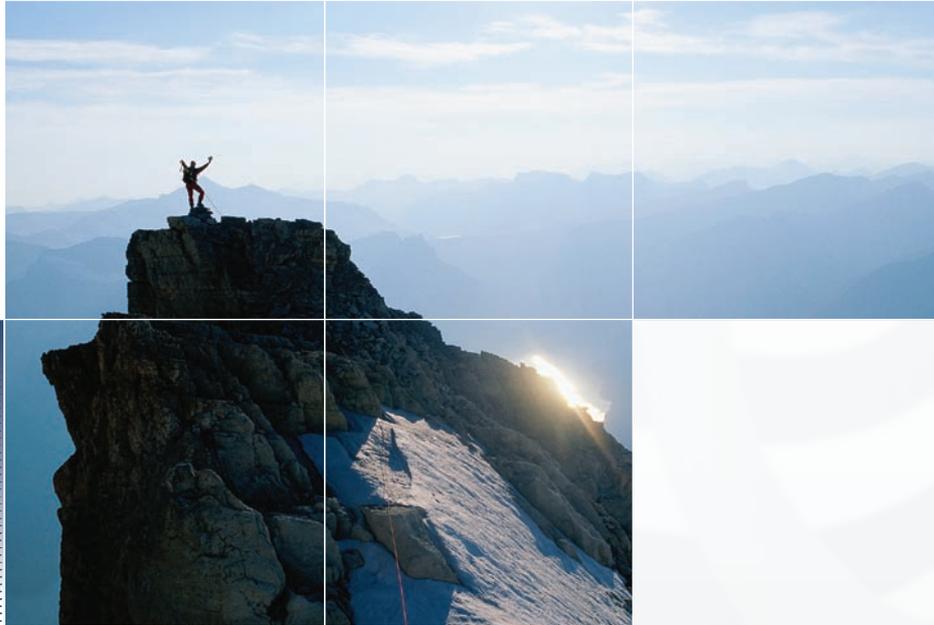


2004 Annual Report



Bentley
International Limited

CONTENTS

Chairman's Letter	2
Directors' Report	3
Statement of Financial Position	19
Statement of Financial Performance	20
Statement of Cash Flows	21
Notes to Financial Statements	22
Directors' Declaration	35
Independent Audit Report	36
Corporate Governance	38
Stock Exchange Information	43

www.bel.com.au

Visit our website for:

- Latest News
- Market Announcements
- Financial Reports

Register your email with us to receive latest Company announcements and releases

EMAIL US AT:

info@bel.com.au

CORPORATE DIRECTORY

BOARD

Farooq Khan	<i>Chairman</i>
Christopher Ryan	<i>Director</i>
Simon Cato	<i>Director</i>

COMPANY SECRETARY

Victor Ho

REGISTERED OFFICE

White Funds Management Pty Ltd
Level 5, CML Building
14 Martin Place
Sydney New South Wales 2000
Telephone: +61 2 8236 7700
Facsimile: +61 2 9221 1194
Internet: www.whitefunds.com.au

CHAIRMAN'S AND COMPANY SECRETARIAL OFFICE

Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000
Local Call: 1300 762 678
Telephone: +61 8 9214 9587
Facsimile: +61 8 9322 1515
Email: info@bel.com.au
Internet: www.bel.com.au

SHARE REGISTRY

Registries Limited
Level 2, 28 Margaret Street
Sydney New South Wales 2000
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
Email: registries@registriesltd.com.au
Internet: www.registriesltd.com.au

STOCK EXCHANGE

Australian Stock Exchange
Sydney, New South Wales

ASX CODE

BEL

AUDITORS

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney New South Wales 2000

INVESTMENT MANAGER

Constellation Capital Management Limited
Level 19, 60 Castlereagh Street
Sydney New South Wales 2000
Telephone: +61 29231-2833
Internet: www.constellation.com.au

CHAIRMAN'S LETTER

9 September 2004

Dear Bentley Shareholders,

The then Chairman of Bentley at a General Meeting of shareholders held on 15 April 2003 stated that the severing of ties between the Company and BT Funds Management was "the end of an era".

At that meeting the name of the Company was changed and the Directors advised that they were pursuing various investment alternatives for the future of the Company.

Since that time, I can best describe the Company as being in a state of transition.

The previous Board at the Annual General Meeting held on 28 October 2003 sought support for the appointment of Select Asset Management Limited as investment manager. Select Asset Management's investment mandate was not approved by shareholders.

Subsequent to that meeting, Sofcom Limited, a substantial shareholder of the Company, proposed the appointment of Constellation Capital Management Limited as new investment manager and the appointment of a new Board to take Bentley into the future.

This proposal was considered by shareholders at a General Meeting held on 5 February 2004, which proposed the appointment of new Directors (to implement a new investment strategy via the appointment of Constellation).

Shareholders overwhelmingly supported such proposal leading to the appointment of a new Board.

The new Board with the effective mandate of shareholders then negotiated the terms of formal appointment of Constellation as new investment manager to implement the international component of Constellation's HomeGlobal™ investment strategy.

I am pleased to advise that Constellation have now formally taken over as investment manager of Bentley.

I am also pleased to confirm that upon a redemption of the Company's investment in the Vanguard International Shares Index Fund and the transfer of funds to Constellation for management, the Company realised a gain on this investment which has allowed the Directors to declare a fully franked dividend of one cent per share payable by the end of September 2004.

The Directors hope that under Constellation's management, the investments made by the Company will allow for a final dividend of at least this amount to be paid in respect of the current financial year.

I along with all shareholders now look forward to a positive future for the Company with Constellation and its investment mandate.

Yours faithfully,



Farooq Khan
Chairman

DIRECTORS' REPORT

The Directors present their Directors' Report on Bentley International Limited ABN 87 008 108 218 (formerly Bentley Equities Limited from 16 April 2003 to 11 March 2004 and BT Global Asset Management Limited from 7 July 1986 to 15 April 2003) ("**Company**" or "**Bentley International**" or "**BEL**") for the financial year ended 30 June 2004 ("**Balance Date**").

Bentley International is a company limited by shares that was incorporated in South Australia in June 1986 and is presently domiciled in New South Wales and has been listed on the Australian Stock Exchange ("**ASX**") since October 1986 as an "investment entity" as defined in the ASX Listing Rules.

Bentley International does not have any controlled entities.

PRINCIPAL ACTIVITIES

Since admission to ASX in 1986, the principal investment objective of the Company is to achieve medium to long term capital appreciation. To achieve this, the Company will primarily invest in equity securities listed on the world's major stock markets. Its secondary objective is to generate income from dividend streams and the investment of a portion of the Company's portfolio in fixed interest securities and money market instruments denominated in various currencies.

During the year, the Company maintained an investment in an Australian wholesale managed fund – the Vanguard International Shares Index Fund – which seeks to match the total return of the MSCI World ex Australia Index (with net dividends reinvested) on an unhedged basis before taking into account fund expenses.

