

ORION ACQUISITION CORP II

FORM 10KSB

(Annual Report (Small Business Issuers))

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

Annual Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the fiscal year ended: December 31, 2002

Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 0-20837

Orion Acquisition Corp. II
(Name of Small Business Issuer in Its Charter)

Delaware
(State of Incorporation)

13-3863260
(Small Business Issuer
I.R.S. Employer I.D. Number)

401 Wilshire Boulevard - Ste. 1020
Santa Monica, CA
(Address of principal executive offices)

90401
(zip code)

(310) 526-5000
(Issuer's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.01 par value per share
Redeemable Class B Unit Purchase Warrants

Check whether the Issuer (1) has filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such
reports), and (2) has been subject to such filing requirement for the past 90 days. Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure
will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of
this Form 10-KSB or any amendment to this Form 10-KSB.

Issuer's revenues for the fiscal year ended December 31, 2002 were \$23,828.

As of March 15, 2003, the aggregate market value of the common stock held by non-affiliates of the Registrant was approximately \$360,573.

As of March 15, 2003, there were 1,030,907 shares of Common Stock, \$.01 par value per share, outstanding.

Transitional Small Business Disclosure Format (check one): Yes No

Documents Incorporated by Reference: None.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

General

Orion Acquisition Corp. II ("the Company" or "Orion") was organized on October 19, 1995 to acquire an operating business by purchase, merger, combination or otherwise. There is no restriction on the means of acquisition or the industry in which the target business operates.

Since its inception, Orion has not engaged in any substantive commercial business. Its sole activities have been to evaluate and select a suitable target business, to structure, negotiate and consummate a business combination with a target business and to maintain its assets.

Business Objective

The management of Orion intends to identify a target business and effect a business combination with a target business. It is anticipated that any business combination will be by negotiation rather than hostile takeover. At this time, Orion does not have a schedule of when it will be able to initiate or consummate a specific business combination.

Management has substantial flexibility in identifying and selecting a prospective target business. In evaluating a prospective target business, management will consider, among other factors, the following:

- (i) the costs associated with effecting the business combination;
- (ii) the amount of the equity interest it will be able to acquire in the business and opportunity to obtain control;
- (iii) the growth potential of the target business;
- (iv) the experience and skill of the management of the target business and availability of additional personnel for the target business;
- (v) the current and anticipated capital requirements of the target business;
- (vi) the competitive position of the target business in its industry;
- (vii) the stage of business development of the target business;
- (viii) the degree of current or the potential market acceptance of the products or services of the target business;
- (ix) the existence of any proprietary features or intellectual property of the target business;
- (x) the overall financial condition of the target business; and
- (xi) the regulatory environment in which the target business operates.

In connection with its search for an acquisition opportunity, Orion may engage investment banking firms to help it identify and approach target businesses. Moreover, in evaluating any target business, management will consider retaining an independent investment banking firm which is a member in good standing of the NASD to assist the Company in appraising, structuring and negotiating a potential business combination. In connection with its evaluation of a prospective target business, management will conduct a due diligence review which will encompass, among other things, meeting with incumbent management, inspecting the facilities, and reviewing the financial, legal and other information which will be made available to Orion.

The time and costs required to select and evaluate a target business (including conducting a due diligence review) and to structure and consummate the business combination (including negotiating relevant agreements and preparing requisite documents for filing pursuant to applicable securities laws and state "blue sky"

and corporation laws) will not be ascertainable with any degree of certainty until consummation of the business combination. Any costs incurred in connection with the identification and evaluation of a prospective target business with which a business combination is not ultimately consummated will result in an expense to Orion.

Orion will use its current working capital and capital resources to consummate a business combination. In addition, because the resources of Orion are not sufficient to fund a business combination, it will have to raise additional capital. The capital may be in the form of equity or debt, and will likely be based solely on the business operation and financial condition of the target business. Therefore, it is not possible at this time to determine the amount of capital that will be needed or available for a business combination. There currently are no limitations on Orion's ability to privately obtain funds for a business combination. Nonetheless, Orion's limited resources and lack of operating history may make it difficult to obtain funds. Because of certain SEC interpretations and related rules, Orion does not believe it can publicly raise funds prior to a business combination with an operating company, unless it has in excess of \$5,000,000 in assets.

The amount and nature of any funding will depend on numerous considerations, including Orion's capital requirements, potential lenders' evaluation of Orion's ability to meet debt service on borrowings and the then prevailing conditions in the financial markets, as well as general economic conditions. Orion does not have any arrangements with any bank or financial institution to secure additional financing, and there can be no assurance that such arrangements if required will be obtainable or otherwise in the best interests of Orion. The inability of Orion to obtain the funds required to effect a business combination, or to provide funds for an additional infusion of capital into a target business, may have material adverse effects on Orion's business prospects, including the ability to effect a business combination.

Employees

Orion does not have any employees.

ITEM 2. DESCRIPTION OF PROPERTY

Orion's executive office is located at 401 Wilshire Boulevard, Suite 1020, Santa Monica, California 90401, and its telephone number is (310) 526-5004.

Pursuant to an oral agreement, MDB Capital Group, LLC., a limited liability company controlled by Christopher A. Marlett, Anthony DiGiandomenico, Dyana Williams Marlett and James D. Bowyer, each a stockholder, officer and director of Orion, has agreed that it will make office space and services available to Orion, as may be required at this time and in the near future. Orion does not pay any amount for the office space or services.

Orion believes that this facility is adequate to meet its needs in the foreseeable future pending the consummation of a business combination.

