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## HALF YEAR REPORT

31 December 2010

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THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE  
30 JUNE 2010 ANNUAL REPORT OF THE COMPANY



ASX Code: OEQ

[www.orionequities.com.au](http://www.orionequities.com.au)

ORION EQUITIES LIMITED

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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

### PRINCIPAL & REGISTERED OFFICE

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

Telephone: (08) 9214 9797  
Facsimile: (08) 9322 1515  
Email: [info@orionequities.com.au](mailto:info@orionequities.com.au)  
Website: [www.orionequities.com.au](http://www.orionequities.com.au)

### SHARE REGISTRY

Advanced Share Registry Services  
Suite 2, 150 Stirling Highway  
Nedlands Western Australia 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871  
E-mail: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)

### STOCK EXCHANGE

Australian Securities Exchange  
Perth, Western Australia

### ASX CODE

OEQ

### AUDITOR

BDO (WA) Pty Ltd  
38 Station Street  
Subiaco, Western Australia 6008  
Telephone: (08) 6382 4600  
Facsimile: (08) 6382 4601  
Website: [www.bdo.com.au](http://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 2010 to 31 December 2010

Previous Corresponding Period: 1 July 2009 to 31 December 2009

Balance Date: 31 December 2010

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

Consolidated Entity: Orion and controlled entities.

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated Entity	Dec 2010 \$	Dec 2009 \$	% Change	Up/ Down
Total revenues	2,485,829	7,876,460	68%	Down
Total expenses	(1,195,909)	(2,462,236)	51%	Down
<b>Profit before tax</b>	1,289,920	5,414,224	76%	Down
Income tax expense	-	(1,154,032)	-	N/A
<b>Profit attributable to members of the Company</b>	1,289,920	4,260,192	70%	Down
<b>Basic and diluted earnings per share</b>	7.2	23.9	70%	Down

Consolidated Entity	Dec 2010	Jun 2010	% Change	Up/Down
Pre-tax NTA backing per share	1.207	1.135	6%	Up
Post-tax NTA backing per share	1.207	1.135	6%	Up

# APPENDIX 4D HALF YEAR REPORT

## BRIEF EXPLANATION OF RESULTS

Total revenues of \$2,485,829 include:

- (1) \$1,520,804 net gains on financial assets held at fair value through profit or loss (December 2009: \$5,404,906);
- (2) \$785,400 share of Associate entity's net profit (December 2009: \$1,569,230); and
- (3) \$172,234 income from olive grove operations (December 2009: \$897,545).

Total expenses of \$1,195,909 include:

- (1) \$418,331 olive grove operations (which includes depreciation) (December 2009: \$999,510);
- (2) \$318,472 personnel costs (including Directors' fees) (December 2009: \$296,238); and
- (3) \$292,681 land operations costs (December 2009: \$22,377).

Please refer to the Directors' Report and Financial Report for further information on a review of the operations and the financial position and performance of Orion Equities for the half year ended 31 December 2010.

## DIVIDENDS

The Directors have not declared a dividend in respect of the half year ended 31 December 2010.

## ASSOCIATE ENTITIES

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

- (1) 28.34% interest in ASX listed Bentley Capital Limited (ACN 008 108 218) (BEL).

During the financial half year, the Company deregistered AquaVerde Holdings Pty Ltd (ACN 128 938 090), which was held (as to 50%) by wholly owned subsidiary, Silver Sands Developments Pty Ltd.

## CONTROLLED ENTITIES

The Company did not gain or cease control of any entities during the half year.

For and on behalf of the Directors,



Date: 28 February 2011

**Victor Ho**  
Executive Director and Company Secretary

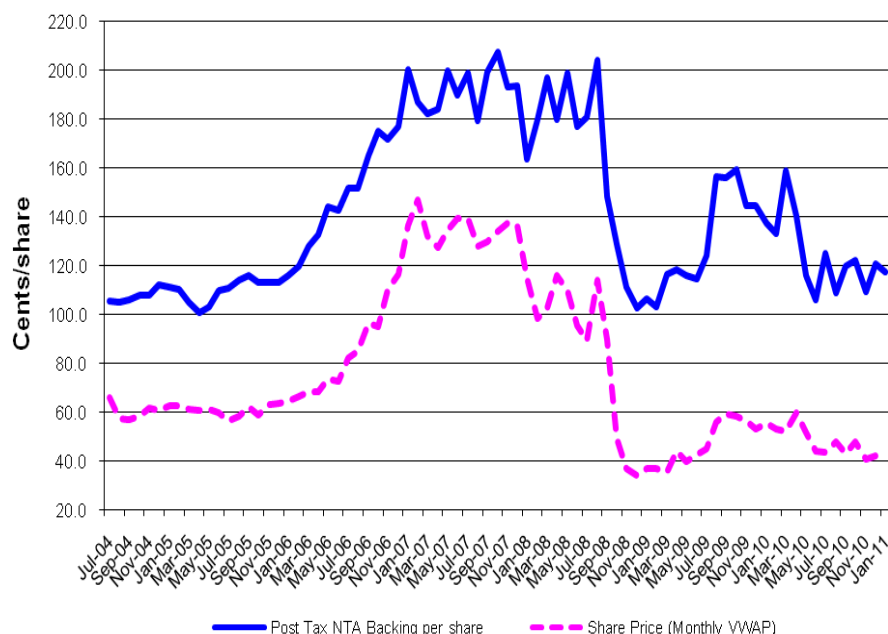
Telephone: (08) 9214 9797  
Email: [vho@orionequities.com.au](mailto:vho@orionequities.com.au)

# COMPANY PROFILE

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

At 31 December 2010, OEQ had a market capitalisation of \$6.68 million (at \$0.375 per share), net tangible assets (NTA) of \$21.50 million (at \$1.21 after tax NTA backing per share), 17,814,389 fully paid ordinary shares on issue, and 683 shareholders on its share register (31 December 2009: \$9.17 million market capitalisation (at \$0.515 per share), NTA of \$24.27 million (at \$1.36 after tax NTA backing per share), 17,814,389 fully paid ordinary shares on issue, and 713 shareholders).

