

MARKET ANNOUNCEMENT

Net Tangible Asset Backing – 31 July 2019

Month Ending:	% Change	31 July 2019 Consolidated	30 June 2019 Consolidated
Net tangible assets (NTA) (before tax)		\$2.823m	\$2.577m
Pre-Tax NTA Backing per share	+7.43%	\$0.1804	\$0.1679
Net tangible assets (after tax)		\$2.823m	\$2.577m
Post-Tax NTA Backing per share	+7.43%	\$0.1804	\$0.1679
Based on total issued share capital		15,649,228	15,649,228

The NTA position comprises the following items:

Net Tangible Assets	Current Month \$'millions	Previous Month \$'millions
Investment in listed Associated Entity:		
(a) Shares in Bentley Capital Limited (BEL)	0.662	0.368
Investments in other listed securities:		
(a) Shares in Strike Resources Limited (SRK)	0.600	0.450
Investment in property (held for development/resale)	1.100	1.220
Net cash/receivables/payables/other assets/provisions	0.461	0.539
Pre-Tax NTA	2.823	2.577
Tax Provisions:		
(a) Prior year tax	-	-
(b) Current year tax	-	-
(c) Net deferred tax asset / (liability)	-	-
Post-Tax NTA	2.823	2.577



Notes:

- (1) The Company's investment in BEL, an Associated Entity (i.e. in which the Company has a greater than 20% interest), is accounted for under the equity method in the consolidated financial statements. Under the equity method, the carrying amount of such investment is cost plus a share of the Associate Entity's net profit or loss (after tax) for the financial year to month end as provided to the Company by such Associated Entity. Refer also Note 23 (Investments in Associates) on pages 42 and 43 of the Company's 2018 Annual Report for further details in this regard.

Accordingly, as at 31 July 2019, the Company's 20,513,783 shares (26.95% interest) (30 June 2019: 20,513,783 shares and 26.95%) in BEL have a carrying value of \$0.0322 per share (\$0.662m); this compares with BEL's last bid price on ASX of \$0.073 per share (\$1.497m) and BEL's after-tax NTA backing of \$0.0891 per share (\$1.827m)¹, as at month end.

The Company also notes BEL's ASX announcement dated 14 August 2019: NTA Backing as at 31 July 2019 in relation to BEL's accounting for its investment in Keybridge Capital Limited (ASX: KBC) (31,700,000 shares being 20.13% of KBC's total issued share capital) (30 June 2019: 31,700,000 shares; 20.13%) (regarded by BEL as its Associate entity).

BEL has noted that:

- KBC has not lodged its 30 June 2019 and 31 July 2019 month end Net Asset Backing announcements on ASX to date – in circumstances where KBC has traditionally released these results on or before the 14th of each month;
- KBC has been suspended from trading on ASX since 16 July 2019² (pending the outcome of pending enquiries by ASX and an announcement by KBC regarding the composition of its Board);
- Given the above, there is a material uncertainty in relation to the current Net Asset Backing of KBC and, because of this, the carrying value of BEL's investment in KBC. In the circumstances, BEL considered that the most appropriate methodology to account for its investment in KBC is by reference to KBC's most recently published Net Asset Backing;
- Accordingly, BEL has accounted for its investment in KBC at a carrying value of \$1.76 million (being \$0.0556 per KBC share) as at 31 July 2019 based on KBC's last published Net Asset Backing announcement as at 31 May 2019³;
- BEL will update the carrying value of its investment in KBC when KBC releases its Net Asset Backing announcements on ASX;
- KBC's last closing bid price on ASX was \$0.071 as at 15 July 2019 (the day prior to KBC's suspension from trading on ASX²) (30 June 2019: \$0.069).

- (2) The fair value of investments in ASX-listed Strike Resources Limited (**SRK**) comprise 10,000,000 shares (30 June 2019: 10,000,000 shares) with a value of \$0.06 per share (based on the closing bid price as at 31 July 2019) (30 June 2019: \$0.045).
- (3) The fair value of investments in other listed securities is based on each security's last bid price on market at month end.
- (4) Units invested in the managed fund are valued at the audited unit price published by the investment manager, as at month end – the unit price reflects the net asset backing of the fund; there is no buy/sell spread price; there is no recognition of realisation costs as there are no exit fees charged on redemption of units.
- (5) Investment in property (held for resale) was valued by an independent qualified valuer (a Certified Valuer and Associate Member of the Australian Property Institute) as at 30 June 2019.
- (6) Tax Provision Item (c) includes where applicable, a provision for income tax on net unrealised gains on the Company's investments in securities and its share of Associated Entities' after-tax net profit for the month (deferred tax liability) and the recognition of future income tax benefits on net unrealised losses on the Company's investments in securities and its share of Associated Entities' after-tax net loss for the month (deferred tax asset). Refer also Note 5 (Tax) on pages 27 to 29 of the Company's 2018 Annual Report for further details in this regard.

1 Refer BEL's ASX Announcement dated 14 August 2019: NTA Backing as at 31 July 2019

2 Refer ASX's Announcement in respect of KBC dated 16 July 2019: Suspension from Official Quotation

3 Refer KBC's ASX Announcement dated 13 June 2019: Net Asset Backing – May 2019