ITEM 3. LEGAL PROCEEDINGS

On July 1, 1999, a Class B Warrantholder of Orion brought an action ("July Action") against Orion, its former directors and certain others. On January 31, 2000, the plaintiff filed a notice dismissing the July Action without prejudice. On January 28, 2000 the court ordered the notice of dismissal. The Company and the plaintiff agreed that Orion will make an exchange offer to all holders of the Class B Warrants. The exchange offer must be made after Orion completes its first business combination of a target company that results in the acquisition of one or more companies with operating businesses and results in Orion having assets in excess of \$5,000,000. The terms of the exchange offer will require each holder to pay the \$.125 exercise price of the Class B Warrant and surrender the warrant for one share of common stock, one Class A Warrant and one Right. The Right will provide for the issuance of additional shares of common stock based on a formula in the event that Orion makes an acquisition or consummates a merger and the post transaction company does not meet the specified targets of a \$7,000,000 net worth immediately after the transaction and a minimum common stock price of \$5.75 for ten days during the two year period following the transaction, subject to certain adjustment, terms and conditions.

On October 31, 2000, Orion filed with the Supreme Court of the State of New York, County of New York, a summons and complaint in an action entitled Orion Acquisition Corp. II v. Mentmore Holdings Corporation, Mentmore Holdings, Inc., Richard L. Kramer, William L. Remley, Richard C. Hoffman, Robert D. Frankel, J. Thomas Chase, and Michael D. Schenker. Messrs. Karmer, Remley, Hoffman, Frankel and Chess were former directors and/or officers of Orion. Messrs. Remley and Kramer are or were officers and/or directors of one or more of the Mentmore defendants. Mr. Hoffman is or was an officer of one or more of the Mentmore defendants. In the complaint, Orion alleged a series of causes of action, including a claim against the former Orion directors for breach of fiduciary duty in connection with the diversion of a corporate opportunity, and against other defendants for aiding and abetting the claimed breach of fiduciary duty and duty of loyalty.

On March 28, 2002, the terms of a settlement were reached between the Company and the Mentmore defendants and was signed on May 15, 2002. Under the settlement certain of the defendants surrendered 71,250 shares of Orion's common stock which were owned by those defendants which the Company will cancel, certain of the defendants surrendered a warrant to purchase 100,000 shares of the Company's stock which the Company cancelled, and the former directors withdrew their claim for reimbursement by the Company of their defense costs.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The common stock, and Class B Warrants are traded in the over-the-counter market and quoted on the OTC Bulletin Board under the symbols MTMR and MTMRZ.

The following table sets forth the range of high and low closing bid prices for the common stock and Class B Warrants for the last two fiscal years. The OTC Bulletin Board is an inter-dealer automated quotation system sponsored and operated by the NASD for equity securities not included in the Nasdaq System. The over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily reflect actual transactions.

	Common Stock		Class B Warrants	
	High	Low	High	Low
Year Ended				
December 31, 2002:				
First Quarter.....	1.11	.55	.75	.35
Second Quarter.....	1.01	.68	.75	.30
Third Quarter.....	.70	.52	.55	.30
Fourth Quarter.....	.75	.55	.75	.20
Year Ended				
December 31, 2001:				
First Quarter.....	.875	.875	.125	.125
Second Quarter.....	1.26	1.26	1.00	1.00
Third Quarter.....	1.40	1.01	1.01	1.00
Fourth Quarter.....	1.30	1.30	.35	.35

Holder

As of March 15, 2003, there were 30 holders of record of the common stock and one holder of record of the Class B Warrants. Since many of the securities are held in street name, Orion believes that there is a substantial number of beneficial holders of the securities.

Dividends

Orion does not expect to pay any dividends prior to the consummation of a business combination, and thereafter anticipates that for the foreseeable future any earnings will be retained for use in its business.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward Looking Statements

When used in this Form 10-KSB and in future filings by Orion with the Securities and Exchange Commission, the words or phrases "will likely result," "management expects," or "the company expects," "will continue," "is anticipated," "estimated" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speak only as of the date made. Such statements are subject to certain risks and uncertainties, some of which are described below, that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. Orion has no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect anticipated events or circumstances occurring after the date of such statements.

The selected financial information for the years ended December 31, 2001 and 2002, is derived from the financial statements of Orion which have been audited by Singer Lewak Greenbaum & Goldstein LLP, Orion's independent auditors. This information should be read in conjunction with the financial statements and related notes and other financial information included herein.

	2002 ----	2001 ----
Statement of Operations Data:		
General and administrative expenses.....	(135,877)	(158,112)
Interest income.....	23,828	77,197
Provision for (benefit from) taxes.....	--	1,338
Net Income (loss).....	(112,049)	(80,070)
Weighted average common shares outstanding..	1,044,004	1,102,157
Balance Sheet Data:		
Total Assets.....	2,032,931	2,154,742
Total liabilities.....	31,134	40,896
(Deficit) earnings accumulated during development stage.....	(212,209)	(100,220)
Stockholders' equity.....	2,001,797	2,113,846

Orion is a development stage company, and to date its efforts have been limited to organizational activities, consummating an initial public offering, seeking a business combination and maintaining its assets. Orion has not yet consummated a business combination. Accordingly, Orion will not achieve any revenues (other than investment income) until, at the earliest, the consummation of a business combination.

Orion currently has its executive office at the location of MDB Capital Group LLC whose principals are members of the board of directors of Orion. MDB Capital Group has agreed to make office space and services available to Orion, as may be required at this time and in the near future. Orion does not pay any amount for these services.

At December 31, 2002, Orion had \$2,032,710 in cash. Orion will invest its assets in U.S. Treasury bills and/or cash until such time as assets are needed for a business combination or acquisition.

Orion has not incurred any debt in connection with its organizational activities. No cash compensation is currently or will be paid to any officer director until after the consummation of a business combination. Since the role of present management after a business combination is uncertain, Orion has no ability to determine what remuneration, if any, will be paid to such persons after a business combination.

Orion believes it has more than adequate capital to fund its operations pending a business combination.

Orion will use its current working capital and capital resources to consummate a business combination. In addition, because the resources of Orion are not sufficient to fund a business combination, it will have to raise additional capital. The capital may be in the form of equity or debt, and will likely be based solely on the business operations and financial condition of the target business. Therefore, it is not possible at this time to determine the amount of capital that will be needed or available for a business combination. There currently are no limitations on Orion's ability to privately obtain funds for a business combination. Because of certain SEC interpretations and related rules, Orion does not believe it can publicly raise funds prior to a business combination with an operating company unless it has in excess of \$5,000,000 in assets.