OEQ NTA Backing vs Share Price Performance



Source: IRESS

## ASSET WEIGHTING

	% of Net Assets Dec 2010
Australian equities	76%
Agribusiness <sup>1</sup>	16%
Property held for development and resale	7%
Net tax liabilities (current year and deferred tax assets/liabilities)	-
Net cash/other assets and provisions	1%
<b>TOTAL</b>	<b>100%</b>

## MAJOR HOLDINGS IN SECURITIES PORTFOLIO

Equities	Fair Value \$million	% of Net Assets	ASX Code	Industry Sector Exposures
1. Strike Resources Limited	6.32	28.24%	SRK	Materials
2. Bentley Capital Limited	5.54	24.74%	BEL	Diversified Financials
3. Alara Resources Limited	2.64	11.79%	AUQ	Materials
<b>TOTAL</b>	<b>14.50</b>	<b>64.77%</b>		

Note: The investment in Strike Resources Limited comprises listed shares and unlisted options.

Subsequent to the 31 December 2010 Balance Date, the Company has exercised 1,833,333, 17.8 cent options and 1,666,667, 27.8 cent options held in Strike, at a total cost of \$0.79 million. The Company now holds a total of 16,690,802 shares in Strike, being 12.5% of its total issued capital, with a value of \$7.43 million based on Strike's closing price of 44.5 cents on 23 February 2011.

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

# 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 2010 (**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**).

## OPERATING RESULTS

<b>Consolidated Entity</b>	<b>Dec 2010</b>	<b>Dec 2009</b>
	<b>\$</b>	<b>\$</b>
Total revenues	2,485,829	7,876,460
Total expenses	(1,195,909)	(2,462,236)
<b>Profit before tax</b>	1,289,920	5,414,224
Income tax expense	-	(1,154,032)
<b>Profit attributable to members of the Company</b>	1,289,920	4,260,192

Total revenues of \$2,485,829 include:

- (1) \$1,520,804 net gains on financial assets held at fair value through profit or loss (December 2009: \$5,404,906);
- (2) \$785,400 share of Associate entity's net profit (December 2009: \$1,569,230); and
- (3) \$172,234 income from olive grove operations (December 2009: \$897,545).

Total expenses of \$1,195,909 include:

- (1) \$418,331 olive grove operations (which includes depreciation) (December 2009: \$999,510);
- (2) \$318,472 personnel costs (including Directors' fees) (December 2009: \$296,238); and
- (3) \$292,681 land operations costs (December 2009: \$22,377).

## EARNINGS PER SHARE

<b>Consolidated Entity</b>	<b>Dec 2010</b>	<b>Dec 2009</b>
Basic and diluted earnings per share (cents)	7.24	23.9
Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic and diluted earnings per share	17,814,389	17,814,389

# DIRECTORS' REPORT

## FINANCIAL POSITION

Consolidated Entity	Dec 2010 \$	Jun 2010 \$
Cash	676,126	397,531
Financial assets at fair value through profit and loss	9,072,097	8,519,072
Investments in listed Associate entities	7,912,251	7,331,989
Inventory	2,072,460	2,119,400
Receivables	110,915	132,187
Intangibles	884,683	884,683
Other assets	2,124,081	2,154,290
Deferred tax asset	2,370,150	2,090,691
<b>Total Assets</b>	<b>25,222,763</b>	<b>23,629,843</b>
Other payables and liabilities	(466,351)	(442,810)
Deferred tax liability	(2,370,150)	(2,090,691)
<b>Net Assets</b>	<b>22,386,262</b>	<b>21,096,342</b>
Issued capital	19,374,007	19,374,007
Reserves	611,348	611,348
Retained earnings	2,400,907	1,110,987
<b>Total Equity</b>	<b>22,386,262</b>	<b>21,096,342</b>

## NET TANGIBLE ASSET BACKING (NTA)

Consolidated Entity	Dec 2010 \$	Jun 2010 \$
Net tangible assets (before tax)	21,501,578	20,211,659
<b>Pre-Tax NTA Backing per share</b>	<b>1.207</b>	<b>1.135</b>
Less net deferred tax assets and tax liabilities	-	-
Net tangible assets (after tax)	21,501,578	20,211,659
<b>Post-tax NTA Backing per share</b>	<b>1.207</b>	<b>1.135</b>
Based on total issued share capital	17,814,389	17,814,389

## DIVIDENDS

The Directors have not declared a dividend in respect of the half year ended 31 December 2010.

# DIRECTORS' REPORT

## SECURITIES IN THE COMPANY

At Balance Date and the date of this report, the Company had 17,814,389 shares on issue (31 December 2009: 17,814,389). The Company does not have other securities on issue at the date of this report.

