM has the following future payment and royalty obligations to KJB:

(i) Three staged cash payments totalling US$0.50 million over a 12 month period; and

(ii) Royalties of between US$1.00 to $4.00 per dry metric tonne of coal mined and sold from the concession area, depending on the calorific value of the coal (ranging from 5,000 to 6,000 KCal and above) and the waste to ore ratio incurred in mining operations.

If PTIB elects not to contribute to expenditure after a decision to mine is made by PTOIM, its interest in the project shall be diluted on a pro-rata basis. If PTIB's interest is diluted to below 10%, PTIB's interest shall be transferred to PTOIM in consideration for a royalty to PTIB of 7.5% of net profits derived from coal resources produced and sold.

PTOIM (as assignee) is entitled to terminate the original cooperation agreement with KJB at any time and is only liable for the staged payments due and payable as at the date of termination.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

27. CONTINGENT LIABILITIES AND ASSETS (continued)

(b) Royalty Owed To Central Exchange Mining Ltd

By an agreement entered into between Hume Mining NL (**Hume**), Strike Resources Limited (**Strike**), Alara Operations Pty Ltd (then known as Strike Uranium Pty Ltd) and Central Exchange Mining Ltd (**CXML**) (a wholly owned subsidiary of Orion) dated 9 February 2007 for the assignment by Hume of a 2% royalty entitlement (owed to Hume by Strike under a tenement acquisition agreement between Hume and Strike dated 15 September 2005 (as amended)) to CXML. Under the above agreements, CXML is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) arising from any commercial exploitation of any minerals from the tenements the subject of the abovementioned 15 September 2005 Agreement from Alara Uranium Limited (**Alara**) (the parent of Alara Operations Pty Ltd, the present owner of the tenements).

(c) Native Title

The Consolidated Entity's tenements in Australia may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Consolidated Entity.

(d) 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 year, 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.

28. EVENTS AFTER BALANCE SHEET DATE

(a) On 21 September 2007, the Company paid a final dividend of 2 cents per share (100% franked) in respect of net profits derived for the year ended 30 June 2007. The record date was 17 September 2007.

(b) On 24 August 2007, Koorian Olives Pty Ltd reached agreement with a local supplier for the sale of ~200,000 litres of extra virgin olive oil (**EVOO**) harvested from the Koorian Olives Grove during the 2007 harvest season completed in May 2007 for ~$1.02 million payable in 4 tranches between August and November 2007; this EVOO is recorded as Inventory to the value of $646,864 as at balance date.

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement and accompanying notes as set out on pages 19 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 2007 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 audited remuneration disclosures set out in the Directors' Report on pages 14 to 17 comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001; and

4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Executive Chairman, the person who performs the chief executive function, and by the Company Secretary, the person who performs the chief financial officer function, for the purposes of section 295A, who have each declared that:
   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   (b) the financial statements are in accordance with the *Corporations Act 2001,* comply with Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
   (c) the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

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

Victor Ho
Director

Perth, Western Australia

27 September 2007

BDO Kendalls

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ORION EQUITIES LIMITED

We have audited the accompanying financial report of Orion Equities Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001,* the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures,* under the heading "Remuneration Report" in pages 14 to 17 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report 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 and the remuneration disclosures contained in the directors' report.

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

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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion on the Financial Report

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 company's and consolidated entity's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in pages 14 to 17 of the directors' report comply with Accounting Standard AASB 124.

BDO Kendalls Audit & Assurance (WA) (formerly BDO)

BDO Kendalls

C Burton

Chris Burton
Partner

Perth, Western Australia
Dated this 28th day of September 2007

CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE COUNCIL'S PRINCIPLES

The extent to which the Company has followed the ASX Corporate Governance Council's 10 principles of good corporate governance and best practice recommendations are as follows:

Principle 1: Lay solid foundations for management and oversight	**Compliance**	**CGS References / Comments**
1.1 Formalise and disclose the functions reserved to the board and those delegated to management.	Yes	2, 3.3, 4.1
1.2 Provide the information indicated in Guide to reporting on Principle 1. The following material should be included in the corporate governance (**CG**) section of the annual report: • an explanation of any departure from best practice recommendation 1.1. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • the statement of matters reserved for the board or a summary of the board charter or the statement of delegated authority to management.	Yes	Annual Reports Website CGS
Principle 2: Structure the board to add value		
2.1 A majority of the board should be independent directors.	No	3.5
2.2 The chairperson should be an independent director	No	3, 3.3, 3.5
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	N/A	3, 3.2, 3.3, 4.1
2.4 The board should establish a nomination committee	No	4.2
2.5 Provide the information indicated in Guide to reporting on Principle 2. The following material should be included in the CG section of the annual report: • the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report • the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds • a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company • the term of office held by each director in office at the date of the annual report • the names of members of the nomination committee and their attendance at meetings of the committee • an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 or 2.5. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • a description of the procedure for the selection and appointment of new directors to the board • the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee • the nomination committee's policy for the appointment of directors.	Yes	Annual Reports Website CGS