Orion's limited resources and lack of operating history may make it difficult to obtain funds. The amount and nature of any funding will depend on numerous considerations, including Orion's capital requirements, potential lenders' evaluation of Orion's ability to meet debt service on borrowings and the then prevailing conditions in the financial markets, as well as general economic conditions. Orion does not have any arrangements with any bank or financial institution to secure additional financing, and there can be no assurance that such arrangements if required will be obtainable or otherwise in the best interests of Orion. The inability of Orion to obtain the funds required to

effect a business combination, or to provide funds for an additional infusion of capital into a target business, may have material adverse effects on Orion's business prospects, including the ability to effect a business combination.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

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The accompanying notes are an integral part of these financial statements.

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
Orion Acquisition Corp. II

We have audited the accompanying balance sheet of Orion Acquisition Corp. II (a development stage company) as of December 31, 2002, and the related statements of operations, shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have not audited the balance sheets and the statements of operations, shareholders' equity, and cash flows for the periods from October 19, 1995 (inception) to December 31, 1999, which constituted retained earnings aggregating to \$7,553. These periods have been audited by other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orion Acquisition Corp. II as of December 31, 2002, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California
February 5, 2003

The accompanying notes are an integral part of these financial statements.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

BALANCE SHEET
December 31, 2002

ASSETS

Assets		
Cash	\$	2,032,710
Deferred tax assets		221

Total assets	\$	2,032,931
		=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued expenses	\$	31,134

Total current liabilities		31,134

Contingencies		
Shareholders' equity		
Preferred stock, \$0.01 par value		
1,000,000 shares authorized		
110 shares issued and outstanding		1
Common stock, \$0.01 par value		
10,000,000 shares authorized		
1,102,157 shares issued, 1,030,907 shares outstanding		11,022
Additional paid-in capital		2,203,756
Deficit accumulated during the development stage		(212,269)
Treasury stock, at cost		(713)

Total shareholders' equity		2,001,797

Total liabilities and shareholders' equity	\$	2,032,931
		=====

The accompanying notes are an integral part of these financial statements.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2002 and 2001 and

for the Period from October 19, 1995 (Inception) to December 31, 2002

	For the Year Ended December 31,		For the Period from October 19, 1995 (Inception) to December 31, 2002
	2002	2001	
Operating expenses			
General and administrative expenses	\$ 135,877	\$ 158,112	\$ 1,097,355
Stock-based compensation expense	-	-	100,000
	135,877	158,112	1,197,355
Total operating expenses			
	(135,877)	(158,112)	(1,197,355)
Loss from operations			
Other income (expense)			
Other income	-	2,183	2,183
Interest income	23,828	77,197	1,584,705
Interest expense	-	-	(57,694)
	23,828	79,380	1,529,194
Total other income (expense)			
Income (loss) before provision for income taxes	(112,049)	(78,732)	331,839
Provision for income taxes	-	1,338	268,467
Net income (loss)	\$ (112,049)	\$ (80,070)	\$ 63,372
Basic and diluted Loss per share	\$ (0.11)	\$ (0.07)	
Weighted-average common shares outstanding	1,044,004	1,102,157	

The accompanying notes are an integral part of these financial statements.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from October 19, 1995 (Inception) to December 31, 2002

	Preferred Stock		Common Stock		Common Stock Subject to Possible Redemption		Additional Paid-in Capital	Deficit Accumulated during the Development Stage
	Shares	Amount	Shares	Amount	Shares	Amount		
Balance, October 19, 1995 (inception)	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -
Issuance of founders' shares			16,500	165			1,485	
Balance, December 31, 1995	-	-	16,500	165	-	-	1,485	-
Issuance of founders' shares			58,500	585			5,265	
Sale of private placement shares			15,000	150			7,350	
Sale of convertible preferred stock	110	1					10,999	
Sale of 800,000 shares, net of underwriting discounts and offering costs			640,000	8,000	160,000	1,600,000	7,107,405	
Accretion to redemption value of stock					-	42,118		(42,118)
Net income								42,651
Balance, December 31, 1996	110	1	730,000	8,900	160,000	1,642,118	7,132,504	533
Issuance of options							100,000	
Accretion to redemption value of common stock					-	90,122		(90,122)
Net income								4,266
Balance, December 31, 1997	110	1	730,000	8,900	160,000	1,732,240	7,232,504	(85,323)
Accretion to redemption value of common stock						85,484		(85,484)
Net income								140,517

The accompanying notes are an integral part of these financial statements.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from October 19, 1995 (Inception) to December 31, 2002
(Cont'd)

	Treasury Stock		Total
	Shares	Amount	
Balance, October 19, 1995 (inception)	-	\$ -	\$ -
Issuance of founders' shares			1,650
Balance, December 31, 1995	-	-	1,650
Issuance of founders' shares			5,850
Sale of private placement shares			7,500
Sale of convertible preferred stock			11,000
Sale of 800,000 shares, net of underwriting discounts and offering costs			8,715,405
Accretion to redemption value of stock			-
Net income			42,651
Balance, December 31, 1996	-	-	8,784,056
Issuance of options			100,000
Accretion to redemption value of common stock			-
Net income			4,266
Balance, December 31, 1997	-	-	8,888,322
Accretion to redemption value of common stock			-
Net income			140,517

The accompanying notes are an integral part of these financial statements.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from October 19, 1995 (Inception) to December 31, 2002

