FULL YEAR REPORT:

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Directors' Report
Auditors' Independence Declaration
Financial Report
Audit Report

30 June 2008

www.orionequities.com.au

ORION EQUITIES LIMITED

A.B.N. 77 000 742 843

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CORPORATE DIRECTORY

BOARD

Farooq Khan	Executive Chairman
William Johnson	Executive Director
Victor Ho	Executive Director
Yaqoob Khan	Non-Executive Director

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

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

Telephone:	(08) 9214 9797
Facsimile:	(08) 9322 1515
Email:	info@orionequities.com.au
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SHARE REGISTRY

Advanced Share Registry Services
Suite 2, 150 Stirling Highway
Nedlands Western Australia 6009

Telephone:	(08) 9389 8033
Facsimile:	(08) 9389 7871
Email:	admin@advancedshare.com.au
Website:	www.advancedshare.com.au

STOCK EXCHANGE

Australian Securities Exchange
Perth, Western Australia

ASX CODE

OEQ

AUDITOR

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

Telephone:	(08) 9380 8400
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Website:	www.bdo.com.au

ASX PRELIMINARY FINAL REPORT

This Preliminary Final Report is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.3A

Current Reporting Period:	Financial year ended 30 June 2008
Previous Corresponding Period:	Financial year ended 30 June 2007
Balance Date:	30 June 2008
Company:	Orion Equities Limited (**Orion** or **OEQ**)
Consolidated Entity:	Orion and controlled entities:

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

(2) Koorian Olives Pty Ltd (ACN 120 616 891, a wholly owned subsidiary;

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

(4) Orion Indo Operations Pty Ltd (ACN 124 702 245), a wholly owned subsidiary; and

(5) PT Orion Indo Mining, 100% beneficially owned by Orion Indo Operations Pty Ltd.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated Entity	2008 $	2007 $	% Change	Up/ Down
Total revenues	(527,097)	18,184,064	103%	Revenue Down
Total expenses	(2,555,769)	(1,663,789)	54%	Up
Profit/(Loss) before tax	**(3,082,866)**	**16,520,275**	119%	Profit Down
Income tax benefit/(expense)	513,853	(4,619,027)	111%	Expense Down
Profit/(Loss) from continuing operations	**(2,569,013)**	**11,901,248**	122%	Profit Down
Profit/(Loss) from discontinued operations	-	(1,852,990)	100%	Loss Down
Profit/(Loss) attributable to members of the Company	**(2,569,013)**	**10,048,258**	126%	Profit Down
Basic and diluted earnings/(loss) per share	$(0.1442)	$0.5641	126%	Earnings Down
Pre-tax NTA backing per share	$2.016	$2.223	9%	Down
Post-tax NTA backing per share	$1.786	$1.931	8%	Down

ASX PRELIMINARY FINAL REPORT

BRIEF EXPLANATION OF RESULTS

Total revenues of $(527,097) include:

(1) $532,912 net profit from the Company's share trading portfolio (2007: $11,593,493), which comprises:

(a) $1,836,528 unrealised losses on securities (2007: $8,583,740 unrealised gains);

(b) $2,266,054 realised gains on securities (2007: $2,840,719);

(c) $103,386 dividend income (2007: $169,034);

(2) $2,687,143 share of Associate entities' net losses (2007: $1,668,955 net profits), comprising:

(a) $946,767 net losses attributable to Bentley International Limited (**BEL**) (2007: $159,646);

(b) $1,740,376 net losses attributable to Scarborough Equities Limited (**SCB**) (2007: $1,509,309);

(3) $255,124 dividend income received from Associate entities (2007: $481,726), comprising:

(a) $112,760 fully franked dividends attributable to BEL (2007: $222,509);

(b) $142,364 fully franked dividends attributable to SCB (2007: $259,197);

(4) $1,322,307 income from olive grove operations (2007: $58,095), which includes:

(a) $1,039,852 income from sale of oils or olives (2007: $8,500);

(b) $281,500 revaluation of olive tress (2007: Nil).

Total expenses of $2,555,769 include:

(1) $1,192,240 olive grove operations (which does not include Inventory, depreciation, corporate and administration expenses) (2007: $418,647), which comprises:

(c) $677,046 cost of goods sold (2007: $Nil) – this reflects the harvesting and processing costs from the 2007 season;

(d) $515,194 other expenses (2007: $322,933);

(2) $597,502 personnel costs (including Directors' fees) (2007: $613,171);

(3) $132,253 professional fees (2007: $20,678).

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

A total of 9.5 million Strike shares were issued to Orion as consideration for the sale. The Company realised a gain on sale of these subsidiaries of $17.5 million (based on Strike's closing bid price of $1.97 on the date of completion), which will be accounted for in the 2008/09 financial year.

These shares have a current value of $13.78 million (based on the closing bid price of $1.45 per share on 27 August 2008).

ASX PRELIMINARY FINAL REPORT

DIVIDENDS

The Company will be paying a final dividend (funded from retained earnings) as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking	Total Dividends Payable
0.5 cent per share	19 September 2008	26 September 2008	Fully Franked	$89,072

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

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
1.5 cents per share	19 March 2008	28 March 2008	Fully franked	$267,252

The Company has retained earnings of $12,083,753 as at 30 June 2008 (2007: $15,276,306).

ASSOCIATE ENTITIES

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

(1) 28.47% interest in ASX listed Scarborough Equities Limited (ACN 061 287 045) (**SCB**) (30 June 2007: 28.22%); and

(2) 28.80% interest in ASX listed Bentley International Limited (ACN 008 108 218) (**BEL**) (30 June 2007: 28.38%).

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

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

CONTROLLED ENTITIES

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

The Company ceased control of the following entities after the financial year:

(1) Central Exchange Mining Ltd, formerly a wholly owned subsidiary, was disposed to Strike Resources Limited (**Strike** or **SRK**) on 11 August 2008 in consideration for 1,750,000 Strike shares;

(2) Orion Indo Operations Pty Ltd, formerly a wholly owned subsidiary, was disposed to Strike on 11 August 2008 in consideration for 7,750,000 Strike shares; and

(3) PT Orion Indo Mining, 100% beneficially owned by Orion Indo Operations Pty Ltd.

The Company gained control of the following entity after the financial year:

(1) CXM Limited (ACN 132 294 645) which was incorporated on 18 July 2008 as a wholly owned subsidiary.

ASX PRELIMINARY FINAL REPORT

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Please refer to the attached Directors' Report and Financial Report for further information on a review of the Consolidated Entity's operations and the financial position and performance of the Consolidated Entity and Company for the year ended 30 June 2008.

STATUS OF AUDIT

This Preliminary Final Report is based on:

X	Accounts that have been audited.

ANNUAL GENERAL MEETING

Details of the Company's Annual General Meeting (which is required to be held by no later than 30 November 2008) is still to be determined by the Board.

For and on behalf of the Directors,

Date: **29 August 2008**

Victor Ho
Executive Director and Company Secretary

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

DIRECTORS' REPORT

The Directors present their report on Orion Equities Limited (**Company** or **Orion Equities** or **OEQ**) and its controlled entities (the **Consolidated Entity**) for the year ended 30 June 2008 (**Balance Date**).

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

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

Consolidated Entity	2008 $	2007 $
Total revenues	(527,097)	18,184,064
Total expenses	(2,555,769)	(1,663,789)
Profit/(loss) before tax	**(3,082,866)**	**16,520,275**
Income tax benefit/(expense)	513,853	(4,619,027)
Profit/(loss) from continuing operations	**(2,569,013)**	**11,901,248**
Profit/(Loss) from discontinued operations	-	(1,852,990)
Profit/(Loss) attributable to members of the Company	**(2,569,013)**	**10,048,258**

Total revenues of $(527,097) include:

(1) $532,912 net profit from the Company's share trading portfolio (2007: $11,593,493), which comprises:

(a) $1,836,528 unrealised losses on securities (2007: $8,583,740 unrealised gains);

(b) $2,266,054 realised gains on securities (2007: $2,840,719);

(c) $103,386 dividend income (2007: $169,034);

(2) $2,687,143 share of Associate entities' net losses (2007: $1,668,955 net profits), comprising:

(a) $946,767 net losses attributable to Bentley International Limited (**BEL**) (2007: $159,646);

(b) $1,740,376 net losses attributable to Scarborough Equities Limited (**SCB**) (2007: $1,509,309);

(3) $255,124 dividend income received from Associate entities (2007: $481,726), comprising:

(a) $112,760 fully franked dividends attributable to BEL (2007: $222,509);

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(4) $1,322,307 income from olive grove operations (2007: $58,095), which includes:

(a) $1,039,852 income from sale of oils or olives (2007: $8,500);

(b) $281,500 revaluation of olive tress (2007: Nil).

Total expenses of $2,555,769 include:

(1) $1,192,240 olive grove operations (which does not include Inventory, depreciation, corporate and administration expenses) (2007: $418,647), which comprises:

(a) $677,046 cost of goods sold (2007: $Nil) – this reflects the harvesting and processing costs from the 2007 season;;

DIRECTORS' REPORT

(b) $515,194 other expenses (2007: $322,933);

(2) $597,502 personnel costs (including Directors' fees) (2007: $613,171);

(3) $132,253 professional fees (2007: $20,678).

