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# **ASX Appendix 4E Preliminary Final Report**

**30 June 2007**

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

ASX Code: QUE

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## CORPORATE DIRECTORY

### BOARD

Farooq Khan	(Executive Chairman)
Michael J van Rens	(Non-Executive Director)
Azhar Chaudhri	(Non-Executive Director)
Yaqoob Khan	(Non-Executive Director)

### COMPANY SECRETARY

Victor Ho

### PRINCIPAL & REGISTERED OFFICE

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### STOCK EXCHANGE

Australian Securities Exchange  
Perth, Western Australia

### ASX CODE

QUE

### AUDITORS

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## APPENDIX 4E 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 year ended 30 June 2007
Previous Corresponding Period:	Financial year ended year ended 30 June 2006
Balance Date:	30 June 2007
Company:	Queste Communications Ltd ( <b>Queste</b> or <b>QUE</b> )
Consolidated Entity:	Queste and controlled entities:
	(1) Orion Equities Limited (ACN 000 742 843) ( <b>Orion</b> or <b>OEQ</b> ) and controlled entities of Orion:
	(i) Silver Sands Developments Pty Ltd (ACN 094 097 122), a wholly owned subsidiary;
	(ii) Central Exchange Mining Ltd (ACN 119 438 265), a wholly owned subsidiary;
	(iii) Koorian Olives Pty Ltd (ACN 120 616 891) (formerly OEQO Pty Ltd) incorporated in Western Australia on 7 July 2006, a wholly owned subsidiary;
	(iv) Orion Indo Operations Pty Ltd (ACN 124 702 245) incorporated in Western Australia on 30 March 2007, a wholly owned subsidiary;
	(v) PT Orion Indo Mining, incorporated in Indonesia on 4 April 2007, 100% beneficially owned by Orion Indo Operations Pty Ltd; and
	(vi) Hume Mining NL (ACN 064 994 945), a wholly owned subsidiary sold to Alara Uranium Limited ( <b>Alara</b> or <b>AUQ</b> ) on 18 May 2007.

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half-year report.

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Consolidated			Company		
	2007	2006	%	2007	2006	%
	\$	\$	Change	\$	\$	Change
Total revenues	28,188,248	26,676,739	+6%	1,342,009	3,773,671	-64%
Total expenses	(11,789,443)	(20,709,580)	-43%	(1,077,600)	(3,293,463)	-67%
<b>Profit before tax</b>	16,398,805	5,967,159	+175%	264,409	480,208	-45%
Income tax expense	(5,459,387)	(1,369,682)	+299%	(12,626)	-	N/A
Profit from continuing operations	10,939,418	4,597,477	+138%	251,783	480,208	-48%
Loss from discontinued operations	(1,852,990)	2,049,410	-190%			
<b>Profit for the year</b>	9,086,428	6,646,887	+37%	251,783	480,208	-48%
Net profit attributable to minority interests	(4,374,403)	(3,119,114)	+40%	-	-	N/A
<b>Profit after tax attributable to members of the Company</b>	4,712,025	3,527,773	+34%	251,783	480,208	-48%
Basic earnings/(loss) per share (cents)	16.0	12.0	+34%	0.9	1.6	-48%
Diluted earnings/(loss) per share (cents)	9.7	7.3	+34%	0.5	1.0	-48%

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	Consolidated			Company		
	2007	2006	% Change	2007	2006	% Change
Undiluted NTA backing per share (cents)	66.2	52.6	+26%	41.5	29.0	+43%
Diluted NTA Backing per share (cents)	48.1	39.8	+21%	33.1	25.5	+30%

In %Change columns:

"+" means "Up" from previous corresponding period or balance date (as the case may be)

"-" means "Down" from previous corresponding period or balance date (as the case may be)

NTA backings at the Consolidated Entity level are reported net of minority interests.

### STATUS OF AUDIT

This Preliminary Final Report is based on:

Accounts that are in the process of being audited.

### DIVIDENDS

The Company will be paying a final dividend as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking	Total Dividends Payable
0.25 cent per share	17 September 2007	21 September 2007	Fully Franked	\$73,512

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

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
0.5 cent per share	8 March 2007	15 March 2007	Fully Franked	\$147,024

### BRIEF EXPLANATION OF RESULTS

The Consolidated Entity's results incorporates the results of controlled entity, ASX listed investment company, Orion Equities Limited (**Orion** or **OEQ**).

At the Company level:

The Company decreased its post tax net profit by 45% during the current reporting period to \$264,409 compared with \$480,208 in the previous corresponding period.

Total revenues include:

- (1) \$422,408 unrealised gains on share investments (2006: Nil);
- (2) \$391,976 dividend income (2006: \$256,744); and
- (3) \$332,929 gross proceeds from the sale of share investments (2006: \$3,392,544); and
- (4) \$191,829 interest received (2006: \$118,783).

## APPENDIX 4E PRELIMINARY FINAL REPORT

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Total expenses include:

- (1) \$678,867 costs of disposal of equity investments (2006: \$2,912,982); and
- (2) \$267,649 personnel expenses (2006: \$288,430).

Please also refer to the attached financial statements and notes thereto.

### ASSOCIATE ENTITIES

The Company does not have any interest in associate entities or in joint venture entities during the current reporting period.

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

- (1) 28.22% interest in ASX listed Scarborough Equities Limited (ACN 061 287 045) (**SCB**) (30 June 2006: 27.86%); and
- (2) 28.38% interest in ASX listed Bentley International Limited (ACN 008 108 218) (**BEL**) (30 June 2006: 27.93%).

### CONTROLLED ENTITIES

The Company did not gain or lose control over entities during the current reporting period.

