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## CORPORATE DIRECTORY

### BOARD

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

### COMPANY SECRETARY

Victor P.H. Ho

### PERTH CORPORATE OFFICE

Suite 1, 346 Barker Road  
Subiaco Western Australia 6008  
Telephone: (08) 9214 9757  
Facsimile: (08) 9214 9701  
Email: [info@bel.com.au](mailto:info@bel.com.au)  
Website: [www.bel.com.au](http://www.bel.com.au)

### SYDNEY (REGISTERED) OFFICE

Suite 202, Angela House  
30-36 Bay Street  
Double Bay New South Wales 2028  
Telephone: (02) 9363 5088  
Facsimile: (02) 9363 5488

### AUDITORS

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, Western Australia 6008  
Telephone: (08) 6382 4600  
Facsimile: (08) 6382 4601  
Website: [www.bdo.com.au](http://www.bdo.com.au)

### STOCK EXCHANGE

Australian Securities Exchange  
Sydney, New South Wales

### ASX CODE

BEL

### SHARE REGISTRY

Advanced Share Registry Limited  
Suite 2, 150 Stirling Highway  
Nedlands Western Australia 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871  
Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
Investor Web: [www.advancedshare.com.au](http://www.advancedshare.com.au)

Level 6, 225 Clarence Street  
Sydney, New South Wales 2000  
Telephone: (02) 8096 3502

# 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 revenue and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular revenue stream for shareholders in the form of franked dividends.

Bentley's Investment Mandate is at page 69 of this Annual Report.

As at 30 June 2013, Bentley had net tangible assets (NTA) of \$17.956 million (at \$0.2448 cents post-tax NTA backing per share), 73,350,541 fully paid ordinary shares on issue, and 1,986 shareholders on its share register.

## NET ASSET WEIGHTINGS

Net Assets	30 June 2013		31 December 2012		30 June 2012	
	\$'m	%	\$'m	%	\$'m	%
Australian equities <sup>1</sup>	13.06	71.5	12.34	63.8	15.17	75.6
Intangible assets and resource projects <sup>2</sup>	0.31	1.7	0.13	0.7	0.06	0.3
Provision for income tax	-	-	-	-	-	-
Net cash on deposit/other assets/provisions	4.90	26.8	6.85	35.5	4.84	24.1
<b>Total Net Assets</b>	<b>18.27</b>	<b>100.0</b>	<b>19.32</b>	<b>100.0</b>	<b>20.07</b>	<b>100.0</b>
NTA backing per share	\$0.2448		\$0.2625		\$0.2728	
Adjusted NTA backing per share (with capital returns during the 2012/13 year added back)	\$0.2648		N/A		N/A	

<sup>1.</sup> Includes an investment in the FSP Equities Leaders Fund.

<sup>2.</sup> Includes the value of capitalised software development and tenement applications costs (where applicable).

## MAJOR HOLDINGS

A summary of Bentley's major investment holdings (by value and as a percentage of net assets) is:

Security	ASX Code	Industry Sector	30 June 2013		31 December 2012		30 June 2012	
			\$'m	%	\$'m	%	\$'m	%
FSP Equities Leaders Fund	=	Diversified	6.83	37.4	6.44	33.3	5.56	27.7
Beach Energy Limited	BPT	Energy	1.02	5.6	1.33	6.9	0.58	2.9
Chorus Limited	CNU	Telecommunications	0.70	3.8	0.60	3.1	-	-
National Australia Bank Limited	NAB	Banking	0.64	3.5	0.54	2.8	-	-
Other listed securities	=	Various	3.87	21.2	3.43	17.7	9.03	45.0

## CAPITAL RETURNS\*

Capital Return	Record Date	Payment Date
One cent per share	9 December 2013, (subject to approval at the 2013 AGM to be held on 28 November 2013)	
One cent per share	15 April 2013	18 April 2013
One cent per share	26 November 2012	30 November 2012
One cent per share	16 April 2012	19 April 2012
Five cents per share	12 October 2011	14 October 2011

## DIVIDENDS \*

Rate per share	Record Date	Payment Date	Franking	DRP Issue Price
2.4 cents (Special)	5 September 2011	26 September 2011	100%	\$0.2188
One cent	5 September 2011	26 September 2011	100%	\$0.2188
One cent	10 March 2011	17 March 2011	100%	\$0.2429
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

\* Bentley has paid a distribution to shareholders every year (save on 4 occasions) since its admission to ASX in 1986

# OVERVIEW OF PERFORMANCE

CONSOLIDATED	June 2013 \$'000	June 2012 \$'000
Net gain on financial assets held at fair value through profit or loss	227	-
Dividends	288	8
Interest	256	324
Other investment-related revenue	171	241
<b>Total revenue</b>	<b>942</b>	<b>573</b>
Net loss on financial assets held at fair value through profit or loss	-	(1,182)
Salaries, fees and employee benefits	(483)	(688)
Accounting, taxation and related administration expenses	(137)	(129)
Other corporate and administration expenses	(659)	(599)
<b>Total expenses</b>	<b>(1,279)</b>	<b>(2,598)</b>
<b>Loss before tax</b>	<b>(337)</b>	<b>(2,025)</b>
Income tax benefit / (expense)	-	-
<b>Loss after tax attributable to members</b>	<b>(337)</b>	<b>(2,025)</b>
Basic and diluted loss per share (cents)	(0.46)	(2.77)
<b>Pre-tax NTA backing per share (cents)</b>	<b>24.48</b>	<b>27.28</b>
<b>Post-tax NTA backing per share (cents)</b>	<b>24.48</b>	<b>27.28</b>
Pre and post-tax NTA backing per share (cents) (with capital returns during the 2012/13 year added back)	26.48	27.28

Bentley has had a positive start to the 2013/2014 financial year:

- Bentley has earned a net profit of \$1.37 million (to 30 September 2013) principally as a consequence of \$1.411 million net unrealised and \$0.118 million net realised gains on share investments.
- Bentley's 30 September 2013 pre and post-tax net tangible asset (NTA) backing was 26.34 cents per share which equates to a performance of +7.61% in the 3 months of the current financial year.
- Bentley will seek shareholder approval at the 2013 Annual General Meeting (AGM) to undertake a one cent per share return of capital with a total of \$0.733 million to be distributed to shareholders on or about 12 December 2013 (subject to shareholder approval at the AGM on 28 November 2013).

## OVERVIEW OF RESULTS FOR THE YEAR

- (1) The principal activities of Bentley during the year comprised share investment and trading and, through its new operating subsidiary Devisd Pty Limited (**Devisd**), software and web technology applications development. With respect to its share investment and trading activities, Bentley generated a net gain of \$0.227 million. Devisd's operations incurred \$0.537 million in net losses and capitalised software and applications development expenditure, leading to Bentley incurring an overall net loss of \$0.337 million (pre- and post-tax) during the financial year (2012: \$2.025 million net loss (pre and post-tax)).

Bentley has earned a net profit of \$1.38 million (during the 3 months of the current financial year to 30 September 2013) principally as a consequence of \$1.003 million net unrealised and \$0.407 million net realised gains on share investments.

- (2) Bentley's 12 month after-tax NTA performance to 30 June 2013 was -2.93% (with capital returns during the 2012/13 year added back) (2012: -10.47% with dividends, capital returns and share buy-backs during the 2011/12 year added back). Bentley's 30 September 2013 pre and post-tax net tangible asset (NTA) backing was 26.34 cents per share which equates to a performance of +7.55% in the 3 months of the current financial year.

# OVERVIEW OF PERFORMANCE

- (3) Gross interest, dividend and other investment revenue were \$0.715 million (2012: \$0.573 million).
- (4) The \$0.227 million net gain result in relation to Bentley's investments comprised \$0.535 million net unrealised gain and \$0.308 million net realised loss (2012: \$0.355 million net unrealised gain and \$1.537 million net realised loss), with material contributions being as follows:
- (a) FSP Fund - \$1.269 million unrealised gain (2012: \$1.093 million realised loss (net of reversal of previous years' unrealised gains on disposal) and \$2.189 million unrealised loss);
  - (b) MEO Australia Limited (ASX: MEO) - \$1.447 million realised loss (net of reversal of previous years' unrealised gains on disposal) (2012: \$1.797 million unrealised gain and \$0.336 million realised gain (net of reversal of previous years' unrealised gains on disposal));
  - (c) Beach Energy Limited (ASX: BPT) - \$0.454 million realised gain (net of reversal of previous years' unrealised losses on disposal) and \$0.188 million unrealised loss (2012: \$0.399 million unrealised loss);
  - (d) Cash Converters International Limited (ASX: CCV) - \$0.305 million realised gain (2012: Nil); and
  - (e) Other listed and unlisted securities - \$0.380 million realised gain and \$0.546 million unrealised loss (2012: \$1.146 million unrealised gain and \$0.780 million realised loss).
- (5) A significant portion of Bentley's funds are held under management by Sydney-based fund manager, FSP Equities Management, in the wholesale FSP Equities Leaders Fund (**FSP Fund**):
- (a) As at 30 June 2013, Bentley had 37.39% (\$6.831 million) of its net assets invested in the FSP Fund (2012: 27.71% and \$5.562 million).
  - (b) The 12-month performance of the FSP Fund to 30 June 2013 was +25.7% (2012: -12.0%) compared with its benchmark performance (S&P/ ASX 200 Accumulation Index) of +22.8% (2012: -6.7%).
- (6) Bentley's new technology software/applications development division (via Devisd established in July 2012) contributed a net loss of \$0.225 million (2012: Nil).
- (7) Bentley returned one cent per share to shareholders twice, in November 2012 and April 2013, at a total cost of \$1.467 million as approved by shareholders on 16 November 2012<sup>1</sup> and 5 April 2013<sup>2</sup> respectively (2012: five cents and one cent per share to shareholders in October 2011 and April 2012 respectively (totalling \$3.673 million and \$0.733 million respectively) as approved by shareholders on 4 October 2011<sup>3</sup> and 4 April 2012<sup>4</sup> respectively).
- (8) Bentley did not declare any dividends for the financial year (2012: one cent fully franked final dividend and a 2.4 cent fully franked special dividend<sup>5</sup> in September 2011 totalling \$0.726 million and \$1.742 million respectively).
- (9) Bentley reduced its share capital and accumulated losses by \$0.781 million in accordance with approval given at the 2012 AGM. This did not result in the return of capital to shareholders or the cancellation of shares, but allows the Company to remove historical accumulated accounting losses from its books that affect its ability to retain current and future earnings, on which dividends may potentially be paid in future.

Please refer to the Directors' Report and financial statements and notes for further information on a review of Bentley's operations and the financial position and performance of Bentley for the financial year ended 30 June 2013.

<sup>1</sup> Refer Bentley's [Notice of Annual General Meeting dated 12 October 2012 and released on ASX on 18 October 2012](#) for a general meeting held on 16 November 2012.

<sup>2</sup> Refer Bentley's [Notice of General Meeting dated 28 February 2013 and released on ASX on 7 March 2013](#) for a general meeting held on 5 April 2013.

<sup>3</sup> Refer Bentley's [Notice of General Meeting dated 26 August 2011 and released on ASX on 1 September 2011](#) for a general meeting held on 4 October 2011.

<sup>4</sup> Refer Bentley's [Notice of General Meeting dated 29 February 2012 and released on ASX on 2 March 2012](#) for a general meeting held on 4 April 2012.

<sup>5</sup> Refer 25 August 2011 ASX market announcement "[Dividends and Proposed Capital Return](#)".

# THE BOARD'S REPORT

## Investment Update Subsequent to Year End

Bentley has earned a net profit of \$1.37m (to 30 September 2013) principally as a consequence of \$1.411m net unrealised and \$0.118m net realised gains on share investments.

Bentley's NTA backing as at 30 September 2013 was \$0.263 per share (pre and post-tax) (up 2.8 cents from \$0.245 as at 30 June 2013).

As at 30 September 2013, Bentley's \$19.64m net assets comprised:

- (1) \$7.62m invested in the FSP Fund;
- (2) \$7.42m invested in ASX listed securities;
- (3) \$4.17m cash;
- (4) \$0.15m invested in unlisted securities;
- (5) \$0.32m Devised intangible software and applications development expenditure; and
- (6) \$0.04m net other liabilities.

Bentley's major securities holdings as at 30 September 2013 were:

Security	ASX Code	Value (\$)
Chorus Limited	CNU	837,554
Orica Limited	ORI	539,410
Redflex Holdings Limited	RDF	462,874
Echo Entertainment Group	EGP	414,000
QBE Insurance Group Limited	QBE	403,100
Beach Energy Limited	BPT	397,500
National Australia Bank Limited	NAB	394,565
Other listed securities	Various	3,973,807
<b>Total Listed Investments</b>		<b>7,422,810</b>

Please refer to the List of Share Investments section of this Annual Report (at page 70) for further details of Bentley's investment holdings as at 30 September and 30 June 2013.

Subsequent to 30 June 2013 year end and to 24 October 2013, Bentley:

- Realised \$6.270 from the sale of listed securities; and
- Invested a further \$8.131m in listed securities.

## On-Market Takeover Bid for Marathon Resources Limited (ASX: MTN)

On 25 October 2013, Bentley announced an unconditional on-market takeover bid for Marathon Resources Limited (ASX: MTN) at a price of 2.5 cents per share, valuing Marathon at ~\$2.3m. The bid price is the same price paid by Bentley to acquire 18,432,337 (19.98%) Marathon shares on market on 21 October 2013.

Marathon is a minerals exploration company that had a previous focus on the Mt Gee uranium project at Arkaroola in the northern Flinders Ranges of South Australia. Marathon received \$5m compensation from the SA Government in February 2012 following a ban on exploration and mining in the Northern Flinders Ranges. Marathon had a reported cash balance of ~\$4.9m as at 30 June 2013, reported estimated cashflows of \$0.5m for the September 2013 quarter and a number of early stage minerals and mineral sands exploration projects in South Australia and Victoria.

The takeover offer opened on 25 October<sup>6</sup> and closes on 11 December 2013 (unless extended or withdrawn by Bentley).

## Return of Capital

The Company has distributed a total of 2 cents as a return of capital (at a total cost of \$1.467 million) during the 2012/13 financial year (on 16 November 2012 and on 5 April 2013) after shareholders' approvals.

The Company was not in a position to pay a dividend for the financial year and given Bentley holds uninvested capital in the form of cash, the Board has determined that it is appropriate for the Company to undertake a capital return.

The Board has determined to seek shareholder approval at the 2013 AGM for the Company to undertake a further one cent per share return of capital (**Return of Capital**). Shareholders as at 6 December 2013 (the proposed record date) will be entitled (subject to shareholder approval at the AGM) to participate under the \$0.733m Return of Capital, which is expected to be distributed to eligible shareholders on or about 12 December 2013.

## Performance Bonus Scheme

There were no entitlements arising under the Company's Performance Bonus Scheme (**PBS**) during the financial year (2012: Nil). 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 period. Please refer to the Remuneration Report (at pages 18 to 21) within the Directors' Report for further details in relation to the PBS.

25 October 2013

<sup>6</sup> Refer Bentley's [Bidder's Statement dated 25 October 2013](#)

# DIRECTORS' REPORT

The Directors present their Directors' Report on Bentley Capital Limited ABN 87 008 108 218 (**Company** or **BEL**) and its controlled entities (the **Consolidated Entity** or **Bentley**) for the financial year ended 30 June 2013 (**Balance Date**).

BEL 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 (ASX Code: BEL).

The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, being wholly owned subsidiaries - Scarborough Equities Pty Ltd ACN 061 287 045, Scarborough Resources Pty Ltd ACN 150 394 291, Devisd Pty Limited ACN 159 456 149, Bentley Portfolio No.1 Pty Ltd ACN 163 043 230, ShopBites Pty Limited ACN 162 057 114 and rdrc.it Pty Limited ACN 163 045 930.

## PRINCIPAL ACTIVITIES

BEL 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 mandate<sup>1</sup>, Bentley is focussing on several key investment sectors which the Board believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of Bentley's benchmark All Ordinaries Index<sup>2</sup>:

- (1) Strategic investments in listed companies with either an active or passive participation;
- (2) Corporate financing;
- (3) Promotion of IPOs; and
- (4) Participation in, and funding of, corporate restructurings.

Bentley established a technological division in July 2012 to provide exposure to the potentially valuable internet and social media applications and software sector.

## NET TANGIBLE ASSET BACKING

	June 2013	June 2012
CONSOLIDATED	\$'000	\$'000
Net assets (before tax on unrealised gains)	18,268	20,072
Less: Intangible assets and resource projects	(312)	(65)
Net tangible assets (before tax on unrealised gains)	17,956	20,007
<b>Pre-tax NTA backing per share (cents)</b>	<b>24.48</b>	<b>27.28</b>
Less: Net deferred tax asset/liabilities	-	-
Net tangible assets (after tax on unrealised gains)	17,956	20,007
<b>Post-tax NTA backing per share (cents)</b>	<b>24.48</b>	<b>27.28</b>
<b>Value of dividends, capital returns and share buy-backs in previous 12 months</b>	<b>1,467</b>	<b>7,019</b>
<b>Adjusted Pre- and post-tax NTA backing per share (cents)</b> (with capital returns during the 2012/13 year added back)	26.48	N/A
Based on total issued shares	73,350,541	73,350,541

<sup>1</sup> 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 in the Investment Mandate Section at page 69 of this report.

