

Monday, 14 February 2011

MARKET ANNOUNCEMENT

Net Tangible Asset Backing – 31 January 2011

Month Ending:	% Change	31 January 2011 Consolidated	31 December 2010 Consolidated
Net tangible assets (NTA) (before tax)	-2.49%	\$20.975m	\$21.510m
Pre-Tax NTA Backing per share		\$1.1774	\$1.2075
Net tangible assets (after tax)	-2.49%	\$20.975m	\$21.510m
Post-Tax NTA Backing per share		\$1.1774	\$1.2075
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)	7.947	7.912
Investments in other listed securities:		
(a) Shares in Strike Resources Limited (SRK)	5.474	5.672
(b) Shares in Alara Resources Limited (AUQ)	2.493	2.640
(c) Shares in other listed securities	0.092	0.111
Investments in unlisted options	0.587	0.649
Investment in property (held for development/resale)	1.500	1.500
Agribusiness assets (including inventories)	2.573	2.689
Net cash/receivables/payables/other assets/provisions	0.309	0.337
Pre-Tax NTA	\$20.975m	\$21.510m
Tax Provisions:		
(a) Prior year tax	-	-
(b) Current year tax	-	-
(c) Net deferred tax asset / (liability)	-	-
Post-Tax NTA	\$20.975m	\$21.510m

Subsequent to January 2011 month end, the Company has exercised 1,833,333, 17.8 cent options and 1,666,667, 27.8 cent options held in ASX Listed Strike Resources Limited (SRK). These unlisted options were due to expire on 9 February 2011 and their exercise prices were well below Strike's closing share price as at 9 February 2011 of 46 cents.

The total cost of exercising these options was \$0.79 million.

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As of 31 January 2011, the carrying value of these options recognised in the Company's accounts (using a Black-Scholes valuation model) was \$0.587 million. The value of these additional 3.5 million Strike shares now held by the Company as a result of exercising the options is \$1.61 million (based on Strike's closing share price as at 9 February 2011 of 46 cents).

The Company now holds a total of 16,690,802 shares in Strike, being 12.5% of its total issued capital.

Subsequent to January 2011 month end, the Company also drew down \$400,000 under a \$500,000 revolving loan facility from controlling entity, Queste Communications Ltd, to meet a portion of the costs of exercising the Strike options. The loan is unsecured and attracts 10% interest per annum and the facility has a 2 year term expiring in July 2011.

Notes for Current Month NTA Position:

- (1) The Company's investment in BEL, an Associated Entity (i.e. in which the Company has a greater than 20% interest), is accounted for under the equity method in the consolidated financial statements.

Under the equity method, the carrying amount of 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 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 January 2011, the Company's 20,513,783 shares (28.38% interest) (31 December: 20,513,783 shares and 28.38%) in BEL has a carrying value of \$0.3874 per share (\$7.947m); this compares with BEL's last bid price on ASX of \$0.255 per share (\$5.231m) and BEL's after tax NTA backing of \$0.439 per share (\$9.006m) at month end.

- (2) The fair value of investments in ASX listed Strike Resources Limited (**SRK**) comprise 13,190,802 shares (31 December: 13,190,802 shares) with a value of \$0.415 per share (based on the closing bid price on 31 January 2011) (31 December: \$0.43). The Company notes that SRK's closing bid price on 10 February 2011 was \$0.46 per share.
- (3) The fair value of investments in ASX listed Alara Resources Limited (**AUQ**) comprise 7,332,744 shares (31 December: 7,332,744 shares) with a value of \$0.34 per share (based on the closing bid price on 31 January 2011) (31 December: \$0.36). The Company notes that AUQ's closing bid price on 10 February 2011 was \$0.37 per share.
- (4) The fair value of investments in other listed securities are based on each security's last bid price on market at month end.
- (5) 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 \$0.42 (based on the closing bid price on 31 January 2011) (31 December: \$0.43). The Company notes that SRK's closing bid price on 10 February 2011 was \$0.46 per share;
- (ii) A risk free rate of return of 4.95% per annum (based on the 90 day bond yield as at 31 January 2011) (31 December: 5.02% per annum).
- (iii) An estimated future volatility of SRK's share price of 80% (31 December: 80%).
- (6) 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.
- (7) 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).
- (8) 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:

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