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

EARNINGS/(LOSS) PER SHARE

Consolidated Entity	**2008**	**2007**
Basic and diluted earnings/(loss) per share	$(0.1442)	$0.5641
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	17,814,389	17,814,389

FINANCIAL POSITION

Consolidated Entity	**2008 $**	**2007 $**
Cash	517,781	1,620,198
Financial assets at fair value through profit and loss	17,991,115	20,935,654
Investments in listed Associate entities	9,207,515	11,639,535
Inventory	3,810,526	3,821,038
Receivables	271,834	167,201
Deferred tax assets	-	-
Resource Projects	1,413,771	-
Intangibles	250,000	250,000
Other assets	3,192,234	3,067,259
Total Assets	**36,654,776**	**41,500,885**
Tax liabilities	(4,095,981)	(5,195,589)
Other payables and liabilities	(498,249)	(1,654,983)
Net Assets	**32,060,546**	**34,650,313**
Issued capital	19,374,007	19,374,007
Retained earnings	12,083,753	15,276,306
Reserves	602,786	-
Total Equity	**32,060,546**	**34,650,313**

Subsequent to the Balance Date, the Company disposed of its interests in Resource Projects in consideration for 9.5 million shares in Strike. These shares have a current value of $13.78 million (based on the closing bid price of $1.45 per share on 27 August 2008).

DIRECTORS' REPORT

NET TANGIBLE ASSET BACKING (NTA)

Consolidated Entity	2008 $	2007 $
Net tangible assets (before tax)	35,906,527	39,595,902
Pre-Tax NTA Backing per share	**$2.016**	**$2.223**
Less deferred tax assets and tax liabilities	(4,095,981)	(5,195,589)
Net tangible assets (after tax)	31,810,546	34,400,313
Post-tax NTA Backing per share	**$1.786**	**$1.931**
Based on total issued share capital	17,814,389	17,814,389

CONTROLLED AND ASSOCIATE ENTITIES

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

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

(2) Koorian Olives Pty Ltd (ACN 120 616 891), a wholly owned subsidiary;

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

(4) Orion Indo Operations Pty Ltd (ACN 124 702 245), a wholly owned subsidiary; and

(5) PT Orion Indo Mining, 100% beneficially owned by Orion Indo Operations Pty Ltd.

The Company ceased control of the following entities after the financial year:

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

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(3) 50% interest in AquaVerde Holdings Pty Ltd (ACN 128 938 090) (30 June 2007: Nil).

DIRECTORS' REPORT

DIVIDENDS

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1.5 cents per share	19 March 2008	28 March 2008	Fully franked	$267,252

The Company has retained earnings of $12,083,753 as at 30 June 2008 (2007: $15,276,306).

SECURITIES IN THE COMPANY

At Balance Date and the date of this report, the Company had 17,814,389 shares on issue (30 June 2007: 17,814,389). The Company does not have other securities on issue at the date of this report.

REVIEW OF OPERATIONS

(a) Portfolio Details As At 30 June 2008

Asset Weighting

	% of Net Assets
Australian equities	73%
International equities[1]	12%
Property held for development and resale	11%
Koorian Olives[2]	11%
Net tax liabilities (current year and deferred tax assets/liabilities)	-13%
Net cash/other assets and provisions	5%
TOTAL	**100%**

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

2 Koorian Olives includes land, water licence, buildings, plant and equipment and inventory

DIRECTORS' REPORT

Top 10 Holdings in Securities Portfolio

Equities		Fair Value $'million	% of Net Assets	ASX Code	Industry Sector Exposures
1.	Strike Resources Limited[3]	14.13	44.08%	**SRK**	Materials
2.	Scarborough Equities Limited[4]	5.41	16.89%	**SCB**	Diversified Financials
3.	Bentley International Limited[4]	3.79	11.83%	**BEL**	Diversified Financials
4.	Katana Capital Limited	1.13	3.52%	**KAT**	Diversified Financials
5.	Alara Uranium Limited	0.89	2.79%	**AUQ**	Energy
6.	BHP Billiton Limited	0.65	2.04%	**BHP**	Materials
7.	Woodside Petroleum Ltd	0.28	0.87%	**WPL**	Energy
8.	Oilex Ltd	0.27	0.85%	**OEX**	Energy
9.	Bell Financial Group Ltd	0.24	0.74%	**BFG**	Diversified Financials
10.	Chemrok Pty Ltd	0.16	0.48%	Unlisted	N/A
TOTAL		**26.96**	**84.08%**		

Note: The investment in Strike comprises the following securities:

	Fair Value $'million	% of Net Assets	ASX Code	
(a) 3,490,802 shares	7.40	23.08%	SRK	
(b) 1,833,333 unlisted $0.178 (9 Feb 2011) Options	3.59	11.20%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being $2.12 (the last bid price as at 30 June 2008). (ii) A risk free rate of return of 6.73% (based on the Commonwealth 3 year bond yield rate as at 30 June 2007). (iii) An estimated future volatility of SRK's share price of 80%.
(c) 1,666,667 unlisted $0.278 (9 Feb 2011) Options	3.14	9.79%		
Sub-total	**14.13**	**44.07%**		

Subsequent to the Balance Date, the Company disposed of its interests in the Berau and Paulsens East resource projects to Strike in consideration for 9.5 million shares in Strike. These shares have a current value of $13.78 million (based on the closing bid price of $1.45 per share on 27 August 2008).

In addition to the Strike option holdings referred to above, the Company currently holds a total of 13,090,802 shares in Strike, accounting for 10.07% of Strike's total issued share capital.

3 SRK includes listed shares and unlisted options (as disclosed in the note following the Top 10 Holdings)

4 Associate entities, BEL and SCB, have been equity accounted and are not held at fair value

DIRECTORS' REPORT

(b) Koorian Olive Grove

The Koorian Olive Grove is a 143 hectare commercial olive grove located in Gingin, Western Australian (approximately 100 kilometres North of Perth) producing olive oil and table olives from approximately 64,500, 9 year old olive tree plantings.

A summary of olive grove operations during the 2008 financial year are as follows:

(a) The 2008 harvesting season yielded ~502 tonnes of fruit from which ~95,000 litres of oils were extracted (2007: ~1,416 tonnes of fruit and ~205,000 litres of oils);

(b) The average yield (ratio of kilogrammes of oils extracted to tonnes of fruit processed) across all varieties of trees improved significantly to 17% (2007: 12%), with some varieties achieving up to a 26% yield (2007: highest yield of 18%);

(c) 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;

(d) Olive grove operation expenses were $1,192,240 (which does not include Inventory, depreciation, corporate and administration expenses) (2007: $418,647), comprising:

    (i) $677,046 cost of goods sold (2007: $Nil) – this reflects the harvesting and processing costs from the 2007 season;

    (ii) $515,194 other expenses (2007: $322,933);

(e) Inventory of $160,526 reflects the cost of harvesting and processing during the 2008 season incurred up to balance date (2007: $646,864). The Company notes that invoices totalling approximately $102,000 in respect of costs associated with the 2008 harvest season were received by the Consolidated Entity after the Balance Date – these costs will be reflected in Inventory for the 2008/2009 financial year;

(f) Koorian is negotiating with several parties for the sale of ~95,000 litres of oil from the 2008 harvest season. Any sale will be accounted for as revenue in the 2008/2009 financial year.

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

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

These transactions have crystallised a significant value gain for Orion shareholders. At the date these transactions were completed, Strike shares were trading at $1.97, valuing the 9.5 million shares received as consideration at $18.7 million. The Company had accounted for these projects at cost, being $1.2 million. Therefore, the gain realised on sale, which will be recognised in the 2008/09 financial year, was $17.5 million (pre tax).

These transactions continues Orion's successful track record of creating shareholder value from, among other things, early stage resource projects. Strike was re-listed in 2006 with a number of early stage resource projects vended into Strike by Orion. Orion now holds a total of 13,090,802 shares in Strike, accounting for 10.07% of Strike's total issued share capital and 3.5 million unlisted options with a weighted average exercise price of $0.225 per option.

Orion has retained an existing 2% royalty on production, which remains in place on the projects vended into Strike in 2006, which includes the Paulsen East tenements, and the projects vended into Alara.

DIRECTORS' REPORT

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 Board will consider opportunities to increase the Company's investment portfolio size to raise the Company's profile in the general investment community and generate economies of scale. The expansion of the capital base of the Company may occur through a variety of methods including the issue of equity capital or mergers (through schemes or takeovers) with, or acquisitions of, other listed investment companies or managed funds.