CORPORATE GOVERNANCE

Principle 3: Promote ethical and responsible decision-making	Compliance	CGS References / Comments
3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:	No	6
3.1.1 the practices necessary to maintain confidence in the company's integrity		
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2 Disclose the policy concerning trading in company securities by directors officers and employees.	Yes	3.8
3.3 Provide the information indicated in Guide to reporting on Principle 3. The following material should be included in the CG section of the annual report: • explanation of any departures from best practice recommendations 3.1, 3.2 or 3.3. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • any applicable code of conduct or a summary of its main provisions. This disclosure may be the same as that required under Principle 10. • the trading policy or a summary of its main provisions.	Yes	Annual Reports Website CGS 3.8
Principle 4: Safeguard integrity in financial reporting		
4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	Yes	4.1, 7
4.2 The board should establish an audit committee.	No	4.2
4.3 Structure the audit committee so that it consists of:	No	4.2, 3
• only non-executive directors		
• a majority of independent directors		
• an independent chairperson, who is not chairperson of the board		
• at least three members.		
4.4 The audit committee should have a formal charter.	No	4.2
4.5 Provide the information indicated in Guide to reporting on Principle 4. The following material should be included in the CG section of the annual report: • details of the names and qualifications of those appointed to the audit committee, or, where an audit committee has not been formed, those who fulfil the functions of an audit committee • the number of meetings of the audit committee and the names of the attendees • explanation of any departures from best practice recommendations 4.1, 4.2, 4.3, 4.4 or 4.5. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • the audit committee charter • information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	Yes	Annual Reports Website CGS

CORPORATE GOVERNANCE

Principle 5: Make timely and balanced disclosure	**Compliance**	**CGS References / Comments**
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Yes	7, 8.2
5.2 Provide the information indicated in Guide to reporting on Principle 5. The following material should be included in the CG section of the annual report: • explanation of any departures from best practice recommendation 5.1 or 5.2. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • a summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements.	Yes	Annual Reports Website CGS
Principle 6: Respect the rights of shareholders		
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	Yes	8.1
6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Yes	Annual General Meetings
6.3 Provide the information indicated in Guide to reporting on Principle 6. The following material should be included in the CG section of the annual report: • explanation of any departures from best practice recommendations 6.1 or 6.2. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • a description of the arrangements the company has to promote communication with shareholders.	Yes	Annual Reports Website CGS
Principle 7: Recognise and manage risk		
7.1 The board or appropriate board committee should establish policies on risk oversight and management.	Yes	7
7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:	Yes	7
7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.		
7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.		
7.3 Provide the information indicated in Guide to reporting on Principle 7. The following material should be included in the CG section of the annual report: • explanation of any departures from best practice recommendations 7.1, 7.2 or 7.3. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • a description of the company's risk management policy and internal compliance and control system.	Yes	Annual Reports Website CGS

CORPORATE GOVERNANCE

Principle 8: Encourage enhanced performance	Compliance	CGS References / Comments
8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	Yes	3.11
8.2 Provide the information indicated in Guide to reporting on Principle 8. The following material should be included in the CG section of the annual report: • whether a performance evaluation for the board and its members has taken place in the reporting period and how it was conducted • an explanation of any departure from best practice recommendation 8.1. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • a description of the process for performance evaluation of the board, its committees and individual directors, and key executives.	Yes	Annual Reports Website CGS
Principle 9: Remunerate fairly and responsibly		
9.1 Provide disclosure in relation to the company's remuneration polices to enable investors to understand (i) the costs and benefits of those policies and (ii) the report link between remuneration paid to directors and key executives and corporate performance.	Yes	Annual Reports
9.2 The board should establish a remuneration committee.	No	4.2
9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Annual Reports
9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	N/A	No equity-based executive remuneration
9.5 Provide the information indicated in Guide to reporting on Principle 9. The following material should be included in the CG section of the annual report: • disclosure of the company's remuneration policies referred to in best practice recommendation 9.1 and in Box 9.1 • the names of the members of the remuneration committee and their attendance at meetings of the committee • the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors • an explanation of any departures from best practice recommendations 9.1, 9.2, 9.3, 9.4 or 9.5. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee.	Yes	Annual Reports Website CGS
Principle 10: Recognise the legitimate interests of stakeholders		
10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations.	No	6
10.2 Provide the information indicated in Guide to reporting on Principle 10. The following material should be included in the CG section of the annual report: • an explanation of any departure from best practice recommendation 10.1. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked CG section: • any applicable code of conduct or a summary of its main provisions.	Yes	Annual Reports Website CGS

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT (CGS)

1. Framework and Approach to Corporate Governance and Responsibility

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (**"Council"**). The Company's practices are largely consistent with the Council's guidelines - the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole.