	Preferred Stock		Common Stock		Common Stock Subject to Possible Redemption		Additional Paid-in Capital	Deficit Accumulated during the Development Stage
	Shares	Amount	Shares	Amount	Shares	Amount		
Balance, December 31, 1998	110	\$ 1	730,000	\$ 8,900	160,000	\$ 1,817,724	\$ 7,232,504	\$ (30,290)
Elimination of redemptive common stock provision			160,000	-	(160,000)	(1,600,000)	1,600,000	
Reversal of accretion to redemptive value of common stock					-	(217,724)		217,724
Dividend								(275,641)
Liquidating dividend							(6,924,359)	
Net income								95,760
Balance, December 31, 1999	110	1	890,000	8,900	-	-	1,908,145	7,553
Sale of private placement shares			212,157	2,122			294,898	
Net loss								(27,203)
Balance, December 31, 2000	110	1	1,102,157	11,022	-	-	2,203,043	(20,150)
Net loss								(80,070)
Balance, December 31, 2001	110	1	1,102,157	11,022	-	-	2,203,043	(100,220)
Acquisition of treasury stock in conjunction with settlement agreement							713	
Net loss								(112,049)
Balance, December 31, 2002	110	\$ 1	1,102,157	\$ 11,022	-	\$ -	\$ 2,203,756	\$ (212,269)

The accompanying notes are an integral part of these financial statements.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from October 19, 1995 (Inception) to December 31, 2002
(Cont'd)

	Treasury Stock		Total
	Shares	Amount	
Balance, December 31, 1998	\$ -	\$ -	\$ 9,028,839
Elimination of redemptive common stock provision			-
Reversal of accretion to redemptive value of common stock			-
Dividend			(275,641)
Liquidating dividend			(6,924,359)
Net income			95,760
Balance, December 31, 1999	-	-	1,924,599
Sale of private placement shares			297,020
Net loss			(27,703)
Balance, December 31, 2000	-	-	2,193,916
Net loss			(80,070)
Balance, December 31, 2001	-	-	2,113,846
Acquisition of treasury stock in conjunction with settlement agreement	(71,250)	(713)	-
Net loss			(112,049)
Balance, December 31, 2002	\$ (71,250)	\$ (713)	\$ 2,001,797

The accompanying notes are an integral part of these financial statements.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2002 and 2001 and

for the Period from October 19, 1995 (Inception) to December 31, 2002

	For the Year Ended December 31,		For the Period from October 19, 1995
	2002	2001	(Inception) to December 31, 2002
Cash flows from operating activities			
Net income (loss)	\$ (112,049)	\$ (80,070)	\$ 63,372
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Note discount amortization	-	-	37,500
Stock-based compensation expense	-	-	100,000
(Increase) decrease in			
Income taxes receivable	24,842	538	(1,852)
Deferred tax assets	-	-	(221)
Prepaid assets	12,568	-	(3,212)
Other assets	5,064	13,848	5,064
Increase (decrease) in			
Accounts payable and accrued expenses	(9,762)	48	31,134
Net cash provided by (used in) operating activities	(79,337)	(65,636)	231,785
Cash flows from investing activities			
Purchase of United States Treasury bills	-	-	(1,506,615)
Sales or maturities of investments	-	1,592,203	1,506,615
Net cash provided by investing activities	-	1,592,203	-
Cash flows from financing activities			
Dividend	-	-	(7,200,000)
Issuance of units and redeemable Class B purchase warrants, net of offering costs	-	-	8,677,905
Issuance of unsecured promissory notes	-	-	100,000
Repayment of unsecured promissory notes	-	-	(100,000)
Proceeds from related party note	-	-	35,000
Repayment of related party note	-	-	(35,000)
Issuance of founders' shares	-	-	7,500
Issuance of private placement shares	-	-	304,520
Issuance of convertible preferred stock	-	-	11,000
New cash provided by financing activities	-	-	1,800,925

The accompanying notes are an integral part of these financial statements.

ORION ACQUISITION CORP. II
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2002 and 2001 and

for the Period from October 19, 1995 (Inception) to December 31, 2002

	For the Year Ended December 31,		For the Period from October 19, 1995 (Inception) to December 31, 2002
	2002	2001	
Net increase (decrease) in cash	\$ (79,337)	\$ 1,526,567	\$ 2,032,710
Cash, beginning of period	2,112,047	585,480	-
Cash, end of period	\$ 2,032,710	\$ 2,112,047	\$ 2,032,710
Supplemental disclosures of cash flow information			
Income taxes paid	\$ -	\$ -	\$ 61,000

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION AND LINE OF BUSINESS

Orion Acquisition Corp. II (the "Company") was incorporated in Delaware on October 19, 1995 for the purpose of raising capital to fund the acquisition of an unspecified operating business. All activity to date relates to the Company's formation and fundraising. To date, the Company, as a development stage company, has not effected a Business Combination (as defined below).

The Company's management has broad discretion with respect to the specified application of the assets of the Company, although substantially all of the assets are currently intended to be generally applied toward consummating a business combination with an operating business ("Business Combination").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Development Stage Enterprise

The Company is a development stage company as defined in Statement of Financial Accounting Standards ("SFAS") No. 7, "Accounting and Reporting by Development Stage Enterprises." The Company is devoting all of its present efforts to its formation and to fundraising, and its planned principal operations have not yet commenced. All losses accumulated since inception have been considered as part of the Company's development stage activities.

Comprehensive Income

The Company presents comprehensive income in accordance with SFAS No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting comprehensive income and its components in a financial statement. Comprehensive income as defined includes all changes in equity (net assets) during a period from non-owner sources. Examples of items to be included in comprehensive income, which are excluded from net income, include foreign currency translation adjustments and unrealized gains and losses on available-for-sale securities. Comprehensive income is not presented in the Company's financial statements since the Company did not have any of the items of comprehensive income in any period presented.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash, deferred tax assets, and accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

The accompanying notes are an integral part of these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Stock-Based Compensation

The Company accounts for its stock-based compensation plans in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. The Company adopted the disclosure requirements of SFAS No. 123, "Accounting for Stock-Based Compensation." Under SFAS No. 123, the Company must disclose certain pro forma information related to employee stock option grants as if the fair value-based method defined in SFAS No. 123 had been applied.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax payable for the period and the change during the period in deferred tax assets and liabilities.