The old Board of the Company, namely Messrs Anthony Hartnell, Ross Finley, Clive Powell and Hugh Wallace, had determined in November 2002 to realise the Company's global investment portfolio and invest 80% of net funds into the Vanguard International Shares Index Fund with the balance placed in an at call bank account, after BT Funds Management had given notice of termination of their investment management agreement with the Company effective 31 December 2002. The Vanguard International Shares Index Fund provided shareholders with an on-going but passive exposure to international equities while the old Board investigated possible future paths for the Company.

After the Company's general meeting on 5 February 2004 and the resignation of the remaining old Board members, the new Board, comprising Messrs Farooq Khan, Christopher Ryan and Simon Cato proceeded with the finalisation of formal arrangements for the appointment of a new investment manager, Constellation Capital Management Limited ("**Constellation**"), and a new custodian, National Australia Bank Limited. Constellation's investment mandate is to invest in the international equities component of its HomeGlobal™ Investment Strategy.

OPERATING RESULTS

	2004	2003
	\$'000	\$'000
Profit/(loss) from ordinary activities before income tax expense	2,376	(3,980)
Income tax expense	443	16
Profit/(loss) from ordinary activities after income tax expense	1,933	(3,996)

DIRECTORS' REPORT

EARNINGS PER SHARE

	2004	2003
Basic earnings per share (cents)	4.97	(10.26)
Diluted earnings per share (cents per share)	4.97	(10.26)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	38,942,213	38,942,213

NET TANGIBLE ASSET BACKING

	2004 \$'000	2003 \$'000
Net tangible assets (before tax on unrealised gains)	\$19,098	\$16,715
Pre-tax NTA Backing per share (cents)	49	43
Less: Potential tax liabilities on unrealised gains	(\$450)	-
Net tangible assets (after tax on unrealised gains)	\$18,648	\$16,715
Post-tax NTA Backing per share (cents)	48	43
Based on total issued share capital	38,942,213	38,942,213

RELATIVE PERFORMANCE

One Year Return to 30 June 2004

Vanguard International Shares Index Fund	19.79% Gross 19.36% Net
MSCI World ex Australia Index	19.38%
Bentley International Limited	11.71% ⁽¹⁾

(1) Based on Net tangible asset backing (before tax on unrealised gains) per share

The Company notes that not all of its net available funds were invested in the Vanguard International Shares Index Fund for the whole of the financial year. This was as a consequence of the old Board's determination in late 2002 to invest only 80% of the Company's net available funds into the Vanguard International Shares Index Fund with the balance placed in an at call bank account.

DIVIDENDS

No dividends have been paid or declared during the financial year.

The Company's Dividend Reinvestment Plan has been suspended since 1999/2000. The Directors propose to review and update such Dividend Reinvestment Plan prior to its re-introduction, which is not likely until a reduction in the discount between the Company's share price and its Net Tangible Asset backing is achieved.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

As at 30 June 2004, the Company had \$19.114 million invested in the Vanguard International Shares Index Fund. The Company had maintained its investment in such fund during the year (with distribution income of \$60,000 received during the year re-invested in the fund). On 7 June 2004, the Company invested \$3.6 million of its cash reserves into the fund pending the finalisation of the formal custodial arrangements with National Australia Bank Limited ("NAB") and the transfer of the Company's funds to management by Constellation. The appointment of an independent custodian is required in order to effect the proper administration of the Company investment portfolio in the various international markets in which the Company will invest. Until such additional investment into the fund, 80% of the Company's net assets were invested into the fund with the balance of 20% invested in interest bearing cash deposits/bank bills. (30 June 2003: 78% invested in Vanguard International Shares Index Fund and 22% invested in cash deposits).

On 20 August 2004, the Company resolved the terms of and executed a custody agreement with NAB whereby NAB was formally appointment as custodian of the Company for an initial term of 2 years.

The Company's investment in the Vanguard International Shares Index Fund was redeemed on 30 August 2004 with cash funds expected to be available to be transferred to Constellation for management from 3 September 2004. Constellation has advised the Company that it hopes to be fully invested in international securities pursuant to the implementation of the international component of its HomeGlobal™ investment strategy shortly after such transfer date.

1. BOARD CHANGES

At the Company's 2003 Annual General Meeting on 28 October 2003, a resolution proposed by the former Board to seek support for the appointment Select Asset Management Limited as the investment manager to implement Select's Gottex Aspect hedge fund and derivatives strategies was not approved.

On 2 December 2003, the Board appointed Mr Farooq Khan as a Director of the Company as a nominee of the Company's largest group of shareholders led by Sofcom Limited (who together held an 16.4% interest in the Company) ("**Sofcom Shareholders**"). The Sofcom Shareholders proposed the appointment of Sydney based wholesale investment manager, Constellation Capital Management Limited as the Company's professional investment manager to implement the international component of its HomeGlobal™ Investment Strategy and the appointment of 2 further nominees as Directors.

At the Company's General Meeting on 5 February 2004, shareholders approved the election of Mr Christopher Ryan and the re-election of Mr Farooq Khan as Directors. After the General Meeting, Mr Simon Cato, a nominee of the Sofcom Shareholders, was appointed a Director and Mr Anthony Hartnell, Mr Thomas Powell and Mr Ross Finley resigned as Directors.

The new Board then proceeded to make arrangements for the formal appointments of the new investment manager as well as a suitable custodian to provide custodial services for the international share investments proposed to be undertaken by the investment manager.

2. APPOINTMENT OF NEW INVESTMENT MANAGER

On 18 May 2004, the Company resolved the terms of and executed an investment management agreement with Constellation whereby Constellation was formally appointed as investment manager of the Company to implement the international equities component of Constellation's HomeGlobal™ Investment Strategy for an initial term of 2 years.

DIRECTORS' REPORT

2.1. About Constellation Capital Management Limited

Constellation is an experienced fund manager, 50% owned by Qantas Superannuation Limited as trustee for the Qantas Superannuation Plan (which is one of Australia's largest corporate superannuation funds) and 50% by interests associated with Constellation's management. Constellation's management team has collectively many years experience in financial management disciplines and is well regarded in the industry.

Constellation offers specialist investment management services on a wholesale basis to superannuation funds, retail financial service providers, corporations, charities, trusts and endowments, and Governments and related entities.

On 30 March 2004, Constellation announced it was forming a strategic relationship with Zurich Financial Services Australia ("**Zurich**") to exclusively manage Zurich's specialist Australian equity portfolios, which currently total more than \$300 million.

Further information Constellation is available on their website: www.constellation.com.au

2.2. Terms of Investment Management Agreement

Some of the key terms of the Investment Management Agreement ("**IMA**") with Constellation are as follows:

- (1) Constellation is to invest and manage the portfolio in accordance with the international component of the HomeGlobal™ Investment Strategy;
- (2) The initial term of Constellation's appointment will be 2 years;
- (3) Authorised investments extend only to listed international equity securities (including exchange traded funds) that are traded on a recognised overseas stock exchange and certain cash and fixed interest securities. Constellation is not permitted to acquire derivatives, put options, call options, put and call options, to hedge, to borrow, or to pledge any assets of the portfolio or the Company. The Company's approval is required for Constellation to invest in a public listed company if such investment would be more than 10% of the market capitalisation of such company;
- (4) Constellation is permitted to maintain up to 5% of the portfolio in cash assets; and
- (5) The following management fees (exclusive of goods and services tax) are payable to Constellation:
 - (a) A base fee of \$69,000 per annum; and
 - (b) A variable fee of:
 - (i) 0.5% per annum of the portfolio value up to \$15m; and
 - (ii) 0.4% per annum of the portfolio value in excess of \$15m.