Orion ceased control of the following entity during the financial year:

- (1) Hume Mining NL, formerly a wholly owned subsidiary, was sold to Alara on 18 May 2007 in consideration for 6,250,000 Alara shares; Alara was admitted to the Official List of ASX and commenced trading on ASX on 24 May 2007.

Orion gained control of the following entities during the financial year:

- (1) Koorian Olives Pty Ltd (formerly OEQO Pty Ltd) incorporated on 7 July 2006 as a wholly owned subsidiary, the owner of the Koorian Olive Grove operations;
- (2) Orion Indo Operations Pty Ltd incorporated on 30 March 2007 as a wholly owned subsidiary, the parent company of PT Orion Indo Mining; and
- (3) PT Orion Indo Mining, incorporated on 4 April 2007 in Indonesia and 100% beneficially owned by Orion Indo Operations Pty Ltd, currently engaged in the exploration, evaluation and development of resource projects in Indonesia.

## APPENDIX 4E PRELIMINARY FINAL REPORT

### COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

The principal activities of the Company during the financial year were the pursuit of opportunities to commercially exploit the Company's VoiceNet System Voice-over-Internet Protocol ("VoIP") technology and the management of its net assets/investments.

#### 1.1. Current Status of Investment in Orion Equities Limited

Orion Equities Limited is an ASX listed investment entity (ASX Code: OEQ).

The Company holds 8,558,127 shares in Orion, being 48.04% of Orion's issued ordinary share capital (30 June 2006: 8,558,127 shares and 48.04%).

In light of such significant shareholding, Orion Equities has been recognised as a controlled entity and included as part of the Consolidated Entity since 1 July 2002.

Shareholders are advised to refer to the 30 June 2007 Preliminary Final Report and monthly NTA disclosures lodged by Orion on ASX for further information about the status and affairs of such company.

Information concerning Orion may be viewed from its website: [www.orionequities.com.au](http://www.orionequities.com.au).

Orion's market announcements may also be viewed from the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX code "OEQ".

Sections 1.2 to 1.6 below contain information extracted from Orion's 30 June 2007 Preliminary Final Report (unaudited) lodged on ASX on 31 August 2007.

#### 1.2. Orion Equities' Unaudited Performance for 30 June 2007

Consolidated Entity	2007 \$	2006 \$	% Change	Up/ Down
Total revenues	18,184,064	6,576,731	176%	Up
Total expenses	(1,663,789)	(718,791)	131%	Up
<b>Profit before tax</b>	<b>16,520,275</b>	<b>5,857,940</b>	<b>182%</b>	<b>Up</b>
Income tax expense	(5,296,760)	(1,369,682)	287%	Up
<b>Profit from continuing operations</b>	<b>11,223,515</b>	<b>4,488,258</b>	<b>150%</b>	<b>Up</b>
Loss from discontinued operations	(1,852,990)	2,049,410	190%	Down
<b>Profit attributable to members of the Company</b>	<b>9,370,525</b>	<b>6,537,668</b>	<b>43%</b>	<b>Up</b>
Basic and diluted earnings per share	0.53	0.37	43%	Up
Pre-tax NTA backing per share	2.237	1.557	44%	Up
Post-tax NTA backing per share	1.907	1.426	34%	Up

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Total revenues of \$15,541,564 (2006: \$9,552,565) comprise:

- (1) \$11,593,494 net income from the Company's share trading portfolio including:
  - (a) \$8,583,740 unrealised gains on securities (2006: \$5,536,239 unrealised loss);
  - (b) \$2,840,719 realised gains on sale of securities (2006: \$1,868,639);
  - (c) \$169,034 dividend income (2006: \$141,161);
- (2) \$49,200 net income from the Company's options portfolio (2006: \$126,579);
- (3) \$1,562,500 net profit from the sale of a subsidiary (2006: Nil);
- (4) \$1,668,955 share of Associate entities' net profits (2006: \$1,146,453);
- (5) \$481,726 dividend income received from Associate entities (2006: \$343,080);
- (6) \$58,095 income from olive grove operations (2006: Nil); and
- (7) \$127,595 interest and other income (2006: \$76,921).

Total expenses of \$1,666,192 (2006: \$761,397) include:

- (1) \$613,171 personnel costs (including employee entitlements) (2006: \$269,693);
- (2) \$418,467 olive grove operations (2006: Nil);
- (3) \$66,515 brokerage costs (2006: \$88,184);
- (4) \$79,708 exploration and evaluation expenses (2006: \$62,065); and
- (5) \$20,678 legal and other professional fees (2006: \$105,060).

### 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) 28.22% interest in ASX listed Scarborough Equities Limited (ACN 061 287 045) (**SCB**) (30 June 2006: 27.86%); and
- (2) 28.38% interest in ASX listed Bentley International Limited (ACN 008 108 218) (**BEL**) (30 June 2006: 27.93%).

The Company did not gain or lose an interest in joint venture entities during the current reporting period.

