

Thursday, 14 September 2006

MARKET ANNOUNCEMENT

Net Tangible Asset Backing – 31 August 2006

Month Ending:	% Change	31 August 2006 Consolidated	31 July 2006 Consolidated
Net tangible assets (before tax)		\$29.407m	\$29.295m
Pre-Tax NTA Backing per share	+0.38%	\$1.65	\$1.64
Net tangible assets (after tax)		\$26.995m	\$27.061m
Post-Tax NTA Backing per share	-0.24%	\$1.52	\$1.52
Based on total issued share capital		17,814,389	17,814,389

The current month NTA backing does not include a provision for a 3 cents per share fully franked final dividend announced by the Company on 12 September 2006 (after the month end). The record date for such dividend is 12 October 2006 with payment to be effected on 19 October 2006.

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)	4.276	4.118
(b) Shares in Scarborough Equities Limited (SCB)	5.402	5.363
Investment in property	3.822	3.856
Investments in other listed securities	12.816	12.596
Investments in unlisted options	2.367	2.805
Net cash / other assets / provisions	0.724	0.556
Pre-Tax NTA	29.407	29.295
Tax Provisions:		
(a) Prior year tax	(0.121)	(0.121)
(b) Current year tax	(0.282)	
(c) Net deferred tax asset / (liability)	(2.009)	(2.113)
Post-Tax NTA	26.995	27.061

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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 2006 the Company's:

- (i) 28.346% interest in BEL has a carrying value of \$0.3792 per share (\$4.276m); this compares with BEL's last bid price on ASX of \$0.36 per share (\$4.059m) and BEL's after tax NTA backing of \$0.4893 cents per share (\$5.517m) at month end;
 - (ii) 28.382% interest in SCB has a carrying value of \$0.9866 per share (\$5.402m); this compares with SCB's last bid price on ASX of \$0.86 per share (\$4.709m) and SCB's after tax NTA backing of \$0.9606 per share (\$5.260m) 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 84 cents (the last bid price as at 31 August 2006). The Company notes that SRK's last bid price was \$1.09 as at 14 September 2006;
 - (ii) A risk free rate of return of 6.19% (based on the Commonwealth 10 year bond rate as at 31 August 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:

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