



Bentley Capital Limited

HALF YEAR REPORT

31 December 2010

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2010 ANNUAL REPORT OF THE COMPANY
LODGED ON ASX ON 14 OCTOBER 2010



ASX Code: BEL

Bentley Capital Limited
A.B.N. 87 008 108 218

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CORPORATE DIRECTORY**BOARD**

Farooq Khan	Chairman
William Johnson	Executive Director
Christopher B. Ryan	Non-Executive Director

COMPANY SECRETARY

Victor P.H. Ho

REGISTERED OFFICE

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30-36 Bay Street
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CORPORATE OFFICE

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STOCK EXCHANGE

Australian Securities Exchange
Sydney, New South Wales

ASX CODE

BEL

APPENDIX 4D HALF YEAR REPORT

This Half Year Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current reporting period:	1 July 2010 to 31 December 2010
Previous corresponding period:	1 July 2009 to 31 December 2009
Balance date:	31 December 2010
Company:	Bentley Capital Limited (Bentley or BEL)
Consolidated Entity:	Previous Reporting Period: BEL and controlled entity: (1) Scarborough Equities Pty Ltd (Scarborough), a wholly owned subsidiary.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

CONSOLIDATED	December 2010 \$'000	December 2009 \$'000	% CHANGE	UP / DOWN
Net gain on financial assets held at fair value through profit or loss	3,122	5,922	47%	Down
Other investment related income	340	153	122%	Up
Total revenue	3,462	6,075	43%	Down
Foreign exchange losses	-	151	-	N/A
Other corporate and administration expenses	625	448	40%	Up
Total expenses	625	599	4%	Up
Profit before tax	2,837	5,476	48%	Down
Income tax expense	-	-	-	N/A
Profit after tax attributable to members	2,837	5,476	48%	Down
Basic and diluted gain per share (cents)	3.94	7.65	49%	Down
CONSOLIDATED	December 2010	June 2010	% CHANGE	UP / DOWN
Pre-Tax NTA backing per share (cents)	43.87	41.02	7%	Up
Post-Tax NTA backing per share (cents)	43.87	41.02	7%	Up

Brief Explanation of Results

Bentley's 6 month after tax net tangible asset (NTA) performance to 31 December 2010 (with dividends paid during the half year added back) was +9.4%. This compares with the performance of the ASX All Ordinaries Index of +10.8% over the same period.

The Consolidated Entity earned a net profit of \$2.8 million (pre and post tax) during the current reporting period (31 December 2009: \$5.5 million net profit pre and post tax).

Please also refer to the Directors' Report and financial statements and notes thereto for further information on a review of Bentley's operations and financial position and performance for the half year ended 31 December 2010.

APPENDIX 4D HALF YEAR REPORT

Dividends

Bentley has paid two cents of fully franked dividends during calendar year 2010 (in March 2010 and September 2010), which represents a grossed up dividend yield of 11.45% based on Bentley's volume weighted average share price of \$0.2496 during the calendar year.

The Company will be paying a dividend in March 2011 as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking
One cent per share	8 March 2011	15 March 2011	100% franked

The Company's Dividend Reinvestment Plan (DRP) will apply to this dividend. The Directors have determined that the DRP issue price will be at a 2.5% discount to the Company's volume weighted average price on ASX in the 5 day period up to and including the dividend record date. The Company will lodge a market announcement advising the final DRP issue price after the record date.

The Company has also paid the following dividend during the financial half year:

Dividend Rate	Record Date	Payment Date	Franking	DRP Issue Price
One cent per share	22 September 2010	30 September 2010	100% franked	\$0.2325

A copy of the Company's DRP rules and related documentation may be obtained from the Company or downloaded from the Company's website.

Controlled Entities

The Company did not gain or lose control over entities during the Current Reporting Period.

Associates and Joint Venture Entities

The Company did not have any interest in associates or joint venture entities during the Current Reporting Period.

For and on behalf of the Directors,



Date: 28 February 2011

Victor Ho
Company Secretary

Local Call: 1300 762 678 Telephone: (08) 9214 9757 Email: yho@bel.com.au

COMPANY PROFILE

Bentley Capital Limited has been listed on the Australian Securities Exchange (ASX) since October 1986 as an investment company (ASX Code: BEL).

Bentley's investment objectives are to:

- Achieve a high real rate of return over the medium term, ideally comprising both income and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular income stream for shareholders in the form of franked dividends.

Within its broader investment mandate¹, Bentley is focussing on several key well defined investment sectors which the Board believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of the Bentley's benchmark ASX All Ordinaries Index²:

- Strategic investments in listed companies with either an active or passive participation;
- Corporate financing;
- Promotion of IPO's; and
- Participation in, and funding of, corporate restructurings.

As at 31 December 2010, BEL had a market capitalisation of \$19.520 million (at \$0.27 per share), net tangible assets (NTA) of \$31.718 million (at \$0.439 post-tax NTA backing per share), 72,294,764 fully paid ordinary shares on issue, and 2,213 shareholders on its share register (30 June 2010: \$15.84 million (at \$0.22 per share), NTA of \$29.535 million (at \$0.4102 post-tax NTA backing per share), 72,009,635 fully paid ordinary shares on issue, and 2,261 shareholders).

NET ASSET WEIGHTINGS

Net Assets	31 January 2011		31 December 2010		30 June 2010		31 December 2009	
Australian equities	\$30.25m	95%	\$27.11m	85%	\$13.48m	46%	\$30.6m	94%
Provision for income tax	-	-	-	-	-	-	-	-
Net cash on deposit/other assets/provisions	\$1.51m	5%	\$4.61m	15%	\$16.06m	54%	\$2.0m	6%
TOTAL NET ASSETS	\$31.77m	100%	\$31.72m	100%	\$29.54m	100%	\$32.6m	100%

MAJOR HOLDINGS (31 January 2011)

Security	ASX Code	Industry Sector	Value	% of Net Assets
FSP Equities Leaders Fund	Unlisted managed fund	Diversified	\$26.74m	84.2
MEO Australia Limited	MEO	Energy	\$3.00m	9.5
Other listed securities	Various	Various	\$0.51m	1.3

Subsequent to January 2011 month end, the Company acquired an additional 5,568,921 shares in MEO at a total cost of \$1.256 million, taking its holding to 19,288,921 shares (being 3.57% of MEO's total issued share capital) and redeemed \$2.25 million from the FSP Equities Leaders Fund.

RECENT DIVIDENDS

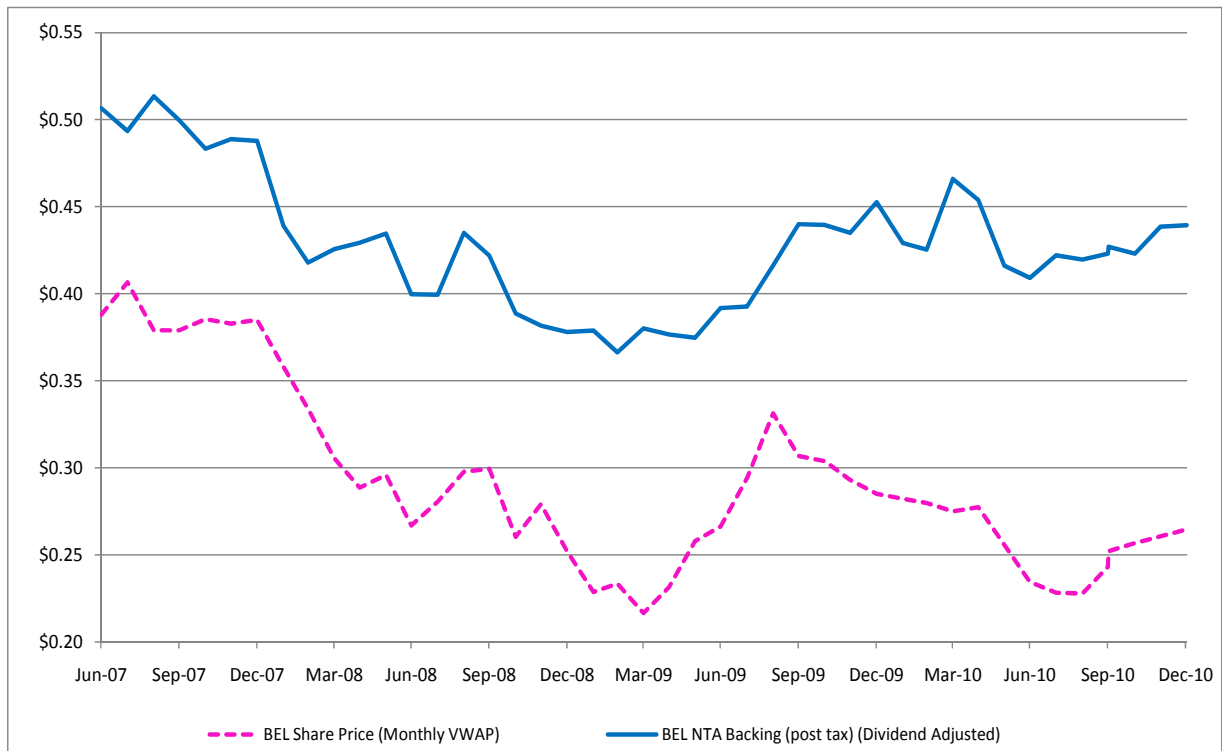
Rate per share	Record Date	Payment Date	Franking	DRP Issue Price
One cent	22 September 2010	30 September 2010	100%	\$0.2325
One cent	8 March 2010	15 March 2010	100%	\$0.2952
One cent	28 October 2009	30 October 2009	100%	\$0.2689
One cent	24 September 2007	28 September 2007	100%	\$0.3615
One cent	1 March 2007	8 March 2007	100%	N/A