Examples of the management fee structure are:

Portfolio Size	Base Fee	Variable Fee		Total Fees	Total Fees as % of Portfolio Size
		0.5% up to \$15m	0.4% of excess over \$15m		
\$15m	\$69,000	\$75,000	\$0	\$144,000	0.96%
\$18m	\$69,000	\$75,000	\$12,000	\$156,000	0.87%
\$20m	\$69,000	\$75,000	\$20,000	\$164,000	0.82%
\$30m	\$69,000	\$75,000	\$60,000	\$204,000	0.68%
\$50m	\$69,000	\$75,000	\$140,000	\$284,000	0.57%
\$100m	\$69,000	\$75,000	\$340,000	\$484,000	0.48%

DIRECTORS' REPORT

3. THE HOMEGLOBAL™ INVESTMENT STRATEGY

In August 2003, Constellation launched its stated proprietary HomeGlobal™ Investment Strategy which Constellation believes is a major advance on the current domestic/international investment paradigm in Australia.

Constellation's HomeGlobal™ Investment Strategy approach resolves three key issues of concern to equity investors:

- (1) the dominance of certain stocks and industries in domestic markets;
- (2) the impact of globalisation on diversification benefits; and
- (3) the home country bias.

The HomeGlobal™ Investment Strategy is stated by Constellation to:

- Provide a more relevant global equity exposure to industry sectors not available in Australia;
- Avoid wasteful over-allocation of portfolio to global industry sectors already adequately represented in the Australian market such as banks and mining;
- Capture global growth industries not adequately represented in Australia such as pharmaceuticals and biotech, IT hardware and software and some well established global old economy industries such as auto, oil & gas, branded retailers (e.g. Coca Cola);
- Resolve Australian industry and stock concentrations;
- Provide an international equities portfolio with more balanced industry weights and a spread of country exposures, thus benefiting from the diversification benefits of both these factors.

Constellation's HomeGlobal™ Strategy has two effective components - an international equities portfolio and a domestic (Australian) equities portfolio.

The Company is the first client of Constellation's HomeGlobal™ Investment Strategy. The Company believes that the HomeGlobal™ approach has merit and offers a potential solution to the issue of home country bias in equity portfolios. The Directors believe that a rationale for investing in the Company is to diversify risk whilst accessing under-represented industry sectors in Australia. Whilst the HomeGlobal™ approach lacks a "track record", re-constructed ten year performance analytics show gains in returns and falls in risk (volatility) compared with relevant market indices.

The HomeGlobal™ Investment Strategy has also been considered by ASX in the February 2004 edition of ASX's Taking Stock Newsletter. The ASX article considers Constellation's HomeGlobal™ Investment Strategy as an alternative approach to the current domestic/international investment strategies paradigm and highlights it as a positive investment opportunity for Australian listed investment companies. The February 2004 edition of ASX's Taking Stock newsletter is available over the Internet at the following website addresses:

- http://www.bel.com.au/library/Presentations/2004_Feb_ASX_Taking_Stock_Newsletter.pdf
- <http://www.asx.com.au/about/pdf/TakingStockFeb04.pdf>

The Company believes this article by the ASX lends further weight to the decision made by the new Board to appoint Constellation to implement the international component of the HomeGlobal™ Investment Strategy.

DIRECTORS' REPORT

3.1. Investment Philosophy

The HomeGlobal™ Investment Strategy is based on the notion that 'home country bias' in investors' equity portfolios will lead to sub-optimal industry weightings in their overall equity portfolio. It assumes that within the equity sector, industries are at least as important as countries in driving returns.

At the centre of the HomeGlobal™ Investment Strategy is the recognition that because Australian investors typically have a natural domestic bias towards investing in local equities, traditional international investment strategies tend to result in over-exposure to sectors which are already strongly represented domestically - e.g. banking. The HomeGlobal™ Investment Strategy seeks to redress such inadequacies by adopting a global portfolio approach, investing in companies in industries represented in the Australian market where this can be done (the Australian equities HomeGlobal™ portfolio) and in international equities in industries not adequately available to Australian domestic investors (the international equities HomeGlobal™ portfolio - being the Bentley International portfolio).

For example, the Australian share market offers more than adequate opportunity to invest in bank stocks so there is no net portfolio diversification benefit from investing internationally in more bank stocks because this would overly concentrate industry risk exposures. Conversely, since the Australian share market does not offer adequate exposure to aerospace, information technology hardware and software or pharmaceutical and biotechnology stocks, for example, the HomeGlobal™ Investment Strategy will invest internationally to secure exposure in such industry sectors and therefore provide a more balanced global portfolio structure.

3.2. Style and Process

Constellation has a mandate to invest only in the international portion of the HomeGlobal™ Investment Strategy. The approach begins by setting overall industry weightings of the total portfolio (Australian and international) to World Index weights. In each industry, exposure is first taken in Australian stocks up to the lower of the Australian market weight or the World Index weight. All outstanding required industry exposure is then taken in international equities.

As stated, Constellation will only invest the Company's funds in the international portion of the HomeGlobal™ Investment Strategy, so that the resultant portfolio will be heavily invested in sectors such as IT hardware/software and pharmaceuticals & biotechnology (which are not well represented in the Australian market), with no investments in sectors such as banks and media (which are highly weighted in the Australian market).

Industry sector exposures are achieved by stratified sampling using stocks and sector Exchange Traded Funds (ETFs) where possible. Currency is unhedged.

DIRECTORS' REPORT

3.3. Portfolio Sample

A table representation of the HomeGlobal™ Investment Strategy portfolio constructed as above is:

