ORION EQUITIES LIMITED

ANNUAL REPORT

2010

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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

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Perth Western Australia 6000

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SHARE REGISTRY

Advanced Share Registry Services
Suite 2, 150 Stirling Highway
Nedlands Western Australia 6009
Telephone: (08) 9389 8033
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Email: admin@advancedshare.com.au
Website: www.advancedshare.com.au

STOCK EXCHANGE

Australian Securities Exchange
Perth, Western Australia

ASX CODE

OEQ

AUDITOR

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008
Telephone: (08) 6382 4600
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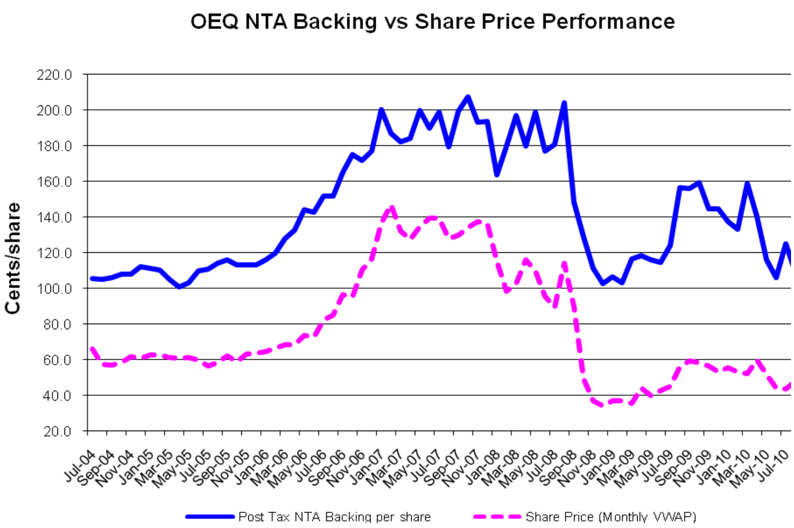
COMPANY PROFILE

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

At 30 June 2010, OEQ had a market capitalisation of $6.8 million (at $0.38 per share), net assets of $21 million (at $1.135 after tax NTA backing per share), 17,814,389 fully paid ordinary shares on issue, and 694 shareholders on its share register (30 June 2009: $7.7 million market capitalisation (at $0.435 per share), net assets of $20 million (at $1.088 cents after tax NTA backing per share), 17,814,389 shares on issue, and 715 shareholders).



Source: IRESS

ASSET WEIGHTING

	% of Net Assets 2010
Australian equities	75%
Agribusiness[1]	16%
Property held for development and resale	10%
Net cash/other assets and provisions	(1%)
TOTAL	**100%**

MAJOR HOLDINGS IN SECURITIES PORTFOLIO

Equities		Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Strike Resources Limited	7.56	35.82%	SRK	Materials
2.	Bentley Capital Limited	4.62	21.88%	BEL	Diversified Financials
3.	Alara Resources Limited	0.81	3.85%	AUQ	Energy/Materials
TOTAL		**12.98**	**61.54%**		

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

DIVIDEND HISTORY

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

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

THE BOARD'S REPORT

The Board is pleased to report a consolidated after tax net profit of $1.11 million for the financial year ended 30 June 2010.

Orion has a history of paying dividends, as illustrated by the Dividend History table in the Company Profile section at page 1 of this Annual Report.

However, the profitability of Orion has been effected by the recent global financial crisis (**GFC**) and this has impacted upon the ability of Orion to pay dividends. With the effects of the GFC appearing to have slowed or possibly passed, Orion is now placed to return to sustained profitability and the payment of dividends.

Whilst no dividend has been declared for the 2010 financial year, Orion hopes that sufficient profitability for the coming year will allow for the resumption in payment of dividends. The payment of such dividend cannot be guaranteed and will be driven by the performance of the major assets of Orion.

An outline of each of these major assets is described below:

Strike Resources Limited (ASX Code: SRK)

The value of Orion's holding in Strike appreciated by $1,167,447 during the course of the 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 $0.25 and $0.35 per option). Orion has also acquired 2,024,135 additional Strike shares on-market and via the conversion of options at $0.20 each.

The value of Strike share and option holdings of $7.56 million (based on a Strike share price of $0.50 as at 30 June 2010) indicates the generation of significant value for Orion shareholders The Company notes that Strike's closing share price as at 5 October 2010 was $0.505.

Alara Resources Limited (ASX Code: AUQ)

The value of Orion's holding in Alara appreciated by $307,981 during the course of the year. Historically, the share holding in Alara occurred through the sale of Orion's 25% interests in various uranium tenements to Alara in conjunction with Strike Resources Limited (who held the balance of 75% 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 (**IPO**) 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.

The value of Alara share holdings of $0.8 million (based on an Alara share price of $0.087 as at 30 June 2010) indicates the generation of significant value for Orion shareholders. Alara's closing share price as at 6 October 2010 was $0.28, valuing Orion's shareholding at $2.6 million (up $1.8 million from 30 June 2010).

Bentley Capital Limited (ASX Code: BEL)

Bentley is an investment company listed on the ASX. Orion holds 28.488% of the issued capital of Bentley with Queste Communications Ltd (the parent company of Orion) holding 2.417% of the issued capital of Bentley. Bentley has net assets of $29.535 million (as at 30 June 2010) and returned an after tax net profit of $3.102 million for the financial year. Bentley's asset weighting as at 30 June 2010 was 46% Australian equities and 54% net cash/ other assets.

Orion has been in receipt of significant dividend payments from Bentley, having received three fully franked dividends of 1 cent each in the past 12 months. This represents a grossed up dividend yield of 15.8% based on Bentley's volume weighted average share price of $0.271 during this same period.

Agribusiness Assets

These assets relate to Orion's 143 hectare commercial olive grove operations located in Gingin, Western Australia together with the Dandaragan Estate Ultra Premium Olive Oil brand. The Dandaragan Estate Ultra premium brand was acquired to facilitate the transition of oil production from the grove from the wholesale market to the higher value retail market. During the year total income from the sale of bulk and premium olive oils was $1,200,987 (2009: $311,530) with total olive grove and oils operations costs (excluding revaluation and depreciation expenses) of $1,023,130 (2009: $581,009). 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.

Other Property Assets

This relates to Orion's property located in Mandurah, Western Australia. During the financial year Orion sought development approval for the subdivision of the property into 4 survey-strata title lots. This application was rejected by the Western Australian Planning Commission. Subsequently Orion undertook a sale process of the property by way of public auction, with such auction failing to attract any bids. Subsequent to the same Orion resolved to and is undertaking a renovation of this property for the rental market. Based on the foregoing and an independent valuation of the property, the asset was re-valued down to $1,500,000.

DIRECTORS' REPORT

The Directors present their report on Orion Equities Limited (**Company** or **OEQ**) and its controlled entities (the **Consolidated Entity** or **Orion**) for the year ended 30 June 2010 (**Balance Date**).

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

PRINCIPAL ACTIVITIES

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

NET TANGIBLE ASSET BACKING (NTA)

Consolidated Entity	2010 $	2009 $
Net tangible assets (before tax)	20,211,659	19,821,261
Pre-Tax NTA Backing per share	1.135	1.113
Less deferred tax assets and tax liabilities	-	(432,433)
Net tangible assets (after tax)	20,211,659	19,388,828
Pre-Tax NTA Backing per share	1.135	1.088
Based on total issued share capital	17,814,389	17,814,389

FINANCIAL POSITION

Consolidated Entity	2010 $	2009 $
Cash	397,531	242,157
Financial assets at fair value through profit and loss	8,519,072	7,883,921
Investments in listed Associate entity	7,331,989	6,851,981
Inventory	2,119,400	3,292,147
Receivables	132,187	67,024
Resource projects	-	-
Intangibles	884,683	623,121
Other assets	2,154,290	2,624,473
Deferred tax asset	2,090,691	1,288,723
Total Assets	23,629,843	22,873,547
Other payables and liabilities	(442,810)	(1,140,442)
Deferred tax liability	(2,090,691)	(1,721,156)
Net Assets	21,096,342	20,011,949
Issued capital	19,374,007	19,374,007
Retained earnings/(Accumulated Losses)	1,110,987	(2,419)
Reserves	611,348	640,361
Total Equity	21,096,342	20,011,949

DIRECTORS' REPORT

OPERATING RESULTS

Consolidated Entity	2010 $	2009 $
Total revenues	4,692,025	17,803,761
Total expenses	(4,273,059)	(33,990,552)
Profit/(Loss) before tax	418,966	(16,186,791)
Income tax benefit/(expense)	694,440	4,078,315
Profit/(Loss) from continuing operations	1,113,406	(12,108,476)
Profit/(Loss) from discontinued operations	-	111,376
Profit/(Loss) attributable to members of the Company	1,113,406	(11,997,100)

Total revenues of $4,692,025 (June 2009: $17,803,761) include:

(1) $2,583,275 net change in fair value in securities (June 2009: $nil);

(2) $1,200,987 income from olive grove operations (June 2009: $311,530); and

(3) $890,284 share of Associate entity's profit (June 2009: $2,283,013 loss).