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

# DIRECTORS' REPORT

Bentley notes that its 31 July 2013 pre and post tax net tangible asset (NTA) backing was 25.76 cents per share (unaudited) which equates to a performance of +5.23% since Balance Date.

Bentley's 12-month, after-tax NTA performance to 30 June 2013 was -2.93% (with capital returns during the 2012/13 year added back) (2012: -10.47% with dividends, capital returns and share buy-backs during the 2011/12 year added back).

Bentley returned one cent per share to shareholders twice in November 2012 and April 2013 at a total cost of \$1.467 million, as approved by shareholders on 16 November 2012<sup>3</sup> and 5 April 2013<sup>4</sup> respectively (2012: five cents and one cent per share to shareholders in October 2011 and April 2012 respectively (totalling \$3.672 million and \$0.733 million respectively) as approved by shareholders on 4 October 2011<sup>5</sup> and 4 April 2012<sup>6</sup> respectively).

## OPERATING RESULTS

CONSOLIDATED	June 2013 \$'000	June 2012 \$'000
Net gain on financial assets held at fair value through profit or loss	227	-
Dividends	288	8
Interest	256	324
Other investment-related revenue	171	241
<b>Total revenue</b>	<b>942</b>	<b>573</b>
Net loss on financial assets held at fair value through profit or loss	-	(1,182)
Salaries, fees and employee benefits	(483)	(688)
Accounting, taxation and related administration expenses	(137)	(129)
Other corporate and administration expenses	(659)	(599)
<b>Total expenses</b>	<b>(1,279)</b>	<b>(2,598)</b>
<b>Loss before tax</b>	<b>(337)</b>	<b>(2,025)</b>
Income tax benefit / (expense)	-	-
<b>Loss after tax attributable to members</b>	<b>(337)</b>	<b>(2,025)</b>

Subsequent to the Balance Date, Bentley has earned a net profit of \$0.942 million (to 31 July 2013) (unaudited), principally as a consequence of a \$1.031 million unrealised gain and a \$0.022 million realised loss on share investments.

Bentley's principal activities during the year comprise share investment and trading and through its new operating subsidiary, Devisd Pty Limited (**Devisd**), software and web technology applications development.

With respect to its share investment and trading activities, Bentley generated a net gain of \$0.227 million. Devisd's operations incurred \$0.537 million in net losses and capitalised software and applications development expenditure, leading to Bentley incurring an overall net loss of \$0.337 million (pre and post-tax) during the financial year (2012: \$2.025 million net loss (pre and post-tax)).

<sup>3</sup> Refer Bentley's [Notice of Annual General Meeting dated 12 October 2012 and released on ASX on 18 October 2012](#) for a general meeting held on 16 November 2012.

<sup>4</sup> Refer Bentley's [Notice of General Meeting dated 28 February 2013 and released on ASX on 7 March 2013](#) for a general meeting held on 5 April 2013.

<sup>5</sup> Refer Bentley's [Notice of General Meeting dated 26 August 2011 and released on ASX on 1 September 2011](#) for a general meeting held on 4 October 2011.

<sup>6</sup> Refer Bentley's [Notice of General Meeting dated 29 February 2012 and released on ASX on 2 March 2012](#) for a general meeting held on 4 April 2012.

# DIRECTORS' REPORT

Gross interest, dividend and other investment revenue were \$0.715 million (2012: \$0.573 million).

The \$0.227 million net gain result in relation to Bentley's investments comprised \$0.535 million net unrealised gain and \$0.308 million net realised loss (2012: \$0.355 million unrealised gain and \$1.537 million net realised loss), with material contributions being as follows:

- (a) FSP Fund - \$1.269 million unrealised gain (2012: \$1.093 million realised loss (net of reversal of previous years' unrealised gains on disposal) and \$2.189 million unrealised loss);
- (b) MEO Australia Ltd (ASX: MEO) - \$1.447 million realised loss (net of reversal of previous years' unrealised gains on disposal) (2012: \$1.797 million unrealised gain and \$0.336 million realised gain (net of reversal of previous years' unrealised gains on disposal));
- (c) Beach Energy Limited (ASX: BPT) - \$0.454 million realised gain (net of reversal of previous years' unrealised losses on disposal) and \$0.188 million unrealised loss (2012: \$0.399 million unrealised loss);
- (d) Cash Converters International Limited (ASX: CCV) - \$0.305 million realised gain (2012: Nil); and
- (e) Other listed and unlisted securities - \$0.380 million realised gain and \$0.546 million unrealised loss (2012: \$1.146 million unrealised gain and \$0.780 million realised loss).

Bentley's new technology software/applications development division (via Devisd established in July 2012) contributed net loss of \$0.225 million (2012: Nil).

## LOSS PER SHARE

CONSOLIDATED	June 2013	June 2012
Loss per share (cents)	(0.46)	(2.77)

## FINANCIAL POSITION

CONSOLIDATED	June 2013 \$'000	June 2012 \$'000
Investments	13,058	15,171
Cash	4,892	4,948
Net deferred tax asset/liabilities	-	-
Resource projects	-	65
Intangible assets	312	-
Other assets	324	244
Liabilities	(318)	(356)
<b>Net assets</b>	<b>18,268</b>	<b>20,072</b>
Issued capital	19,820	22,068
Accumulated losses	(1,552)	(1,996)
<b>Total equity</b>	<b>18,268</b>	<b>20,072</b>

## DIVIDENDS

The Directors have not declared a final dividend for the financial year ended 30 June 2013.



# DIRECTORS' REPORT

The Company did not pay any dividends during the financial year.

## CAPITAL RETURNS

The Company distributed a total of 2 cents per share as returns of capital (at a total cost of \$1.467 million) during the financial year, as follows:

Capital Return	Record Date	Payment Date
1 cent per share	15 April 2013	18 April 2013
1 cent per share	26 November 2012	30 November 2012

The Directors have determined to seek shareholder approval at the 2013 AGM for the Company to undertake a one cent per share return of capital (**Return of Capital**).

It is the Company's understanding that 2010 changes to the Corporations Act permits the payment of dividends based on a company 'balance sheet'/solvency test and not based on whether a company has a net profit. However, subsequent pronouncements from the Australian Taxation Office (ATO) and Commonwealth Treasury have raised issues with a company's ability to pay a dividend where they do not have a profit (i.e. either a current year net profit, unrealised 'capital profit' or retained earnings) notwithstanding the Company's understanding of the intended effect of the Corporations Act changes. Draft legislation released by Parliament late in 2012 (yet to be enacted) appears to confirm the ATO and Treasury position.

Based upon the pronouncements issued by the ATO and Commonwealth Treasury, the Company is unable to pay a fully franked dividend. The Company however currently holds uninvested capital in the form of cash and is therefore in a position to return capital to shareholders. Given the ongoing uncertainty in relation to the Company's ability to pay a dividend, the Directors have determined that it is appropriate for the Company to undertake the Return of Capital.

The Return of Capital is to be effected by the Company seeking shareholder approval for a reduction in the share capital of the Company by returning one cent per share to shareholders - this equates to an aggregate reduction of share capital by approximately \$0.733 million based upon the Company's 73,350,541 shares currently on issue.

No shares will be cancelled as a result of the Return of Capital. Accordingly, the number of shares held by each shareholder will not change as a consequence of the Return of Capital. The Return of Capital will have no effect on the number of shares on issue.

The Return of Capital is subject to shareholder approval which will be sought at the Company's upcoming 2013 annual general meeting (**AGM**) scheduled for late November 2013.

Meeting documentation advising details of the AGM together with relevant explanatory materials will be despatched to shareholders and lodged on the ASX in due course. The meeting documentation will include details of the record date for determining eligibility to participate in the Return of Capital and the expected payment date, assuming the requisite resolution is passed by shareholders.

If all conditions are met, including shareholder approval, the Directors aim to distribute the Return of Capital in early December 2013.

# DIRECTORS' REPORT

## CAPITAL MANAGEMENT

### Securities on Issue

The Company has 73,350,541 (30 June 2012: 73,350,541) fully paid, ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

### On-Market Share Buy-Back

The Company's on-market share buy-back initiative (**Buy-Back**)<sup>7</sup> expired on 31 August 2012 after 12 months<sup>8</sup>.

No shares were bought-back under the Buy-Back during the financial year (2012: 665,961 shares bought back at a cost of \$0.144 million).

### Capital Returns

As described above, the Company returned one cent per share to shareholders on 16 November 2012<sup>9</sup> and 5 April 2013<sup>10</sup> (at a total cost of \$1.467 million) during the financial year pursuant to shareholders' approvals.

### Reduction in Share Capital and Accumulated Losses

The Company reduced its share capital and accumulated losses by \$0.781 million per share in accordance with approval given at the 2012 AGM. This did not result in the return of capital to shareholders or the cancellation of shares, but allows the Company to remove historical accumulated accounting losses from its books that affect its ability to retain current and future earnings, on which dividends may potentially be paid in future.

## REVIEW OF OPERATIONS

### Net Asset Weightings

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

Net Assets	30 June 2013		31 December 2012		30 June 2012	
	\$'m	%	\$'m	%	\$'m	%
Australian equities <sup>1</sup>	13.06	71.5	12.34	63.8	15.17	75.6
Intangible assets and resource projects <sup>2</sup>	0.31	1.7	0.13	0.7	0.06	0.3
Provision for income tax	-	-	-	-	-	-
Net cash on deposit/other assets/provisions	4.90	26.8	6.85	35.5	4.84	24.1
<b>Total Net Assets</b>	<b>18.27</b>	<b>100.0</b>	<b>19.32</b>	<b>100.0</b>	<b>20.07</b>	<b>100.0</b>
NTA backing per share	\$0.2448		\$0.2625		\$0.2728	
Adjusted NTA backing per share	\$0.2648		N/A		N/A	

(with capital returns during the 2012/13 year added back)

<sup>1</sup> Includes an investment in the FSP Equities Leaders Fund

<sup>2</sup> Includes the value of capitalised software development and tenement applications costs (where applicable)

<sup>7</sup> Refer 17 August 2011 ASX market announcement "[Intention to Conduct On-Market Share Buy-Back](#)" and [Appendix 3C - Announcement of Buy-Back dated 17 August 2011](#).

<sup>8</sup> Refer [Appendix 3F Final Share Buy-Back Notice](#) released on ASX on 10 September 2012.

<sup>9</sup> Refer Bentley's [Notice of Annual General Meeting dated 12 October 2012 and released on ASX on 18 October 2012](#) for a general meeting held on [16 November 2012](#).

<sup>10</sup> Refer Bentley's [Notice of General Meeting dated 28 February 2013 and released on ASX on 7 March 2013](#) for a general meeting held on [5 April 2013](#).

# DIRECTORS' REPORT

## Major Holdings

A summary of Bentley's major investment holdings (by value and as a percentage of net assets) is:

Security	ASX Code	Industry Sector	30 June 2013		31 December 2012		30 June 2012	
			\$'m	%	\$'m	%	\$'m	%
FSP Equities Leaders Fund	-	Diversified	6.83	37.4	6.44	33.3	5.56	27.7
Beach Energy Limited	BPT	Energy	1.02	5.6	1.33	6.9	0.58	2.9
Chorus Limited	CNU	Telecommunications	0.70	3.8	0.60	3.1	-	-
National Australia Bank Limited	NAB	Banking	0.64	3.5	0.54	2.8	-	-
Other listed securities	-	Various	3.87	21.2	3.43	17.7	9.03	45.0

Subsequent to 30 June 2013 year end and to 23 August 2013, Bentley:

- (1) Realised \$3.132 million from the sale of listed securities; and
- (2) Invested a further \$3.321 million in listed securities.

## FSP Equities Leaders Fund <sup>11</sup>

As at 30 June 2013, Bentley had 37.39% (\$6.831 million) of its net assets invested in the FSP Equities Leaders Fund (**FSP Fund**) (2012: 27.71% and \$5.562 million).

The 12 month performance of the FSP Fund to 30 June 2013 was +25.7% (2012: -12.0%) compared with its benchmark performance (S&P/ASX 200 Accumulation Index) of +22.8% (2012: -6.7%).

In July 2013, Bentley received \$0.160 million (2012: \$0.209 million) income distributions from the FSP Fund in respect of the financial year ended 30 June 2013. The 30 June 2013 carrying value above is "ex" entitlement to this income distribution.

Bentley's investment in the FSP Fund has generated an unrealised gain of \$1.269 million for the financial year (2012: \$1.093 million realised loss (net of reversal of previous years' unrealised gains on disposal) and \$2.189 million unrealised loss). The investment's unrealised gain (from historical cost) is \$0.358 million (2012: \$1.363 million unrealised loss).

The FSP Fund is a wholesale fund not open to retail investors. 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.

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

FSP Fund details provided to the Company as at 30 June 2013 are as follows:

- The equity weighting was 96.17% (30 June 2012: 97.50%);
- 92.16% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 June 2012: 81.81%) with the balance of 7.84% invested in companies outside of the S&P/ASX 200 Index (30 June 2012: 18.19%); and
- The equity portfolio contained 42 holdings (30 June 2012: 57 holdings).

<sup>11</sup> Based on information provided by investment manager, FSP Equities Management Limited.

# DIRECTORS' REPORT

In July 2012, Bentley received \$208,515 income distributions from the FSP Fund in respect of the financial year ended 30 June 2012. The 30 June 2012 carrying value above is "ex" entitlement to this income distribution.

Bentley's investment in the FSP Fund has generated an unrealised loss of \$1.04 million for the financial year (2011: \$1.39 Million unrealised gain). The investment's unrealised loss (from historical cost) is \$1.36 million (2011: \$0.32 million unrealised loss).

The FSP Fund is a wholesale fund not open to retail investors. 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.

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

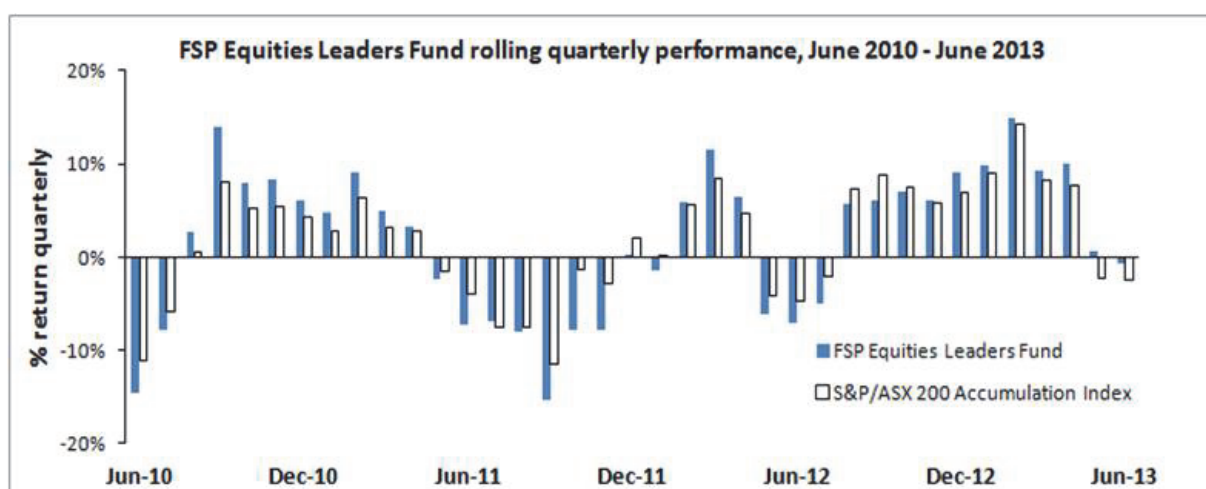
FSP Fund details provided to the Company as at 30 June 2012 are as follows:

- The equity weighting was 97.5% (30 June 2011: 97.93%);
- 81.81% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 June 2011: 81.1%) with the balance of 18.19% invested in companies outside of the S&P/ASX 200 Index (30 June 2011: 18.9%); and
- The equity portfolio contained 57 holdings (30 June 2011: 54 holdings).

# DIRECTORS' REPORT

FSP Fund Returns To: 30 June 2013	1mth (%)	3mths (%)	6mths (%)	1yr (%)	2yrs (% p.a.)	3yrs (% p.a.)	Since Inception (% p.a.)
FSP Fund	-2.5%	-0.7%	8.6%	25.7%	5.1%	9.2%	9.3%
ASX/ S&P 200 Accumulation Index	-2.3%	-2.5%	5.5%	22.8%	7.0%	8.6%	7.8%

Returns To: 31 July 2013	1mth (%)	3mths (%)	6mths (%)	1yr (%)	2yrs (% p.a.)	3yrs (% p.a.)	Since Inception (% p.a.)
FSP Fund	5.6%	-0.6%	9.3%	28.3%	8.6%	8.6%	9.8%
ASX/ S&P 200 Accumulation Index	5.2%	-1.9%	5.7%	23.8%	12.0%	8.8%	8.2%



Source: FSP Equities Management Limited

Notes:

- Shows the net return of the fund over the preceding 3 months for each quarter, compared with that of the benchmark ASX/S&P 200 Accumulation Index.
- The information in the table is historical and the past performance of the FSP Equity Leaders Fund is not a reliable predictor of the future performance of such fund; FSP have not made any representation to the Company that it will achieve any specific future rate of return on the fund.