The Company 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 Company 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 Company's investments or the forecast of the likely results of the Company's activities.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

DIRECTORS' REPORT

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[5]
Special Responsibilities	Chairman of the Company and the Investment Committee
Other current directorships in listed entities	Current Chairman and Managing Director of: (1) Queste Communications Ltd (QUE) (since 10 March 1998) Current Chairman of: (2) Bentley International Limited (BEL) (director since 2 December 2003) (3) Scarborough Equities Limited (SCB) (since 29 November 2004) Current Executive Director of: (4) Strike Resources Limited (SRK) (since 9 September 1999) (5) Alara Uranium Limited (AUQ) (since 18 May 2007) Current Non-Executive Director of: (6) Interstaff Recruitment Limited (ITS) (since 27 April 2006)
Former directorships in other listed entities in past 3 years	(1) Altera Capital Limited (AEA) (9 November 2001 to 18 October 2005) (2) Sofcom Limited (SOF) (3 July 2002 to 18 October 2005)

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

DIRECTORS' REPORT

William M. Johnson	**Executive Director**
Appointed	28 February 2003.
Qualifications	MA (Oxon), MBA
Experience	Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. As Regional Director Asia Pacific for Telecom New Zealand Ltd, Mr Johnson was responsible for identifying, evaluating and implementing investment strategies that included start-up technology ventures, a technology focussed venture capital fund and strategic investments and acquisitions in Asia and Australia. As Executive Director, Mr Johnson is part of the Investment Committee of the Company and has been actively involved in the strategic analysis of a diverse range of business and investment opportunities and the execution of a number of corporate transactions. Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution
Relevant interest in shares	None
Special Responsibilities	None
Other current directorships in listed entities	Current Director of: (1) Strike Resources Limited (SRK) (since 14 July 2006) (2) Scarborough Equities Limited (SCB) (since 29 November 2004)
Former directorships in other listed entities in past 3 years	(1) Drillsearch Energy Limited (DLS) (24 October 2006 to 11 August 2008) (2) Altera Capital Limited (AEA) (18 October 2005 to 8 August 2006) (3) Sofcom Limited (SOF) (18 October 2005 to 19 March 2008)

Victor P. H. Ho	**Executive Director and Company Secretary**
Appointed	Executive Director since 4 July 2003; Company Secretary since 2 August 2000
Qualifications	BCom, LLB (*Western Australia*)
Experience	Mr Ho has been in company secretarial/executive roles with a number of public listed companies since early 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate transactions, capital raisings and capital management matters and has extensive experience in public company administration, corporations law and stock exchange compliance and shareholder relations
Relevant interest in shares	None
Special Responsibilities	Member of Investment Committee
Other positions held in listed entities	Current Executive Director and Company Secretary of: (1) Strike Resources Limited (SRK) (Secretary since 9 March 2000 and Director since 12 October 2000) Current Company Secretary of: (2) Queste Communications Ltd (QUE) (since 30 August 2000) (3) Bentley International Limited (BEL) (since 5 February 2004) (4) Scarborough Equities Limited (SCB) (since 29 November 2004) (5) Alara Uranium Limited (AUQ) (since 4 April 2007)
Former directorships in other listed entities in past 3 years	(1) Altera Capital Limited (AEA) (Director between 9 November 2001 and 8 August 2006; Secretary between 26 November 2001 and 8 August 2006) (2) Sofcom Limited (SOF) (Director between 3 July 2002 and 19 March 2008; Secretary between 23 July 2003 and 19 March 2008)

DIRECTORS' REPORT

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

DIRECTORS' MEETINGS

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

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

Board Committees

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

Investment Committee

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

DIRECTORS' REPORT

REMUNERATION REPORT (audited)

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

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

(1) Remuneration Policy

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

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

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

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

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

(c) Mr Victor Ho (Executive Director and Company Secretary) – a base salary of $60,000 per annum plus employer superannuation contributions (currently 9%); and

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

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

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

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

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

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

DIRECTORS' REPORT

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

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

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

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

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

(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:

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

2007		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	-	168,269	-	15,144	-	-	183,413
William Johnson	-	147,534	-	13,278	-	-	160,812
Victor Ho	-	61,574	-	5,541	-	-	67,115
Non-Executive Director:							
Yaqoob Khan	-	25,000	-	-	-	-	25,000

Victor Ho is also Company Secretary of the Company.

DIRECTORS' REPORT

(3) Other Benefits Provided to Key Management Personnel

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

This concludes the audited remuneration report.

DIRECTORS' 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

Shareholders have approved (at the 2005 AGM) the entry into such deeds by the Company.

LEGAL PROCEEDINGS ON BEHALF OF CONSOLIDATED ENTITY

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

AUDITOR

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

Audit & Review Fees $	Fees for Other Services $	Total $
26,121	1,375	27,496

DIRECTORS' REPORT

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* forms part of this Directors Report and is set out on page 21. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 28), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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

Farooq Khan
Chairman

Victor Ho
Director

29 August 2008

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
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ABN 79 112 284 787

29 August 2008

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

Dear Sirs

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

As lead auditor of Orion Equities Limited for the year ended 30 June 2008, 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 and the entities it controlled during the period.

C Burton

CR Burton
Director

BDO Kendalls

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

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Company 2008 $	Company 2007 $
Revenue from continuing operations		2,110,343	16,387,514	788,036	16,329,420
Share of Associate entities' net profit/(loss)		(2,687,143)	1,668,955	(2,687,143)	1,668,955
Other income		49,703	127,595	49,198	125,868
	2 a	(527,097)	18,184,064	(1,849,909)	18,124,243
Expenses	2 b				
Personnel		(597,502)	(613,171)	(600,981)	(554,790)
Communications		(23,468)	(23,623)	(22,822)	(20,276)
Occupancy		(74,366)	(51,692)	(19,987)	(13,864)
Corporate		(18,815)	(32,520)	(18,815)	(32,520)
Financing		(4,585)	(4,236)	(2,247)	(3,161)
Borrowing cost		(6)	-	-	-
Costs in relation to investments		-	(29,245)	-	(29,245)
Olive grove operations		(1,192,240)	(418,467)	-	-
Revaluation of land		(147,339)	-	-	-
Administration expenses					
– Professional fees		(132,253)	(20,678)	(126,036)	(17,826)
– exploration and evaluation expenditure		(25,025)	(78,454)	71,874	(78,404)
– brokerage fees		(36,524)	(66,515)	(36,524)	(66,515)
– doubtful debts (provision)/written back		-	-	-	260,252
– other		(303,646)	(325,188)	(78,090)	(236,840)
Profit/(Loss) before income tax		(3,082,866)	16,520,275	(2,683,537)	17,331,054
Income tax (expense)/ benefit	3	513,853	(4,619,027)	693,853	(4,778,171)
Profit/(Loss) from continuing operations		(2,569,013)	11,901,248	(1,989,684)	12,552,883
Loss from discontinued operations		-	(1,852,990)	-	-
Profit/(Loss) after income tax		(2,569,013)	10,048,258	(1,989,684)	12,552,883
Dividends per share (cents) per share	7	3.50	4.50	3.50	4.50
Basic earnings/(loss) per share (cents)	8	(14.4)	56.4	(11.2)	70.5
Diluted earnings/(loss) per share (cents)	8	(14.4)	56.4	(11.2)	70.5

The accompanying notes form part of these financial statements

BALANCE SHEETS
AS AT 30 JUNE 2008

		Consolidated Entity		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	**9**	517,781	1,620,198	288,787	1,553,974
Trade and other receivables	**10**	239,011	134,378	8,721,148	7,211,191
Financial assets at fair value through profit or loss	**11**	17,991,115	20,935,654	17,991,115	20,935,654
Inventories	**12**	160,526	646,864	-	-
TOTAL CURRENT ASSETS		18,908,433	23,337,094	27,001,050	29,700,819
NON CURRENT ASSETS					
Trade and other receivables	**10**	32,823	32,823	32,823	32,823
Inventory	**12**	3,650,000	3,821,038	-	-
Investments in controlled entities	**13**	-	-	300	300
Investments in Associate entities - equity accounted	**14**	9,207,515	11,639,535	9,207,515	11,639,535
Property, plant and equipment	**15**	2,610,654	2,120,395	21,685	27,697
Olive trees	**16**	581,580	300,000	-	-
Intangibles	**17**	250,000	250,000	-	-
Resource projects	**18**	1,413,771	-	516,149	-
TOTAL NON CURRENT ASSETS		17,746,343	18,163,791	9,778,472	11,700,355
TOTAL ASSETS		36,654,776	41,500,885	36,779,522	41,401,174
CURRENT LIABILITIES					
Trade and other payables	**19**	498,249	1,654,983	274,617	1,003,437
Current tax liabilities	**20**	58,116	726,615	512,514	740,157
TOTAL CURRENT LIABILITIES		556,365	2,381,598	787,131	1,743,594
NON CURRENT LIABILITIES					
Deferred tax liability	**20**	4,037,865	4,468,974	3,484,009	4,535,974
TOTAL NON CURRENT LIABILITIES		4,037,865	4,468,974	3,484,009	4,535,974
TOTAL LIABILITIES		4,594,230	6,850,572	4,271,140	6,279,568
NET ASSETS		32,060,546	34,650,313	32,508,382	35,121,606
EQUITY					
Issued capital	**21**	19,374,007	19,374,007	19,374,007	19,374,007
Reserves	**22**	602,786	-	-	-
Retained earnings		12,083,753	15,276,306	13,134,375	15,747,599
TOTAL EQUITY		32,060,546	34,650,313	32,508,382	35,121,606

