



HALF YEAR REPORT

31 December 2007

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2007 ANNUAL REPORT OF THE COMPANY

www.orionequities.com.au

ASX Code: OEQ

ORION EQUITIES LIMITED

A.B.N. 77 000 742 843



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CORPORATE DIRECTORY**BOARD**

Farooq Khan	(Chairman)
William M. Johnson	(Director)
Victor P. H. Ho	(Director)
Yaqoob Khan	(Director)

COMPANY SECRETARY

Victor P. H. Ho

PRINCIPAL & REGISTERED OFFICE

Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

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Website: www.orionequities.com.au

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands Western Australia 6009

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Facsimile: (08) 9389 7871

Email: admin@advancedshare.com.au

Website: www.asrshareholders.com

STOCK EXCHANGE

Australian Securities Exchange
Perth, Western Australia

ASX CODE

OEQ

AUDITOR

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

Telephone: (08) 9380 8400

Facsimile: (08) 9380 8499

Website: www.bdo.com.au

APPENDIX 4D HALF YEAR REPORT

This Half Year Report is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.2A.3

Current Reporting Period: 1 July 2007 to 31 December 2007

Previous Corresponding Period: 1 July 2006 to 31 December 2006

Balance Date: 31 December 2007

Company: Orion Equities Limited (**OEQ**)

Consolidated Entity: OEQ and controlled entities:

- (1) Silver Sands Developments Pty Ltd (ACN 094 097 122), a wholly owned subsidiary;
- (2) Central Exchange Mining Ltd (ACN 119 438 265), a wholly owned subsidiary;
- (3) Koorian Olives Pty Ltd (ACN 120 616 891) incorporated in Western Australia on 7 July 2006, a wholly owned subsidiary;
- (4) Orion Indo Operations Pty Ltd (ACN 124 702 245) incorporated in Western Australia on 30 March 2007, a wholly owned subsidiary;
- (5) PT Orion Indo Mining, incorporated in Indonesia on 4 April 2007, 100% beneficially owned by Orion Indo Operations Pty Ltd.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated Entity	Dec 2007 \$	Dec 2006 \$	% Change	Up / Down
Total revenues	1,581,794	9,679,531	84%	Down
Total expenses	(1,544,659)	(820,911)	88%	Up
Profit before tax	37,135	8,858,620	100%	Down
Income tax benefit/(expense)	644,257	(3,277,961)	120%	Down
Profit after tax attributable to members	681,392	5,580,659	88%	Down
Basic and diluted earnings per share (cents)	3.82	31.33	88%	Down
Pre-tax NTA backing per share	\$2.173	\$2.223	2%	Down
Post-tax NTA backing per share	\$1.949	\$1.931	1%	Up

APPENDIX 4D HALF YEAR REPORT

Brief Explanation of Results

The Consolidated Entity reported a net profit during the current reporting period of \$37,135 (pre tax) (December 2006: \$8,858,620) and \$681,392 (after tax) (December 2006: \$5,580,659).

Total revenues of \$1,581,794 (Dec 2006: \$9,679,532) include:

- (1) \$1,124,812 net profit from the Company's share trading portfolio (Dec 2006: \$8,497,074), which comprises:
 - (a) \$498,111 unrealised losses on securities (Dec 2006: \$6,646,730 unrealised gains);
 - (b) \$1,555,653 realised gains on securities (Dec 2006: \$1,764,273);
 - (c) \$67,270 dividend income (Dec 2006: \$86,071);
- (2) \$852,796 share of Associate entities' net losses (Dec 2006: \$823,229 net profits), comprising:
 - (a) \$186,164 net losses attributable to ASX listed Bentley International Limited (**BEL**);
 - (b) \$666,632 net losses attributable to ASX listed Scarborough Equities Limited ("**SCB**");
- (3) \$255,124 dividend income received from Associate entities (Dec 2006: \$237,553), comprising:
 - (a) \$112,760 fully franked dividends attributable to BEL;
 - (b) \$142,364 fully franked dividends attributable to SCB;
- (4) \$1,022,800 income from olive grove operations (Dec 2006: \$Nil).

Total expenses of \$1,544,659 (Dec 2006: \$820,911) include:

- (1) \$942,657 olive grove operations (Dec 2006: \$268,357);
- (2) \$13,069 exploration and evaluation expenses (Dec 2006: \$79,988);
- (3) \$308,909 personnel costs (including Directors' fees) (Dec 2006: \$242,539);
- (4) \$27,922 brokerage fees (Dec 2006: \$37,588).

Please also refer to the balance of this Half Year Report.

Dividends

The Company will be paying an interim dividend as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking	Total Dividends Payable
1.5 cents per share	22 March 2008	29 March 2008	Fully franked	\$267,216

As the Consolidated Entity earned a net profit of \$681,392 for the half year (below the cost of the dividends payable), this interim dividend is also sourced from the Company's retained earnings of \$15,610,494 as at 31 December 2007 and is consistent with the Company's objective to provide a regular and stable dividend payment to shareholders.

APPENDIX 4D HALF YEAR REPORT

Associates

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

- (1) 28.5% interest in ASX listed Scarborough Equities Limited (**SCB**);
- (2) 28.8% interest in ASX listed Bentley International Limited (**BEL**).

The following entity became an Associate entity during the half year:

- (1) AquaVerde Holdings Pty Ltd (ACN 128 938 090) incorporated in Western Australia on 17 December 2007, 50% owned by wholly owned subsidiary, Silver Sands Developments Pty Ltd.