Industry Sectors	1	2	3	4	5
	Market weights		HomeGlobal™ Weights		HomeGlobal Portfolio Weights
	Global	Australian	Australian	International	International Component
Aerospace & Defence	1.3%	0.0%	0.0%	1.3%	2.69%
Automobiles & Parts	2.4%	0.1%	0.1%	2.3%	4.76%
Banks	13.8%	28.5%	13.8%	0.0%	
Beverages	2.1%	3.0%	2.1%	0.0%	
Construction & Building Materials	1.3%	3.1%	1.3%	0.0%	
Chemicals	2.1%	1.1%	1.1%	1.0%	2.04%
Diversified Industrials	3.0%	2.5%	2.5%	0.5%	1.14%
Electronic & Electrical Equipment	2.5%	0.0%	0.0%	2.5%	5.11%
Electricity	2.4%	0.0%	0.0%	2.4%	4.96%
Engineering & Machinery	1.4%	0.2%	0.2%	1.2%	2.52%
Food & Drug Retailers	1.2%	2.5%	1.2%	0.0%	
Food Producers & Processors	2.2%	0.8%	0.8%	1.4%	2.92%
Forestry & Paper	0.6%	0.5%	0.5%	0.1%	0.11%
General Retailers	3.9%	2.2%	2.2%	1.7%	3.51%
Household Goods & Textiles	1.2%	0.7%	0.7%	0.5%	1.05%
Health	2.5%	0.6%	0.6%	1.9%	4.00%
Investment Companies	0.2%	0.6%	0.2%	0.0%	
Information Technology Hardware	7.1%	0.0%	0.0%	7.1%	14.86%
Insurance	3.8%	3.5%	3.5%	0.3%	0.61%
Life Assurance	1.3%	2.6%	1.3%	0.0%	
Leisure, Entertainment & Hotels	1.3%	1.9%	1.3%	0.0%	
Mining	1.1%	13.0%	1.1%	0.0%	
Media & Photography	3.6%	9.9%	3.6%	0.0%	
Oil & Gas	7.2%	2.7%	2.7%	4.6%	9.54%
Personal Care & Household Products	1.8%	0.0%	0.0%	1.8%	3.75%
Pharmaceuticals & Biotechnology	8.1%	1.2%	1.2%	6.9%	14.33%
Real Estate	1.2%	6.8%	1.2%	0.0%	
Software & Computer Services	4.1%	0.0%	0.0%	4.1%	8.47%
Speciality & Other Finance	4.1%	1.9%	1.9%	2.2%	4.59%
Steel & Other Materials	0.8%	1.1%	0.8%	0.0%	
Support Services	1.7%	2.4%	1.7%	0.0%	
Tobacco	0.9%	0.0%	0.0%	0.9%	1.87%
Transport	1.3%	3.5%	1.3%	0.0%	
Telecommunication Services	5.2%	1.8%	1.8%	3.4%	7.07%
Utilities, Other	1.3%	1.2%	1.2%	0.0%	0.10%
Totals	100.0%	100.0%	52.0%	48.0%	100.00%

Source: Constellation Capital Management Limited (August 2004)

The international component of the HomeGlobal™ Investment Strategy is represented by the portfolio construction in Column 5 of the above table.

DIRECTORS' REPORT

4. MANAGER'S BOARD AND INVESTMENT MANAGEMENT TEAM

4.1. Percy Allan AM, Chairman

Mec, BEc, FAICD, FCPA, FAIM

Mr Allan is a Visiting Professor at the Macquarie Graduate School of Management and is the Principal of Percy Allan & Associates, which advises on public policy, finance and management. Mr Allan has considerable experience in both the public and private sector and is well known for his past role as the Secretary of NSW Treasury and the Chairman of NSW Treasury Corporation. He is presently Chairman of the NSW Premier's Council on the Cost and Quality of Government.

4.2. Douglas Little, Managing Director

BCom, FCPA, FAICD, ASIA

Mr Little founded Constellation in 1999. He was formerly Group Investment Director of Tyndall Australia Limited and has more than 35 years experience in investment markets in Australia, London and New York, including more than twenty five years in investment management. He commenced his career at AMP in 1966 as an investment analyst and until 1981 he was a senior investment executive for AMP Society. In the 1980's he successfully established and managed investment operations in New York for Potter Partners (acquired by Warburg/UBS) and Bain & Co (acquired by Deutsche Bank).

4.3. Mark Boesen, Director

BBus, CPA

Mr Boesen is General Manager Retirement Programs for Qantas Airways Limited and a former Director of Qantas Superannuation Limited for 11 years, which is the trustee of one of Australia's largest corporate superannuation funds and which has provided capital backing for Constellation. Mark continues to be the trustee's representative on the Board. He is also Vice Chairman and Chairman of the Audit & Compliance Committee of the Qantas Staff Credit Union Limited and is a Director of SeQant Asset Management Pty Limited.

4.4. Olev Rahn, Director

BEc, ASIA

Mr Rahn has more than 35 years experience in the investment industry, beginning as an investment analyst with Sydney stockbroker Ord Minnett. He moved to London in the late 1960s joining merchant bank Robert Fleming & Co as an investment manager and transferred to affiliate Jardine Fleming & Co in Hong Kong in 1973. He returned to Australia in late 1975, joining a small team at Ord-BT Co, predecessor of Bankers Trust Australia, becoming investment director in 1978. Through the 1980s and 90s Bankers Trust Australia grew to be Australian's pre-eminent investment bank and fund manager. Mr Rahn retired from executive duties in early 2000 and as a director in 2002 to pursue selected consultant roles, charitable fundraising and private investment activities. Mr Rahn joined the Constellation board of directors in July 2003. Mr Rahn was also a founding Director of Bentley International Limited (then known as BT Global Asset Management Limited) when it floated on ASX in 1986.

4.5. Dr Peter Vann, Head of Investment Research

PhD, MSc, BSc, ASIA

Dr Vann, formerly Head of Structured Investment Group at County Investment Management (now INVESCO) has been involved within the investment management and managed funds industry for more than 15 years. Since joining the financial community, Dr Vann has been a major contributor to the industry and related institutions. He is the founder and past President of the Australian Institute for Quantitative Research in Finance (Q Group Australia), is a Principal Lecturer for the Securities Institute of Australia course in Applied Portfolio Management, an Associate Editor for the Journal of Investing and is on the Review Board for the Journal of Indexes. Peter was also Chairman of the School Advisory Committee, School of Finance and Economics at UTS.

DIRECTORS' REPORT

4.6. Richard Morris, Investment Manager

DipSM, BEc, ASIA

Mr Morris has been with Constellation for four and a half years and has played an integral role in the development of Constellation's portfolio management systems. He was formerly a senior Investment Analyst with ASSIRT Research, a member of the St. George Banking group. He has been involved in the superannuation and managed funds industry for over 10 years, including roles with WM Mercer in investment analysis and consulting and superannuation fund administration.

5. CORPORATE

5.1. Voluntary Winding Up Mechanism and Consideration of Matters at next Annual General Meeting

On 14 August 2004, the Company announced that it would propose, amongst others, the following resolutions for shareholder consideration at the Annual General Meeting of the Company to be held on 15 October 2004:

- (1) A Special Resolution to voluntarily wind up the Company pursuant to a "triggering" of the Company's existing but not formalised (within the Company's constitution) voluntarily winding up mechanism.

Such mechanism was formulated by the founding directors of the Company in 1986 and involves testing the Company's 3 month weighted average share price ("**WASP**") to 30 June (every two years commencing in 30 June 1992) against its net tangible asset ("**NTA**") backing over the same period. If such WASP is less than 90% of such NTA backing, the mechanism provided for the Directors to call a general meeting within 90 days to consider the voluntary winding up of the Company.

The Company's 3 month WASP to 30 June 2004 was less than 90% of its NTA backing to 30 June 2004 and accordingly, such voluntary winding up mechanism has been "triggered."

- (2) If the Special Resolution (1) is passed, an Ordinary Resolution to appoint a person (to be nominated by the Directors and specified in the Notice of Annual General Meeting) a Liquidator of the Company to wind up the Company pursuant to shareholder approval of Special Resolution (1) above.
- (3) If Special Resolution (1) is not passed, a Special Resolution to consider an amendment to the Company's constitution to enshrine the Company's voluntarily winding up mechanism as formulated by the founding Directors in the constitution.

If this Special Resolution (3) is not passed by shareholders, the Directors will regard the voluntary winding up mechanism as being at an end as it would not be appropriate to maintain such informal bi-annual testing of a mechanism formulated under a directors' resolution in 1986 in circumstances where a shareholder's resolution to formalise such mechanism in the Company's constitution have been rejected in 2004.