### 1.3. Orion Equities' Dividends

Orion will be paying a final dividend as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking	Total Dividends Payable
2 cents per share	17 September 2007	21 September 2007	Fully franked	\$356,288

Orion 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	8 March 2007	15 March 2007	Fully franked	\$267,216

## APPENDIX 4E PRELIMINARY FINAL REPORT

### 1.4. Orion Equities' Top 20 Holdings in Securities as at 30 June 2007

Equities	Fair Value \$'million	% of Net Assets	ASX Code	Industry Sector Exposures
1. Strike Resources Limited +	13.04	38.5%	SRK	Materials
2. Scarborough Equities Limited *	5.78	17.1%	SCB	Diversified Financials
3. Bentley International Limited *	4.40	13.0%	BEL	Diversified Financials
4. Alara Uranium Limited	2.25	6.6%	AUQ	Energy
5. Oilex NL	1.43	4.2%	OEX	Energy
6. Katana Capital Limited	1.12	3.3%	KAT	Diversified Financials
7. Metcash Limited	0.72	2.1%	MTS	Retailing
8. BHP Billiton Limited	0.53	1.6%	BHP	Materials
9. Zinifex Limited	0.28	0.8%	ZFX	Materials
10. RuralAus Investments Limited	0.27	0.8%	RUR	Materials
11. Emeco Holdings Limited	0.24	0.7%	EHL	Capital Goods
12. Telstra Corporations Limited	0.23	0.7%	TLSCA	Telecommunications
13. Woodside Petroleum Ltd.	0.19	0.6%	WPL	Energy
14. Chemrok Pty Ltd	0.16	0.5%	Unlisted	Materials
15. OM Holdings Limited	0.13	0.4%	OMH	Materials
16. Malagasy Minerals Limited	0.08	0.2%	Unlisted	Materials
17. Magma Metals Limited	0.07	0.2%	MMB	Materials
18. Newsat Limited	0.05	0.1%	NWT	Software & Services
19. Elixir Petroleum	0.05	0.1%	EXR	Energy
20. Jutt Holdings Limited	0.04	0.1%	JUT	Materials
<b>TOTAL</b>	<b>31.01</b>	<b>91.7%</b>		

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

+ The investment in Strike Resources Limited comprise the following securities:

	Fair Value \$'million	% of Net Assets	ASX Code	
(a) Listed shares	4.81	14.2%	SRK	
(b) Listed \$0.20 (30 June 2008) Options	1.82	5.4%	SRKO	
(c) Unlisted \$0.20 (9 Feb 2011) Options	3.42	10.1%	Unlisted	Fair value is based on a Black-Scholes options valuation model applying the following assumptions: (i) SRK's share price being \$2.02 (the last bid price as at 30 June 2007). This compares with a last bid price of \$1.70 as at 31 August 2007. (ii) A risk free rate of return of 6.41% (based on the Commonwealth 5 year bond yield rate as at 30 June 2007). (iii) An estimated future volatility of SRK's share price of 65%.
(d) Unlisted \$0.30 (9 Feb 2011) Options	2.99	8.8%		
<b>Sub-total</b>	<b>13.04</b>	<b>38.5%</b>		

## APPENDIX 4E PRELIMINARY FINAL REPORT

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### 1.5. Uranium Assets Spin-Off to Alara Uranium Limited

Orion's subsidiary, Hume Mining NL, retained a 25% interest in various uranium tenement interests sold to Strike Resources Limited (**Strike**) in February 2006.

It was announced on 16 February 2007 that Alara was acquiring Strike and Orion's uranium tenement interests and would be undertaking an Initial Public Offering (**IPO**) of up to \$10 million at 25 cents per share.

Alara lodged its IPO Prospectus on 3 April 2007, which successfully closed on 9 May 2007 with 40 million shares issued raising \$10 million. Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

On 18 May 2007, Orion completed the sale of Hume Mining NL to Alara and received 6,250,000 Alara shares as consideration. These shares are subject to escrow for 24 months from 24 May 2007.

Orion recorded a gain on disposal of Hume Mining NL of \$1.56 million.

### 1.6. Koorian Olive Grove

On 21 February 2007, Koorian Olives Pty Ltd (formerly OEQO Pty Ltd) (a wholly owned subsidiary of Orion incorporated on 7 July 2007) (**Koorian**) settled on the acquisition of a 143 hectare property in Gingin, Western Australia (approximately 100 kilometres north of Perth) comprising the Koorian Olive Grove (which has approximately 64,500, 8 year old olive tree plantings), certain grove related equipment/infrastructure and a approximately one gigalitre per annum water licence and related bore assets, in consideration of payment of approximately \$2.6 million.

The Koorian Olive Grove was set up as a managed investment scheme approximately 8 years ago with over \$10 million having been invested into the scheme. The grove has to date had 3 harvests of oil and table olives, including the season just completed in May 2007.

A summary of olive grove operations during the 2007 financial year are as follows:

- (1) The 2007 harvesting season yielded ~1,416 tonnes of fruit from which ~205,000 million litres of extra virgin olive oil (**EVOO**) were extracted;
- (2) Orion record an Inventory of \$646,864 on its Balance Sheet which reflects the cost of harvesting and processing the fruit into EVOO as at Balance Date;
- (3) Koorian has subsequently reached agreement with a local supplier for the sale of ~200,000 litres of EVOO for \$1.02 million payable in 4 tranches between August and November 2007;
- (4) Income received totalled \$58,095 comprising \$49,595 from the provision of harvesting services to a third party grove in the Gingin region and \$8,500 from the sale of table olive varieties; and
- (5) Expenses from Olive Grove operations (excluding depreciation) were \$418,467.

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### STATUS OF ANNUAL GENERAL MEETING

Details of the Company's Annual General Meeting (which is required to be held by no later than 30 November 2006) is still to be determined by the Board.