Total expenses of $4,273,059 (June 2009: $33,990,552) include:

(1) $1,023,130 olive grove and oils operations (which does not include revaluation and depreciation expenses) (June 2009: $581,009);

(2) $950,000 downwards revaluation of property held for development and resale (June 2009: $1,200,000);

(3) $887,317 loss on sale of securities (June 2009: $436,018 gain); and

(4) $539,042 personnel costs (including Directors' fees) (June 2009: $685,247).

EARNINGS PER SHARE

Consolidated Entity	2010	2009
Basic and diluted earnings/(loss) per share (cents)	6.25	(67.34)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings/(loss) per share	17,814,389	17,814,389

DIVIDENDS

The Directors have not declared a dividend in respect of the financial year ended 30 June 2010.

SECURITIES IN THE COMPANY

At Balance Date and the date of this report, the Company had 17,814,389 shares on issue (30 June 2009: 17,814,389). The Company does not have other securities on issue at the date of this report.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

(a) Portfolio Details As At 30 June 2010

Asset Weighting

	% of Net Assets 2010	2009
Australian equities	75%	79%
Agribusiness[1]	16%	13%
Property held for development and resale	10%	16%
Net tax liabilities (current year and deferred tax assets/liabilities)	-	(9%)
Net cash/other assets and provisions	(1%)	1%
TOTAL	**100%**	**100%**

Major Holdings in Securities Portfolio

Equities		Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Strike Resources Limited	7.56	35.82%	**SRK**	Materials
2.	Bentley Capital Limited	4.62	21.88%	**BEL**	Diversified Financials
3.	Alara Resources Limited	0.81	3.85%	**AUQ**	Energy/Materials
TOTAL		**12.98**	**61.54%**		

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

	Fair Value $'million	% of Net Assets	ASX Code	
(a) 13,190,802 shares	6.60	31%	SRK	
(b) 1,833,333 unlisted $0.178 (9 Feb 2011) Options	0.57	3%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being $0.50 (the last bid price as at 30 June 2010). (ii) A risk free rate of return of 4.91% (based on the Bank Bills 180 day market rate as at 30 June 2010). (iii) An estimated future volatility of SRK's share price of 80%.
(c) 1,666,667 unlisted $0.278 (9 Feb 2011) Options	0.39	2%		
Sub-total	**7.56**	**36%**		

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

DIRECTORS' REPORT

(b) Agribusiness

The Company owns the ultra premium 'Dandaragan Estate' Extra Virgin Olive Oil business and a 143 hectare commercial olive grove located in Gingin, Western Australian (approximately 100 kilometres North of Perth) producing olive oil from approximately 64,500, 11 year old olive tree plantings.

A summary of olive grove operations during the 2010 financial year are as follows:

(a) The 2010 harvesting season yielded ~400 tonnes of fruit from which ~81,000 litres of oils were extracted (2009: ~2,050 tonnes of fruit and ~272,000 litres of oils);

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

(c) Olive grove operation expenses were $1,023,130 (which does not include revaluation and depreciation expenses) (June 2009: $581,009);

(d) Inventory – Bulk Oils of $515,525 reflects the cost of harvesting and processing during the 2010 season incurred up to balance date (June 2009: $701,478);

(e) Inventory – Packaged Oils of $103,875 (June 2009: $140,669).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FUTURE DEVELOPMENTS

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

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

ENVIRONMENTAL REGULATION

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

DIRECTORS' REPORT

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

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

BOARD OF DIRECTORS

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

Farooq Khan	**Executive Chairman**
Appointed	23 October 2006
Qualifications	BJuris , LLB. (*Western Australia*)
Experience	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
Relevant interest in shares	2,000 shares - directly 8,558,127 shares - indirectly[2]
Special Responsibilities	Chairman of the Company and the Investment Committee
Other current directorships in listed entities	Current Executive Chairman and Managing Director of: (1) Queste Communications Ltd (QUE) (since 10 March 1998) Current Executive Chairman of: (2) Bentley Capital Limited (BEL) (director since 2 December 2003) Current Executive Director of: (3) Alara Resources Limited (AUQ) (since 18 May 2007) Current Non-Executive Director of: (4) Strike Resources Limited (SRK) (since 9 September 1999) (5) ITS Capital Investments Limited (formerly Interstaff International Ltd) (ITS) (since 27 April 2006)
Former directorships in other listed entities in past 3 years	Scarborough Equities Limited (merged with BEL on 13 March 2009 and delisted)

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

DIRECTORS' REPORT

William M. Johnson	**Executive Director**
Appointed	28 February 2003.
Qualifications	MA (Oxon), MBA
Experience	Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. As Regional Director Asia Pacific for Telecom New Zealand Ltd, Mr Johnson was responsible for identifying, evaluating and implementing investment strategies that included start-up technology ventures, a technology focussed venture capital fund and strategic investments and acquisitions in Asia and Australia. As Executive Director, Mr Johnson is part of the Investment Committee of the Company and has been actively involved in the strategic analysis of a diverse range of business and investment opportunities and the execution of a number of corporate transactions. Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution
Relevant interest in shares	None
Special Responsibilities	None
Other current directorships in listed entities	Current Executive Director of: (1) Bentley Capital Limited (BEL) (since 13 March 2009) Current Non-Executive Director of: (2) Strike Resources Limited (SRK) (since 14 July 2006)
Former directorships in other listed entities in past 3 years	(1) Drillsearch Energy Limited (DLS) (24 October 2006 to 11 August 2008) (2) Scarborough Equities Limited (merged with BEL on 13 March 2009 and delisted) (3) Sofcom Limited (SOF) (18 October 2005 to 19 March 2008)

Victor P. H. Ho	**Executive Director and Company Secretary**
Appointed	Executive Director since 4 July 2003; Company Secretary since 2 August 2000
Qualifications	BCom, LLB (*Western Australia*)
Experience	Mr Ho has been in company secretarial/executive roles with a number of public listed companies since 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has extensive experience in the structuring and execution of commercial and corporate transactions, capital raisings, capital management matters, public company administration, corporations law and stock exchange compliance and shareholder relations.
Relevant interest in shares	None
Special Responsibilities	Member of Investment Committee
Other positions held in listed entities	Current Company Secretary of: (1) Queste Communications Ltd (QUE) (since 30 August 2000) (2) Bentley Capital Limited (BEL) (since 5 February 2004) (3) Alara Resources Limited (AUQ) (since 4 April 2007)
Former directorships in other listed entities in past 3 years	(1) Strike Resources Limited (Secretary between 9 March 2000 and 30 April 2010 and Director between 12 October 2000 and 30 April 2010) (2) Scarborough Equities Limited (merged with BEL on 13 March 2009 and delisted) (3) Sofcom Limited (SOF) (Director between 3 July 2002 and 19 March 2008; Secretary between 23 July 2003 and 19 March 2008)

DIRECTORS' REPORT

Yaqoob Khan	Non-Executive Director
Appointed	5 November 1999
Qualifications	BCom (*Western Australia*), Master of Science in Industrial Administration (*Carnegie Mellon*)
Experience	Mr Khan holds a Masters degree in Business and has worked as a senior executive responsible for product marketing, costing systems and production management. Mr Khan has been involved in the structuring and ASX listing of a number of public companies and in subsequent executive management. Mr Khan brings considerable international experience in corporate finance and the strategic analysis of listed investments.
Relevant interest in shares	None
Special Responsibilities	None
Other current directorships in listed entities	Queste Communications Ltd (QUE) (since 10 March 1998)
Former directorships in other listed entities in past 3 years	None

DIRECTORS' MEETINGS

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

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

Board Committees

During the financial year and as at the date of this Directors' Report, the Company did not have separate designated Audit or Remuneration Committees. In the opinion of the Directors, in view of the size of the Board and nature and scale of the Consolidated Entity's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

DIRECTORS' REPORT

REMUNERATION REPORT (audited)

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

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

(1) Remuneration Policy

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

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

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

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

(b) Mr William Johnson (Executive Director) – a base salary of $75,000 per annum plus employer superannuation contributions (currently 9%);

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT

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

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

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

(2) Details of Remuneration of Key Management Personnel

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

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

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

Victor Ho is also Company Secretary of the Company.

(3) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2010 financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

This concludes the audited remuneration report.

