

# SCARBOROUGH EQUITIES LIMITED

ABN 58 061 287 045

Wednesday, 14 September 2005

## MARKET ANNOUNCEMENT

### Net Tangible Asset Backing - 31 August 2005

Month Ending:	% Change	Current Month 31 August 2005	Previous Month 31 July 2005
Pre-Tax NTA Backing per share (cents) <sup>(1)</sup>	-0.2%	22.55	22.60
Post-Tax NTA Backing per share (cents) <sup>(1)</sup>	-0.7%	21.95	22.11
Based on total issued share capital		75,312,820	75,312,820

*(The 31 August NTA backings are net of the 0.60 cent (or \$0.006) per share dividend (50% franked) announced on 6 September 2005 and payable on 7 October 2005)*

The NTA position (post-tax) comprises the following items:

Net Assets	Current Month \$'millions	Previous Month \$'millions
Investment in the FSP Equities Leaders' Fund (FSP Fund) managed by the Company's investment manager, FSP Equities Management Limited (FSP) <sup>(1), (3)</sup>	15.82	14.83
Shares in Drillsearch Energy Limited (DLS) <sup>(4)</sup>	1.66	1.71
Other listed share investments <sup>(1)</sup>	0.05	0.06
Provision for settlement of legal proceedings between the Company and Alan Davis Group Pty Limited (ADG) in relation to the termination of a selective share buy-back agreement between the parties <sup>(5)</sup>	-	(0.29)
Provision for income tax <sup>(3)</sup>	(0.45)	(0.37)
Provision for dividend payment <sup>(6)</sup>	(0.45)	-
Net cash on deposit / other assets	(0.10)	0.71
<b>Total Net Assets</b>	<b>16.53</b>	<b>16.65</b>

#### About The FSP Equities Leaders' Fund (FSP Fund)

The FSP Fund is a wholesale fund not open to retail investors. The investment management team is led by Mr Ronni Chalmers. As the objective of the fund is to outperform the S&P/ASX 200 Accumulation Index over the medium term, FSP targets at least 75% of the investments of the fund in securities from the S&P/ASX 200 Index. The fund is currently invested in over 90 stocks.

The 12 month performance of the FSP Fund to 31 August 2005 has been 31.73% (gross) and 28.05% (net). The benchmark performance (S&P/ASX 200 Accumulation Index) has been 30.52%.

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**Notes:**

1. NTA backing is calculated for SCB and its controlled entities (**SCB Group**).

The SCB Group's investments are financial assets which are measured at fair value at month end. The fair value of listed securities are measured at bid price (where available) and last sale price (where bid price is not available) at month end and excludes disposal costs. The fair value of the Company's investment in the FSP Fund is valued at the unit price at month end published by FSP - such unit price reflects the net tangible asset backing of the fund and no buy/sell spread or exit fees are charged to the Company.

2. The post-tax NTA backing per share is reported net of provision for tax liabilities on the SCB Group's net profit (including after any realised and unrealised gains on investments) after consolidation.
3. On 2 August 2005, the Company invested a further \$750,000 of excess cash reserves into the FSP Fund.
4. 20,788,016 DLS shares at 8.0 cents each at 31 August 2005 (31 July 2005: 24,788,016 at 6.90 cents).
5. On 11 August 2005, the Company reached agreement with Alan Davis Group Pty Ltd ("**ADG**") to settle the outstanding issue of damages in Supreme Court proceedings in relation to a terminated selective share buy-back agreement between the Company and ADG. On 25 August 2005, pursuant to such settlement, the Company transferred 4 million shares in Drillsearch Energy Limited shares to ADG and obtained relevant consent orders from the Court discontinuing the action with each party bearing their own costs.
6. On 6 September 2005, the Directors announced the declaration of a dividend of 0.60 cents (or \$0.006) per share (50% franked) in respect of net profits derived for the year ended 30 June 2005. The record date will be 30 September 2005 with payments to be effected on or about 7 October 2005.

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**For further information:**

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