Date: 31 August 2007

For and on behalf of the Directors,



Victor Ho  
Company Secretary

Telephone: (08) 9214 9777  
Email: info@queste.com.au

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue from continuing operations	1	657,621	484,241	391,976	256,744
Other income	1	25,861,672	25,046,045	950,033	3,516,927
Share of Associate entities' profits	1	1,668,955	1,146,453	-	-
<b>Total revenue</b>		<b>28,188,248</b>	<b>26,676,739</b>	<b>1,342,009</b>	<b>3,773,671</b>
Cost of investments sold	1	(9,792,672)	(19,564,407)	(678,867)	(2,912,982)
Cost of olive grove operations	1	(418,467)	-	-	-
Cost of resource projects sold	1	-	(19,840)	-	-
Unrealised net change in fair value	1	-	(21,143)	-	(21,143)
Occupancy expenses	1	(74,383)	(46,385)	(22,691)	(24,605)
Finance expenses	1	(6,535)	(6,042)	(2,299)	(2,029)
Borrowing costs	1	(56)	(1,462)	(56)	(35)
Corporate expenses	1	(129,154)	(161,227)	(75,955)	(22,946)
Administration expenses					
- personnel	1	(880,819)	(558,123)	(267,649)	(288,430)
- others	1	(487,357)	(330,951)	(30,083)	(21,293)
<b>Profit before income tax expense</b>		<b>16,398,805</b>	<b>5,967,159</b>	<b>264,409</b>	<b>480,208</b>
Income tax expense		(5,459,387)	(1,369,682)	(12,626)	-
<b>Profit from continuing operations</b>		<b>10,939,418</b>	<b>4,597,477</b>	<b>251,783</b>	<b>480,208</b>
<b>Loss from discontinued operations</b>	2	<b>(1,852,990)</b>	<b>2,049,410</b>	<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>9,086,428</b>	<b>6,646,887</b>	<b>251,783</b>	<b>480,208</b>
Net profit attributable to minority interests		(4,374,403)	(3,119,114)	-	-
<b>Net profit attributable to members of the company</b>		<b>4,712,025</b>	<b>3,527,773</b>	<b>251,783</b>	<b>480,208</b>
Dividends per share	3	1.00	0.05	1.00	0.05
<b>Earnings per share</b>					
Basic earnings (cents per share)	4	16.02	12.00	0.86	1.63
Diluted earnings (cents per share)	4	9.73	7.29	0.52	0.99

*The accompanying notes form part of these financial statements*

## BALANCE SHEET AS AT 30 JUNE 2006

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	4,774,405	4,264,218	3,154,207	3,161,560
Trade and other receivables		196,921	695,422	62,542	155,236
Financial assets at fair value	6	21,088,044	12,671,627	152,390	34,849
Inventory		646,864	-	-	-
Other		-	2,112	-	1,029
<b>TOTAL CURRENT ASSETS</b>		<b>26,706,234</b>	<b>17,633,379</b>	<b>3,369,139</b>	<b>3,352,674</b>
<b>NON CURRENT ASSETS</b>					
Trade and other receivables		32,823	32,823	-	-
Inventory		3,821,038	3,821,038	-	-
Available for sale asset	7	-	-	11,596,262	6,290,223
Investments in Associate entities (equity accounted)	8	11,639,534	9,726,370	-	-
Property, plant and equipment		2,392,427	60,578	22,032	26,211
Olive trees		300,000	-	-	-
Resource projects		-	-	-	-
Intangibles		-	-	-	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>18,185,822</b>	<b>13,640,809</b>	<b>11,618,294</b>	<b>6,316,434</b>
<b>TOTAL ASSETS</b>		<b>44,892,056</b>	<b>31,274,188</b>	<b>14,987,433</b>	<b>9,669,108</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		1,807,112	261,679	152,130	110,205
Current tax liabilities		1,404,348	538,860	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,211,460</b>	<b>800,539</b>	<b>152,130</b>	<b>110,205</b>
<b>NON CURRENT LIABILITIES</b>					
Deferred tax liabilities		4,631,600	1,799,674	2,636,575	1,032,137
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>4,631,600</b>	<b>1,799,674</b>	<b>2,636,575</b>	<b>1,032,137</b>
<b>TOTAL LIABILITIES</b>		<b>7,843,060</b>	<b>2,600,213</b>	<b>2,788,705</b>	<b>1,142,342</b>
<b>NET ASSETS</b>		<b>37,048,996</b>	<b>28,673,975</b>	<b>12,198,728</b>	<b>8,526,766</b>
<b>EQUITY</b>					
Contributed equity		6,087,927	6,087,927	6,087,927	6,087,927
Reserves		2,138,012	2,138,012	8,260,558	4,546,331
Retained earnings /(Accumulated losses)		11,249,024	7,247,580	(2,149,757)	(2,107,492)
Parent interest		19,474,963	15,473,519	12,198,728	8,526,766
Minority interest		17,574,033	13,200,456	-	-
<b>TOTAL EQUITY</b>		<b>37,048,996</b>	<b>28,673,975</b>	<b>12,198,728</b>	<b>8,526,766</b>

*The accompanying notes form part of these financial statements*

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

<u>Consolidated Entity</u>	<u>Contributed Equity</u> \$	<u>Reserves</u> \$	<u>Retained Earnings</u> \$	<u>Minority Interest</u> \$	<u>Total</u> \$
<b>At 1 July 2005</b>	6,087,927	2,138,012	4,144,781	9,520,970	21,891,690
Profit attributable to members of the Company	-	-	3,527,773	-	3,527,773
Profit attributable to minority interest	-	-	-	3,119,114	3,119,114
Total income and expense recognised for the year	-	-	3,527,773	3,119,114	6,646,887
Dividend paid	-	-	(424,974)	-	(424,974)
Movement in minority interest	-	-	-	560,372	560,372
<b>At 30 June 2006</b>	<u>6,087,927</u>	<u>2,138,012</u>	<u>7,247,580</u>	<u>13,200,456</u>	<u>28,673,975</u>
<b>At 1 July 2006</b>	6,087,927	2,138,012	7,247,580	13,200,456	28,673,975
Profit attributable to members of the Company	-	-	4,712,025	-	4,712,025
Profit attributable to minority interest	-	-	-	4,374,403	4,374,403
Total income and expense recognised for the year	-	-	4,712,025	4,374,403	9,086,428
Dividend paid	-	-	(710,581)	-	(710,581)
Movement in minority interest	-	-	-	(826)	(826)
<b>At 30 June 2007</b>	<u>6,087,927</u>	<u>2,138,012</u>	<u>11,249,024</u>	<u>17,574,033</u>	<u>37,048,996.00</u>