For and on behalf of the Directors,



Date: 29 February 2008

Victor Ho
Executive Director and Company Secretary
Telephone: (08) 9214 9797
Email: info@orionequities.com.au

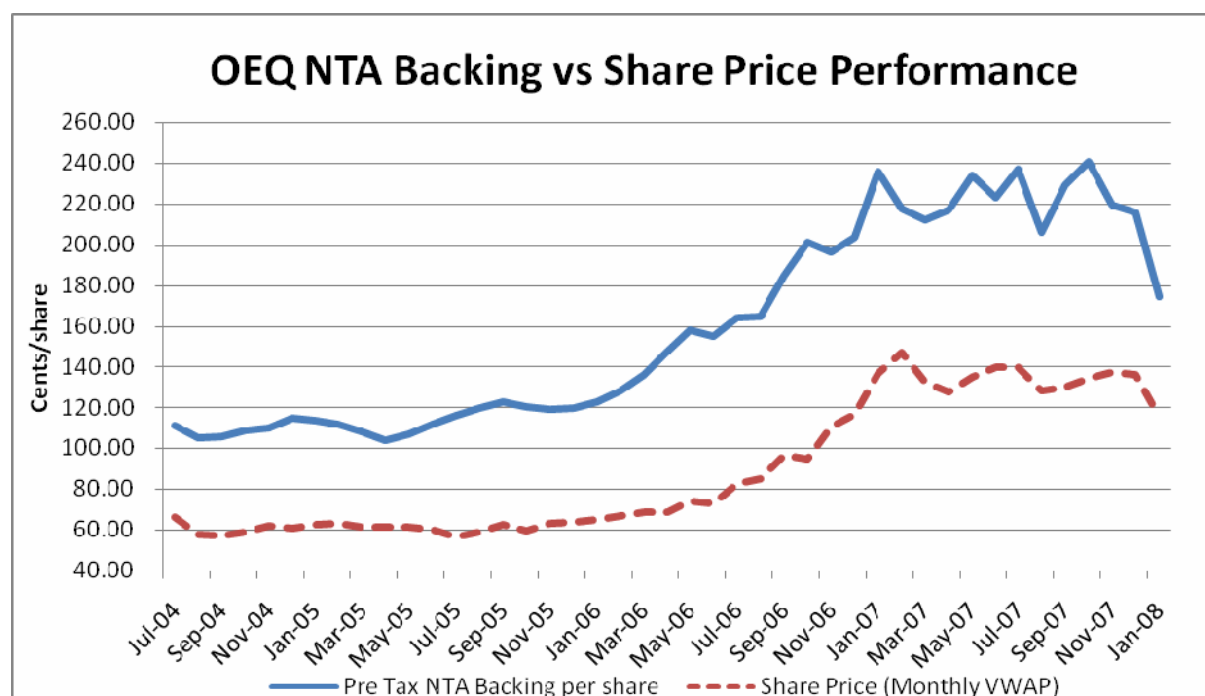
COMPANY PERFORMANCE

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

At 31 December 2007, OEQ had a market capitalisation of \$23.34 million (at \$1.31 per share), net assets of \$34.98 million (at \$1.949 after tax NTA backing per share), 17,814,389 fully paid ordinary shares on issue, and 760 shareholders on its share register (31 December 2006: \$21.47 million market capitalisation (at \$1.205 per share), net assets of \$34.6 million (at \$1.931 cents after tax NTA backing per share), 17,814,389 shares on issue, and 820 shareholders).

The Company has paid regular dividends since becoming an LIC in 2004, including an interim fully franked dividend of 1.5 cents per share for the half year ended 31 December 2007:

Dividend Rate per share	Record Date	Payment Date	Franking	Total Dividends Paid/Payable
1.5 cents	22 March 2008	29 March 2008	Fully franked	\$267,216
2 cents	17 September 2007	21 September 2007	Fully franked	\$356,288
1.5 cents	8 March 2007	15 March 2007	Fully franked	\$267,216
3.0 cents	12 October 2006	19 October 2006	Fully franked	\$534,432
1.5 cent	31 March 2006	7 April 2006	Fully franked	\$267,216
1.5 cent	30 September 2005	13 October 2005	Fully franked	\$267,216
5 cents	6 July 2004	9 July 2004	60% franked	\$861,000



VWAP = volume weighted average OEQ price for the month;

NTA = net tangible asset backing at month end

Source: IRESS

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 half year ended 31 December 2007 (**Balance Date**).

Orion Equities is a company limited by shares that is incorporated and domiciled in Australia and has been listed on the Australian Securities Exchange (**ASX**) since November 1970.

Orion Equities has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year. Controlled wholly owned entities are:

- (1) Silver Sands Developments Pty Ltd (ACN 094 097 122), a wholly owned subsidiary;
- (2) Central Exchange Mining Ltd (ACN 119 438 265), a wholly owned subsidiary;
- (3) Koorian Olives Pty Ltd (ACN 120 616 891) (formerly OEQO Pty Ltd) incorporated in Western Australia on 7 July 2006, a wholly owned subsidiary;
- (4) Orion Indo Operations Pty Ltd (ACN 124 702 245) incorporated in Western Australia on 30 March 2007, a wholly owned subsidiary;
- (5) PT Orion Indo Mining, incorporated in Indonesia on 4 April 2007, 100% beneficially owned by Orion Indo Operations Pty Ltd.

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

- (1) 28.5% interest in ASX listed Scarborough Equities Limited (**SCB**) (30 June 2007: 28.2%);
- (2) 28.8% interest in ASX listed Bentley International Limited (**BEL**) (30 June 2007: 28.4%)
- (3) 50% interest in AquaVerde Holdings Pty Ltd (incorporated in Western Australia on 17 December 2007) held by wholly owned subsidiary, Silver Sands Developments Pty Ltd.