## REVIEW OF OPERATIONS

### (a) Investment Portfolio Details as at 31 December 2010

#### Asset Weighting

	<u>% of Net Assets</u>
Australian equities	76%
Property held for development and resale	7%
Agribusiness <sup>2</sup>	16%
Net tax liabilities (current year and deferred tax assets/liabilities)	-
Net cash/other assets and provisions	<u>1%</u>
<b>TOTAL</b>	<b><u>100%</u></b>

#### Major Holdings in Securities Portfolio

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
1. Strike Resources Limited	6.32	28.24%	SRK	Materials
2. Bentley Capital Limited	5.54	24.74%	BEL	Diversified Financials
3. Alara Resources Limited	<u>2.64</u>	<u>11.79%</u>	AUQ	Energy/Materials
<b>TOTAL</b>	<b><u>14.50</u></b>	<b><u>64.77%</u></b>		

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

	Fair Value \$'million	% of Net Assets	ASX Code	
(a) 13,190,802 shares	5.67	25.34%	SRK	
(b) 1,833,333 unlisted \$0.178 (9 Feb 2011) Options	0.42	1.89%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being \$0.43 (the last bid price as at 31 December 2010). (ii) A risk free rate of return of 5.02% (based on the 90 day bond yield rate as at 31 December 2010). (iii) An estimated future volatility of SRK's share price of 80%.
(c) 1,666,667 unlisted \$0.278 (9 Feb 2011) Options	0.23	1.01%		
<b>Sub-total</b>	<u>6.32</u>	<u>28.24%</u>		

<sup>2</sup> Agribusiness net assets include olive grove land, olive trees, water licence, buildings, plant and equipment and inventory (bulk and packaged oils)



# DIRECTORS' REPORT

## **(b) Strike Resources Limited (ASX Code: SRK)**

Strike Resources Limited is a minerals development company with iron ore projects in Peru and a thermal coal project in Indonesia. Orion Director, William Johnson is a Non-Executive Director of Strike and until his resignation in February 2011, Orion Director, Farooq Khan, was also a Non-Executive Director of Strike.

The Company holds 13,190,802 shares, being 10.14% of Strike's issued ordinary share capital (30 June 2010: 13,190,802 shares and 10.14%) and 3.5 million unlisted options with exercise prices of \$0.178 and \$0.278 per option (as at 31 December 2010).

The value of Orion's holdings in Strike declined by \$1,234,672 during the course of the half year. Historically, the share and option holdings in Strike were predominantly earned through the sale of various mining assets to Strike. These assets were acquired and funded to the point of sale to Strike at a cost of approximately \$1.25 million.

They were subsequently on sold to Strike in tranches for a total consideration of \$19 million comprising 11,166,667 Strike shares and 3.5 million unlisted Strike options (with exercise prices of \$0.178 and \$0.278 per option). Orion has also acquired 2,024,135 additional Strike shares on-market and via the conversion of options at \$0.20 each.

As at 31 December 2010, the value of Strike share and option holdings of \$6.32 million (based on a Strike share price of \$0.43 as at 31 December 2010) indicates the generation of significant value for the Company. The Company notes that Strike's closing share price as at 23 February 2011 was \$0.445.

Subsequent to the 31 December 2010 Balance Date, the Company has exercised 1,833,333, 17.8 cent options and 1,666,667, 27.8 cent options held in Strike. These unlisted options were due to expire on 9 February 2011 and their exercise prices were well below Strike's closing share price as at 9 February 2011 of 46 cents.

The total cost of exercising these options was \$0.79 million.

As of 31 December 2010, the carrying value of these options recognised in the Company's accounts (using a Black-Scholes valuation model) was \$0.65 million. The value of these additional 3.5 million Strike shares now held by the Company as a result of exercising the options (at a cost of \$0.79 million) is \$1.61 million (based on Strike's closing share price as at 9 February 2011 of 46 cents).

The Company now holds a total of 16,690,802 shares in Strike, being 12.5% of its total issued capital.

Orion drew down \$400,000 under a \$500,000 revolving loan facility from the Company to meet a portion of the costs of exercising the above Strike options. The loan is unsecured and attracts 10% interest per annum and the facility has a 2 year term expiring in July 2011.

## **(c) Alara Resources Limited (ASX Code: AUQ)**

Alara Resources Limited is a minerals exploration and development company with precious and base metals projects in Saudi Arabia, Oman and Chile and Australia. Orion Directors, Farooq Khan and William Johnson are Executive Directors of Alara and Orion Director and Company Secretary, Victor Ho, is also Company Secretary of Alara.

The Company holds 7,332,744 shares, being 5.8% of Alara's issued ordinary share capital (30 June 2010: 9,332,744 shares and 11.59%), in Alara.

The value of Orion's holding in Alara appreciated by \$1,827,839 during the course of the half year. Historically, the share holding in Alara occurred through the sale of Orion's 25% interest in various uranium tenements to Alara in conjunction with Strike Resources Limited (who held the balance of 75%

# DIRECTORS' REPORT

interest in the same). These assets were acquired and funded to the point of sale to Strike previously at a cost of approximately \$0.05 million. Orion's residual 25% interest was free-carried by Strike thereafter.

Orion's interests in these uranium tenements were subsequently on-sold to Alara for vendor shares in the initial public offering of Alara for a consideration of \$1,562,500 comprising 6,250,000 Alara shares. Orion has also acquired 3,082,744 additional Alara shares via the Alara IPO, on-market purchases and via an in-specie distribution from Strike Resources Limited, at a total cash cost of \$0.59 million.

