

Thursday, 11 November 2010

# MARKET ANNOUNCEMENT

## Net Tangible Asset Backing – 31 October 2010

Month Ending:	% Change	31 October 2010 Consolidated	30 September 2010 Consolidated
Net tangible assets (NTA) (before tax)	+2.12%	\$21.770m	\$21.319m
<b>Pre-Tax NTA Backing per share</b>		<b>\$1.2221</b>	<b>\$1.1967</b>
Net tangible assets (after tax)	+2.12%	\$21.770m	\$21.319m
<b>Post-Tax NTA Backing per share</b>		<b>\$1.2221</b>	<b>\$1.1967</b>
Based on total issued share capital		17,814,389	17,814,389

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)	7.695	7.612
Investments in other listed securities:		
(a) Shares in Strike Resources Limited (SRK)	6.398	6.727
(b) Shares in Alara Resources Limited (AUQ)	2.427	1.493
(c) Shares in other listed securities	0.157	0.156
Investments in unlisted options	0.860	0.956
Investment in property (held for development/resale)	1.500	1.500
Agribusiness assets (including inventories)	2.704	2.709
Net cash/receivables/payables/other assets/provisions	0.031	0.164
<b>Pre-Tax NTA</b>	<b>\$21.770m</b>	<b>\$21.319m</b>
Tax Provisions:		
(a) Prior year tax	-	-
(b) Current year tax	-	-
(c) Net deferred tax asset / (liability)	-	-
<b>Post-Tax NTA</b>	<b>\$21.770m</b>	<b>\$21.319m</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 1.3 (Summary of Accounting Policies – Investments in Associates) at page 20 of the Company's 2010 Annual Report).

Accordingly, as at 31 October 2010, the Company's 20,513,783 shares (28.38% interest) (30 September: 20,513,783 shares and 28.38%) in BEL has a carrying value of \$0.3751 per share (\$7.695m); this compares with BEL's last bid price on ASX of \$0.26 per share (\$5.334m) and BEL's after tax NTA backing of \$0.427 per share (\$8.761m) at month end.

- (2) The fair value of investments in ASX listed Strike Resources Limited (**SRK**) comprise 13,190,802 shares (30 September: 13,190,802 shares) with a value of \$0.485 per share (based on the closing bid price on 31 October 2010) (30 September: \$0.51). The Company notes that SRK's closing bid price on 9 November 2010 was \$0.455 per share.
- (3) The fair value of investments in other listed securities are based on each security's 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 \$0.485 (based on the closing bid price on 31 October 2010) (30 September: \$0.51). The Company notes that SRK's closing bid price on 9 November 2010 was \$0.455 per share;
- (ii) A risk free rate of return of 5.07% per annum (based on the 180 day bond yield as at 31 October 2010) (30 September: 5.11% per annum).
- (iii) An estimated future volatility of SRK's share price of 80% (30 September: 80%).
- (5) Investment in property (held for development/resale) is carried at net realisable value (refer note 1.14 (Summary of Accounting Policies - Property held for Resale) at page 22 of the Company's 2010 Annual Report).
- (6) Agribusiness assets comprises a 143 hectare property comprising olive grove land and trees, depreciable plant and equipment, grove related infrastructure and olive oil inventories. The olive grove land and trees are carried at net realisable value (refer note 1.15 (Summary of Accounting Policies – Property, Plant and Equipment) at page 22 of the Company's 2010 Annual Report).
- (7) 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).

**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)