

Thursday, 14 August 2008

MARKET ANNOUNCEMENT

Net Tangible Asset Backing - 31 July 2008

Month Ending:	% Change	31 July 2008 Consolidated	30 June 2008 Consolidated
Net tangible assets (before tax)		\$35.278m	\$34.646m
Pre-Tax NTA Backing per share	+1.82	\$1.9803	\$1.9449
Net tangible assets (after tax)		\$32.200m	\$31.530m
Post-Tax NTA Backing per share	+2.12	\$1.8075	\$1.7699
Based on total issued share capital		17,814,389	17,814,389

The NTA position comprises the following items:

Net Assets	Current Month \$' millions	Previous Month \$' millions
Investments in listed Associated Entities:		
(a) Shares in Bentley International Limited (BEL)	3.530	3.533
(b) Shares in Scarborough Equities Limited (SCB)	5.324	5.428
Investments in other listed securities	10.889	11.259
Investments in unlisted options	6.830	6.731
Investment in property	3.650	3.821
Investment in Koorian Olive Grove	3.420	2.646
Provision for dividend	(0.028)	(0.028)
Net cash / other assets / provisions	1.663	1.256
Pre-Tax NTA	35.278	34.646
Tax Provisions:		
(a) Prior year tax	(0.513)	-
(b) Current year tax	(0.049)	(0.513)
(c) Net deferred tax asset / (liability)	(2.517)	(2.604)
Post-Tax NTA	32.200	31.530

As at 31 July 2008, Net cash/other assets/provisions of \$1.663 million includes capitalised Exploration and evaluation expenditure of \$1.335 million.

On 11 August 2008, the Company sold its 70% interest in the Berau Coal Project and its 25% interest in the Paulsens East Iron Ore Project to its joint venture partner, ASX listed Strike Resources Limited (SRK). A total of 9.5 million SRK shares were issued to Orion as consideration for the sale. The Company notes that SRK's closing bid price on 13 August 2008 was \$1.80, valuing these shares at \$17.1 million.

www.orionequities.com.au

ASX Code: OEO

ORION EQUITIES LIMITED

A.B.N. 77 000 742 843



Level 14, 221 St Georges Terrace, Perth WA 6000
 T | + 61 (8) 9214 9797 F | + 61 (8) 9322 1515

E | info@orionequities.com.au

Notes for Current Month NTA Position:

- (1) The Company's investments in Associated Entities (i.e. in which the Company has a greater than 20% interest) are accounted for under the equity method in the consolidated financial statements.

Under the equity method, the carrying amount of each 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 each such Associated Entity.

Accordingly, as at 31 July 2008 the Company's:

- (i) 28.80% interest in BEL has a carrying value of \$0.3046 per share (\$3.530m); this compares with BEL's last bid price on ASX of \$0.280 per share (\$3.245m) and BEL's after tax NTA backing of \$0.3995 cents per share (\$4.629m) at month end;
 - (ii) 28.47% interest in SCB has a carrying value of \$0.9475 per share (\$5.324m); this compares with SCB's last bid price on ASX of \$0.615 per share (\$3.456m) and SCB's after tax NTA backing of \$0.9001 per share (\$5.058m) at month end.
- (2) The fair value of the Consolidated Entity's investments in other listed securities are based on each securities' last bid price on market at month end.
- (3) The fair value of the Consolidated Entity's investments in unlisted options, being the following unlisted options in ASX listed Strike Resources Limited (SRK), is based on a Black-Scholes options pricing valuation model:
- (a) 1,833,333 options, each to acquire one SRK share at an exercise price of 20 cents, on or before 9 February 2011; and
 - (b) 1,666,667 options, each to acquire one SRK share at an exercise price of 30 cents, on or before 9 February 2011.

This valuation has been calculated using the Black-Scholes option-pricing model applying the following assumptions:

- (i) SRK's share price being \$2.15 (based on the closing bid price on 31 July 2008) (30 June 2008: \$2.12 based on the closing bid price). The Company notes that SRK's closing bid price on 13 August 2008 was \$1.80;
 - (ii) A risk free rate of return of 6.21% per annum (based on the 3 year bond yield as at 31 July 2008) (30 June 2008: 6.73% per annum).
 - (iii) An estimated future volatility of SRK's share price of 80% (30 June 2008: 80%).
- (4) The Consolidated Entity's investment in real property is carried at net realisable value.
- (5) The Consolidated Entity's investment in the Koorian Olive Grove comprises a 143 hectare property, approximately 64,500 (9 year old) olive trees, an approximately one gigalitre per annum water licence and depreciable plant and equipment and other grove related infrastructure. The Koorian land and trees are carried at net realisable value.
- (6) Tax Provision Item (c) includes 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).

Further information:

Farooq Khan
Chairman

T | (08) 9214 9797
E | fkhan@orionequities.com.au

William Johnson
Director

T | (08) 9214 9797
E | wjohnson@orionequities.com.au