The value of Alara share holdings of \$2.6 million (based on an Alara share price of \$0.36 as at 31 December 2010) indicates the generation of significant value for Orion shareholders. Alara's closing share price as at 23 February 2011 was \$0.38, valuing Orion's shareholding at \$2.79 million (up by \$0.19 million from 31 December 2010).

## (d) Bentley Capital Limited (ASX Code: BEL)

Bentley is a listed investment company with a current exposure to Australian equities. Orion Directors, Farooq Khan and William Johnson are Executive Directors of Bentley and Orion Director and Company Secretary, Victor Ho, is also Company Secretary of Bentley.

The Company holds 20,513,783 shares, being 28.34% of Bentley's issued ordinary share capital (30 June 2010: 20,513,783 shares and 28.49%), in Bentley. The investment is accounted for as an investment in an Associate entity (on an equity accounting basis).

Bentley has net assets of \$31.718 million (as at 31 December 2010) and returned an after tax net profit of \$2.837 million for the financial half year. Bentley's asset weighting as at 31 December 2010 was 95% Australian equities and 5% net cash/ other assets.

Orion has been in receipt of significant dividend payments from Bentley, having received two fully franked dividends of one cent each in calendar 2010. This represents a grossed up dividend yield of 11.45% based on Bentley's volume weighted average share price of \$0.2496 during this same period.

## (e) Agribusiness

The Consolidated Entity owns the ultra premium "Dandaragan Estate" retail/wholesale packaged extra virgin olive oil (EVOO) business and a 143 hectare commercial olive grove located in Gingin, Western Australian (approximately 100 kilometres North of Perth) producing olive oil from approximately 64,500, 11 to 12 year old trees.

During the half year total income from the sale of bulk and premium olive oils was \$172,234 (Dec 2009: \$897,545) with total olive grove and oils operations costs (excluding revaluation and depreciation expenses) of \$367,612 (Dec 2009: \$937,774). It is noted that due to the timing of the annual harvest in approximately March - April of each year, there is some carry-over of costs (and oil inventories) from one financial year to the next.

## (f) Other Property Assets

The Consolidated Entity owns a property located in Mandurah, Western Australia and is undertaking a renovation of the property for the rental market.

# DIRECTORS' REPORT

## BOARD OF DIRECTORS

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

<b>Farooq Khan</b>	<b>Executive Chairman</b>
<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 9,063,153 shares - indirectly <sup>3</sup>
<i>Special Responsibilities</i>	Chairman of the Company and the Investment Committee
<i>Other current directorships in listed entities</i>	(1) Executive Chairman and Managing Director of Queste Communications Ltd (QUE) (since 10 March 1998) (2) Executive Chairman of Bentley Capital Limited (BEL) (director since 2 December 2003) (3) Executive Director of Alara Resources Limited (AUQ) (since 18 May 2007) (4) Non-Executive Chairman of ITS Capital Investments Ltd (ITS) (Director since 27 April 2006)

<b>William M. Johnson</b>	<b>Executive Director</b>
<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 held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. Throughout his career, Mr Johnson has been actively involved in the strategic analysis of a diverse range of business and investment opportunities, and the execution of many corporate transactions. As Executive Director, Mr Johnson is part of the Investment Committee of the Company. Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution.
<i>Relevant interest in shares</i>	None
<i>Special Responsibilities</i>	None
<i>Other current directorships in listed entities</i>	(1) Executive Director of Bentley Capital Limited (BEL) (since 13 March 2009) (2) Executive Director of Alara Resources Limited (AUQ) (since 26 October 2009) (3) Non-Executive Director of Strike Resources Limited (SRK) (Director since 14 July 2006)

<sup>3</sup> Held by Queste Communications Ltd (QUE); Farooq Khan (and associated companies) have a deemed relevant interest in the OEQ shares in which QUE has a relevant interest by reason of having greater than 20% voting power in QUE.

# DIRECTORS' REPORT

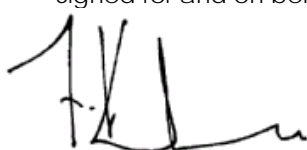
<b>Victor P. H. Ho</b>	<b>Executive Director and Company Secretary</b>
<i>Appointed</i>	Executive Director since 4 July 2003; Company Secretary since 2 August 2000
<i>Qualifications</i>	BCom, LLB ( <i>Western Australia</i> )
<i>Experience</i>	Mr Ho has been in company secretarial/executive roles with a number of public listed companies since 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has extensive experience in the structuring and execution of commercial and corporate transactions, capital raisings, capital management matters, public company administration, corporations law and stock exchange compliance and shareholder relations.
<i>Relevant interest in shares</i>	None
<i>Special Responsibilities</i>	Member of Investment Committee
<i>Other positions held in listed entities</i>	Company Secretary of: (1) Queste Communications Ltd (QUE) (since 30 August 2000) (2) Bentley Capital Limited (BEL) (since 5 February 2004) (3) Alara Resources Limited (AUC) (since 4 April 2007)

<b>Yaqoob Khan</b>	<b>Non-Executive Director</b>
<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>	Mr Khan holds a Masters degree in Business and has worked as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been involved in the structuring and ASX listing of a number of public companies and in subsequent executive management. Mr Khan brings considerable international experience in corporate finance and the strategic analysis of listed investments.
<i>Relevant interest in shares</i>	None
<i>Special Responsibilities</i>	None
<i>Other current directorships in listed entities</i>	Non-Executive Director of Queste Communications Ltd (QUE) (since 10 March 1998)

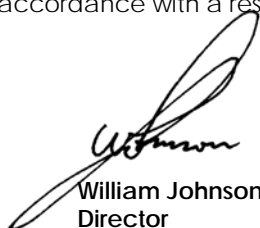
## AUDITOR'S INDEPENDENCE DECLARATION

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 12. This relates to the Auditor's 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



**William Johnson**  
Director

28 February 2011

28 February 2011

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

Dear Sirs,

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

As lead auditor for the review of Orion Equities Limited for the half-year ended 31 December 2010, 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.