Details of all of the Council's recommendations can be found on the ASX website at http://www.asx.com.au/supervision/governance/index.htm

2. Board of Directors - Role and responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole. The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following.

(1) formulation and approval of the strategic direction, objectives and goals of the Company;

(2) the prudential control of the Company's finances and operations and monitoring the financial performance of the Company;

(3) the resourcing, review and monitoring of executive management;

(4) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;

(5) the identification of significant business risks and ensuring that such risks are adequately managed;

(6) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;

(7) the establishment and maintenance of appropriate ethical standards;

(8) responsibilities typically assumed by an audit committee including:

- (a) reviewing and approving the audited annual and reviewed half yearly financial reports;
- (b) reviewing the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;

(9) responsibilities typically assumed by a remuneration committee including:

- (a) reviewing the remuneration and performance of both Executive and Non-Executive Directors;
- (b) setting policies for Executives' remuneration, setting the terms and conditions of employment for Executives, undertaking reviews of Executive's performance, including, setting goals and reviewing progress in achieving those goals;
- (c) reviewing the Company's Executive and employee incentive schemes and making recommendations on any proposed changes.

(10) responsibilities typically assumed by a nomination committee including:

- (a) devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors;
- (b) oversight of Board and Executive succession plans.

3. Board of Directors – Composition, Structure and Process

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and the scale and nature of the Company's activities. The names of the Directors and their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2007.

3.1. Skills, knowledge and experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board should contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration, and Director-level business or corporate experience, having regard to the scale and nature of activities of the Company.

CORPORATE GOVERNANCE

3.2. Chairman

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. The Company's current Executive Chairman is Mr Farooq Khan (appointed 23 October 2006) whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2007.

3.3. Non-Executive Directors

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. One of the current Board's four Directors is a Non-Executive Director – Mr Yaqoob Khan, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2007.

3.4. Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is currently Mr Victor Ho (also an Executive Director), whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2007.

3.5. Independence

An independent Director, in the view of the Company, is a Non-Executive Director who:

(1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

(2) within the last 3 years has not been employed in an Executive capacity by the Company , or been a Director after ceasing to hold any such employment;

(3) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company , or an employee materially associated with a service provider;

(4) is not a material supplier or customer of the Company , or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

(5) has no material contractual relationship with the Company other than as a Director of the Company;

(6) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

(7) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Farooq Khan (Executive Chairman), William Johnson (Executive Director) and Mr Victor Ho are not regarded as independent Directors, being Executive Directors of the Company. Mr Yaqoob Khan is not regarded as an independent Director, being a Director of the controlling shareholder of the Company, Queste Communications Ltd (QUE). Mr Farooq Khan is also Executive Chairman and Managing Director of QUE and Mr Ho is also Company Secretary of QUE.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of a majority of independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of Directors required for the Board to properly perform its responsibilities and functions.

3.6. Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must:

(1) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and

(2) if requested by the Board, within 7 days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

3.7. Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards.

3.8. Share Dealings and Disclosures

The Company's policy regarding Directors, Executives and employees dealing in its securities, is set by the Board. The Board restricts Directors, Executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives and employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

CORPORATE GOVERNANCE

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

3.9. Board Nominations

The Board will consider nominations for appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act.

3.10. Terms of Appointment as a Director

The current Directors of the Company have not been appointed for fixed terms. The constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his election, whichever is longer, without submitting himself for re-election. One third of the Directors (save for a Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

3.11. Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and Executives of the Company be equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chairman and the Board. The Chairman also speaks to Directors individually regarding their role as a Director.

