ORION EQUITIES LIMITED

ANNUAL REPORT

2009

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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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STOCK EXCHANGE
Australian Securities Exchange
Perth, Western Australia

ASX CODE
OEQ

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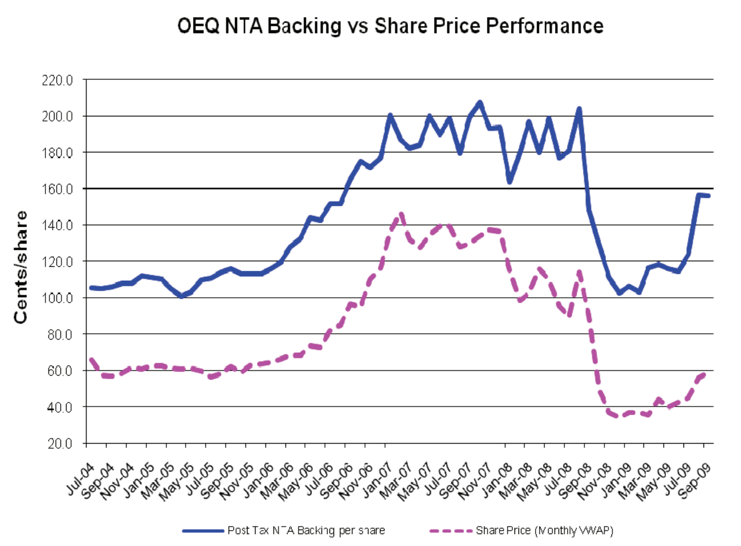
COMPANY PROFILE

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

At 30 June 2009, OEQ had a market capitalisation of $7.7 million (at $0.435 per share), net assets of $20 million (at $1.088 after tax NTA backing per share), 17,814,389 fully paid ordinary shares on issue, and 715 shareholders on its share register (30 June 2008: $16 million market capitalisation (at $0.90 per share), net assets of $32 million (at $1.786 cents after tax NTA backing per share), 17,814,389 shares on issue, and 746 shareholders).



Source: IRESS

ASSET WEIGHTING AS AT 30 JUNE 2009

	% of Net Assets
Australian equities	79%
Property held for development and resale	16%
Agribusiness[1]	13%
Net tax liabilities (current year and deferred tax assets/liabilities)	(9%)
Net cash/other assets and provisions	1%
Total	**100%**

TOP 5 HOLDINGS IN SECURITIES PORTFOLIO

	Equities	Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Bentley Capital Limited	6.85	34%	**BEL**	Diversified Financials
2.	Strike Resources Limited[2]	6.39	32%	**SRK**	Materials
3.	Katana Capital Limited	0.64	3%	**KAT**	Diversified Financials
4.	Alara Resources Limited	0.50	3%	**AUQ**	Energy
5.	Bell Financial Group Ltd	0.18	1%	**BFG**	Diversified Financials
Total		**14.56**	**73%**		

DIVIDEND TRACK RECORD

Dividend Rate per share	Record Date	Payment Date	Franking
0.5 cent	19 September 2008	26 September 2008	Fully franked
1.5 cents	19 March 2008	28 March 2008	Fully franked
2 cents	17 September 2007	21 September 2007	Fully franked
1.5 cents	8 March 2007	15 March 2007	Fully franked
3.0 cents	12 October 2006	19 October 2006	Fully franked
1.5 cent	31 March 2006	7 April 2006	Fully franked
1.5 cent	30 September 2005	13 October 2005	Fully franked
5 cents	6 July 2004	9 July 2004	60% franked

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

2 Holdings in SRK includes listed shares and unlisted options (as disclosed in the Directors' Report)

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 2009 (**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 (ASX Code: OEQ).

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the management of its investments, including investments in listed and unlisted securities, real estate held for development and resale, an olive grove and oils operation and interests in resource projects.

NET TANGIBLE ASSET BACKING (NTA)

Consolidated Entity	**2009 $**	**2008 $**
Net tangible assets (before tax)	19,821,261	35,906,527
Pre-Tax NTA Backing per share	1.113	2.016
Less deferred tax assets and tax liabilities	(432,433)	(4,095,981)
Net tangible assets (after tax)	19,388,828	31,810,546
Pre-Tax NTA Backing per share	1.088	1.786
Based on total issued share capital	17,814,389	17,814,389

FINANCIAL POSITION

Consolidated Entity	**2009 $**	**2008 $**
Cash	242,157	517,781
Financial assets at fair value through profit and loss	7,883,921	17,991,115
Investments in listed Associate entities	6,851,981	9,207,515
Inventory	3,292,147	3,650,000
Receivables	67,024	271,834
Resource Projects	-	1,413,771
Intangibles	623,121	250,000
Other assets	2,624,473	3,352,760
Deferred tax asset	1,288,723	-
Total Assets	22,873,547	36,654,776
Other payables and liabilities	(1,140,442)	(498,249)
Deferred tax liability	(1,721,156)	(4,095,981)
Net Assets	20,011,949	32,060,546
Issued capital	19,374,007	19,374,007
Retained earnings/(Accumulated Losses)	(2,419)	12,083,753
Reserves	640,361	602,786
Total Equity	20,011,949	32,060,546

DIRECTORS' REPORT

OPERATING RESULTS

Consolidated Entity	2009 $	2008 $
Total revenues	17,803,761	3,714,620
Total expenses	(33,990,552)	(6,695,444)
Loss before tax	(16,186,791)	(2,980,824)
Income tax benefit/(expense)	4,078,315	513,853
Loss from continuing operations	(12,108,476)	(2,466,971)
Profit/(Loss) from discontinued operations	111,376	(102,042)
Loss attributable to members of the Company	(11,997,100)	(2,569,013)

Total revenues of $17,803,761 include:

(1) $16,961,679 net gain from sale of subsidiaries (June 2008: Nil);

(2) $436,018 gains on sale of securities - trading portfolio (June 2008: $2,266,054).

(3) $311,530 income from olive grove operations (June 2008: $1,039,852);

Total expenses of $33,990,552 include:

(1) $28,457,085 net change in fair value - trading portfolio (June 2008: $1,836,528);

(2) $2,283,013 share of Associate entities' net losses (June 2008: $2,687,143);

(3) $1,200,000 downwards revaluation of property held for development and resale (June 2008: $147,339);

(4) $685,247 personnel costs (including Directors' fees) (June 2008: $597,502), and

(5) $581,009 olive grove and oils operations (which does not include Inventory and depreciation expenses) (June 2008: $1,192,240).

On 11 August 2008, the Company disposed of its 70% interest in the Indonesian Berau Coal Project (via the sale of subsidiary, Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of subsidiary, Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (**Strike**). A total of 9.5 million Strike shares were issued to the Company as consideration for the sale. The Company realised a gain on sale of these subsidiaries of $17.5 million (based on Strike's closing bid price of $1.97 on the date of completion).

On 13 March 2009, listed investment companies Bentley Capital Limited (**BEL**) and Scarborough Equities Limited (**SCB**) (being Associate entities of the Company) merged via a scheme of arrangement. Under the merger, BEL issued 31,350,322 new shares to eligible SCB shareholders and acquired SCB as a wholly-owned subsidiary. The Company received 8,925,845 BEL shares in consideration for its 5,619,645 shareholding in SCB (on the basis of 1.588329 new BEL share for each SCB share held). The Company holds 28.7% of the total issued share capital of BEL (30 June 2008: 28.8%).

On 23 June 2009, the Company acquired the ultra premium Dandaragan Estate Olive Oil Brand, certain related equipment/infrastructure and packed olive oils inventory, in consideration for $0.25 million. The acquisition was undertaken to complement the Company's existing Olive Grove business.

DIRECTORS' REPORT

LOSS PER SHARE

Consolidated Entity	2009	2008
Basic and diluted loss per share (cents)	(67.34)	(14.42)
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

DIVIDENDS

The Directors have not declared a final dividend as the Consolidated Entity incurred an after tax net loss for the financial year and did not have any retained earnings as at 30 June 2009.

SECURITIES IN THE COMPANY

At Balance Date and the date of this report, the Company had 17,814,389 shares on issue (30 June 2008: 17,814,389). The Company does not have other securities on issue at the date of this report.

REVIEW OF OPERATIONS

(a) Portfolio Details As At 30 June 2009

Asset Weighting

	% of Net Assets
Australian equities	79%
Property held for development and resale	16%
Agribusiness[1]	13%
Net tax liabilities (current year and deferred tax assets/liabilities)	(9%)
Net cash/other assets and provisions	1%
TOTAL	**100%**

Top 5 Holdings in Securities Portfolio

Equities		Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Bentley Capital Limited	6.85	34%	**BEL**	Diversified Financials
2.	Strike Resources Limited[2]	6.39	32%	**SRK**	Materials
3.	Katana Capital Limited	0.64	3%	**KAT**	Diversified Financials
4.	Alara Resources Limited	0.50	3%	**AUQ**	Energy
5.	Bell Financial Group Ltd	0.18	1%	**BFG**	Diversified Financials
TOTAL		**14.56**	**73%**		

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

2 Holdings in SRK includes listed shares and unlisted options (as disclosed in the note following the Top 5 Holdings)

DIRECTORS' REPORT

Note: The investment in Strike Resources Limited comprises the following securities:

	Fair Value $'million	% of Net Assets	ASX Code	
(a) 13,190,802 shares	5.54	25%	SRK	
(b) 1,833,333 unlisted $0.178 (9 Feb 2011) Options	0.49	2%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being $0.58 (the last bid price as at 30 June 2009). (ii) A risk free rate of return of 4.90% (based on the Commonwealth 3 year bond yield rate as at 30 June 2009). (iii) An estimated future volatility of SRK's share price of 80%.
(c) 1,666,667 unlisted $0.278 (9 Feb 2011) Options	0.36	2%		
Sub-total	**6.39**	**29%**		

(b) Sale of Interests in Berau Coal and Paulsens East Iron Ore Projects

On 11 August 2008, the Company disposed of its 70% interest in the Indonesian Berau Coal Project (via the sale of Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of Central Exchange Mining Ltd) to its joint venture (**JV**) partner in these projects, ASX listed Strike Resources Limited. A total of 9.5 million Strike shares were issued to Orion as consideration for the sale.

These transactions crystallised a significant value gain for Orion shareholders on disposal. At the date these transactions were completed, Strike shares were trading at $1.97, valuing the 9.5 million shares received as consideration at $18.7 million. The Company had accounted for these projects at cost, being $1.7 million. Therefore, the gain realised on sale during the half year was $17 million (pre tax).

Orion now holds a total of 13,090,802 shares in Strike, accounting for 10.07% of Strike's total issued share capital and 3.5 million unlisted options with a weighted average exercise price of $0.225 per option.

As at 31 August 2009, the Strike shares are valued at $11.9 million and the Strike unlisted options are valued at $2.4 million.

Orion has retained an existing 2% royalty on production, which remains in place on the Australian tenements sold to Strike in 2006, which includes the Paulsen East tenements, and the tenements sold to ASX listed Alara Resources Limited (**AUQ**) in May 2007.

(c) Merger of Bentley Capital Limited and Scarborough Equities Limited

On 28 November 2008, Scarborough Equities Limited (**Scarborough**) and Bentley Capital Limited (**Bentley**) entered into a merger implementation agreement (**Merger Agreement**) for the acquisition by Bentley of all the issued share capital of Scarborough (**Merger**).

The Merger involved Scarborough shareholders exchanging their Scarborough shares for shares in Bentley on a net tangible asset (**NTA**) for NTA valuation basis. The Merger was implemented via a Court-approved scheme of arrangement (**Scheme**) and was completed on 13 March 2009 with Scarborough becoming a wholly owned subsidiary of Bentley and being delisted from the ASX.

Under the Merger, Orion received 8,925,845 new Bentley shares in consideration for the transfer of 5,619,645 Scarborough shares to Bentley under the Scheme; Post-Merger, Orion holds 20,513,783 Bentley shares representing 28.66% of Bentley's expanded share capital (30 June 2008: 11,587,938 shares (28.80%)).

DIRECTORS' REPORT

(d) Agribusiness

The Company owns a 143 hectare commercial olive grove located in Gingin, Western Australian (approximately 100 kilometres North of Perth) producing olive oil from approximately 64,500, 10 year old olive tree plantings.