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Consolidated Entity	**Issued Capital**	**Reserves**	**Retained Earnings**	**Total Equity**
At 1 July 2006	19,375,599	-	6,029,697	25,405,296
Profit for the year	-	-	10,048,258	10,048,258
Total recognised income and expense for the year	-	-	10,048,258	10,048,258
Dividends paid	-	-	(801,649)	(801,649)
Cost in relation to sale of unmarketable parcels	(1,592)	-	-	(1,592)
At 30 June 2007	19,374,007	-	15,276,306	34,650,313
At 1 July 2007	19,374,007	-	15,276,306	34,650,313
Profit for the year	-	-	(2,569,013)	(2,569,013)
Total recognised income and expense for the year	-	-	(2,569,013)	(2,569,013)
Dividends paid	-	-	(623,540)	(623,540)
Asset revaluation reserve	-	602,786	-	602,786
At 30 June 2008	19,374,007	602,786	12,083,753	32,060,546
Company				
At 1 July 2006	19,375,599	-	3,996,365	23,371,964
Profit for the year	-	-	12,552,883	12,552,883
Total recognised income and expense for the year	-	-	12,552,883	12,552,883
Dividends paid	-	-	(801,649)	(801,649)
Cost in relation to sale of unmarketable parcels	(1,592)	-	-	(1,592)
At 30 June 2007	19,374,007	-	15,747,599	35,121,606
At 1 July 2007	19,374,007	-	15,747,599	35,121,606
Profit for the year	-	-	(1,989,684)	(1,989,684)
Total recognised income and expense for the year	-	-	(1,989,684)	(1,989,684)
Dividends paid	-	-	(623,540)	(623,540)
At 30 June 2008	19,374,007	-	13,134,375	32,508,382

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated Entity		Company	
		2008	2007	2008	2007
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,040,727	57,487	-	54,040
Sale proceeds from trading portfolio		5,759,493	12,328,482	5,759,493	12,328,482
Payments for trading portfolio		(3,802,450)	(6,483,983)	(3,802,450)	(6,483,983)
Proceeds from options portfolio		-	49,200	-	49,200
Payments to suppliers and employees		(1,511,907)	(1,354,898)	(192,072)	(830,823)
Payments for exploration and evaluation		(1,438,796)	(79,708)	(444,275)	(78,404)
Interest received		49,703	73,554	49,198	71,827
Interest paid		(6)	-	-	-
Income tax paid		(585,755)	(970,058)	(585,755)	(878,153)
Dividends received		88,028	416,958	88,028	416,958
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	9 a	(400,963)	4,037,034	872,167	4,649,144
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for:					
equity investments		-	(6,657)	-	(6,657)
property, plant and equipment		(78,729)	(2,709,474)	(889)	(1,485)
subsidiaries		-	-	-	(300)
Loans repaid by subsidiaries		-	-	812,079	-
Loans to subsidiaries		-	-	(2,325,819)	(3,377,998)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(78,729)	(2,716,131)	(1,514,629)	(3,386,440)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments in relation to sale of unmarketable parcels		-	(1,592)	-	(1,592)
Payments for dividends		(622,725)	(801,771)	(622,725)	(801,771)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(622,725)	(803,363)	(622,725)	(803,363)
NET (DECREASE)/INCREASE IN CASH ASSETS HELD		(1,102,417)	517,540	(1,265,187)	459,341
Cash at beginning of the financial year		1,620,198	1,102,658	1,553,974	1,094,633
CASH AT THE END OF THE FINANCIAL YEAR	9	517,781	1,620,198	288,787	1,553,974

The accompanying notes form part of these financial statements

DIRECTORS' REPORT

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report includes separate financial statements for Orion Equities Limited as an individual parent entity (the **"Company"**) and the consolidated entity consisting of Orion Equities Limited and its subsidiaries. Orion Equities Limited is a company limited by shares, incorporated in Western Australia, Australia.

Compliance with IFRS

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. Compliance with AIFRS ensures that the consolidated financial statements of Orion Equities Limited comply with International Financial Reporting Standards (**IFRS**).

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

Reporting Basis and Conventions

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

1.1. Principles of Consolidation

A controlled entity is any entity the Company has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in note 13 to the financial statements. All controlled entities have a June financial year-end. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

1.2. Investments in Associates

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control. A list of associates is contained in note 14 to the financial statements. All associated entities have a June financial year-end.

1.3. Mineral Exploration and Evaluation Expenditure

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

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

1.4. Segment reporting

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

1.5. Revenue Recognition

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

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

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

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

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

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

DIRECTORS' REPORT

1.6. Income Tax

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

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

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

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

The consolidated entity has implemented the tax consolidation legislation as of 29 June 2004.

The head entity, Orion Equities Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

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

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

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

1.7. Goods and Services Tax (GST)

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

1.8. Employee Benefits

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

1.9. Cash and Cash Equivalents

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

1.10. Receivables

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

1.11. Investments and Other Financial Assets

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

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

DIRECTORS' REPORT

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

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

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

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

1.12. Fair value Estimation

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

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

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

1.13. Property held for Resale

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

1.14. Property, Plant and Equipment

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

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

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

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

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

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

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

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

1.15. Impairment of Assets

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

1.16. Payables

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

1.17. Issued Capital

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

DIRECTORS' REPORT

are included in the cost of the acquisition as part of the purchase consideration.

1.18. Earnings Per Share

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

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

1.19. Research and Development Costs

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

1.20. Business Combinations

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

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

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

1.21. Inventories

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

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

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

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

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

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

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

1.23. Biological Assets

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

1.24 Leases

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

DIRECTORS' REPORT

1.25 New Standards and Interpretations Released But Not Yet Adopted

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

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 123 (revised Jun 2007)	Borrowing Costs	To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently all borrowing costs for qualifying assets will have to be capitalised.	Periods commencing on or after 1 January 2009
AASB 3 (reissued March 2008)	Business Combinations	Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.	Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later
AASB 127 (reissued March 2008)	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009
AASB 2008-3 (issued March 2008)	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]	Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures. When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under AASB 139, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value.	Periods commencing on or after 1 July 2009
AASB 2008-5 and AASB 2008-6 (issued July 2008)	Improvements to IFRSs	Accounting changes for presentation, recognition and measurement, as well as terminology and editorial changes.	Periods commencing on or after 1 July 2009

DIRECTORS' REPORT

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

AASB 8 (Issued Feb 2007)	Operating Segments	Replaces the disclosure requirements of AASB 114: *Segment Reporting. The adoption of this standard will result in changes to the nature and extent of segment reporting for the entity. The full impact has not yet been quantified.*	Periods commencing on or after 1 January 2009
AASB 101 (Revised Sep 2007)	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements.	Annual reporting periods commencing on or after 1 January 2009
AASB Interpretation 4 (revised Feb 2007)	Determining whether an Arrangement contains a Lease [revised]	Scope has been amended to exclude service concession arrangements because these are now covered by AASB Interpretation 12.	Periods commencing on or after 1 January 2008
AASB 2007-2 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Mainly editorial changes	Periods commencing on or after 1 January 2008
AASB 2007-3 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Mainly editorial changes	Periods commencing on or after 1 January 2009
AASB 2007-6 (issued Jun 2007)	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Mainly editorial changes.	Periods commencing on or after 1 January 2009
AASB 2007-8 (issued Sep 2007)	Amendments to Australian Accounting Standards arising from AASB 101	Mainly editorial changes.	Periods commencing on or after 1 January 2009
AASB 2007-10 (issued Dec 2007)	Further Amendments to Australian Accounting Standards Arising from AASB 101	Replaces the term 'financial report' with the term used in the corresponding IFRS	Periods commencing on or after 1 January 2009