DIRECTORS' REPORT

DIRECTORS' AND OFFICERS' INSURANCE

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

DIRECTORS' DEEDS

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

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

(ii) Subject to the terms of the deed and the Corporations Act, the Company may advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Director; and

LEGAL PROCEEDINGS ON BEHALF OF CONSOLIDATED ENTITY

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

AUDITOR

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

Audit & Review Fees $	Fees for Other Services $	Total $
29,280	1,650	30,930

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

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

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 14. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 29), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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

Farooq Khan
Chairman

William Johnson
Director

31 August 2010

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

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

31 August 2010

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

Dear Sirs,

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

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

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

Brad McVeigh
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Note	2010 $	2009 $
Revenue from continuing operations	3 a	1,218,466	371,929
Other income			
- Net gain from sale of subsidiaries		-	16,961,679
- Gains on sale of securities		-	436,018
- Net change in fair value in trading portfolio		2,583,275	-
- Share of Associate entity's net profits	15	890,284	-
- Other		-	34,135
	3 a	4,692,025	17,803,761
Expenses	3 c		
Share of Associate entity's net losses		-	(2,283,013)
Net change in fair value in trading portfolio		-	(28,457,085)
Loss on sale of securities		(887,317)	-
Costs in relation to investments		-	(653)
Cost of goods sold in relation to olive grove and oils operations		(910,006)	(31,628)
Depreciation expenses in relation to olive grove and oils operations		(123,303)	(152,086)
Other costs in relation to olive grove and oils operations		(440,704)	(737,881)
Impairment of property held for development and resale		(950,000)	(1,200,000)
Other costs in relation to land operations		(130,080)	(36,735)
Personnel		(539,042)	(685,247)
Communications		(19,548)	(20,309)
Occupancy		(56,119)	(70,861)
Corporate expenses		(105,499)	(133,940)
Financing		(3,847)	(2,209)
Borrowing cost		(2,729)	-
Other depreciation expenses		(2,991)	(4,405)
Other administration expenses		(101,874)	(174,500)
Profit/(loss) before income tax		418,966	(16,186,791)
Income tax benefit	4	694,440	4,078,315
Profit/(loss) from continuing operations		1,113,406	(12,108,476)
Profit from discontinued operations	6	-	111,376
Profit/(loss) after income tax attributable to members of Orion Equities Limited		1,113,406	(11,997,100)
Other comprehensive income			
Changes in revaluation of assets	24	(29,013)	37,575
Other comprehensive income, net of tax		(29,013)	37,575
Total comprehensive income for the year attributable to members of Orion Equities Limited		1,084,393	(11,959,525)
Basic and diluted earnings/(loss) per share (cents)			
Earnings/(loss) per share for loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic and diluted earnings/(loss) per share	9	6.3	(68.0)
Earnings/(loss) per share for loss attributable to the ordinary equity holders of the Company			
Basic and diluted earnings/(loss) per share	9	6.3	(67.3)

The accompanying notes form part of this financial statement

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	10	397,531	242,157
Financial assets held at fair value through profit and loss	11	8,519,072	7,883,921
Trade and other receivables	12	99,364	34,201
Inventories - Olive Oils	13	619,400	842,147
Other current assets	14	-	5,294
TOTAL CURRENT ASSETS		9,635,367	9,007,720
NON CURRENT ASSETS			
Trade and other receivables	12	32,823	32,823
Inventories - Land	13	1,500,000	2,450,000
Investments accounted for using the equity method	15	7,331,989	6,851,981
Property, plant and equipment	16	2,088,790	2,226,099
Olive trees	17	65,500	393,080
Intangible assets	18	884,683	623,121
Resource projects	19	-	-
Deferred tax asset	22	2,090,691	1,288,723
TOTAL NON CURRENT ASSETS		13,994,476	13,865,827
TOTAL ASSETS		23,629,843	22,873,547
CURRENT LIABILITIES			
Trade and other payables	20	361,416	1,068,675
Provisions	21	81,394	71,767
TOTAL CURRENT LIABILITIES		442,810	1,140,442
NON CURRENT LIABILITIES			
Deferred tax liabilities	22	2,090,691	1,721,156
TOTAL NON CURRENT LIABILITIES		2,090,691	1,721,156
TOTAL LIABILITIES		2,533,501	2,861,598
NET ASSETS		21,096,342	20,011,949
EQUITY			
Issued capital	23	19,374,007	19,374,007
Reserves	24	611,348	640,361
Retained earnings/(Accumulated losses)		1,110,987	(2,419)
TOTAL EQUITY		21,096,342	20,011,949

The accompanying notes form part of this financial statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

	Note	Issued Capital $	Reserves $	Retained earnings/ (Accumulated Losses) $	Total $
At 1 July 2008		19,374,007	602,786	12,083,753	32,060,546
Total comprehensive income for the year		-	37,575	(11,997,100)	(11,959,525)
Transactions with owners in their capacity as owners:					
Dividends paid	8	-	-	(89,072)	(89,072)
At 30 June 2009		19,374,007	640,361	(2,419)	20,011,949
At 1 July 2009		19,374,007	640,361	(2,419)	20,011,949
Total comprehensive income for the year		-	(29,013)	1,113,406	1,084,393
At 30 June 2010		19,374,007	611,348	1,110,987	21,096,342

The accompanying notes form part of this financial statement

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2010

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	**$**
Receipts from customers		1,200,987	345,665
Sale proceeds from trading portfolio		1,059,608	1,141,704
Payments for trading portfolio		-	(264,740)
Payments to suppliers and employees		(2,510,745)	(1,861,759)
Payments for exploration and evaluation		-	(19,224)
Interest received		14,729	23,064
Interest paid		(2,517)	-
Income tax refund		-	414,768
Dividends received		413,026	34,024
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**10 b**	175,088	(186,498)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(19,714)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(19,714)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(89,126)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		-	(89,126)
NET INCREASE/(DECREASE) IN CASH HELD		**155,374**	**(275,624)**
Cash at beginning of the financial year		242,157	517,781
CASH AT THE END OF THE FINANCIAL YEAR	**10**	397,531	242,157

The accompanying notes form part of this financial statement

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1.1. Basis of preparation

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

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

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

AASB 101: *Presentation of Financial Statements*
The Consolidated Entity has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Consolidated Entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Early adoption of *AASB9: Financial Instruments*
AASB 9 specifies the basis for classifying and measuring financial assets. Classification is determined based on the Consolidated Entity's business model and the contractual cash flow characteristics of the financial assets. Financial assets will be classified as either amortised cost or fair value. AASB 9 replaces the classification and measurement requirements relating to financial assets in *AASB 139 Financial Instruments: Recognition and measurement* (AASB 139).

A financial asset is measured at amortised cost if the following conditions are met:

- the objective of the Consolidated Entity's business model in relation to those instruments is to hold the asset to collect the contractual cash flows; and
- the contractual cash flows give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

If these criteria are not met then the financial asset must be classified as fair value through profit or loss except as discussed below. Alternatively, similar to the requirements in AASB 139, the Consolidated Entity may irrevocably elect at inception to classify a financial asset as fair value through profit or loss to reduce an accounting mismatch.

Amortised cost is still measured using the effective interest rate method and amortised cost assets must be assessed for impairment losses. There are no changes to the measurement method for fair value through profit or loss from the requirements in AASB 139.

Under AASB 9 only equity instruments that are not held for trading are able to be classified as fair value through other comprehensive income rather than fair value through profit or loss. On disposal, in contrast to AASB 139, the cumulative gains or losses recognised in equity over the period the Consolidated Entity held the equity instrument are transferred directly to retained earnings and are not permitted to be recognised in profit or loss. Equity instruments fair valued through other comprehensive income are no longer required to be assessed for impairment.

The change in accounting policy was applied retrospectively only to those financial assets that the Consolidated Entity held at the date of initial application of AASB 9 (7 December 2009) or acquired subsequent to that date. Financial instruments disposed of prior to 7 December 2009 were accounted for under AASB 139. In accordance with the transitional provisions of AASB 9, the classification of financial assets that the Consolidated Entity held at the date of initial application was determined based on conditions that existed at that date.

Consolidated Financial Statements Reporting
Pursuant to the *Corporations Amendment (Corporate Reporting Reform) Bill 2010* (which was passed on 24 June 2010 and received Royal Assent on 28 June 2010), the reporting of the Company's financial statements are no longer required. However, there is still a requirement to present the Company's key financial information in the notes to the financial statements (Refer to Note 2 in this regard).

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

1.2. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Orion Equities Limited as at 30 June 2010 and the results of its subsidiaries for the year then ended. Orion Equities Limited and its subsidiary are referred to in this financial report as the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

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

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

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

1.3. Investments in Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the consolidated financial statements are accounted for using the equity method of accounting, after initially being recognised at cost. Under this method, the Consolidated Entity's share of the post-acquisition profits or losses of associates are recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. (Refer to Note 15).

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

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

1.4. Mineral Exploration and Evaluation Expenditure

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

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

1.5. Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to Board.

Change in accounting policy
The Consolidated Entity has applied AASB 8 "Operating Segments" from 1 July 2009. The Consolidated Entity now presents the operating segments based on information that is internally provided to the management. Previously operating segments were determined and presented in accordance with AASB 114 "Segment Reporting". An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by the management to make decisions on the allocation of resources to the relevant segments and assess performance. Unallocated items comprise mainly corporate assets, office expenses and income tax assets and liabilities. In this financial year, the operating segments have been determined to be investments comprising of investments in shares, land and Associate entity and the olive grove. The Consolidated Entity's segment reporting is contained in Note 25 of the notes to the financial statements.

1.6. Revenue Recognition

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

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

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

1.7. Income Tax

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

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

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

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

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

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

Tax consolidation legislation

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

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

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

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

1.8. Goods and Services Tax (GST)

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

1.9. Employee Benefits

Short term obligations - Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Employer superannuation contributions are made by the Consolidated Entity in accordance with statutory obligations and are charged as an expense when incurred.

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

1.10. Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

within short-term borrowings in current liabilities on the balance sheet.

1.11. Receivables

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

1.12. Investments and Other Financial Assets

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

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

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

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

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

1.13. Fair value Estimation

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

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

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

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at reporting date (refer to Note 11).