A summary of olive grove operations during the 2009 financial year are as follows:

(a) The 2009 harvesting season yielded ~2,050 tonnes of fruit from which ~272,000 litres of oils were extracted (2008: ~502 tonnes of fruit and ~95,000 litres of oils);

(b) On 23 June 2009, the Company acquired the ultra premium Dandaragan Estate Olive Oil Brand, certain related equipment/infrastructure and inventory, in consideration for $0.25 million. The acquisition was undertaken to complement the Company's existing Olive Grove business;

(c) Olive grove operation expenses were $549,381 (which does not include Inventory and depreciation expenses) (June 2008: $1,192,240);

(e) Inventory – Bulk Oils of $701,478 reflects the cost of harvesting and processing during the 2009 season incurred up to balance date (2008: $160,526);

(f) Inventory – Packaged Oils of $140,669 reflects the Dandaragan Estate packaged oils inventory acquired on 23 June 2009.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FUTURE DEVELOPMENTS

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

The Consolidated Entity notes the Government's proposed Carbon Pollution Reduction Scheme (**CPRS**). As the legislation is not yet passed, the Directors are unable to reliably quantify the potential future impact of both direct and indirect costs related to this scheme. As such any costs associated with the CPRS have not been taken into account when preparing budgets, forecasts and/or valuation models for measurement of recognised amounts.

ENVIRONMENTAL REGULATION

In the course of its mineral exploration and evaluation activities, the Consolidated Entity adheres to environmental regulations imposed upon it by various authorities. The Consolidated Entity 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.

DIRECTORS' REPORT

The Consolidated Entity notes the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* (**EEOA**) and the *National Greenhouse and Energy Reporting Act 2007* (**NGERA**). The *Energy Efficiency Opportunities Act 2006* requires affected companies to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the company intends to take as a result. The *National Greenhouse and Energy Reporting Act 2007* requires affected companies to report its annual greenhouse gas emissions and energy use. The Consolidated Entity has determined that it does not operate a recognised facility requiring registration and reporting under the NGERA and in any event, it would fall under the threshold of greenhouse gas emissions required for registration and reporting. Similarly, the Consolidated Entity's energy consumption would fall under the threshold required for registration and reporting under the EEOA.

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

BOARD OF DIRECTORS

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

Farooq Khan	**Executive Chairman**
Appointed	23 October 2006
Qualifications	BJuris , LLB. (*Western Australia*)
Experience	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
Relevant interest in shares	2,000 shares - directly 8,558,127 shares - indirectly[3]
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 Capital Limited (BEL) (director since 2 December 2003) Current Executive Director of: (3) Strike Resources Limited (SRK) (since 9 September 1999) (4) Alara Resources Limited (AUQ) (since 18 May 2007) Current Non-Executive Director of: (5) Interstaff Recruitment Limited (ITS) (since 27 April 2006)
Former directorships in other listed entities in past 3 years	Scarborough Equities Limited (merged with BEL on 13 March 2009 and delisted)

3 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

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 Executive Director of: (1) Strike Resources Limited (SRK) (since 14 July 2006) (2) Bentley Capital Limited (BEL) (since 13 March 2009)
Former directorships in other listed entities in past 3 years	(1) Drillsearch Energy Limited (DLS) (24 October 2006 to 11 August 2008) (2) Scarborough Equities Limited (merged with BEL on 13 March 2009 and delisted) (3) Sofcom Limited (SOF) (18 October 2005 to 19 March 2008)

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) Current Company Secretary of: (2) Queste Communications Ltd (QUE) (since 30 August 2000) (3) Bentley Capital Limited (BEL) (since 5 February 2004) (4) Alara Resources Limited (AUQ) (since 4 April 2007)
Former directorships in other listed entities in past 3 years	(1) Scarborough Equities Limited (merged with BEL on 13 March 2009 and delisted) (2) Sofcom Limited (SOF) (Director between 3 July 2002 and 19 March 2008; Secretary between 23 July 2003 and 19 March 2008)

DIRECTORS' REPORT

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	None

DIRECTORS' MEETINGS

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

Name of Director	Meetings Attended	Maximum Possible Meetings
Farooq Khan	11	11
William Johnson	11	11
Victor Ho	11	11
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.

DIRECTORS' REPORT

REMUNERATION REPORT (audited)

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

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

(1) Remuneration Policy

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

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

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

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

(b) Mr William Johnson (Executive Director) – a base salary of $150,000 per annum plus employer superannuation contributions (currently 9%);

(c) Mr Victor Ho (Executive Director and 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.

DIRECTORS' REPORT

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.

(2) Details of Remuneration of Key Management Personnel

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

2009		Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	
Key Management Personnel	Performance related %	Cash, salary and commissions $	Non-cash benefit $	Superannuation $	Long service leave $	Shares & Options $	Total $
Executive Directors:							
Farooq Khan	-	255,192	-	17,308	-	-	272,500
William Johnson	-	150,000	-	13,500	-	-	163,500
Victor Ho	-	60,000	-	5,400	-	-	65,400
Non-Executive Director:							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

2008		Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	
Key Management Personnel	Performance related %	Cash, salary and commissions $	Non-cash benefit $	Superannuation $	Long service leave $	Shares & Options $	Total $
Executive Directors:							
Farooq Khan	-	250,000	-	22,500	-	-	272,500
William Johnson	-	150,000	-	13,500	-	-	163,500
Victor Ho	-	60,000	-	5,400	-	-	65,400
Non-Executive Director:							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

Victor Ho is also Company Secretary of the Company.

(3) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2008 financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

This concludes the audited remuneration report.

DIRECTORS' REPORT

DIRECTORS' AND OFFICERS' INSURANCE

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

DIRECTORS' DEEDS

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

(i) The Company's obligation to indemnify a Director for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act);

(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

LEGAL PROCEEDINGS ON BEHALF OF CONSOLIDATED ENTITY

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

AUDITOR

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

Audit & Review Fees $	Fees for Other Services $	Total $
27,860	2,310	30,170

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 31), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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

Farooq Khan
Chairman

William Johnson
Director

3 September 2009

BDO Kendalls

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ABN 79 112 284 787

3rd September 2009

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

Dear Sirs

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

As lead auditor of Orion Equities Limited for the year ended 30 June 2009, 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 Limited and the entities it controlled during the period.

B. McVeigh

Brad McVeigh
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Revenue from continuing operations		371,929	1,192,567	60,391	152,584
Other income - Net gain from sale of subsidiaries		16,961,679	-	16,850,303	-
- Gains on sale of securities		436,018	2,266,054	436,018	2,266,054
- Dividends received from Associate entities		-	255,124	-	255,124
- Other Income		34,135	875	34,135	-
	2 a	17,803,761	3,714,620	17,380,847	2,673,762
Expenses	2 b				
Share of Associate entities' net loss		(2,283,013)	(2,687,143)	(2,283,013)	(2,687,143)
Trading portfolio - net change in fair value		(28,457,085)	(1,836,528)	(28,457,085)	(1,836,528)
Costs in relation to investments		(653)	-	(653)	-
Olive grove operations		(769,509)	(910,660)	-	-
Revaluation of land		(1,200,000)	(147,339)	-	-
Land operations		(36,735)	(53,617)	-	-
Personnel		(685,247)	(597,502)	(642,648)	(600,981)
Communications		(20,309)	(23,468)	(20,309)	(22,822)
Occupancy		(70,861)	(20,749)	(70,861)	(19,987)
Corporate		(133,940)	(14,098)	(21,966)	(18,815)
Financing		(2,209)	(3,943)	(1,784)	(2,247)
Borrowing cost		-	(6)	-	-
Administration expenses					
– legal and other professional fees		(7,980)	(132,253)	(7,980)	(126,036)
– exploration and evaluation expenditure		(18,827)	71,874	(19,224)	71,874
– brokerage fees		(6,364)	(36,524)	(6,364)	(36,524)
– impairment of receivables		-	-	(1,939,382)	-
– other		(297,820)	(303,488)	(117,827)	(78,090)
Loss before income tax		(16,186,791)	(2,980,824)	(16,208,249)	(2,683,537)
Income tax benefit	3	4,078,315	513,853	3,800,889	693,853
Loss from continuing operations		(12,108,476)	(2,466,971)	(12,407,360)	(1,989,684)
Profit/(Loss) from discontinued operations	5	111,376	(102,042)	-	-
Loss after income tax		(11,997,100)	(2,569,013)	(12,407,360)	(1,989,684)
Loss per share from continuing operations attributable to the ordinary equity holders of the company					
Basic earnings/(loss) per share (cents)	9	(68.0)	(13.8)		
Loss per share attributable to the ordinary equity holders of the company					
Basic earnings/(loss) per share (cents)	9	(67.3)	(14.4)		

The accompanying notes form part of these financial statements

BALANCE SHEETS
AS AT 30 JUNE 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
CURRENT ASSETS					
Cash and cash equivalents	**10**	242,157	517,781	221,052	288,787
Trade and other receivables	**11**	34,201	239,011	2,953	3,125
Financial assets at fair value through profit or loss	**12**	7,883,921	17,991,115	7,883,921	17,991,115
Inventories - Olive Oils	**13**	842,147	160,526	-	-
Other	**14**	5,294	-	5,294	-
TOTAL CURRENT ASSETS		9,007,720	18,908,433	8,113,220	18,283,027
NON CURRENT ASSETS					
Trade and other receivables	**11**	32,823	32,823	5,950,407	8,750,846
Inventory - Land	**13**	2,450,000	3,650,000	-	-
Investments in controlled entities	**15**	-	-	-	300
Investments in Associate entities - equity accounted	**16**	6,851,981	9,207,515	6,851,981	9,207,515
Property, plant and equipment	**17**	2,226,099	2,610,654	17,157	21,685
Olive trees	**18**	393,080	581,580	-	-
Intangibles	**19**	623,121	250,000	-	-
Resource projects	**20**	-	1,413,771	-	516,149
Deferred tax asset	**23**	1,288,723	-	845,446	-
TOTAL NON CURRENT ASSETS		13,865,827	17,746,343	13,664,991	18,496,495
TOTAL ASSETS		22,873,547	36,654,776	21,778,211	36,779,522
CURRENT LIABILITIES					
Trade and other payables	**21**	1,068,675	441,872	238,648	218,240
Provision	**22**	71,767	56,377	71,767	56,377
Current tax liabilities	**23**	-	58,116	-	512,514
TOTAL CURRENT LIABILITIES		1,140,442	556,365	310,415	787,131
NON CURRENT LIABILITIES					
Deferred tax liability	**23**	1,721,156	4,037,865	1,455,846	3,484,009
TOTAL NON CURRENT LIABILITIES		1,721,156	4,037,865	1,455,846	3,484,009
TOTAL LIABILITIES		2,861,598	4,594,230	1,766,261	4,271,140
NET ASSETS		20,011,949	32,060,546	20,011,950	32,508,382
EQUITY					
Issued capital	**24**	19,374,007	19,374,007	19,374,007	19,374,007
Reserves	**25**	640,361	602,786	-	-
Retained earnings / (Accumulated losses)		(2,419)	12,083,753	637,943	13,134,375
TOTAL EQUITY		20,011,949	32,060,546	20,011,950	32,508,382

The accompanying notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

Consolidated Entity	Issued Capital $	Reserves $	Retained Earnings/ Accumulated Losses $	Total Equity $
At 1 July 2007	19,374,007	-	15,276,306	34,650,313
Changes in revaluation of assets	-	602,786	-	602,786
Net Income recognised directly in equity	-	602,786	-	602,786
Loss for the year	-	-	(2,569,013)	(2,569,013)
Total recognised income and expense for the year	-	-	(2,569,013)	(2,569,013)
Dividends paid	-	-	(623,540)	(623,540)
At 30 June 2008	19,374,007	602,786	12,083,753	32,060,546
At 1 July 2008	19,374,007	602,786	12,083,753	32,060,546
Changes in revaluation of assets	-	37,575	-	37,575
Net Income recognised directly in equity	-	37,575	-	37,575
Loss for the year	-	-	(11,997,100)	(11,997,100)
Total recognised income and expense for the year	-	-	(11,997,100)	(11,997,100)
Dividends paid	-	-	(89,072)	(89,072)
At 30 June 2009	19,374,007	640,361	(2,419)	20,011,949