Please refer to the notice of annual general meeting and explanatory statements (to be despatched on or before 15 September 2004) for further information about such matters.

DIRECTORS' REPORT

5.2. Change of Company Name

At the Company's General Meeting on 5 February 2004, shareholders approved a change of name for the Company to "Bentley International Limited". This change was effected on 12 March 2004.

The Company's ASX code remains as "BEL".

5.3. Company Secretarial Office

Mr Victor Ho was appointed Company Secretary on 5 February 2004. The Chairman's and Company Secretarial office is based at the offices of the Sofcom Shareholders in Perth, Western Australia.

Shareholders and investors in Australia can contact the Chairman or Company Secretary at local call rates by dialling 1300 762 678.

White Funds Management Pty Ltd in Sydney continues to provide accounting and some administration functions to the Company.

5.4. New Company Website

The Company's new website, www.bel.com.au, was launched in May 2004. The website contains further details on the HomeGlobal™ Investment Strategy and other corporate information for shareholders and investors.

The Directors also encourage shareholders to register their email address with the Company to receive the Company's announcements and releases. Please email info@bel.com.au to join the Company's emailing list.

5.5. Plans for proposed New IPO - "Bentley Australia Limited"

As described above, Constellation's HomeGlobal™ Investment Strategy has two separate components - an international equities portfolio and a domestic (Australian) equities portfolio.

The meeting documents for the general meeting held on 5 February 2004 outlined the new Boards' plans for the Company to float a new listed investment company - "Bentley Australia Limited" ("BAL") - with Constellation as investment manager (upon terms similar to the IMA with Bentley International Limited) to implement the domestic or Australian equities component of the HomeGlobal™ Investment Strategy. It was proposed that BAL undertake an initial public offering of shares with existing shareholders of Bentley International Limited being granted a priority entitlement to such capital raising.

The Board has temporarily suspended such IPO plans due to a current lack of market sentiment for investment company capital raisings. This will be reviewed later in the 2004/2005 financial year after Constellation has established a "track record" for the HomeGlobal™ Investment Strategy through investing in the international component for Bentley International Limited and if there is positive market sentiment and an appetite for the BAL concept.

DIRECTORS' REPORT

5.6. Capital Base

The Directors are considering ways to increase its investment portfolio size to raise the Company's profile in the general investment community as one of the few listed investment companies specialising in international equities and reduce the Company's management expense ratio ("MER"). The later is particularly relevant as the Directors have negotiated a 2 tier management fee structure with Constellation (refer section 2.2(5) of Review of Operations above) such that the ratio of total management fees decreases as the portfolio size increases.

The Board will consider the expansion of the capital base of the Company through the issue of equity capital or mergers (through schemes or takeovers) with other listed investment companies or managed funds.

SECURITIES IN THE COMPANY

At the date of this Directors' Report, the Company has 38,942,213 fully paid ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There was no significant change in the state of affairs of the Company during the financial year other than that referred to in this Directors' Report or the financial statements or notes thereto.

FUTURE DEVELOPMENTS

A Special Resolution will be proposed for the Company's next Annual General Meeting to be held on 15 October 2004 for the voluntarily winding up of the Company pursuant to a "triggering" of the Company's voluntarily winding up mechanism. Please refer to section 5.1 of this Directors' Report for further information.

Other information on likely developments in the operations of the Company and the expected results of operations have not been included in this Directors' Report because the Directors believe it would be likely to increase in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not 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 the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is currently being updated and will be released in the 2004 Annual Report and posted on to the Company's website.

DIRECTORS' REPORT

DIRECTORS

The names and particulars of all Directors in office during or since the financial year are:

1. **Farooq Khan** LLB, BJuris
Chairman

Mr Khan was appointed a director of the Company on 2 December 2003 and re-elected Director at a General Meeting on 5 February 2004. Mr Khan has previously practised law for a number of years, principally in the field of corporate law. Mr Khan has extensive experience in the securities industry and the promotion and executive management of ASX listed companies. Mr Khan also has considerable experience in the strategic review of public listed companies, capital raisings and corporate takeovers and restructuring. Mr Khan is also currently Chairman and Managing Director of four public listed companies - Queste Communications Limited, Fast Scout Limited, Altera Capital Limited and Sofcom Limited.

2. **Christopher B. Ryan** BEcon, MBA, FAusIMM, ASIA, MPESA
Non-Executive Director

Mr Ryan was elected a director of the Company at a General Meeting on 5 February 2004. Mr Ryan is the Principal of Westchester Corporate Finance, a Sydney based corporate advisory firm specialising in advising ASX listed companies on fund raising, mergers and acquisitions and associated transactions. Prior to forming Westchester in July 1996, Christopher was with Schroders Australia Limited for 27 years. At Schroders, he served 3 years in the investment division, 2 years as an economist monitoring influences on interest rates 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. In addition, he has been the chairman and/or a director at various times of a number of Australian companies listed on the ASX. He is currently Chairman of Golden Cross Resources Limited, Bligh Ventures Limited and Blue Ensign Technologies Limited.

3. **Simon K. Cato** B.A., MSDIA
Non Executive Director

Mr Cato was appointed a director on 5 February 2004. Mr Cato has more than 20 years capital markets experience within the Australian securities industry both in investment broking and in regulatory roles. He has been employed by the Australian Stock Exchange in Sydney and Perth in the companies department (which oversees the activities of listed companies) most recently as Manager, Companies for ASX Perth. Over the last 12 years Mr Cato has been an Executive Director of two stockbroking firms and in these roles has been involved in a diverse range of management and capital investment activities. Mr Cato is currently a broker and consultant with Kirke Securities Limited and a Non-Executive Director of ASX listed Medusa Mining Limited, Altera Capital Limited and Sofcom Limited.

4. **Anthony G. Hartnell** - resigned as Chairman on 5 February 2004.
5. **T. Clive Powell** - resigned as Non-Executive Director on 5 February 2004.
6. **Ross J. Finley** - resigned as Non-Executive Director on 5 February 2004.
7. **Brendan J. Foley** - appointed 28 October 2003 and resigned as Non-Executive Director on 3 December 2003.
8. **Hugh R. Wallace** - resigned as Non-Executive Director on 12 September 2003.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the year ended 30 June 2004, and the numbers of meetings attended by each Director of the Company:

Name of Director	Meetings Attended	Maximum Possible Meetings
Farooq Khan	13	13
Christopher Ryan	11	11
Simon Cato	9	9
Anthony Hartnell	11	11
Clive Powell	9	9
Ross Finley	8	9
Brendan Foley	1	1
Hugh Wallace	3	3

There were no meetings of committees of the Board.

Audit Committee

As at the date of this Directors' Report, the Company did not have a separate designated Audit Committee. In the opinion of the Directors, the nature of the Company's activities does not warrant a separate committee to consider audit and accounting matters. These responsibilities are actively discharged by the Board of Directors as a whole.