<u>Company</u>	<u>Issued Capital</u> \$	<u>Reserves</u> \$	<u>Accumulated Losses</u> \$	<u>Total</u> \$
<b>At 1 July 2005</b>	6,087,927	6,749,160	(2,440,676)	10,396,411
Adjustment on adoption of AASB 132 and 139	-	-	(3,365,521)	(3,365,521)
Changes in fair value of available for sale assets (net of tax)	-	1,162,692	-	1,162,692
Net income directly recognised in equity	-	1,162,692	-	1,162,692
Profit for the year	-	-	480,208	480,208
Total income and expense recognised for the year	-	1,162,692	480,208	1,642,900
Dividend paid	-	-	(147,024)	(147,024)
<b>At 30 June 2006</b>	<u>6,087,927</u>	<u>4,546,331</u>	<u>(2,107,492)</u>	<u>8,526,766</u>
<b>At 1 July 2006</b>	6,087,927	4,546,331	(2,107,492)	8,526,766
Changes in fair value of available for sale assets (net of tax)	-	3,714,227	-	3,714,227
Net income directly recognised in equity	-	3,714,227	-	3,714,227
Profit for the year	-	-	251,783	251,783
Total income and expense recognised for the year	-	3,714,227	251,783	3,966,010
Dividend paid	-	-	(294,048)	(294,048)
<b>At 30 June 2007</b>	<u>6,087,927</u>	<u>8,260,558</u>	<u>(2,149,757)</u>	<u>12,198,728</u>

*The accompanying notes form part of these financial statements*

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		60,354	27,660	2,867	5,600
Payments to suppliers and employees		(1,613,071)	(1,233,303)	(258,171)	(521,065)
Payments for exploration and evaluation		(79,708)	(46,443)	-	-
Sale proceeds from trading portfolio		12,328,482	18,187,241	-	-
Payments for trading portfolio		(6,483,983)	(15,337,708)	-	-
Proceeds from portfolio options		49,200	137,579	-	-
Payments for options portfolio		-	(18,333)	-	-
Dividends received		423,818	257,682	391,976	256,744
Income tax paid		(970,058)	(259,248)	-	-
Interest received		265,384	173,644	191,829	118,783
Interest paid		(56)	(1,462)	(56)	(35)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		<b>3,980,362</b>	<b>1,887,309</b>	<b>328,445</b>	<b>(139,973)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment		(2,711,041)	(10,750)	(1,567)	-
Proceeds from sale of plant and equipment		889	-	889	-
Payments for inventory		-	(24,486)	-	-
Payments for investment securities		(380,657)	(680,531)	(374,000)	-
Proceeds from sale of investment securities		332,929	3,392,544	332,929	3,392,544
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(2,757,880)</b>	<b>2,676,777</b>	<b>(41,749)</b>	<b>3,392,544</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Payments in relation to sale of unmarketable parcels		(1,591)	-	-	-
Dividends paid		(710,704)	(424,974)	(294,049)	(147,025)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>(712,295)</b>	<b>(424,974)</b>	<b>(294,049)</b>	<b>(147,025)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS HELD</b>		<b>510,187</b>	<b>4,139,112</b>	<b>(7,353)</b>	<b>3,105,546</b>
Add opening cash and cash equivalents brought forward		4,264,218	125,106	3,161,560	56,014
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>5</b>	<b>4,774,405</b>	<b>4,264,218</b>	<b>3,154,207</b>	<b>3,161,560</b>

*The accompanying notes form part of these financial statements*

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 1. PROFIT FOR THE YEAR

Profit for the year includes the following items of revenue and expenses below (including the revenue and expenses of the discontinued operations of Hume Mining NL, formerly a subsidiary of Orion Equities Limited (refer to Note 2)).

	Note	Consolidated Entity		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>(a) Revenue from continuing operations</b>					
Dividend received		657,621	484,241	391,976	256,744
<b>Other income</b>					
Proceeds from sale of resource projects		-	333,333	-	-
Proceeds from sale of Hume Mining NL		1,562,500	-	-	-
Proceeds from sale of securities					
- investments portfolio		332,929	3,392,544	332,929	3,392,544
- trading portfolio		11,888,009	18,420,880	-	-
- options portfolio		49,200	137,579	-	-
Unrealised gains on fair value of investments	2	9,006,149	5,536,239	422,408	-
Income from sale of olives		58,095	-	-	-
Interest received - other		265,384	173,644	191,829	118,783
Other		56,906	27,660	2,867	5,600
		<u>23,219,172</u>	<u>28,021,879</u>	<u>950,033</u>	<u>3,516,927</u>
Share of Associate entities' profits		1,668,955	1,146,453	-	-
<b>Total revenue</b>		<u>25,545,748</u>	<u>29,652,573</u>	<u>1,342,009</u>	<u>3,773,671</u>
<b>(b) Expenses</b>					
Cost of resource projects sold		-	19,840	-	-
Cost of securities sold					
- non-current investments portfolio		678,867	2,912,982	678,867	2,912,982
- trading portfolio		9,047,290	16,552,241	-	-
- options portfolio		-	11,000	-	-
- brokerage cost		66,515	88,184	-	-
Unrealised loss on fair value of investments		-	21,143	-	21,143
Cost of olive grove operations		418,467	-	-	-
<b>Operating expenses</b>					
Occupancy expenses		74,383	46,385	22,691	24,605
Finance expenses	2	6,684	6,228	2,299	2,029
Borrowing costs - interest paid		56	1,462	56	35
Corporate expenses					
Consultancy		63,730	73,760	38,110	(6,140)
Professional fees		(4,941)	25,160	-	-
Other corporate expenses	2	71,365	63,372	37,845	29,086
Administration expenses					
Depreciation		78,303	12,300	4,857	5,183
Fixed assets write off		-	1,990	-	1,497
Personnel expenses - remuneration and other		803,234	535,233	238,570	272,953
Employee entitlements		77,585	22,890	29,079	15,477
Investment costs		29,245	26,482	-	4,504
Provision for realisation cost of share portfolio		119,868	-	-	-
Other administrative expenses	2	180,722	155,222	25,226	10,109
(Gain)/ loss on dilution		765	(134,406)	-	-
Loss from decrease in control of subsidiary after share issue by subsidiary		-	248,653	-	-
Exploration and evaluation expenses	2	79,708	62,065	-	-
		<u>11,791,846</u>	<u>20,752,186</u>	<u>1,077,600</u>	<u>3,293,463</u>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 June 2007