¹ Approved by shareholders on 25 February 2009; refer Bentley's [Notice of Meeting dated 15 January 2009 and released on ASX on 23 January 2009](#); also reproduced at page 65 of the 2010 Annual Report

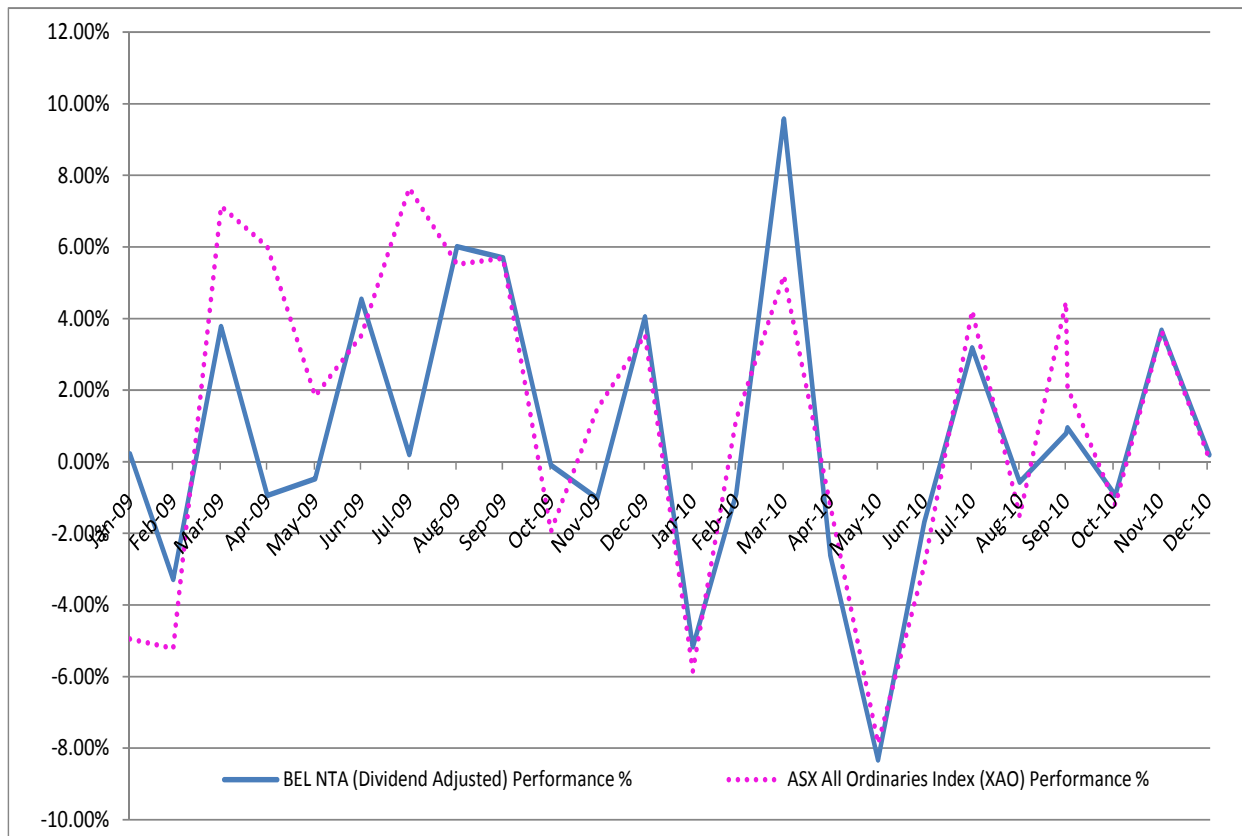
² Refer [10 May 2010 ASX market announcement "Appointment of Chief Investment Officer and Implementation of Investment Strategy"](#)

PERFORMANCE CHARTS

BEL VWAP vs. NTA Backing Per Share (to 31 January 2011)



Monthly Performance (%): BEL NTA Backing vs. ASX All Ordinaries Index (to 31 January 2011)



DIRECTORS' REPORT

The Directors present their Directors' Report on Bentley Capital Limited ABN 87 008 108 218 (**Company** or **Bentley** or **BEL**) and its controlled entity (the **Consolidated Entity**) for the financial half year ended 31 December 2010 (**Balance Date**).

Bentley is a company limited by shares that was incorporated in South Australia in June 1986 and has been listed on the Australian Securities Exchange (**ASX**) since October 1986 as an investment company (**ASX Code: BEL**).

Bentley has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year. Controlled entity is Scarborough Equities Pty Ltd ACN 061 287 045 (formerly Scarborough Equities Limited) (**Scarborough**), a wholly owned subsidiary acquired upon the completion of a scheme of arrangement merger on 13 March 2009.

PRINCIPAL ACTIVITIES

Bentley is a listed investment company. Since admission to **ASX** in 1986, the principal investment objective of the Company was to invest in equity securities listed on the world's major stock markets.

Bentley's investment objectives are to:

- Achieve a high real rate of return over the medium term, ideally comprising both income and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular income stream for shareholders in the form of franked dividends

Within its broader investment mandate³, Bentley is focussing on several key well defined investment sectors which the Board believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of the Bentley's benchmark All Ordinaries Index⁴:

- Strategic investments in listed companies with either an active or passive participation;
- Corporate financing;
- Promotion of IPO's; and
- Participation in, and funding of, corporate restructurings.

Full details of the Bentley's investment mandate are in the 2010 Annual Report and on the Company's website www.bel.com.au.

NET TANGIBLE ASSET BACKING

CONSOLIDATED	December 2010 \$'000	June 2010 \$'000
Net tangible assets (before tax on unrealised gains)	31,718	29,535
Pre-tax NTA Backing per share (cents)	43.87	41.02
Less: Net deferred tax asset / liabilities	-	-
Net tangible assets (after tax on unrealised gains)	31,718	29,535
Post-tax NTA Backing per share (cents)	43.87	41.02
Pre and Post-Tax NTA (adjusted for dividends paid) backing per share (cents)	44.87	41.02
Based on total issued shares	72,294,764	72,009,635

³ Approved by shareholders on 25 February 2009; refer Bentley's [Notice of Meeting dated 15 January 2009 and released on ASX on 23 January 2009](#); also reproduced at page 65 of the 2010 Annual Report

⁴ Refer [10 May 2010 ASX market announcement "Appointment of Chief Investment Officer and Implementation of Investment Strategy"](#)

DIRECTORS' REPORT

Bentley's 6 month after tax net tangible asset (NTA) performance to 31 December 2010 (with dividends paid during the half year added back) was +9.4%. This compares with the performance of the ASX All Ordinaries Index of +10.8% over the same period.