OPERATING RESULTS

Consolidated	Dec 2007	Dec 2006
	\$	\$
Total revenues	1,581,794	9,679,531
Total expenses	(1,544,659)	(820,911)
Profit before tax	37,135	8,858,620
Income tax benefit/(expense)	644,257	(3,277,961)
Profit after tax	681,392	5,580,659

Total revenues of \$1,581,794 (Dec 2006: \$9,679,532) include:

- (1) \$1,124,812 net profit from the Company's share trading portfolio (Dec 2006: \$8,497,074), which comprises:
 - (a) \$498,111 unrealised losses on securities (Dec 2006: \$6,646,730 unrealised gains);
 - (b) \$1,555,653 realised gains on securities (Dec 2006: \$1,764,273);
 - (c) \$67,270 dividend income (Dec 2006: \$86,071);
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 - (a) \$186,164 net losses attributable to BEL;
 - (b) \$666,632 net losses attributable to SCB;

DIRECTORS' REPORT

- (3) \$255,124 dividend income received from Associate entities (Dec 2006: \$237,553), comprising:
- (a) \$112,760 fully franked dividends attributable to BEL;
 - (b) \$142,364 fully franked dividends attributable to SCB;
- (4) \$1,022,800 income from olive grove operations (Dec 2006: \$Nil).

Total expenses of \$1,544,659 (Dec 2006: \$820,911) include:

- (1) \$942,657 olive grove operations (Dec 2006: \$268,357);
- (2) \$13,069 exploration and evaluation expenses (Dec 2006: \$79,988);
- (3) \$308,909 personnel costs (including Directors' fees) (Dec 2006: \$242,539);
- (4) \$27,922 brokerage fees (Dec 2006: \$37,588).

EARNINGS PER SHARE

Consolidated Entity	Dec 2007	Dec 2006
Basic and diluted earnings per share (cents)	3.82	31.33
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

FINANCIAL POSITION

Consolidated	Dec 2007 \$	Jun 2007 \$
Cash	838,985	1,620,198
Current investments - shares	20,144,475	20,935,654
Non-current investments - shares	-	-
Investments - listed Associate entities	11,041,863	11,639,535
Inventory	3,821,038	4,467,902
Receivables	106,727	167,201
Resource projects	815,169	-
Other assets	2,637,455	2,670,395
	39,405,712	41,500,885
Tax liabilities	(3,987,739)	(5,195,589)
Other payables and liabilities	(442,556)	(1,654,983)
Net assets	34,975,417	34,650,313
Contributed Equity	19,374,007	19,374,007
Retained Earnings	15,601,410	15,276,306
Total Equity	34,975,417	34,650,313

DIRECTORS' REPORT

NET TANGIBLE ASSET BACKING

Consolidated	Dec 2007 \$	Jun 2007 \$
Net tangible assets (before tax)	38,713,156	39,595,902
Pre-Tax NTA Backing per share	2.173	2.223
Less: Provision for tax	(3,987,739)	(5,195,589)
Net tangible assets (after tax)	34,725,417	34,400,313
Post-tax NTA Backing per share	1.949	1.931
Based on total issued share capital	17,814,389	17,814,389

Dividends

The Company will be paying an interim dividend as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking	Total Dividends Payable
1.5 cents per share	22 March 2008	29 March 2008	Fully franked	\$267,216

As the Consolidated Entity earned a net profit of \$681,392 for the half year (below the cost of the dividends payable), this interim dividend is also sourced from the Company's retained earnings of \$15,610,410 as at 31 December 2007 and is consistent with the Company's objective to provide a regular and stable dividend payment to shareholders.

Dividend Policy

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

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

SECURITIES IN THE COMPANY

At Balance Date and as at the date of this Directors' Report, the Company has 17,814,389 fully paid ordinary shares on issue (31 December 2006: 17,814,389). All such shares are listed on ASX. The Company has no other securities on issue.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

1. Portfolio Details As At 31 December 2007

Asset Weighting

	<u>% of Net Assets</u>
Australian equities	77%
International equities ¹	13%
Property held for development and resale	11%
Koorian Olives ²	8%
Tax liabilities (current year and deferred)	-12%
Net cash/other assets and provisions	<u>3%</u>
TOTAL	<u>100%</u>

Top 20 Listed Equity Holdings

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
1. Strike Resources Limited	13.16	38.1%	SRK	Materials
2. Scarborough Equities Limited ³	5.68	16.5%	SCB	Diversified Financials
3. Bentley International Limited ³	4.35	12.6%	BEL	Diversified Financials
4. Alara Uranium Limited	1.52	4.4%	AUQ	Energy
5. Oilex NL	1.49	4.3%	OEX	Energy
6. Katana Capital Limited	1.36	3.9%	KAT	Diversified Financials
7. BHP Billiton Limited	0.60	1.7%	BHP	Materials
8. Bell Financial Group Limited	0.53	1.5%	BFG	Diversified Financials
9. Logicamms Limited	0.26	0.8%	LCM	Capital Goods
10. Woodside Petroleum Ltd.	0.21	0.6%	WPL	Energy
11. Jabiru Metals Limited	0.19	0.6%	JML	Materials
12. Cooper Energy Limited	0.16	0.5%	COE	Energy
13. Chemrok Pty Ltd	0.16	0.5%	Unlisted	Materials
14. Global Construction Services Limited	0.08	0.2%	GCS	Capital Goods
15. Malagasy Minerals Limited	0.08	0.2%	Unlisted	Materials
16. Magma Metals Limited	0.07	0.2%	MMB	Materials
17. Telstra Corporations Limited	0.07	0.2%	TLSCA	Telecommunications
18. Elixir Petroleum	0.05	0.1%	EXR	Energy
19. Straits Resources Limited	0.05	0.1%	SRL	Materials
20. Jutt Holdings Limited	0.04	0.1%	JUT	Materials
TOTAL	<u>30.11</u>	<u>78.20%</u>		