3.12. Meetings of the Board

The Chairman and Company Secretary generally schedules monthly formal Board meetings. In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled monthly meetings. Circulatory Resolutions are also utilised where appropriate either in place or in addition formal Board meetings. Board meetings are held predominantly by telephone conferencing as not all Directors are resident in the one city. However, the Board will convene face to face meetings from time to time as is appropriate based on the particular items of business for consideration.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

3.13. Independent Professional Advice

Subject to prior consultation with the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

3.14. Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive Management. In accordance with legal requirements and agreed ethical standards, Directors and Executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

3.15. Directors' Deeds

The Company has also entered into a deed with each of the current Directors to regulate certain matters between the Company and each Director, both during the time the Directors holds office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries). A summary of the terms of such deed is contained within the Remuneration Report in the Director's Report for the year ended 30 June 2007 and in the <u>2005 Notice of AGM dated 18 October 2005</u>.

4. Management

4.1. Executives

The Company does not presently have a Managing Director, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"). The Company's executive team comprise the Executive Chairman and two Executive Directors (one of whom also acts as the Company Secretary). The Board has determined that the Executive Chairman and the Company Secretary are the appropriate persons to make the chief executive and CFO declarations required under section 295A and recommended by the Council.

4.2. Board and Management Committees

In view of the current composition of the Board (which comprises three Executive and one Non-Executive Directors) and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and Executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). That is, matters typically dealt with by an audit, nominations and remuneration committee are dealt with by the full Board.

4.3. Investment Committee

The Company's implementation of its investment strategies in accordance with its investment objectives will be carried out by the Board and the Investment Committee (in conjunction with external consultants and advisers where appropriate). The Investment Committee comprises Executive Chairman, Farooq Khan and Executive Directors, William Johnson and Victor Ho.

CORPORATE GOVERNANCE

Where necessary, the Investment Committee will engage additional specialist resource(s) to assist with the identification, evaluation and management of particular investment opportunities. This includes specialist consultants and advisers, analysts and brokers.

5. Remuneration Policy

Please refer to the Remuneration Report in the Director's Report for the year ended 30 June 2007.

6. Code of Conduct and Ethical Standards

The Company is not of a size that warrants the establishment of a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. However, the Company's policies are focussed on ensuring that all Directors, Executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

7. Internal Control and Risk Management

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk.

The Board has determined that the Executive Chairman and the Company Secretary are the appropriate persons to make the chief executive and CFO declarations on the risk management and internal compliance and control systems recommended by the Council.

8. Communications

8.1. Communications to Market and Shareholders

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders and the market through:

(1) Monthly NTA Backing announcements released to ASX, which are posted on to the Company's website;

(2) The Annual Report which is distributed to shareholders if they have elected to receive a printed version and otherwise available for viewing and downloading from the Company's website;

(3) The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;

(4) The Half-Yearly Directors' and Financial Reports, which are posted on to the Company's website;

(5) Other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders, which are posted on to the Company's website.

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements may be viewed and downloaded from its website: www.orionequities.com.au or the ASX website: www.asx.com.au under ASX code "OEQ". The Company also maintains an email list for the distribution of the Company's announcements via email in a timelier manner.

8.2. Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

(1) concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and

(2) that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

24 October 2007

LIST OF SHARE INVESTMENTS
as at 30 June 2007

Equities		Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Strike Resources Limited	13.04	38.5%	SRK	Materials
2.	Scarborough Equities Limited[1]	5.78	17.1%	SCB	Diversified Financials
3.	Bentley International Limited[1]	4.40	13.0%	BEL	Diversified Financials
4.	Alara Uranium Limited	2.25	6.6%	AUQ	Energy
5.	Oilex Ltd	1.43	4.2%	OEX	Energy
6.	Katana Capital Limited	1.12	3.3%	KAT	Diversified Financials
7.	Metcash Limited	0.72	2.1%	MTS	Retailing
8.	BHP Billiton Limited	0.53	1.6%	BHP	Materials
9.	Zinifex Limited	0.28	0.8%	ZFX	Materials
10.	RuralAus Investments Limited	0.27	0.8%	RUR	Materials
11.	Emeco Holdings Limited	0.24	0.7%	EHL	Capital Goods
12.	Telstra Corporations Limited	0.23	0.7%	TLSCA	Telecommunications
13.	Woodside Petroleum Ltd.	0.19	0.6%	WPL	Energy
14.	Chemrok Pty Ltd	0.16	0.5%	Unlisted	Materials
15.	OM Holdings Limited	0.13	0.4%	OMH	Materials
16.	Malagasy Minerals Limited	0.08	0.2%	Unlisted	Materials
17.	Magma Metals Limited	0.07	0.2%	MMB	Materials
18.	Newsat Limited	0.05	0.1%	NWT	Software & Services
19.	Elixir Petroleum	0.05	0.1%	EXR	Energy
20.	Jutt Holdings Limited	0.04	0.1%	JUT	Materials
21.	Eurogold Limited	0.04	0.1%	EUG	Materials
22.	Straits Resources Limited	0.03	0.1%	SRL	Energy
23.	Frankland River Olive Company Limited	0.03	0.1%	FLR	Food Beverage & Tobacco
24.	Arc Energy Limited	0.01	<0.1%	ARQ	Energy
TOTAL		**31.01**	**91.7%**		