1.14. Property held for Resale

Property held for development and sale is valued at lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

1.15. Property, Plant and Equipment

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

Freehold Land is not depreciated. (except for property held for resale – refer to Note 1.14). Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. It is shown at fair value, based on periodic valuations by external independent valuers.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

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

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

1.16. Impairment of Assets

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

1.17. Payables

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

1.18. Issued Capital

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

1.19. Earnings Per Share

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

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

1.20. Business Combinations

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

Change in accounting policy
A revised AASB 3: *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the Consolidated Entity's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the Consolidated Entity recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Consolidated Entity's net profit after tax.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1.21. Inventories

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

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. They include the transfer from equity of any gains losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

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

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

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

1.23. Leases

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

1.24. Biological Assets

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

1.25. Intangible Assets

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1.26. Summary Of Accounting Standards Issued Not Yet Effective

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

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:
AASB 2009-5 (issued May 2009)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Not urgent but necessary changes to AIFRSs as a result of the IASB's 2008 annual improvement process.	Periods commencing on or after 1 January 2010
AASB 2009-8 (issued July 2009)	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions	Clarifies the scope and accounting for group cash-settled share-based payment transactions in the individual financial statements of an entity receiving the goods/services when that entity has no obligation to settle the share-based payment transaction. Supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 AASB 2 – *Group and Treasury Share Transactions*.	Periods beginning on or after 1 January 2010
AASB Interpretation 19 (issued December 2009)	Extinguishing Financial Liabilities with Equity Instruments	Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid' to be recognised at the fair value of the equity instruments issued, unless their fair value cannot be measured reliably, in which case they are measured at the fair value of the debt extinguished. Any difference between the carrying amount of the financial liability extinguished and the 'consideration paid' is recognised in profit or loss.	Periods beginning on or after 1 July 2010
Improvements to IFRSs	*Improvements to IFRSs*	Not urgent but necessary changes to IFRSs as a result of IASB's 2009 annual improvements project.	Periods commencing on or after 1 July 2010 or 1 January 2011.
AASB 124 (issued December 2009)	Related Party Disclosures	Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party.	Annual reporting periods commencing on or after 1 January 2011.
AASB 5	Non-current Assets Held for Sale and Discontinued Operations	Clarifies that disclosures required for non-current assets (or disposal groups) classified as held for sale or discontinued operations are limited to those required by AASB 5 unless: • Disclosures are specifically required for these assets by other AASBs; or • Assets and liabilities of a disposal group are not within the measurement requirements of AASB 5 and disclosures are required by other AASBs.	Periods commencing on or after 1 January 2010
AASB 101	Presentation of Financial Statements	Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities.	Periods commencing on or after 1 January 2010
AASB 107	Statement of Cash Flows	Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010
AASB 117	Leases	Land can be classified as a finance lease for very long leases where the significant risks and rewards are effectively transferred, despite there being no transfer of title.	Periods commencing on or after 1 January 2010
AASB 136	Impairment of Assets	Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8 *Operating Segments* before aggregation.	Periods commencing on or after 1 January 2010

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

2. COMPANY INFORMATION

The following information provided relates to the Company, Orion Equities Limited as at 30 June 2010. The information presented here has been prepared using accounting policies outlined in Note 1.

	Company	
Statement of Financial Position	**2010**	**2009**
	$	**$**
Current assets	8,908,985	8,113,220
Non current assets	9,891,510	13,664,991
Total assets	18,800,495	21,778,211
Current liabilities	246,069	310,415
Non current liabilities	610,401	1,455,846
Total liabilities	856,470	1,766,261
Net assets	17,944,025	20,011,950
Issued capital	19,374,007	19,374,007
Retained earnings/(Accumulated losses)	(1,429,982)	637,943
Total equity	17,944,025	20,011,950
Loss for the year	2,628,206	12,407,360
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,628,206	12,407,360

Notes to the Statement of Financial Position

(a) Current assets

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

Listed investments at fair value	7,558,576	7,035,608
Unlisted options in listed corporations at cost	10,000	10,000
Add: net change in fair value	950,495	838,313
	960,495	848,313
Financial assets held at fair value through profit and loss	8,519,071	7,883,921

(b) Non current assets

(i) Loans to subsidiaries

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

	Company	
	2010	**2009**
Loans to subsidiaries	**$**	**$**
Opening balance	7,856,966	8,718,023
Loans advanced	780,297	471,175
Loans repayment received	(300,000)	(17,879)
Loans forgiven	-	(1,314,353)
Closing balance	8,337,263	7,856,966
Movement in provision for impairment of receivables		
At 1 July	(1,939,382)	-
Provision for impairment recognised during the year	(1,168,137)	(1,939,382)
Provision for impairment on amounts receivable	(3,107,519)	(1,939,382)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

2. COMPANY INFORMATION (continued)

	Ownership interest 2010	Ownership interest 2009
Investment in Controlled Entities:		
Silver Sands Developments Pty Limited (ACN 094 097 122)	100%	100%
Incorporated in Australia on 10 August 2000		
This company is currently engaged in property development activities and holds non- current Inventory.		
Dandaragan Estate Pty Ltd (ACN 120 616 891)	100%	100%
Incorporated in Australia on 7 July 2006		
This company is currently engaged in olive oil production and sales		
The following controlled entities are currently inactive:		
Margaret River Wine Corporation Pty Ltd (ACN 094 706 500)	100%	100%
A subsidiary of Dandaragan Estate Pty Ltd		
Incorporated in Australia on 9 October 2000 and acquired on 23 June 2009		
Margaret River Olive Oil Company Pty Ltd (ACN 094 706 519)	100%	100%
A subsidiary of Dandaragan Estate Pty Ltd		
Incorporated in Australia on 9 October 2000 and acquired on 23 June 2009		
Aquaverde Holdings Pty Ltd (ACN 128 938 090)	50%	50%
Held by Silver Sands Developments Pty Limited		
Incorporated in Australia on 17 December 2007		

(c) Parent entities

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

(d) Transactions with related parties

During the financial 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:

	Company 2010 $	Company 2009 $
Dividends received from:		
Bentley Capital Limited	410,276	-
Dividends paid to:		
Queste Communications Ltd	-	42,791

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

3. PROFIT/(LOSS) FOR THE YEAR

The Consolidated Entity's profit/(loss) for the year includes the following items of revenue and expenses below. Included in the 2009 comparatives are the revenue and expenses of the discontinued operations of Orion Indo Mining Pty Ltd and Central Exchange Mining Ltd, formerly wholly owned subsidiaries disposed on 11 August 2008 (refer to Note 6).

		2010	2009
(a)	**Revenue from continuing operations**	$	$
	Dividends received from securities - trading portfolio	2,750	37,339
	Income from sale of olive oils	1,200,987	311,530
	Interest received - other	14,729	23,060
		1,218,466	371,929
	Other income		
	Net gain from sale of subsidiaries	-	16,961,679
	Gain on sale of securities - trading portfolio	-	436,018
	Net change in fair value in trading portfolio	2,583,275	-
	Share of Associate entity's profit	890,284	-
	Other income	-	34,135
		3,473,559	17,431,832
	Total revenue	4,692,025	17,803,761
(b)	**Revenue from discontinued operations**		
	Interest received - other	-	4
(c)	**Expenses from continuing operations**		
	Loss on sale of securities - trading portfolio	887,317	-
	Cost in relation to olive grove operations		
	- Cost of goods sold	910,006	31,628
	- Revaluation of trees	327,580	188,500
	- Depreciation expenses - olive grove assets	123,303	152,086
	- Other expenses	113,124	549,381
	Cost in relation to land operations		
	- Impairment of property held for development and resale	950,000	1,200,000
	- Other expenses	130,080	36,735
	Net change in fair value in trading portfolio	-	28,457,085
	Share of Associate entity's losses	-	2,283,013
	Occupancy expenses	56,119	70,861
	Personnel - remuneration and other	558,969	646,993
	- employee entitlements	(19,927)	38,254
	Finance expenses	3,847	2,209
	Borrowing cost	2,729	-
	Corporate expenses	105,499	133,940
	Other administration expenses		
	- Communications	19,548	20,309
	- Professional fees	3,014	7,980
	- Exploration and evaluation expenses	-	18,827
	- Brokerage fees	9,699	6,364
	- Realisation cost of share portfolio provision/(written back)	(1,073)	(28,844)
	- Costs in relation to investments	-	653
	- Write off lapsed options	1,200	-
	- Write off fixed assets	2,160	124
	- Depreciation expenses - other assets	2,991	4,405
	- Other expenses	86,874	170,049
		4,273,059	33,990,552
(d)	**Expenses from discontinued operations**		
	Finance expenses	-	205
	Other corporate expenses	-	(111,974)
	Exploration and evaluation expenses	-	397
		-	(111,372)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

4. INCOME TAX EXPENSE

	2010	2009
(a) Income tax expense	**$**	**$**
Current tax		
Current year income tax charge	-	-
Under/(over) provision in prior years	-	(472,883)
Deferred tax		
Current year deferred tax benefit	(694,440)	(3,605,432)
Total income tax benefit per income statement	(694,440)	(4,078,315)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2010	2009
Profit/(Loss) from continuing operations	418,966	(16,186,791)
Profit from discontinued operations	-	111,376
Profit/(Loss) before income tax	**418,966**	**(16,075,415)**
Tax at the Australian tax rate of 30% (2009: 30%)	125,690	(4,822,625)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other assessable income	53,103	122,513
Other non-deductible items	3,321	316,040
Share of Associate's (profits)/loss	(144,002)	684,904
Derecognition of prior year capital losses	69,001	-
Excess current year franking credits converted to recognised tax losses	(177,011)	-
Income tax expense attributable to operating loss	(69,898)	(3,699,168)
Deferred tax assets not previously brought to account	(624,542)	-
Recoupment of prior year losses not brought to account	-	(379,148)
Income tax benefit	(694,440)	(4,078,316)

(c) Deferred tax assets not brought to account at 30%

	2010	2009
Capital losses	295,802	-

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

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

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

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

(d) Tax consolidation

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

Schedule 5 of Taxation Laws Amendment (2010 Measures No.1) Act 2010, which was passed on 3 June 2010, introduced a number of new amendments that may have an impact on the taxation treatment of tax consolidated groups. These amendments seek to clarify the operation of certain aspects of the consolidation regime, to improve interactions with other parts of the law and introduce substantive new modifications to the tax consolidation regime. The amendments have different application dates, with some applying retrospectively from 1 July 2002.