Loss per Share

The Company calculates loss per share in accordance with SFAS No. 128, "Earnings per Share." Basic loss per share is computed by dividing the loss available to common shareholders by the weighted-average number of common shares outstanding. Diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Because the Company has incurred net losses, basic and diluted loss per share are the same.

The following potential common shares have been excluded from the computation of diluted net loss per share for the years ended December 31, 2002 and 2001 because they are not exercisable until after a

Business Combination:

	2002	2001
	----	----
Class B Warrants.....	358,000	358,000
Series A convertible preferred stock...	110,000	110,000
Stock option.....	10,000	10,000
Option to purchase Class A Warrants....	--	100,000

The accompanying notes are an integral part of these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In April 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 updates, clarifies, and simplifies existing accounting pronouncements. This statement rescinds SFAS No. 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result, the criteria in Accounting Principles Board No. 30 will now be used to classify those gains and losses. SFAS No. 64 amended SFAS No. 4 and is no longer necessary as SFAS No. 4 has been rescinded. SFAS No. 44 has been rescinded as it is no longer necessary. SFAS No. 145 amends SFAS No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-lease transactions. This statement also makes technical corrections to existing pronouncements. While those corrections are not substantive in nature, in some instances, they may change accounting practice. The Company does not expect adoption of SFAS No. 145 to have a material impact, if any, on its financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." This statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF Issue 94-3, a liability for an exit cost, as defined, was recognized at the date of an entity's commitment to an exit plan. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002 with earlier application encouraged. The Company does not expect adoption of SFAS No. 146 to have a material impact, if any, on its financial position or results of operations.

The accompanying notes are an integral part of these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In October 2002, the FASB issued SFAS No. 147, "Acquisitions of Certain Financial Institutions." SFAS No. 147 removes the requirement in SFAS No. 72 and Interpretation 9 thereto, to recognize and amortize any excess of the fair value of liabilities assumed over the fair value of tangible and identifiable intangible assets acquired as an unidentifiable intangible asset. This statement requires that those transactions be accounted for in accordance with SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." In addition, this statement amends SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," to include certain financial institution-related intangible assets. The Company does not expect adoption of SFAS No. 147 to have a material impact, if any, on its financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition Disclosure," an amendment of SFAS No. 123. SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. This statement is effective for financial statements for fiscal years ending after December 15, 2002. SFAS No. 148 will not have any impact on the Company's financial statements as management does not have any intention to change to the fair value method.

NOTE 3 - CASH

The Company maintains cash deposits at one financial institution. Deposits at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 2002, the uninsured portions amounted to \$321,655. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Company also maintains cash deposits at one investment brokerage. Deposits at the investment brokerage are insured by the Securities Investment Protection Corporation ("SIPC") up to \$500,000 with an additional non-SIPC insurance coverage up to \$900,000. As of December 31, 2002, the uninsured portions amounted to \$270,535. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The accompanying notes are an integral part of these financial statements.

NOTE 4 - CONTINGENCIES

Litigation

On July 1, 1999, a Class B Warrant holder of the Company brought suit against the Company, its former directors, and certain other third parties. On January 31, 2000, the plaintiff filed a notice dismissing the action without prejudice. On January 28, 2000, the court ordered the notice of dismissal. The Company and the plaintiff agreed that the Company will make an exchange offer to all holders of the Class B Warrants. The exchange offer must be made after the Company completes its first Business Combination with a target company that results in the acquisition of one or more companies with operating businesses and results in the Company having assets in excess of \$5,000,000.

Upon payment of an exercise price of \$0.125 per Class B Warrant, each Class B Warrant will be exchanged for one share of common stock and one Right. The Right will provide for the issuance of additional shares of common stock based on a formula in the event that (a) the Company makes an acquisition or consummates a merger and (b) the post-transaction company does not meet the specified targets of a \$7,000,000 net worth immediately after the transaction and a minimum common stock price of \$5.75 for 10 days during the two-year period following the transaction, subject to certain adjustment, terms, and conditions.

The former directors of the Company who were named as defendants in the suit demanded the Company reimburse attorneys' fees incurred in defense of the suit prior to its voluntary dismissal. The former directors contended that they were entitled to reimbursement of attorneys' fees under a provision of Delaware corporate law. As part of the Mentmore settlement, this claim was withdrawn and no amount was paid.

On October 31, 2000, the Company filed with the Supreme Court of the State of New York, County of New York, a summons and complaint in an action entitled Orion Acquisition Corp. II v. Mentmore Holdings Corporation, Mentmore Holdings, Inc., Richard L. Kramer, William L. Remley, Richard C. Hoffman, Robert D. Frankel, J. Thomas Chess, and Michael Schenker. Messrs. Kramer, Remley, Hoffman, Frankel, and Chess were former directors of the Company. Messrs. Remley and Kramer were officers and/or directors of one or more of the Mentmore defendants. Mr. Hoffman is or was an officer of one or more of the Mentmore defendants.

The accompanying notes are an integral part of these financial statements.

NOTE 4 - CONTINGENCIES (Continued)

Litigation (Continued)

In the complaint, the Company alleged a series of causes of action, including a claim against the Company's former directors for breach of fiduciary duty in connection with the diversion of a corporate opportunity, and against other defendants for aiding and abetting the claimed breach of fiduciary duty and duty of loyalty. On May 15, 2002, a settlement agreement was signed between the Company and the Mentmore defendants. The settlement required certain of the defendants to surrender 71,250 shares of the Company's common stock that were owned by those defendants. These shares will be cancelled and returned to the status of authorized and unissued capital stock. In addition, certain of the defendants surrendered a warrant to purchase 100,000 shares of the Company's common stock, which the Company has canceled.