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

2. PROFIT/(LOSS) FOR THE YEAR

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

		Consolidated Entity		Company	
(a) Income	**Note**	**2008**	**2007**	**2008**	**2007**
Trading portfolio		**$**	**$**	**$**	**$**
Gains on sale of securities		2,266,054	2,840,719	2,266,054	2,840,719
Unrealised gains/(losses) on securities	**11,5**	(1,836,528)	8,583,740	(1,836,528)	11,226,241
Dividends received from securities		103,386	169,034	103,386	169,034
Net gain on trading portfolio at fair value through profit or loss		532,912	11,593,493	532,912	14,235,994
Options portfolio					
Net gain from sale of options at fair value through profit or loss		-	49,200	-	49,200
Associate entities					
Share of Associate entities' profit/(losses)		(2,687,143)	1,668,955	(2,687,143)	1,668,955
Dividends received from Associate entities		255,124	481,726	255,124	481,726
	14	(2,432,019)	2,150,681	(2,432,019)	2,150,681
Sale of subsidiary					
Net gain from sale of subsidiary		-	1,562,500	-	1,562,500
Olive grove					
Income from sale of oils or olives		1,039,852	8,500	-	-
Revaluation of olive trees		281,580	-	-	-
Harvesting services		875	49,595	-	-
		1,322,307	58,095	-	-
Interest received - other		49,703	73,555	49,198	71,828
Other income		-	54,040	-	54,040
		49,703	127,595	49,198	125,868
Total revenue		(527,097)	15,541,564	(1,849,909)	18,124,243
(b) Expenses					
Olive grove operations		515,194	418,467	-	-
- cost of goods sold		677,046	-	-	-
Revaluation of land held as Inventory	**12**	147,339	-	-	-
Occupancy expenses		74,366	51,692	19,987	13,864
- Personnel - remuneration and other		581,009	564,664	584,487	506,283
- employee entitlements		16,493	48,507	16,494	48,507
Finance expenses		4,585	4,385	2,247	3,161
Borrowing cost		6	-	-	-
Corporate expenses		18,815	33,520	18,815	32,520
Administration expenses					
- Communications		23,468	23,623	22,822	20,276
- Professional fees		132,253	20,678	126,036	17,826
- Exploration and evaluation expenses		25,025	79,708	(71,874)	78,404
- Brokerage fees		36,524	66,515	36,524	66,515
- Costs in relation to investments		-	29,245	-	29,245
- Doubtful debts provision/(written back)		-	-	-	(260,252)
- Write off fixed assets		623	-	623	-
- Depreciation expenses		190,632	73,446	6,278	8,155
- Realisation cost of share portfolio provision /(written back)		(22,994)	119,868	(22,994)	119,868
- Other expenses		135,385	131,874	94,183	108,817
		2,555,769	1,666,192	833,628	793,189

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

3. INCOME TAX EXPENSE

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
(a) The major component of income tax (benefits)/expenses are:	**$**	**$**	**$**	**$**
Current income tax				
Current income tax charge	58,116	1,895,081	512,514	1,116,710
Under/(over) provision in prior years	(140,860)	54,646	(154,132)	49,411
Deferred income tax	(431,109)	2,669,300	(1,051,965)	3,612,050
	(513,853)	4,619,027	(693,583)	4,778,171
(b) The prima facie income tax on profit/(loss) from continuing operations is reconciled to the income tax provided in the accounts as follows:				
Profit/(Loss) from continuing operations	(3,082,866)	16,520,275	(2,683,537)	17,331,054
(Loss)/Profit from discontinued operations	-	(2,644,903)	-	-
Profit/(Loss) for the year	(3,082,866)	13,875,372	(2,683,537)	17,331,054
Prima facie tax payable on profit/(loss) before income tax at 30% (2007:30%)	(924,860)	4,956,082	(805,061)	5,199,316
Permanent differences				
Other assessable income	46,071	72,320	46,071	72,320
Other non-deductible items	65,276	7,896	9,878	9,036
Other deductible items	(255,842)	(4,043)	(2,340)	(4,043)
Share of Associates' profits	806,143	(500,687)	806,143	(500,687)
Temporary differences				
Other assessable income	(84,486)	-	-	-
Other non-deductible items	65,889	196,404	65,889	70,864
Other deductible items	(71,739)	(16,703)	(71,739)	(121,158)
Unrealised gains on securities	550,958	(2,575,122)	550,958	(3,367,872)
Income tax expense attributable to operating profit	197,410	2,136,147	599,799	1,357,776
Provision for deferred income tax	(431,109)	2,669,300	(1,051,965)	3,612,050
Under/(over) provision in respect to prior years	(126,585)	54,646	(88,118)	49,411
Franking credits	(153,569)	(241,066)	(153,569)	(241,066)
Net income tax (benefits)/expenses	(513,853)	4,619,027	(693,853)	4,778,171
The applicable weighted average effective tax rates are as follows:	17%	28%	26%	28%

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

4. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

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

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Number of employees (including key management personnel)	4	4	4	4

(b) Compensation of key management personnel	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Directors	**$**	**$**	**$**	**$**
Short-term employee benefits - cash fees	485,000	402,377	485,000	402,377
Post-employment benefits - superannuation	41,400	33,963	41,400	33,963
	526,400	436,340	526,400	436,340

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

(c) Compensation of other key management personnel (consolidated and parent entity)

The Consolidated Entity and Company does not have any key executives (other than executive directors).

(d) Shareholdings of key management personnel (consolidated)

2008 Directors	**Balance at 1 July 2007**	**Net Change Other**	**Balance at 30 June 2008**
Farooq Khan	8,651,356	-	8,651,356
William M Johnson	-	-	-
Victor P H Ho	-	-	-
Yaqoob Khan	8,651,356	-	8,651,356
2007 Directors	**Balance at 1 July 2006**	**Net Change Other**	**Balance at 30 June 2007**
Farooq Khan	8,651,356	-	8,651,356
William M Johnson	-	-	-
Victor P H Ho	-	-	-
Yaqoob Khan	8,651,356	-	8,651,356

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

5. DISCONTINUED OPERATIONS

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

Financial information relating to the discontinued operation, which has been incorporated into the Income Statement, is as follows:	**Consolidated Entity 2008 $**	**Consolidated Entity 2007 $**	**Company 2008 $**	**Company 2007 $**
Revenue	-	-	-	-
Expenses	-	(2,644,903)	-	-
Loss before income tax	-	(2,644,903)	-	-
Income tax expense	-	791,913	-	-
Loss after income tax	-	(1,852,990)	-	-
Gain on sale of subsidiary	-	1,562,500	-	-
Income tax expense	-	(468,750)	-	-
Gain on sale of subsidiary after tax	-	1,093,750	-	-
The carrying amounts of assets and liabilities of the operation at the date of cessation were:				
Total assets	-	-	-	-
Total liabilities	-	(11)	-	-
Net asset	-	(11)	-	-
The net cash flows of the business, which have been incorporated into the Cash Flows Statement, are as follows:				
Net cash outflow from operating activities	-	(25,634)	-	-
Net cash inflow from investing activities	-	27,896	-	-
Net increase/(decrease) in cash from businesses	-	2,262	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

6. AUDITOR'S REMUNERATION	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
Amounts received or due and receivable by:	**$**	**$**	**$**	**$**
Auditors of the Consolidated Entity (BDO Kendalls (WA) Audit and Assurance Pty Ltd)				
Auditing of the financial report	24,121	19,088	24,121	19,088
Underprovision for prior year	2,000	2,639	2,000	2,639
Non-audit services (BDO Kendalls (WA) Audit and Assurance Pty Ltd)				
Taxation services	1,375	-	1,375	-
	27,496	21,727	27,496	21,727

7. DIVIDENDS

Declared and paid during the year	**Date paid**				
Dividends on ordinary shares					
3 cents per share fully franked	19-Oct-06	-	534,432	-	534,432
1.5 cent per share fully franked	15-Mar-07	-	267,217	-	267,217
2.0 cents per share fully franked	21-Sep-07	356,288	-	356,288	-
1.5 cent per share fully franked	29-Mar-08	267,252	-	267,252	-
		623,540	801,649	623,540	801,649
Dividends declared post balance date					
Dividends on ordinary shares					
2.0 cents per share fully franked	21-Sep-07	-	356,288	-	356,288
0.5 cent per share fully franked (Record date 19 September 2008)	26-Sep-08	89,072	-	89,072	-

Franking credit balance	**1,971,746**	**1,652,759**
Balance of franking account at year end adjusted for franking credits arising from:		
Payment of provision for income tax	60,036	1,116,710
Franking debits arising from payment of proposed dividends	(38,174)	(152,695)
	1,993,609	2,616,774

8. EARNINGS/(LOSS) PER SHARE	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
Basic earnings/(loss) per share	(0.144)	0.564	(0.112)	0.705
Diluted earnings/(loss) per share	(0.144)	0.564	(0.112)	0.705
Net profit/(loss) for the year	(2,569,013)	10,048,258	(1,989,684)	12,552,883
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	17,814,389	17,814,389	17,814,389	17,814,389

	Consolidated Entity		**Company**	
9. CASH AND CASH EQUIVALENTS	**2008**	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Cash at bank	517,781	625,691	288,787	559,467
Bank bills	-	994,507	-	994,507
	517,781	1,620,198	288,787	1,553,974

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

9. CASH AND CASH EQUIVALENTS (continued)

	Consolidated Entity		Company	
(a) Reconciliation of net profit/(loss) after tax to net cash flows from operations	**2008 $**	**2007 $**	**2008 $**	**2007 $**
Operating profit/(loss) after income tax	(2,569,013)	10,048,258	(1,989,684)	12,552,883
Depreciation - plant & equipment	190,632	73,446	6,278	8,155
Write off fixed assets disposed	623	-	623	-
Revaluation of land and trees	(134,241)	-	-	-
Unrealised gains/(losses) on securities	1,836,528	(8,583,740)	1,836,528	(11,226,241)
Gain on sale of Hume Mining NL	-	-	-	(1,562,500)
Share of Associate entities' losses/(profits)	2,687,143	(1,668,955)	2,687,143	(1,668,955)
(Increase)/decrease in assets:				
Receivables	(105,460)	422,111	2,955	549,429
Trading portfolio	1,108,012	284,864	1,108,012	1,495,697
Strategic portfolio	(255,124)	(237,553)	(255,124)	(237,553)
Inventory	510,037	(646,864)	-	-
Current assets	-	1,083	-	1,083
Exploration expenditure	(1,413,770)	-	(516,149)	-
Increase/(decrease) in liabilities:				
Payables	(1,156,721)	1,487,329	(728,806)	837,129
Income tax payable	(668,499)	187,755	(227,643)	287,967
Deferred income tax	(431,110)	2,669,300	(1,051,966)	3,612,050
Net cash flows from/(used in) operating activities	(400,963)	4,037,034	872,167	4,649,144

10. TRADE AND OTHER RECEIVABLES

	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
Current				
Amount receivable from controlled entities (Note 23c)	-	-	8,718,023	7,204,283
Less impairment on amounts receivable	-	-	-	-
	-	-	8,718,023	7,204,283
Other receivables	205,802	61,556	3,125	6,908
GST receivable	33,209	72,822	-	-
	239,011	134,378	8,721,148	7,211,191
Non Current				
Bonds and guarantees	32,823	32,823	32,823	32,823

Refer to Note 25 for the Consolidated Entity and Company's exposure to credit risk, foreign exchange risk and interest rate risk.