Company	Issued Capital $	Retained Earnings/ Accumulated Losses $	Total Equity $
At 1 July 2007	19,374,007	15,747,599	35,121,606
Loss for the year	-	(1,989,684)	(1,989,684)
Total recognised income and expense for the year	-	(1,989,684)	(1,989,684)
Dividends paid	-	(623,540)	(623,540)
At 30 June 2008	19,374,007	13,134,375	32,508,382
At 1 July 2008	19,374,007	13,134,375	32,508,382
Loss for the year	-	(12,407,360)	(12,407,360)
Total recognised income and expense for the year	-	(12,407,360)	(12,407,360)
Dividends paid	-	(89,072)	(89,072)
At 30 June 2009	19,374,007	637,943	20,011,950

The accompanying notes form part of these financial statements

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		345,665	1,040,727	34,135	-
Sale proceeds from trading portfolio		1,141,704	5,759,493	1,141,704	5,759,493
Payments for trading portfolio		(264,740)	(3,802,450)	(264,740)	(3,802,450)
Payments to suppliers and employees		(1,861,759)	(1,511,907)	(889,073)	(192,072)
Payments for exploration and evaluation		(19,224)	(1,438,796)	(19,224)	(444,275)
Interest received		23,064	49,703	23,052	49,198
Interest paid		-	(6)	-	-
Income tax refund/(paid)		414,768	(585,755)	414,768	(585,755)
Dividends received		34,024	88,028	34,065	88,028
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**10 a**	(186,498)	(400,963)	474,687	872,167
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		-	(78,729)	-	(889)
Loans repaid by subsidiaries		-	-	17,879	812,079
Loans to subsidiaries		-	-	(471,175)	(2,325,819)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		-	(78,729)	(453,296)	(1,514,629)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments for dividends		(89,126)	(622,725)	(89,126)	(622,725)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(89,126)	(622,725)	(89,126)	(622,725)
NET INCREASE IN CASH ASSETS HELD		(275,624)	(1,102,417)	(67,735)	(1,265,187)
Cash at beginning of the financial year		517,781	1,620,198	288,787	1,553,974
CASH AT THE END OF THE FINANCIAL YEAR	**10**	242,157	517,781	221,052	288,787

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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**).

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 13 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 14 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.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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.

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

1.9. Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

1.11. Investments and Other Financial Assets

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

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

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

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

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the 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 plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold Land is not depreciated. (except for property held for resale – refer to Note 1.13). It is shown at fair value, based on periodic valuations by external independent valuers. Any upward revaluation is recognised through equity.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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. Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, 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. 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 or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

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

1.22. 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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 Leases

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

1.25 New Standards and Interpretations Released But Not Yet Adopted

The following new Accounting Standards and Interpretations (which have been released but not yet adopted) have no material impact (except where stated below) on the Company's accounts/financial statements or the associated notes therein.

New / revised pronouncement	Explanation of amendments	Effective / Application date
AASB 1 First time *adoption of Australian Accounting Standards* (May 2009) – "AASB 1R"	Structure of the standard has been amended for ease of use.	30 June 2010
AASB 3 Business Combinations (March 2008) – "AASB 3R"	AASB 3R amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes have been made to this standard affecting acquisition related costs, step acquisitions, measurement of goodwill and contingent considerations. AASB 3 also replaces the term "Minority Interest" with "Non-controlling Interest". This standard can be early adopted, but only for reporting periods that begin on or after 30 June 2007. AASB 3 is applied prospectively.	Business combinations occurring on or after an annual reporting **beginning on or** after 1 July 2009
AASB 8 Operating Segments (February 2007)	AASB 8 supersedes AASB 114. AASB 8 has a different scope of application to AASB 114; it is applicable only to listed entities and those in the process of listing, and requires that segment information be disclosed using the management approach. This may result in a different set of segments being identified than those previously disclosed under AASB 114.	31 December 2009
AASB 101 Presentation of Financial Statements (September 2007) – "AASB 101R"	AASB 101R contains a number of changes from the previous AASB 101. The main changes are to require that an entity must: • present all non-owner changes in equity ('comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income • present an additional statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements • disclose income tax relating to each component of other comprehensive income • disclose reclassification adjustments relating to components of other comprehensive income There are other changes to terminology, however these are not mandatory.	31 December 2009
AASB 123 Borrowing Costs (June 2007) – "AASB 123R"	AASB 123R incorporates amendments removing the option to immediately expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	31 December 2009
AASB 127 Consolidated and Separate Financial Statements (March 2008) – "AASB 127R"	AASB 127R amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes were made to this standard affecting acquisitions and disposals which do not result in a change of control, partial disposals where control is lost, attribution of profit or loss to non-controlling interests and loss of significant influence or control in relation to Associates and Joint Ventures. AASB 127 replaces the term "Minority Interest" with the "Non-controlling Interest". AASB 127 is applied retrospectively, with certain exceptions relating to the significant changes made in this revision.	30 June 2010

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

1.25 New Standards and Interpretations Released But Not Yet Adopted (continued)

New / revised pronouncement	Explanation of amendments	Effective / Application date
AASB 1039 Concise Financial Reports (August 2008)	AASB 1039 (August 2008) incorporates amendments to terminology and descriptions of the financial statements to achieve consistency with AASB 101 and the rewording of the disclosure requirements relating to segments to achieve consistency with AASB 8.	31 December 2009
AASB 2007-3 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]	AASB 2007-3 consequentially amends a number of standards arising from the issue of AASB 8. These amendments result from the changing the name of the segment reporting standard to AASB 8.	31 December 2009
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	The revision of AASB 123 necessitates consequential amendments to a number of existing Standards. The amendments principally remove references to expensing borrowing costs on qualifying assets, as AASB 123 was revised to require such borrowing costs to be capitalised.	31 December 2009
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	AASB 2007-8 consequentially amends a number of AASB's as a result of the reissue of AASB 101. Some of the changes include changing the terms: • 'general purpose financial report' to 'general purpose financial statements' • 'financial report' to 'financial statements' in application paragraphs, where relevant, of Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	31 December 2009
AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	AASB 2007-10 makes a number of consequential amendments to a number of accounting standards arising from the revision of AASB 101 in September 2007. The changes are largely to terminology for example changing the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	31 December 2009
AASB 2008-1 Amendments to Australian Accounting Standard -Share-based Payments: Vesting Conditions and Cancellations [AASB 2]	AASB 2008-1 was issued after the AASB made changes to AASB 2 Share Based Payments including: • Clarifying that vesting conditions are service conditions and performance conditions only, and that other features of a share-based payment are not vesting conditions. Cancellations, whether by the entity or by other parties, should be accounting for consistently.	31 December 2009
AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]	AASB 2008-2 makes amendments to AASB 132 and AASB 101, permitting certain puttable financial instruments to be classified as equity rather than liabilities, subject to certain criteria being met.	31 December 2009
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	AASB 2008-3 was issued after the AASB revised AASB 3 and AASB 127, as consequential amendments were necessary to other Australian Accounting Standards.	30 June 2010
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038].	AASB 2008-5 makes a number of minor, but necessary amendments to different Standards arising from the annual improvements project. The amendments largely clarify accounting treatments where previous practice had varied, with some new or amended requirements introduced. The changes addressed include accounting for advertising and promotional expenditure, investment property under construction and the reclassification to inventories of property, plant and equipment previously held for rental when the assets cease to be rented and are held for sale.	31 December 2009
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]	AASB 2008-6 makes further amendments arising from the annual improvements project. These amendments are made to AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary, and the requirements for all assets and liabilities of such subsidiaries to be classified as held for sale. Disclosure requirements are also clarified.	31 December 2009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

1.25 New Standards and Interpretations Released But Not Yet Adopted (continued)

New / revised pronouncement	Explanation of amendments	Effective / Application date
AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	AASB 2008-7 makes changes to a number of accounting standards, for the purpose of reducing the burden on parent entities when complying with AASB 127 and measuring the cost of a subsidiary at acquisition in their separate financial statements in certain circumstances. The amendments are to apply only on initial application of Australian Equivalents to International Financial Reporting Standards (AASBs).	31 December 2009
AASB 2008-8 Amendments to Australian Accounting Standards -Eligible Hedged Items [AASB 139]	AASB 2008-8 makes amendments to AASB 139 to clarify the application of some of AASB 139's requirements on designation of a risk or a portion of cash flows for hedge accounting purposes; including: The main issues addressed are: • Designation of one-sided risks • Designation of portions of cash flows of a financial instrument, with reference to inflation components; and • Hedge effectiveness when hedging one-sided risks with a purchased option.	30 Jun 2010
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	AASB 2008-9 makes amendments to AASB 1049 to ensure consistency with AASB 101 Presentation of Financial Statements (September 2007). This alignment is consistent with the broad approach taken in the AASB's Generally Accepted Accounting Principles/Government Finance Statistics (GAAP/GFS) Harmonisation project.	31 December 2009
AASB 2008-11 Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities [AASB 3]	AASB 2008-11 mandates that the requirements in AASB 3 (March 2008) are applicable to business combinations among not-for-profit entities (other than restructures of local governments) that are not commonly controlled. It also allows those requirements to be early adopted by not-for-profit entities. Also included are specific recognition, measurement and disclosure requirements relating to local government restructures.	30 June 2010
AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]	AASB 2008-13 makes amendments to AASB 5 and AASB 110 resulting from the issue of Interpretation 17. The amendments relate to the classification, presentation and measurement of non-current assets held for distribution to owners and the disclosure requirements for dividends that are declared after the reporting period but before the financial statements are authorised for issue.	30 June 2010
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2, AASB 138 and AASB Interpretations 9 & 16]	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project	30 June 2010
AASB 2009-05 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 118, 136, 139]	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project	31 December 2010
Interpretation 15 *Agreements for Construction of Real Estate*	This Interpretation aims to standardise accounting practice among real estate developers for sales of units, such as apartments or houses, 'off plan', i.e. before construction is complete, with regards to the recognition of revenue.	31 December 2009
Interpretation 16 Hedges of *a Net Investment in a Foreign Operation*	This Interpretation clarifies when in a group situation hedge accounting can be applied in relation to foreign exchange risks associated with foreign operations.	30 September 2009
Interpretation 17 Distributions of Non-cash Assets to Owners	This Interpretation provides guidance on how entities should measure distributions of assets other than cash when it pays dividends to its owners, except for common control transactions.	30 June 2010
Interpretation 18 Transfers *of Assets from Customers*	This Interpretation clarifies the accounting for agreements in which an entity receives an item of PPE from a customer that they must use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.	Asset transfers received on or after 1 July 2009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

2 LOSS FOR THE YEAR

Loss for the year includes the following items of revenue and expenses below. Included are the revenue and expenses of the discontinued operations of Orion Indo Mining Pty Ltd and Central Exchange Mining Ltd, formerly wholly owned subsidiaries disposed on 11 August 2008 (refer to Note 5).