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

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

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

DIRECTORS' REPORT

The investment in Strike Resources Limited comprises the following securities:

	Fair Value \$'million	% of Net Assets	ASX Code	
(a) Listed shares	6.91	20.0%	SRK	
(b) Unlisted \$0.20 (9 Feb 2011) Options	3.34	9.7%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being \$1.98 (the last bid price as at 31 December 2007). (ii) A risk free rate of return of 6.79% (based on the Commonwealth 3 year bond yield rate as at 31 December 2007). (iii) An estimated future volatility of SRK's share price of 65%.
(c) Unlisted \$0.30 (9 Feb 2011) Options	2.91	8.4%		
Sub-total	13.16	38.1%		

2. Berau Coal Project (East Kalimantan, Indonesia)⁴

The Consolidated Entity holds a 70% interest in a thermal coal concession in north-east Kalimantan, Indonesia (of 5,000 hectares located approximately 40 kilometres south-west of Tanjungredeb (Berau) and approximately 350 kilometres north of Balikpapan (the capital city of Kalimantan) (Berau Coal Project)).

A drilling programme comprising 21 diamond drill holes, for an aggregate advance of 1,524 metres was conducted during the half year. A total of 59 composite samples were analysed, with results indicating good quality coal.



4

The information in this section that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Mr Hem Shanker Madan who is a Member of The Australian Institute of Mining and Metallurgy. Mr Madan is the Managing Director of Strike Resources Limited, who retains a 30% interest in the Berau Coal Project. Mr Madan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Madan consents to the inclusion in this section of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

A summary of the coal sample results representing coal seams greater than 1.5 metres is shown in the table below:

	Calorific Value (ar)	Calorific Value (adb)	Calorific Value (db)	Calorific Value (daf)	Total Moisture	Inherent Moisture	Ash	Volatile Matter	Fixed Carbon	Total Sulphur	HGI
Minimum	4558	4753	5357	7016	12.80	11.28	1.26	32.09	32.47	0.19	45
Maximum	6099	6286	7214	7351	23.17	17.59	21.83	44.26	45.62	2.84	55
Average	5621	5824	6798	7242	17.28	14.29	5.32	39.76	40.62	0.61	51

Other exploration activities conducted within the priority area include a 1:5000 scale topographic survey, surface geological and structural mapping, and geophysical downhole logging.

A second drilling programme comprising ~40 diamond drill holes for ~3,000 metres is currently in progress to further delineate the coal resource and develop a mine pit optimisation model. This programme is expected to be completed by mid March 2008 with analysis of results expected within 6 to 8 weeks thereafter.

The Consolidated Entity is also currently undertaking environmental and scoping/feasibility studies for the development of mining operations and transportation to the coast near Berau.

3. Koorian Olive Grove

The Consolidated Entity owns the Koorian Olive Grove, a 143 hectare commercial olive grove located in Gingin, Western Australian (approximately 100 kilometres North of Perth) producing extra virgin olive oil (EVOO) and table olives from approximately 64,500, 8 year old olive tree plantings.

The 2007 harvesting season yielded ~1,416 tonnes of fruit from which ~205,000 litres of EVOO were extracted. This oil was sold for ~\$1.02 million during the half year.



DIRECTORS' REPORT



DIRECTORS' REPORT

DIRECTORS

Information concerning Directors in office during or since the financial half year is as follows:

Farooq Khan	Executive Chairman
<i>Appointed</i>	23 October 2006
<i>Qualifications</i>	BJuris , LLB. (<i>Western Australia</i>)
<i>Experience</i>	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.
<i>Relevant interest in shares</i>	2,000 shares - directly 8,558,127 shares - indirectly ⁵
<i>Special Responsibilities</i>	Chairman of the Company and the Investment Committee
<i>Other current directorships in listed entities</i>	Current Chairman and Managing Director of: <ol style="list-style-type: none"> (1) Queste Communications Ltd (QUE) (since 10 March 1998) Current Chairman of: <ol style="list-style-type: none"> (2) Bentley International Limited (BEL) (director since 2 December 2003) (3) Scarborough Equities Limited (SCB) (since 29 November 2004) Current Executive Director of: <ol style="list-style-type: none"> (4) Strike Resources Limited (SRK) (since 9 September 1999) (5) Alara Uranium Limited (AUC) (since 18 May 2007) (6) Interstaff Recruitment Limited (ITS) (since 27 April 2006)
William M. Johnson	Executive Director
<i>Appointed</i>	28 February 2003.
<i>Qualifications</i>	MA (Oxon), MBA
<i>Experience</i>	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 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
<i>Relevant interest in shares</i>	None
<i>Special Responsibilities</i>	Member of Investment Committee
<i>Other current directorships in listed entities</i>	Current Director of: <ol style="list-style-type: none"> (1) Strike Resources Limited (SRK) (since 14 July 2006) (2) Scarborough Equities Limited (SCB) (since 29 November 2004) (3) Drillsearch Energy Limited (DLS) (since October 2006) (4) Sofcom Limited (SOF) (since 18 October 2005)

⁵ Held by Queste Communications Ltd (**QUE**); Farooq Khan (and associated companies) have a deemed relevant interest in the OEQ shares in which QUE has a relevant interest by reason of having >20% voting power in QUE.

