

Friday, 13 June 2008

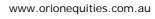
MARKET ANNOUNCEMENT

Net Tangible Asset Backing - 31 May 2008

| | % | 31 May 2008 | 30 April 2008 |
|-------------------------------------|--------|--------------|---------------|
| Month Ending: | Change | Consolidated | Consolidated |
| Net tangible assets (before tax) | | \$40.120m | \$35.333m |
| Pre-Tax NTA Backing per share | +13.55 | \$2.2521 | \$1.9834 |
| Net tangible assets (after tax) | | \$35.427m | \$32.088m |
| Post-Tax NTA Backing per share | +10.41 | \$1.9887 | \$1.8012 |
| 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) | 3.937 | 3.875 |
| (b) Shares in Scarborough Equities Limited (SCB) | 5.681 | 5.574 |
| Investments in other listed securities | 13.590 | 12.100 |
| Investments in unlisted options | 8.852 | 6.532 |
| Investment in property | 3.821 | 3.821 |
| Investment in Koorian Olive Grove | 2.646 | 2.629 |
| Provision for dividend | (0.028) | (0.028) |
| Net cash / other assets / provisions | 1.621 | 0.830 |
| Pre-Tax NTA | 40.120 | 35.333 |
| Tax Provisions: | | |
| (a) Prior year tax | - | - |
| (b) Current year tax | (0.556) | (0.480) |
| (c) Net deferred tax asset / (liability) | (4.137) | (2.765) |
| Post-Tax NTA | 35.427 | 32.088 |



A.B.N. 77 000 742 843

ASX Code: OEQ



ORION EQUITIES LIMITED

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 May 2008 the Company's:

- (i) 28.80% interest in BEL has a carrying value of \$0.3398 per share (\$3.937m); this compares with BEL's last bid price on ASX of \$0.285 per share (\$3.303m) and BEL's after tax NTA backing of \$0.4346 cents per share (\$5.037m) at month end;
- (ii) 28.47% interest in SCB has a carrying value of \$1.0110 per share (\$5.681m); this compares with SCB's last bid price on ASX of \$0.725 per share (\$4.074m) and SCB's after tax NTA backing of \$0.9981 per share (\$5.609m) 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 \$2.70 (based on the closing bid price on 31 May 2008) (30 April 2008: \$2.06 based on the closing bid price). The Company notes that SRK's closing bid price on 13 June 2008 was \$1.96;
- (ii) A risk free rate of return of 6.74% per annum (based on the 3 year bond yield as at 31 May 2008) (30 April 2008: 6.40% per annum).
- (iii) An estimated future volatility of SRK's share price of 80% (30 April 2008: 80%).
- (4) The Consolidated Entity's investment in real property is carried at cost.
- (5) The Consolidated Entity's investment in the Koorian Olive Grove comprise a 143 hectare property, approximately 64,500 (8 year old) olive trees, an approximately one gigalitre per annum water licence (carried at cost) and depreciable plant and equipment and other grove related infrastructure.
- (6) 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 T | (08) 9214 9797

Chairman E | fkhan@orionequities.com.au

William Johnson T | (08) 9214 9797

Director E | wjohnson@orionequities.com.au