NOTE 5 - SHAREHOLDERS' EQUITY

Private Placements

In January 1996, the Company completed a private offering to a limited group of investors which consisted, in the aggregate, of \$100,000 in unsecured promissory notes bearing interest at 8% per annum. In addition, as part of this private placement, the Company also issued to the private placement investors 15,000 shares of common stock for \$7,500. The notes were repaid as a result of the consummation of the Company's offering, together with accrued interest totaling \$3,533. The notes were discounted \$37,500 for financial statement reporting purposes as a result of the fair value attributed to the common stock issued to the private placement shareholders. The effective interest rate on the notes was 45%.

During June 2000, the Company issued 212,157 shares of common stock in exchange for proceeds of \$297,020. Of the shares issued, 149,300 valued at \$209,020 were issued to related parties.

Public Offering

On July 9, 1996, the Company sold 800,000 units ("Units") in the offering and 320,000 Class B redeemable common stock purchase warrants ("Class B Warrants"). Subsequently, on August 5, 1996, the underwriters exercised their over-allotment option to purchase 38,100 Class B Warrants. Each Unit consisted of one share of the Company's common stock and one Class A redeemable common stock purchase warrant ("Class A Warrants").

Each Class A Warrant entitled the holder to purchase from the Company one share of common stock at an exercise price of \$9, commencing on the date of a Business Combination and expiring on the fifth anniversary of the issuance of the Class A Warrant, and each Class B Warrant entitles the holder to purchase one Unit at an exercise price of \$0.125, commencing on the date of a Business Combination and expiring on the first anniversary from such date.

The accompanying notes are an integral part of these financial statements.

NOTE 5 - SHAREHOLDERS' EQUITY (Continued)

The Class A Warrants were and Class B Warrants are redeemable, each as a class, in whole and not in part, at a price of \$0.05 per warrant upon 30 days' notice at any time, provided that the Company has consummated a Business Combination and that the last sale price of the common stock on all 10 trading days ending on the day immediately prior to the day on which the Company gives notice of redemption has been \$11 or higher.

The Class A Warrants expired on July 1, 2001.

Convertible Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting, and other rights and preferences as may be determined from time to time by the Board of Directors.

The Company has outstanding 110 shares of Series A preferred stock, which is owned by an indirect affiliate. The purchase price for such shares was \$11,000 in the aggregate, which was paid simultaneously with the consummation of the offering. The Series A preferred stock is non-voting, and each share is convertible into 1,000 shares of common stock for a period of one year following the consummation of a Business Combination.

Options

On July 9, 1996, the Company granted an option to purchase 100,000 Units to a Delaware corporation which was affiliated with two officers of the Company. The option is exercisable for a period of three years from the date of a Business Combination at an exercise price of \$12.50 per Unit. The option was fully vested; however, the option would have been canceled if these officers cease to serve as directors or executive officers of the Company prior to the Business Combination. The shares to have been issued upon exercise of the option, and underlying warrants could not be sold or otherwise transferred for 120 days subsequent to the first Business Combination. The option was canceled as part of a settlement agreement dated May 15, 2002.

Effective January 10, 1997, an investment bank engaged to assist the Company was granted an option to purchase 10,000 shares of common stock, par value \$0.01 per share, owned by the above affiliated company at a purchase price of \$0.10 per share. The Company recorded a non-cash charge of \$100,000 that represents the fair value of the option at the date of grant as calculated using the Black-Scholes option pricing model.

The accompanying notes are an integral part of these financial statements.

NOTE 5 - SHAREHOLDERS' EQUITY (Continued)

Warrants

In connection with the initial public offering, the Company issued warrants to the underwriters for 80,000 Units at an exercise price of \$11 per Unit and 32,000 Class B Warrants at an exercise price of \$6.1875 per Unit. These warrants were initially exercisable for a period of four years commencing on July 2, 1997. The underwriter's warrants contained anti-dilution provisions providing for adjustment of the number of warrants and exercise price under certain circumstances. The underwriter's warrants provided to the holders thereof certain rights of registration of the Units and Class B Warrants which may be issued upon exercise of the underwriter's warrants.

These warrants expired July 2, 2002.

Dividend

On July 26, 1999, the Company returned an aggregate of \$7,200,000, or \$9 per share, to the owners of shares sold in the offering. On November 3, 1999, with shareholder approval, the funds remaining in the escrow accounts were distributed to the Company to be used for general corporate purposes. Of the \$7,200,000 returned to shareholders, \$275,641 represents accumulated earnings and \$6,924,359 represents additional paid-in capital.

Elimination of Redemptive Common Stock Provision

On October 22, 1999, a special meeting of the shareholders was held, and pursuant to a solicitation of proxies, the shareholders approved a change in the Certificate of Incorporation to eliminate the requirement that a Business Combination be approved by not less than two-thirds of the outstanding common shareholders and a proposal to terminate the escrow fund and distribute the amounts therein to the shareholders. The funds in the escrow account were distributed prior to December 31, 1999.

The elimination of the requirement that a Business Combination be approved by not less than two-thirds of the outstanding common shareholders of the Company removed the event that would give rise to the possible redemption of the Company's common stock. As such, the Company eliminated the redemptive common stock provision for the number of potentially redemptive common shares at their initial per share price and reversed the related cumulative accretion of earnings on those potentially redemptive funds.

The accompanying notes are an integral part of these financial statements.

NOTE 6 - INCOME TAXES

The tax effects of temporary differences which give rise to the deferred tax provision at December 31, 2002 consisted of the following:

Deferred tax assets		
Net operating loss carryforward	\$	77,399
Less valuation allowance		77,178

Net deferred tax assets	\$	221
		=====

The following table presents the current and deferred income tax provision for federal and state income taxes for the years ended December 31, 2002 and 2001:

	2002	2001
	-----	-----
Current		
Federal	\$ -	\$ 538
State	-	800
	-----	-----
	-	1,338
	-----	-----
Deferred		
Federal	-	-
State	-	-
	-----	-----
	-	-
	-----	-----
Provision for income taxes	\$ -	\$ 1,338
	=====	=====

The provision for income taxes differs from the amount that would result from applying the federal statutory rate for the years ended December 31, 2002 and 2001 as follows:

	2002	2001
	-----	-----
Statutory regular federal income benefit rate	(34.0)%	(34.0)%
State taxes	(4.3)	(6.0)
Prior year adjustments	(25.2)	11.1
Change in valuation allowance	59.3	33.5
Other	4.2	1.5
	-----	-----
Total	- %	6.1%
	=====	=====

The accompanying notes are an integral part of these financial statements.