DIRECTORS' REPORT

Victor P. H. Ho	Executive Director and Company Secretary
<i>Appointed</i>	Executive Director since 4 July 2003; Company Secretary since 2 August 2000
<i>Qualifications</i>	BCom, LLB (<i>Western Australia</i>)
<i>Experience</i>	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
<i>Relevant interest in shares</i>	None
<i>Special Responsibilities</i>	Member of Investment Committee
<i>Other positions held in listed entities</i>	Current Executive Director and Company Secretary of: <ol style="list-style-type: none"> (1) Strike Resources Limited (SRK) (Secretary since 9 March 2000 and Director since 12 October 2000) (2) Sofcom Limited ((SOF) Director since 3 July 2002 and Company Secretary since 23 July 2003) Current Company Secretary of: <ol style="list-style-type: none"> (3) Queste Communications Ltd (QUE) (since 30 August 2000) (4) Bentley International Limited (BEL) (since 5 February 2004) (5) Scarborough Equities Limited (SCB) (since 29 November 2004) (6) Alara Uranium Limited (AUO) (since 4 April 2007)

Yaqoob Khan	Non-Executive Director
<i>Appointed</i>	5 November 1999
<i>Qualifications</i>	BCom (<i>Western Australia</i>), Master of Science in Industrial Administration (<i>Carnegie Mellon</i>)
<i>Experience</i>	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
<i>Relevant interest in shares</i>	None
<i>Special Responsibilities</i>	None
<i>Other current directorships in listed entities</i>	Queste Communications Ltd (QUE) (since 10 March 1998)

DIRECTORS' REPORT

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 16. This relates to the Independent Review Report, where the Auditors state that they have issued an independence declaration.

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



Farooq Khan
Chairman

Perth, Western Australia

29 February 2008



Victor Ho
Director



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
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29 February 2008

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

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF ORION EQUITIES LIMITED

As lead auditor for the review of Orion Equities Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

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

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

Chris Burton
Director

BDO Kendalls

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

INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated Entity	
		31 Dec 07 \$	31 Dec 06 \$
Revenue from continuing operations			
Share of Associate entities' net profits/(loss)		2,402,736	3,711,106
Other income		(852,796)	823,229
		31,854	81,275
		<hr/>	<hr/>
Expenses	2 a	1,581,794	4,615,610
Personnel	2 b	(308,909)	(242,539)
Communications		(13,070)	(12,417)
Occupancy		(39,836)	(39,962)
Corporate		(13,465)	(22,470)
Financing		(2,392)	(1,808)
Borrowing cost		(47)	-
Costs in relation to investments		-	(27,667)
Olive grove operations		(942,657)	(268,357)
Administration expenses			
- legal and other professional fees		(13,069)	1,719
- exploration and evaluation expenditure		(13,304)	(71,951)
- other		(197,910)	(125,846)
		<hr/>	<hr/>
Profit before income tax expense		37,135	3,804,312
Income tax benefit/(expense)		644,257	(1,760,994)
		<hr/>	<hr/>
Profit from continuing operations		681,392	2,043,318
Profit from discontinued operations		-	3,537,341
		<hr/>	<hr/>
Profit after income tax expense		681,392	5,580,659
		<hr/> <hr/>	<hr/> <hr/>
Dividends per share (cents) per share	4	2.0	3.0
Basic earnings per share (cents)	5	3.82	31.33
Diluted earnings per share (cents)	5	n/a	n/a

The accompanying notes form part of these financial statements

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Note	Consolidated Entity	
		31 Dec 07	30 Jun 07
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	838,985	1,620,198
Trade and other receivables		73,904	134,378
Financial assets at fair value	7	20,144,475	20,935,654
Inventories		-	646,864
Other		93	-
TOTAL CURRENT ASSETS		21,057,457	23,337,094
NON CURRENT ASSETS			
Trade and other receivables		32,823	32,823
Inventory		3,821,038	3,821,038
Investments in controlled entities		-	-
Investments in Associate entities - equity accounted	8	11,041,863	11,639,535
Property, plant and equipment		2,087,362	2,120,395
Olive trees		300,000	300,000
Intangible assets		250,000	250,000
Resource projects		815,169	-
TOTAL NON CURRENT ASSETS		18,348,255	18,163,791
TOTAL ASSETS		39,405,712	41,500,885
CURRENT LIABILITIES			
Trade and other payables		442,556	1,654,983
Current tax liabilities		344,724	726,615
TOTAL CURRENT LIABILITIES		787,280	2,381,598
NON CURRENT LIABILITIES			
Deferred tax liability		3,643,015	4,468,974
TOTAL NON CURRENT LIABILITIES		3,643,015	4,468,974
TOTAL LIABILITIES		4,430,295	6,850,572
NET ASSETS		34,975,417	34,650,313
EQUITY			
Contributed equity	9	19,374,007	19,374,007
Retained earnings		15,601,410	15,276,306
TOTAL EQUITY		34,975,417	34,650,313

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2007

<u>Consolidated Entity</u>	Issued Capital	Retained Earnings	Total Equity
At 1 July 2006	19,375,598	6,029,698	25,405,296
Profit for the period	-	5,580,659	5,580,659
Total recognised income and expense for the period	-	5,580,659	5,580,659
Dividends paid	-	(534,432)	(534,432)
Share buy back cost	(1,592)	-	(1,592)
At 31 December 2006	<u>19,374,006</u>	<u>11,075,925</u>	<u>30,449,931</u>
At 1 July 2007	19,374,007	15,276,306	34,650,313
Profit for the period	-	681,392	681,392
Total recognised income and expense for the period	-	681,392	681,392
Dividends paid	-	(356,288)	(356,288)
At 31 December 2007	<u>19,374,007</u>	<u>15,601,410</u>	<u>34,975,417</u>