OPERATING RESULTS

CONSOLIDATED	December 2010 \$'000	December 2009 \$'000
Net gain on financial assets held at fair value through profit or loss	3,122	5,922
Other investment related income	340	153
Total revenue	3,462	6,075
Foreign exchange losses	-	151
Other corporate and administration expenses	625	448
Total expenses	625	599
Profit before income tax expense	2,837	5,476
Income tax expense	-	-
Profit after income tax expense	2,837	5,476

EARNINGS PER SHARE

CONSOLIDATED	December 2010	December 2009
Basic earnings per share (cents)	3.94	7.65

FINANCIAL POSITION

CONSOLIDATED	December 2010 \$'000	June 2010 \$'000
Investments	27,108	13,476
Cash	4,633	15,762
Net deferred tax asset / liabilities	-	-
Other assets	466	569
Liabilities	(489)	(272)
Net assets	31,718	29,535
Issued capital	26,235	26,169
Retained Earnings	5,483	3,366
Total equity	31,718	29,535

DIRECTORS' REPORT

DIVIDENDS

Bentley has paid two cents of fully franked dividends during calendar year 2010 (in March 2010 and September 2010), which represents a grossed up dividend yield of 11.45% based on Bentley's volume weighted average share price of \$0.2496 during the calendar year.

The Company will be paying a dividend in March 2011 as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking
One cent per share	8 March 2011	15 March 2011	100% franked

The Company's Dividend Reinvestment Plan (DRP) will apply to this dividend. The Directors have determined that the DRP issue price will be at a 2.5% discount to the Company's volume weighted average price on ASX in the 5 day period up to and including the dividend record date. The Company will lodge a market announcement advising the final DRP issue price after the record date.

The Company has also paid the following dividend during the financial half year:

Dividend Rate	Record Date	Payment Date	Franking	DRP Issue Price
One cent per share	22 September 2010	30 September 2010	100% franked	\$0.2325

A copy of the Company's DRP rules and related documentation may be obtained from the Company or downloaded from the Company's website.

SECURITIES IN THE COMPANY

The Company has 72,294,764 (30 June 2010: 72,009,635) fully paid ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

The Company issued 285,129 new shares during the financial half year as a consequence of shareholders' participation under the Company's DRP.

REVIEW OF OPERATIONS

A summary of Bentley's net asset weighting (by value and as a percentage of net assets) is:

Net Assets	31 January 2011		31 December 2010		30 June 2010		31 December 2009	
Australian equities	\$30.25m	95%	\$27.11m	85%	\$13.48m	46%	\$30.6m	94%
Provision for income tax	-	-	-	-	-	-	-	-
Net cash on deposit/other assets/provisions	\$1.51m	5%	\$4.61m	15%	\$16.06m	54%	\$2.0m	6%
TOTAL NET ASSETS	\$31.77m	100%	\$31.72m	100%	\$29.54m	100%	\$32.6m	100%

A summary of Bentley's major investment holdings is:

Major Holdings (as at 31 December 2010):

Security	ASX Code	Industry Sector	Value	% of Net Assets
FSP Equities Leaders Fund	Unlisted managed fund	Diversified	\$26.58m	83.8
Listed securities	Various	Various	\$0.53m	1.7

DIRECTORS' REPORT

Major Holdings (as at 31 January 2011):

Security	ASX Code	Industry Sector	Value	% of Net Assets
FSP Equities Leaders Fund	Unlisted managed fund	Diversified	\$26.74m	84.2
MEO Australia Limited	MEO	Energy	\$3.00m	9.5
Listed securities	Various	Various	\$0.51m	1.3

Subsequent to January 2011 month end, the Company acquired an additional 5,568,921 shares in MEO at a total cost of \$1.256 million, taking its holding to 19,288,921 shares (being 3.57% of MEO's total issued share capital).

Chief Investment Officer

The Company has recently appointed Mr Ben Loiterton as Chief Investment Officer (CIO).

Mr Loiterton is based in Sydney and as CIO, joins the Bentley Investment Committee which is responsible for implementing the Company's investment strategies within its broader investment mandate.

Mr Loiterton is an experienced corporate financier and investor with over 20 years of commercial experience investing in, managing or advising a wide range of Australian companies and projects. His expertise and range of previous roles has included private equity, equity funds management, venture capital, as well as corporate finance, equity capital markets, and turnaround projects involving small capitalisation ASX listed companies. Mr Loiterton has a Bachelor of Commerce (Finance) and Bachelor of Laws from the University of New South Wales.

Other members of the Investment Committee are Farooq Khan (Executive Chairman), William Johnson (Executive Director) and Victor Ho (Company Secretary).

Investment in MEO Australia Limited (ASX Code: MEO)

Subsequent to balance date (31 December 2010), Bentley has acquired a total of 19,288,921 shares in MEO (being 3.57% of MEO's total issued share capital) at a total cost of \$4.26 million.

MEO is an Australian based energy company holding exploration permits in the Carnarvon Basin, Timor Sea and North West Shelf of Western Australia. Bentley was attracted to MEO because of the value potential of its projects and strong balance sheet. A significant fall in MEO's share price, after the company announced negative results from the drilling of an exploration well in December 2010, provided Bentley with the opportunity to accumulate a position in MEO at a value close to the cash backing of the company, where little value was being credited by the market to MEO's portfolio of projects.

Bentley's investment in MEO is the first significant investment made by Bentley under its new investment mandate approved by shareholders in February 2009. Since Bentley's decision in May 2010 to focus on several key well defined investment sectors within its broader investment mandate², the Investment Committee has reviewed a significant number of potential investment opportunities but has patiently restrained from making significant investments until now.

Bentley expects to make a small number of investments (similar in size or greater to that made in MEO) during the course of a year, with the objective of generating returns well in excess of its benchmark ASX All Ordinaries Index.

DIRECTORS' REPORT

Performance Bonus Scheme

Bentley will not be making a payment under its Performance Bonus Scheme (**PBS**) (which was implemented on 1 May 2010). The conditions for payment to members of the Investment Committee are related to Bentley's financial performance (based on the change in Bentley's net asset value relative to the Benchmark ASX All Ordinaries Index) during each half-year.

Further details about the PBS are disclosed in the Remuneration Report at pages 18 to 20 of the 2010 Annual Report.

Investment in the FSP Equities Leaders Fund (FSP Fund) ⁵

The FSP Fund is a wholesale fund not open to retail investors. The investment management team is led by Mr Ronni Chalmers. The objective of the fund is to outperform the S&P/ASX 200 Accumulation Index over the medium term. The investment manager is "style neutral" and invests in growth stocks, value stocks, stocks with maintainable dividend yields and special situations. The FSP Fund portfolio is divided into two parts, being an equity and cash portfolio. There is no minimum equity weighting. 75% of the equity portfolio is targeted to companies contained within the S&P/ASX 200 index. The remaining 25% of the equity portfolio is invested in companies outside of the S&P/ASX 200 index.

Bentley is able to redeem its investment in the FSP Fund at short notice without any exit fees.

As at 31 December 2010, the Bentley group had a total of \$26.58 million (approximately 84% of Bentley's net assets) invested in the FSP Fund (30 June 2010: \$13.48 million).

During the financial half year and to the date of this report, the Consolidated Entity undertook the following investment and redemption transactions in relation to the FSP Fund:

- (a) On 15 October 2010, Bentley invested \$3 million into the FSP Fund;
- (b) On 27 October 2010, Bentley invested \$2 million into the FSP Fund;
- (c) On 30 November 2010, Bentley invested \$5 million into the FSP Fund;
- (d) On 31 January 2011, Bentley redeemed \$1 million from the FSP Fund; and
- (e) Bentley has lodged a redemption in respect of \$1.25 million from the FSP Fund, which will be based on the 28 February 2011 unit price.

The Consolidated Entity's investment in the FSP Fund has generated an unrealised gain of \$3.108 million for the half year ending 31 December 2010. The investment's historical unrealised gain (from cost) is \$1.407 million.

The Consolidated Entity will transition funds from the FSP Fund into cash or into other investments, pursuant to the Investment Committee's implementation of Bentley's investment strategies, as required from time to time.

The 6 month net performance of the FSP Fund to 31 December 2010 was +20.8%. The benchmark performance (S&P/ASX 200 Accumulation Index) was +12.8% over the same period.

FSP Fund details provided to the Company as at 31 December 2010 are as follows:

- The equity portfolio weighting was 99.3% (30 June 2010: 99.5%);
- 74.4% of the equity portfolio was invested in companies contained within the S&P/ASX 200 Index (30 June 2010: 84.4%) with the balance of 25.5% invested in companies outside of the S&P/ASX 200 Index (30 June 2010: 18.6%); and
- The equity portfolio contained 57 holdings (30 June 2010: 46 holdings).