As this legislation was only passed on 3 June 2010, and due to the complexity of some of the amendments, at the date of signing this report, the entity had not yet had sufficient time to assess and quantify the impact of these amendments on the financial statements. Accordingly, there is certain level of uncertainty as to the accuracy of the following tax balances contained in these financial statements: income tax expense, income tax liabilities, deferred tax assets and deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

5. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	2010 $	2009 $
Directors		
Short-term employee benefits - salary and fees	437,980	485,000
Post-employment benefits - superannuation	40,169	41,400
Long-term benefits	-	49,615
	478,149	576,015

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

(b) Compensation of other key management personnel

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

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

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

(d) Shareholdings of key management personnel

2010	Balance at start of the year	Net Changes during the year	Balance at end of the year
Directors			
Farooq Khan	8,651,356	-	8,651,356
William Johnson	-	-	-
Victor Ho	-	-	-
Yaqoob Khan	8,651,356	-	8,651,356
2009			
Directors			
Farooq Khan	8,651,356	-	8,651,356
William Johnson	-	-	-
Victor Ho	-	-	-
Yaqoob Khan	8,651,356	-	8,651,356

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

(e) Option holdings of key management personnel

The Consolidated Entity does not have any options on issue.

(f) Loans to key management personnel

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

(g) Other transactions with key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

6. DISCONTINUED OPERATIONS

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

Financial information relating to the discontinued operation, which has been incorporated into the Statement of Comprehensive Income, is as follows:	2010 $	2009 $
Revenue	-	4
Expenses	-	111,372
Loss before income tax	-	111,376
Income tax expense	-	-
Loss after income tax	-	111,376
Gain on sale of subsidiary	-	16,961,679
Income tax expense	-	-
Gain on sale of subsidiary after tax	-	16,961,679
The carrying amounts of assets and liabilities of the operation at the date of cessation were:		
Total assets	-	1,767,013
Total liabilities	-	(13,692)
Net assets	-	1,753,321
The net cash flows of the business, which have been incorporated into the Statement of Cash Flows, are as follows:		
Net cash outflow from operating activities	-	(40,791)
Net cash inflow from investing activities	-	77,121
Net increase in cash from businesses	-	36,330
Details of sale of subsidiaries		
Consideration received;		
Shares	-	18,715,000
	-	18,715,000
Carrying amount of net assets sold	-	(1,753,321)
Gain on sale before income tax	-	16,961,679
Income tax expense	-	-
Gain on sale after income tax	-	16,961,679

7. AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

BDO Audit (WA) Pty Ltd	2010 $	2009 $
Audit and review of financial reports	29,280	27,860
Taxation services	1,100	2,310
Other services	550	-
	30,930	30,170

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

8. DIVIDENDS

Declared and paid during the year		2010	2009
Dividends on ordinary shares	Paid on	$	$
0.5 cent per share fully franked	26-Sep-08	-	89,072
		-	89,072
Franking credit balance		**1,952,496**	**2,315,572**

9. EARNINGS/(LOSS) PER SHARE

	2010	2009
Basic and diluted earnings/(loss) per share (cents)		
From continuing operations attributable to the ordinary equity holders	6.3	(68.0)
From discontinued operations	-	0.6
Total basic and diluted earnings/(loss) per share attributable to the ordinary equity holders	6.3	(67.3)
Reconciliations of earnings/(loss) used in calculating earnings per share		
Profit/(Loss) attributable to the ordinary equity holders used in calculating basic earnings per share		
from continuing operations	1,113,406	(12,108,476)
from discontinued operations	-	111,376
Profit/(Loss) used to calculate earnings per share ($)	1,113,406	(11,997,100)
Weighted average number of ordinary shares during the year used in the calculation of basic earnings/(loss) per share	17,814,389	17,814,389

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

10. CASH AND CASH EQUIVALENTS

	2010	2009
	$	$
Cash at bank	397,531	242,157

(a) Risk exposure

The Consolidated Entity's exposure to interest rate risk is discussed in Note 26. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Reconciliation of Net Profit/(Loss) after Tax to Net Cash Flow from Operations

	2010	2009
	$	$
Profit/(Loss) after income tax	1,113,406	(11,997,100)
Net gain from sale of subsidiaries	-	(16,961,679)
Net change in fair value in trading portfolio	(2,583,275)	28,457,085
Revaluation of trees	327,580	188,500
Impairment of property held for development and resale	950,000	1,200,000
Depreciation - olive grove and other assets	126,294	156,491
Write off lapsed options	1,200	-
Write off fixed assets	2,160	124
Cost of trading portfolio sold	1,946,924	705,686

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

10. CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of Net Profit/(Loss) after Tax to Net Cash Flow from Operations (continued)

	2010 $	2009 $
(Increase)/Decrease in Assets:		
Financial assets held at fair value through profit or loss	-	(268,055)
Trade and other receivables	(65,163)	(139,633)
Inventories - Olive Oils	222,748	(681,621)
Investments accounted for using the equity method	(480,008)	2,283,013
Other current assets	5,294	-
Increase/(Decrease) in Liabilities:		
Trade and other payables	(707,259)	534,239
Provisions	9,627	-
Tax liabilities	(694,440)	(3,663,548)
Net cash inflow (outflow) from operating activities	175,088	(186,498)

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

Current		
Listed investments at fair value	7,558,576	7,035,608
Unlisted options in listed corporations at cost	10,000	10,000
Add: net change in fair value	950,496	838,313
	960,496	848,313
	8,519,072	7,883,921
Net gain/(loss) on financial assets held at fair value through profit or loss	2,583,275	(28,021,067)

Risk Exposure

Information about the Consolidated Entity's exposure to market and price risk is provided in Note 26(d).

12. TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
Current		
Other receivables	70,777	4,003
GST receivable	28,587	30,198
	99,364	34,201
Non Current		
Bonds and guarantees	32,823	32,823
	32,823	32,823

(a) Risk exposure

Information about the Consolidated Entity's exposure to credit risk, foreign exchange risk and interest rate risk is in Note 26.

(b) Impaired receivables and receivables

None of the receivables are impaired or past due.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

13. INVENTORIES

	2010	2009
Current - Olive Oil Inventory	**$**	**$**
Bulk oils - at cost	515,525	701,478
Packaged oils - at cost	103,875	140,669
	619,400	842,147
Non Current - Land Development		
Property held for development and resale - at cost	3,797,339	3,797,339
Revaluation of property	(2,297,339)	(1,347,339)
	1,500,000	2,450,000

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 and the downwards revaluation has been recognised as an impairment expense through profit or loss.

14. OTHER CURRENT ASSETS

	2010	2009
	$	**$**
Prepayments	-	5,294

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
		2010	2009	2010	2009
				$	$
Bentley Capital Limited (BEL)	Investments	28.5%	28.7%	7,331,989	6,851,981
Scarborough Equities Pty Ltd (SCB)	Investments	-	-	-	-
				7,331,989	6,851,981

SCB is a wholly owned subsidiary of BEL

	2010	2009
Movement in Investments in Associates		
Shares in listed Associate entity brought forward	6,851,981	9,207,515
Share of profit/(losses) before income tax expense	890,284	(2,141,377)
Dividend from associate	(410,276)	-
Share of income tax expense	-	(141,636)
Impairment expense - SCB	-	(72,521)
Acquisition of BEL shares through scheme of arrangement merger with SCB	-	3,270,050
Disposal of SCB shares through scheme of arrangement merger with BEL	-	(3,270,050)
Carrying amount at the end of the financial period	7,331,989	6,851,981
Fair value of listed investments in associate		
Bentley Capital Limited	4,615,601	5,333,584
Net tangible asset value of listed investments in associate		
Bentley Capital Limited	8,413,911	7,951,618
Share of Associate's profits		
Profit/(Loss) before income tax	890,284	(2,141,377)
Share of income tax (expense) /benefit	-	(141,636)
Profit/(Loss) after income tax	890,284	(2,283,013)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