The investment in Strike Resources Limited comprises the following securities:

	Fair Value $'million	% of Net Assets	ASX Code
(a) Listed shares	4.81	14.2%	SRK
(b) Listed $0.20 (30 June 2008) Options	1.82	5.4%	SRKO
(c) Unlisted $0.20 (9 Feb 2011) Options	3.42	10.1%	Unlisted
(d) Unlisted $0.30 (9 Feb 2011) Options	2.99	8.8%	
Sub-total	**13.04**	**38.5%**	

Fair value is based on a Black-Scholes options valuation model applying the following assumptions:

(i) SRK's share price being $2.02 (the last bid price as at 30 June 2007).

(ii) A risk free rate of return of 6.41% (based on the Commonwealth 5 year bond yield rate as at 30 June 2007).

(iii) An estimated future volatility of SRK's share price of 65%.

1 BEL and SCB have been accounted for as investments in Associate entities

ADDITIONAL ASX INFORMATION
as at 19 October 2007

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	300	158,072	0.887
1,001- 5000	260	636,744	2.574
5,001- 10,000	87	659,011	3.693
10,001 – 100,000	108	3,032,010	17.020
100,001 and over	12	13,329,552	74.824
Total	**767**	**17,814,389**	**100%**

Unmarketable Parcels

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 367	112	19,030	0.11
368 and over	655	17,795,359	99.89
TOTAL	**767**	**17,814,389**	**100%**

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 526 shares or less (being a value of $500 or less in total, based upon the Company's last bid share price on 19 October 2007 of $1.36 per share).

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none), at meetings of shareholders of the Company:

- Each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- On a show of hands, every person present who is a shareholder or a proxy, attorney or corporate representative of a shareholder has one vote;
- On a poll, every person present who is a shareholder or a proxy, attorney or corporate representative of a shareholder shall, in respect of each fully paid share held by such person, or in respect of which such person is appointed a proxy, attorney or corporate representative, have one vote for that share; and

TRANSACTIONS AND BROKERAGE

The Company entered into a total of 154 contract notes with stock brokers and subscription transactions with investee companies during the year, incurring total brokerage fees of ~$84,908.

ON-MARKET SHARE BUY-BACK

The Company has obtained shareholder approval (at the 2005 Annual General Meeting) for the implementation of an on-market buy back scheme for up to 20% of the Company's issued share capital between any 2 consecutive AGMs, in accordance with section 257C(1) of the Corporations Act. The Company has not implemented such buy-back scheme during the financial year and as at the date of this annual report.

ADDITIONAL ASX INFORMATION
as at 19 October 2007

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	TOTAL SHARES	% ISSUED CAPITAL
1	QUESTE COMMUNICATIONS LTD *	8,558,127	48.040
2	UBS NOMINEES PTY LTD *	1,050,604	5.897
3	CELLANTE SECURITIES PTY LIMITED	784,538	4.403
4	KATANA CAPITAL LIMITED	650,000	3.648
5	MR ABE ZELWER	582,914	3.272
6	STRIKE RESOURCES LIMITED	505,026	2.834
7	MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE	308,189	1.730
8	ANZ NOMINEES LIMITED <CASH INCOME A/C>	280,390	1.574
9	REDSUMMER PTY LTD	225,000	1.263
10	MS HOON CHOO TAN	146,038	0.819
11	MR EDWARD JAMES STEPHEN DALLY	135,000	0.757
12	MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK	103,726	0.582
13	MR LAWRENCE BRIAN CUMMINGS & MRS FRANZIE NANETTE CUMMINGS <CUMMINGS FAMILY S/F A/C>	100,000	0.561
14	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES <HOPERIDGE ENT P/L SUPER A/C>	90,000	0.505
15	RADIATA PTY LTD	81,925	0.459
16	MRS CAROLINE ANN PICKERING	80,067	0.449
17	MR JOHN GORDON KELLAS	80,000	0.449
18	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER <THE KILLER SUPER A/C>	80,000	0.449
19	MR KING CHONG CHAI	76,164	0.427
20	MR BRUCE SIEMON	75,600	0.412
	TOTAL	**13,993,308**	**78.530**

* Substantial shareholder of the Company

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