⁵ Based on information provided by investment manager, FSP Equities Management Limited

DIRECTORS' REPORT

FSP Fund Returns To: 31 December 2010	1mth (%)	3mths (%)	6mths (%)	1yr (%)	2yrs (% p.a.)	3yrs (% p.a.)	Since Inception (% p.a.)
FSP Fund	5.2%	6.1%	20.8%	6.4%	23.1%	-7.8%	11.2%
ASX/ S&P 200 Accumulation Index	3.7%	4.4%	12.8%	1.6%	18.0%	-5.0%	8.5%

FSP Fund Returns To: 31 January 2011	1mth (%)	3mths (%)	6mths (%)	1yr (%)	2yrs (% p.a.)	3yrs (% p.a.)	Since Inception (% p.a.)
FSP Fund	0.6%	4.7%	13.1%	13.5%	25.4%	-3.5%	11.1%
ASX/ S&P 200 Accumulation Index	0.2%	2.7%	8.1%	8.5%	21.1%	-1.3%	8.5%

FSP Fund Top 20 Holdings		Fund Weight	FSP Fund Sector Weights		Fund Weight
ASX Code	Asset Name	31-Dec-10			31-Dec-10
BHP	BHP BILLITON LIMITED	8.1%	Materials		42.8%
WBC	WESTPAC BANKING CORPORATION	7.0%	Financials(ex-Property)		21.8%
CBA	COMMONWEALTH BANK OF AUSTRALIA	6.9%	Industrials		12.4%
RIO	RIO TINTO LIMITED	6.0%	Consumer Discretionary		10.7%
MIN	MINERAL RESOURCES LIMITED	5.0%	Information Technology		4.4%
FLT	FLIGHT CENTRE LTD	5.0%	Energy		3.7%
SMX	SMS MANAGEMENT & TECHNOLOGY LTD	4.4%	Consumer Staples		2.6%
ANZ	ANZ BANKING GROUP LIMITED	3.5%	Health Care		0.9%
AGO	ATLAS IRON LIMITED	2.6%	Cash/Hybrids/Fixed Interest		0.7%
OSH	OIL SEARCH LIMITED	2.6%	Utilities		<0.1%
UGL	UGL LIMITED	2.3%			
BSL	BLUESCOPE STEEL LIMITED	2.2%			
OST	ONESTEEL LTD	2.0%			
BTU	BATHURST RESOURCES LIMITED	2.0%			
EQN	EQUINOX MINERALS LIMITED	1.8%			
SDM	SEDGMAN LIMITED	1.8%			
DJS	DAVID JONES LIMITED	1.8%			
ABC	ADELAIDE BRIGHTON LTD	1.7%			
HGG	HENDERSON GROUP	1.7%			
BDR	BEADELL RESOURCES LIMITED	1.7%			

DIRECTORS' REPORT

Top 20 Holdings		Fund Weight	Sector Weights	
ASX Code	Asset Name	31-Jan-11		31-Jan-11
BHP	BHP BILLITON LIMITED	7.9%	Materials	41.7%
WBC	WESTPAC BANKING CORPORATION	7.2%	Financials(ex-Property)	22.2%
CBA	COMMONWEALTH BANK OF AUSTRALIA	7.2%	Industrials	12.8%
RIO	RIO TINTO LIMITED	5.9%	Consumer Discretionary	10.6%
MIN	MINERAL RESOURCES LIMITED	4.8%	Information Technology	4.7%
FLT	FLIGHT CENTRE LTD	4.7%	Energy	3.7%
SMX	SMS MANAGEMENT & TECHNOLOGY LTD	4.7%	Consumer Staples	2.7%
ANZ	ANZ BANKING GROUP LIMITED	3.5%	Cash/Hybrids/Fixed Interest	0.9%
AGO	ATLAS IRON LIMITED	2.9%	Health Care	0.8%
BTU	BATHURST RESOURCES LIMITED	2.6%	Utilities	<0.1%
OSH	OIL SEARCH LIMITED	2.5%		
UGL	UGL LIMITED	2.4%		
OST	ONESTEEL LTD	2.1%		
HGG	HENDERSON GROUP	2.0%		
BSL	BLUESCOPE STEEL LIMITED	2.0%		
DJS	DAVID JONES LIMITED	1.9%		
BDR	BEADELL RESOURCES LIMITED	1.8%		
EQN	EQUINOX MINERALS LIMITED	1.8%		
ABC	ADELAIDE BRIGHTON LTD	1.8%		
MML	MEDUSA MINING LTD	1.8%		

DIRECTORS

Directors in office during or since the financial half year are as follows:

Farooq Khan	– Chairman
<i>Appointed</i>	– Director since 2 December 2003; Chairman since 10 February 2004
<i>Qualifications</i>	– BJuris, LLB. (UWA)
<i>Experience</i>	– Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Relevant interest in shares</i>	– 22,254,408 ordinary shares (not held directly ⁶)
<i>Special Responsibilities</i>	– Chairman of the Board and Investment Committee
<i>Other current directorships in listed entities</i>	– (1) Executive Chairman and Managing Director of Queste Communications Ltd (since 10 March 1998) (2) Executive Chairman of Orion Equities Limited (since 23 October 2006) (3) Executive Director of Alara Resources Limited (since 18 May 2007) (4) Non-Executive Chairman of ITS Capital Investments Ltd (Director since 27 April 2006)

6 An indirect interest held by Queste Communications Ltd (QUE) and Orion Equities Limited (OEQ), a company in which QUE is a controlling shareholder; Farooq Khan (and associated companies) have a deemed relevant interest in Bentley shares in which QUE has a relevant interest by reason of having a greater than 20% voting power in QUE.

DIRECTORS' REPORT

William M. Johnson – Executive Director

Appointed – 13 March 2009

Qualifications – MA (Oxon), MBA

Experience – Mr Johnson commenced his career in resource exploration and has held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. Throughout his career, Mr Johnson has been actively involved in the strategic analysis of a diverse range of business and investment opportunities and the execution of many corporate transactions. Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution.

Relevant interest in shares – None

Special Responsibilities – Investment Committee

Other current directorships in listed entities – (1) Executive Director of Orion Equities Limited (since 28 February 2003)
(2) Executive Director of Alara Resources Limited (since 26 October 2009)
(3) Non-Executive Director of Strike Resources Limited (since 14 July 2006)

Christopher B. Ryan – Non-Executive Director

Appointed – 5 February 2004

Qualifications – BEcon (UWA), MBA (UNSW)

Experience – Mr Ryan is the Principal of Westchester Corporate Finance, a Sydney based corporate advisory firm specialising in advising listed companies on fund raising, mergers and acquisitions and associated transactions. Prior to forming Westchester in July 1996, Christopher was with Schrodgers Australia for 27 years. At Schrodgers, he served 3 years in the investment division, 2 years as an economist monitoring influences on interest and exchange rates and 22 years in the corporate finance division of which he was a director for 19 years specialising in advising on project financing and mergers and acquisitions mainly in the Australian minerals and oil and gas sectors.

Relevant interest in shares – None

Special Responsibilities – None

Other current directorships in listed entities – None

DIRECTORS' REPORT

COMPANY SECRETARY

Victor P. H. Ho – **Company Secretary**

Appointed – Since 5 February 2004

Qualifications – BCom, LLB (UWA)

Experience – Mr Ho has been in company secretarial/executive roles with a number of public listed companies since early 2000. Previously, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate transactions, capital raisings and capital management matters and has extensive experience in public company administration, corporations law and stock exchange compliance and shareholder relations.