	Consolidated Entity		Company	
	2009	**2008**	**2009**	**2008**
(a) Revenue from continuing operations	**$**	**$**	**$**	**$**
Dividends received from securities - trading portfolio	37,339	103,386	37,339	103,386
Income from olive grove operations	311,530	1,039,852	-	-
Interest received - other	23,060	49,329	23,052	49,198
	371,929	1,192,567	60,391	152,584
Other Income				
Net gain from sale of subsidiaries	16,961,679	-	16,850,303	-
Dividends received from Associate entities	-	255,124	-	255,124
Gains on sale of securities - trading portfolio	436,018	2,266,054	436,018	2,266,054
Other income	34,135	875	34,135	-
	17,431,832	2,522,053	17,320,456	2,521,178
Total revenue	17,803,761	3,714,620	17,380,847	2,673,762
(b) Revenue from discontinued operations				
Interest received - other	4	374	-	-
(c) Expenses from continuing operations				
Olive grove operations	549,381	515,194	-	-
- Cost of goods sold	31,628	677,046	-	-
- Revaluation of olive trees	188,500	(281,580)	-	-
Land operations	36,735	53,617	-	-
- Impairment of property held for development and resale	1,200,000	147,339	-	-
Net change in fair value in trading portfolio	28,457,085	1,836,528	28,457,085	1,836,528
Costs in relation to investments	653	-	653	-
Share of Associate entities' losses	2,283,013	2,687,143	2,283,013	2,687,143
Personnel - remuneration and other	646,993	581,009	611,584	584,487
- employee entitlements	38,254	16,493	31,064	16,494
Communications	20,309	23,468	20,309	22,822
Occupancy expenses	70,861	20,749	70,861	19,987
Corporate expenses	133,940	14,098	21,966	18,815
Finance expenses	2,209	3,943	1,784	2,247
Borrowing cost	-	6	-	-
Administration expenses				
- Professional fees	7,980	132,253	7,980	126,036
- Exploration and evaluation expenses	18,827	(71,874)	19,224	(71,874)
- Brokerage fees	6,364	36,524	6,364	36,524
- Realisation cost of share portfolio provision/(written back)	(28,844)	(22,994)	(28,844)	(22,994)
- Impairment of receivables	-	-	1,939,382	-
- Write down investment in subsidiary	-	-	100	-
- Write off fixed assets	124	623	124	623
- Depreciation expenses	156,491	190,474	4,405	6,278
- Other expenses	170,049	135,385	142,042	94,183
	33,990,552	6,695,444	33,589,096	5,357,299
(d) Expenses from discontinued operations				
Finance expenses	205	642	-	-
Other corporate expenses	(111,974)	4,717	-	-
Depreciation	-	158	-	-
Exploration and evaluation expenses	397	96,899	-	-
	(111,372)	102,416	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

3 INCOME TAX EXPENSE

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
(a) The major component of income tax expenses are:				
Current income tax				
Current income tax charge	-	58,116	-	512,514
Under/(over) provision in prior years	(472,883)	(140,860)	(927,281)	(154,132)
Deferred income tax	(3,605,432)	(431,109)	(2,873,608)	(1,052,235)
	(4,078,315)	(513,853)	(3,800,889)	(693,853)
(b) The prima facie income tax on loss from is reconciled to the income tax provided in the accounts as follows:				
Loss from continuing operations	(16,186,791)	(2,980,824)	(16,208,249)	(2,683,537)
(Loss)/Profit from discontinued operations	111,376	(102,042)	-	-
Loss for the year	(16,075,415)	(3,082,866)	(16,208,249)	(2,683,537)
Prima facie tax payable on profit/(loss) before income tax at 30% (2008:30%)	**(4,822,625)**	**(924,860)**	**(4,862,475)**	**(805,061)**
Permanent differences				
Other assessable income	122,513	(38,415)	44,872	46,071
Other non-deductible items	316,040	131,165	347,419	75,767
Other deductible items	-	(327,581)	-	(74,079)
Share of Associates' profits	684,904	806,143	684,904	806,143
Writedowns to members of consolidated group	-	-	659,774	-
Assumption of subsidiary losses in tax consolidated group	-	-	(118,150)	-
Unrealised gains on securities	-	550,958	-	550,958
Income tax expense attributable to operating loss	(3,699,168)	197,410	(3,243,656)	599,799
Provision for deferred income tax	-	(431,109)	-	(1,051,965)
Overprovision of income tax payable	(379,148)	(126,585)	(557,233)	(88,118)
Franking credits	-	(153,569)	-	(153,569)
Net income tax benefit	(4,078,315)	(513,853)	(3,800,889)	(693,853)
The applicable weighted average effective tax rates are as follows:	25%	17%	23%	26%

(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.

4 KEY MANAGEMENT PERSONNEL DISCLOSURES

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

Farooq Khan	Executive Chairman
William M Johnson	Executive Director
Victor P H Ho	Executive Director and Company Secretary
Yaqoob Khan	Non-Executive Director

	Consolidated Entity 2009	Consolidated Entity 2008	Company 2009	Company 2008
Number of employees (including key management personnel)	4	4	4	4

(b) Compensation of key management personnel

Directors	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Short-term employee benefits - cash fees	485,000	485,000	485,000	485,000
Post-employment benefits - superannuation	41,400	41,400	41,400	41,400
Long-term benefits	49,615	-	49,615	-
	576,015	526,400	576,015	526,400

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

4 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

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

(e) Shareholdings of key management personnel (consolidated)

2009	**Balance at the start of the year**	**Other changes during the year**	**Balance at the end of the year**
Directors			
Farooq Khan	8,651,356	-	8,651,356
William M Johnson	-	-	-
Victor P H Ho	-	-	-
Yaqoob Khan	8,651,356	-	8,651,356
2008			
Directors			
Farooq Khan	8,651,356	-	8,651,356
William M Johnson	-	-	-
Victor P H Ho	-	-	-
Yaqoob Khan	8,651,356	-	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 disclosed holdings of Farooq Khan and Yaqoob Khan.

(f) Option holdings of key management personnel (Consolidated Entity and Company)
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 other transactions with key management personnel (or their personally related entities) during the financial year.

5 DISCONTINUED OPERATIONS

On 11 August 2008, the Company disposed of its mining assets via the sale of its subsidiaries, Orion Indo Mining Pty Ltd and Central Exchange Mining Ltd to Strike Resources Limited (Strike) in consideration for the issue of 9,500,000 ordinary shares in Strike. Financial information relating to the discontinued operations of the subsidiaries from 1 July 2008 to the date of cessation is set out below.

Financial information relating to the discontinued operation, which has been incorporated into the Income Statement, is as follows:	**Consolidated Entity**		**Company**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Revenue	4	374	-	-
Expenses	111,372	(102,416)	-	-
Profit/(Loss) before income tax	111,376	(102,042)	-	-
Income tax expense	-	-	-	-
Profit/(Loss) after income tax	111,376	(102,042)	-	-
Gain on sale of subsidiary	16,961,679	-	-	-
Income tax expense	-	-	-	-
Gain on sale of subsidiary after tax	16,961,679	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

5 DISCONTINUED OPERATIONS (continued)	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
The carrying amounts of assets and liabilities of the operation at the date of cessation were:				
Total assets	1,767,013	464,372	-	-
Total liabilities	(13,692)	(1,249,734)	-	-
Net asset	1,753,321	(785,362)	-	-
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	(40,791)	(1,196,170)	-	-
Net cash inflow from investing activities	77,121	1,226,869	-	-
Net increase/(decrease) in cash from businesses	36,330	30,699	-	-
Details of sale of subsidiaries				
Consideration received:				
Shares	18,715,000	-	-	-
	18,715,000	-	-	-
Carrying amount of net assets sold	(1,753,321)	-	-	-
Gain on sale before income tax	16,961,679	-	-	-
Income tax expense	-	-	-	-
Gain on sale after income tax	16,961,679	-	-	-

6 BUSINESS COMBINATION

On 23 June 2009, Orion Equities Limited acquired two companies, Margaret River Wine Corporation Pty Ltd and Margaret River Olive Oil Company Pty Ltd for a total cash consideration of $4.00.

	Company $
Purchase consideration:	
Cash paid	4
Fair value of net identifiable assets acquired	-
	4
Net cash outflow for acquisition of subsidiary	4

7 AUDITOR'S REMUNERATION	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Amounts received or due and receivable by:				
Auditors of the Consolidated Entity (BDO Kendalls (WA) Audit and Assurance Pty Ltd)				
Auditing of the financial report	27,860	24,121	27,860	24,121
Underprovision for prior year	-	2,000	-	2,000
Non-audit services (BDO Kendalls)				
Taxation services	2,310	1,375	2,310	1,375
	30,170	27,496	30,170	27,496

8 DIVIDENDS

Declared and paid during the year	**Date paid**	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Dividends on ordinary shares					
2.0 cents per share fully franked	21-Sep-07	-	356,288	-	356,288
1.5 cent per share fully franked	29-Mar-08	-	267,252	-	267,252
0.5 cent per share fully franked	26-Sep-08	89,072	-	89,072	-
		89,072	623,540	89,072	623,540
Franking credit balance				**2,315,572**	**1,971,746**
Balance of franking account at year end adjusted for franking credits arising from:					
Payment of provision for income tax				-	60,036
Franking debits arising from payment of proposed dividends				-	(38,174)
				2,315,572	1,993,608

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

9 LOSS PER SHARE

	Consolidated Entity 2009 cents	Consolidated Entity 2008 cents
Basic loss per share		
From continuing operations attributable to the ordinary equity holders of the Company	(68.0)	(13.8)
From discontinued operations	0.6	(0.6)
Total basic loss per share attributable to the ordinary equity holders of the Company	(67.3)	(14.4)
Reconciliations of earnings/(loss) used in calculating earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings/(loss) per share		
from continuing operations	(12,108,476)	(2,466,971)
from discontinued operations	111,376	(102,042)
	(11,997,100)	(2,569,013)
The weighted average number of ordinary shares used as the denominator in calculating basic loss per share	17,814,389	17,814,389

Diluted loss per share is not materially different from basic loss per share and therefore is not disclosed in the Financial Statements.

10 CASH AND CASH EQUIVALENTS

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Cash at bank	242,157	517,781	221,052	288,787
	242,157	517,781	221,052	288,787

(a) Reconciliation of net loss after tax to net cash flows from operations

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Loss after income tax	**(11,997,100)**	**(2,569,013)**	**(12,407,360)**	**(1,989,684)**
Depreciation expenses	156,491	190,632	4,405	6,278
Doubtful debts provision	-	-	1,939,382	-
Write down investment in subsidiary	-	-	100	-
Write off fixed assets disposed	124	623	124	623
Revaluation of land and trees	1,388,500	(134,241)	-	-
Net change in fair value in trading portfolio	28,457,085	1,836,528	28,457,085	1,836,528
Gain on sale of subsidiaries	(16,961,679)	-	(16,850,303)	-
Share of Associate entities' profits	2,283,013	2,687,143	2,283,013	2,687,143
Cost of trading portfolio sold	705,686	-	705,686	-
(Increase)/decrease in assets:				
Receivables	(139,633)	(105,460)	(5,125)	2,955
Trading portfolio	(268,055)	1,108,012	(268,055)	1,108,012
Strategic portfolio	-	(255,124)	-	(255,124)
Inventory	(681,621)	510,037	-	-
Exploration expenditure	-	(1,413,770)	-	(516,149)
Increase/(decrease) in liabilities:				
Payables & Accruals	534,239	(1,156,721)	1,857	(728,806)
Provision for income tax	(58,116)	(668,499)	(2,873,608)	(227,643)
Deferred income tax	(3,605,432)	(431,110)	(512,514)	(1,051,966)
Net cash flows from/(used in) operating activities	(186,498)	(400,963)	474,687	872,167

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

On 11 August 2008, the Company sold its 70% interest in the Berau Coal Project and its 25% interest in the Paulsens East Iron Ore Project, through the sale of its subsidiary companies Orion Indo Mining Pty Ltd and Central Exchange Mining Ltd to its joint venture partner, ASX listed Strike Resources Limited (Strike) in consideration for 9.5 million ordinary Strike shares, valued at $18.7 million based on Strike's closing bid price on 11 August 2008 of $1.97.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

11 TRADE AND OTHER RECEIVABLES

	Consolidated Entity		Company	
	2009	2008	2009	2008
Current	$	$	$	$
Other receivables	4,003	205,802	2,953	3,125
GST receivable	30,198	33,209	-	-
	34,201	239,011	2,953	3,125
Non Current				
Amount receivable from controlled entities (Note **26d**)	-	-	7,856,966	8,718,023
Less impairment on amounts receivable	-	-	(1,939,382)	-
	-	-	5,917,584	8,718,023
Bonds and guarantees	32,823	32,823	32,823	32,823
	32,823	32,823	5,950,407	8,750,846

Refer to Note **28** for the Consolidated Entity and Company's exposure to credit risk, foreign exchange risk and interest rate risk.

Impaired receivables and receivables

Provision for doubtful debts have been raised in relation to the outstanding balances amounts owed by subsidiaries Silver Sands Development Pty Ltd and Dandaragan Estate Pty Ltd in excess of the net assets of the controlled entities.

None of the other receivables are impaired or past due.