Brad McVeigh  
Director



BDO Audit (WA) Pty Ltd  
Perth, Western Australia

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December 2010

		Consolidated Entity	
		31 Dec 10	31 Dec 09
		\$	\$
Note			
	Revenue from continuing operations	179,625	902,324
	Other income	1,520,804	5,404,906
	- Net gains on financial assets held at fair value through profit or loss		
6	- Share of Associate entity's net profits	785,400	1,569,230
		<hr/>	<hr/>
2 a		2,485,829	7,876,460
	<b>Expenses</b>		
	Cost of goods sold in relation to olive grove and oils operations	(349,723)	(857,936)
	Depreciation expenses in relation to olive grove and oils operations	(50,719)	(61,736)
	Other costs in relation to olive grove and oils operations	(17,889)	(79,838)
	Impairment of property held for development and resale	-	(950,000)
	Other costs in relation to land operations	(292,681)	(22,377)
	Personnel	(318,471)	(296,238)
	Communications	(6,398)	(13,509)
	Occupancy	(42,786)	(33,055)
	Corporate expenses	(27,168)	-
	Financing	(2,399)	(3,682)
	Borrowing cost	(1,356)	-
	Other depreciation expenses	(1,422)	(1,665)
	Other administration expenses	(84,897)	(142,200)
		<hr/>	<hr/>
	<b>Profit before income tax</b>	1,289,920	5,414,224
	Income tax expense	-	(1,154,032)
		<hr/>	<hr/>
	<b>Profit after income tax attributable to members of Orion Equities Limited</b>	1,289,920	4,260,192
		<hr/>	<hr/>
	<b>Other comprehensive income</b>	-	-
		<hr/>	<hr/>
	Other comprehensive income, net of tax	-	-
		<hr/>	<hr/>
	<b>Total comprehensive income for the half year attributable to members of Orion Equities Limited</b>	1,289,920	4,260,192
		<hr/>	<hr/>
	<b>Basic earnings per share</b>	7.2	23.9
3			

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

	Note	Consolidated Entity	
		31 Dec 10	30 Jun 10
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		676,126	397,531
Financial assets at fair value through profit or loss	4	9,072,097	8,519,072
Trade and other receivables		78,092	99,364
Inventories - Olive Oils	5	572,460	619,400
Other current assets		12,644	-
<b>TOTAL CURRENT ASSETS</b>		<b>10,411,419</b>	<b>9,635,367</b>
<b>NON CURRENT ASSETS</b>			
Trade and other receivables		32,823	32,823
Inventories - Land	5	1,500,000	1,500,000
Investments accounted for using the equity method	6	7,912,251	7,331,989
Property, plant and equipment	7	2,045,937	2,088,790
Olive trees		65,500	65,500
Intangible assets		884,683	884,683
Deferred tax assets		2,370,150	2,090,691
<b>TOTAL NON CURRENT ASSETS</b>		<b>14,811,344</b>	<b>13,994,476</b>
<b>TOTAL ASSETS</b>		<b>25,222,763</b>	<b>23,629,843</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		380,179	361,416
Provisions		86,172	81,394
<b>TOTAL CURRENT LIABILITIES</b>		<b>466,351</b>	<b>442,810</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities		2,370,150	2,090,691
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>2,370,150</b>	<b>2,090,691</b>
<b>TOTAL LIABILITIES</b>		<b>2,836,501</b>	<b>2,533,501</b>
<b>NET ASSETS</b>		<b>22,386,262</b>	<b>21,096,342</b>
<b>EQUITY</b>			
Issued capital		19,374,007	19,374,007
Reserves		611,348	611,348
Retained earnings		2,400,907	1,110,987
<b>TOTAL EQUITY</b>		<b>22,386,262</b>	<b>21,096,342</b>

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2010

	Issued Capital \$	Reserves \$	Retained Earnings \$	Total Equity \$
At 1 July 2009	19,374,007	640,361	(2,419)	20,011,949
Total comprehensive income for the half year	-	-	4,260,192	4,260,192
At 31 December 2009	<u>19,374,007</u>	<u>640,361</u>	<u>4,257,773</u>	<u>24,272,141</u>
At 1 July 2010	19,374,007	611,348	1,110,987	21,096,342
Total comprehensive income for the half year	-	-	1,289,920	1,289,920
At 31 December 2010	<u>19,374,007</u>	<u>611,348</u>	<u>2,400,907</u>	<u>22,386,262</u>