#### 1. PROFIT (continued)

(c) Sale of Assets	Consolidated Entity		Company	
	2007	2006	2007	2006
Sale of assets in the ordinary course of business have given rise to the following net gains and losses:	\$	\$	\$	\$
<b>Net gains / (losses):</b>				
- tenement	-	313,493	-	-
- subsidiary	1,562,500	-	-	-
- non-current investments portfolio	(345,938)	479,562	(345,938)	479,562
- trading portfolio	2,840,719	1,868,639	-	-
- options portfolio	49,200	126,579	-	-
	<u>4,106,481</u>	<u>2,788,273</u>	<u>(345,938)</u>	<u>479,562</u>

#### 2. DISCONTINUED OPERATIONS

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

Financial information relating to the discontinued operation, which has been incorporated into the Income Statement, is as follows:	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenue	-	2,975,834	-	-
Expenses	(2,644,903)	(42,606)	-	-
Loss before income tax	(2,644,903)	2,933,228	-	-
Income tax expense	791,913	(883,818)	-	-
Loss after income tax	<u>(1,852,990)</u>	<u>2,049,410</u>	<u>-</u>	<u>-</u>

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

Total assets	-	3,009,245	-	-
Total liabilities	(11)	(969,226)	-	-
Net asset	<u>(11)</u>	<u>2,040,019</u>	<u>-</u>	<u>-</u>

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)	(94,664)	-	-
Net cash inflow from investing activities	27,896	91,415	-	-
Net increase/(decrease) in cash from businesses	<u>2,262</u>	<u>(3,249)</u>	<u>-</u>	<u>-</u>

#### 3. DIVIDENDS

Declared and paid during the year	Date paid				
<u>Dividends on ordinary shares</u>					
by OEQ - 1.5 cents per share fully franked	07-Apr-06	-	138,846	-	-
by OEQ - 1.5 cents per share fully franked	13-Oct-05	-	138,846	-	-
by QUE - 0.5 cents per share fully franked	07-Apr-06	-	147,024	-	147,024
by OEQ - 3 cents per share fully franked	19-Oct-07	277,688	-	-	-
by OEQ - 1.5 cents per share fully franked	15-Mar-07	138,845	-	-	-
by QUE - 0.5 cent per share fully franked	29-Sep-06	147,024	-	147,024	-
by QUE - 0.5 cent per share fully franked	15-Mar-07	147,024	-	147,024	-
		<u>710,581</u>	<u>424,716</u>	<u>294,048</u>	<u>147,024</u>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 June 2007

#### 3. DIVIDENDS (continued)

Dividends declared post balance date	Date paid	Consolidated Entity		Company	
		2007	2006	2007	2006
<u>Dividends on ordinary shares</u>		\$	\$	\$	\$
by QUE - 0.5 cent per share fully franked	29-Sep-06	-	147,024	-	147,024
by OEQ - 3 cents per share fully franked	19-Oct-07	-	534,432	-	-
by QUE - 0.25 cent per share fully franked	21-Sep-07	73,512	-	73,512	-
by OEQ - 2 cents per share fully franked	21-Sep-07	356,288	-	-	-

(both having a record date of 17 September 2007 with payment to be effected on or about 21 September 2007)

Franking credit balance	1,812,007	1,186,057	159,248	159,343
Balance of franking account at year end adjusted for franking credits arising from:				
Payment of provision for income tax	1,116,710	452,190	-	-
Franking debits arising from payment of proposed dividends	(260,547)	(292,053)	(31,505)	(63,010)
	<u>2,668,170</u>	<u>1,346,194</u>	<u>127,743</u>	<u>96,333</u>

4. EARNINGS PER SHARE	Consolidated Entity		Company	
	2007	2006	2007	2006
Basic earnings per share (cents)	16.0	12.0	0.9	1.6
Diluted earnings per share (cents)	9.7	7.3	0.5	1.0

#### (a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Net Profit (\$)	4,712,025	3,527,773	251,783	480,208
Weighted average number of ordinary shares	29,404,879	29,404,879	29,404,879	29,404,879

- (i) The Company's partly paid shares, to the extent that they have been paid (one cent per share), have been included in the determination of the basic earnings per share.

The Company's options and partly paid shares, to the extent of the balance of the call (19 cents per share), have not been included in the determination of basic earnings per share. These securities are included in the determination of diluted earnings per share on the basis that each option will convert to one ordinary share and each partly paid share will become fully paid.