FSP Fund Top 20 Holdings			FSP Fund Sector Weights	
ASX Code	Asset Name	Fund Weight 30-Jun-13		Fund Weight 30-Jun-13
WBC	WESTPAC BANKING CORPORATION	9.8%	Financials (ex-Real Estate)	45.2%
CBA	COMMONWEALTH BANK OF AUSTRALIA	9.5%	Consumer Discretionary	13.2%
ANZ	ANZ BANKING GROUP LIMITED	9.1%	Industrials	10.6%
BHP	BHP BILLITON LIMITED	6.5%	Materials	8.2%
FLT	FLIGHT CENTRE LTD	3.7%	Utilities	5.9%
SUN	SUNCORP GROUP LIMITED	3.2%	Cash/Hybrids/Fixed Interest	3.8%
NAB	NATIONAL AUSTRALIA BANK LIMITED	3.1%	Energy	3.6%
OSH	OIL SEARCH LIMITED	3.0%	Consumer Staples	3.3%
TCL	TRANSURBAN GROUP	2.9%	Health Care	2.7%
HGG	HENDERSON GROUP	2.8%	Real Estate	2.5%
MMS	MCMILLAN SHAKESPEARE LIMITED	2.7%	Telecommunication Services	1.0%
IVC	INVOCARE LIMITED	2.5%		
BTT	BT INVESTMENT MANAGEMENT LTD	2.4%		
APA	APA GROUP	2.4%		
FXL	FLEXIGROUP LIMITED	2.3%		
DUE	DUET GROUP	2.2%		
IFL	IOOF HOLDINGS LIMITED	2.0%		
BRG	BREVILLE GROUP LIMITED	1.9%		
LLC	LEND LEASE LIMITED	1.8%		
RFG	RETAIL GROUP FOOD LIMITED	1.8%		

# DIRECTORS' REPORT

## Devisd Applications / Software Development

Bentley established a technology division in July 2012 via the incorporation of Devisd Pty Limited (formerly Bentley Technologies Pty Limited) (**Devisd**).

The division was formed to allow Bentley exposure to the growing importance of the Internet and social media applications as a potentially valuable investment and/or income generating opportunity for Bentley.

The Devisd team is based in Perth and currently comprises a CEO and Chief Technology Officer with third-party programming, design and development contractors engaged on a project by project basis.

Devisd has a number of applications and software projects under development, as detailed below:

- (1) **ShopBites** is a smartphone application and system designed to drive foot traffic into participating stores throughout Australia. Registered shoppers are targeted (using geo-location technology) and encouraged to visit partner stores and undertake certain actions using their smartphone (such as scanning in-store QR codes or product barcodes) and in doing so, will earn points called 'bites'. Bites can then be redeemed for a range of rewards, including digital gift vouchers, credits for third-party applications and physical goods, all within the smartphone application.
- (2) **"Rdrct.it"** is a web service that allows smart-phone application (app) developers to send out download links for their apps and app content that direct link recipients to the correct end-point, irrespective of the user's platform, or whether they have the relevant app installed. This project is currently in beta testing and has commenced earning revenue in such test phase.
- (3) **Squizzed** is a smartphone application that allows users to create an Augmented Reality (AR) map to share with friends or the general public. Maps may include local attractions, tourist spots or something as specific as temporary locations at an event.
- (4) **"Yurn.it"** is an e-commerce website interlaced with social and competitive elements. Via a series of rolling competitions, users will be encouraged to identify and upload consumer items to the yurn.it website.
- (5) **Tree Trauma** is a mobile game in which the player acts as a topiarist who, using a variety of tools, trims trees into shapes as set by topiary judges.

## Performance Bonus Scheme (PBS)

There were no entitlements arising under the Company's Performance Bonus Scheme (**PBS**) (which was implemented on 1 May 2010<sup>12</sup>) during the financial year. 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 period.

Please refer to the Remuneration Report below for further details in relation to the PBS.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of Bentley that occurred during the financial year not otherwise disclosed in this Directors' Report or the financial statements.

<sup>12</sup> Refer [10 May 2010 ASX market announcement "Appointment of Chief Investment Officer and Implementation of Investment Strategy"](#) and also the Remuneration Report at pages 18 to 21 of this report.

# DIRECTORS' REPORT

## FUTURE DEVELOPMENTS

Bentley intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying companies and securities in which Bentley invests. The investments' performances depend on many economic factors and also industry and company-specific issues. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of Bentley's investments or forecast the likely results of Bentley's activities.

## ENVIRONMENTAL REGULATION

Bentley notes the reporting requirements of both the *Energy Efficiency Opportunities Act 2006 (Cth)* (**EEOA**) and the *National Greenhouse and Energy Reporting Act 2007 (Cth)* (**NGERA**). The EEOA requires affected companies to assess their energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the company intends to take as a result. The NGERA requires affected companies to report their annual greenhouse gas emissions and energy use.

Bentley has determined that it does not operate a recognised facility requiring registration and reporting under the NGERA and in any event, it would fall under the threshold of greenhouse gas emissions required for registration and reporting. Similarly, Bentley's energy consumption would fall under the threshold required for registration and reporting under the EEOA.

Bentley notes that it is not directly subject to the *Clean Energy Act 2011 (Cth)*.

Bentley is not otherwise subject to any particular or significant environmental regulation under either Commonwealth or State legislation. To the extent that any environmental regulations may have an incidental impact on Bentley's operations, the Directors are not aware of any breach by Bentley of those regulations.

# DIRECTORS' REPORT

## DIRECTORS

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

<b>FAROOQ KHAN</b>	<b>– Chairman</b>
<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>	– None
<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 (QUE) (since 10 March 1998) (2) Executive Chairman of Orion Equities Limited (OEQ) (since 23 October 2006)
<i>Former directorships in other listed entities in past 3 years</i>	– (1) Alara Resources Limited (AUQ) (18 May 2007 to 31 August 2012) (2) Yellow Brick Road Holdings Limited (YBR) (27 April 2006 to 18 March 2011) (3) Strike Resources Limited (SRK) (3 September 1999 to 3 February 2011)

<b>WILLIAM M. JOHNSON</b>	<b>– Non-Executive Director</b>
<i>Appointed</i>	– Director since 13 March 2009; Non-Executive Director since 26 March 2013
<i>Qualifications</i>	– MA (Oxon), MBA
<i>Experience</i>	– 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.
<i>Relevant interest in shares</i>	– None
<i>Special Responsibilities</i>	– Mr Johnson is a Member of the Audit and Remuneration Committees. He was a member of the Investment Committee until 26 March 2013.
<i>Other current directorships in listed entities</i>	– Managing Director of Strike Resources Limited (SRK) (since 25 March 2013; Director since 14 July 2006; Executive Director since 21 January 2013) Non-Executive Director of Alara Resources Limited (AUQ) (since 1 July 2011; Director since 26 October 2009)
<i>Former directorships in other listed entities in past 3 years</i>	– Orion Equities Limited (OEQ) (28 February 2003 to 3 May 2013)



# DIRECTORS' REPORT

## **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* – Chairman of the Audit and Remuneration Committees
- Other current directorships in listed entities* – Non-Executive Chairman of Boulder Steel Limited (BGD) (since 20 June 2013; Non-Executive Director since 18 June 2013)
- Former directorships in other listed entities in past 3 years* – None
- 

## 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* – Member of the Investment Committee and Secretary of the Audit and Remuneration Committees
- Relevant interest in shares* – 6,533 ordinary shares
- Other positions held in listed entities* – Executive Director and Company Secretary of:  
Orion Equities Limited (OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003)  
Queste Communications Ltd (QUE) (Secretary since 30 August 2000 and Executive Director since 3 April 2013)  
Company Secretary of:  
Alara Resources Limited (AUQ) (since 4 April 2007)
- Former position in other listed entities in past 3 years* – None
-

# DIRECTORS' REPORT

## DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the year (excluding Directors' circulatory resolutions) and the numbers of meetings attended by each Director of the Company:

Name of Director	Board Meetings		Audit Committee		Remuneration Committee	
	Attended	Max. Possible Meetings	Attended	Max. Possible Meetings	Attended	Max. Possible Meetings
Farooq Khan	11	11	2	2	-	-
Christopher Ryan	11	11	2	2	-	-
William Johnson	11	11	2	2	-	-

## Board Committees

An Audit Committee was established in October 2009. The composition the Audit Committee is Christopher Ryan (as Chairman) and William Johnson. A copy of the [Audit Committee Charter](#) may be downloaded from the Company's website.

A Remuneration Committee was established in September 2011. The composition of the Remuneration Committee is Christopher Ryan (as Chairman) and William Johnson. A copy of the [Remuneration Committee Charter](#) may be downloaded from the Company's website.

# REMUNERATION REPORT

This Remuneration Report details the nature and amount of remuneration for each Director of the Company.

The information provided under headings (1) to (5) below has been audited as required under section 308(3)(c) of the *Corporations Act 2001*.

## (1) Remuneration Policy

The Board determines the remuneration structure of all Directors and Company Executives (being a company secretary or senior manager) (**Key Management Personnel**) having regard to the Company's nature, scale and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications.

**Fixed Cash Short-term Employment Benefits:** The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration of \$110,000 per annum inclusive of employer superannuation contributions where applicable, to be divided as the Board determines appropriate.

The Board has determined the following fixed cash remuneration for current Key Management Personnel during the year as follows:

### Executive Directors

- (1) Mr Farooq Khan (Executive Chairman) – a base salary of \$175,000 per annum plus employer superannuation contributions; and
- (2) Mr William Johnson – a base salary of \$85,000 per annum plus employer superannuation contributions, until 24 March 2013. Mr Johnson transitioned to Non-Executive Director on 25 March 2013.

### Non-Executive Director

- (3) Mr Christopher Ryan – a base fee of \$26,400 per annum (including 10% GST) payable to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Mr Ryan is principal; and
- (4) Mr William Johnson – a base salary of \$24,000 per annum plus employer superannuation contributions (where applicable), from 25 March 2013.

### Company Executives/Senior Managers

- (5) Mr Victor Ho (Company Secretary) – a base salary of \$85,000 per annum plus employer superannuation contributions.

**Special Exertions and Reimbursements:** Pursuant to the Company's Constitution, each Director is also entitled to receive:

- (a) Payment for reimbursement of all travelling, hotel and other expenses reasonably incurred by a Director for the purpose of attending meetings of the Board or otherwise in and about the business of the Company; and
- (b) In respect of Non-Executive Directors, payment for the performance of extra services or the making of special exertions for the benefit of the Company (at the request of and with the concurrence of the Board).

**Long-Term Benefits:** Key Management Personnel have no right to termination payments save for payment of accrued annual leave and long service leave (other than Non-Executive Directors).

# REMUNERATION REPORT

**Equity-Based Benefits:** The Company does not presently have any equity (shares or options) based remuneration arrangements for any personnel pursuant to any executive or employee share or option plan or otherwise.

**Post-Employment Benefits:** The Company does not presently provide retirement benefits to Key Management Personnel.

**Service Agreements:** The Company does not presently have formal service agreements or employment contracts with Key Management Personnel.

**Performance-Related Benefits and Financial Performance of Company:** The Company has implemented a Performance Bonus Scheme (**PBS**) (effective from 1 May 2010) with the conditions for payment being related to the Company's financial performance. If the conditions for payment under the PBS have been satisfied, the Company will pay cash bonuses to members of the Investment Committee (being the Executive Directors and the Company Secretary). Refer to Section (2) below for further information about the PBS.

The current remuneration of Non-Executive Directors is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

In considering the Company's performance and its effects on shareholder wealth, Directors have had regard to the data set out below for the latest financial year and the previous four financial years.

	2013	2012	2011	2010	2009
Profit/(Loss) Before Income Tax (\$)	(336,712)	(2,025,345)	573,980	3,101,649	176,238
Basic Earnings/(Loss) per Share (cents)	(0.46)	(2.77)	0.79	4.32	(1.46)
Dividends Paid (\$)	-	2,468,351	1,443,044	1,433,698	-
Closing Bid Share Price at 30 June (\$)	0.145	0.150	0.220	0.225	0.260

## (2) Performance Bonus Scheme (PBS)

In order to align the interests of the Investment Committee and shareholders of the Company and to provide an appropriate incentive for the achievement of superior-to-market investment returns, the Company introduced a Performance Bonus Scheme (PBS) for members of the Investment Committee (effective 1 May 2010).

The key elements of the PBS are summarised as follows:

- The performance of Bentley will be measured each financial half year (ending on 31 December and 30 June) by comparing the change over the half year in the net-asset value of Bentley with the change in the net assets of Bentley that would have resulted if the investment return was equal to that recorded by the ASX All Ordinaries Index (ASX code: XAO) (**Benchmark Index**).
- 20% of any outperformance in excess of a performance threshold hurdle of \$250,000 relative to the Benchmark Index is available for distribution to the Investment Committee each half year (**Performance Bonus Pool**).
- Any underperformance in a half year will be carried forward up to the next two half years, such that underperformance in a half year must be 'clawed back' by outperformance before a performance bonus can be paid in the following two half years. However, an underperformance value attributable to an unrealised loss on an asset (other than externally managed assets) that has not yet been realised at the end of the second carried forward half year period will continue to be carried forward thereafter until it has been 'clawed back' by outperformance.
- The net assets of Bentley are valued in accordance with Bentley's accounting policies and Australian Accounting Standards (**Accounting Methodology**), save that:

# REMUNERATION REPORT

- (i) assets (other than externally managed assets) are carried at the lower of cost or value (whereas they would have been 'marked to market' under the Accounting Methodology); and
- (ii) deferred tax assets and deferred tax liabilities (other than in respect of externally managed assets) are excluded from net assets but a provision for income tax expense is included.
- (e) The terms of the PBS are to be reviewed annually by the Board.
- (f) The Performance Bonus Pool is distributed to members of the Investment Committee pursuant to a resolution of the Board.
- (g) If Bentley has incurred a net loss for the financial half year, the Board may in exceptional circumstances at its absolute discretion withhold up to 50% of the Performance Bonus Pool applicable to that financial half year.
- (h) Any Director who is a member of the Investment Committee may not be present during the Board's deliberations in relation to setting the above entitlements under the PBS and must abstain from voting on such determination by the Board.

The Company believes the principles adopted by the PBS are consistent with or exceed industry best practice, in that:

- A performance bonus on internally managed assets is paid only on realised (and not unrealised) gains, i.e. investments have to be sold (or otherwise crystallised) to contribute to a performance bonus. This eliminates the potential of a performance bonus being paid in a half year by reference to unrealised, internally managed investments that may have substantially outperformed over that half year, yet subsequently underperform.
- The 'clawback' of underperformance means that the Investment Committee will be highly motivated to avoid periods of underperformance.
- To achieve a performance bonus, the Investment Committee must not only outperform the Benchmark Index, but also achieve an absolute return at least \$250,000 (performance threshold hurdle) greater than the result that would have been achieved matching the Benchmark Index for any half year. In other words, the first \$250,000 of outperformance in any half year does not generate a performance bonus.

There were no entitlements arising under the PBS during the financial year (i.e. in respect of each of the half years ending 31 December 2012 and 30 June 2013).

### (3) Details of Remuneration of Key Management Personnel

Details of the nature and amount of each element of remuneration of each Key Management Personnel paid or payable by the Company during the financial year are as follows:

2013	Key Management Personnel	Performance-related %	Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity-Based	Total \$
			Cash salary and fees	Non-cash benefit	Superannuation	Long service leave	Shares & options	
			\$	\$	\$	\$	\$	
<b>Executive Directors:</b>								
	Farooq Khan	-	160,192	-	14,417	-	-	174,609
<b>Non-Executive Directors:</b>								
	Christopher Ryan <sup>(b)</sup>	-	29,700	-	-	-	-	29,700
	William Johnson <sup>(a)</sup>	-	63,750	-	5,738	-	-	69,488
<b>Company Secretary:</b>								
	Victor Ho	-	85,000	-	7,650	-	-	92,650

# REMUNERATION REPORT

2012		Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity-Based	Total
Key Management Personnel	Performance related %	Cash	Non-cash	Superannuation	Long service leave	Shares & options	Total
		salary and fees \$	benefit \$				
<b>Executive Directors:</b>							
Farooq Khan	-	152,676	-	13,733	-	-	166,409
William Johnson	-	84,837	-	7,635	-	-	92,472
<b>Non-Executive Directors:</b>							
Christopher Ryan	-	26,400	-	-	-	-	26,400
<b>Chief Investment Officer (CIO):</b>							
Ben Loiterton <sup>(c)</sup>	-	212,798	-	-	-	-	212,798
<b>Company Secretary:</b>							
Victor Ho	-	85,000	-	7,650	-	-	92,650

#### Notes:

- (a) Mr Johnson transitioned from Executive Director to Non-Executive Director on 25 March 2013.
- (b) Mr Ryan's Director's fees have been paid to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Mr Ryan is principal, and is reported inclusive of GST.
- (c) Mr Loiterton ceased as CIO on 8 February 2012. Mr Loiterton's fees were paid to Venturastar Pty. Limited, a company in which Mr Loiterton is principal, and was reported inclusive of GST.