The accompanying notes form part of these financial statements



# CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2010

	Consolidated Entity	
	31 Dec 10	31 Dec 09
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	172,244	720,958
Sale proceeds from trading portfolio	967,780	1,059,608
Payments to suppliers and employees	(1,062,284)	(1,528,204)
Interest received	5,541	3,779
Interest paid	(1,366)	(205)
Income tax refund/(paid)	-	(834)
Dividends received	206,988	206,138
	<hr/>	<hr/>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>288,903</b>	<b>461,240</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(10,308)	(1,002)
Loan from controlling entity	250,000	350,000
Loan repaid to controlling entity	(250,000)	(350,000)
	<hr/>	<hr/>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(10,308)</b>	<b>(1,002)</b>
<b>NET INCREASE IN CASH ASSETS HELD</b>	<b>278,595</b>	<b>460,238</b>
Cash at beginning of the financial half year	<hr/>	<hr/>
<b>CASH AT THE END OF THE FINANCIAL HALF YEAR</b>	<b>676,126</b>	<b>702,395</b>

The accompanying notes form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

The half-year financial statements are 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'. These half-year financial statements do not include notes of the type normally included in the annual financial statements and shall be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2010 to the date of this report.

### Basis of preparation

The 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.

## 2. PROFIT FOR THE HALF YEAR

The Consolidated Entity's profit for the half year includes the following items of revenue and expenses below.

	31 Dec 2010	31 Dec 2009
	\$	\$
<b>(a) Revenue from continuing operations</b>		
Dividends received from securities - trading portfolio	1,850	1,000
Income from sale of olive oils	172,234	897,545
Interest received - other	5,541	3,779
	<u>179,625</u>	<u>902,324</u>
<b>Other income</b>		
Net gains on financial assets held at fair value through profit or loss	1,520,804	5,404,906
Share of Associate entity's profit	785,400	1,569,230
	<u>2,306,204</u>	<u>6,974,136</u>
<b>Total revenue</b>	<u>2,485,829</u>	<u>7,876,460</u>
<b>(b) Expenses from continuing operations</b>		
Costs in relation to Olive grove operations		
- Cost of goods sold	349,723	857,936
- Depreciation expenses - olive grove assets	50,719	61,736
- Other expenses	17,889	79,838
Costs in relation to Land operations		
- Impairment of property held for development and resale	-	950,000
- Other expenses	292,681	22,377
Occupancy expenses	42,786	33,055
Personnel - remuneration and other	314,468	323,824
- employee entitlements	4,003	(27,586)
Corporate expenses	27,168	-
Finance expenses	2,399	3,682
Borrowing cost	1,356	-

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2010

<b>2. PROFIT FOR THE HALF YEAR (continued)</b>	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
	<b>\$</b>	<b>\$</b>
Administration expenses		
- Communications	6,398	13,509
- Professional fees	27,136	29,176
- Brokerage fees	5,322	9,699
- Realisation cost of share portfolio provision	13,401	22,654
- Write off lapsed options	-	1,200
- Write off fixed assets	1,020	-
- Depreciation expenses - other assets	1,422	1,665
- Other expenses	38,018	79,471
	<u>1,195,909</u>	<u>2,462,236</u>
<b>3. EARNINGS PER SHARE</b>	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
Basic earnings per share (cents)	<u>7.2</u>	<u>23.9</u>
Net Profit used to calculate earnings per share (\$)	<u>1,289,920</u>	<u>4,260,192</u>
Weighted average number of ordinary shares during the half year used in the calculation of basic earnings per share	<u>17,814,389</u>	<u>17,814,389</u>
The Consolidated Entity has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.		
<b>4. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>31 Dec 2010</b>	<b>30 Jun 2010</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Listed investments at fair value	<u>8,422,917</u>	<u>7,558,576</u>
Unlisted options in listed corporations at cost	10,000	10,000
Add: net change in fair value	<u>639,180</u>	<u>950,496</u>
	<u>9,072,097</u>	<u>8,519,072</u>
Net gains on financial assets held at fair value through profit or loss	<u>1,520,804</u>	<u>2,583,275</u>

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2010

### 5. INVENTORIES

	31 Dec 2010	30 Jun 2010
	\$	\$
<b>Current - Olive Oil Inventory</b>		
Bulk oils - at cost	482,708	515,525
Packaged oils - at cost	89,752	103,875
	<u>572,460</u>	<u>619,400</u>
<b>Non Current - Land Development</b>		
Property held for development and resale - at cost	3,797,339	3,797,339
Revaluation of property	(2,297,339)	(2,297,339)
	<u>1,500,000</u>	<u>1,500,000</u>

Property held for development and resale was valued by an independent qualified valuer (an Associate member of the Australian Property Institute) on 27 January 2010.

### 6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
		31 Dec 2010	30 Jun 2010	31 Dec 2010	30 June 2010
				\$	\$
Bentley Capital Limited (BEL)	Investments	28.4%	28.5%	7,912,251	7,331,989
<b>Movement in Investments in Associate</b>					
Shares in listed Associate entity brought forward				7,331,989	6,851,981
Share of profit before income tax expense				785,400	890,284
Dividend from Associate entity				(205,138)	(410,276)
Share of income tax expense				-	-
Carrying amount at the end of the financial period				<u>7,912,251</u>	<u>7,331,989</u>
<b>Fair value of listed investments in Associate</b>				<u>5,436,152</u>	<u>4,615,601</u>
<b>Net tangible asset value of listed investments in Associate</b>				<u>9,005,551</u>	<u>8,413,911</u>
<b>Share of Associate's profits</b>					
Profit before income tax				785,400	890,284
Share of income tax expense				-	-
Profit after income tax				<u>785,400</u>	<u>890,284</u>
<b>Group share of Bentley Capital Limited</b>					
<b>Summarised Financial Position of Associate</b>					
Current assets				9,015,968	8,451,992
Non current assets				122,886	39,290
<b>Total assets</b>				<u>9,138,854</u>	<u>8,491,282</u>
Current liabilities				(14,538)	(36,289)
Non current liabilities				(124,229)	(41,082)
<b>Total liabilities</b>				<u>(138,767)</u>	<u>(77,371)</u>
<b>Net assets</b>				<u>9,000,087</u>	<u>8,413,911</u>
Revenues				982,290	1,182,016
Profit after income tax of Associate				<u>785,400</u>	<u>890,284</u>

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2010

### 6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

#### Bentley Capital Limited - Lease Commitments

BEL and its subsidiary, Scarborough Equities Pty Ltd, have the same lease commitments as disclosed in Note 11.