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

Summarised Financial Position of Associate	Group share of: Bentley Capital Limited 2010 $	Bentley Capital Limited 2009 $	Scarborough Equities Pty Ltd 2010 $	Scarborough Equities Pty Ltd 2009 $
Current assets	8,451,992	7,982,669	-	-
Non current assets	39,290	4,444	-	-
Total assets	8,491,282	7,987,113	-	-
Current liabilities	(36,289)	(31,697)	-	-
Non current liabilities	(41,082)	(3,798)	-	-
Total liabilities	(77,371)	(35,495)	-	-
Net assets	8,413,911	7,951,618	-	-
Revenues	1,182,016	1,587,188	-	-
Profit after income tax of associates	890,284	(211,027)	-	(2,071,986)

Bentley Capital Limited - Lease Commitments

BEL and its subsidiary, SCB, have the same lease commitments as disclosed in Note 27.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings on Freehold Land	Plant & Equipment	Leasehold Improvement	Total
2010	$	$	$	$	$
Carrying amount at beginning	1,228,450	93,881	898,661	5,107	2,226,099
Asset revaluation (Note 24)	(28,569)	-	-	-	(28,569)
Additions	-	-	19,714	-	19,714
Depreciation expense	-	(7,041)	(118,510)	(743)	(126,294)
Disposals	-	-	(2,160)	-	(2,160)
Carrying amount at balance date	1,199,881	86,840	797,705	4,364	2,088,790
At 1 July 2009					
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)
Net carrying amount	1,228,450	93,881	898,661	5,107	2,226,099
At 30 June 2010					
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)
Net carrying amount	1,199,881	86,840	797,705	4,364	2,088,790
2009					
Carrying amount at beginning	1,464,000	101,493	1,039,182	5,979	2,610,654
Asset revaluation (Note 24)	(235,550)	-	-	-	(235,550)
Additions	-	-	8,014	-	8,014
Depreciation expense	-	(7,612)	(148,007)	(872)	(156,491)
Disposals	-	-	(528)	-	(528)
Carrying amount at balance date	1,228,450	93,881	898,661	5,107	2,226,099
At 1 July 2008					
Cost or fair value	861,214	112,432	1,315,165	22,170	2,310,981
Accumulated depreciation	602,786	(10,939)	(275,983)	(16,191)	299,673
Net carrying amount	1,464,000	101,493	1,039,182	5,979	2,610,654

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land	Buildings on Freehold Land	Plant & Equipment	Leasehold Improvement	Total
	$	$	$	$	$
At 30 June 2009					
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)
Net carrying amount	1,228,450	93,881	898,661	5,107	2,226,099

17. OLIVE TREES

	2010	2009
	$	$
Olive trees - at cost	300,000	300,000
Revaluation of trees	(234,500)	93,080
	65,500	393,080

Nature of asset

The olive trees are on the Olive Grove property (approximately 64,500, 11 year old trees planted over 143 hectares). As at 30 June 2010, an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute) revalued the trees downwards by $234,500 from the previous balance date. The revaluation of trees is expensed to Income Statement (Note 3).

18. INTANGIBLE ASSETS

	Water Licence	Brand name	Total
Year ended 30 June 2010	$	$	$
Opening net book amount	523,125	99,996	623,121
Asset revaluation	261,562	-	261,562
Closing net book amount	784,687	99,996	884,683
At 30 June 2010			
Cost	250,000	99,996	349,996
Asset revaluation (Note 23)	534,687	-	534,687
Net book amount	784,687	99,996	884,683
Year ended 30 June 2009			
Opening net book amount	250,000	-	250,000
Additions - acquisition	-	99,996	99,996
Asset revaluation	273,125	-	273,125
Closing net book amount	523,125	99,996	623,121
At 30 June 2009			
Cost	250,000	99,996	349,996
Asset revaluation (Note 23)	273,125	-	273,125
Net book amount	523,125	99,996	623,121

Nature of asset

The Water Licence pertains to the Consolidated Entity's Olive Grove property in Gingin, Western Australia. As at 30 June 2010, an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute) revalued the water licence upwards by $261,562 from the previous balance date. The Brand name pertains to the ultra premium Dandaragan Estate Olive Oil Brand.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

19. RESOURCE PROJECTS

Deferred Exploration Expenditure	**2010 $**	**2009 $**
Balance at beginning of the year	-	1,413,771
Disposal of mining tenements through the sale of subsidiaries	-	(1,413,771)
Direct expenditure	-	18,827
Direct expenditure expensed	-	(18,827)
Balance at end of the year	-	-

During the financial year, the Consolidated Entity did not engage in any mining activity.

20. TRADE AND OTHER PAYABLES	**2010 $**	**2009 $**
Trade payables	59,497	8,822
Other creditors and accruals	273,610	1,031,540
Dividend payable	28,309	28,313
	361,416	1,068,675

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

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

	2010 $	**2009 $**
Annual leave obligation expected to be settled after 12 months	22,153	51,135

(b) Risk exposure

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note 26.

21. PROVISIONS	**2010 $**	**2009 $**
Employee benefits - long service leave	81,394	71,767

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

22. TAX

		2010	2009
(a)	**Assets - Non Current**	**$**	**$**
	Deferred tax asset comprises:		
	Provisions & accruals	97,078	124,291
	Revenue tax losses	1,008,506	760,155
	Other	985,107	404,277
		2,090,691	1,288,723
(b)	**Liabilities - Non Current**		
	Deferred tax liability comprises:		
	Fair Value Gain Adjustments	1,899,035	1,455,846
	Other	191,656	265,310
		2,090,691	1,721,156
(c)	**Reconciliations**		
(i)	**Gross movements**		
	The overall movement in the deferred tax account is as follows:		
	Opening balance	(432,433)	(4,037,865)
	(Charged)/credited to income statement	694,439	3,605,432
	(Charged)/credited to equity	(262,006)	-
	Closing balance	-	(432,433)
(ii)	**Deferred tax asset:**		
	The movement in deferred tax asset for each temporary difference during the year is as follows:		
	Provisions & accruals		
	Opening balance	124,291	-
	Charged to income statement	(27,213)	124,291
	Closing balance	97,078	124,291
	Revenue tax losses		
	Opening balance	760,155	-
	Charged to income statement	248,351	760,155
	Closing balance	1,008,506	760,155
	Other		
	Opening balance	404,277	-
	Charged to income statement	580,830	404,277
	Closing balance	985,107	404,277
	Total	2,090,691	1,288,723
(iii)	**Deferred tax liability:**		
	The overall movement in recognised deferred tax liabilities for each temporary difference is as follows:		
	Fair Value Gain Adjustments		
	Opening balance	1,455,846	4,037,865
	Charged to income statement	443,189	(2,582,019)
	Closing balance	1,899,035	1,455,846
	Other		
	Opening balance	265,310	-
	Charged to income statement	(335,660)	265,310
	Charged to equity	262,006	-
	Closing balance	191,656	265,310
	Total	2,090,691	1,721,156

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

23. ISSUED CAPITAL

	2010 shares	2009 shares	2010 $	2009 $
Fully paid ordinary shares	17,814,389	17,814,389	19,374,007	19,374,007

	Date of issue	Number of shares	$
30 June 2010			
At 1 July 2009		17,814,389	19,374,007
		-	-
At 30 June 2010		17,814,389	19,374,007
30 June 2009			
At 1 July 2008		17,814,389	19,374,007
		-	-
At 30 June 2009		17,814,389	19,374,007

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

(a) Capital risk management

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

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

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

24. ASSET REVALUATION RESERVES

Revaluation relating to:	Note	2010 $	2009 $
Property, plant and equipment	16	338,667	367,236
Intangibles	18	534,687	273,125
		873,354	640,361
Deferred tax liability movement		(262,006)	-
Asset revaluation reserve		611,348	640,361
Movement of asset revaluation reserve			
Opening balance		640,361	602,786
Revaluation		232,993	37,575
Deferred tax liability movement		(262,006)	-
Closing balance		611,348	640,361

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets. The Asset Revaluation Reserve relates to the revaluation of the Olive Grove Land from $1,228,450 to $1,199,881 and the Water Licence from $523,125 to $784,687, as assessed by an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

25. SEGMENT INFORMATION

The Consolidated Entity has applied AASB 8 "Operating Segments" from 1 July 2009 as described in Note 1. 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 this financial year. Unallocated items comprise mainly of corporate assets, office expenses and income tax assets and liabilities. The current operating segments are the same as that reported in the financial statements as at 30 June 2009 (save for the Resources sector).

2010	**Investments**	**Olive Grove**	**Resources**	**Unallocated**	**Total**
	$	**$**	**$**	**$**	**$**
Total segment revenues	3,476,309	1,200,987	-	14,729	4,692,025
Adjusted EBITDA	2,446,198	177,857	-	(808,281)	1,815,774
Total segment assets	17,358,441	3,719,283	-	-	21,077,724
Total segment liabilities	(116,456)	(147,244)	-	-	(263,700)
2009					
Total segment revenues	496,417	311,530	16,961,679	34,135	17,803,761
Adjusted EBITDA	(30,309,843)	(269,479)	16,942,852	(1,054,901)	(14,691,371)
Total segment assets	17,185,902	4,097,601	-	-	21,283,503
Total segment liabilities	-	(830,032)	-	-	(830,032)

(a) Other segment information

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

The adjusted EBITDA excludes impairment of assets.