#### (4) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

#### (5) Voting and Comments on the Remuneration Report at the 2012 AGM

At the Company's most recent (2012) AGM, a resolution to adopt the prior year (2012) Remuneration Report was put to the vote and 88.58% of votes were cast by shareholders in favour of adopting the Remuneration Report. No comments were made on the Remuneration Report at the AGM.

This concludes the audited Remuneration Report.

# DIRECTORS' REPORT

## DIRECTORS' AND OFFICERS' INSURANCE

The Company insures Directors and Officers against liability they may incur in respect of any wrongful acts or omissions made by them in such capacity (to the extent permitted by the *Corporations Act 2001*) (**D&O Policy**). Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

## DIRECTORS' AND OFFICERS' DEEDS

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the *Corporations Act 2001*), the Company has also entered into a deed with each of the Directors and the Company Secretary (**Officer**) to regulate certain matters between the Company and each Officer, both during the time the Officer holds office and after the Officer ceases to be an officer of the Company, including the following matters:

- (a) The Company's obligation to indemnify an Officer for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the *Corporations Act 2001*); and
- (b) Subject to the terms of the deed and the *Corporations Act 2001*, the Company may advance monies to the Officer to meet any costs or expenses of the Officer incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Officer.

## LEGAL PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of a court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of such proceedings. The Company was not a party to any such proceedings during and since the financial year.

## AUDITOR

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the financial year are set out below:

Audit & Review Fees \$	Non-Audit Services \$	Total \$
39,586	7,170	46,756

The Board is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Board is satisfied that the nature of the non-audit services disclosed above did not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and APES 110 Code of Ethics for Professional Accountants: Professional Independence, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

BDO Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the *Corporations Act 2001*.

# DIRECTORS' REPORT

## 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 24. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

## EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in the Review of Operations) or the financial statements or notes thereto (in particular Note 24), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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



**Farooq Khan**  
Chairman



**Christopher Ryan**  
Director

30 August 2013



30 August 2013

The Audit Committee  
Bentley Capital Limited  
Suite 1, 346 Barker Road  
SUBIACO WA 6008

Dear Sirs,

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

As lead auditor of Bentley Capital Limited for the year ended 30 June 2013, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>REVENUE</b>			
<b>Investment</b>			
Dividend Revenue	3(a)	288,487	8,662
Interest Revenue		255,560	323,791
<b>Other</b>			
Net Gain on Financial Assets at Fair Value through Profit or Loss		227,420	-
Other Revenue		170,747	240,917
<b>TOTAL REVENUE</b>		<b>942,214</b>	<b>573,370</b>
<b>EXPENSES</b>			
3(b)			
Net Loss on Financial Assets at Fair Value through Profit or Loss		-	(1,181,703)
Investment Expenses		(176,940)	(109,981)
Occupancy Expenses		(120,662)	(118,827)
Finance Expenses		(7,435)	(4,643)
Corporate Expenses		(64,213)	(64,106)
Administration Expenses		(909,676)	(1,119,455)
<b>LOSS BEFORE INCOME TAX</b>		<b>(336,712)</b>	<b>(2,025,345)</b>
Income Tax Expense	4	-	-
<b>LOSS FOR THE YEAR</b>		<b>(336,712)</b>	<b>(2,025,345)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other Comprehensive Income, Net of Tax		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(336,712)</b>	<b>(2,025,345)</b>
<b>LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:</b>			
Basic and Diluted Loss per Share (cents)	8	(0.46)	(2.77)

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	9	4,892,458	4,947,792
Financial Assets at Fair Value through Profit or Loss	10	13,057,774	15,171,413
Trade and Other Receivables	11	167,467	224,583
Other Current Assets	12	3,644	3,600
<b>TOTAL CURRENT ASSETS</b>		<b>18,121,343</b>	<b>20,347,388</b>
<b>NON-CURRENT ASSETS</b>			
Trade and Other Receivables	11	30,000	-
Resource Projects	13	-	64,863
Intangible Assets	14	312,026	-
Property, Plant and Equipment	15	15,123	10,765
Deferred Tax Asset	18	107,950	5,188
<b>TOTAL NON-CURRENT ASSETS</b>		<b>465,099</b>	<b>80,816</b>
<b>TOTAL ASSETS</b>		<b>18,586,442</b>	<b>20,428,204</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	16	67,776	231,131
Provisions	17	142,600	120,046
<b>TOTAL CURRENT LIABILITIES</b>		<b>210,376</b>	<b>351,177</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liability	18	107,950	5,188
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>107,950</b>	<b>5,188</b>
<b>TOTAL LIABILITIES</b>		<b>318,326</b>	<b>356,365</b>
<b>NET ASSETS</b>		<b>18,268,116</b>	<b>20,071,839</b>
<b>EQUITY</b>			
Issued Capital	19	19,820,093	22,067,796
Accumulated Losses		(1,551,977)	(1,995,957)
<b>TOTAL EQUITY</b>		<b>18,268,116</b>	<b>20,071,839</b>

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended 30 June 2013

	Note	Issued Capital \$	Accumulated Losses \$	Total \$
<b>BALANCE AT 1 JULY 2011</b>		<b>26,308,733</b>	<b>2,497,739</b>	<b>28,806,472</b>
Loss for the Year		-	(2,025,345)	(2,025,345)
Other Comprehensive Income		-	-	-
<b>Total Comprehensive Loss for the Year</b>		<b>-</b>	<b>(2,025,345)</b>	<b>(2,025,345)</b>
<b>Transactions with Owners in their capacity as Owners:</b>				
Dividends Paid	7	-	(2,468,351)	(2,468,351)
Shares Issued under Dividend Reinvestment Plan	19	310,196	-	310,196
Return of Capital	19	(4,406,350)	-	(4,406,350)
Share Buy-Back	19	(144,783)	-	(144,783)
<b>BALANCE AT 30 JUNE 2012</b>		<b>22,067,796</b>	<b>(1,995,957)</b>	<b>20,071,839</b>
<b>BALANCE AT 1 JULY 2012</b>		<b>22,067,796</b>	<b>(1,995,957)</b>	<b>20,071,839</b>
Loss for the Year		-	(336,712)	(336,712)
Other Comprehensive Income		-	-	-
<b>Total Comprehensive Loss for the Year</b>		<b>-</b>	<b>(336,712)</b>	<b>(336,712)</b>
<b>Transactions with Owners in their capacity as Owners:</b>				
Reduction of Share Capital to the extent not represented by assets	19	(780,692)	780,692	-
Return of Capital	19	(1,467,011)	-	(1,467,011)
<b>BALANCE AT 30 JUNE 2013</b>		<b>19,820,093</b>	<b>(1,551,977)</b>	<b>18,268,116</b>

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends Received		288,487	8,662
Interest Received		270,727	306,860
Other Income Received		182,696	190,643
Payments to Suppliers and Employees		(1,403,475)	(1,214,407)
Sale/Redemption of Financial Assets at Fair Value through Profit or Loss		18,713,227	19,059,018
Purchase of Financial Assets at Fair Value through Profit or Loss		(16,372,168)	(6,944,623)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>9(b)</b>	<b>1,679,494</b>	<b>11,406,153</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Plant and Equipment	15(a)	(8,192)	(1,773)
Refunds of Exploration and Evaluation	13	57,032	-
Payments for Exploration and Evaluation	13	(6,751)	(992)
Payments for Intangible Assets	14	(312,026)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(269,937)</b>	<b>(2,765)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends Paid	7	-	(2,158,155)
Return of Capital	19	(1,464,891)	(4,308,606)
Share Buy-Back	19	-	(144,783)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(1,464,891)</b>	<b>(6,611,544)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(55,334)</b>	<b>4,791,844</b>
Cash and Cash Equivalents at Beginning of Financial Year		4,947,792	155,948
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>9(a)</b>	<b>4,892,458</b>	<b>4,947,792</b>

The accompanying notes form part of these financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 1. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements for the Consolidated Entity consisting of Bentley Capital Limited and its subsidiaries.

Bentley Capital Limited (the **Company**) is a company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

#### 1.1. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*, appropriate for for-profit entities.

#### Compliance with IFRS

The consolidated financial statements of the Bentley Capital Limited Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### 1.2. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of Bentley Capital Limited as at 30 June 2013 and the results of its subsidiaries for the year then ended. Bentley Capital Limited and its subsidiaries are referred to in this financial report as Bentley or the Consolidated Entity.

Subsidiaries are all entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity. Information on controlled entities is contained in Note 2(b) to the financial statements.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

The controlled entities have a June financial year-end. All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

#### 1.3. Investments and Other Financial Assets

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

#### Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial risk has been impaired. Impairment losses are recognised in the profit or loss.

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as "financial assets at fair value through profit and loss".

#### 1.4. Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques, including but not limited to recent arm's length transactions, reference to similar instruments and option pricing models. The Consolidated Entity may use a variety of methods and makes assumptions

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

that are based on market conditions existing at each Balance Date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at the reporting date (refer to Note 10).

### 1.5. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. All revenue is stated net of the amount of Goods and Services Tax (GST) except where the amount of GST incurred is not recoverable from the Australian Tax Office. The following specific recognition criteria must also be met before revenue is recognised:

#### *Sale of Goods and Disposal of Assets*

Revenue from the sale of goods and disposal of other assets is recognised when the Consolidated Entity has passed control of the goods or other assets to the buyer.

#### *Interest Revenue*

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

#### *Dividend Revenue*

Dividend revenue is recognised when the right to receive a dividend has been established. The Consolidated Entity brings dividend revenue to account on the applicable ex-dividend entitlement date.

#### *Other Revenues*

Other revenues are recognised on a receipts basis.

### 1.6. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each taxing jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences

between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (if applicable).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each taxing jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Consolidated Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### 1.7. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### 1.8. Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when considered non-recoverable.

### 1.9. Property, Plant and Equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Rate	Method
Office Equipment	37.5%	Diminishing Value
Leasehold Improvement s	7.5%	Diminishing Value
Office Furniture	10-15%	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying

amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

### 1.10. Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets (where applicable) to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets (where applicable) with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### 1.11. Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### 1.12. Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new securities are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration

### 1.13. Earnings Per Share

#### *Basic Earnings per Share*

Is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### *Diluted Earnings per Share*

Adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial period.

### 1.14. Employee Benefits

#### Short-term Obligations

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the Balance Date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year from the Balance Date have been measured at the present value of the estimated future cash outflows to be made for those benefits. Employer superannuation contributions are made by the Consolidated Entity in accordance with statutory obligations and are charged as an expense when incurred.

#### Other Long-term Employee Benefit Obligations

The liability for long-service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the Balance Date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

#### Performance Bonus

The Consolidated Entity recognises a liability and an expense for cash bonuses payable to members of the Company's Investment Committee pursuant to a Performance Bonus Scheme implemented on 1 May 2010. The performance of the Consolidated Entity is measured each financial half year (ending on 31 December and 30 June) by comparing the change over the half year in the net asset value of the Consolidated Entity with the change in the net assets of the Consolidated Entity that would have resulted if the investment return was equal to that recorded by the ASX All Ordinaries Index. 20% of any out-performance in excess of a performance threshold hurdle of \$250,000 relative to the benchmark index is available for distribution to the Investment Committee each half year. In calculating over-performance, any under-performance against the ASX All Ordinaries Index in any half year is generally carried forward for the next two half years and set off against the Consolidated Entity's performance.

### 1.15. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

### 1.16. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

### 1.17. Segment Reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### 1.18. Dividends Policy

Provision is made for the amount of any dividend declared; being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the Balance Date.

### 1.19. Intangible Assets - Software Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when:

- (i) the technical feasibility and commercial viability of the project is demonstrated;
- (ii) the Consolidated Entity has an intention and ability to complete the project and use or sell it; and
- (iii) the costs can be measured reliably.

Such costs include payments to external contractors to develop the software, any purchase of materials and equipment and personnel costs of employees directly involved in the project.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

Capitalised software development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is based on a straight-line method over periods generally ranging from 1 to 4 years matched to the future economic benefits over the useful life of the project. The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. No amortisation has taken place as the projects have not been completed as at the reporting date.

### 1.20. Mineral Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated (i.e. capitalised) in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Under AASB 6 "Exploration for and Evaluation of Mineral Resources", if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Consolidated Entity must perform impairment tests on those assets and measure any impairment in accordance with AASB 136 "Impairment of Assets". Any impairment loss is to be recognised as an expense. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### 1.21. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial period.

### 1.22. Critical accounting judgements and estimates

The preparation of the consolidated financial statements requires Directors to make judgements and estimates and form assumptions that affect how certain assets, liabilities, revenue, expenses and equity are reported. At each reporting period, the Directors evaluate their judgements and estimates based on historical experience and on other various factors they believe to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities (that are not readily apparent from

other sources, such as independent valuations). Actual results may differ from these estimates under different assumptions and conditions.

#### *Estimation of useful lives of assets*

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations, market, economic, legal environment or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Indefinite life of intangible assets*

The Consolidated Entity tests annually or more frequently, if events or changes in circumstances indicate impairment and whether the indefinite life of intangible assets has suffered any impairment, in accordance with note 1.10.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 1.23. Summary of Accounting Standards Issued but not yet Effective (continued)

The following new Accounting Standards and Interpretations (which have been released but not yet adopted) have no material impact on the Consolidated Entity's financial statements or the associated notes therein.

AASB Reference	Title and Affected Standard(s)	Nature of Change	Application Date
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	<p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:</p> <ul style="list-style-type: none"> <li>• Amortised cost</li> <li>• Fair value through profit or loss</li> <li>• Fair value through other comprehensive income.</li> </ul> <p>The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9:</p> <ul style="list-style-type: none"> <li>• Classification and measurement of financial liabilities; and</li> <li>• Derecognition requirements for financial assets and liabilities.</li> </ul> <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	Annual reporting periods beginning on or after 1 July 2015
IFRS (issued October 2012)	Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27	<p>The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.</p> <p>The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria.</p> <p>The amendment also introduces disclosure requirements for investment entities into IFRS 12 <i>Disclosure of Interests in Other Entities</i> and amends IAS 27 <i>Separate Financial Statements</i>.</p>	Annual reporting periods beginning on or after 1 July 2014

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 1.23. Summary of Accounting Standards Issued but not yet Effective (continued)

AASB Reference	Title and Affected Standard(s)	Nature of Change	Application Date
AASB 10 (issued August 2011) <sup>13</sup>	Consolidated Financial Statements	<p>Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:</p> <ul style="list-style-type: none"> <li>• Power over investee (whether or not power used in practice)</li> <li>• Exposure, or rights, to variable returns from investee</li> <li>• Ability to use power over investee to affect the entity's returns from investee.</li> </ul> <p>Introduces the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.</p> <p>Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable. This may result in possibly fewer instances of control.</p> <p>Additional guidance included to determine when decision making authority over an entity has been delegated by a principal to an agent. Factors to consider include:</p> <ul style="list-style-type: none"> <li>• Scope of decision making authority</li> <li>• Rights held by other parties, e.g. kick-out rights</li> <li>• Remuneration and whether commensurate with services provided</li> </ul> <p>Decision maker's exposure to variability of returns from other interests held in the investee.</p>	Annual reporting periods beginning on or after 1 July 2013
AASB 13 (issued September 2011)	Fair Value Measurement	<p>Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the Statement of Financial Position or disclosed in the notes in the financial statements.</p> <p>Additional disclosures required for items measured at fair value in the Statement of Financial Position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.</p>	Annual reporting periods beginning on or after 1 July 2013

<sup>13</sup> This standard only needs to be mentioned for general purpose financial statements and for special purpose financial statements which currently state compliance with AASB 127

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 1.23. Summary of Accounting Standards Issued but not yet Effective (continued)

AASB Reference	Title and Affected Standard(s)	Nature of Change	Application Date
AASB 119 (reissued September 2011)	Employee Benefits	<p>Main changes include:</p> <ul style="list-style-type: none"> <li>• Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans</li> <li>• Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods</li> <li>• Subtle amendments to timing for recognition of liabilities for termination benefits</li> <li>• Employee benefits <u>expected to be settled</u> (as opposed to <u>due to settle</u> under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.</li> </ul>	Annual reporting periods beginning on or after 1 July 2013
AASB 2012-5 (issued June 2012)	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	Non-urgent but necessary changes to standards	Annual reporting periods beginning on or after 1 July 2013
AASB 2012-9 (issued December 2012)	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 Substantive Enactment of Major Tax Bills In Australia from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the Corporations Act 2001 or other general purpose financial statements.	Annual reporting periods beginning on or after 1 July 2013

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 2. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Bentley Capital Limited, as at 30 June 2013. The information presented below has been prepared using accounting policies outlined in Note 1.