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated Entity	
		31 Dec 07	31 Dec 06
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,022,800	54,160
Sale proceeds from trading portfolio		4,222,014	7,102,496
Payments for trading portfolio		(3,077,474)	(3,349,861)
Proceeds from options portfolio		-	40,400
Payments to suppliers and employees		(1,242,542)	(552,630)
Payments for exploration and evaluation		(828,473)	(79,988)
Interest received		31,853	27,115
Interest paid		(46)	-
Income tax paid		(563,593)	(647,348)
Dividends received		55,012	89,821
		<hr/>	<hr/>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(380,449)	2,684,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
equity investments		-	(6,656)
property, plant and equipment		(44,463)	(11,609)
inventory - land		-	(160,597)
		<hr/>	<hr/>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(44,463)	(178,862)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for share buy back		-	(1,592)
Payments for dividends		(356,301)	(530,216)
		<hr/>	<hr/>
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(356,301)	(531,808)
NET INCREASE IN CASH ASSETS HELD		(781,213)	1,973,495
Cash at beginning of the half year		1,620,198	1,102,658
		<hr/>	<hr/>
CASH AT THE END OF THE HALF YEAR	6	838,985	3,076,153

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and the Company's ASX announcements released from 1 July 2007 to the date of this report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the year ended 30 June 2007.

2. PROFIT FOR THE HALF YEAR

Profit for the half year includes the following items of revenue and expenses below. The comparatives for the Consolidated Entity include the revenue and expenses of discontinued operations of Hume Mining NL (refer to Note 3).

	Consolidated Entity	
	31 Dec 07	31 Dec 06
	\$	\$
(a) Income		
Trading portfolio		
Proceeds from sale of securities	4,222,014	6,627,465
Cost of securities sold	(2,666,361)	(4,863,192)
Unrealised gains/(losses) on securities	(498,111)	6,646,730
Dividends received from securities	67,270	86,071
	<u>1,124,812</u>	<u>8,497,074</u>
Options portfolio		
Proceeds from sale of options	-	40,400
	<u>-</u>	<u>40,400</u>
Associate entities		
Share of Associate entities' profit/(loss)	(852,796)	823,229
Dividends received from Associate entities	255,124	237,553
	<u>(597,672)</u>	<u>1,060,782</u>
Olive grove		
Income from sale of olives	1,022,800	-
	<u>1,022,800</u>	<u>-</u>
Interest received - other	31,854	27,115
Other income	-	54,160
	<u>31,854</u>	<u>81,275</u>
Total revenue	<u>1,581,794</u>	<u>9,679,531</u>

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007

2. PROFIT FOR THE HALF YEAR (continued)

	Consolidated Entity	
	31 Dec 07	31 Dec 06
	\$	\$
(b) Expenses		
Olive grove operations	942,657	268,357
Occupancy expenses	39,836	39,962
Finance expenses	2,392	1,894
Borrowing cost	47	-
Corporate expenses	13,465	22,470
Administration expenses		
- Communications	13,070	12,417
- Personnel - employee entitlements	4,348	39,510
- other	304,561	203,029
- Legal and other professional fees	13,069	(1,719)
- Costs in relation to investments	-	29,157
- Brokerage fees	27,922	37,588
- Exploration and evaluation expenses	13,304	79,988
- Depreciation expenses	77,497	5,027
- Other expenses	92,491	83,231
	<u>1,544,659</u>	<u>820,911</u>

3. DISCONTINUED OPERATIONS

On 18 May 2007, the Company disposed of its uranium assets via the sale of its subsidiary, Hume Mining NL to Alara Uranium Limited (Alara), in consideration for the issue of 6,250,000 ordinary shares in Alara. Alara completed its initial public offering of \$10 million at \$0.25 per share and commenced trading (ASX Code: AUQ) on ASX on 24 May 2007. Financial information relating to the discontinued operations of Hume from 1 July 2006 to the 31 December 2006 is set out below.

Financial information relating to the discontinued operation, which has been incorporated into the Income Statement, is as follows:

	Consolidated Entity	
	31 Dec 07	31 Dec 06
	\$	\$
Revenue	-	5,063,921
Expenses	-	(9,613)
Loss before income tax	-	5,054,308
Income tax expense	-	(1,516,967)
Loss after income tax	-	<u>3,537,341</u>

The carrying amounts of assets and liabilities of the operation at the date of cessation were:

Total assets	-	8,279,624
Total liabilities	-	(2,713,981)
Net asset	-	<u>5,565,643</u>

The net cash flows of the business, which have been incorporated into the Cash Flow Statement, are as follows:

Net cash outflow from operating activities	-	(9,200)
Net cash inflow from investing activities	-	173,400
Net increase/(decrease) in cash from businesses	-	<u>164,200</u>

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007

4. DIVIDENDS

Declared and paid during the year	Date paid	Consolidated Entity	
		31 Dec 07	31 Dec 06
		\$	\$
<u>Dividends on ordinary shares</u>			
3 cents per share fully franked	19-Oct-06	-	534,432
2 cent per share fully franked	21-Sep-07	356,288	-
		<u>356,288</u>	<u>534,432</u>

Dividends declared post balance date

	Date paid	Consolidated Entity	
		31 Dec 07	31 Dec 06
		\$	\$
<u>Dividends on ordinary shares</u>			
1.5 cent per share fully franked	15-Mar-07	-	267,216
1.5 cent per share fully franked	29-Mar-08	267,216	-
		<u>267,216</u>	<u>-</u>

(Record Date will be 22 March 2008 with payment to be effected on or about 29 March 2008)

5. EARNINGS PER SHARE

	Consolidated Entity	
	31 Dec 07	31 Dec 06
Basic earnings per share (cents)	3.8	31.3
Net profit for the half year	681,392	5,580,659
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>17,814,389</u>	<u>17,814,389</u>