DIRECTORS' RELEVANT INTEREST

The relevant interest (as defined in the Corporations Act) of each current Director in the issued securities of the Company at the date of this Directors' Report is as follows:

Director	Shares
Farooq Khan	8,455,970
Christopher Ryan	-
Simon Cato	-

There were no securities issued or granted to Directors or Executive Officers of the Company, during or since the financial year, pursuant to any executive or employee share or option plan or otherwise.

DIRECTORS' AND EXECUTIVE OFFICER'S REMUNERATION

The Board determines the remuneration structure of all Directors and Executive Officers having regard to the Company's performance and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications. The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration of \$75,000 per annum inclusive of employer superannuation contributions where applicable to be divided amongst them as they agree.

DIRECTORS' REPORT

Pursuant to the Company's Constitution, each Director is also entitled to receive:

- (1) Payment for reimbursement of all traveling, 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;
- (2) 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).

Details of the nature and amount of each element of remuneration of each Director and the sole Executive Officer of the Company paid or payable by the Company during the financial year are as follows:

Remuneration of Directors of the Company

Name of Director	Office Held	Fees \$	Superannuation \$	Total \$
Current Directors:				
Farooq Khan	Chairman	14,908	1,342	16,250
Christopher Ryan	Non-Executive Director	17,260	-	17,260 ⁽¹⁾
Simon Cato	Non-Executive Director	-	8,750	8,750
Former Directors:				
Anthony Hartnell	Chairman	17,885	-	17,885 ⁽²⁾
Clive Powell	Non-Executive Director	-	8,942	8,942
Ross Finley	Non-Executive Director	8,942	-	8,942
Brendan Foley	Non-Executive Director	-	-	-
Hugh Wallace	Non-Executive Director	2,977	254	3,231

Notes:

- (1) Mr Ryan's Directors' fees have been paid to Westchester Financial Services Pty Limited, a corporate advisory company in which Mr Ryan is principal and is reported exclusive of goods and services tax.
- (2) Mr Hartnell's Directors' fees have been paid to the law firm of Antanaskovic Hartnell as the firm has advised that such fees are on trust for the partnership of such firm. Mr Hartnell is a partner of Antanaskovic Hartnell.

Remuneration of Executive Officer of the Company

The Company only had one Executive Officer during the financial year:

Name of Executive Officer	Office Held	Fees \$	Superannuation \$	Total \$
Victor Ho	Company Secretary	16,570	1,491	18,061

DIRECTORS' REPORT

Directors' and Officers' Insurance

The Directors have not included details of the nature of the liabilities covered or the amount of premiums paid in respect of a Directors and Officers liability and legal expenses' insurance contract, as such disclosure is prohibited under the terms of the contract.

Other Directors' Benefits

No Director of the Company has, since the end of the previous 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.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought against or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

AUDITOR

PricewaterhouseCoopers, Chartered Accountants, continue in office in accordance with Section 327 of the Corporations Act 2001.

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 Review of Operations) or the financial statements or notes thereto (in particular Note 18), 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.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements to the nearest \$1,000 or in certain cases to the nearest dollar. Amounts have been rounded off in the Directors' Report and financial statements in accordance with this class order.

DIRECTORS' REPORT

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



Farooq Khan
Chairman



Christopher Ryan
Director

30 August 2004

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004**

	Notes	2004 \$'000	2003 \$'000
Current assets			
Cash assets		19	3,739
Investments	2	19,114	12,933
Receivables	3	-	44
Current tax assets	4(a)	-	90
Other	5	24	-
Total current assets		<u>19,157</u>	<u>16,806</u>
Non-current assets			
Property, plant and equipment	6	9	-
Deferred tax assets	4(b)	7	-
Total non-current assets		<u>16</u>	<u>-</u>
Total assets		<u>19,173</u>	<u>16,806</u>
Current liabilities			
Payables	7	75	91
Total current liabilities		<u>75</u>	<u>91</u>
Non-current liabilities			
Deferred tax liabilities	8	450	-
Total non-current liabilities		<u>450</u>	<u>-</u>
Total liabilities		<u>525</u>	<u>91</u>
Net assets		<u>18,648</u>	<u>16,715</u>
Equity			
Contributed equity	9	23,004	23,004
Reserves	10(a)	1,069	(942)
Accumulated losses	10(b)	(5,425)	(5,347)
Total equity		<u>18,648</u>	<u>16,715</u>

The above statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 \$'000	2003 \$'000
Investment income			
Dividends and Trust Distributions		60	217
Interest		164	115
Unrealised changes in the net fair value of investments		2,461	(941)
Realised losses on sale of investments		-	(2,981)
Foreign exchange gains/(losses)		-	23
Other		37	22
Total investment income from ordinary activities		2,722	(3,545)
Expenses			
Investment manager's fees		8	95
Audit fees	11	20	31
Directors fees		81	75
Share registry		27	40
ASX listing fees		18	14
Other		192	180
Total expenses from ordinary activities		346	435
Profit/(loss) from ordinary activities before income tax expense		2,376	(3,980)
Income tax expense	12(a)	443	16
Profit/(loss) from ordinary activities after income tax expense		1,933	(3,996)
Net profit/(loss) attributable to members of Bentley International Limited		1,933	(3,996)
Total revenues, expenses & valuation adjustments attributable to members of Bentley International Limited recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with owners as owners		1,933	(3,996)
		Cents	Cents
Basic earnings per share	19	4.97	(10.26)
Diluted earnings per share	19	4.97	(10.26)

The above statement of financial performance should be read in conjunction with the accompanying notes to the financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 \$'000	2003 \$'000
Cash flows from operating activities			
Dividends received		91	229
Interest received		177	101
Other income received		37	-
Investment manager's fees paid		-	(109)
Income tax refund		90	341
Other expenses paid		(387)	(325)
Net cash inflow from operating activities	17(a)	<u>8</u>	<u>237</u>
Cash flows from investing activities			
Proceeds from sale of investments		-	37,011
Purchase of investments		(3,719)	(32,559)
Purchase of plant and equipment		(9)	-
Net cash inflow/(outflow) from investment activities		<u>(3,728)</u>	<u>4,452</u>
Cash flows from financing activities			
Dividends paid		-	(1,363)
Net cash outflow from financing activities		<u>-</u>	<u>(1,363)</u>
Net increase/(decrease) in cash held		(3,720)	3,326
Cash at the beginning of the financial year		3,739	389
Effect of exchange rate changes on cash		-	24
Cash at the end of the financial year	17(b)	<u>19</u>	<u>3,739</u>
Non-cash financing activities	17(c)	-	-

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1 Summary of significant accounting policies

(a) Basis of accounting

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention with the exception of the valuation of investments described in note (b)(ii) below. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year.

(b) Investments

(i) Classification

The investment objectives of the Company include earning revenue from dividends and holding investments for market appreciation and trading opportunities. Investments held are readily marketable and are traded as future market conditions dictate. At 30 June 2004, the Company's investments were in the Vanguard International Shares Index Fund pending the finalisation of formal custodial arrangements with National Australia Bank Limited and the transfer of the Company's funds to management by Constellation Capital Management Limited as new investment manager. The Company's investment in the Vanguard International Shares Index Fund was redeemed on 30 August 2004. Consequently, the Company's investments as at 30 June 2004 have been classified as current.