Special Responsibilities – Investment Committee

Relevant interest in shares – 5,945 ordinary shares

Other positions held in listed – Current Director and Company Secretary of:

entities (1) Orion Equities Limited (Secretary since 2 August 2000 and Director since 4 July 2003)

Current Company Secretary of:

(2) Queste Communications Ltd (since 30 August 2000)

(3) Alara Resources Limited (since 4 April 2007)

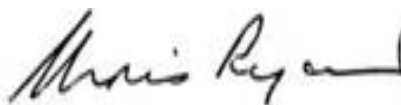
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 15. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

Signed for and on behalf of the Directors in accordance with a resolution of the Board,



Farooq Khan
Chairman



Christopher Ryan
Non-Executive Director

28 February 2011

28 February 2011

The Directors
Bentley Capital Limited
Level 14, The Forrest Centre
221 St Georges Terrace
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF
BENTLEY CAPITAL LIMITED

As lead auditor for the review of Bentley Capital Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bentley Capital Limited and the entities it controlled during the period.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December 2010

	Note	31-Dec-10 \$	31-Dec-09 \$
Investment income	2		
Dividend income		2,660	-
Interest income from financial assets not held at fair value through profit or loss		336,801	64,512
Net gains on financial assets held at fair value through profit or loss		3,122,220	5,922,078
Other income		108	88,437
Total net investment income		3,461,789	6,075,027
Expenses	2		
Investment expenses			
- Foreign exchange losses		-	(150,846)
Occupancy expenses		(56,984)	(11,526)
Finance expenses		(3,079)	(895)
Borrowing cost		-	(8)
Corporate expenses		(40,915)	(39,422)
Administration expenses		(524,028)	(396,378)
PROFIT BEFORE INCOME TAX		2,836,783	5,475,952
Income tax expense		(226)	-
PROFIT FOR THE HALF YEAR		2,836,557	5,475,952
Other comprehensive income			
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR		2,836,557	5,475,952
Total comprehensive income and expense for the half year is attributable to:			
Owners of Bentley Capital Limited		2,836,557	5,475,952
Basic earnings per share (cents)	4	3.94	7.65

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

	Note	31-Dec-10 \$	30-Jun-10 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,633,200	15,762,433
Financial assets held at fair value through profit and loss	6	27,107,602	13,475,957
Trade and other receivables		20,222	430,679
Other current assets		13,091	-
TOTAL CURRENT ASSETS		31,774,115	29,669,069
NON CURRENT ASSETS			
Property, plant and equipment		10,690	7,723
Deferred tax assets		422,385	130,198
TOTAL NON CURRENT ASSETS		433,075	137,921
TOTAL ASSETS		32,207,190	29,806,990
CURRENT LIABILITIES			
Trade and other payables		51,235	127,386
TOTAL CURRENT LIABILITIES		51,235	127,386
NON CURRENT LIABILITIES			
Provisions		15,423	14,011
Deferred tax liabilities		422,385	130,198
TOTAL NON CURRENT LIABILITIES		437,808	144,209
TOTAL LIABILITIES		489,043	271,595
NET ASSETS		31,718,147	29,535,395
EQUITY			
Issued capital	7	26,234,883	26,168,592
Retained earnings		5,483,264	3,366,803
TOTAL EQUITY		31,718,147	29,535,395

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2010

	Note	Issued Capital \$	Retained earnings \$	Total \$
At 1 July 2009		29,663,934	(1,916,136)	27,747,798
Profit for the half year		-	5,475,952	5,475,952
Total comprehensive income for the half year		-	5,475,952	5,475,952
Transactions with owners in their capacity as owners:				
Reduction of share capital to the extent not represented by assets	7	(3,614,988)	3,614,988	-
Dividends paid	3	-	(715,845)	(715,845)
Issue under Dividend Reinvestment Plan	7	59,341	-	59,341
At 31 December 2009		<u>26,108,287</u>	<u>6,458,959</u>	<u>32,567,246</u>
At 1 July 2010		26,168,592	3,366,803	29,535,395
Profit for the half year		-	2,836,557	2,836,557
Total comprehensive income for the half year		-	2,836,557	2,836,557
Transactions with owners in their capacity as owners:				
Dividends paid	3	-	(720,096)	(720,096)
Issue under Dividend Reinvestment Plan	7	66,291	-	66,291
At 31 December 2010		<u>26,234,883</u>	<u>5,483,264</u>	<u>31,718,147</u>

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2010

		Consolidated	
	Note	31-Dec-10	31-Dec-09
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		2,660	103,284
Interest received		402,318	147,703
Other income received		145,452	41,255
Other expenses paid		(682,515)	(882,374)
Interest paid		(1,869)	(1,974)
Redemption of financial assets held at fair value through profit or loss		-	14,849,705
Purchase of financial assets held at fair value through profit or loss		(10,337,327)	(11,672,955)
Foreign exchange loss from sale of investments		-	(150,846)
		<hr/>	<hr/>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(10,471,281)	2,433,798
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(4,146)	(7,619)
		<hr/>	<hr/>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(4,146)	(7,619)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(653,806)	(1,314,053)
		<hr/>	<hr/>
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(653,806)	(1,314,053)
		<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH HELD		(11,129,233)	1,112,126
Cash at beginning of the financial year		15,762,433	14,650,307
Effect of exchange rate changes on cash		-	-
		<hr/>	<hr/>
CASH AT THE END OF THE FINANCIAL HALF YEAR	5	4,633,200	15,762,433

The accompanying notes form part of this financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2010

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half-year financial statements do not include notes of the type normally included in the annual financial statements and shall be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2010 to the date of this report.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's financial statements for the year ended 30 June 2010.

2. PROFIT FOR THE HALF YEAR

The Consolidated Entity operating profit before income tax includes the following items of revenue and expense:

	31-Dec-10	31-Dec-09
	\$	\$
(a) Investment income		
Dividend income	2,660	-
Interest income from financial assets not held at fair value through profit or loss	336,801	64,512
	<u>339,461</u>	<u>64,512</u>
Other income		
Net gains on financial assets held at fair value through profit or loss	3,122,220	5,922,078
Other income	108	88,437
	<u>3,461,789</u>	<u>6,075,027</u>
(b) Expenses		
Investment expenses		
- Foreign exchange losses	-	150,846
Occupancy expenses	56,984	11,526
Finance expenses	3,079	895
Borrowing cost	-	8
Corporate expenses		
- Share registry	12,585	12,806
- ASX fees	29,696	27,702
- Other corporate expenses	(1,366)	(1,086)
Administration expenses		
- Communications	20,138	16,305
- Accounting, taxation and related administration	54,163	94,249
- Audit	13,554	16,229
- Professional fees	14,335	63,237
- Office administration	29,850	13,762
- Personnel	282,915	109,371
- Personnel- employee benefits	(3,649)	7,380
- Insurances	3,809	42,438
- Depreciation	1,179	1,044

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2010

2. PROFIT FOR THE HALF YEAR (continued)

	31-Dec-10	31-Dec-09
(b) Expenses	\$	\$
- Write off of fixed assets	1,020	31,439
- Travel, accommodation and incidentals	35,152	-
- Other administration expenses	71,562	924
	<u>625,006</u>	<u>639,253</u>

3. DIVIDENDS

	31-Dec-10	31-Dec-09
Dividends on ordinary shares, declared and paid during the half year		
One cent per share fully franked dividend	30-Oct-09	- 715,845
One cent per share fully franked dividend	30-Sep-10	720,096 -
	<u>720,096</u>	<u>715,845</u>
Post balance date dividends to be declared		
One cent per share fully franked dividend	722,948	-
	<u>722,948</u>	<u>-</u>

The Directors have declared payment of a one cent per share fully franked dividend. The record date will be 8 March 2011 with payment to be effected on or about 15 March 2011.

	31-Dec-10	31-Dec-09
Franking credit balance	3,126,639	3,665,364
Franking debits arising from payment of dividends post balance date	(309,835)	(307,652)
	<u>2,816,804</u>	<u>3,357,712</u>

4. EARNINGS PER SHARE

	31-Dec-10	31-Dec-09
Basic earnings per share (cents)	3.94	7.65
Profit used to calculate earnings per share (\$)	2,836,557	5,475,952
Weighted average number of ordinary shares during the period used in calculation of basic earnings per share	72,034,804	71,618,589

The Consolidated Entity has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

5. CASH AND CASH EQUIVALENTS

	31-Dec-10	30-Jun-10
	\$	\$
Cash at bank	3,628,200	62,433
Term Deposits	1,005,000	15,700,000
	<u>4,633,200</u>	<u>15,762,433</u>

6. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

	31-Dec-10	30-Jun-10
Current	\$	\$
Listed investments at fair value	524,500	735
Units in unlisted FSP Equities Leaders Fund	26,583,102	13,475,222
	<u>27,107,602</u>	<u>13,475,957</u>
Net gain on financial assets held at fair value through profit or loss	3,122,220	3,649,162

All financial assets held at fair value through profit or loss were designated as such upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2010

10. COMMITMENTS

	31-Dec-10	30-Jun-10
	\$	\$
Not longer than one year	169,397	165,266
Between 12 months and 5 years	254,003	340,768
	<u>423,400</u>	<u>506,034</u>

The non-cancellable operating lease commitment is the Consolidated Entity's share of the office premises at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia, and includes all outgoings (exclusive of GST). The lease is for a 7 year term expiring 30 June 2013 and contains a rent review increase each year alternating between 5% and the greater of market rate or CPI + 1%.

11. CONTINGENT ASSETS AND LIABILITIES

The Consolidated Entity does not have any contingent assets or liabilities.