	2013	2012
	\$	\$
Current Assets	11,471,391	11,404,355
Non-Current Assets	11,528,345	11,494,048
<b>TOTAL ASSETS</b>	<b>22,999,736</b>	<b>22,898,403</b>
Current Liabilities	10,714,948	7,289,279
Non-Current Liabilities	25,588	21,360
<b>TOTAL LIABILITIES</b>	<b>10,740,536</b>	<b>7,310,639</b>
<b>NET ASSETS</b>	<b>12,259,200</b>	<b>15,587,764</b>
Issued Capital	19,820,093	22,067,796
Accumulated Losses	(7,560,893)	(6,480,032)
<b>EQUITY</b>	<b>12,259,200</b>	<b>15,587,764</b>
Loss for the Year	(1,861,553)	(546,848)
Other Comprehensive Income	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(1,861,553)</b>	<b>(546,848)</b>
<b>(a) Current Assets</b>		
<b>Cash and Cash Equivalents</b>		
Cash at Bank	2,796,716	1,606,526
Term Deposits	1,100,000	5,000
	<b>3,896,716</b>	<b>1,611,526</b>
<b>Financial Assets at Fair Value through Profit and Loss</b>		
Listed Investments at Fair Value	4,219,050	9,459,181
Unlisted Investments at Fair Value	150,000	150,000
Units in unlisted FSP Equities Leaders Fund	137,504	111,963
	<b>4,506,554</b>	<b>9,721,144</b>
<b>(b) Non Current Assets</b>		
<b>Investments in Wholly Owned Subsidiaries</b>		
Shares in Controlled Entities - at cost	<b>11,486,243</b>	<b>11,485,843</b>

Details of percentage of Ordinary Shares held in Controlled Entities:		Ownership Interest	
Investment in Controlled Entities	Incorporated	2013	2012
Scarborough Equities Pty Ltd	Australia	100%	100%
Scarborough Resources Pty Ltd	Australia	100%	100%
Bentley Portfolio No.1 Pty Ltd (Incorporated 26 Mar 13)	Australia	100%	-
Devisd Pty Limited (Incorporated 11 Jul 13)	Australia	100%	-
ShopBites Pty Limited (Incorporated 23 Jan 13)	Australia	100%	-
rdrc.it Pty Limited (Incorporated 27 Mar 13)	Australia	100%	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

2. PARENT ENTITY INFORMATION (continued)	Note	2013	2012
		\$	\$
(c) Lease Commitments			
Not longer than one year	22	48,582	78,630
Longer than one year but not longer than five years	22	-	-
		<u>48,582</u>	<u>78,630</u>

### 3. LOSS FOR THE YEAR

The Consolidated Entity's Operating Loss before Income Tax includes the following items of revenue and expense:

(a) Revenue	2013	2012
	\$	\$
<b>Investment</b>		
Dividend Revenue	288,487	8,662
Interest Revenue	255,560	323,791
	<u>544,047</u>	<u>332,453</u>
<b>Other</b>		
Net Gain on Financial Assets at Fair Value through Profit or Loss	227,420	-
Other Revenue	170,747	240,917
	<u>942,214</u>	<u>573,370</u>
<b>(b) Expenses</b>		
Net Loss on Financial Assets at Fair Value through Profit or Loss	-	1,181,703
Investment Expenses		
Management Fees	97,824	8,142
Brokers Fees	56,647	18,723
Subscriptions	19,954	49,918
Other Investment Expenses	2,515	33,000
Occupancy Expenses	120,662	118,827
Finance Expenses	7,435	4,643
Corporate Expenses		
Share Registry	31,375	31,575
ASX Fees	25,903	29,393
Other Corporate Expenses	6,935	3,138
Administration Expenses		
Salaries, Fees and Employee Benefits	482,590	688,116
Accounting, Taxation and Related Administration	137,263	129,027
Office Administration	84,795	94,409
Audit	46,756	41,867
Communications	18,084	24,861
Travel, Accommodation and Incidentals	17,340	40,382
Insurance	14,917	16,075
Other Professional Fees	4,153	1,721
Depreciation	3,834	3,509
Other Administration Expenses	99,944	79,686
	<u>1,278,926</u>	<u>2,598,715</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

4. INCOME TAX EXPENSE	Note	2013	2012
		\$	\$
<b>(a) The components of Tax Expense comprise:</b>			
Current Tax		-	-
Deferred Tax	18	-	-
		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>
<b>(b) The prima facie tax on Operating Profit before Income Tax is reconciled to the income tax as follows:</b>			
Prima facie tax payable on Operating Profit before Income Tax at 30% (2012: 30%)		(101,014)	(607,604)
Adjust tax effect of:			
Non-Deductible Expenses		2,197	22,016
Taxable Income in excess of Accounting Income		23,801	30,731
Current year tax losses not brought to account		75,016	554,857
Movement in Deferred Taxes		-	-
<b>Income tax attributable to entity</b>		<u>-</u>	<u>-</u>
		<u><u>-</u></u>	<u><u>-</u></u>
<b>(c) Unrecognised Deferred Tax balances</b>			
Unrecognised Deferred Tax Asset - Revenue Losses		4,134,579	4,227,822
Unrecognised Deferred Tax Asset - Capital Losses		830,033	313,098
Unrecognised Deferred Tax Asset - Other		97,255	381,456
		<u>5,061,867</u>	<u>4,922,376</u>
		<u><u>5,061,867</u></u>	<u><u>4,922,376</u></u>

Deferred tax assets have not been recognised as, in the Directors' opinion, it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits. The utilisation of revenue and capital tax losses are subject to compliance with taxation legislation.

### 5. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2013.

The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

	2013	2012
	\$	\$
<b>Directors</b>		
Short-Term Employment Benefits	273,797	285,281
	<u>273,797</u>	<u>285,281</u>
<b>Other KMP</b>		
Short-Term Employment Benefits	92,650	305,448
	<u>92,650</u>	<u>305,448</u>
	<u>366,447</u>	<u>590,729</u>
	<u><u>366,447</u></u>	<u><u>590,729</u></u>

There were no options, rights or equity instruments provided as remuneration to KMP and no shares issued on the exercise of any such instruments during the financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 5. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (continued)

KMP Shareholdings	Balance at Start of Year	Balance at Appointment /Cessation	Net Change	Balance at End of Year
<b>30 June 2013</b>				
<b>Directors</b>				
Farooq Khan	-		-	-
William Johnson	-		-	-
Christopher Ryan	-		-	-
<b>Other KMP</b>				
Victor Ho (Company Secretary)	6,533		-	6,533
<b>30 June 2012</b>				
<b>Directors</b>				
Farooq Khan	-		-	-
William Johnson	-		-	-
Christopher Ryan	-		-	-
<b>Other KMP</b>				
Victor Ho (Company Secretary)	5,945		588	6,533
Ben Loiterton (CIO) (cease 7 Feb 2012)	-	-		

The disclosures of equity holdings above are in accordance with the accounting standards which require disclosure of shares held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard AASB 124 Related Party Disclosures).

#### Other KMP Transactions

There were no transactions with KMP (or their personally related entities) during the financial year other than disclosed below.

The Company's registered office in Sydney is located within the offices of Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance) (**Westchester**), a corporate advisory company in which Non-Executive Director, Christopher Ryan is the principal. This office was utilised in the 2012 financial year by Sydney based members of the Investment Team and accordingly, Bentley agreed to contribute \$825 per month (inclusive of GST) towards Westchester's lease and related office service costs.

	2013	2012
<b>Amounts recognised as expense</b>	\$	\$
Sydney office costs	-	7,425

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 6. AUDITORS' REMUNERATION

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2013	2012
<b>BDO Audit (WA) Pty Ltd</b>	\$	\$
Audit and Review of Financial Statements	39,586	37,962
Taxation Services	7,170	3,905
	<u>46,756</u>	<u>41,867</u>

The Consolidated Entity may engage BDO on assignments additional to their statutory audit duties where their expertise and experience with the Consolidated Entity are important. These assignments principally relate to taxation advice in relation to the tax notes to the financial statements.

### 7. DIVIDENDS

		2013	2012
		\$	\$
<b>Dividends Paid</b>	<b>Paid On</b>		
3.4 cents per share fully franked dividend	23-Sep-11	-	2,468,351
		<u>-</u>	<u>2,468,351</u>

Dividends paid in cash or satisfied by issue of shares under the Dividend Reinvestment Plan (DRP) were as follows:

Paid in Cash	-	2,158,155
Satisfied by Issue of Shares under DRP	-	310,196
	<u>-</u>	<u>2,468,351</u>

Franking credits available for subsequent periods based on a tax rate of 30% (2012: 30%)

<u>1,845,290</u>	<u>1,796,278</u>
------------------	------------------

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- Franking credits that will arise from the payment of the amount of the provision for income tax;
- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The franking credits attributable to the Consolidated Entity include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

8. LOSS PER SHARE (EPS)	2013	2012
	cents	cents
Basic and Diluted Loss per Share	(0.46)	(2.77)

The following represents the loss and weighted average number of shares used in the EPS calculations:

	2013	2012
	\$	\$
Net Loss after Income Tax	(336,712)	(2,025,345)
	<b>Number of Shares</b>	<b>Number of Shares</b>
Weighted Average Number of Ordinary Shares	73,350,541	73,197,587

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

### 9. CASH AND CASH EQUIVALENTS

#### (a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2013	2012
	\$	\$
Cash at Bank and in Hand	3,792,458	1,942,792
Short-Term Deposits	1,100,000	3,005,000
	<u>4,892,458</u>	<u>4,947,792</u>

#### (b) Reconciliation of Operating Loss after Income Tax to Net Cash used in Operating Activities

Loss after Income Tax	(336,712)	(2,025,345)
Add Non-Cash Items:		
Depreciation	3,834	3,509
Write-Off of Resource Projects	14,582	-
Net Loss/(Gain) on Financial Assets at Fair Value through Profit or Loss	(528,058)	355,657
Changes in Assets and Liabilities:		
Financial Assets at Fair Value through Profit or Loss	2,641,697	12,940,441
Trade and Other Receivables	27,116	(67,205)
Other Current Assets	(44)	21,287
Trade and Other Payables	(163,355)	172,320
Provisions	20,434	5,489
Deferred Tax	-	-
	<u>1,679,494</u>	<u>11,406,153</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 9. CASH AND CASH EQUIVALENTS (continued)

#### (c) Risk Exposure

The Consolidated Entity's exposure to interest rate risk is discussed in Note 21. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2013	2012
	\$	\$
<b>Current</b>		
Listed Investments at Fair Value	6,076,676	9,459,181
Unlisted Investments at Fair Value	150,000	150,000
Units in unlisted FSP Equities Leaders Fund	6,831,098	5,562,232
	<u>13,057,774</u>	<u>15,171,413</u>

#### (a) Risk Exposure

The Consolidated Entity's exposure to price risk is discussed in Note 21.

### 11. TRADE AND OTHER RECEIVABLES

#### Current

Deposits and Bonds	485	485
Interest and Dividends receivable	1,764	16,931
Income Distributions receivable	160,256	208,515
Other receivables	4,962	(1,348)
	<u>167,467</u>	<u>224,583</u>

#### Non Current

Deposits and Bonds	30,000	-
	<u>30,000</u>	<u>-</u>

#### (a) Risk Exposure

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 21.

#### (b) Impaired Trade Receivables

None of the Consolidated Entity's receivables are impaired or past due.

12. OTHER CURRENT ASSETS	2013	2012
	\$	\$
Prepayments	<u>3,644</u>	<u>3,600</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

13. RESOURCE PROJECTS	2013	2012
	\$	\$
Opening Balance	64,863	63,871
Exploration and Evaluation Expenditure Incurred	6,751	992
Exploration and Evaluation Expenditure Refunded	(57,032)	-
Exploration and Evaluation Expenditure Written Off	(14,582)	-
<b>Closing Balance</b>	<b>-</b>	<b>64,863</b>

The exploration and evaluation expenditure related to tenement application costs, a portion of which (\$57,032) was refunded in May 2013 after the applications were withdrawn.

14. INTANGIBLE ASSETS	2013	2012
	\$	\$
Opening Balance	-	-
Software Development Costs	312,026	-
<b>Closing Balance</b>	<b>312,026</b>	<b>-</b>

The software development costs relate to applications/software under development.

15. PROPERTY, PLANT AND EQUIPMENT	2013	2012
	\$	\$
<b>Office Furniture</b>		
At Cost	5,572	5,572
Accumulated Depreciation	(3,645)	(3,402)
	<b>1,927</b>	<b>2,170</b>
<b>Leasehold Improvements</b>		
At Cost	764	764
Accumulated Depreciation	(315)	(279)
	<b>449</b>	<b>485</b>
<b>Office Equipment</b>		
At Cost	27,248	19,055
Accumulated Depreciation	(14,501)	(10,945)
	<b>12,747</b>	<b>8,110</b>
	<b>15,123</b>	<b>10,765</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

#### (a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Office Furniture \$	Leasehold Improvements \$	Office Equipment \$	Total \$
<b>BALANCE AT 1 JULY 2011</b>	<b>2,442</b>	<b>525</b>	<b>9,534</b>	<b>12,501</b>
Additions	-	-	1,773	1,773
Depreciation expense	(272)	(40)	(3,197)	(3,509)
<b>BALANCE AT 30 JUNE 2012</b>	<b>2,170</b>	<b>485</b>	<b>8,110</b>	<b>10,765</b>
<b>BALANCE AT 1 JULY 2012</b>	<b>2,170</b>	<b>485</b>	<b>8,110</b>	<b>10,765</b>
Additions	-	-	8,192	8,192
Depreciation expense	(243)	(36)	(3,555)	(3,834)
<b>BALANCE AT 30 JUNE 2013</b>	<b>1,927</b>	<b>449</b>	<b>12,747</b>	<b>15,123</b>

### 16. TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
<b>Current</b>		
Trade Payables	6,160	1,478
Other Payables and Accrued Expenses	61,616	229,653
	<b>67,776</b>	<b>231,131</b>

#### (a) Risk Exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 21.

### 17. PROVISIONS

	2013 \$	2012 \$
<b>Current</b>		
Employee Benefits - Annual Leave	19,851	1,052
Employee Benefits - Long Service Leave	22,885	21,250
Return of Capital - refer (b)	99,864	97,744
	<b>142,600</b>	<b>120,046</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 17. PROVISIONS (continued)

#### (a) Movements in Provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Return of Capital	Total
	\$	\$
Carrying Amount at Start of Year	97,744	97,744
Charged/(Credited) to Equity	1,467,011	1,467,011
Amounts paid during the year	(1,464,891)	(1,464,891)
Carrying Amount at End of Year	<u>99,864</u>	<u>99,864</u>

#### (b) Return of Capital

The Company returned one cent per share to shareholders in November 2012 and April 2013 (at a total cost of \$733,505 and \$733,506 respectively) pursuant to returns of capital approved by shareholders on 16 November 2012 and 5 April 2013 respectively. The provision reflects the return of capital unclaimed by shareholders. The return of capital has no effect on the total number of shares on issue nor the holdings of each shareholder.

#### (c) Amounts not expected to be settled within 12 months

The provision for annual leave and long service leave is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement for any of these employee benefits. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances.

Based on past experience, the employees have never taken the full amount of long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2013	2012
	\$	\$
Leave obligations expected to be settled after 12 months	<u>22,885</u>	<u>21,250</u>

### 18. DEFERRED TAX

#### Deferred Tax Assets - Non-Current

	2013	2012
	\$	\$
Employee Benefits	12,821	5,188
Tax Losses	95,129	-
	<u>107,950</u>	<u>5,188</u>

#### Deferred Tax Liabilities - Non-Current

Financial Assets	107,312	-
Other	638	5,188
	<u>107,950</u>	<u>5,188</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

## 18. DEFERRED TAX (continued)

(a) Movements - Deferred Tax Assets	Employee Benefits	Tax Losses	Total
	\$	\$	\$
AT 1 JULY 2011	-	-	-
Credited/(charged) to the profit and loss	5,188	-	5,188
AT 30 JUNE 2012	<u>5,188</u>	<u>-</u>	<u>5,188</u>
AT 1 JULY 2012	5,188	-	5,188
Credited/(charged) to the profit and loss	7,633	95,129	102,762
AT 30 JUNE 2013	<u>12,821</u>	<u>95,129</u>	<u>107,950</u>
(b) Movements - Deferred Tax Liabilities	Financial Assets	Other	Total
	\$	\$	\$
AT 1 JULY 2011	-	-	-
Credited/(charged) to the profit and loss	-	5,188	5,188
AT 30 JUNE 2012	<u>-</u>	<u>5,188</u>	<u>5,188</u>
AT 1 JULY 2012	-	5,188	5,188
Credited/(charged) to the profit and loss	107,312	(4,550)	102,762
AT 30 JUNE 2013	<u>107,312</u>	<u>638</u>	<u>107,950</u>

## 19. ISSUED CAPITAL

	2013	2012	2013	2012
	Number	Number	\$	\$
Fully paid ordinary shares	73,350,541	73,350,541	19,820,093	22,067,796
<b>Movement in Ordinary shares</b>	<b>Date of Issue</b>	<b>Number</b>	<b>Issue Price</b>	<b>\$</b>
AT 1 JULY 2011		72,598,802		26,308,733
Issued under the DRP - refer (b)	26-Sep-11	1,417,700	0.2188	310,196
Return of capital - refer (c)	14-Oct-11	-		(3,672,845)
Return of capital - refer (c)	18-Apr-12	-		(733,505)
Share buy-back - refer (d)	Sep-11	(559,600)	0.2262	(126,602)
Share buy-back - refer (d)	Oct-11	(106,361)	0.1709	(18,181)
AT 30 JUNE 2012		<u>73,350,541</u>		<u>22,067,796</u>
AT 1 JULY 2012		73,350,541		22,067,796
Reduction of Share Capital to the extent not represented by assets - refer (e)	16-Nov-12	-		(780,692)
Return of capital - refer (c)	30-Nov-12	-		(733,505)
Return of capital - refer (c)	18-Apr-13	-		(733,506)
AT 30 JUNE 2013		<u>73,350,541</u>		<u>19,820,093</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 19. ISSUED CAPITAL (continued)

(a) **Ordinary Shares**

Fully paid ordinary shares carry one vote per share and the right to dividends.