Impaired receivables and receivables

None of the non-current receivables are impaired or past due but not impaired.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
Financial assets at fair value comprise:				
Listed investments at fair value	11,258,713	14,524,147	11,258,713	14,524,147
Unlisted options in listed corporations at cost	10,000	10,000	10,000	10,000
Add: net change in fair value	6,722,402	6,401,507	6,722,402	6,401,507
	6,732,402	6,411,507	6,732,402	6,411,507
Total financial assets at fair value	17,991,115	20,935,654	17,991,115	20,935,654

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

	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
Net gains on financial assets at fair value through profit or loss	532,912	11,642,693	532,912	14,285,194

Risk Exposure

Information about the Consolidated Entity's exposure to market and price risk is provided in Note 25(d).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

12. INVENTORIES	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
Current	**$**	**$**	**$**	**$**
Olive oil - work-in-progress (at cost)	160,526	646,864	-	-
Non Current				
Property held for development and resale	3,797,339	3,821,038	-	-
Revaluation of property	(147,339)	-	-	-
	3,650,000	3,821,038	-	-

Property held for development and resale relates to a beachfront property located in Mandurah, Western Australia. The property was recently assessed by an independent qualified valuer and the downwards revaluation has been recognised as an expense through profit or loss.

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
13. NON-CURRENT INVESTMENTS	**$**	**$**	**$**	**$**
Shares in controlled entities at cost	-	-	400	400
Less: Provision for diminution	-	-	(100)	(100)
	-	-	300	300

	Ownership interest	
Investment in Controlled Entities:	**2008**	**2007**
Silver Sands Developments Pty Ltd (ACN 094 097 122)	100%	100%
Incorporated in Australia on 10 August 2000		
This company is currently engaged in property development activities and holds non- current Inventory.		
Central Exchange Mining Ltd (ACN 119 438 265)	100%	100
Incorporated in Australia on 27 April 2006		
This company is currently engaged in resource related activities.		
Koorian Olives Pty Ltd (ACN 120 616 891)	100%	100%
Incorporated in Australia on 7 July 2006)		
This company is currently engaged in olive oil production.		
Orion Indo Mining Pty Ltd (ACN 124 702 245)	100%	100%
Incorporated in Australia on 30 March 2007		
This company is currently engaged in resource related activities.		
PT Orion Indo Mining	100%	100%
Incorporated in Indonesia on 4 April 2007		
This company is currently engaged in resource related activities.		
Aquaverde Holdings Pty Ltd (ACN 128 938 090)	50%	-
Incorporated in Australia on 17 December 2007		
This company is currently inactive.		

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	Principal Activity	Ownership Interest 2008	Ownership Interest 2007	Carrying Amount 2008 $	Carrying Amount 2007 $
Bentley International Limited	Investments	28.80%	28.38%	3,792,957	4,626,965
Scarborough Equities Limited	Investments	28.47%	28.22%	5,414,558	7,012,570
				9,207,515	11,639,535

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

The carrying value of the investment in BEL and SCB is in excess of their fair value (which is based on their closing bid price on ASX) and both the carrying and fair values are below their net tangible asset (NTA) backing values. The Directors support the carrying value positions as the Company has significant influence over the Associate companies' operations and would have reasonable prospects of realising the investments at at least their carrying values, which are below their NTA backings.

	2008 $	2007 $
Movement in Investments in Associates		
Shares in listed Associate entities brought forward	11,639,535	9,726,370
Share of profit/(loss) before income tax expense	(3,086,050)	2,577,652
Share of income tax expense	654,030	(426,992)
Dividends received	(255,124)	(481,705)
Acquisition of shares	255,124	244,210
Carrying amount at the end of the financial year	9,207,515	11,639,535
Fair value of listed investments in associates		
Bentley International Limited	2,954,924	4,397,646
Scarborough Equities Limited	3,399,885	5,776,706
	6,354,809	10,174,352
Net tangible asset value of listed investments in associates		
Bentley International Limited	4,632,858	5,705,009
Scarborough Equities Limited	5,344,282	6,923,972
	9,977,140	12,628,981
Share of Associates' profits		
Profit/(Loss) before income tax	(3,086,050)	2,577,652
Income tax benefit/(expense)	654,030	(426,992)
Profit/(Loss) after income tax	(2,432,020)	2,150,660

Summarised Financial Position of Associates	Group share of: Bentley International Limited 2008 $	Bentley International Limited 2007 $	Scarborough Equities Limited 2008 $	Scarborough Equities Limited 2007 $
Current assets	4,672,284	5,835,090	682,335	2,130,829
Non current assets	264,237	1,749	4,771,547	5,504,145
Total assets	4,936,521	5,836,839	5,453,883	7,634,974
Current liabilities	(40,651)	(131,830)	(81,154)	(42,064)
Non current liabilities	(262,953)	-	(30,498)	(668,938)
Total liabilities	(303,604)	(131,830)	(111,652)	(711,002)
Net assets	4,632,917	5,705,009	5,342,230	6,923,972
Revenues	130,700	995,411	1,108,696	2,745,757
Profit after income tax of associates	(1,093,611)	382,154	(1,598,012)	1,768,506

Scarborough Equities Limited and Bentley International Limited - Lease Commitments
SCB and BEL has the same lease commitments disclosed in note 26.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings on Freehold Land	Plant & Equipment	Leasehold Improve-ments	Total
2008					
Consolidated Entity	**$**	**$**	**$**	**$**	**$**
Carrying amount at beginning	861,214	107,242	1,144,937	7,002	2,120,395
Revaluation (Note 22)	602,786	-	-	-	602,786
Additions	-	2,432	76,296	-	78,728
Depreciation expense	-	(8,181)	(181,428)	(1,023)	(190,632)
Disposal	-	-	(623)	-	(623)
Carrying amount at balance date	1,464,000	101,493	1,039,182	5,979	2,610,654
At 1 July 2006					
Cost	-	-	69,765	22,169	91,934
Accumulated depreciation and impairment	-	-	(49,070)	(15,167)	(64,237)
Net carrying amount	-	-	20,695	7,002	27,697
At 30 June 2007					
Cost	861,214	112,432	1,315,165	22,170	2,310,981
Accumulated depreciation and impairment	602,786	(10,939)	(275,983)	(16,191)	299,673
Net carrying amount	1,464,000	101,493	1,039,182	5,979	2,610,654
2008					
Company					
Carrying amount at beginning	-	-	20,695	7,002	27,697
Additions	-	-	889	-	889
Depreciation expense	-	-	(5,255)	(1,023)	(6,278)
Disposal	-	-	(623)	-	(623)
Carrying amount at balance date	-	-	15,706	5,979	21,685
At 1 July 2006					
Cost	-	-	69,765	22,169	91,934
Accumulated depreciation and impairment	-	-	(49,070)	(15,167)	(64,237)
Net carrying amount	-	-	20,695	7,002	27,697
At 30 June 2007					
Cost	-	-	53,982	22,170	76,152
Accumulated depreciation and impairment	-	-	(38,276)	(16,191)	(54,467)
Net carrying amount	-	-	15,706	5,979	21,685
2007					
Consolidated Entity					
Carrying amount at beginning	-	-	26,550	7,817	34,367
Additions	861,214	110,000	1,187,879	381	2,159,474
Depreciation expense	-	(2,758)	(69,492)	(1,196)	(73,446)
Disposal	-	-	-	-	-
Carrying amount at balance date	861,214	107,242	1,144,937	7,002	2,120,395
At 1 July 2006					
Cost	-	-	70,177	21,788	91,965
Accumulated depreciation and impairment	-	-	(43,627)	(13,971)	(57,598)
Net carrying amount	-	-	26,550	7,817	34,367
At 30 June 2007					
Cost	861,214	110,000	1,256,540	22,169	2,249,923
Accumulated depreciation and impairment	-	(2,758)	(111,603)	(15,167)	(129,528)
Net carrying amount	861,214	107,242	1,144,937	7,002	2,120,395

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land	Buildings on Freehold Land	Plant & Equipment	Leasehold Improve-ments	Total
2007					
Company	$	$	$	$	$
Carrying amount at beginning	-	-	26,550	7,817	34,367
Additions	-	-	1,104	381	1,485
Depreciation expense	-	-	(6,959)	(1,196)	(8,155)
Disposal	-	-	-	-	-
Carrying amount at balance date	-	-	20,695	7,002	27,697
At 1 July 2006					
Cost	-	-	70,177	21,788	91,965
Accumulated depreciation and impairment	-	-	(43,627)	(13,971)	(57,598)
Net carrying amount	-	-	26,550	7,817	34,367
At 30 June 2007					
Cost	-	-	69,765	22,169	91,934
Accumulated depreciation and impairment	-	-	(49,070)	(15,167)	(64,237)
Net carrying amount	-	-	20,695	7,002	27,697

Freehold land relates to the Koorian Olive Grove property of approximately 143 hectares located in Gingin, Western Australia. An independent qualified valuer has recently revalued the land upwards by $602,786.