	2010	**2009**
	$	**$**
Adjusted EBITDA	1,815,774	(14,691,371)
Interest revenue	14,729	23,060
Revaluation of trees	(327,580)	(188,500)
Impairment of property held for development and resale	(950,000)	(1,200,000)
Finance cost	(6,576)	(2,209)
Realisation cost of share portfolio provision/(written back)	1,073	28,844
Fixed assets written off	(2,160)	(124)
Depreciation	(126,294)	(156,491)
Profit/(Loss) before income tax	418,966	(16,186,791)

	2010	**2009**
(ii) Segment assets	21,077,720	21,283,503
Unallocated:		
Cash and cash equivalents	397,531	242,157
Trade and other receivables	50,559	36,715
Other current assets	-	5,294
Property, plant and equipment	13,342	17,155
Deferred tax asset	2,090,691	1,288,723
Total assets as per the Statement of Financial Position	23,629,843	22,873,547
(iii) Segment liabilities	(263,700)	(830,032)
Unallocated:		
Trade and other payables	(97,716)	(238,643)
Provisions	(81,394)	(71,767)
Deferred tax liability	(2,090,691)	(1,721,156)
Total liabilities as per the Statement of Financial Position	(2,533,501)	(2,861,598)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

26. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments comprise of deposits with banks, accounts receivable and payable and investments in listed securities. The principal activity of the Consolidated Entity is the management of these investments - "financial assets held at fair value" (refer to Note 11). The Consolidated Entity's investments are subject to price (which includes interest rate and market risk), credit and liquidity risks.

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

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

	2010	2009
The Consolidated Entity hold the following financial instruments:	$	$
Financial assets		
Cash and cash equivalents	397,531	242,157
Trade and other receivables	99,364	34,201
Financial assets at fair value through profit or loss	8,519,072	7,883,921
	9,015,967	8,160,279
Financial liabilities		
Trade and other payables	(361,416)	(1,068,675)
	(361,416)	(1,068,675)
Net Financial Assets	8,654,551	7,091,604

(a) Market Risk

(i) Price risk

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

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

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

The Consolidated Entity has performed a sensitivity analysis on its exposure to market price risk at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. As a material portion of the listed investments comprise of Strike Resources Limited (ASX code: SRK) and Alara Resources Limited (ASX code: AUQ) shares, the SRK and AUQ share prices were utilised as the benchmark for the listed share investments. The unlisted options in SRK is sensitive to the underlying SRK share price.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

26. FINANCIAL RISK MANAGEMENT (continued)

	2010	2009
Equity Price risk - listed investments		
Change in profit	$	$
Increase by 15%	1,111,102	1,018,733
Decrease by 15%	(1,111,102)	(1,018,733)
Change in equity		
Increase by 15%	1,111,102	1,018,733
Decrease by 15%	(1,111,102)	(1,018,733)
Equity Price risk - unlisted investments		
Change in profit		
Increase by 15%	375,442	193,762
Decrease by 15%	(375,442)	(193,762)
Change in equity		
Increase by 15%	375,442	193,762
Decrease by 15%	(375,442)	(193,762)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The average interest rate for the year for the table below is 4.61% (2009: 3.9%).

	2010	2009
	$	$
Cash at bank	397,531	242,157

The Consolidated Entity has no borrowings and no material exposure to interest rate risk.

(iii) Foreign exchange risk

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

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

(b) Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

26. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	2010	2009
Cash and cash equivalents	**$**	**$**
AA	394,709	240,529
BBB+	2,822	1,628
	397,531	242,157
Trade and other receivables (due within 30 days)		
No external credit rating available	99,364	34,201

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

(c) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting obligations associated with financial liabilities. The Consolidated Entity has no borrowings. The Consolidated Entity's non-cash investments can be realised to meet trade and other payables arising in the normal course of business. The financial liabilities disclosed in the above table have a maturity obligation of not more than 30 days.

(d) Fair value measurements

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

As at 1 July 2009, the Consolidated Entity has adopted the amendment to *AASB 7 Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy :

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

(ii) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the Consolidated Entity's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the AASB 7 *Financial Instruments: Disclosures* .

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

27. COMMITMENTS

	Consolidated	
	2010	**2009**
	$	**$**
Not longer than one year	82,633	91,772
Between 12 months and 5 years	170,384	219,001
	253,017	310,773

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%.

28. 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 Company. At the end of the financial period, no claims have been made under any such indemnities and accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

(b) Royalty on Tenements

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

29. EVENTS AFTER BALANCE DATE

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement and accompanying notes as set out on pages 15 to 44, are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2010 and of their performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. The remuneration disclosures set out in the Directors' Report on pages 10 to 11 (as the audited Remuneration Report) comply with section 300A of the *Corporations Act 2001*;
4. The Directors have been given the declarations by the Executive Chairman (the person who performs the chief executive function) and the Company Secretary (the person who performs the chief financial officer function) as required by section 295A of the *Corporations Act 2001*; and
5. The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

Farooq Khan
Chairman

William Johnson
Director

31 August 2010

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

Report on the Financial Report

We have audited the accompanying financial report of Orion Equities Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Auditor's Opinion

In our opinion:

the financial report of Orion Equities Limited is in accordance with the Corporations Act 2001,including,

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 11 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Orion Equities Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001.*

BDO Audit (WA) Pty Ltd

BDO

BMcVeigh

Brad McVeigh
Director

Perth, Western Australia
Dated this 31st day of August 2010

CORPORATE GOVERNANCE

Compliance with Corporate Governance Council's Principles

The extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition, August 2007) is as follows:

Principle	Compliance	CGS References / Comments
Principle 1: Lay solid foundations for management and oversight Companies should establish and disclose the respective roles and responsibilities of board and management		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	2, 3.3, 4.1, 4.2, 4.3
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	3.11
1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1. The following material should be included in the corporate governance section of the annual report: • an explanation of any departure from Recommendations 1.1, 1.2 or 1.3; and • whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed. A statement of matters reserved for the board or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	Yes	Annual Report Website CGS
Principle 2: Structure the board to add value Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties		
2.1 A majority of the board should be independent directors.	No	3.5
2.2 The chair should be an independent director.	No	3.2, 3.5
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Not applicable The Company has an Executive Chairman but does not have a Chief Executive Officer or Managing Director	3.2
2.4 The board should establish a nomination committee.	No	4.2
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	3.11
2.6 Companies should provide the information indicated in the Guide to Reporting on Principle 2. The following material should be included in the corporate governance statement in the annual report: • the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; • the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds; • the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of these relationships; • a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company;	Yes (as applicable)	Annual Report Website CGS

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
The following material should be included in the corporate governance statement in the annual report: • details of the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee or, where a company does not have an audit committee, how the functions of an audit committee are carried out; • the number of meetings of the audit committee and the names of the attendees; and • explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: • the audit committee charter; and • information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.		CGS
Principle 5: Make timely and balanced disclosure Companies should promote timely and balanced disclosure of all material matters concerning the company		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	7.1, 8.2
5.2 Companies should provide the information indicated in the Guide to Reporting on Principle 5. An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report. The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.	Yes	Annual Report Website CGS
Principle 6: Respect the rights of shareholders Companies should respect the rights of shareholders and facilitate the effective exercise of those rights		
6.1 Companies should design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	8.1
6.2 Companies should provide the information indicated in Guide to Reporting on Principle 6. An explanation of any departures from best practice Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report. The company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section.	Yes	Annual Report Website CGS
Principle 7: Recognise and manage risk Companies should establish a sound system of risk oversight and management and internal control		
7.1 Companies should establish policies for oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to	Yes	7.1

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT (CGS)

1. Framework and Approach to Corporate Governance and Responsibility

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

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

Details of the Council's recommendations can be found on the ASX website at:

http://www.asx.com.au/about/corporate_governance/revised_corporate_governance_principles_recommendations.htm

2. Board of Directors - Role and Responsibilities

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

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

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the matters set out below, subject to delegation as specified elsewhere in this Statement or as otherwise appropriate:

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

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

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

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

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

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

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

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

  (a) reviewing and approving the audited annual and reviewed half-yearly financial reports; and

  (b) reviewing the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;

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

  (a) reviewing the remuneration and performance of Directors;

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

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

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

  (a) devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors; and

  (b) oversight of Board and Executive succession plans.

CORPORATE GOVERNANCE

3. Board of Directors – Composition, Structure and Process

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given the current size and the scale and nature of the Company's activities. The names of the Directors in office currently and during the 2009/2010 year and their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010.

3.1. Skills, Knowledge and Experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board recognises its need to contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration and Director-level business or corporate experience, having regard to the scale and nature of the Company's activities. A Director is initially appointed by the Board and retires (and may stand for re-election) at the next Annual General Meeting after their appointment.

3.2. Executive Chairman

The Executive Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. The Executive Chairman of the Company is Mr Farooq Khan, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010.

3.3. Non-Executive Directors

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. One of the current Board's four Directors is a Non-Executive Director – Mr Yaqoob Khan. His qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010.

3.4. Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is Mr Victor Ho (also an Executive Director), whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010.