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

6. CASH AND CASH EQUIVALENTS

	Consolidated Entity		
	31 Dec 07	30 Jun 07	31 Dec 06
	\$	\$	\$
Cash at bank	838,985	625,691	3,076,153
Bank bills	-	994,507	-
	<u>838,985</u>	<u>1,620,198</u>	<u>3,076,153</u>

7. FINANCIAL ASSETS AT FAIR VALUE

Financial assets at fair value comprise:	Consolidated Entity	
	31 Dec 07	30 Jun 07
	\$	\$
Listed investments at fair value	<u>13,895,240</u>	<u>14,524,147</u>
Unlisted options in listed corporations at cost	10,000	10,000
Add: net change in fair value	6,239,235	6,401,507
	<u>6,249,235</u>	<u>6,411,507</u>
Total financial assets at fair value	<u>20,144,475</u>	<u>20,935,654</u>

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
		31 Dec 07	30 Jun 07	31 Dec 07	30 Jun 07
				\$	\$
Bentley International Limited	Investments	28.80%	28.38%	4,553,560	4,626,965
Scarborough Equities Limited	Investments	28.47%	28.22%	6,488,303	7,012,570
				<u>11,041,863</u>	<u>11,639,535</u>

On 28 September 2007, the Company received 311,094 shares in BEL for \$122,760 and 144,094 shares in SCB for \$142,364 pursuant to the Company's participation under the respective BEL and SCB Dividend Reinvestment Plans.

	31 Dec 07	30 Jun 07
	\$	\$
Movement in Investments in Associates		
Shares in listed Associate entities brought forward	11,639,535	9,726,370
Share of profit before income tax expense	(554,831)	2,577,652
Share of income tax expense	(42,841)	(426,992)
Dividends received	(255,124)	(481,705)
Acquisition of shares	255,124	244,210
Carrying amount at the end of the financial period	<u>11,041,863</u>	<u>11,639,535</u>

Fair value of listed investments in associates

Bentley International Limited	4,345,477	4,397,645
Scarborough Equities Limited	5,675,841	5,776,706
	<u>10,021,318</u>	<u>10,174,351</u>

Net tangible asset value of listed investments in associates

Bentley International Limited	5,652,596	5,705,009
Scarborough Equities Limited	6,415,949	6,923,972
	<u>12,068,545</u>	<u>12,628,981</u>

Share of Associates' (loss) profits

Profit before income tax	(554,831)	2,577,652
Income tax expense	(42,841)	(426,992)
Profit after income tax	<u>(597,672)</u>	<u>2,150,660</u>

Summarised Financial Position of Associates

	Group share of:			
	Bentley International Limited		Scarborough Equities Limited	
	31 Dec 07	30 Jun 07	31 Dec 07	30 Jun 07
	\$	\$	\$	\$
Current assets	5,690,659	5,835,090	864,308	2,130,829
Non current assets	46,171	1,749	6,101,076	5,504,145
Total assets	<u>5,736,831</u>	<u>5,836,839</u>	<u>6,965,385</u>	<u>7,634,974</u>
Current liabilities	(39,071)	(131,830)	(33,906)	(42,064)
Non current liabilities	(44,591)	-	(515,453)	(668,938)
Total liabilities	<u>(83,662)</u>	<u>(131,830)</u>	<u>(549,359)</u>	<u>(711,002)</u>
Net assets	<u>5,653,168</u>	<u>5,705,009</u>	<u>6,416,026</u>	<u>6,923,972</u>
Revenues	54,057	995,411	443,544	2,745,757
Profit after income tax of associates	<u>(73,404)</u>	<u>382,154</u>	<u>(524,267)</u>	<u>1,768,506</u>

Scarborough Equities Limited and Bentley International Limited - Lease Commitments

SCB and BEL has the same lease commitments disclosed in note 12 (a).

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007

9. CONTRIBUTED EQUITY	Consolidated Entity	
	31 Dec 07	30 Jun 07
Fully paid ordinary shares	\$ 19,374,007	\$ 19,374,007

Movement in Ordinary Share Capital	Number of shares	
	At 1 July 2006	17,814,389
Unmarketable parcel sale expenses	-	(1,591)
At 1 July 2007	17,814,389	19,374,007
Unmarketable parcel sale expenses	-	-
As at balance date	17,814,389	19,374,007

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

10. RELATED PARTY DISCLOSURES

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

(a) Transactions with related parties	Consolidated Entity	
	31 Dec 07	30 Jun 07
	\$	\$
<i>Dividends revenue</i>		
Bentley International Limited	112,760	222,529
Scarborough Equities Limited	142,364	259,197
<i>Dividends paid</i>		
Queste Communications Ltd	171,162	385,116

11. SEGMENT REPORTING

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

BUSINESS SEGMENT	Segment revenue		Segment result	
	31 Dec 07	31 Dec 06	31 Dec 07	31 Dec 06
	\$	\$	\$	\$
Investments	1,379,936	8,827,367	1,352,014	8,760,622
Resources	-	-	(13,304)	(79,988)
Olive grove operations	1,022,800	-	5,899	(270,581)
Share of associates' profit	(852,796)	823,229	(852,796)	823,229
Unallocated	31,854	28,935	(454,678)	(374,662)
Total segment revenue	1,581,794	9,679,531		
Profit before income tax			37,135	8,858,620

	Segment Assets		Segment liabilities	
	31 Dec 07	30 Jun 07	31 Dec 07	30 Jun 07
	\$	\$	\$	\$
Investments	35,007,376	36,396,227	3,643,015	5,184,917
Resources	815,169	-	-	-
Olive grove operations	2,630,813	3,416,848	130,844	651,549
Unallocated	952,354	1,687,810	656,436	1,014,106
	39,405,712	41,500,885	4,430,295	6,850,572