16. OLIVE TREES	Consolidated Entity 2008	Consolidated Entity 2007	Company 2007	Company 2006
	$	$	$	$
Olive trees - at cost	300,000	300,000	-	-
Revaluation of trees	281,580	-	-	-
	581,580	300,000	-	-

Nature of asset

The olive trees relate to the Koorian Olive Grove (approximately 64,500, 9 year old trees planted over 143 hectares). An independent qualified valuer has recently revalued the trees upwards by $281,580.

17. INTANGIBLE ASSET	Consolidated Entity 2008	Consolidated Entity 2007	Company 2007	Company 2006
	$	$	$	$
Water licence (Koorian Olives - one gigalitre) - at cost	250,000	250,000	-	-

18. RESOURCE PROJECTS

Deferred Exploration Expenditure				
Balance at beginning of the year	-	-	-	-
Direct expenditure	1,438,796	79,708	444,275	-
Direct expenditure expensed	(25,025)	(79,708)	71,874	-
Balance at end of the year	1,413,771	-	516,149	-

The ultimate recoverability of Deferred Exploration Expenditure is dependant on its successful development or sale. On 11 August 2008, the Company disposed of its 70% interest in the Indonesian Berau Coal Project (via the sale of Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (Strike or SRK). A total of 9.5 million Strike shares were issued to Orion as consideration for the sale. The Company realised a gain on sale of these subsidiaries of $17.5 million.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

19. TRADE AND OTHER CREDITORS	**Consolidated Entity**		**Company**	
	2008	**2007**	**2007**	**2006**
	$	**$**	**$**	**$**
Trade creditors	223,610	652,061	(22)	515
Pending settlement on share investment purchases	-	715,943	-	715,943
Other creditors and accruals	246,272	258,599	246,272	258,599
Dividend payable	28,367	28,380	28,367	28,380
	498,249	1,654,983	274,617	1,003,437

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note 25.

20. TAX	**Consolidated Entity**		**Company**	
	2008	**2007**	**2007**	**2006**
Current tax asset	**$**	**$**	**$**	**$**
Deferred tax on fair value gain adjustments	-	-	-	-
Current tax liabilities				
Income tax	58,116	726,615	512,514	740,157
Non current tax liabilities				
Deferred tax on fair value gain adjustments	4,037,865	4,468,974	3,484,009	4,535,974
	4,095,981	5,195,589	3,996,523	5,276,131
Reconciliations				
Gross movements				
The overall movement in the deferred tax account is as follows:				
Opening balance	4,468,974	1,799,674	4,535,974	923,924
Charged to income statement	(431,109)	2,669,300	(1,051,965)	3,612,050
Closing balance	4,037,865	4,468,974	3,484,009	4,535,974
Deferred tax asset - fair value adjustments				
The movement in deferred tax asset for each temporary difference during the year are as follows:				
Opening balance	-	-	-	-
Credited/(charged) to income statement	-	-	-	-
Closing balance	-	-	-	-
Deferred tax liability - fair value adjustments				
The movement in deferred tax liability for each temporary difference during the year are as follows:				
Opening balance	4,468,974	1,799,674	4,535,974	923,924
Charged to income statement	(431,109)	2,669,300	(1,051,965)	3,612,050
Closing balance	4,037,865	4,468,974	3,484,009	4,535,974

21. ISSUED CAPITAL

Fully paid ordinary shares	19,374,007	19,374,007	19,374,007	19,374,007

Movement in Ordinary Share Capital	**Date of movement**	**Number of shares**		
At 1 July 2006		17,814,389	19,375,598	19,375,598
Unmarketable parcel expenses			(1,591)	(1,591)
At 1 July 2007		17,814,389	19,374,007	19,374,007
			-	
		17,814,389	19,374,007	

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

21. ISSUED CAPITAL (continued)

(a) Capital risk management

The consolidated entity's and parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The consolidated entity has no borrowings. The consolidated entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

	Consolidated Entity		Company	
	2008	2007	2008	2007
22. RESERVES	$	$	$	$
Asset revaluation reserve	602,786	-	-	-

The Asset Revaluation Reserve relates to the revaluation of the Koorian Olive Grove land from cost of $861,214 to $1,464,000, as recently assessed by an independent qualified valuer.

23. RELATED PARTY DISCLOSURES	Consolidated Entity		Company	
	2008	2007	2008	2007
(a) Transactions with related parties	$	$	$	$
Dividends revenue				
Bentley International Limited	112,760	222,529	112,760	222,529
Scarborough Equities Limited	142,364	259,197	142,364	259,197
Dividends paid				
Queste Communications Ltd	299,534	385,116	299,534	385,116

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

		Company	
		2008	2007
(b) Loans to subsidiaries		$	$
Beginning of the year		7,204,283	3,911,213
Loans advanced		2,325,819	3,899,485
Loans repayment received		(812,079)	(625,220)
Loans forgiven		-	18,805
End of year		8,718,023	7,204,283
Balances outstanding at Balance Date			
Subsidiaries of Orion Equities Limited			
Silver Sands Developments Pty Ltd	10	3,900,878	3,868,263
Koorian Olives Pty Ltd	10	3,579,913	3,326,220
Central Exchange Mining Ltd	10	95,678	4,900
Orion Indo Operations Pty Ltd	10	182,064	4,900
PT Orion Indo Mining	10	959,490	-
		8,718,023	7,204,283

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 13 to the financial statements. The above amounts remain outstanding at balance date. No interest is charged on the outstanding amounts. No provisions for doubtful debts have been raised in relation to any outstanding balances amounts owed by Silver Sands Development Pty Ltd and Koorian Olives Pty Ltd as they have assets of $3.4 million and $3.6 million respectively as at 30 June 2008. Interest is not charged on such outstanding amounts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

24. SEGMENT REPORTING

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

BUSINESS SEGMENT	Segment revenue 2008 $	Segment revenue 2007 $	Segment result 2008 $	Segment result 2007 $
Investments	532,912	12,178,459	519,382	11,962,831
Resources	-	1,562,500	(699,835)	1,482,792
Olive grove operations	1,322,307	58,095	(54,129)	(360,372)
Share of associates' profit	(2,432,019)	1,668,955	(2,432,019)	1,668,955
Unallocated	49,703	73,555	(416,265)	(878,834)
Total segment revenue	(527,097)	15,541,564		
Profit before income tax			(3,082,866)	13,875,372
Income tax expense (Note 3a)			513,853	(3,827,114)
Profit after income tax			(2,569,013)	10,048,258

	Segment Assets 2008 $	Segment Assets 2007 $	Segment liabilities 2008 $	Segment liabilities 2007 $
Investments	30,848,630	36,396,227	4,037,865	5,184,917
Resources	1,613,664	-	-	-
Olive grove operations	3,617,201	3,416,848	211,133	651,549
Unallocated	575,281	1,687,810	345,232	1,014,106
	36,654,776	41,500,885	4,594,230	6,850,572

Other	2008 Investments $	2008 Resources $	2008 Olive grove operations $	2007 Investments $	2007 Olive grove operations $
Acquisition of segment assets	3,086,507	-	74,845	5,935,246	2,707,989
Other non-cash expenses					
Unrealised gains/(losses) on securities	(1,836,528)	-	-	8,583,740	-
Revaluation of trees	-	-	(281,580)	-	-
Depreciation	-	-	184,196	-	65,291

GEOGRAPHICAL SEGMENT	Segment revenue 2008 $	Segment results 2008 $	Segment Assets 2008 $	Segment Liabilities 2008	Acquisitions of segment assets 2008 $
Australia	527,097	(2,380,575)	35,537,284	4,594,230	3,161,352
Indonesia	-	(688,987)	1,117,492	-	-
Pakistan	-	(13,304)	-	-	-
	527,097	(3,082,866)	36,654,776	4,594,230	3,161,352

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

25. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by the Investment Committee with the approval of the Board of Directors. The committee evaluates, monitors and manages the consolidated entity's financial risk in close co-operation with its operating units.