3.5. Independence

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

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

(2) within the last 3 years has not been employed in an Executive capacity by the Company or another group member;

(3) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the provision of material professional or consulting services;

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

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

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

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

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

3.6. Conflicts of Interest

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

(1) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director or his duties to any other parties and the interests of the

CORPORATE GOVERNANCE

Company in carrying out the activities of the Company; and

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

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

3.7. Related-Party Transactions

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

3.8. Share Dealings and Disclosures

The Company's policy regarding Directors, Executives and employees dealing in its securities is set by the Board. The Board prohibits (a) subscribing for, purchasing or selling Company securities or entering into an agreement to do any of those things and (b) advising or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company securities whilst in possession of market-sensitive information, prior to disclosure of that information to the market and thereafter until adequate time has elapsed for this to be reflected in the security's price, in accordance with the Corporations Act.

The Board also prohibits communicating inside information to any other person when Directors, Executives and employees should reasonably know that they may deal in the Company's securities or encourage another person to do so. .

Executives/employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies with which the Company has a relationship.

3.9. Board Nominations

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

3.10. Terms of Appointment as a Director

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

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

Director	Appointed	AGM Last Re-elected
Farooq Khan	23 October 2006	30 November 2006 (standing for re-election at 2010 AGM)
Yaqoob Khan	5 November 1999	30 November 2007
William Johnson	28 February 2003	20 November 2008
Victor Ho	4 July 2003	18 November 2009

3.11. Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and Executives of the Company be equipped with the knowledge and information they need to discharge their responsibilities effectively and that individual and collective performance is regularly and fairly reviewed. Directors are encouraged to attend director training and professional development courses, as required, at the Company's expense. New directors will have access to all employees to gain full background on the Company's operations. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chairman and the Board. The Non-Executive Director is responsible for reviewing the performance and remuneration of the Executive Chairman. The Chairman also speaks to Directors individually regarding their role and performance as a Director.

3.12. Meetings of the Board

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

CORPORATE GOVERNANCE

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

3.13. Independent Professional Advice

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

3.14. Company Information and Confidentiality

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

3.15. Directors' Deeds

The Company has also entered into a deed with each of the current Directors and the Company Secretary to regulate certain matters between the Company and each Director, both during the time the Director holds office and after the Director ceases to be an officer of the Company (or of any of its wholly-owned subsidiaries). A summary of the terms of such deeds is contained within the Remuneration Report in the Director's Report for the year ended 30 June 2010 and in the 2005 Notice of AGM dated 18 October 2005.

4. Management

4.1. Executives

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

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

The Board has determined that the Executive Chairman is the appropriate person to make the Chief Executive Officer equivalent declaration and the Company Secretary is the appropriate person to make the Chief Financial Officer equivalent declaration in respect of the year ended 30 June 2010, as required under section 295A of the Corporations Act and recommended by the Council.

4.2. Board and Management Committees

In view of the current composition of the Board (which comprises an Executive Chairman, two Executive Directors and one Non-Executive Director) and the nature and scale of the Company's activities, the Board has considered that establishing formally-constituted committees for audit, board nominations and remuneration is not necessary or required.

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

4.3. Investment Committee

The Company's implementation of its investment strategies in accordance with its investment objectives will be carried out by the Board and the Investment Committee (in conjunction with external consultants and advisers where appropriate). The Investment Committee comprises Executive Chairman, Farooq Khan and Executive Directors, William Johnson and Victor Ho. Where necessary, the Investment Committee will engage additional specialist resource(s) to assist with the identification, evaluation and management of particular investment opportunities. This includes specialist consultants and advisers, analysts and brokers.

5. Remuneration Policy

Please refer to the Remuneration Report in the Director's Report for the year ended 30 June 2010. Directors do not currently have any equity-based remuneration.

6. Code of Conduct and Ethical Standards

The Company was not of a size that warranted the establishment of a formal code of conduct that guides compliance with obligations to stakeholders during the year ended 30 June 2010. However, the Company's policies are focussed on ensuring that all Directors, Executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company. Many of the items commonly found in a code of conduct are covered by the

CORPORATE GOVERNANCE

Company's policies designed to deal with compliance risk identified in section 7.1 of this Statement.

7. Internal Control, Risk Management and Audit

7.1. Internal Control and Risk Management

The Board of Directors is responsible for the overall internal control framework (which includes risk management) and oversight of the Company's policies on and management of risks that have the potential to impact significantly on operations, financial performance or reputation.

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

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

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

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

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

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

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

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

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

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

The Board has determined that the Executive Chairman is the appropriate person to make the Chief Executive Officer equivalent declaration and the Company Secretary (who is also an Executive Director) is the appropriate person to make the Chief Financial Officer equivalent declaration in respect of the year ended 30 June 2010, on the risk management and internal compliance and control systems recommended by the Council.

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

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

7.2. Audit

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

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

CORPORATE GOVERNANCE

8. Communications

8.1. Market and Shareholder Communications

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

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

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

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

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

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

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

Shareholders communicate with Directors through various means including:

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

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

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

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

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

8.2. Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to ASX as well as communicating with ASX.

In accordance with the Corporations Act and ASX Listing Rule 3.1 the Company immediately notifies ASX of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, subject to exceptions permitted by that rule. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

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

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

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

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

1 October 2010

LIST OF SHARE INVESTMENTS
as at 30 June 2010

Equities		Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Strike Resources Limited	7.56	35.82%	SRK	Materials
2.	Bentley Capital Limited	4.62	21.88%	BEL	Diversified Financials
3.	Alara Resources Limited	0.81	3.85%	AUQ	Energy
4.	Chemrok Pty Ltd	0.06	0.29%	Unlisted	N/A
5.	Advanced Share Registry Limited	0.05	0.23%	ASW	Diversified Financials
6.	Miscellaneous Listed Securities	0.03	0.19%	Various	Various
TOTAL		**13.13**	**62.26%**		

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

	Fair Value $'million	% of Net Assets	ASX Code	
(a) 13,190,802 shares	6.60	31%	SRK	
(b) 1,833,333 unlisted $0.178 (9 Feb 2011) Options	0.57	3%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being $0.50 (the last bid price as at 30 June 2010). (ii) A risk free rate of return of 4.91% (based on the Bank Bills 180 day market rate as at 30 June 2010). (iii) An estimated future volatility of SRK's share price of 80%.
(c) 1,666,667 unlisted $0.278 (9 Feb 2011) Options	0.39	2%		
Sub-total	**7.56**	**36%**		

ADDITIONAL ASX INFORMATION
as at 1 October 2010

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	270	141,190	0.79%
1,001- 5000	229	549,255	3.08%
5,001- 10,000	66	507,792	2.85%
10,001 – 100,000	105	3,211,812	18.03%
100,001 and over	21	13,404,340	75.24%
Total	**691**	**17,814,389**	**100.00%**

Unmarketable Parcels

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 - 1,204	301	176,308	0.99%
1,204 and over	390	17,638,081	99.01%
Total	**691**	**17,814,389**	**100.00%**

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 1,204 shares or less (being a value of $500 or less in total, based upon the Company's last bid share price on 1 October 2010 of $0.415 per share).

VOTING RIGHTS

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

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

TRANSACTIONS AND BROKERAGE

The Company entered into a total of 13 contract notes with stock brokers and subscription transactions with investee companies during the year, incurring total brokerage fees of ~$9,699.

ON-MARKET SHARE BUY-BACK

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

ADDITIONAL ASX INFORMATION
as at 1 October 2010

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	SHARES HELD	TOTAL SHARES	% ISSUED CAPITAL
1	QUESTE COMMUNICATIONS LTD *		8,558,127	48.041
2	CELLANTE SECURITIES PTY LIMITED*	812,038		
	CLEOD PTY LTD <CELLANTE SUPER FUND A/C>	111,000		
		Sub-total	923,038	5.181
3	JP MORGAN NOMINEES AUSTRALIA LIMITED		866,000	4.861
4	STRIKE RESOURCES LIMITED		505,026	2.835
5	MR SIMON ROBERT EVANS & MRS KATHRYN MARGARET EVANS <KAMIYACHO SUPER FUND A/C>		386,500	2.170
6	REDSUMMER PTY LTD		225,000	1.263
7	MS HOON CHOO TAN		197,538	1.109
8	VIKAND CONSULTING PTY LTD <VIKAND SUPER FUND A/C>		184,798	1.037
9	MRS PENELOPE MARGARET SIEMON		178,794	1.004
10	MR SEAN DENNEHY		171,013	0.960
11	MR BRUCE SIEMON		145,150	0.815
12	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES <HOPERIDGE ENT P/L SUPER A/C>		133,000	0.747
13	OPTION OPPORTUNITY FUND PTY LTD		132,403	0.743
14	MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE		126,189	0.708
15	MR STEPHEN JAMES LAMBERT & MRS RUTH LYNETTE LAMBERT & MR SIMON LEE LAMBERT <LAMBERT RETIREMENT A/C>		125,000	0.702
16	MR EDWARD JAMES STEPHEN DALLY & MRS SELINA DALLY <LEKDAL FAMILY A/C>		125,000	0.702
17	MR ANTHONY NEALE KILLER & MS SANDRA MARIE KILLER <THE KILLER SUPER A/C>		110,000	0.617
18	KATANA ASSET MANAGEMENT LTD	79,200		
	MR. ROMANO SALA TENNA & MRS LINDA SALA TENNA <THE SALA TENNA SUPER A/C>	30,000		
		Sub-total	109,200	0.613
19	MRS 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
	TOTAL		**13,413,777**	**75.298**

* Substantial shareholder of the Company

ORION EQUITIES LIMITED
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