12. RELATED PARTY DISCLOSURES

The Company's registered office in Sydney is located within the office of Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance) (Westchester), a corporate advisory company in which Non-Executive Director, Christopher Ryan is principal. This office has also been utilised by the Company's Chief Investment Officer and accordingly, the Company has agreed to contribute \$825 per month (inclusive of GST) towards Westchester's lease and related office service costs (from 1 May 2010). The following payments have been made to Westchester during the financial half year.

	31-Dec-10	31-Dec-09
	\$	\$
Amounts recognised as expense		
Office rental	2,475	-

There were no other transactions with key management personnel (or their personally related entities) during the financial year.

13. EVENTS AFTER BALANCE DATE

(a) The Directors have declared payment of a one cent per share fully franked dividend at a total cost of ~\$722,948. The record date will be 8 March 2011 with payment to be effected on or about 15 March 2011.

The Company's Dividend Reinvestment Plan (DRP) will apply to this dividend. The Directors have determined that the DRP issue price will be at a 2.5% discount to the Company's volume weighted average price on ASX in the 5 day period up to and including the dividend record date. The Company will lodge a market announcement advising the final DRP issue price after the record date.

(b) Subsequent to balance date and to the date of this report, the Company has acquired a total of 19,288,921 shares in MEO Australia Limited (ASX Code: MEO) (being 3.57% of MEO's total issued share capital) at a total cost of \$4.26 million. MEO is an Australian based energy company holding exploration permits in the Carnarvon Basin, Timor Sea and North West Shelf of Western Australia.

(c) The Company redeemed \$1 million from the FSP Equities Leaders Fund based on the unit price as at 31 January 2011. The Consolidated Entity has lodged a redemption in respect of \$1.25 million from the FSP Fund, which will be based on the 28 February 2011 unit price

No other matter or circumstance has arisen since the end of the financial half year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bentley Capital Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001*, we state that:

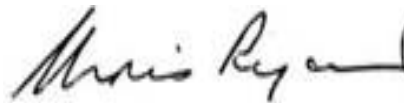
In the opinion of the directors:

- (a) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan
Chairman



Christopher Ryan
Non-Executive Director

28 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BENTLEY CAPITAL LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bentley Capital Limited, which comprises the Statement of Financial Position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bentley Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bentley Capital Limited, would be in the same terms if given to the directors as at the time of this auditor's report.




Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bentley Capital Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

Bdo Audit


Chris Burton
Director

Perth, Western Australia.
Dated this 28th day of February 2011

FSP FUND QUARTERLY REPORTS



The FSP Equities Leaders Fund

September Quarter 2010

The Directors of Bentley Capital Limited
Suite 202, 30-36 Bay Street
Double Bay NSW 2028

22 October 2010

Dear Sirs,

In the September quarter, the FSP Equities Leaders Fund (the Fund) returned a net 13.9%, outperforming the benchmark S&P/ASX 200 Accumulation Index which gained 8.0%.

The Australian equity market rose over the quarter in response to a number of global macro factors, including improving credit markets, a strong second quarter earnings season in the US and indications that Chinese growth momentum is turning positive. These conditions were reflected in continued strong commodity prices.

The current pace of expansion in most advanced economies remains modest, due to the legacy impacts of the financial crisis on public and private finances, while this is being offset by strong growth in the developing economies. The IMF forecasts global growth for 2011 at 4.2%, with 6.4% growth in developing economies balancing the expected 2.2% pace in advanced economies. Growth in the US has slowed in recent months, although both household and business spending continues to rise. The Federal Reserve has recently indicated that it is prepared to undertake further quantitative easing to support the economic recovery if necessary. The Australian economy has grown at around trend pace over the past year. Government stimulus is now reducing, while private consumption has grown and the prospects for business investment have continued to improve, particularly in the mining sector.

The focus for Australian equity investors in the September quarter was the company reporting season for the period to June 30. Reported earnings met expectations, although conservative outlook statements resulted in moderate downgrades to forecasts for the 2011 financial year. Current expectations are for relatively strong aggregate earnings per share growth over the next two years. Growth in FY2011 is forecast at 23.3%, or 14.5% excluding resources and banks, and in FY2012 growth is forecast at 11.7%¹. Even without any PE multiple expansion this provides a strong foundation for capital appreciation.

For the 12 months to 30 September 2010 the broad Australian equity market was close to unchanged, gaining 0.6%, while the outperformance of the Fund resulted in a net return for the FSP Equities Leaders Fund of 6.7%.

1. Macquarie Research, September 2010

FSP Equities Management Limited ABN 12 098 327 809 AFS Licence Number 246790
Level 39 Australia Square 264-278 George St Sydney NSW 2000
Tel: +61 2 9253 8500 Fax: +61 2 9253 8540

FSP FUND QUARTERLY REPORTS



The FSP Equities Leaders Fund

Performance history (%)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year total
FY2011	7.5	-1.3	7.4										13.9%
FY2010	7.3	6.7	7.0	0.4	1.7	4.2	-5.7	1.6	7.6	-0.4	-11.4	-3.2	14.8%
FY2009	-5.7	1.7	-16.3	-17.7	-5.0	2.7	-3.1	-0.7	4.9	2.8	2.2	2.9	-29.7%
FY2008	-0.2	-3.2	8.7	5.0	-3.7	-3.6	-12.3	0.2	-5.4	4.1	0.8	-7.8	-17.6%
FY2007	-0.3	2.9	4.8	6.1	3.3	3.6	0.2	3.9	4.5	4.5	2.7	2.3	46.0%
FY2006	5.5	2.1	4.7	-3.4	2.2	2.2	1.2	3.2	3.9	4.4	-2.9	0.0	25.1%
FY2005	2.1	2.3	3.9	6.3	5.4	1.5	0.8	0.7	-0.9	-3.8	2.5	1.9	24.8%
FY2004	7.5	11.2	6.7	6.9	-1.4	5.4	0.9	2.3	2.7	-2.8	0.6	2.6	50.4%
FY2003	-4.0	2.6	-4.4	1.1	-0.6	-0.9	-2.2	-6.9	0.4	4.6	-1.8	4.0	-8.4%
FY2002										0.7	1.2	-2.2	-0.3%

Recent performance relative to the benchmark (net of fees)

	Fund	Index	Outperformance
6 months	-2.7%	-4.0%	1.3%
1 year	6.7%	0.6%	6.1%
2 years annualised	7.1%	4.4%	2.7%
Since inception annualised	10.7%	8.3%	2.4%

Inception date: 9 April 2002

FSP Equities Management Limited ABN 12 098 327 809 AFS Licence Number 246790
Level 39 Australia Square 264-278 George St Sydney NSW 2000
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FSP FUND QUARTERLY REPORTS



The FSP Equities Leaders Fund

Fund commentary

The Fund performance in the quarter was driven by a number of holdings. Flight Centre, which represented 5.1% of the Fund at September 30, gained 37.8% over the three months. Flight Centre produced a record FY10 result as the company took advantage of a rebound in outbound travel from Australia, secured better terms with airlines and reduced costs in its US business.

A number of the Fund's holdings in mining services also contributed positively to performance, with these companies benefiting from record planned capital expenditure in the mining sector. Mineral Resources (4.8% of the Fund) rose 32.0%, Sedgman (2.0% of the Fund) rose 51.7% and NRW Holdings (1.8% of the Fund) rose 77.0%.

Equinox Minerals (2.6% of the Fund) and PanAust (2.4%) also produced strong returns, gaining 36.2% and 31.3% respectively, due to their leverage to a rising copper price. The London Metals Exchange copper price rose 23.5% in USD over the three months to September 30.

During the quarter we participated in a tour of WA based companies, meeting with management of a number of the Fund's holdings (BHP Billiton, Mineral Resources, Atlas Iron and NRW Holdings) as well as management from Utah Point in Port Hedland, which has recently commenced operations. The trip provided valuable insight into the iron ore industry in the Pilbara and the infrastructure issues that aspiring producers face. We also toured the NSW coal operations of Whitehaven Coal (0.9% of the Fund), meeting with senior management and discussing Whitehaven's key Narrabri project. The Fund has added considerable value in the coal sector, having owned Felix Resources (acquired by Yanzou in December 2009), Centennial Coal (bid for by Banpu) and Macarthur Coal, which was (unsuccessfully) bid for and which the Fund exited at an average price of \$15 per share.

The Fund performance also benefited from its zero weight in Telstra, which fell 15.1% over the quarter. The Fund has not held Telstra over the past four years.