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007

11. SEGMENT REPORTING (continued)	31 Dec 07			30 Jun 07		
	Investments	Resources	Olive grove operations	Investments	Resources	Olive grove operations
	\$	\$	\$	\$	\$	\$
Acquisition of segment assets	3,077,474	815,169	43,529	5,935,246	-	2,707,989
Other non-cash expenses						
- Unrealised gains/(losses) on securities	(498,111)	-	-	8,583,740	-	-

GEOGRAPHICAL SEGMENT

	Segment revenue	Segment results	Segment Assets	Segment Liabilities	Acquisitions of segment assets
	31 Dec 07	31 Dec 07	31 Dec 07	31 Dec 07	31 Dec 07
	\$	\$	\$	\$	\$
Australia	1,581,794	50,439	38,590,543	4,430,295	3,121,003
Indonesia	-	-	815,169	-	815,169
Pakistan	-	(13,304)	-	-	-
	<u>1,581,794</u>	<u>37,135</u>	<u>39,405,712</u>	<u>4,430,295</u>	<u>3,936,172</u>

12. COMMITMENTS

	Consolidated Entity	
	31 Dec 07	30 Jun 07
	\$	\$
(a) Lease Commitments		
Non-cancellable operating lease commitments:		
Not longer than one year	27,767	24,960
Between 12 months and 5 years	125,662	99,840
Greater than 5 years	17,286	24,960
	<u>170,715</u>	<u>149,760</u>

The lease commitment is the Company's share of the Chairman's and Company Secretarial 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 commencing 30 June 2006 and expiring 30 June 2013 and contains a rent review increase each year alternating between 5% and the greater of market rate or CPI + 1%.

13. CONTINGENT LIABILITIES AND ASSETS

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

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

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

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

- Two remaining staged cash payments totalling US\$0.30 million over a 12 month period; and
- Royalties of between US\$1.00 to \$4.00 per dry metric tonne of coal mined and sold from the concession area, depending on the calorific value of the coal (ranging from 5,000 to 6,000 KCal and above) and the waste to ore ratio incurred in mining operations.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2007

13. CONTINGENT LIABILITIES AND ASSETS (continued)

(b) Royalty Owed To Central Exchange Mining Ltd

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

(c) Native Title

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

(d) Directors' Deeds

The Company has entered into deeds of indemnity with each of its Directors indemnifying them against liability incurred in discharging their duties as directors/officers of the Consolidated Entity. At the end of the financial 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.

14. EVENTS AFTER BALANCE SHEET DATE

(a) The Company will pay an interim dividend of 1.5 cent per share (100% franked) in respect of net profits derived for the half year ended 31 December 2007 and retained earnings as at 31 December 2007. The record date will be 22 March 2008 with payment to be effected on or about 29 March 2008.

(b) As at 31 January 2008, the Company's investment portfolio (financial assets at fair value) was valued at \$14.5 million, representing a diminution in value of \$5.7 million since 31 December 2007. An impairment loss has not been recognised at the 31 December 2007 as the Directors believe the diminution in value is as a consequence of market conditions and does not represent a permanent impairment of financial assets.

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

In accordance with a resolution of the directors of Orion Equities Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001*, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan
Chairman



Victor Ho
Director

Perth, Western Australia

29 February 2008

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

We have reviewed the accompanying half-year financial report of Orion Equities Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Orion Equities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orion Equities Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls



Chris Burton
Director

Perth, Western Australia
Dated this 29th day of February 2008

INFORMATION ON SECURITIES

as at 31 December 2007

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	295	156,075	0.876%
1,001- 5000	260	637,117	3.576%
5,001- 10,000	84	633,399	3.556%
10,001 – 100,000	108	2,996,008	16.818%
100,001 and over	13	13,391,790	75.174%
Total	760	17,814,389	100%

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	TOTAL SHARES	% ISSUED CAPITAL
1	QUESTE COMMUNICATIONS LTD*	8,558,127	48.04%
2	UBS NOMINEES PTY LTD	1,035,907	5.82%
3	CELLANTE SECURITIES PTY LIMITED	784,538	4.40%
4	KATANA CAPITAL LIMITED	650,000	3.65%
5	MR ABE ZELWER	582,914	3.27%
6	STRIKE RESOURCES LIMITED	505,026	2.83%
7	MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE	308,189	1.73%
8	ANZ NOMINEES LIMITED <CASH INCOME A/C>	270,790	1.52%
9	REDSUMMER PTY LTD	225,000	1.26%
10	MS HOON CHOO TAN	147,038	0.83%
11	MR EDWARD JAMES STEPHEN DALLY	115,000	0.65%
12	MR JOHN CHENG-HSIANG YANG & MS PEGA PING PING MOK	103,726	0.58%
13	RADIATA PTY LTD	101,525	0.57%
14	MR LAWRENCE BRIAN CUMMINGS & MRS FRANZIE NANETTE CUMMINGS <CUMMINGS FAMILY S/F A/C>	100,000	0.56%
15	MR BRUCE SIEMON	89,650	0.50%
16	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES <HOPERIDGE ENT P/L SUPER A/C>	90,000	0.51%
17	MRS CAROLINE ANN PICKERING	80,067	0.45%
18	MR JOHN GORDON KELLAS	80,000	0.45%
19	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER <THE KILLER SUPER A/C>	70,000	0.39%
20	MR KING CHONG CHAI	76,164	0.43%
	TOTAL	13,985,751	78.51%

* Substantial shareholder of the Company