(b) **Dividend Reinvestment Plan (DRP)**

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares issued under the plan during the previous financial year were set at a 2.5% discount to the volume weighted average market price over five trading days up to and including the relevant dividend record date.

(c) **Return of Capital**

The Company returned one cent per share to shareholders twice, in November 2012 and April 2013, at a total cost of \$1.467 million as approved by shareholders on 16 November 2012 and 5 April 2013 respectively (2012: five cents and one cent per share to shareholders in October 2011 and April 2012 respectively (totalling \$3.673 million and \$0.733 million respectively) as approved by shareholders on 4 October 2011 and 4 April 2012 respectively).

(d) **Share Buy-Back**

The shares bought-back relates to an on-market share buy-back announced by the Company on 17 August 2011. This buy-back expired on 31 August 2012 after 12 months.

During the 2012 financial year, the Company cancelled 665,961 shares bought back at a total cost of \$144,783 (at an average cost (including brokerage) of \$0.217). There were no share buy-back transactions in the current financial year.

(e) **Reduction of Share Capital to the extent not represented by assets**

At the Annual General Meeting held on 16 November 2012, shareholders approved a reduction in value of the Company's share capital against accumulated losses by \$780,692, being an amount not represented by available assets, pursuant to section 258F of the Corporations Act. This was essentially an accounting entry that allowed the Company to remove from its books historical accumulated accounting losses that affects the ability of the Company to retain earnings from which future dividends may be paid. The reduction has no effect on the carried forward tax losses of the Company nor did it change the number of shares on issue or the net asset position of the Company.

(f) **Capital Risk Management**

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Company and shareholders from time to time, including undertaking capital raisings, share buy-backs, capital reductions and the payment of dividends.

The Consolidated Entity has no external borrowings. The Consolidated Entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 20. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker". The "Chief Operating Decision Maker", who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board has considered the business and geographical perspectives of the operating results and determined that the Consolidated Entity operates only within Australia, with the main segments being Investments, Software Development and Resource Projects. Unallocated items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

	Investments	Software Development	Resource Projects	Unallocated	Total
	\$	\$	\$	\$	\$
<b>2013</b>					
<b>Segment Revenues</b>					
Investment Revenue	482,137	-	-	61,909	544,046
Other Revenue	392,789	-	-	5,379	398,168
<b>Total Segment Revenues</b>	<b>874,926</b>	<b>-</b>	<b>-</b>	<b>67,288</b>	<b>942,214</b>
Investment Expenses	176,940	-	-	-	176,940
Finance Expenses	-	2,637	-	4,798	7,435
Administration Expenses	-	188,503	15,429	701,910	905,842
Depreciation Expense	-	675	-	3,159	3,834
Other Expenses	-	33,580	230	151,065	184,875
<b>Total Segment Profit/(Loss)</b>	<b>697,986</b>	<b>(225,395)</b>	<b>(15,659)</b>	<b>(793,644)</b>	<b>(336,712)</b>
<b>Segment Assets</b>					
Cash	2,123,337	-	-	2,769,121	4,892,458
Financial Assets	13,057,774	-	-	-	13,057,774
Intangible Assets	-	312,026	-	-	312,026
Other Assets	-	7,744	675	315,765	324,184
<b>Total Segment Assets</b>	<b>15,181,111</b>	<b>319,770</b>	<b>675</b>	<b>3,084,886</b>	<b>18,586,442</b>
<b>Segment Liabilities</b>	<b>-</b>	<b>(44,340)</b>	<b>-</b>	<b>(273,986)</b>	<b>(318,326)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 20. SEGMENT INFORMATION (continued)

	Investments	Software Development	Resource Projects	Unallocated	Total
	\$	\$	\$	\$	\$
<b>2012</b>					
<b>Segment Revenues</b>					
Investment Revenue	192,996	-	-	-	192,996
Other Revenue	239,872	-	-	140,502	380,374
<b>Total Segment Revenues</b>	<b>432,868</b>	<b>-</b>	<b>-</b>	<b>140,502</b>	<b>573,370</b>
Investment Expenses	1,291,684	-	-	-	1,291,684
Finance Expenses	-	-	-	4,643	4,643
Administration Expenses	-	-	-	1,115,946	1,115,946
Depreciation Expense	-	-	-	3,509	3,509
Other Expenses	-	-	227	182,706	182,933
<b>Total Segment Profit/(Loss)</b>	<b>(858,816)</b>	<b>-</b>	<b>(227)</b>	<b>(1,166,302)</b>	<b>(2,025,345)</b>
<b>Segment Assets</b>					
Cash	3,005,000	-	-	1,942,792	4,947,792
Financial Assets	15,171,413	-	-	-	15,171,413
Intangible Assets	-	-	64,877	-	64,877
Other Assets	-	-	-	244,122	244,122
<b>Total Segment Assets</b>	<b>18,176,413</b>	<b>-</b>	<b>64,877</b>	<b>2,186,914</b>	<b>20,428,204</b>
<b>Segment Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(356,365)</b>	<b>(356,365)</b>

### 21. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable and payable, investments in listed securities, investments in the unlisted FSP Equities Leaders Fund and other unlisted securities. The principal activity of the Consolidated Entity is the management of its investments (Financial Assets at Fair Value through Profit and Loss) (refer to Note 10). The Consolidated Entity's investments are subject to price (which includes interest rate and market risk), credit and liquidity risks.

The Board is responsible for the overall internal control framework (which includes risk management) but no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

The financial receivables and payables of the Consolidated Entity in the table below are due or payable within 30 days. The financial investments are held for trading and are realised at the discretion of the Investment Committee.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 21. FINANCIAL RISK MANAGEMENT (continued)

The Consolidated Entity holds the following financial instruments:

		2013	2012
<b>Financial Assets</b>	<b>Note</b>	<b>\$</b>	<b>\$</b>
Cash and Cash Equivalents	9	4,892,458	4,947,792
Financial Assets at Fair Value through Profit or Loss	10	13,057,774	15,171,413
Trade and Other Receivables	11	167,467	224,583
		<b>18,117,699</b>	<b>20,343,788</b>
<b>Financial Liabilities</b>			
Trade and Other Payables	16	(67,776)	(231,131)
		<b>(67,776)</b>	<b>(231,131)</b>
<b>NET FINANCIAL ASSETS</b>		<b>18,049,923</b>	<b>20,112,657</b>

#### (a) Market Risk

##### (i) Price Risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified in the Statement of Financial Position at fair value through profit or loss. The Consolidated Entity is exposed to commodity price risk in respect of its investments indirectly via market risk and equity securities price risk.

The value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all instruments in the market. By its nature as an investment company, the Consolidated Entity will always be subject to market risk as it invests its capital in securities that are not risk free. This is reflected in the market price of these securities which can and will fluctuate. The Consolidated Entity does not manage this risk through entering into derivative contracts, futures, options or swaps.

Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

The Consolidated Entity is advised by investment manager, FSP Equities Management Limited, that the unlisted FSP Equities Leaders Fund comprises underlying investments in a diversified portfolio both in terms of number of securities held and exposure to a wide range of industry sectors.

The Consolidated Entity has performed a sensitivity analysis on its exposure to equity securities price risk for listed and unlisted financial assets at fair value through profit or loss. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The All Ordinaries Accumulation Index was utilised as the benchmark for the investment portfolio.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market Risk (continued)

##### (i) Price Risk (continued)

	Impact on Post-Tax Profit		Impact on Other Components of Equity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Increase 5%	652,889	758,571	652,889	758,571
Decrease 5%	(652,889)	(758,571)	(652,889)	(758,571)

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The weighted average interest rate of the term deposits for the year for the table below is 4.21% (2012: 4.95%).

	2013	2012
	\$	\$
Cash at Bank and in hand	3,792,458	1,942,792
Short-Term Deposits	1,100,000	3,005,000
	<u>4,892,458</u>	<u>4,947,792</u>

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates based on observation of current market conditions. The calculations are based on a change in the average market interest rate and the financial instruments that are sensitive to changes in interest rates.

	Impact on Post-Tax Profit		Impact on Other Components of Equity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Increase 1%	48,925	49,478	48,925	49,478
Decrease 1%	(48,925)	(49,478)	(48,925)	(49,478)

#### (b) Credit Risk

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions. Concentrations of credit risk are minimised primarily by the investment manager carrying out all market transactions through recognised and creditworthy brokers and the monitoring of receivable balances. The Consolidated Entity's business activities do not necessitate the requirement for collateral as a means of mitigating the risk of financial loss from defaults.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit Risk (continued)

The credit quality of the financial assets are neither past due nor impaired and can be assessed by reference to external credit ratings (if available with Standard & Poor's) or to historical information about counterparty default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised below:

	2013	2012
	\$	\$
<b>Cash and Cash Equivalents</b>		
AA-	4,892,208	4,947,792
	<u>4,892,208</u>	<u>4,947,792</u>
<b>Trade Receivables (due within 30 days)</b>		
No external credit rating available	167,467	224,583
	<u>167,467</u>	<u>224,583</u>

#### (d) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The following tables present the Consolidated Entity's financial assets and liabilities measured and recognised at fair value at 30 June 2013 categorised by the following levels:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2013</b>				
Financial Assets at Fair Value through Profit or Loss:				
Listed Investments at Fair Value	6,076,676	-	-	6,076,676
Unlisted Investments at Fair Value	-	-	150,000	150,000
Units in unlisted FSP Equities Leaders Fund	-	6,831,098	-	6,831,098
<b>2012</b>				
Financial Assets at Fair Value through Profit or Loss:				
Listed Investments at Fair Value	9,459,181	-	-	9,459,181
Unlisted Investments at Fair Value	-	-	150,000	150,000
Units in unlisted FSP Equities Leaders Fund	-	5,562,232	-	5,562,232

The fair value of the unlisted FSP Equities Leaders Fund, is determined from unit price information provided by investment manager, FSP Equities Management Limited and as such this financial instrument is included in level 2. Investments in unlisted shares are considered level 3 investments as their fair value is unable to be derived from market data. The Directors assess the fair value of these investments based on information obtained from the companies directly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting obligations associated with financial liabilities. The Consolidated Entity has no borrowings. The Consolidated Entity's non-cash investments can be realised to meet trade and other payables arising in the normal course of business. The financial liabilities disclosed in the above table have a maturity obligation of not more than 30 days.

### 22. COMMITMENTS

	2013	2012
	\$	\$
Not longer than one year	48,582	157,261
Longer than one year but not longer than five years	-	-
	<u>48,582</u>	<u>157,261</u>

The non-cancellable operating lease commitment is the Consolidated Entity's share of the office premises at Suite 1, 346 Barker Road, Subiaco, Western Australia, and includes all outgoings (exclusive of GST). The lease is for a one year term expiring 30 June 2014.

### 23. CONTINGENCIES

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

### 24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Subsequent to balance date and to 23 August 2013, the Consolidated Entity
- (i) Realised \$3.132 million from the sale of listed securities; and
  - (ii) Invested a further \$3.321 million in listed securities.
- (b) On 30 August 2013, the Company announced its intention to seek shareholder approval to undertake a one cent per share return of capital (Return of Capital). The Return of Capital is to be effected by the Company seeking shareholder approval for a reduction in the share capital of the Company by returning one cent per share to shareholders - this equates to an aggregate reduction of share capital by approximately \$0.733 million based upon the Company's 73,350,541 shares currently on issue. No shares will be cancelled as a result of the Return of Capital. Accordingly, the number of shares held by each shareholder will not change as a consequence of the Return of Capital. The Return of Capital will have no effect on the number of shares on issue. The Return of Capital is subject to shareholder approval, which will be sought at the upcoming 2013 Annual General Meeting scheduled for late November 2013. Meeting documentation advising details of the meeting together with relevant explanatory materials will be despatched to shareholders and sent to the ASX in due course. The meeting documentation will include details of the record date for determining eligibility to participate in the Return of Capital and the expected payment date, assuming the requisite resolution is passed by shareholders. If all conditions are met, including shareholder approval, the Directors aim to have Return of Capital paid in early December 2013.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2013

### 24. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

No other matter or circumstance has arisen since the end of the financial 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

The Directors of the Company declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and accompanying notes as set out on pages 25 to 55 are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting; and
  - (b) give a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2013 and of their performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. The Remuneration Report disclosures set out (within the Directors' Report) on pages 18 to 21 (as the audited Remuneration Report) comply with section 300A of the *Corporations Act 2001*;
4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Executive Chairman (the person who, in the opinion of the Directors, performs the Chief Executive Officer function) and Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and
5. The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.



**Farooq Khan**  
Chairman

30 August 2013



**Christopher Ryan**  
Director

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

### Report on the Financial Report

We have audited the accompanying financial report of Bentley Capital Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, 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.



## Opinion

In our opinion:

- (a) the financial report of Bentley Capital Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Report on the Remuneration Report

We have audited the Remuneration Report in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Bentley Capital Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO  


Chris Burton  
Director

Perth, Western Australia  
Dated this 30<sup>th</sup> day of August 2013

# CORPORATE GOVERNANCE

## Compliance with Corporate Governance Council's Principles

The extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (with 2010 Amendments) is as follows:

Principle	Compliance	CGS References / Comments
<b>Principle 1: Lay solid foundations for management and oversight</b> Companies should establish and disclose the respective roles and responsibilities of board and management		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	2, 3.2, 3.5, 4.1, 4.2
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	3.12
1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1.  The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>an explanation of any departure from Recommendation 1.1, 1.2 or 1.3.</li> <li>whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.</li> </ul> A statement of matters reserved for the board or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	Yes	CGS Annual Reports Website
<b>Principle 2: Structure the board to add value</b> Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties		
2.1 A majority of the board should be independent directors.	No	3.6
2.2 The chair should be an independent director.	No	3.2, 3.6
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Not applicable	3.2, 4.1  Note: the Company has an Executive Chairman but does not have a Chief Executive Officer or Managing Director
2.4 The board should establish a nomination committee.	Yes	4.2 Remuneration Committee Charter
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	3.12
2.6 Companies should provide the information indicated in the Guide to Reporting on Principle 2.  The following material should be included in the corporate governance statement in the annual report: <ul style="list-style-type: none"> <li>the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report.</li> <li>the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds.</li> <li>the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of these relationships.</li> <li>a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company.</li> </ul>	Yes (as applicable)	CGS Annual Reports Website

# CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
<ul style="list-style-type: none"> <li>a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board.</li> <li>the period of office held by each director in office at the date of the annual report.</li> <li>the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out.</li> <li>whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed.</li> <li>an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:</p> <ul style="list-style-type: none"> <li>a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors.</li> <li>the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee.</li> <li>the board's policy for the nomination and appointment of directors.</li> </ul>		
<b>Principle 3: Promote ethical and responsible decision making</b> Companies should actively promote ethical and responsible decision-making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Yes	Code of Conduct
3.1.1 the practices necessary to maintain confidence in the company's integrity.		
3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.		
3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and the progress towards achieving them.	Yes (in part)	3.17
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	3.17 CGS
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	Annual Reports Website
3.5 Companies should provide the information indicated in the Guide to Reporting on Principle 3.  An explanation of any departures from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement in the annual report.  The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	Yes	CGS Annual Reports Website
<ul style="list-style-type: none"> <li>any applicable code of conduct or a summary.</li> <li>the diversity policy or a summary of its main provisions.</li> </ul>		
<b>Principle 4: Safeguard integrity in financial reporting</b> Companies should have a structure to independently verify and safeguard the integrity of their financial reporting		
4.1 The board should establish an audit committee.	Yes	4.2
4.2 Structure the audit committee so that it:	Partial	4.2
<ul style="list-style-type: none"> <li>consists only of non-executive directors.</li> <li>consists of a majority of independent directors.</li> <li>is chaired by an independent chair, who is not chair of the board.</li> <li>has at least three members.</li> </ul>		