FSP Equities Management Limited ABN 12 098 327 809 AFS Licence Number 246790
Level 39 Australia Square 264-278 George St Sydney NSW 2000
Tel: +61 2 9253 8500 Fax: +61 2 9253 8540

FSP FUND QUARTERLY REPORTS



The FSP Equities Leaders Fund

Top 15 Holdings as at 30 September 2010

	ASX Code	Stock Name	Fund Weight
1	BHP	BHP BILLITON	10.8%
2	WBC	WESTPAC	8.3%
3	CBA	COMMONWEALTH BANK	7.9%
4	FLT	FLIGHT CENTRE	5.3%
5	MIN	MINERAL RESOURCES	4.9%
6	SMX	SMS MANAGEMENT	4.8%
7	OST	ONESTEEL	2.7%
8	EQN	EQUINOX MINERALS	2.7%
9	UGL	UNITED GROUP	2.6%
10	OSH	OIL SEARCH	2.6%
11	PNA	PANAUST	2.5%
12	BSL	BLUESCOPE STEEL	2.4%
13	DJS	DAVID JONES	2.3%
14	AGO	ATLAS IRON	2.3%
15	HST	HASTIE GROUP	2.3%
Total			64.4%

Market commentary

In August, the majority of listed Australian companies reported their earnings for the period to June 30. In aggregate, earnings per share increased by 10.5% in the six months to June 30 compared to the same period in 2009. This growth was heavily weighted to resources (+49.8%), which benefited from higher commodity prices, and banks (+26.9%), which benefited from reduced bad debt charges. Listed property trusts recorded a fall in earnings per share of 23.8%, largely as a result of equity capital raised over the year. Industrial companies are yet to show a sustained recovery in profits, with earnings per share down 6.7%.

As illustrated on the next page, the gearing of listed companies is currently at a low level by historical standards following rapid deleveraging over the past year. This provides an opportunity for businesses to increase profitability either through M&A activity, investing for growth or better utilisation of balance sheets.

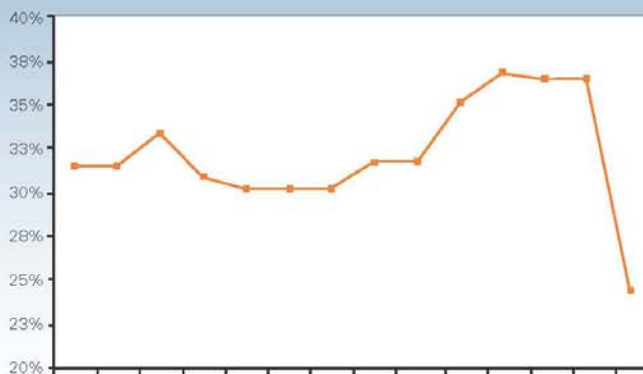
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FSP FUND QUARTERLY REPORTS



The FSP Equities Leaders Fund

Net Debt/Net Debt + Equity



Source: Morgan Stanley

For the coming year, resources companies are expected to achieve earnings per share growth of approximately 50%, underpinned by strong commodity prices. Most commodity prices are currently at or above the levels incorporated in these forecasts². The recovery in industrial companies' earnings hinges on the return to meaningful revenue growth (1.7% in the half year) which will allow these businesses to benefit from operating leverage, and current expectations are for earnings growth of 14%. Banks earnings per share growth is forecast at between 5 and 10%, with further normalisation of bad debt charges, but with low credit growth and continued margin pressure. Earnings per share growth for the property trusts is forecast at around 5%, although prices in many sub-sectors of the domestic commercial property market have stabilised and analysts have identified the potential for price appreciation.

2. M&A Research, September 2010

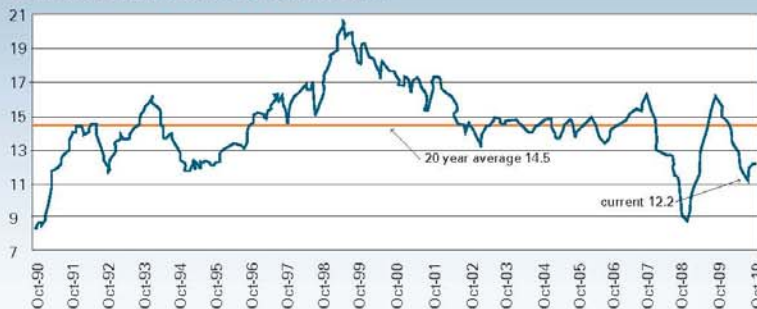
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FSP FUND QUARTERLY REPORTS



The market in aggregate is currently trading at a significant discount to its average PE multiple over the past 20 years. This suggests that valuations are not demanding at these levels.

Australian equity market 1 year forward PE



Source: UBS

The Reserve Bank of Australia remained on hold for the fifth consecutive month in October. The Governor noted that underlying inflation has recently moderated and current monetary policy is resulting in lending rates at around average levels. However, with growth expected at around the trend level over the next few years and already high levels of resource utilisation, the bank indicated that higher interest rates will be required at some point.

Yours sincerely,

Ronni Chalmers
Investment Director

Important information and disclaimer:

Performance is influenced by market volatility over time. Past performance is not necessarily indicative of future performance. Neither FSP Equities Management Pty Limited nor any related corporation guarantees the repayment of capital or the performance of the FSP Equities Leaders Fund.

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This report may include statements (including opinions) about particular financial products or classes of financial products in which the FSP Equities Leaders Fund is or has invested – these statements are not intended to influence any person in making a decision in relation to these financial products or classes of financial products and hence do not constitute financial product advice.

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FSP FUND QUARTERLY REPORTS


FSP Equities Management
A brighter future.

The FSP Equities Leaders Fund

December Quarter 2010

28 January 2011

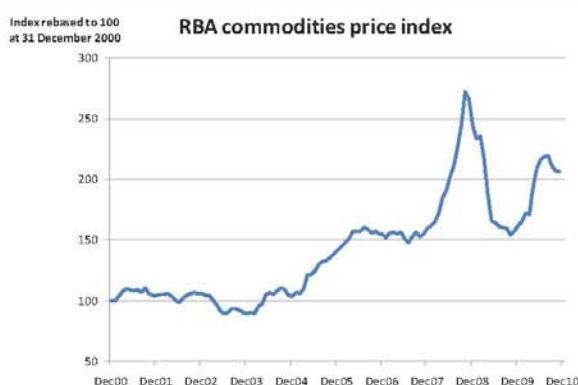
The Directors of Bentley Capital Limited
Suite 202, 30-36 Bay Street
Double Bay NSW 2028

Dear Client,

For the 12 months to 31 December 2010 the FSP Equities Leaders Fund (the 'Fund') returned a net 6.4%. This compares favourably to the benchmark S&P/ASX 200 Accumulation Index return of 1.6%, an outperformance of 4.8%.

In the December quarter the Fund returned a net 6.1%, outperforming the benchmark by 1.7%.

The leading feature of the Australian equity market performance in 2010 was the resources sector, as strengthening global economic growth led to a 27% gain in the Reserve Bank's trade weighted commodities price index over the year. Resources and energy companies are positioned to capitalise on this price strength with significant production expansion underway, particularly in iron ore, coal and LNG, and this is also providing opportunities for mining services companies. The resources sector returned 11.2% over the year.



Outside of resources, industrial companies recorded average earnings per share growth of 9.0% in the financial year to 30 June 2010 and are expected to have recorded further growth in the six months to 31 December. However, earnings for consumer discretionary companies were held back by a cautious consumer, against a backdrop of rising interest rates and macroeconomic concerns in the first half of the year. Industrial companies returned on average 1.1% for investors over 2010 and 1.5% in the December quarter, with earnings growth offset by PE compression as discussed below.


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FSP FUND QUARTERLY REPORTS



The FSP Equities Leaders Fund

The banks sector reported strong earnings growth in 2010 as bad debt charges reduced from elevated levels. However, underlying earnings growth was limited due to modest credit growth and renewed pressure on margins. The banks sector underperformed in 2010, returning -2.4% for the year and -0.8% in the December quarter. The Fund benefited from an underweight position in this sector.

The overall performance of the broad market in 2010 reflected an increase in investor risk aversion around the middle of the year, leading to PE compression. The market started the year on a one year forward PE of 15.0x and ended on a PE of 12.8x (please see the chart under Market Commentary). While the possibility of further macro shocks cannot be discounted, increasing confidence in a sustained global economic recovery should allow risk premiums to be reduced. This would see equity market returns supported by PE multiple expansion in addition to earnings growth.