	Company	
Movement in provision for impairment of receivables	2009	2008
	$	$
At 1 July	-	-
Provision for impairment recognised during the year	(1,939,382)	-
	(1,939,382)	-

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated Entity		Company	
	2009	2008	2009	2008
Financial assets at fair value comprise:	$	$	$	$
Listed investments at fair value	7,035,608	11,258,713	7,035,608	11,258,713
Unlisted options in listed corporations at cost	10,000	10,000	10,000	10,000
Add: net change in fair value	838,313	6,722,402	838,313	6,722,402
	848,313	6,732,402	848,313	6,732,402
Total financial assets at fair value	7,883,921	17,991,115	7,883,921	17,991,115

Changes in fair value of financial assets at fair value through profit and loss are recorded as Income **(Note 2(a))**.

	Consolidated Entity		Company	
	2009	2008	2009	2008
Net gain/(loss) on financial assets	$	$	$	$
at fair value through profit or loss	(28,021,067)	429,526	(28,021,067)	429,526

Risk Exposure

Information about the Consolidated Entity's exposure to market and price risk is provided in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

13 INVENTORIES	Consolidated Entity		Company	
	2009	2008	2009	2008
Current - Olive Oils	$	$	$	$
Bulk oils - at cost	701,478	160,526	-	-
Packaged oils - at cost	140,669	-	-	-
	842,147	160,526	-	-
Non Current - Land Development				
Property held for development and resale - at cost	3,797,339	3,797,339	-	-
Revaluation of property	(1,347,339)	(147,339)	-	-
	2,450,000	3,650,000	-	-

Property held for development and resale relates to a beachfront property located in Mandurah, Western Australia. The property has been valued by an independent qualified valuer (an Associate member of the Australian Property Institute) on 9 January 2009 and the downwards revaluation has been recognised as an expense through profit or loss.

14 OTHER CURRENT ASSET	Consolidated Entity		Company	
	2009	2008	2009	2008
	$	$	$	$
Prepayments	5,294	-	5,294	-

15 NON-CURRENT INVESTMENTS	Consolidated Entity		Company	
	2009	2008	2009	2008
	$	$	$	$
Shares in controlled entities at cost	-	-	100	400
Less: Provision for diminution	-	-	(100)	(100)
	-	-	-	300

<u>Investment in Controlled Entities:</u>	Ownership interest 2009	Ownership interest 2008
Silver Sands Developments Pty Limited (ACN 094 097 122) Incorporated in Australia on 10 August 2000 This company is currently engaged in property development activities and holds non- current Inventory.	100%	100%
Dandaragan Estate Pty Ltd (ACN 120 616 891) (formerly Koorian Olives Pty Ltd) Incorporated in Australia on 7 July 2006 This company is currently engaged in olive oil production and sales	100%	100%
Aquaverde Holdings Pty Ltd (ACN 128 938 090) Incorporated in Australia on 17 December 2007 This company is currently inactive.	50%	50%
Margaret River Wine Corporation Pty Ltd (ACN 094 706 500) Incorporated in Australia on 9 October 2000 and acquired on 23 June 2009 This company is currently inactive.	100%	-
Margaret River Olive Oil Company Pty Ltd (ACN 094 706 519) Incorporated in Australia on 9 October 2000 and acquired on 23 June 2009 This company is currently inactive.	100%	-
Central Exchange Mining Ltd (ACN 119 438 265) Incorporated in Australia on 27 April 2006 Name and Status change to Orion Australian Operations Pty Ltd on 29 August 2008 Disposed to Strike Resources Limited (Strike or SRK) on 11 August 2008	-	100%
Orion Indo Operations Pty Ltd (ACN 124 702 245) Incorporated in Australia on 30 March 2007 Disposed to Strike on 11 August 2008	-	100%
PT Orion Indo Mining Incorporated in Indonesia on 4 April 2007 100% beneficially owned by Orion Indo Operations Pty Ltd	-	100%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
		2009	2008	2009 $	2008 $
Bentley Capital Limited (**BEL**)	Investments	28.7%	28.8%	6,851,981	3,792,957
Scarborough Equities Limited (**SCB**)	Investments	-	28.5%	-	5,414,558
				6,851,981	9,207,515

On 13 March 2009, listed investment companies BEL and SCB merged via a scheme of arrangement. Under the merger, BEL issued 31,350,322 new shares to eligible SCB shareholders and acquired SCB as a wholly-owned subsidiary. The Company received 8,925,845 BEL shares in consideration for its 5,619,645 holding in SCB (on the basis of 1.588329 new BEL share for each SCB share held). Post-Merger, the Company holds 20,513,783 Bentley shares representing 28.66% of Bentley's expanded share capital (30 June 2008: 11,587,938 shares (28.80%)).

The carrying value of Associate entity, BEL (determined in accordance with the equity method for accounting of Associate entities) is greater than the fair value (which is based on the market price of BEL on the ASX). The Directors are of the opinion that the Company has significant influence over the Associate entity's operations and would have reasonable prospects of realising its investment at at least its carrying value (which is below BEL's NTA backing value).

	2009 $	2008 $
Movement in Investments in Associates		
Shares in listed Associate entities brought forward	9,207,515	11,639,535
Share of losses before income tax expense	(2,141,377)	(3,086,050)
Share of income tax (expense) /benefit	(141,636)	654,030
Impairment expense - SCB	(72,521)	-
Dividends received	-	(255,124)
Acquisition of BEL shares through scheme of arrangement	3,270,050	-
Disposal of SCB shares through scheme of arrangement	(3,270,050)	-
Acquisition of shares	-	255,124
Carrying amount at the end of the financial year	6,851,981	9,207,515
Fair value of listed investments in associates		
BEL	5,333,584	2,954,924
SCB	-	3,399,885
	5,333,584	6,354,809
Net tangible asset value of listed investments in associates		
BEL	7,951,618	4,632,858
SCB	-	5,344,282
	7,951,618	9,977,140
Share of Associates' profits		
Profit/(loss) before income tax	(2,141,377)	(3,086,050)
Share of income tax (expense) /benefit	(141,636)	654,030
Loss after income tax	(2,283,013)	(2,432,020)

Summarised Financial Position of Associates	Group share of:			
	BEL		SCB	
	2009 $	2008 $	2009 $	2008 $
Current assets	7,982,669	4,672,284	-	682,335
Non current assets	4,444	264,237	-	4,771,547
Total assets	7,987,113	4,936,521	-	5,453,882
Current liabilities	(31,697)	(40,651)	-	(81,154)
Non current liabilities	(3,798)	(262,953)	-	(30,498)
Total liabilities	(35,495)	(303,604)	-	(111,652)
Net assets	7,951,618	4,632,917	-	5,342,230
Revenues	1,587,188	130,700	-	1,108,696
Loss after income tax of associates	(211,027)	(1,093,611)	(2,071,986)	(1,593,532)

Bentley Capital Limited - Lease Commitments

BEL has the same lease commitments disclosed in note **29**.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

17 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings on Freehold Land	Plant & Equipment	Leasehold Improve-ments	Total
2009					
Consolidated Entity	**$**	**$**	**$**	**$**	**$**
Carrying amount at beginning	1,464,000	101,493	1,039,182	5,979	2,610,654
Revaluation (Note 25)	(235,550)	-	-	-	(235,550)
Additions	-	-	8,014	-	8,014
Depreciation expense	-	(7,612)	(148,007)	(872)	(156,491)
Disposal	-	-	(528)		(528)
Carrying amount at balance date	1,228,450	93,881	898,661	5,107	2,226,099
At 1 July 2008					
Cost	861,214	112,432	1,315,165	22,170	2,310,981
Accumulated depreciation and impairment	602,786	(10,939)	(275,983)	(16,191)	299,673
Net carrying amount	1,464,000	101,493	1,039,182	5,979	2,610,654
At 30 June 2009					
Cost	1,464,000	112,432	1,323,780	22,170	2,922,382
Accumulated depreciation and impairment	(235,550)	(18,551)	(425,119)	(17,063)	(696,283)
Net carrying amount	1,228,450	93,881	898,661	5,107	2,226,099
2009					
Company					
Carrying amount at beginning	-	-	15,706	5,979	21,685
Depreciation expense	-	-	(3,533)	(872)	(4,405)
Disposal	-	-	(124)	-	(124)
Carrying amount at balance date	-	-	12,049	5,107	17,156
At 1 July 2008					
Cost	-	-	53,982	22,170	76,152
Accumulated depreciation and impairment	-	-	(38,276)	(16,191)	(54,467)
Net carrying amount	-	-	15,706	5,979	21,685
At 30 June 2009					
Cost	-	-	52,333	22,170	74,503
Accumulated depreciation and impairment	-	-	(40,283)	(17,063)	(57,346)
Net carrying amount	-	-	12,050	5,107	17,157
2008					
Consolidated Entity					
Carrying amount at beginning	861,214	107,242	1,144,937	7,002	2,120,395
Revaluation (Note 25)	602,786	-	-	-	602,786
Additions	-	2,432	76,296	-	78,728
Depreciation expense	-	(8,181)	(181,428)	(1,023)	(190,632)
Disposal	-	-	(623)	-	(623)
Carrying amount at balance date	1,464,000	101,493	1,039,182	5,979	2,610,654
At 1 July 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
At 30 June 2008					
Cost	861,214	112,432	1,315,165	22,170	2,310,981
Accumulated depreciation and impairment	602,786	(10,939)	(275,983)	(16,191)	299,673
Net carrying amount	1,464,000	101,493	1,039,182	5,979	2,610,654

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

17 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land	Buildings on Freehold Land	Plant & Equipment	Leasehold Improve-ments	Total
Company	**$**	**$**	**$**	**$**	**$**
Carrying amount at beginning	-	-	20,695	7,002	27,697
Additions	-	-	889	-	889
Depreciation expense	-	-	(5,255)	(1,023)	(6,278)
Disposal	-	-	(623)	-	(623)
Carrying amount at balance date	-	-	15,706	5,979	21,685
At 1 July 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
At 30 June 2008					
Cost	-	-	53,982	22,170	76,152
Accumulated depreciation and impairment	-	-	(38,276)	(16,191)	(54,467)
Net carrying amount	-	-	15,706	5,979	21,685

Freehold land relates to the Olive Grove property of approximately 143 hectares located in Gingin, Western Australia. An independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute) has revalued the land downwards by $235,550 from the previous balance date (Note 25).

18 OLIVE TREES	**Consolidated Entity 2009**	**Consolidated Entity 2008**	**Company 2009**	**Company 2008**
	$	**$**	**$**	**$**
Olive trees - at cost	300,000	300,000	-	-
Revaluation of trees	93,080	281,580	-	-
	393,080	581,580	-	-

Nature of asset

The olive trees are on the olive grove property (approximately 64,500, 10 year old trees planted over 143 hectares). On 14 August 2009, an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute) revalued the trees downwards by $188,500 from the previous balance date. The revaluation of trees is expensed to Income Statement (Note 2).

19 INTANGIBLE ASSET

	Consolidated		
	Water Licence	**Brand name**	**Total**
Year ended 30 June 2008	**$**	**$**	**$**
Opening net book amount	250,000	-	250,000
Closing net book amount	250,000	-	250,000
At 30 June 2008			
Cost	250,000	-	250,000
Impairment expense	-	-	-
Net book amount	250,000	-	250,000
Year ended 30 June 2009			
Opening net book amount	250,000	-	250,000
Additions - acquisition	-	99,996	99,996
Asset revaluation	273,125	-	273,125
Closing net book amount	523,125	99,996	623,121
At 30 June 2009			
Cost	250,000	99,996	349,996
Asset revaluation (Note 25)	273,125	-	273,125
Net book amount	523,125	99,996	623,121

On 23 June 2009, the Company acquired the ultra premium Dandaragan Estate Olive Oil Brand, certain related equipment/infrastructure and inventory, in consideration for $0.25 million. The acquisition was undertaken to complement the Company's existing Olive Grove business. The Water Licence pertains to the Company's Olive Grove property in Gingin, Western Australia.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

20 RESOURCE PROJECTS

	Consolidated Entity		Company	
	2009	**2008**	**2009**	**2008**
Deferred Exploration Expenditure	**$**	**$**	**$**	**$**
Balance at beginning of the year	1,413,771	-	516,149	-
Disposal of mining tenements through the sale of subsidiaries	(1,413,771)	-	(516,149)	-
Direct expenditure	18,827	1,438,796	19,224	444,275
Direct expenditure expensed	(18,827)	(25,025)	(19,224)	71,874
Balance at end of the year	-	1,413,771	-	516,149

On 11 August 2008, the Company disposed of its 70% interest in the Indonesian Berau Coal Project (via the sale of subsidiary, Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of subsidiary, Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (Strike or SRK). A total of 9.5 million Strike shares were issued to Orion as consideration for the sale. The Company realised a gain on sale of these subsidiaries of $16.9 million.