NOTE 6 - INCOME TAXES (Continued)

The valuation allowance increased by \$54,223 and \$22,955 during the years ended December 31, 2002 and 2001, respectively. The deferred income tax benefit of the loss carryforward is the only significant deferred income tax asset or liability of the Company and has been offset by a valuation allowance since management does not believe the recoverability of this deferred tax asset during the next fiscal year is more likely than not. Accordingly, a deferred income tax benefit for the year ended December 31, 2002 has not been recognized in these financial statements.

As of December 31, 2002, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately \$219,000 and \$202,000, respectively. The net operating loss carryforwards begin expiring in 2021 and 2011, respectively.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Company uses the services and some of the employees of an affiliated company and has its executive offices at the offices of the affiliate. The Company does not pay any amount to or for the employees of the affiliate or any rent for these offices. The Company reimburses the affiliate for documented out-of-pocket expenses incurred on its behalf.

The accompanying notes are an integral part of these financial statements.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL CHANGES.

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

The current directors and officers of Orion are as follows:

Name ----	Age ---	Director Since -----	Position -----
Christopher A. Marlett	38	1999	Chairman of the Board, Chief Executive Officer, President and Director
Anthony DiGiandomenico	36	1999	Chief Financial Officer and Director
Dyana Williams Marlett	36	1999	Chief Operating Officer, Secretary, Treasurer and Director
James D. Bowyer	64	1999	Director
William C. Fioretti	51	1999	Director

Christopher A. Marlett is a co-founder and member of MDB Capital Group LLC, an investment banking firm formed in December 1996. MDB is an NASD member broker-dealer which specializes in working with growth oriented companies. Prior to forming MDB, Mr. Marlett was employed as a Managing Director by Laidlaw Equities from May of 1995 to December of 1996 where he was in charge of Laidlaw's West Coast investment banking activities. From March of 1991 to May of 1995 Mr. Marlett was affiliated with Drake Capital Securities where he formed a division called Marlett/Mazzarella and directed all investment banking activities of the division. Mr. Marlett holds a degree in Business Administration from the University of Southern California.

Anthony DiGiandomenico is a co-founder and member of MDB, an investment banking firm formed in December 1996. Mr. DiGiandomenico served as President and CEO of the Digian Company from 1988 through 1996, a real estate development company and holds a Bachelors of Science Degree in Finance from the University of Colorado and a Masters in Business Administration from the Haas Business School at the University of California, Berkeley.

Dyana Williams Marlett is a co-founder of MDB and acts as its Chief Operating Officer. From March of 1995 to December of 1996, Ms. Marlett was employed by Laidlaw Equities as a Vice President handling investment banking and syndicate activities for the West Coast. From October of 1990 through March of 1995, Ms. Marlett was employed at Drake Capital Securities where she acted as Syndicate Manager. Ms. Marlett holds several licenses with the National Association of Securities Dealers.

James D. Bowyer is a co-founder and member of MDB, an investment banking firm formed in December 1996. Mr. Bowyer was employed at Laidlaw Equities from August of 1995 to December of 1996. Mr. Bowyer's career has spanned over thirty years

in the securities industry focused on financing and investing in growth companies. In 1976 Mr. Bowyer formed MacDonald, Krieger & Bowyer a full service broker-dealer based in Beverly Hills, California, which was subsequently sold in 1982. Mr. Bowyer then founded his own investment firm, J.D. Bowyer & Co. which he operated from 1983 to 1995.

William C. Fioretti is the founder of Agritech Labs, and has served as its president and a director since 1992. Agritech Labs is a research and development company which concentrates on veterinary bio-pharmaceuticals. Mr. Fioretti also founded of Mannatech Incorporated, a publicly traded direct marketing company specializing in consumer health products. Mr. Fioretti served Mannatech as the Chief Executive Officer from 1993 through 1996, as Chief Scientific Officer from 1996 through 1997 and a director from inception until his retirement from Mannatech in November of 1997. Mr. Fioretti completed his undergraduate education at Appalachian State University from 1970-1974 receiving a Bachelor of Science Biology, completed his graduate training in biochemistry at the Medical University of South Carolina from 1974-1978 and did post graduate training at the University of Florida from 1978-1980.

Members of the board of directors generally are elected annually by the stockholders and may be removed as provided in the General Corporation Law of the State of Delaware and the articles of incorporation and by-laws. Officers are appointed by the board of directors and serve at their pleasure. The board of directors does not have any committees at this time.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the officers, directors and persons who beneficially own more than ten percent of a registered class of the equity securities of Orion ("ten percent stockholders") to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. Officers, directors and ten percent stockholders are charged by SEC regulation to furnish Orion with copies of all Section 16(a) forms they file. Based solely upon its review of the copies of such forms received by it, or written representations from certain reporting persons that no Forms 5 were required for those persons, Orion believes that, during the fiscal year ended December 31, 2002, all filing requirements applicable to its executive officers, directors and ten percent stockholders were fulfilled.

ITEM 10. EXECUTIVE COMPENSATION

Executive Compensation

Orion does not currently compensate any of the officers or other employees. Orion does not intend to provide any remuneration to officers or employees until after a business combination, if any, of an operating business.

Compensation of Directors

Directors of Orion receive no cash compensation for serving on the board of directors, but they receive reimbursement of reasonable expenses incurred in attending meetings.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 15, 2003 based on information obtained from the persons named below. It states the beneficial ownership of shares of the common stock by (i) each person known to be the owner of more than 5% of the outstanding shares of common stock, (ii) each director and (iii) all executive officers and directors as a group.