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

	Average Interest Rate		Variable Interest Rate		Non-Interest Bearing		Total	
Consolidated Entity	2008	2007	2008	2007	2008	2007	2008	2007
Financial assets	%	%	$	$	$	$	$	$
Cash and cash equivalents	5.4	6.4	517,781	1,620,198	-		517,781	1,620,198
Receivables			-	-	271,834	167,201	271,834	167,201
Investments			-	-	17,991,115	20,935,654	17,991,115	20,935,654
			517,781	1,620,198	18,262,949	21,102,855	18,780,730	22,723,053
Financial liabilities								
Payables			-	-	(498,249)	(1,654,983)	(498,249)	(1,654,983)
Net financial assets			517,781	1,620,198	17,764,700	19,447,872	18,282,481	21,068,070
Company								
Financial assets								
Cash and cash equivalents	5.4	6.4	288,787	1,553,974	-	-	288,787	1,553,974
Receivables			-	-	8,721,148	7,211,191	8,721,148	7,211,191
Investments			-	-	17,991,115	20,935,654	17,991,115	20,935,654
			288,787	1,553,974	26,712,263	28,146,845	27,001,050	29,700,819
Financial liabilities								
Payables			-	-	(274,617)	(1,003,437)	(274,617)	(1,003,437)
Net financial assets			288,787	1,553,974	26,437,646	27,143,408	26,726,433	28,697,382

(a) Interest Rate Risk Exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The consolidated entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The consolidated entity has no borrowings. The average interest rate for the year for the below table is 5.4% (2007: 6.4%).

	Consolidated Entity		**Company**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Cash at bank	517,781	625,691	288,787	559,467
Bank bills	-	994,507	-	994,507
	517,781	1,620,198	288,787	1,553,974

(b) Credit Risk Exposure

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the consolidated entity. Concentrations of credit risk are minimised primarily by undertaking appropriate due diligence on potential investments, carrying out all market transactions through approved brokers, settling non-market transactions with the involvement of suitably qualified legal and accounting personnel (both internal and external), and obtaining sufficient collateral or other security (where appropriate) as a means of mitigating the risk of financial loss from defaults. This financial year there was no necessity to obtain collateral.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

25. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit Risk Exposure (continued)

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

	Consolidated Entity		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Cash and cash equivalents	517,781	1,620,198	288,787	1,553,974
Receivables	239,011	134,378	8,721,148	7,211,191
Investments	11,258,713	14,524,147	11,258,713	14,524,147
	12,015,505	16,278,723	20,268,648	23,289,312

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

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

(c) Foreign Currency Risk

The consolidated entity is exposed to foreign currency risk on cash held by the Company and a controlled foreign entity, foreign resource project investment commitments and exploration and evaluation expenditure on foreign resource projects. The currency risk giving rise to this risk is primarily the Indonesian rupiah (**IDR**). The consolidated entity has not entered into any forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk. The Consolidated Entity's exposure to foreign currency risk at reporting date was as follows:

	Consolidated Entity		Company	
	2008	2007	2008	2007
	IDR	IDR	IDR	IDR
Cash and cash equivalents	196,148,658	-	-	-
Receivables	1,730,320,600	-	-	-
Payables	(110,461,923)	-	-	-

(d) Equity Price Risk Exposure

Equity price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

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

At the investment portfolio level, the consolidated entity is not overly exposed (by majority of its net assets) to one company or one particular industry sector of the market.

(e) Liquidity Risk Exposure

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

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

(f) Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial instruments recorded in the financial statements represent their fair value determined in accordance with the accounting policies disclosed in note 1. The aggregate fair value and carrying amount of financial assets at balance date are set out in Note 11 and financial liabilities at balance date are set out in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

25. FINANCIAL RISK MANAGEMENT (continued)

(g) Sensitivity Analysis

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

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

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

(i) Equity Price risk - listed investments	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
Change in profit	**$**	**$**	**$**	**$**
Increase by 15%	794,314	932,489	794,314	932,489
Decrease by 15%	(794,314)	(932,489)	(794,314)	(932,489)
Change in equity				
Increase by 15%	794,314	932,489	794,314	932,489
Decrease by 15%	(794,314)	(932,489)	(794,314)	(932,489)

(ii) Equity Price risk - unlisted investments	**Consolidated Entity**		**Company**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Change in profit				
Increase by 15%	1,105,744	1,054,672	1,105,744	1,054,672
Decrease by 15%	(1,105,744)	(1,054,672)	(1,105,744)	(1,054,672)
Change in equity				
Increase by 15%	1,105,744	1,054,672	1,105,744	1,054,672
Decrease by 15%	(1,105,744)	(1,054,672)	(1,105,744)	(1,054,672)

26. COMMITMENTS

	Consolidated Entity	
	2008	**2007**
(a) Lease Commitments	**$**	**$**
Non-cancellable operating lease commitments:		
Not longer than one year	26,062	24,960
Between 12 months and 5 years	131,109	99,840
Greater than 5 years	-	24,960
	157,170	149,760

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

27. CONTINGENT LIABILITIES AND ASSETS

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

Under the terms of a cooperation agreement, Orion Indo Operations Pty Ltd (OIO) and its Indonesian subsidiary PT Orion Indo Mining (PTOIM) has the following future payment and royalty obligations to PT Kaltim Jaya Bara as at balance date:

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

On 11 August 2008, the Company sold Orion Indo Operations Pty Ltd to Strike in consideration for 7.75 million Strike shares.

(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), EL 24879, 24928, 24928 and 24729 and ELA 24927 (the Bigryli South Project tenements in the Northern Territory, currently held by Alara Uranium 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).

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

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

28. EVENTS AFTER BALANCE SHEET DATE

(a) On 11 August 2008, Orion disposed its 70% interest in the Indonesian Berau Coal Project (via the sale of Orion Indo Operations Pty Ltd) and its 25% interest in the West Australian Paulsens East Iron Ore Project (via the sale of Central Exchange Mining Ltd) to its joint venture partner in these projects, ASX listed Strike Resources Limited (Strike). A total of 9.5 million Strike shares were issued to Orion as consideration for the sale. Orion realised a gain on sale of these subsidiaries of $17.5 million (based on Strike's closing bid price of $1.97 on the date of completion), which will be accounted for in the 2008/09 financial year. These Strike shares have a current value of $13.78 million (based on Strike's closing bid price of $1.45 per share on 27 August 2008).

(b) The Company has declared a final dividend of 0.5 cent per share (100% franked) which is funded from retained earnings of $12,083,753 as at 30 June 2008. The record date will be 19 September 2008 with payment to be effected on 26 September 2008.

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement and accompanying notes as set out on pages 21 to 46, 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 2008 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 16 to 18 (as the audited Remuneration Report) comply with section 300A of the *Corporations Act 2001*; and
4. The Directors have been given the declarations by the Executive Chairman (the person who performs the chief executive function) and the Company Secretary (the person who performs the chief financial officer function) as required by section 295A of the *Corporations Act 2001*.

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

Farooq Khan	**Victor Ho**
Chairman	**Director**

Perth, Western Australia

29 August 2008

BDO Kendalls

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

We have audited the accompanying financial report of Orion Equities Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

BDO Kendalls

Auditor's Opinion

In our opinion the financial report of Orion Equities Limited is in accordance with the *Corporations Act 2001*, including:

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

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2008. 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 2008, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit and Assurance (WA) Pty Ltd

BDO Kendalls

C Burton

CR Burton
Director

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

SECURITIES INFORMATION
as at 30 June 2008

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	278	151,748	0.852
1,001- 5000	253	627,091	3.520
5,001- 10,000	83	624,989	3.508
10,001 – 100,000	109	3,085,696	17.321
100,001 and over	14	13,324,865	74.798
Total	**746**	**17,814,389**	**100%**

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	TOTAL SHARES	% ISSUED CAPITAL
1	QUESTE COMMUNICATIONS LTD *	8,558,127	48.041
2	UBS NOMINEES PTY LTD *	973,756	5.466
3	ANZ NOMINEES LIMITED <CASH INCOME A/C>	924,800	5.191
4	CELLANTE SECURITIES	809,538	4.544
5	STRIKE RESOURCES LIMITED	505,026	2.835
6	MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE	328,189	1.842
7	MR ABE ZELWER	252,914	1.420
8	REDSUMMER PTY LTD	225,000	1.263
9	MS HOON CHOO TAN	150,038	0.842
10	VIKAND CONSULTING PTY LTD	139,798	0.785
11	MR BRUCE SIEMON	137,428	0.771
12	ME EDWARD STEPHEN DALLY	115,000	0.646
13	MR JOHN CHENG-HSIANG	103,726	0.582
14	RADIATA PTY LTD	101,525	0.570
15	MR LAWRENCE BRIAN CUMMINGS & MRS FRANZIE NANETTE CUMMINGS	100,000	0.561
16	MRS CAROLINE ANN PICKERING	100,000	0.561
17	OPTION OPPORTUNITY FUND PTY LTD	98,403	0.552
18	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES	88,080	0.494
19	MR ANTHONY NEALE KILLER & MRS SANDRA MARIE KILLER	85,000	0.477
20	MR JOHN GORDON KELLAS	80,000	0. 449
	TOTAL	**13,876,348**	**77.443**

* Substantial shareholder of the Company