

Monday, 16 February 2009

# MARKET ANNOUNCEMENT

## Net Tangible Asset Backing – 31 January 2009

Month Ending:	% Change	31 January 2009 Consolidated	31 December 2008 Consolidated
Net tangible assets (before tax)		\$18.595m	\$18.346m
<b>Pre-Tax NTA Backing per share</b>	<b>+1.35</b>	<b>\$1.0438</b>	\$1.0299
Net tangible assets (after tax)		\$18.971m	\$18.335m
<b>Post-Tax NTA Backing per share</b>	<b>+3.47</b>	<b>\$1.0649</b>	\$1.0292
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)	3.290	3.282
(b) Shares in Scarborough Equities Limited (SCB)	3.311	3.449
Investments in other listed securities:		
(a) Shares in Strike Resources Limited (SRK)	4.089	3.825
(b) Shares in other listed securities	1.299	1.150
Investments in unlisted options	0.560	0.514
Investment in property (held for development/resale)	2.450	2.450
Investment in "Koorian Olive Grove"	3.344	3.344
Provision for dividend	(0.028)	(0.028)
Net cash / other assets / provisions	0.280	0.361
<b>Pre-Tax NTA</b>	<b>18.595</b>	<b>18.346</b>
Tax Provisions:		
(a) Prior year tax	0.401	0.014
(b) Current year tax	(0.025)	(0.025)
(c) Net deferred tax asset / (liability)	-	-
<b>Post-Tax NTA</b>	<b>18.971</b>	<b>18.335</b>



ASX Code: OEQ

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

ORION EQUITIES LIMITED

A.B.N. 77 000 742 843

Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000

T | (08) 9214 9797

F | (08) 9322 1515

 E | [info@orionequities.com.au](mailto: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 (refer note 1.2 (Summary of Accounting Policies - Investments in Associates) at page 23 of the Company's 2008 Annual Report).

Accordingly, as at 31 January 2009 the Company's:

- (i) 11,587,938 shares (28.80% interest) (31 December 2008: 11,587,938 shares and 28.80%) in BEL has a carrying value of \$0.2839 per share (\$3.290m); this compares with BEL's last bid price on ASX of \$0.230 per share (\$2.665m) and BEL's after tax NTA backing of \$0.3788 cents per share (\$4.390m) at month end;
- (ii) 5,619,645 shares (28.47% interest) (31 December 2008: 5,619,645 shares and 28.47%) in SCB has a carrying value of \$0.5892 per share (\$3.311m); this compares with SCB's last bid price on ASX of \$0.350 per share (\$1.967m) and SCB's after tax NTA backing of \$0.5892 per share (\$3.311m) at month end.
- (2) The fair value of investments in ASX listed Strike Resources Limited (SRK) comprise 13,190,802 shares (31 December 2008: 13,190,802 shares) with a value of \$0.31 (based on the closing bid price on 31 January 2009) (31 December 2008: \$0.29) each. The Company notes that SRK's closing bid price on 12 February 2009 was \$0.325.
- (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 \$0.31 (based on the closing bid price on 31 January 2009) (31 December 2008: \$0.29). The Company notes that SRK's closing bid price on 12 February 2009 was \$0.325;
- (ii) A risk free rate of return of 2.89% per annum (based on the 3 year bond yield as at 31 January 2009) (30 December 2008: 3.05% per annum).
- (iii) An estimated future volatility of SRK's share price of 80% (31 December: 80%).
- (5) Investment in property (held for development/resale) is carried at net realisable value (refer note 1.13 (Summary of Accounting Policies - Property held for Resale) at page 25 of the Company's 2008 Annual Report). The property was recently assessed by independent qualified licensed valuers and the revaluation has been recognised as an expense through profit and loss.
- (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 (refer note 1.14 (Summary of Accounting Policies - Property, Plant and Equipment) at page 25 of the Company's 2008 Annual Report).
- (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:**

Farooq Khan  
Chairman

T | (08) 9214 9797  
E | [fkhan@orionequities.com.au](mailto:fkhan@orionequities.com.au)

Victor Ho  
Director

T | (08) 9214 9797  
E | [vho@orionequities.com.au](mailto:vho@orionequities.com.au)