21 TRADE AND OTHER CREDITORS

	Consolidated Entity		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Trade creditors	8,822	223,610	-	(22)
Other creditors and accruals	1,031,540	189,895	210,335	189,895
Dividend payable	28,313	28,367	28,313	28,367
	1,068,675	441,872	238,648	218,240

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note **28.**

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

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

	Consolidated Entity		Company	
	2009	**2008**	**2009**	**2008**
Annual leave obligation expected	**$**	**$**	**$**	**$**
to be settled after 12 months	51,135	35,461	51,135	35,461

(b) Risk exposure

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note **28.**

22 PROVISIONS

	Consolidated Entity		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Employee benefits - long service leave	71,767	56,377	71,767	56,377

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

23 TAX	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Company 2009 $	Company 2008 $
Current tax asset				
Income tax	-	-	-	-
Deferred tax asset				
Deferred tax asset comprises:				
Provisions & accruals	124,291	-	85,291	-
Revenue tax losses	760,155	-	760,155	-
Other	404,277	-	-	-
	1,288,723	-	845,446	-
Current tax liability				
Current tax liability/(asset)	-	58,116	-	512,514
Non Current tax liability				
Deferred tax liability comprises:				
Fair Value Gain Adjustments	1,455,846	4,037,865	1,455,846	3,484,009
Other	265,310	-	-	-
	1,721,156	4,037,865	1,455,846	3,484,009
Reconciliations				
Gross movements				
The overall movement in recognised deferred tax assets/(liabilities) is as follows:				
Opening balance	(4,037,865)	(4,468,974)	(3,484,009)	(4,535,974)
Charged to income statement	3,605,432	431,109	2,873,609	1,051,965
Closing balance	(432,433)	(4,037,865)	(610,400)	(3,484,009)
Deferred tax asset				
The overall movement in recognised deferred tax assets for each temporary difference is as follows:				
Provisions				
Opening balance	-	-	-	-
Charged to income statement	124,291	-	85,291	-
Closing balance	124,291	-	85,291	-
Revenue tax losses				
Opening balance	-	-	-	-
Charged to income statement	760,155	-	760,155	-
Closing balance	760,155	-	760,155	-
Other				
Opening balance	-	-	-	-
Charged to income statement	404,277	-	-	-
Closing balance	404,277	-	-	-
Total	1,288,723	-	845,446	-
Deferred tax liability				
The overall movement in recognised deferred tax liabilities for each temporary difference is as follows:				
Fair Value Gain Adjustments				
Opening balance	4,037,865	4,468,974	3,484,009	4,535,974
Charged to income statement	(2,582,019)	(431,109)	(2,028,163)	(1,051,965)
Closing balance	1,455,846	4,037,865	1,455,846	3,484,009
Other				
Opening balance	-	-	-	-
Charged to income statement	265,310	-	-	-
Closing balance	265,310	-	-	-
Total	1,721,156	4,037,865	1,455,846	3,484,009

NOTES TO THE FINANCIAL STATEMENTS
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		Consolidated Entity		Company	
		2009	2008	2009	2008
24	**ISSUED CAPITAL**	$	$	$	$
	Fully paid ordinary shares	19,374,007	19,374,007	19,374,007	19,374,007

	Date of movement	Number of shares		
Movement in Ordinary Share Capital				
At 1 July 2007		17,814,389	19,374,007	19,374,007
		-	-	-
At 1 July 2008		17,814,389	19,374,007	19,374,007
		-	-	
At 30 June 2009		17,814,389	19,374,007	

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

(a) Capital risk management

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

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

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

			Consolidated Entity		Company	
			2009	2008	2009	2008
25	**RESERVES**	**Note**	$	$	$	$
	Property, plant and equipment	**17**	367,236	602,786	-	-
	Intangibles	**19**	273,125	-	-	-
	Asset revaluation reserve		640,361	602,786	-	-
	Movement of asset revaluation reserve					
	Balance 1 July		602,786	-	-	-
	Revaluation		37,575	602,786	-	-
	Balance 30 June		640,361	602,786	-	-

The Asset Revaluation Reserve relates to the revaluation of the Olive Grove land from $1,464,000 to $1,228,450 and the water licence from a cost of $250,000 to $523,125, as assessed by an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute).

26 RELATED PARTY DISCLOSURES

(a) Parent entities

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

(b) Key management personnel

Disclosures relating to key management personnel are set out in Note 4.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

26 RELATED PARTY DISCLOSURES (continued)

(c) Transactions with related parties

During the financial year, there were transactions between the Company, QUE, SCB and BEL, pursuant to shared office and administration expense arrangements on a cost recovery basis. There were no outstanding amounts as at balance date. The following transactions occurred with related parties:

	Consolidated Entity		Company	
	2009	**2008**	**2009**	**2008**
Dividends revenue	**$**	**$**	**$**	**$**
Bentley Capital Limited	-	112,760	-	112,760
Scarborough Equities Limited	-	142,364	-	142,364
Dividends paid				
Queste Communications Ltd	42,791	299,534	42,791	299,534

(d) Loans to subsidiaries

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 15 to the financial statements. The amounts owed remain outstanding at balance date. Provision for doubtful debts have been raised in relation to any outstanding balances amounts owed by Silver Sands Development Pty Ltd and Dandaragan Estate Pty Ltd as noted in Note 11 that is in excess of the net assets of the controlled entities. Interest is not charged on such outstanding amounts.

		Company	
	Note	**2009**	**2008**
Loans to subsidiaries		**$**	**$**
Beginning of the year		8,718,023	7,204,283
Loans advanced		471,175	2,325,819
Loans repayment received		(17,879)	(812,079)
Loans forgiven		(1,314,353)	-
End of year	**11**	7,856,966	8,718,023
Provision for impairment on amounts receivable		(1,939,382)	-

27 SEGMENT REPORTING

The Consolidated Entity operates in the investments, olive grove operations and resources sectors.

	Segment revenue		Segment result	
BUSINESS SEGMENT	**2009**	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Investments	496,417	2,369,440	(27,974,923)	519,382
Resources	16,961,679	-	16,942,852	(699,835)
Olive grove operations	311,530	1,039,852	(457,979)	(54,129)
Share of associates' profit	-	255,124	(2,283,013)	(2,432,019)
Unallocated	34,135	50,204	(2,302,352)	(416,265)
Total segment revenue	17,803,761	3,714,620		
Loss before income tax			(16,075,415)	(3,082,866)
Income tax expense (Note 3a)			4,078,315	513,853
Loss after income tax			(11,997,100)	(2,569,013)

	Segment Assets		Segment liabilities	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Investments	17,185,902	30,848,630	1,721,156	4,037,865
Resources	-	1,613,664	-	-
Olive grove operations	4,097,601	3,617,201	830,032	211,133
Unallocated	1,590,044	575,281	310,410	345,232
	22,873,547	36,654,776	2,861,598	4,594,230

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

27 SEGMENT REPORTING (continued)

Other	**2009 Investments**	**2009 Olive grove operations**	**2008 Investments**	**2008 Olive grove operations**
	$	**$**	**$**	**$**
Acquisition of segment assets	264,740	248,679	3,086,507	74,845
Other non-cash expenses				
Net change in fair value in trading portfolio	(28,457,085)	-	(1,836,528)	-
Revaluation of trees	-	(188,500)	-	(281,580)
Depreciation	-	144,474	-	184,196

GEOGRAPHICAL SEGMENT	**Segment revenue**	**Segment results**	**Segment Assets**	**Segment Liabilities**	**Acquisitions of segment assets**
	2009	**2009**	**2009**	**2009**	**2009**
	$	**$**	**$**	**$**	**$**
Australia	17,803,761	(16,056,588)	22,873,547	2,861,598	513,419
Pakistan	-	(18,827)	-	-	-
	17,803,761	(16,075,415)	22,873,547	2,861,598	513,419
	2008	**2008**	**2008**	**2008**	**2008**
	$	**$**	**$**	**$**	**$**
Australia	3,714,620	(2,380,575)	35,537,284	4,594,230	3,161,352
Indonesia	-	(688,987)	1,117,492	-	-
Pakistan	-	(13,304)	-	-	-
	3,714,620	(3,082,866)	36,654,776	4,594,230	3,161,352

28 FINANCIAL INSTRUMENTS

The Consolidated Entity's financial instruments mainly consist of deposits with banks, accounts receivable and payable, loans to related parties and investments in listed securities and the unlisted FSP Equities Leaders Fund. The principal activity of the Consolidated Entity is the management of these investments - "financial assets held at fair value" (refer to Note 12). The Consolidated Entity's investments are subject to price (which includes interest rate and market risk), credit and liquidity risks.

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

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

	Average Interest Rate		**Variable Interest Rate**		**Non-Interest Bearing**		**Total**	
Consolidated Entity	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Financial assets	**%**	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	3.90	5.40	242,157	517,781	-	-	242,157	517,781
Receivables			-	-	34,201	239,011	34,201	239,011
Investments			-	-	7,883,921	17,991,115	7,883,921	17,991,115
			242,157	517,781	7,918,122	18,230,126	8,160,279	18,747,907
Financial liabilities								
Payables			-	-	(1,068,675)	(441,872)	(1,068,675)	(441,872)
Net financial assets			242,157	517,781	6,849,447	17,788,254	7,091,604	18,306,035
Company								
Financial assets								
Cash and cash equivalents	3.90	5.40	221,052	288,787	-	-	221,052	288,787
Receivables			-	-	2,953	3,125	2,953	3,125
Investments			-	-	7,883,921	17,991,115	7,883,921	17,991,115
			221,052	288,787	7,886,874	17,994,240	8,107,926	18,283,027
Financial liabilities								
Payables			-	-	(238,648)	(218,240)	(238,648)	(218,240)
Net financial assets			221,052	288,787	7,648,226	17,776,000	7,869,278	18,064,787

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

28 FINANCIAL INSTRUMENTS (continued)

(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. As such the amounts may not reconcile to the balance sheet. The average interest rate for the year for the table below is 3.9% (2008: 5.4%).

	Consolidated Entity		Company	
	2009	2008	2009	2008
	$	$	$	$
Cash at bank	242,157	517,781	221,052	288,787
	242,157	517,781	221,052	288,787

(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. This financial year there was no necessity to obtain collateral.

The credit quality of the financial assets are neither past due nor impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

	Consolidated Entity		Company	
	2009	2008	2009	2008
	$	$	$	$
Cash and cash equivalents	242,157	517,781	221,052	288,787
Receivables	34,201	239,011	5,920,537	8,721,148
Investments	7,035,608	11,258,713	7,035,608	11,258,713
	7,311,966	12,015,505	13,177,197	20,268,648

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.

All receivables noted above are due within 30 days. None of the above receivables are past due.

(c) Foreign Currency Risk

Last financial year, the Consolidated Entity was exposed to foreign currency risk on cash held by the Company and a controlled foreign entity, foreign resource project investment commitments and exploration and evaluation expenditure on foreign resource projects. The currency risk that gave rise to this risk was primarily Indonesia rupiahs. Since the sale of the controlled foreign entity, the consolidated entity has not entered into any forward exchange contracts as at balance date and is not currently exposed to foreign exchange risk. The Consolidated Entity's exposure to foreign currency risk at reporting date was as follows:

	Consolidated Entity	
	2009	2008
	IDR	IDR
Cash	-	196,148,658
Receivables	-	1,730,320,600
Payables	-	(110,461,923)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

28 FINANCIAL INSTRUMENTS (continued)

(d) Equity Price Risk Exposure

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

Equity securities price risk arises on the financial assets at fair value through profit or loss.