# CORPORATE GOVERNANCE

4.3 The audit committee should have a formal charter.	Yes	Audit Committee Charter Website
<p>4.4 Companies should provide the information indicated in the Guide to Reporting on Principle 4.</p> <p>The following material should be included in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> <li>the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee or, where a company does not have an audit committee, how the functions of an audit committee are carried out.</li> <li>the number of meetings of the audit committee and the names of the attendees.</li> <li>explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>the audit committee charter.</li> <li>information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.</li> </ul>	Yes  (as applicable)	CGS  Annual Reports Website
<p><b>Principle 5: Make timely and balanced disclosure</b></p> <p>Companies should promote timely and balanced disclosure of all material matters concerning the company</p>		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	8.2
<p>5.2 Companies should provide the information indicated in the Guide to Reporting on Principle 5.</p> <p>An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report.</p> <p>The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's web site in a clearly marked corporate governance section.</p>	Yes	CGS  Annual Reports Website
<p><b>Principle 6: Respect the rights of shareholders</b></p> <p>Companies should respect the rights of shareholders and facilitate the effective exercise of those rights</p>		
6.1 Companies should design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	8.1
<p>6.2 Companies should provide the information indicated in Guide to Reporting on Principle 6.</p> <p>An explanation of any departures from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.</p> <p>The company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section.</p>	Yes	CGS  Annual Reports Website
<p><b>Principle 7: Recognise and manage risk</b></p> <p>Companies should establish a sound system of risk oversight and management and internal control</p>		
7.1 Companies should establish policies for oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1

# CORPORATE GOVERNANCE

7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	7.1
7.4 Companies should provide the information indicated in the Guide to Reporting on Principle 7.  The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>an explanation of any departures from best practice recommendations 7.1, 7.2, 7.3 or 7.4.</li> <li>whether the board has received the report from management under Recommendation 7.2.</li> <li>whether the board has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.</li> </ul> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>a summary of the company's policies on risk oversight and management of material business risks.</li> </ul>	Yes	CGS Annual Reports Website
<b>Principle 8: Remunerate fairly and responsibly</b> Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear		
8.1 The board should establish a remuneration committee.	Yes	4.2
8.2 The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>consists of a majority of independent directors</li> <li>is chaired by an independent chair</li> <li>has at least three members.</li> </ul>	No (save that the Chair is an independent Non-Executive Director)	4.2 Remuneration Committee Charter
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Remuneration Report in the Directors' Report (within Annual Reports)
8.4 Companies should provide the information indicated in the Guide to Reporting on Principle 8.  The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report: <ul style="list-style-type: none"> <li>the names of the members of the remuneration committee and their attendance at meetings of the committee or, where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out.</li> <li>the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors.</li> <li>an explanation of any departure from Recommendations 8.1, 8.2 or 8.3.</li> </ul> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee.</li> <li>a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.</li> </ul>	Yes (as applicable)	CGS Annual Reports Website



# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE STATEMENT (CGS)

### 1. Framework and Approach to Corporate Governance and Responsibility

The Board is committed to maintaining high standards of corporate governance. Good corporate governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Corporate Governance Principles and Recommendations (**Recommendations**) developed by the ASX Corporate Governance Council (**Council**). The Company's practices are largely consistent with the Recommendations - the Board considers that the implementation of a small number of the Recommendations are not appropriate, for reasons set out below in relation to the matters concerned. The Board uses its best endeavours to ensure that exceptions to the Recommendations do not have a negative impact on the Company and the best interests of shareholders as a whole.

Details of the Recommendations can be found on the ASX website at: <http://www.asxgroup.com.au/corporate-governance-council.htm>

### 2. Board of Directors - Role and Responsibilities

In general the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole. The Board also ensures that the Company complies with all of its contractual, statutory and any other legal and regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is not available from within its members, appropriate external advice may be taken and reviewed prior to a final decision being made.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the matters set out below, subject to delegation as specified elsewhere in this Statement or as otherwise appropriate:

- (1) formulation and approval of the strategic direction, objectives and goals of the Company;
- (2) the prudential control of the Company's finances and operations and monitoring the financial performance of the Company;
- (3) the resourcing, review and monitoring of executive management and the Investment Committee;

- (4) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (5) the identification of significant business risks and ensuring that such risks are adequately managed;
- (6) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- (7) the establishment and maintenance of appropriate ethical standards.

The Board takes advice from the Audit Committee and the Remuneration Committee on matters within their respective Charters; however the Board retains final decision-making authority on those matters.

### 3. Board of Directors - Composition, Structure and Process

The Board has been formed so that it has the effective composition, size and commitment to adequately discharge its responsibilities and duties, given the current size and the scale and nature of the Company's activities. The names of the Directors currently in office and their qualifications and experience are stated in the Company's latest Annual Report. A Director is generally initially appointed by the Board and retires (and may stand for re-election) at the next Annual General Meeting after their appointment.

#### 3.1. Skills, Knowledge and Experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board recognises the need for Directors to have a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management, public company administration and director-level business or corporate experience, having regard to the scale and nature of the Company's activities.

The diverse skills and corporate backgrounds of the Directors, disclosed in the Directors' Report for the Company's latest financial year, reflect the mix that the Board considers appropriate.

#### 3.2. Executive Chairman

The Executive Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. The Executive Chairman of the Company is Mr Farooq Khan, whose qualifications and experience are stated in the Company's latest Annual Report. The Company does not have a Managing Director or Chief Executive Officer. The Board currently has a majority of Non-Executive Directors. The Board as a whole is satisfied that the Non-Executive Directors bring an independent discretion to their deliberations, unaffected by the executive status of the Chairman.

# CORPORATE GOVERNANCE

## 3.3. Executive Director

The Executive Chairman is presently the Company's only Executive Director. Mr William Johnson was also an Executive Director prior to his transition to Non-Executive Director on 26 March 2013.

## 3.4. Non-Executive Directors

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Messrs Christopher Ryan and William Johnson are Non-Executive Directors. Their qualifications and experience are stated in the Directors' Report for the Company's latest financial year. (As noted above, Mr Johnson was an Executive Director until his transition to Non-Executive Director on 26 March 2013.)

## 3.5. Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is Mr Victor Ho, whose qualifications and experience are stated in the Company's latest Annual Report.

## 3.6. Independence

An independent Director, in the view of the Company, is a Non-Executive Director who:

- (1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (2) within the last 3 years has not been employed in an Executive capacity by the Company or another group member;
- (3) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the provision of material professional or consulting services;
- (4) is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (5) has no material contractual relationship with the Company other than as a Director of the Company; and
- (6) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Farooq Khan is not regarded as an independent Director as he is an Executive Director of the Company. Mr William Johnson is not regarded as an independent Director as he was an Executive Director of the Company

from his appointment in March 2009 until his transition to Non-Executive Director on 26 March 2013.

Mr Christopher Ryan is regarded as an independent, Non-Executive Director.

The Board has a majority of Non-Executive Directors. While Mr Johnson does not meet the independence criteria due to having previously held an Executive role, the Board is satisfied that he performs his duties to the same standard of independence as would be expected of an independent Director.

## 3.7. Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must:

- (1) disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director or his duties to any other parties and the interests of the Company in carrying out the activities of the Company; and
- (2) if requested by the Board, within 7 days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters to which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

## 3.8. Related-Party Transactions

Related-party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related-party transaction, the Board cannot approve the transaction. The Company also discloses related-party transactions in its financial report, as required under relevant Accounting Standards.

## 3.9. Share Dealings and Disclosures

The Company has adopted a [Share Trading Policy](#) (dated 31 December 2010) a copy of which is available for viewing and downloading from the Company's website.

## 3.10. Board Nominations

The Board (on recommendations received from the Remuneration Committee) will consider nominations for appointment or election of Directors that may arise from time to time, having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act.

# CORPORATE GOVERNANCE

## 3.11. Terms of Appointment as a Director

The current Directors of the Company have not been appointed for fixed terms. The constitution of the Company provides that a Director (other than a Managing Director) may not retain office for more than three calendar years or beyond the third Annual General Meeting following their election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors (save for any Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

The initial appointment and last re-election dates of each Director are listed below.

Director	Appointed	AGM Last Re-elected
Farooq Khan	2 December 2003	19 November 2010 (standing for re-election at 2013 AGM)
William Johnson	13 March 2009	16 November 2012
Christopher Ryan	5 February 2004	11 November 2011

## 3.12. Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and Executives of the Company be equipped with the knowledge and information they need to discharge their responsibilities effectively and that individual and collective performance is regularly and fairly reviewed. Directors are encouraged to attend director training and professional development courses, as required, at the Company's expense. New Directors have access to all employees to gain full background on the Company's operations.

The Remuneration Committee is responsible for reviewing the performance and remuneration of the Executive Chairman and reporting to the Board on the results of its review and its recommendations arising therein.

The Board as a whole has responsibility to review its own performance, the performance of individual Directors and the performance of Board committees.

The Executive Chairman reviews the performance of the Company Secretary, who is the only other senior executive.

The Chairman also speaks to Directors individually regarding their role and performance as a Director.

## 3.13. Meetings of the Board

The Board holds regular meetings approximately monthly and holds additional Board meetings whenever necessary to deal with specific matters requiring attention. Directors' Circulatory Resolutions are also utilised where appropriate - either in place of or in addition to formal Board meetings. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

## 3.14. Independent Professional Advice

Subject to prior approval by the Chairman/Board (as applicable) each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a Director.

## 3.15. Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to Company Executives. In accordance with legal requirements and agreed ethical standards, Directors and employees of the Company have agreed to keep confidential all information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

## 3.16. Directors' and Officers' Deeds

The Company has also entered into a deed with each of the current Directors and the Company Secretary to regulate certain matters between the Company and each officer, both during the time the officer holds office and after the officer ceases to be an officer of the Company (or of any of its wholly-owned subsidiaries). A summary of the terms of such deeds is contained within the Remuneration Report in the Company's latest Annual Report and in the 2009 Notice of AGM dated 13 October 2009.

## 3.17. Diversity

The Board, senior management and workforce of the Company currently comprises individuals that are culturally diverse, together with possessing an appropriate blend of qualifications and skills.

The Company recognises the positive advantages of a diverse workplace and is committed to:

- (1) creating a working environment conducive to the appointment of well-qualified employees, senior management and Board candidates; and
- (2) identifying ways to promote a corporate culture which embraces diversity.

The Board has delegated the responsibility of monitoring and ensuring workplace diversity to the Executive Chairman.

The small size of - and low turnover within - the Company's workforce are such that it cannot realistically be expected to reflect the full diversity of the general population. Given those circumstances, and the current nature and scale of the Company's activities, the Board has determined that it is not practicable to set measurable objectives for achieving gender diversity. The Board will monitor the extent to which the level of diversity within the Company is appropriate on an ongoing basis and, where required, consider measures to improve it. The Board will further consider the establishment of objectives

# CORPORATE GOVERNANCE

for achieving gender diversity as the Company develops and its circumstances change.

The Company does not currently have any women in senior executive roles or on the Board. In this regard, it is noted that the Company only has two senior executives. 36% of the Company's current employees are female.

## 4. Management

### 4.1. Executives

The Company does not presently have a Managing Director, Chief Executive Officer or Chief Financial Officer.

The Board has determined that the Executive Chairman is the appropriate person to make the Chief Executive Officer equivalent declaration and the Company Secretary is the appropriate person to make the Chief Financial Officer equivalent declaration in respect of the Company's current financial year, as required under section 295A of the Corporations Act and recommended by the Council.

### 4.2. Board and Management Committees

**Investment Committee:** In March 2009, the Board established an Investment Committee which comprises the Executive Chairman, Mr Farooq Khan, the Company Secretary, Mr Victor Ho and, until his transition to Non-Executive Director on 26 March 2013, William Johnson. The Investment Committee's role is to implement the Company's Investment Mandate, approved by shareholders in February 2009 and the Company's investment strategies approved by the Board.

The Investment Committee's authority is subject to limits on the categories of investments it can make (imposed by the Investment Mandate) and financial limits within those categories, imposed by the Board. The Investment Committee reports regularly to the Board.

**Audit Committee:** In October 2009 the Board established an Audit Committee, which currently comprises independent Non-Executive Director, Mr Christopher Ryan (appointed Chair of the Committee) and Non-Executive Director, Mr William Johnson (noting that he was an Executive Director until 26 March 2013). Their qualifications and experience are stated in the Directors' Report for the Company's latest financial year.

The Audit Committee has a formal charter to prescribe its role and responsibilities, composition, structure and the membership requirements of the Committee and to govern its operation, which includes reviewing and approving the audited annual and reviewed half-yearly financial reports, ensuring a risk management framework is in place, reviewing and monitoring compliance issues, reviewing reports from management and matters related to the external auditor.

As a consequence of the size and composition of the Company's Board (as outlined in section 3.6, above) the Audit Committee only has two members and does not have an independent majority.

The [Audit Committee Charter](#) may be viewed and downloaded from the Company's website.

**Remuneration Committee:** In October 2010 the Board established a Remuneration Committee, which currently comprises independent Non-Executive Director, Mr Christopher Ryan (appointed Chair of the Committee) and Non-Executive Director, Mr William Johnson (noting that he was an Executive Director until 26 March 2013). Their qualifications and experience are stated in the Directors' Report for the Company's latest financial year.

The Remuneration Committee has a formal charter to prescribe its purpose, key responsibilities, composition, membership requirements, powers and other administrative matters. The Committee has:

- (a) a remuneration function (with key responsibilities to make recommendations to the Board on policy governing the remuneration benefits of Executive Directors, including equity-based remuneration, and to assist the Executive Chairman to determine the remuneration benefits of senior management and advise on those determinations); and
- (b) a nomination function (with key responsibilities to make recommendations to the Board as to various Board matters including the necessary and desirable qualifications, experience and competencies of Directors and the extent to which these are reflected in the Board, the appointment of the Managing Director (where applicable), the development and review of Board succession plans and addressing Board diversity).

As a consequence of the size and composition of the Company's Board (as outlined in section 3.6, above) the Remuneration Committee only has two members and does not have an independent majority.

The [Remuneration Committee Charter](#) may be viewed and downloaded from the Company's website.

## 5. Remuneration Policy

Please refer to the Remuneration Report within the Company's latest Annual Report. Directors do not currently have any equity-based remuneration.

## 6. Code of Conduct and Ethical Standards

The Company has developed a formal [Code of Conduct](#), which may be viewed and downloaded from the Company's website. The Code sets and creates awareness of the standard of conduct expected of Directors, officers, employees and contractors in carrying out their roles. The Company seeks to encourage and develop a culture which will maintain and enhance its reputation as a valued corporate citizen and an employer which personnel enjoy working for.

The Code sets out policies in relation to various corporate and personal behaviour including safety, discrimination, respecting the law, anti-corruption, interpersonal conduct, conflict of interest and alcohol and drugs.

# CORPORATE GOVERNANCE

## 7. Internal Control, Risk Management and Audit

### 7.1. Internal Control and Risk Management

The Board of Directors is responsible for (but takes advice from the Audit Committee in relation thereto) the overall internal control framework (which includes risk management) and oversight of the Company's policies on and management of risks that have the potential to impact significantly on operations, financial performance or reputation.

The Board recognises that no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably-qualified and experienced service providers and suitably-qualified and experienced management personnel. The effectiveness of the system is monitored and continually reviewed by management on an on-going basis and at least annually by the Board. On a day-to-day basis, managing the various risks inherent in the Company's operations is the responsibility of the Executive Chairman in conjunction with the Company Secretary. Risks facing the Company can be divided into the broad categories of operations, compliance and market risks.

Operations risk refers to risks arising from day to day operational activities which may result in direct or indirect loss from inadequate or failed internal processes, decision-making, exercise of judgment, people or systems or external events. The Executive Chairman and the Company Secretary have delegated responsibility from the Board for identification of operations risks generally, for putting processes in place to mitigate them and monitoring compliance with those processes.

The Company has clear accounting and internal control systems to manage risks to the accuracy of financial information and other financial risks.

Compliance risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the Company's business, reputation and financial condition. The Company's compliance risk management strategy ensures compliance with key legislation affecting the Company's activities. The Company's compliance strategy is kept current with advice from senior external professionals and the ongoing training of Executives and other senior personnel involved in compliance management. The Company Secretary has oversight responsibility for managing the Company's compliance risk.

The Company has policies on responsible business practices and ethical behaviour, including conflict of interest and share trading policies, to maintain confidence in the Company's integrity and ensure legal compliance. Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Company has appointed an Investment Committee as the first line in managing this risk, under the supervision of the Board. The Board retains final responsibility to assess the Company's exposure to these risks and set the strategic direction for managing them. Further details are in Note 21 (Financial

Risk Management) to the financial statements for the Company's latest financial year.

The Company's approach to risk management is not stationary; it evolves constantly in response to developments in operations and changing market conditions.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

### 7.2. Audit

The Company's external auditor (**Auditor**) is selected for its professional competence, reputation and the provision of value for professional fees. Within the audit firm, the partner responsible for the conduct of the Company's audits is rotated every five years. The Auditor is invited to attend the Company's annual general meetings (in person or by teleconference) to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's report.

## 8. Communications

### 8.1. Market and Shareholder Communications

The Company is owned by shareholders. Increasing shareholder value is the Company's key mission. Shareholders require an understanding of the Company's operations and performance to enable them to understand how that mission is being fulfilled. The Directors are the shareholders' representatives. In order to properly perform their role, the Directors must be able to ascertain shareholders' views on matters affecting the Company.

