

Monday, 14 August 2006

## MARKET ANNOUNCEMENT

### Net Tangible Asset Backing - 31 July 2006

Month Ending:	% Change	31 July 2006 Consolidated	30 June 2006 Consolidated
Net tangible assets (before tax)	+6.2%	\$29.295m	\$27.583m
<b>Pre-Tax NTA Backing per share</b>		<b>\$1.64</b>	<b>\$1.55</b>
Net tangible assets (after tax)	+6.6%	\$27.061m	\$25.388m
<b>Post-Tax NTA Backing per share</b>		<b>\$1.52</b>	<b>\$1.43</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)	4.118	4.190
(b) Shares in Scarborough Equities Limited (SCB)	5.363	5.321
Investment in property	3.856	3.821
Investments in other listed securities	12.596	11.005
Investments in unlisted options	2.805	1.632
Net cash / other assets	0.556	1.614
<b>Pre-Tax NTA</b>	<b>29.295</b>	<b>27.583</b>
Tax Provisions:		
(a) Prior year tax	-	-
(b) Current year tax	(0.121)	(0.543)
(c) Net deferred tax asset / (liability)	(2.113)	(1.652)
<b>Post-Tax NTA</b>	<b>27.061</b>	<b>25.388</b>

www.orionequities.com.au

ASX Code: OEQ

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 2006 the Company's:

- (i) 27.928% interest in BEL has a carrying value of \$0.3751 per share (\$4.118m); this compares with BEL's last bid price on ASX of \$0.385 per share (\$4.226m) and BEL's after tax NTA backing of \$0.4713 cents per share (\$5.173m) at month end;
  - (ii) 27.894% interest in SCB has a carrying value of \$1.0073 per share (\$5.363m); this compares with SCB's last bid price on ASX of \$0.83 per share (\$4.419m) and SCB's after tax NTA backing of \$0.9769 per share (\$5.201m) 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 97 cents (the last bid price as at 31 July 2006). The Company notes that SRK's last bid price was 80 cents as at 14 August 2006;
  - (ii) A risk free rate of return of 5.78% (based on the Commonwealth 10 year bond rate as at 31 July 2006).
  - (iii) An estimated future volatility of SRK's share price of 60%.
- (4) The Consolidated Entity's investment in real property is carried at cost.
- (5) 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:**

William Johnson Chairman	T   (08) 9214 9797 E   wjohnson@orionequities.com.au
Victor Ho Company Secretary	T   (08) 9214 9797 E   vho@orionequities.com.au