Name of Beneficial Owner(1) -----	Amount and Nature of Beneficial Ownership -----	Percent of Class(2) -----
Christopher A. Marlett	246,000	22.9%
Anthony DiGiandomenico	81,025(3)	7.6%
Dyana Williams Marlett	38,000(4)	3.7%
James D. Bowyer	26,700	2.6%
William C. Fioretti	105,000	10.2%
All directors and executive officers as a group (five persons)	496,725(5)	48.2%

(1) Each person's address is care of the Company at 401 Wilshire Boulevard - Suite 1020, Santa Monica, California 90401.

(2) Percentage includes all outstanding shares of Common Stock plus any shares of common stock that the person has the right to acquire within 60 days pursuant to options, warrants, conversion privileges or other rights.

(3) Includes 3,000 shares held in an individual retirement account.

(4) Includes 3,000 shares held in custodian accounts.

(5) See Notes 3 and 4 above.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Orion uses the services and some of the employees of MDB Capital Group LLC and has its executive offices at the offices of MDB Capital Group LLC. Orion does not pay any amount to or for the employees of MDB Capital Group LLC or any rent for these offices. Orion reimburses MDB Capital Group LLC for documented out of pocket expenses incurred on its behalf.

On May 5, 1999 and July 20, 1999, MDB Capital Group LLC lent to Orion an aggregate of \$35,000. This loan was represented by unsecured promissory notes due on demand, bearing no interest. The proceeds of these loans were used for working capital. The principal on these loans was repaid on December 8, 1999. Each of Christopher A. Marlett, Anthony DiGiandomenico, James D. Bowyer and Dyana Williams Marlett are officers and/or directors of the Company and principals MDB Capital Group LLC.

ITEM 13. EXHIBITS, LIST AND REPORTS ON FORM 8-K

(a) Exhibits

3.1 Amended and Restated Certificate of Incorporation of the Registrant
(Exhibit 3.1)(1)

3.2 Amendment dated October 22, 1999 to Amended and Restated Certificate of Incorporation (Exhibit 3.2)(2)

3.3 By-laws of the Registrant (Exhibit 3.2)(1)

4.1 Warrant Agency Agreement between American Stock Transfer & Company and the Registrant (Exhibit 4.2)(1)

4.2 Form of Common Stock Certificate of Registrant (Exhibit 4.1)(1)

4.3 Form of Class B Unit Purchase Agreement of the Registrant
(Exhibit 4.4)(1)

4.4 Form of Class A Common Stock Purchase Warrant Certificate of the Registrant (Exhibit 4.3)(1)

10.1 License Agreement, dated August 25, 1995, between Bright Capital, Ltd. and the Company (Exhibit 10.3)(1)

10.2 Management Unit Purchase Option Plan (Exhibit 10.4)(1)

16.1 Letter from BDO Seidman, LLP dated December 7, 2000
(Exhibit 16.1) (3)

99.1 Form of Certification Pursuant to Rule 13a-14 and 15d-14 under the Securities and Exchange Act of 1934, as Amended.

99.2 Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Incorporated by referenced from Registration Statement 33-03252

(2) Registrant's Annual Report on Form 10-KSB for the year ended December 31, 1999

(3) Registrant's Report on Form 8-K/A filed on December 8, 2000

(b) Reports on Form 8-K

None.

ITEM 14. CONTROLS AND PROCEDURES

Within the 90-day period prior to the filing of this report, an evaluation of the effectiveness of our disclosure controls and procedures was made under the supervision and with the participation of our chief executive officer and chief financial officer. Based on that evaluation, they concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Subsequent to the date of his evaluation, there were no significant changes in our internal controls or in other factors that could significantly affect these controls, including any corrective actions with regard to significance deficiencies and material weaknesses.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 29th day of March 2003.

ORION ACQUISITION CORP. II

By: /s/ Christopher A. Marlett

Christopher A. Marlett
Chairman of the Board and
Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<i>Name</i> -----	<i>Title</i> -----	<i>Date</i> -----
/s/ Christopher A. Marlett ----- Christopher A. Marlett	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	April 14, 2003
/s/ Anthony DiGiandomenico ----- Anthony DiGiandomenico	Chief Financial Officer and Director (Chief Accounting Officer and Principal Account Officer)	April 14, 2003
/s/ Dyana Williams Marlett ----- Dyana Williams Marlett	Chief Operating Officer, Secretary, Treasurer and Director	April 14, 2003
/s/ James D. Bowyer ----- James D. Bowyer	Director	April 14, 2003
/s/ William C. Fioretti ----- William C. Fioretti	Director	April 14, 2003

**FORM OF CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

CERTIFICATIONS

I, Christopher A. Marlett, certify that:

1. I have reviewed this annual report on Form 10-KSB of Orion Acquisition Corp II;
2. Based on my knowledge, this annual report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this annual report (the "Evaluation Date"); and
 - (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 14, 2003

/s/ Christopher A. Marlett

Name: Christopher A. Marlett

Title: President and Chief Executive Officer

**FORM OF CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

CERTIFICATIONS

I, Anthony DiGiandomenico, certify that:

1. I have reviewed this annual report on Form 10-KSB of Orion Acquisition Corp II;
2. Based on my knowledge, this annual report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this annual report (the "Evaluation Date"); and
 - (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 14, 2003

/s/ Anthony DiGiandomenico

Name: Anthony DiGiandomenico

Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Orion Acquisition Corp. II (the "Company") on Form 10-KSB for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

April 7, 2003

By: /s/ Christopher A. Marlett

Christopher A. Marlett

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Orion Acquisition Corp. II (the "Company") on Form 10-KSB for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

April 7, 2003

By: /s/ Anthony DiGiandomenico

*Anthony DiGiandomenico
Chief Financial Officer*

End of Filing

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