At the investment portfolio level, the consolidated entity is not overly exposed to one company or one particular industry sector of the market.

(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.
The financial liabilities disclosed in the above table have a maturity obligation of within 30 days.

(f) 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 at balance date are set out in Note 12 and financial liabilities at balance date are set out in Note 21.

(g) Sensitivity Analysis

The Consolidated Entity has no borrowings, therefore no liability exposure to interest rate risk. The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

The Consolidated Entity's exposure to the Indonesian rupiah currency is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The All Ordinaries Index was utilised as the benchmark for the listed share investments which are available for sale assets or at fair value through profit or loss. The unlisted options in Strike Resources Limited (SRK) is sensitive to the SRK share price.

		Consolidated Entity		Company	
		2009	**2008**	**2009**	**2008**
(i)	**Equity Price risk - listed investments**				
	Change in profit	**$**	**$**	**$**	**$**
	Increase by 15%	3,568,206	794,314	3,568,206	794,314
	Decrease by 15%	(3,568,206)	(794,314)	(3,568,206)	(794,314)
	Change in equity				
	Increase by 15%	3,568,206	794,314	3,568,206	794,314
	Decrease by 15%	(3,568,206)	(794,314)	(3,568,206)	(794,314)
(ii)	**Equity Price risk - unlisted investments**				
	Change in profit				
	Increase by 15%	193,762	1,105,744	193,762	1,105,744
	Decrease by 15%	(193,762)	(1,105,744)	(193,762)	(1,105,744)
	Change in equity				
	Increase by 15%	193,762	1,105,744	193,762	1,105,744
	Decrease by 15%	(193,762)	(1,105,744)	(193,762)	(1,105,744)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

29 COMMITMENTS

	Consolidated Entity	
	2009	**2008**
(a) Lease Commitments	**$**	**$**
Non-cancellable operating lease commitments:		
Not longer than one year	91,772	26,062
Between 12 months and 5 years	219,001	131,109
	310,773	157,170

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%.

30 CONTINGENT LIABILITIES AND ASSETS

(a) Directors' Deeds
The Company has entered into deeds of indemnity with each of its Directors indemnifying them against liability incurred in discharging their duties as directors/officers of the Consolidated Entity. At the end of the financial period, no claims have been made under any such indemnities and accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

(b) Royalty on Tenements
The Consolidated Entity is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from various Australian tenements - EL 47/1328 and PL 47/1170 (the Paulsens East Project tenements currently held by Strike Resources Limited), EL 24879, 24928 and 24929 and ELA 24927 (the Bigryli South Project tenements in the Northern Territory, currently held by Alara Resources Limited (Alara)), EL 09/1253 (a Mt James Project tenement in Western Australia, currently held by Alara) and EL 46/629 and a right to earn and acquire a 85% interest in ELA 46/585 (excluding all manganese mineral rights) (the Canning Well Project tenements in Western Australia, currently held by Alara).

31 EVENTS AFTER BALANCE SHEET DATE

On 29 July 2009, the Company secured a $500,000 revolving loan facility from controlling entity, Queste Communications Ltd. The loan is unsecured, for a term of 2 years and 10% per annum interest is payable in arrears. As at the date of this report, $350,000 has been drawn down from this facility.

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement and accompanying notes as set out on pages 15 to 43, 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 2009 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 remuneration disclosures set out in the Directors' Report on pages 10 to 11 (as the audited Remuneration Report) comply with section 300A of the *Corporations Act 2001*; and
4. The Directors have been given the declarations by the Executive Chairman (the person who performs the chief executive function) and the Company Secretary (the person who performs the chief financial officer function) as required by section 295A of the *Corporations Act 2001*.

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	**William Johnson**
Chairman	**Director**

3 September 2009

BDO Kendalls

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

Report on the Financial Report

We have audited the accompanying financial report of Orion Equities Limited, which comprises the balance sheet as at 30 June 2009, 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 disclosing entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the disclosing entity 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 controls 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 financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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

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.

BDO Kendalls

Auditor's Opinion

In our opinion:

(a) the financial report of Orion Equities Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the disclosing entity's and consolidated entity's financial position as at 30 June 2009 and of their 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of Orion Equities Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Orion Equities Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

Brad McVeigh
Director

Dated this 3rd day of September 2009
Perth, Western Australia

CORPORATE GOVERNANCE

Compliance with Corporate Governance Council's Principles

The extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations is as follows:

Principle	Compliance	CGS References / Comments
Principle 1: Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	2, 3.3, 4.1, 4.2, 4.3
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	3.11
1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1. The following material should be included in the corporate governance section of the annual report: • an explanation of any departure from Recommendation 1.1, 1.2 or 1.3. • whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: • a statement of matters reserved for the board or the board charter or the statement of areas of delegated authority to senior executives.	Yes	Annual Report 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 chair should be an independent director.	No	3.2, 3.5
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Not applicable The Company does not have a Chief Executive Officer	3.2
2.4 The board should establish a nomination committee.	No	4.2
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	3.11
2.6 Companies should provide the information indicated in the Guide to Reporting on Principle 2. The following material should be included in the corporate governance statement in 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. • the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of these relationships. • 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 period of office held by each director in office at the date of the annual report.	Yes	Annual Report Website CGS

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
• the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out. • whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed. • an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6. The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section: • a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors. • the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee. • the board's policy for the nomination and appointment of directors.		
Principle 3: Promote ethical and responsible decision making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:	No	6
3.1.1 the practices necessary to maintain confidence in the company's integrity.		
3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	The principal matters covered by a code of conduct are addressed by other policies	
3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2 Companies should establish a policy concerning trading in company securities by directors officers and employees and disclose the policy or a summary of that policy.	Yes	3.8
3.3 Companies should provide the information indicated in the Guide to Reporting on Principle 3. The following material should be included in the corporate governance statement in the annual report: • an explanation of any departures from Recommendations 3.1, 3.2 or 3.3 should be included in the corporate governance statement in the annual report. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: • any applicable code of conduct or a summary. • the trading policy or a summary of its main provisions.	Yes	Annual Report Website CGS
Principle 4: Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee.	No	4.2
4.2 Structure the audit committee so that it: • consists only of non-executive directors. • consists of a majority of independent directors. • is chaired by an independent chair, who is not chair of the board. • has at least three members.	Not applicable	See CGS 4.2
4.3 The audit committee should have a formal charter.	Not applicable	See CGS 4.2
4.4 Companies should provide the information indicated in the Guide to Reporting on Principle 4. The following material should be included in the corporate governance statement	Yes	Annual Report Website

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
in the annual report: • details of the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee or, where a company does not have an audit committee, how the functions of an audit committee are carried out. • the number of meetings of the audit committee and the names of the attendees. • explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance 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.		CGS
Principle 5: Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	7.1, 8.2
5.2 Companies should provide the information indicated in the Guide to Reporting on Principle 5. The following material should be included in the corporate governance statement in the annual report: • an explanation of any departures from 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 corporate governance section: • the policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's web site in a clearly marked corporate governance section.	Yes	Annual Report Website CGS
Principle 6: Respect the rights of shareholders		
6.1 Companies should design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	8.1
6.3 Companies should provide the information indicated in Guide to Reporting on Principle 6. • an explanation of any departures from best practice recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report. • the company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section. • a description of the arrangements the company has to promote communication with shareholders.	Yes	Annual Report Website CGS
Principle 7: Recognise and manage risk		
7.1 Companies should establish policies for oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	7.1
7.4 Companies should provide the information indicated in the Guide to Reporting on Principle 7. The following material should be included in the corporate governance section of the annual report: • an explanation of any departures from best practice recommendations 7.1, 7.2, 7.3 or 7.4. • whether the board has received the report from management under Recommendation 7.2. • whether the board has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: • a summary of the company's policies on risk oversight and management of material business risks.	Yes	Annual Report Website CGS
Principle 8: Remunerate fairly and responsibly		
8.1 The board should establish a remuneration committee.	No	4.2
8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Remuneration Report in the Directors' Report
8.3 Companies should provide the information indicated in the Guide to Reporting on Principle 8. The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report: • the names of the members of the remuneration committee and their attendance at meetings of the committee or, where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out. • the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors. • an explanation of any departure from Recommendations 8.1, 8.2 or 8.3. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: • the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee. • a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	Yes	Annual Report 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. Good 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 Corporate Governance Principles and 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 the Council's recommendations can be found on the ASX website at:

http://www.asx.com.au/about/corporate_governance/revised_corporate_governance_principles_recommendations.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 matters set out below, subject to delegation as specified elsewhere in this Statement or as otherwise appropriate:

(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 and the Investment Committee;

(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; and

   (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 Directors;

   (b) setting policies for Executives' remuneration, setting the terms and conditions of employment for Executives, undertaking reviews of Executives' performance, including setting goals and reviewing progress in achieving those goals; and

   (c) reviewing the Company's Executive and employee incentive schemes and making recommendations on any proposed changes; and

(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; and

   (b) oversight of Board and Executive succession plans.

CORPORATE GOVERNANCE

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 in office currently and during the 2008/2009 year and their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2009.

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 recognises its need to 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 the Company's activities. A Director is initially appointed by the Board and retires (and may stand for re-election) at the next Annual General Meeting after their appointment.

3.2. Executive Chairman

The Executive Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. The Executive Chairman of the Company is Mr Farooq Khan, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2009.

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. His qualifications and experience are stated in the Directors' Report for the year ended 30 June 2009.

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 Mr Victor Ho (also an Executive Director), whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2009.

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 ;

(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 the provision of material professional or consulting services;

(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; and

(6) 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 (Executive Director and Company Secretary) 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.

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 or his duties to any other parties and the interests of the

CORPORATE GOVERNANCE

Company 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 to 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 prohibits 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 prices of the Company's securities. 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 with which the Company has a relationship.

Dealings in the Company's securities by officers and employees are not permitted at any time whilst they are in the possession of price-sensitive information not already available to the market.

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 any Managing Director) may not retain office for more than three calendar years or beyond the third Annual General Meeting following their election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors (save for any 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.

The initial appointment and last re-election dates of each Director are listed below.

Director	Appointed	AGM Last Re-elected
Farooq Khan	23 October 2006	30 November 2006
Yaqoob Khan	5 November 1999	30 November 2007
William Johnson	28 February 2003	20 November 2008
Victor Ho	4 July 2003	30 November 2006 (standing for re-election at 2009 AGM)

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 Non-Executive Director is responsible for reviewing the performance and remuneration of the Executive Chairman. The Chairman also speaks to Directors individually regarding their role as a Director.

3.12. Meetings of the Board

The Chairman and Company Secretary schedule formal Board meetings whenever necessary to deal with specific matters requiring attention. Circulatory Resolutions are also utilised where appropriate either in place of or in addition to formal Board meetings.

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

CORPORATE GOVERNANCE

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. Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive. In accordance with legal requirements and agreed ethical standards, Directors and Executives of the Company have agreed to keep confidential all 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 and the Company Secretary 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 (or of any of its wholly-owned subsidiaries). A summary of the terms of such deeds is contained within the Remuneration Report in the Director's Report for the year ended 30 June 2009 and in the 2005 Notice of AGM dated 18 October 2005.

4. Management

4.1. Executives

The Company does not presently have a Managing Director, Chief Executive Officer or Chief Financial Officer. The Company's executive team comprise the Executive Chairman and two Executive Directors (one of whom also acts as the Company Secretary). The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the expense of the appointment of an independent Non-Executive Chairman.

The Board is of the opinion that all Directors exercise and bring to bear an unfettered and independent judgement towards their duties.

The Board has determined that the Executive Chairman is the appropriate person to make the Chief Executive Officer equivalent declaration and the Company Secretary is the appropriate person to make the Chief Financial Officer equivalent declaration in respect of the year ended 30 June 2009, as required under section 295A of the Corporations Act and recommended by the Council.

4.2. Board and Management Committees

In view of the current composition of the Board (which comprises an Executive Chairman, two Executive Directors and one Non-Executive Director) 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 audit, nominations and remuneration committees 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. 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 2009. Directors do not currently have any equity-based remuneration.