Performance history (%)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year total
FY2011	7.5	-1.3	7.4	1.9	-1.0	5.2							20.8%
FY2010	7.3	6.7	7.0	0.4	1.7	4.2	-5.7	1.6	7.6	-0.4	-11.4	-3.2	14.8%
FY2009	-5.7	1.7	-16.3	-17.7	-5.0	2.7	-3.1	-0.7	4.9	2.8	2.2	2.9	-29.7%
FY2008	-0.2	-3.2	8.7	5.0	-3.7	-3.6	-12.3	0.2	-5.4	4.1	0.8	-7.8	-17.6%
FY2007	-0.3	2.9	4.8	6.1	3.3	4.6	3.6	0.2	3.9	4.5	2.7	2.3	46.0%
FY2006	5.5	2.1	4.7	-3.4	2.2	2.2	1.2	3.2	3.9	4.4	-2.9	0.0	25.1%
FY2005	2.1	2.3	3.9	6.3	5.4	1.5	0.8	0.7	-0.9	-3.8	2.5	1.9	24.8%
FY2004	7.5	11.2	6.7	6.9	-1.4	5.4	0.9	2.3	2.7	-2.8	0.6	2.6	50.4%
FY2003	-4.0	2.6	-4.4	1.1	-0.6	-0.9	-2.2	-6.9	0.4	4.6	-1.8	4.0	-8.4%
FY2002										0.7	1.2	-2.2	-0.3%

Recent performance relative to the benchmark (net of fees)

	Fund %	Index %	Outperformance %
3 months	6.1	4.4	1.7
6 months	20.8	12.8	8.0
1 year	6.4	1.6	4.8
2 years annualised	23.1	18.0	5.1
5 years annualised	5.2	4.3	0.9
Since inception annualised	11.2	8.6	2.6

Inception date: 9 April 2002

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FSP FUND QUARTERLY REPORTS



The FSP Equities Leaders Fund

Fund commentary

Stocks which contributed to the performance in the December quarter included Bathurst Resources (2.0% of the Fund) which gained 36.7% from the Fund's average purchase price. At the time of writing the stock is up a further 39.6% in January. Bathurst owns a long-life, high quality coking coal project on the west coast of the South Island of New Zealand. The company is targeting first production from this mine in late 2011, with a medium term production target of 2mt per annum.

PanAust (0.8% Fund weight) and Medusa Mining (1.7% Fund weight) gained 36.9% and 33.3% respectively in the quarter. PanAust benefited from leverage to a rising copper price, which increased 20.5% in US dollars in the quarter. Medusa Mining approved construction of a new treatment plant and commenced an expansion programme to significantly increase production at its Co-O gold mine in the Philippines.

NRW Holdings (1.3% of the Fund) gained 26.2% in the December quarter as the outlook for earnings continued to strengthen, driven by the capex intentions of key customers including Rio, Fortescue and BHP. Fortescue announced a \$4.6 billion rail expansion in the Pilbara at its November AGM, with earthworks to commence in early 2011. Given NRW's strong existing relationship with Fortescue, it is well placed to win associated work. NRW has guided to at least 15% growth in revenue in the 2011 financial year.

BT Investment Management (1.8% of the Fund) returned 21.3% in the quarter as the company reported a strong result for the financial year to 30 September and investors recognised value in the share price. The company increased earnings per share by 14.9% on the prior year and declared a special dividend of 12.5c, bringing full year dividends to 28c.

Retail Food Group (RFG, 1.6% Fund weight), owner of the Donut King, Michel's Patisseries and Brumby's Bakeries, gained 19.8% in the quarter. RFG announced guidance for net profit growth of 10-15% in the 6 months to 31 December 2010 despite challenging retail trading conditions. In January, management provided a detailed update following the Queensland floods. Our revised forecasts are for the company to still achieve 5% earnings growth for the year to 30 June 2011, before a 20% improvement in the 2012 financial year. The stock is trading on a PE multiple of 10.6x FY11 and 8.8x FY12 based on these forecasts.

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FSP FUND QUARTERLY REPORTS

 FSP Equities Management

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The FSP Equities Leaders Fund

Top 15 Holdings as at 31 December 2010

	ASX Code	Stock Name	Fund Weight
1	BHP	BHP BILLITON	8.1%
2	WBC	WESTPAC BANKING GROUP	7.0%
3	CBA	COMMONWEALTH BANK	6.9%
4	RIO	RIO TINTO	6.0%
5	MIN	MINERAL RESOURCES	5.0%
6	FLT	FLIGHT CENTRE	5.0%
7	SMX	SMS MANAGEMENT	4.4%
8	ANZ	ANZ BANKING GROUP	3.5%
9	AGO	ATLAS IRON	2.6%
10	OSH	OIL SEARCH	2.6%
11	UGL	UNITED GROUP	2.3%
12	BSL	BLUESCOPE STEEL	2.2%
13	OST	ONESTEEL	2.0%
14	BTU	BATHURST RESOURCES	2.0%
15	EQN	EQUINOX MINERALS	1.8%
Total			61.5%

Market commentary

The focus for investors in the current quarter will be the half year earnings results and outlook comments over the February company reporting season.

The recent severe flooding on the east coast of Australia has had a significant human and financial cost. In terms of the economic impact, current estimates are for GDP growth for the year to 30 June 2011 to be 0.5-0.75% lower than previous forecasts, but with a strong rebound in activity from the 2nd quarter as exports recover and reconstruction efforts get underway. The temporary reduction in growth is driven principally by lower coal exports and also lost activity in affected areas.

An early survey of consumer confidence post the floods saw an impact similar to that seen after a 0.25% RBA rate increase. Confidence remains around trend however, and more significant for actual consumption is the high savings rate seen throughout 2010. Given strong employment growth over the last year, economists expect retail spending to recover from the weak 4th quarter of 2010, while the sector will face headwinds from expected interest rate rises later this year.

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In terms of the aggregate equity market outlook, consensus forecasts are for 14.8% earnings per share growth over the 2011 calendar year. This includes very strong growth of 32.7% for resources, but with industrials also expected to record earnings growth of 9.1% and financials 7.0%. As mentioned and as illustrated below, PE compression was a key driver of the equity market return in 2010, while the current one year forward PE of 12.8x is well below the 20 year average of 14.3x.



Source: UBS

Yours sincerely,

Ronni Chalmers
Investment Director

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SECURITIES INFORMATION

as at 31 December 2010

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	278	144,552	0.200
1,001	-	5,000	897	2,836,062	3.9323
5,001	-	10,000	404	3,015,003	4.170
10,001	-	100,000	581	15,452,964	21.375
100,001	-	and over	53	50,846,183	70.332
Total			2,213	72,294,764	100%

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares Held	% Issued Capital
1	* ORION EQUITIES LIMITED		20,513,783	28.375
2	* DATABASE SYSTEMS LTD		7,481,544	10.349
3	* ROCHESTER NO 39 PTY LTD		7,278,240	10.067
4	MR MICHAEL CRAIG	91,452		
	MR ROBERT JAMES CRAIG	674,023		
	EQUITAS NOMINEES PTY LIMITED	2,734,526		
	Sub-total		3,500,001	4.841
5	QUESTE COMMUNICATIONS LIMITED		1,740,625	2.408
6	MR JOHN ROBERT DILLON		1,335,146	1.847
7	MR PETER PENFOLD SIMPSON & MRS CAROLYNNE DENISE SIMPSON	229,300		
	MR PETER PENFOLD SIMPSON	8,000		
	ODDLOT SHARES & SECURITIES PTY LTD	100,000		
	GPS NOMINATOR PTY LTD	501,600		
	Sub-total		838,900	1.160
8	MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN		808,035	1.118
9	PATJEN2 PTY LTD		557,441	0.771
10	MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE		464,017	0.642
11	MRS KERRY ELIZABETH DRAFFIN		419,805	0.581
12	MR JAMES LAWRENCE HADLEY & MRS MARIA MARLENA HADLEY		372,442	0.515
13	GPS NOMINATOR PTY LTD		293,960	0.407
14	DR SPENCER DAVID		283,951	0.393
15	MCCUE FAMILY HOLDINGS PTY LTD		254,190	0.352
16	MRS LEANNE MAREE ROCKEFELLER		232,595	0.322
17	TADMARO PTY LIMITED		229,906	0.318
18	SANPEREZ PTY LTD		221,202	0.306
19	MRS PENELOPE MARGARET SIEMON		199,639	0.276
20	MON NOMINEES PTY LTD		188,844	0.261
TOTAL			47,214,266	65.31

* Substantial shareholders