#### (b) Diluted earnings per share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	Consolidated Entity		Company	
	2007	2006	2007	2006
Net Profit (\$)	4,712,025	3,527,773	251,783	480,208
Weighted average number of ordinary shares (i)	48,404,879	48,404,879	48,404,879	48,404,879

- (i) The weighted average number of ordinary shares and potential ordinary shares used in calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic EPS	29,404,879	29,404,879
Portion of partly-paid ordinary shares that remain unpaid	<u>19,000,000</u>	<u>19,000,000</u>
Weighted average number of ordinary shares used in the calculation of diluted EPS	<u>48,404,879</u>	<u>48,404,879</u>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 June 2007

5. CASH AND CASH EQUIVALENTS	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank	3,754,355	1,269,630	3,128,664	166,972
Term deposit	25,543	24,555	25,543	24,555
Bank Bills	994,507	2,970,033	-	2,970,033
	<u>4,774,405</u>	<u>4,264,218</u>	<u>3,154,207</u>	<u>3,161,560</u>

The effective interest rate on short term deposits and bank bills was 6.1% (2006: 5.7%); these deposits have an average maturity of a month.

#### Disclosure of non-cash financing and investing activities

On 18 May 2007, controlled entity Orion Equities Limited completed the sale of its uranium tenement interests in the Northern Territory and Western Australia to Alara Uranium Limited (Alara) (ASX Code: AUQ) through the sale of its wholly owned subsidiary Hume Mining NL in consideration for 6.25 million Alara shares. After successfully completing a \$10 million Initial Public Offering (IPO) (at \$0.25 per share) in May 2007, Alara was admitted to the Official List of the ASX and AUQ shares commenced trading on ASX on 24 May 2007.

6. FINANCIAL ASSETS AT FAIR VALUE	Consolidated Entity		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Investments in listed companies comprise:				
Listed investments at fair value	<u>19,271,541</u>	<u>11,005,112</u>	<u>152,390</u>	<u>-</u>
Listed investments (suspended from ASX) - at cost	12,304	415,171	12,304	415,171
Add: Directors' valuation	(12,304)	(380,322)	(12,304)	(380,322)
	<u>-</u>	<u>34,849</u>	<u>-</u>	<u>34,849</u>
Unlisted options in listed corporations at cost	10,000	10,000	-	-
Add: net change in fair value	1,806,503	1,621,666	-	-
	<u>1,816,503</u>	<u>1,631,666</u>	<u>-</u>	<u>-</u>
	<u>21,088,044</u>	<u>12,671,627</u>	<u>152,390</u>	<u>34,849</u>

#### 7. AVAILABLE FOR SALE ASSET

Shares in controlled entities - at cost	-	-	2,849,766	2,849,766
Net change in fair value	-	-	8,746,496	3,440,457
	<u>-</u>	<u>-</u>	<u>11,596,262</u>	<u>6,290,223</u>
Market value of listed securities	-	-	11,596,262	4,484,042

#### (a) Investment in Controlled Entities

	Ownership Interest	
	2007	2006
Orion Equities Limited (A.C.N. 000 742 843) (OEQ)	48.04%	48.04%

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 June 2007

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

Name of Associate	Principal Activity	Ownership Interest		Carrying Amount	
		2007	2006	2007	2006
				\$	\$
Bentley International Limited (BEL)	Investments	28.38%	27.93%	4,626,964	4,357,549
Scarborough Equities Limited (SCB)	Investments	28.22%	27.86%	7,012,570	5,368,821
				<u>11,639,534</u>	<u>9,726,370</u>

On 5 July 2006, OEQ purchased 7,335 shares in SCB for \$6,656. On 31 August 2006, OEQ received 299,098 shares in BEL for \$109,769 and 151,223 shares in SCB for \$134,440 when it participated in the respective BEL and SCB Dividend Reinvestment Plans.

	2007	2006
	\$	\$
<b>Movement in Investments in Associates</b>		
Shares in listed Associate entities brought forward	9,726,370	7,085,260
Share of profit before income tax expense	2,577,652	1,869,980
Share of income tax expense	(426,992)	(380,427)
Dividends received	(481,705)	(343,100)
Acquisition of shares	244,210	1,494,657
Carrying amount at the end of the financial year	<u>11,639,535</u>	<u>9,726,370</u>

#### Fair value of listed investments in associates

Bentley International Limited	4,397,645	4,226,113
Scarborough Equities Limited	5,776,706	5,316,972
	<u>10,174,351</u>	<u>9,543,085</u>

#### Net tangible asset value of listed investments in associates

Bentley International Limited	5,704,535	5,414,913
Scarborough Equities Limited	6,926,572	5,272,310
	<u>12,631,107</u>	<u>10,687,223</u>

#### Share of Associates' profits

Profit before income tax	2,577,652	1,869,980
Income tax expense	(426,992)	(380,427)
Profit after income tax	<u>2,150,660</u>	<u>1,489,553</u>

#### Summarised Financial Position of Associates

	Group share of:			
	Bentley International Limited		Scarborough Equities Limited	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current assets	5,835,090	5,461,429	2,130,829	1,025,519
Non current assets	1,749	2,527	5,504,145	4,716,645
Total assets	<u>5,836,839</u>	<u>5,463,955</u>	<u>7,634,974</u>	<u>5,742,164</u>
Current liabilities	(131,830)	(50,030)	(42,064)	(22,170)
Non current liabilities	-	-	(668,938)	(446,688)
Total liabilities	<u>(131,830)</u>	<u>(50,030)</u>	<u>(711,002)</u>	<u>(468,858)</u>
Net assets	<u>5,705,009</u>	<u>5,413,926</u>	<u>6,923,972</u>	<u>5,273,306</u>
Revenues	995,411	791,176	2,745,757	1,920,920
Profit after income tax of associates	<u>382,154</u>	<u>538,998</u>	<u>1,768,506</u>	<u>950,555</u>

#### Scarborough Equities Limited and Bentley International Limited - Lease Commitments

Each of SCB and BEL have the same lease commitments disclosed in note 10(a).