6. Code of Conduct and Ethical Standards

The Company was not of a size that warranted the establishment of a formal code of conduct that guides compliance with obligations to stakeholders during the year ended 30 June 2009. 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. Many of the items commonly found in a code of conduct are covered by the Company's policies designed to deal with compliance risk identified in section 7.1 of this Statement.

7. Internal Control, Risk Management and Audit

7.1. Internal Control and Risk Management

The Board of Directors is responsible for the overall internal control framework (which includes risk management) and oversight of the Company's policies on and management of risks that have the

CORPORATE GOVERNANCE

potential to impact significantly on operations, financial performance or reputation.

The Board recognises that no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably- qualified and experienced service providers and suitably-qualified and experienced management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

On a day-to-day basis, managing the various risks inherent in the Company's operations is the responsibility of the Executive Directors and the Company Secretary.

Risks facing the Company can be divided into the broad categories of operations, compliance and market risks.

Operations risk refers to risks arising from day to day operational activities which may result in direct or indirect loss from inadequate or failed internal processes, people or systems or external events. The Executive Directors have delegated responsibility from the Board for identification of operations risks generally, for putting processes in place to mitigate them and monitoring compliance with those processes. The Company has clear accounting and internal control systems to manage risks to the accuracy of financial information and other financial risks.

Compliance risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the Company's business, reputation and financial condition. The Company's compliance risk management strategy ensures compliance with key legislation affecting the Company's activities.

A key principle of the Company's compliance risk management strategy is to foster an integrated approach where line managers are responsible and accountable for compliance, within their job descriptions and within overall guidance developed by the Company Secretary assisted by the General Counsel.

The Company's compliance strategy is kept current with advice from senior external professionals and the ongoing training of Executives and other senior personnel involved in compliance management.

The Company has policies on responsible business practices and ethical behaviour including conflict of interest and share trading policies to maintain confidence in the Company's integrity and ensure legal compliance.

Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Investment Committee, under the supervision of the Board, assesses the Company's exposure to these risks and sets the strategic direction for managing them.

The Company's approach to risk management is not stationary; it evolves constantly in response to developments in operations and changing market conditions.

The Board has determined that the Executive Chairman is the appropriate person to make the Chief Executive Officer equivalent declaration and the Company Secretary (who is also an Executive Director) is the appropriate person to make the Chief Financial Officer equivalent declaration in respect of the year ended 30 June 2009, on the risk management and internal compliance and control systems recommended by the Council.

The Board has received assurances from the Executive Chairman and the Company Secretary that the declarations they provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

7.2. Audit

The Company's external auditor (**Auditor**) is selected for its professional competence, reputation and the provision of value for professional fees. Within the audit firm, the partner responsible for the conduct of the Company's audits is rotated every three years.

The Auditor is invited to attend the Company's annual general meetings to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's report.

8. Communications

8.1. Market and Shareholder Communications

The Company is owned by shareholders. Increasing shareholder value is the Company's key mission. Shareholders require an understanding of the Company's operations and performance to enable them to see how that mission is being fulfilled. The Directors are the shareholders' representatives. In order to properly perform their role, the Directors need to be able to ascertain the shareholders' views on matters affecting the Company.

CORPORATE GOVERNANCE

The Board therefore considers it paramount to ensure that shareholders are informed of all major developments affecting the Company and have the opportunity to communicate their views on the Company to the Board. Information is communicated to shareholders and the market through various means including:

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

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

(3) the Annual General Meeting (**AGM**) and other general meetings called to obtain shareholder approvals as appropriate. The Executive Chairman gives an address at the AGM updating shareholders on the Company's investment activities;

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

(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 is also posted on the Company's website.

Shareholders communicate with Directors through various means including:

(1) having the opportunity to ask questions of Directors at all general meetings;

(2) the presence of the external auditor at Annual General Meetings to take shareholder questions on any issue relevant to their capacity as auditor;

(3) the Company rotating shareholder meetings around capital cities to allow as many shareholders as possible to have an opportunity to attend a meeting;

(4) the Company's policy of expecting Directors to be available to meet shareholders at Annual General Meetings; and

(5) the Company making Directors and selected senior employees available to answer shareholder questions submitted by telephone, email and other means.

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 timely 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 ASX as well as communicating with ASX.

In accordance with the Corporations Act and ASX Listing Rule 3.1 the Company immediately notifies ASX of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, subject to exceptions permitted by that rule. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information 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.

All staff are required to inform their reporting manager of any potentially price-sensitive information concerning the Company as soon as they become aware of it. Reporting managers are in turn required to inform the Executive Director to whom they report or, in their absence, another Executive Director of any potentially price-sensitive information.

In general, the Company will not respond to market speculation or rumours unless ASX or an applicable law requires it to do so.

Only the Directors and employees who have been authorised by them may speak on the Company's behalf to the media, investors and analysts.

The Company may request a trading halt from ASX to prevent trading in its securities if the market appears to be uninformed. The Executive Directors are authorised to determine whether to seek a trading halt.

13 October 2009

LIST OF SHARE INVESTMENTS
as at 30 June 2009

Equities		Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Bentley Capital Limited	6.85	34%	BEL	Diversified Financials
2.	Strike Resources Limited	6.39	32%	SRK	Materials
3.	Katana Capital Limited	0.64	3%	KAT	Diversified Financials
4.	Alara Resources Limited	0.50	3%	AUQ	Energy
5.	Bell Financial Group Ltd	0.18	1%	BFG	Diversified Financials
6.	Chemrok Pty Ltd	0.06	<0.01%	Unlisted	N/A
7.	Jabiru Metals Limited	0.04	<0.01%	JML	Materials
8.	Malagasy Minerals Limited	0.03	<0.01%	MGY	Materials
9.	Advanced Share Registry Limited	0.02	<0.01%	ASW	Diversified Financials
10.	Venturex Resources Limited	0.02	<0.01%	VXR	Materials
11.	Elixir Petroleum Limited	0.01	<0.01%	EXR	Energy
12.	Mariner Financial Limited	0.00	<0.01%	MFI	Diversified Financials
TOTAL		**14.74**	**73.64%**		

The investment in Strike Resources Limited comprises the following securities:

	Fair Value $'million	% of Net Assets	ASX Code	
(a) 13,190,802 shares	5.54	25%	SRK	
(b) 1,833,333 unlisted $0.178 (9 Feb 2011) Options	0.49	2%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being $0.58 (the last bid price as at 30 June 2009). (ii) A risk free rate of return of 4.90% (based on the Commonwealth 3 year bond yield rate as at 30 June 2009). (iii) An estimated future volatility of SRK's share price of 80%.
(c) 1,666,667 unlisted $0.278 (9 Feb 2011) Options	0.36	2%		
Sub-total	**6.39**	**29%**		

RECONCILIATION OF DIFFERENCES

between unaudited Appendix 4E Preliminary Final Report and audited financial statements

The material differences between the unaudited Appendix 4E Preliminary Financial Report dated 31 August 2009 and the audited financial statements included in this Full Year Report are outlined as follows:

A. Adjustments attributable to a $5,441,850 overstatement in the amount of Impairment on amounts receivable from controlled entities at the Company level. There is no effect on the Consolidated accounts:

COMPANY	**Appendix 4E (unaudited) 30 June 2009**	**Restatement Adjustment**	**Restated (audited) 30 June 2009**
INCOME STATEMENT:	**$**	**$**	**$**
(c) Expenses from continuing operations			
Impairment of receivables	(7,381,232)	5,441,850	(1,939,382)
Loss before income tax expense	(21,650,099)	5,441,850	(16,208,249)
Loss after income tax expense	(17,849,210)	5,441,850	(12,407,360)
BALANCE SHEET AND STATEMENT OF CHANGE IN EQUITY:			
Trade and other receivables	508,557	5,441,850	5,950,407
Retained earnings / (Accumulated losses)	(4,803,907)	5,441,850	637,943
NOTES TO FINANCIAL STATEMENTS:			
Note 3. Income Tax Expense			
Permanent differences			
Writedowns to members of consolidated group	2,292,329	(1,632,555)	659,774
Note 10. Cash and Cash Equivalents			
(a) Reconciliation of net loss after tax to net cash flows from operations			
Loss after income tax	(17,849,210)	5,441,850	(12,407,360)
Doubtful debts provision	7,381,232	(5,441,850)	1,939,382
Note 11. Trade and Other Receivables			
Non-Current			
Amount receivable from controlled entities	7,856,966		7,856,966
Less impairment on amounts receivable	(7,381,232)	5,441,850	(1,939,382)
	475,734	5,441,850	5,917,584

Impaired receivables and receivables

Provision for doubtful debts have been raised in relation to the outstanding balances amounts owed by subsidiaries Silver Sands Development Pty Ltd and Dandaragan Estate Pty Ltd in excess of the net assets of the controlled entities.

None of the other receivables are impaired or past due.

Movement in provision for impairment of receivables			
At 1 July			
Provision for impairment recognised during the year	(7,381,232)	5,441,850	(1,939,382)

Note 26. Related Party Disclosures

(d) Loans to subsidiaries

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 15 to the financial statements. The amounts owed remain outstanding at balance date. Provision for doubtful debts have been raised in relation to any outstanding balances amounts owed by Silver Sands Development Pty Ltd and Dandaragan Estate Pty Ltd as noted in Note 11 that is in excess of the net assets of the controlled entities. Interest is not charged on such outstanding amounts.

Provision for impairment on amounts receivable	(7,381,232)	5,441,850	(1,939,382)

B. Adjustment attributable to recognition of $5,917,584 amounts receivable from controlled entities (net of impairment) at the Company level. There is no effect on the Consolidated accounts:

Note 28. Financial Instruments			
(b) Credit Risk Exposure			
Receivables	2,953	5,917,584	5,920,537

ADDITIONAL ASX INFORMATION
as at 12 October 2009

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	276	145,262	0.82%
1,001- 5000	238	581,969	3.27%
5,001- 10,000	77	587,164	3.30%
10,001 – 100,000	107	3,303,558	18.54%
100,001 and over	19	13,196,436	74.08%
Total	**717**	**17,814,389**	**100%**

Unmarketable Parcels

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 - 863	234	104,847	0.59%
864 and over	483	17,709,542	99.41%
Total	**717**	**17,814,389**	**100.00%**

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 863 shares or less (being a value of $500 or less in total, based upon the Company's last bid share price on 12 October 2009 of $0.58 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 11contract notes with stock brokers and subscription transactions with investee companies during the year, incurring total brokerage fees of ~$7,852.

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 12 October 2009

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	TOTAL SHARES	% ISSUED CAPITAL
1	QUESTE COMMUNICATIONS LTD *	8,558,127	48.041
2	CELLANTE SECURITIES PTY LIMITED *	913,038	5.125
3	ANZ NOMINEES LIMITED <CASH INCOME A/C>	890,800	5.000
4	STRIKE RESOURCES LIMITED	505,026	2.835
5	MR SIMON ROBERT EVANS & MRS KATHRYN MARGARET EVANS	290,309	1.630
6	REDSUMMER PTY LTD	225,000	1.263
7	MS HOON CHOO TAN	197,538	1.109
8	VIKAND CONSULTING PTY LTD	184,798	1.037
9	MR SEAN DENNEHY	164,500	0.923
10	MRS PENELOPE MARGARET SIEMON	163,794	0.919
11	MR BRUCE SIEMON	145,150	0.815
12	OPTION OPPORTUNITY FUND PTY LTD	142,403	0.799
13	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES	133,000	0.747
14	MR DONALD GORDON MACKENZIE & MRS GWENNETH ENDA MACKENZIE	126,189	0.708
15	MR EDWARD JAMES STEPHEN DALLY	125,000	0.654
16	MRS MORAG HELEN BARRETT	116,513	0.654
17	MR ANTHONY NEALE KILLER & MS SANDRA MARIE KILLER	110,000	0.617
18	MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK	103,726	0.582
19	RADIATA PTY LTD	101,525	0.570
20	MR STEPHEN JAMES LAMBERT & MRS RUTH LYNETTE LAMBERT & MR SIMON LEE LAMBERT <LAMBERT RETIREMENT ACCOUNT>	100,000	0.561
	TOTAL	**13,296,436**	**74.589**

* Substantial shareholder of the Company

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