7. PROPERTY, PLANT AND EQUIPMENT	Freehold	Buildings on	Plant &	Leasehold	Total
	Land	Freehold Land	Equipment	Improvement	
<b>At 1 July 2009</b>	\$	\$	\$	\$	\$
Cost or fair value	861,214	112,432	1,323,780	22,170	2,319,596
Accumulated depreciation	367,236	(18,551)	(425,119)	(17,063)	(93,497)
<b>Net carrying amount</b>	<b>1,228,450</b>	<b>93,881</b>	<b>898,661</b>	<b>5,107</b>	<b>2,226,099</b>
<b>Year ended 30 June 2010</b>					
Carrying amount at beginning	1,228,450	93,881	898,661	5,107	2,226,099
Asset revaluation	(28,569)	-	-	-	(28,569)
Additions	-	-	19,714	-	19,714
Depreciation expense	-	(7,041)	(118,510)	(743)	(126,294)
Disposals	-	-	(2,160)	-	(2,160)
Carrying amount at balance date	1,199,881	86,840	797,705	4,364	2,088,790
<b>At 30 June 2010</b>					
Cost or fair value	861,214	112,432	1,326,732	22,170	2,322,548
Accumulated depreciation	338,667	(25,592)	(529,027)	(17,806)	(233,758)
<b>Net carrying amount</b>	<b>1,199,881</b>	<b>86,840</b>	<b>797,705</b>	<b>4,364</b>	<b>2,088,790</b>
<b>Year ended 31 December 2010</b>					
Carrying amount at beginning	1,199,881	86,840	797,705	4,364	2,088,790
Additions	-	5,443	4,865	-	10,308
Depreciation expense	-	(16,881)	(34,942)	(318)	(52,141)
Disposals	-	-	(1,020)	-	(1,020)
Carrying amount at balance date	1,199,881	75,402	766,608	4,046	2,045,937
<b>At 31 Dec 2010</b>					
Cost or fair value	861,214	117,875	1,330,577	22,170	2,331,836
Accumulated depreciation	338,667	(42,473)	(563,969)	(18,124)	(285,899)
<b>Net carrying amount</b>	<b>1,199,881</b>	<b>75,402</b>	<b>766,608</b>	<b>4,046</b>	<b>2,045,937</b>

### 8. RELATED PARTY DISCLOSURES

#### (a) Parent entities

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

#### (b) Transactions with related parties

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

	31 Dec 2010	31 Dec 2009
<b>Dividends received from:</b>	\$	\$
Bentley Capital Limited	205,138	410,276

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2010

### 9. SEGMENT INFORMATION

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

	Investments	Olive grove	Unallocated	Total
	\$	\$	\$	\$
<b>6 months to 31 Dec 10</b>				
Total segment revenues	2,308,054	172,234	5,541	2,485,829
Adjusted EBITDA	2,010,051	(214,143)	(441,213)	1,354,695
Total segment assets	19,173,548	3,605,228	-	22,778,776
Total segment liabilities	-	(170,504)	-	(170,504)
<b>6 months to 31 Dec 09</b>				
Total segment revenues	7,862,453	897,545	3,779	8,763,777
Adjusted EBITDA	6,941,860	(101,965)	(451,449)	6,388,446
<b>Year to 30 Jun 10</b>				
Total segment assets	17,358,441	3,719,283	-	21,077,724
Total segment liabilities	(116,456)	(147,244)	-	(263,700)

#### (a) Other segment information

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

The adjusted EBITDA excludes impairment of assets.

	31-Dec-10	31-Dec-09
	\$	\$
<b>Adjusted EBITDA</b>	1,354,696	6,388,446
Interest revenue	5,541	3,779
Impairment of property held for development and resale	-	(950,000)
Finance cost	(3,755)	(3,682)
Realisation cost of share portfolio provision/(written back)	(13,401)	(22,654)
Fixed assets written off	(1,020)	-
Depreciation	(52,141)	(1,665)
Profit before income tax	1,289,920	5,414,224

##### (ii) Segment assets

Unallocated:

	31-Dec-10	30-Jun-10
Cash and cash equivalents	676,126	397,531
Trade and other receivables	58,505	50,554
Other current assets	12,643	-
Property, plant and equipment	15,764	13,342
Deferred tax asset	1,401,490	2,090,692
<b>Total assets as per the Statement of Financial Position</b>	<b>25,222,763</b>	<b>23,629,843</b>

##### (iii) Segment liabilities

Unallocated:

Trade and other payables	(209,675)	(97,716)
Provisions	(86,172)	(81,394)
Deferred tax liability	(2,370,150)	(2,090,691)
<b>Total liabilities as per the Statement of Financial Position</b>	<b>(2,836,501)</b>	<b>(2,533,501)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2010