The Board therefore considers it paramount to ensure that shareholders are informed of all major developments affecting the Company and have the opportunity to communicate their views on the Company to the Board. Information is communicated to shareholders and the market through various means including:

- (1) monthly NTA Backing announcements released to ASX, which are posted on the Company's website;
- (2) the Annual Report, which is distributed to shareholders if they have elected to receive a printed version and is otherwise available for viewing and downloading from the Company's website;
- (3) the Annual General Meeting (**AGM**) and other general meetings called in accordance with the Corporations Act and to obtain shareholder approvals as appropriate. The Executive Chairman gives an address at the AGM updating shareholders on the Company's investment activities;
- (4) Half-Yearly Directors' and Financial Reports, which are posted on the Company's website; and
- (5) other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders, which is also posted on the Company's website.

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Shareholders communicate with Directors through various means including:

- (1) having the opportunity to ask questions of Directors at all general meetings;
- (2) the availability of the external auditor at Annual General Meetings to take shareholder questions on any issue relevant to their capacity as auditor;
- (3) the Company's policy of expecting Directors to be available to meet shareholders at Annual General Meetings; and
- (4) the Company making Directors and selected senior employees available to answer shareholder questions submitted by telephone, email and other means (where appropriate).

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements may be viewed and downloaded from its website: [www.bel.com.au](http://www.bel.com.au) or the ASX website: [www.asx.com.au](http://www.asx.com.au) under ASX code "BEL". The Company also maintains an email list for the distribution of the Company's announcements via email in a timely manner.

## 8.2. Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to ASX as well as communicating with ASX.

In accordance with the Corporations Act and ASX Listing Rule 3.1, the Company immediately notifies ASX of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, subject to exceptions permitted by that rule. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

All staff are required to inform their reporting manager of any potentially price-sensitive information concerning the Company as soon as they become aware of it. Reporting managers are in turn required to inform whichever of the Executive Chairman or the Company Secretary to whom they report or, in their absence, the other senior executive of any potentially price-sensitive information. In general, the Company will not respond to market speculation or rumours unless required to do so by law or by the ASX Listing Rules.

The Executive Chairman has general responsibility to speak to the media, investors and analysts on the Company's behalf. Other Directors or the Company Secretary may be given a brief to do so on particular occasions (where appropriate).

The Company may request a trading halt from ASX to prevent trading in its securities if the market appears to be uninformed. The Executive Chairman is authorised to determine whether to seek a trading halt.

25 October 2013

# INVESTMENT MANDATE

The Investment Objectives of Bentley 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.

## 1. INVESTMENT STRATEGY

Bentley will implement an actively managed investment strategy undertaking investments typically into one of two broad investment categories:

- Strategic Investments; and
- Non-strategic Investments.

Bentley will not allocate a fixed proportion of funds into each or any of the above investment categories, as it believes that complete flexibility to invest across these categories is key to maximising medium-term value growth for shareholders.

For each strategic and non-strategic investment, Bentley will expect to receive a level of return that is commensurate with the level of risk associated with such investment. In each investment and for the investment portfolio in aggregate, Bentley will at least aim to achieve a return that is consistently in excess of an appropriate benchmark share index and or a return which could be earned from investments in cash, bills of exchange or negotiable instruments drawn or endorsed by a bank, non-bank financial institution or a government.

### (a) Strategic Investments

Bentley will seek to undertake investments in which it can reasonably expect to exert a degree of influence, including board representation or through playing an active role alongside management in order to enhance or realise shareholder value.

Investments will include those that have the potential for turnaround in profitability or capital appreciation through the introduction of new management, capital, improved business practices, industry rationalisation, and/or improved investor relations.

Strategic investments by their nature will rely heavily on Bentley's ability to identify, attract and exploit unique opportunities.

### (b) Non-Strategic Investments

Bentley will seek to make non-strategic investments in entities where attractive investment opportunities develop due to market sentiment or mispricing or where Bentley sees other potential for generating positive returns. In contrast to strategic investments, with non-strategic investments Bentley does not envisage that it will take an active role in the management of the investment.

## 2. PORTFOLIO ALLOCATION

In executing its Investment Strategy, Bentley may, from time to time, hold a high proportion of net assets in cash, preferring to be patient and selective rather than filling its investment portfolio with mediocre or underperforming investments for the sake of becoming "fully-invested". Bentley will not be limited to the principles of broad diversification; in other words, Bentley may invest a significant proportion of funds in any single investment that represents an exceptional opportunity.

## 3. INVESTMENTS

Investments may be made by Bentley in Australia and overseas and into any underlying industry, business or sector, in accordance with Bentley's stated Investment Objectives and Strategies. In pursuit of the Investment Objectives and execution of the Investment Strategies outlined above, Bentley will have absolute discretion in applying its equity and any debt funds to a universe or range of potential investments in assets, businesses, securities, hybrid securities, cash, bills of exchange, other negotiable investments, debentures and other investments and structures.

## 4. MANAGEMENT OF INVESTMENTS

Bentley's investment decisions are carried out by its Investment Committee, which currently comprises Executive Chairman, Farooq Khan and Company Secretary, Victor Ho (in conjunction with external consultants and advisers where appropriate). Executive Director, William Johnson was a member of the Investment Committee until he transitioned to Non-Executive Director on 25 March 2013.

If it believed that it is in the best interests of Bentley, the Board may choose to delegate part or all of the responsibility for making investment decisions to an external investment manager, subject to the investment manager having appropriate capabilities, experience and the necessary Australian Financial Services Licence(s).

\* *Investment Mandate was approved by shareholders at a general meeting held on [25 February 2009](#)*

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# LIST OF SHARE INVESTMENTS

## SHARE INVESTMENT PORTFOLIO AS AT 30 JUNE 2013

Listed Investment	ASX Code	Industry	No of Units	Market Value (\$)	% of Portfolio
Beach Energy Limited	BPT	Energy	900,000	1,021,500	7.82%
Chorus Limited	CNU	Telecommunications	350,441	700,882	5.36%
National Australia Bank Limited	NAB	Banking	21,500	637,690	4.88%
Redflex Holdings Limited	RDF	Software & Services	409,623	434,200	3.32%
Mineral Resources Limited	MIN	Commercial & Professional Services	50,000	412,000	3.15%
Norfolk Group Limited	NFK	Commercial & Professional Services	848,143	385,905	2.96%
APN News & Media Limited	APN	Media	1,436,453	359,113	2.75%
QBE Insurance Group Limited	QBE	Insurance	22,400	337,568	2.59%
Westfield Group	WDC	Real Estate	26,300	298,505	2.29%
Woolworths Limited	WOW	Food & Staples Retailing	8,800	288,024	2.21%
Wesfarmers Limited	WES	Food & Staples Retailing	7,100	280,521	2.15%
Macquarie Group Limited	MQG	Diversified Financials	6,600	274,890	2.11%
SPDR S&P/ASX 200 - Option	STWJOA	-	34,500	270,135	2.07%
Euroz Limited	EZL	Diversified Financials	250,000	247,500	1.90%
Miscellaneous listed securities	Various	Various	Various	128,243	0.98%
<b>Total Listed Investments</b>				<b>6,076,676</b>	<b>46.54%</b>
<b>Unlisted Investments</b>					
Miscellaneous Unlisted Securities <sup>1</sup>			N/A	150,000	1.15%
FSP Equities Leaders Fund (FSP Fund)			5,173,350	6,831,098	52.31%
<b>TOTAL</b>				<b>13,057,774</b>	<b>100.00%</b>

## SHARE INVESTMENT PORTFOLIO AS AT 30 SEPTEMBER 2013

Listed Investment	ASX Code	Industry	No of units	Market Value (\$)	% of Portfolio
Chorus Limited	CNU	Telecommunications	350,441	837,554	5.51%
Orica Limited	ORI	Materials	26,984	539,410	3.55%
Redflex Holdings Limited	RDF	Software & Services	409,623	462,874	3.05%
Echo Entertainment Group Ltd	EGP	Consumer Services	150,000	414,000	2.72%
QBE Insurance Group Limited	QBE	Insurance	27,800	403,100	2.65%
Beach Energy Limited	BPT	Energy	300,000	397,500	2.62%
National Australia Bank Limited	NAB	Banking	11,500	394,565	2.60%
Macquarie Group Limited	MQG	Diversified Financials	6,600	316,140	2.08%
Newcrest Mining	NCM	Materials	26,000	302,640	1.99%
SPDR S&P/ASX 200 - Option	STWJOC	-	11,020	290,597	1.91%
QBE Insurance Group Limited	QBE	Insurance	20,000	290,000	1.91%
Westfield Group	WDC	Real Estate	26,300	287,985	1.90%
Euroz Limited	EZL	Diversified Financials	250,000	285,000	1.88%
ASX Limited	ASX	Diversified Financials	8,030	277,035	1.82%
Fleetwood Corporation Limited	FWD	Consumer Durables & Apparel	64,488	232,157	1.53%
ANZ Banking Group Ltd	ANZ	Banks	7,050	216,858	1.43%
Aurora Minerals Limited	ARM	Materials	1,941,061	130,051	0.86%
SIMS Metal Management Ltd	SGM	Materials	10,600	100,170	0.66%
Miscellaneous listed securities	Various	Various	Various	1,245,174	8.19%
<b>Total Listed Investments</b>				<b>7,422,810</b>	<b>48.85%</b>
<b>Unlisted Investments</b>					
Miscellaneous unlisted securities <sup>1</sup>			N/A	150,000	0.99%
FSP Equities Leaders Fund			5,173,350	7,623,500	50.17%
<b>TOTAL</b>				<b>14,128,978</b>	<b>100.00%</b>

1. The unlisted securities are valued at Directors' valuation.

Subsequent to September month end (to 25 October 2013), Bentley:

- Realised \$0.512m from the sale of listed securities; and
- Invested a further \$1.653m in listed securities, including \$460,808 in acquiring 18,432,337 shares (at 2.5 cents per share) in Marathon Resources Limited (MTN), which Bentley announced (on 25 October 2013) an on-market takeover bid for at 2.5 cents per share.

# ADDITIONAL ASX INFORMATION

## TRANSACTIONS AND BROKERAGE

During the financial year, the Company entered into 420 (2012: 151) transactions (including under the Leyland and Sentinel MDAs referred to below) for the purchase and sale of securities, incurring brokerage fees totalling \$103,986 (2012: \$42,990). The Company undertook no investments or redemptions into or from the FSP Fund (2012: 1 investment into and 2 redemptions). There are no entry or exit fees applicable to the FSP Fund.

## INVESTMENT MANAGEMENT AGREEMENTS

- (a) An Investment Management Agreement dated 9 December 2004 (**IMA**) between Scarborough Equities Pty Ltd (**Scarborough**) (a wholly owned subsidiary of Bentley) and FSP Equities Management Limited ABN 120 098 327 809 AFSL 246790 (**FSP**) expired on 9 December 2006 and FSP's mandate has continued on a month to month basis in accordance with the terms therein. Under the terms of the IMA: (a) FSP is to invest and manage Scarborough's investment portfolio in the FSP Fund and (b) the management fees normally payable by participants in the FSP Fund is 1% per annum base management fee and a performance fee of 20% of the performance of the fund in excess of the S&P/ASX 200 Accumulation Index benchmark. A variable fee structure has been negotiated with a favourable rebate to the normal fees charged by the FSP Fund whilst still providing a material incentive to the Investment Manager for investment out performance to the benchmark. The payment of management fees to FSP occurs through the deduction by the manager of monies invested within the FSP Fund. The value of the investment in the FSP Fund is therefore net of fees payable to the manager from time to time. Bentley has also invested funds into the FSP Fund upon the same terms.
- (b) Bentley has established an Individually Managed Account (on 22 May 2012) with Leyland Private Asset Management Pty Ltd ABN 75 081 890 799 AFSL 223419 (**Leyland**) which operates as a "managed discretionary account" (**MDA**) whereby Leyland has authority and discretion to undertake investments in listed securities which are held in the Company's name. Leyland is entitled to receive a 1.5% per annum base management fee and a performance fee of 10% of the outperformance of the portfolio benchmarked against the ASX 200 Accumulation Index subject to a "high water mark" (which effectively requires a claw back of any previous underperformance and investment management fees, which are paid from the portfolio account). Base and performance fees of \$35,449 were paid to Leyland for the financial year ended 30 June 2013.
- (c) Bentley has established an MDA with Sentinel Financial Group Pty Ltd ABN 26 104 456 288 AFSL 230542 (**Sentinel**) whereby Sentinel has authority and discretion to undertake investments in listed securities which are held in the Company's name. The portfolio, established initially in the name of Bentley Capital Limited on 22 May 2012, was migrated to a new subsidiary, Bentley Portfolio No.1 Pty Ltd, on 1 April 2013. Sentinel is entitled to receive a performance fee of 20% of the absolute performance of the portfolio, subject to a rolling 4-quarter "high water mark" (which effectively requires a claw back of any negative returns in the previous 4 quarters). A performance fee of \$74,770 was paid to Sentinel for the financial year ended 30 June 2013.

## ON-MARKET SHARE BUY-BACK

The Company's on-market share buy-back initiative (**Buy-Back**)<sup>7</sup> expired on 31 August 2012 after 12 months<sup>8</sup>. No shares were bought-back under the Buy-Back during the financial year (2012: 665,961 shares bought back at a cost of \$0.144 million).

## VOTING RIGHTS

- At any meeting of the shareholders, each shareholder entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a shareholder which is a corporation, by representative.
- Every person who is present in the capacity of shareholder or the representative of a corporate shareholder shall, on a show of hands, have one vote.
- Every shareholder who is present in person, by proxy, by power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by him.

<sup>7</sup> Refer 17 August 2011 ASX market announcement "[Intention to Conduct On-Market Share Buy-Back](#)" and [Appendix 3C - Announcement of Buy-Back dated 17 August 2011](#).

<sup>8</sup> Refer [Appendix 3F Final Share Buy-Back Notice](#) released on ASX on 10 September 2012.

# ADDITIONAL ASX INFORMATION

## as at 24 October 2013

### DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	250	122,571	0.167%
1,001	-	5,000	742	2,283,564	3.113%
5,001	-	10,000	374	2,705,194	3.688%
10,001	-	100,000	520	13,902,929	18.954%
100,001	-	and over	73	54,336,283	74.078%
<b>Total</b>			<b>1959</b>	<b>73,350,541</b>	<b>100%</b>

### Unmarketable Parcel

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	3,124	631	932,254	1.271%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 3,124 shares or less, being a value of \$500 or less in total, based upon the Company's closing share price on ASX on 24 October 2013 of \$0.16 per share.

### SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Number of Shares held	Voting Power
Data Base Systems Limited (DBS) and Ambreen Chaudhri	DBS	11,717,586	15.98% <sup>(1)</sup>
Orion Equities Limited (OEQ)	OEQ	20,513,783	27.97%
Queste Communications Ltd (QUE)	QUE	1,740,625	} 30.34% <sup>(2)</sup>
	OEQ	20,513,783	
Mr Azhar Chaudhri, Renmuir Holdings Limited and Chi Tung Investments Ltd	QUE	1,740,625	} 30.34% <sup>(3)</sup>
	OEQ	20,513,783	

Notes:

- (1) Based on the [substantial shareholding notice filed by DBS and Ambreen Chaudhri dated 15 May 2012](#)
- (2) Based on the [substantial shareholding notice filed by QUE dated 15 October 2009](#)
- (3) Based on the [substantial shareholding notice filed by Azhar Chaudhri dated 2 May 2012](#)

# ADDITIONAL ASX INFORMATION

## as at 24 October 2013

### TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Total Shares Held	% Issued Capital
1	ORION EQUITIES LIMITED	20,513,783	27.967
2	DATA BASE SYSTEMS LTD	11,717,586	15.975
3	3RD PULITANO INCORPORATION PTY LTD	1,876,164	2.558
4	CHARLES W ROCKEFELLER PTY LTD	1,748,432	2.384
5	QUESTE COMMUNICATIONS LTD	1,740,625	2.373
6	MR JOHN ROBERT DILLON	1,489,019	2.030
7	MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN	1,150,445	1.568
8	BERGER EQUITIES PTY LTD	560,000	0.763
9	AVENUE ATHOL PTY LTD	536,046	0.731
10	MON NOMINEES PTY LTD	525,000	0.716
11	MR MICHAEL BRUCE SMITH & MRS KAY SMITH	481,044	0.656
12	LEIBLER SUPERANNUATION NOMINEES PTY LTD	457,743	0.624
13	MANAR NOMINEES PTY LTD	390,773	0.533
14	BOND STREET CUSTODIANS LIMITED	376,121	0.513
15	MR BENJAMIN KOPPEL & MRS SARAH KOPPEL	373,227	0.509
16	AVANTEOS INVESTMENTS LIMITED	354,687	0.484
17	KJ & ML GILROY PTY LTD	350,000	0.477
18	MRS KERRY ELIZABETH DRAFFIN	337,465	0.460
19	JOHN KERNICK S/F PTY LTD	300,000	0.409
20	KALAFMEL PTY LIMITED	278,721	0.380
<b>TOTAL</b>		<b>45,556,881</b>	<b>62.110%</b>