(ii) Valuation

As at 30 June 2004, the Company's investment were in the Vanguard International Shares Index Fund. The investment is stated at net fair value as at the reporting date, the net fair value is the Fund's withdrawal price at the close of business at year end. Certain costs in acquiring investments, such as brokerage and stamp duty, are capitalised in the initial cost of the investment.

(iii) Unrealised gains and losses

Changes in the net fair value of investments represent the unrealised gains or losses on investments arising from the increment or decrement between the net fair value at the reporting date and the net fair value as at the prior year end (or cost if the investment was acquired during the year).

The unrealised gains or losses are transferred to the unrealised profits and losses reserve, net of any potential tax charge that may arise from the future sale of investments. The balance in the unrealised profits and losses reserve is equal to the cumulative after tax unrealised gains or losses on investments.

(c) Revenue from ordinary activities

Revenue from ordinary activities consists of dividend, trust distribution, interest, other income and gross proceeds from the sale of investments. Interest and dividend revenue is recognised as it accrues.

(d) Investment income

The change in the net fair value of investments as mentioned in note b(iii) above is recognised as income in determining the profit and loss for the year.

The realised gains or losses on the sale of investments represent the difference between the net proceeds and the net fair value of the investments at the prior year end or cost if acquired during the year.

(e) Income to pay dividends

The Directors of the Company hold the opinion that unrealised gains and losses should not be taken into account in determining the income of the Company available to pay dividends. The transfer to and from the unrealised profits and losses reserve will be such that the income available to pay dividends will only include realised gains and losses and income received by the Company. The transfers to and from the reserve will include the amounts of unrealised gains and losses recognised in the statement of financial performance for the year and prior year unrealised gains and losses that become realised as a result of the sale of investments during the year.

A provision for dividends payable is recognised in the reporting period in which dividends are declared, for the entire undistributed amount, regardless to the extent they will be paid in cash.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1 Summary of significant accounting policies (cont.)

(f) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences.

Future income tax benefits relating to tax losses are not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation.

Income tax on accumulative timing differences is set aside to the deferred income tax or future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

The amount of 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 tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(g) Cash

For the purposes of the statement of cash flows, cash includes deposits held at call with financial institutions and highly liquid investments which are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

(h) Receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the year end from the time of last payment. Amounts received for securities sold are recorded when a sale has occurred. Amounts are generally received within 30 days of being recorded as a receivable.

(i) Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid at the reporting date. Payables are unsecured and are usually paid within 30 days of recognition.

(j) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation. Plant and equipment are measured on the cost basis. 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.

(k) Derivative financial instruments

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to derivatives are included in investment income as part of realised or unrealised gains and losses on investments.

(l) 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 year.

(m) Comparative figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures in the current year.

(n) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements to the nearest \$1,000 or in certain cases to the nearest dollar. Amounts have been rounded off in the Directors' report and financial statements in accordance with this class order.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004****1 Summary of significant accounting policies (cont.)****(o) Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year. The Company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation.

The directors are of the opinion that the key differences in the Company's accounting policies which will arise from the adoption of IFRS are:

Income Tax

Currently, the Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the equivalent to International Accounting Standards IAS 12, the Company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

(p) Goods and Services Tax

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 part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

		2004	2003
		\$'000	\$'000
2	Investments		
	Vanguard International Shares Index Fund (unlisted)	19,114	12,933
<hr/>			
Material investments other than subsidiaries and associates:			
	Name of entity	Principal Activity	
		Percentage ownership interest held	Carrying value \$'000
	Vanguard International Shares Index Fund	Seeks to match the total return of the MSCI World ex Australia Index (with net dividends reinvested) on an unhedged basis before taking into account Fund expenses.	
		0.06%	19,114
		2004	2003
		\$'000	\$'000
3	Receivables		
	Current		
	Accrued interest and dividends	-	14
	Sundry debtors	-	30
		<hr/>	<hr/>
		-	44
4	Tax assets		
(a)	Current		
	Income tax refund receivable	-	90
		<hr/>	<hr/>
(b)	Non-current		
	Future income tax benefit	7	-
		<hr/>	<hr/>
	The future income tax benefit is made up of timing differences.		
5	Other		
	Current		
	Prepayments	24	-
		<hr/>	<hr/>
6	Property, plant & equipment		
	At cost	9	-
	Accumulated depreciation	-	-
		<hr/>	<hr/>
		9	-
7	Payables		
	Current		
	Trade creditors	75	91
		<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

	2004	2003
	\$'000	\$'000
8 Tax liabilities		
Non-current		
Deferred income tax	450	-
Consisting of:		
Provision for deferred income tax	455	-
Future income tax benefits attributable to tax losses	(5)	-
	<u>450</u>	<u>-</u>

	2004		2003	
	No. Shares	\$'000	No. Shares	\$'000
9 Contributed Equity				
Ordinary shares	<u>38,942,213</u>	<u>23,004</u>	<u>38,942,213</u>	<u>23,004</u>

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings.

In the event of winding up the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

10(a) Reserves

	2004	2003
	\$'000	\$'000
Unrealised profits and losses reserve		
Balance at the beginning of the financial year	(942)	(2,304)
Transfer to retained earnings		
Unrealised gains during the year	2,461	(942)
Prior year unrealised changes now realised	-	2,304
Deferred income tax on movement in the year	(450)	-
	<u>2,011</u>	<u>1,362</u>
Balance at the end of the financial year	<u>1,069</u>	<u>(942)</u>

The unrealised profits and losses reserve is used to record the cumulative after tax unrealised gains or losses on investments.

10(b) Accumulated losses

Balance at the beginning of the financial year	(5,347)	11
Transfer from unrealised profits and losses reserve	(2,011)	(1,362)
Net effect on dividend from initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	-	1,363
Net profit/(loss) for the current year	<u>1,933</u>	<u>(3,996)</u>
	(5,425)	(3,984)
Dividends paid and payable	-	(1,363)
Balance at the end of the financial year	<u>(5,425)</u>	<u>(5,347)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

11 Auditors' remuneration	2004	2003
	\$	\$
Amounts received and receivable, by the auditor of the Company for:		
Auditing the accounts	20,460	30,811

12 Income tax	2004	2003
	\$'000	\$'000

(a) The income tax benefit from the financial year differs from the amount calculated on the profit/(loss). The differences are reconciled as follows:		
Profit/(loss) from ordinary activities before income tax expense	2,376	(3,980)
Income tax expense calculated at 30%	713	(1,194)
Tax effect of permanent differences:		
- assessable taxable income	60	-
- non-assessable income	-	(6)
Income tax adjusted for permanent differences	773	(1,200)
Over/(under) provision in prior year	(12)	(2)
Carried forward losses utilised against current year provision	(30)	-
Future income tax benefit (FITB) recognised in respect of prior year unrealised and realised losses	-	(402)
Reversal of prior year unrealised investment losses on which FITB was not recognised	(282)	-
FITB not recognised in respect of current year tax losses / (reversal of prior year items)	(6)	1,602
Reversal of prior year deferred tax liabilities	-	18
Income tax expense attributable to profit from ordinary activities	443	16

- (b)** The Directors estimate that the potential future income tax benefit at 30 June 2004 in respect of tax losses not brought to account is \$nil and foreign tax losses of \$2,637,000 (2003: \$2,707,000).