### 11. COMMITMENTS

	Consolidated	
	31 Dec 2010	30 June 2010
	\$	\$
Not longer than one year	84,697	82,633
Between 12 months and 5 years	127,002	170,384
	<u>211,699</u>	<u>253,017</u>

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

### 12. CONTINGENT ASSETS AND LIABILITIES

#### (a) Directors' Deeds

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

#### (b) Royalty on Tenements

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

### 13. EVENTS AFTER BALANCE DATE

- (a) On 8 February 2011, the Company exercised 1,833,333, 17.8 cent options and 1,666,667, 27.8 cent options held in ASX listed Strike Resources Limited (ASX Code: SRK). These unlisted options were due to expire on 9 February 2011 and their exercise prices were well below Strike's closing share price as at 11 February 2011 of 46 cents. The total cost of exercising these options was \$789,667.

As of 31 December 2010, the carrying value of these options recognised in the Company's accounts (using a Black-Scholes valuation model) was \$0.65 million. The value of these additional 3.5 million Strike shares now held by the Company as a result of exercising the options is \$1.51 million (based on Strike's closing share price as at 24 February 2011 of 43 cents).

The Company now holds a total of 16,690,802 shares in Strike, being 12.5% of its total issued capital.

- (b) On 2 February 2011, the Company drew down \$400,000 under a \$500,000 revolving loan facility from controlling entity, Queste Communications Ltd, to meet a portion of the costs of exercising the above Strike options. The loan is unsecured and attracts 10% interest per annum and the facility has a 2 year term expiring in July 2011.
- (c) On 28 February 2011, Associate entity, Bentley Capital Limited, announced the declaration of a one cent per share fully franked dividend, to be paid on or about 15 March 2011. The Company's share of this dividend will be \$205,137.83.

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:

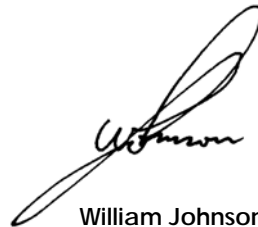
- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan  
Chairman

28 February 2011



William Johnson  
Director



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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orion Equities Limited, which comprises the Statement of Financial Position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### 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 a 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 consolidated entity's financial position as at 31 December 2010 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*, which has been given to the directors of Orion Equities Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



## 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 2010 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 Audit (WA) Pty Ltd

A handwritten signature in black ink. The word 'BDO' is written in a simple, blocky font. Below it, the name 'Brad McVeigh' is written in a cursive, handwritten style.

Brad McVeigh  
Director

Perth, Western Australia.  
Dated this 28<sup>th</sup> day of February 2011

# SECURITIES INFORMATION

## as at 31 December 2010

### DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	268	139,870	0.785
1,001- 5000	228	543,794	3.053
5,001- 10,000	64	491,959	2.762
10,001 – 100,000	103	3,149,457	17.679
100,001 and over	20	13,489,309	75.721
<b>Total</b>	<b>683</b>	<b>17,814,389</b>	<b>100%</b>

### TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	TOTAL SHARES	% ISSUED CAPITAL
1	QUESTE COMMUNICATIONS LTD *	9,063,153	50.875
2	CLEOD PTY LTD *	111,000	
	CELLANTE SECURITES *	812,038	
	Sub-total	923,038	5.181
3	JP MORGAN NOMINEES	866,000	4.861
	MR SIMON ROBERT EVANS & MRS KATHRYN MARGARET EVANS	397,320	2.230
4	<KAMIYACHO SUPER FUND A/C>		
5	REDSUMMER PTY LTD	225,000	1.263
6	MRS PENELOPE MARGARET SIEMON	201,355	1.130
7	MS HOON CHOO TAN	197,538	1.109
8	VIKAND CONSULTING PTY LTD <VIKAND SUPER FUND A/C>	184,798	1.037
9	MR BRUCE SIEMON	173,351	0.973
10	MR SEAN DENNEHY	171,500	0.963
11	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES <HOPERIDGE ENT P/L SUPER A/C>	133,000	0.747
12	OPTION OPPORTUNITY FUND PTY LTD	132,403	0.743
13	MR DONALD GORDON MACKENZIE & MRS GWENNETH ENDA MACKENZIE	126,189	0.708
14	MR STEPHEN JAMES LAMBERT & MRS RUTH LYNETTE LAMBERT & MR SIMON LEE LAMBERT <LAMBERT RETIREMENT A/C>	125,000	0.702
15	MR EDWARD JAMES STEPHEN DALLY & MRS SELINA DALLY <LEKDAL FAMILY A/C>	125,000	0.702
16	MRS TAMI ELSIE VARNEY	124,425	0.698
17	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER <THE KILLER SUPER A/C>	110,000	0.617
18	MR ROMANO SALA TENNA & MRS LINDA SALA TENNA <THE SALA TENNA SUPER A/C>	30,000	
	KATANA ASSET MANAGEMENT LTD	79,200	
	Sub-total	109,200	0.613
19	MS MORAG HELEN BARRETT	106,513	0.598
20	MR ABE ZELWER <ZELWER SUPER FUND A/C>	73,000	
	MANAR NOMINEES PTY LTD <ZELWER SUPER BENEFIT A/C>	32,488	
	Sub-total	105,488	0.592
	<b>TOTAL</b>	<b>13,600,271</b>	<b>76.342</b>

\* Substantial shareholders of the Company