

Friday, 12 September 2008

# MARKET ANNOUNCEMENT

## Net Tangible Asset Backing – 31 August 2008

Month Ending:	% Change	31 August 2008 Consolidated	31 July 2008 Consolidated
Net tangible assets (before tax)		\$42.449m	\$35.278m
<b>Pre-Tax NTA Backing per share</b>	<b>+20.33</b>	<b>\$2.3828</b>	<b>\$1.9803</b>
Net tangible assets (after tax)		\$36.417m	\$32.200m
<b>Post-Tax NTA Backing per share</b>	<b>+13.10</b>	<b>\$2.0443</b>	<b>\$1.8075</b>
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)	4.201	3.530
(b) Shares in Scarborough Equities Limited (SCB)	5.209	5.324
Investments in other listed securities:		
(a) Shares in Strike Resources Limited (SRK)	18.131	7.505
(b) Shares in other listed securities	3.280	3.384
Investments in unlisted options	4.159	6.830
Investment in property	3.650	3.650
Investment in Koorian Olive Grove	3.420	3.420
Provision for dividend	(0.117)	(0.028)
Net cash / other assets / provisions	0.516	1.663
<b>Pre-Tax NTA</b>	<b>42.449</b>	<b>35.278</b>
Tax Provisions:		
(a) Prior year tax	(0.058)	(0.513)
(b) Current year tax	(5.245)	(0.049)
(c) Net deferred tax asset / (liability)	(0.729)	(2.517)
<b>Post-Tax NTA</b>	<b>36.417</b>	<b>32.200</b>

The 31 August 2008 NTA backing includes a provision for \$0.089 million being the 0.5 cent per share fully franked final dividend payable on the 26 September 2008 (with a record date of 19 September 2008).



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**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 August 2008 the Company's:

- (i) 11,587,938 shares (28.80% interest) (31 July 2008: 11,587,938 shares and 28.80%) in BEL has a carrying value of \$0.3626 per share (\$4.201m); this compares with BEL's last bid price on ASX of \$0.300 per share (\$3.476m) and BEL's after tax NTA backing of \$0.4350 cents per share (\$5.041m) at month end;
- (ii) 5,619,645 shares (28.47% interest) (31 July 2008: 5,619,645 shares and 28.47%) in SCB has a carrying value of \$0.9269 per share (\$5.209m); this compares with SCB's last bid price on ASX of \$0.670 per share (\$3.765m) and SCB's after tax NTA backing of \$0.9140 per share (\$5.136m) at month end.
- (2) The fair value of investments in ASX listed Strike Resources Limited (**SRK**) comprise 13,090,802 shares (31 July 2008: 3,590,802 shares) with a value of \$1.385 (based on the closing bid price on 31 August 2008) (31 July 2008: \$2.15) each. The Company notes that SRK's closing bid price on 12 September 2008 was \$1.125.
- (3) The fair value of investments in other listed securities are based on each securities' last bid price on market at month end.
- (4) The fair value of investments in unlisted options, being the following unlisted options in 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 \$1.385 (based on the closing bid price on 31 August 2008) (31 July 2008: \$2.15 based on the closing bid price). The Company notes that SRK's closing bid price on 12 September 2008 was \$1.125;
- (ii) A risk free rate of return of 5.68% per annum (based on the 3 year bond yield as at 31 August 2008) (31 July 2008: 6.21% per annum).
- (iii) An estimated future volatility of SRK's share price of 80% (31 July 2008: 80%).
- (5) Investment in real property is carried at net realisable value.
- (6) Investment in the Koorian Olive Grove comprises a 143 hectare property, approximately 64,500 (9 year old) olive trees, an approximately one gegalitre 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.
- (7) 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:**

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