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 June 2007

#### 9. CONSOLIDATED SEGMENT REPORTING

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

##### BUSINESS SEGMENT

Segment Revenues & Results	Segment revenue		Segment result	
	2007	2006	2007	2006
	\$	\$	\$	\$
Investments	21,987,948	27,993,543	12,165,266	9,413,717
Resources	1,562,500	333,333	1,482,792	251,428
Olive grove operations	58,095	-	(360,372)	-
Share of associates' profit	1,668,955	1,146,453	1,668,955	-
Unallocated	268,250	179,244	(1,202,739)	(764,758)
Total segment revenue	<u>25,545,748</u>	<u>29,652,573</u>		
Profit before income tax			<u>13,753,902</u>	<u>8,900,387</u>

Segment Assets & Liabilities	Segment Assets		Segment liabilities	
	2007	2006	2007	2006
	\$	\$	\$	\$
Investments	36,548,616	26,659,509	(5,347,542)	(1,799,674)
Resources	-	-	-	-
Olive grove operations	3,416,848	-	(651,549)	-
Unallocated	4,926,592	4,614,679	(1,843,969)	(800,539)
	<u>44,892,056</u>	<u>31,274,188</u>	<u>(7,843,060)</u>	<u>(2,600,213)</u>

Other	Investments		Resources		Olive grove operations	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Acquisition of segment assets	5,935,246	11,624,134	-	-	2,707,989	-
Other non-cash expenses						
- Unrealised gains on securities	9,006,149	5,557,382	-	-	-	-

GEOGRAPHICAL SEGMENT	Acquisitions of				
	segment assets	Segment revenue	Segment results	Segment Assets	Segment Liabilities
	2007	2007	2007	2007	2007
	\$	\$	\$	\$	\$
Australia	8,643,235	25,545,748	29,729,174	44,892,056	(7,843,060)
Indonesia	-	-	(4,727)	-	-
Pakistan	-	-	(71,874)	-	-
	<u>8,643,236</u>	<u>15,541,564</u>	<u>13,875,372</u>	<u>41,500,885</u>	<u>7,528,304</u>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 10. COMMITMENTS

	Consolidated Entity		Company	
	2007	2006	2007	2006
(a) Lease Commitments	\$	\$	\$	\$
Non-cancellable operating lease commitments:				
Not longer than one year	49,920	49,920	24,960	24,960
Between 12 months and 5 years	199,680	199,680	99,840	99,840
Greater than 5 years	49,920	99,840	24,960	49,920
	<u>299,520</u>	<u>349,440</u>	<u>149,760</u>	<u>174,720</u>

The lease commitment is the Company and Orion Equities Limited'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%.

#### Orion Equities Limited and controlled entities

#### (b) Exploration Tenement Leases - Commitments for Expenditure

- (i) In order to maintain current rights of tenure to its Australian exploration tenements, the consolidated entity is required to outlay lease rentals and meet minimum expenditure commitments. Based on tenements which have been granted as at the date of this report, the consolidated entity has a 12 month commitment of \$45,154.
- (ii) The consolidated entity also has exploration and evaluation commitments in relation to mineral licences held or applied for (upon grant) in Pakistan. The consolidated entity previously held a reconnaissance licence (RL) over a 5,000 square kilometre area in the Chitral Region, North-West Frontier Province, Pakistan, prospective for gold and copper. There was a US\$250,000 expenditure commitment under the terms of such licence within the first 12 months; A\$71,874 was actually incurred on the RL during the financial year; however, an application for an exploration licence over 493 square kilometres in this RL area was filed in March 2007 prior to the expiry of this RL. The consolidated entity has also recently applied for another RL in the province of 3,000 square kilometres and a similar US\$250,000 expenditure commitment is expected to apply to this RL upon its grant.

Financial commitments for subsequent periods are contingent upon future exploration and evaluation results and cannot be estimated. These obligations are subject to renegotiation upon expiry of the tenement lease or when application for a mining lease is made and have not been provided for in the accounts.

### 11. CONTINGENT LIABILITIES AND ASSETS

#### The Company

#### (a) Directors' Deeds

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

The Company does not have any other material contingent assets or liabilities at Balance Date.

#### Orion Equities Limited and controlled entities

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

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

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 11. CONTINGENT LIABILITIES AND ASSETS

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

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

#### Orion Equities Limited and controlled entities (continued)

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

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

- (i) Three staged cash payments totalling US\$0.50 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.

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

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

#### (b) Royalty Owed To Central Exchange Mining Ltd

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

#### (c) Native Title

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

#### (d) Directors' Deeds

Orion Equities Limited 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 year, 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.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### 12. EVENTS AFTER BALANCE SHEET DATE

#### The Company

- (a) The Company will pay a final dividend of 0.25 cents per share (100% franked) in respect of net profits derived for the year ended 30 June 2007. The record date will be 17 September 2007 with payment to be effected on or about 21 September 2007.

#### Orion Equities Limited

- (b) OEQ will pay a final dividend of 2 cents per share (100% franked) in respect of net profits derived for the year ended 30 June 2007. The record date will be 17 September 2007 with payment to be effected on or about 21 September 2007.
- (c) On 24 August 2007, Koorian Olives Pty Ltd reached agreement with a local supplier for the sale of ~200,000 litres of extra virgin olive oil (EVOO) harvested from the Koorian Oliver Grove during the 2007 harvest season completed in May 2007 for \$1.02 million payable in 4 tranches between August and November 2007; this EVOO is recorded as Inventory to the value of \$646,864 as at balance date.

No other matter or circumstance has arisen since the end of the financial year 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 years.