The income tax benefit of \$5,911 from prior year tax losses have been offset against the Company's deferred income tax liability.

This benefit of tax losses will only be obtained if:

- (i) the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,
- (ii) the entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- (iii) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the losses.

13 Dividends

No dividends were paid or declared during the financial year.

Franking credits available for the subsequent financial year	4,736	4,809
--	-------	-------

The above amounts represent the balance of the franking account as at the end of the financial year. It does not include projected franking credits relating to unrealised gains, but is adjusted for:

- (i) franking credits that will arise from the payment of income tax payable/income tax receivable as at the end of the year,
- (ii) franking debits that will arise from the payment of dividends proposed as at the end of the year; and
- (iii) franking credits that may be prevented from being distributed in the subsequent year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

14 Related party information

(a) Directors

The names of the persons who were Directors of the Company during the financial year were:

Farooq Khan (appointed 3/12/03)	Ross Finley (resigned 5/2/04)
Christopher Ryan (elected 5/2/04)	Thomas Powell (resigned 5/2/04)
Simon Cato (appointed 5/2/04)	Hugh Wallace (resigned 12/9/03)
Anthony Hartnell (resigned 5/2/04)	Brendan Foley (appointed 28/10/03; resigned 3/12/03)

Constellation Capital Management Limited was appointed investment manager on 18 May 2004 and the Company's accounting administration is outsourced to White Funds Management Pty Limited.

(b) Directors' remuneration

The Company's policy for determining the nature and amount of emoluments to directors of the Company is as follows: The Board determines the remuneration structure having due regard to the Company's performance and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications. Non-executive directors are paid a maximum aggregate base remuneration of \$75,000 per annum inclusive of employer superannuation contributions where applicable to be divided amongst them as they agree, plus amounts for special exertions.

Details of remuneration of each director of Bentley International Limited are set out as below:

2004	Office Held	Cash salary & fees \$	Super-annuation \$	Total \$
Farooq Khan	Chairman	14,908	1,342	16,250
Christopher Ryan (i)	Non-Executive Director	17,260	-	17,260
Simon Cato	Non-Executive Director	-	8,750	8,750
Anthony Hartnell (ii)	Chairman	17,885	-	17,885
Clive Powell	Non-Executive Director	-	8,942	8,942
Ross Finley	Non-Executive Director	8,942	-	8,942
Brendan Foley	Non-Executive Director	-	-	-
Hugh Wallace	Non-Executive Director	2,977	254	3,231
Total		61,972	19,288	81,260

2003	Office Held	Cash salary & fees \$	Super-annuation \$	Total \$
Anthony Hartnell (ii)	Chairman	30,000	-	30,000
Clive Powell	Non-Executive Director	-	15,000	15,000
Ross Finley	Non-Executive Director	15,000	-	15,000
Hugh Wallace	Non-Executive Director	13,889	1,111	15,000
Total		58,889	16,111	75,000

Notes:

(i) Mr Ryan's Directors' fees have been paid to Westchester Financial Services Pty Limited, a corporate advisory company in which Mr Ryan is principal and is reported exclusive of goods and services tax.

(ii) Mr Hartnell's Directors' fees have been paid to the law firm of Atanaskovic Hartnell as the firm has advised that such fees are on trust for the partnership of such firm. Mr Hartnell is a partner of Atanaskovic Hartnell.

During the year, premiums were paid in respect of a Directors and Officers liability and legal expenses' insurance contract. Details of the nature of the liabilities covered and the amount of premiums paid have not been disclosed as such disclosure is prohibited under the terms of the contract.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

14 Related party information (continued)

(c) Specified Executive Officer remuneration

Victor Ho was appointed Company Secretary on 5 February 2004 and is the sole Specified Executive of the Company. Mr Ho received total remuneration of \$18,061 (comprising \$16,570 gross cash wages and \$1,491 superannuation) for the year (2003: No Specified Executives).

(d) Shareholdings of Directors and Executives (and their Personally-Related Entities)

	Balance at 1 July 2003	Balance at Appointment	Net Change Other	Balance at Resignation	Balance at 30 June 2004
Specified Directors					
Farooq Khan		6,531,361	1,137,962		7,669,323
Christopher Ryan		-	-		-
Simon Cato		-	-		-
Anthony Hartnell	9,000		-	9,000	
Clive Powell	25,000		-	25,000	
Ross Finley	-		-	-	
Brendan Foley		2,192,674	(2,192,674)	-	
Hugh Wallace	-		-	-	
Specified Executives					
Victor Ho		-	15,945		15,945

The above disclosures of equity holdings are in accordance with Accounting Standard AASB 1046 (Director and Executive Disclosure by Disclosing Entities) which includes disclosure of direct and indirect holdings of spouses, relatives, spouses of relatives and entities under the control or significant influence of each of the same.

(e) Transactions with Directors and Director-related entities

During the year the Company obtained legal services from Atanaskovic Hartnell of which former Chairman, Mr Anthony Hartnell, is a Partner. Total fees paid were \$6,315 (net of GST).

Directors' transactions concerning dividends and ordinary shares are on the same terms and conditions applicable to ordinary members.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

15 Segment information

Business segments

The Company operates in the business of managing its investments.

Geographical exposures

The Company operates from Australia only. The Company previously had direct overseas investment exposure. However, since December 2002, the Company has invested in the Australian domiciled unlisted Vanguard International Shares Index Fund. As at 30 June 2004, the geographic exposure in such index fund is as outlined below.

		2004	2004	2003	2003
		Net	% of total	Net	% of total
		fair value	net fair	fair value	net fair
		\$'000	value	\$'000	value
Country					
Australia	(a)	19,114	100	12,933	100
Europe		-	-	-	-
United States and Canada		-	-	-	-
Japan		-	-	-	-
South East Asia		-	-	-	-
		<hr/>			
Total investments		19,114	100	12,933	100

The geographical exposure of investments takes into account, where applicable, the effects of derivative financial instruments held by the Company.

The geographical exposure values include investments, cash assets and accrued interest and dividends, net of unsettled trades.

- (a) Held in Vanguard International Shares Index Fund, which is allocated as follows at 30 June 2004:

	Vanguard International Shares Index Fund Weight
North America	59.0%
Europe ex-UK	18.9%
UK	10.8%
Japan	10.3%
Pacific ex-Japan	1.0%
	<hr/>
	100.0%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004****16 Financial instruments****(a) Derivative financial instruments**

A derivative is financial contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.

Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of proper portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

- (i) hedging to protect an asset of the Company against a fluctuation in market values or to reduce volatility;
- (ii) as a substitute for physical securities; and
- (iii) adjustment of asset exposures within the parameters set out in the investment strategy.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Company.

As at 30 June 2004, the notional principal amounts of derivatives held by the Company were nil.

The investment mandate of Constellation Capital Management Limited does not include investing in derivatives.

(b) Credit risk

Credit risk is the risk that a counterpart, will fail to perform contractual obligations (i.e. default in either whole or part) under a contract.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of items on the statement of financial position and liabilities as they are marked to market at year end. The total credit risk for items on the statement of financial position is therefore limited to the amount carried on the statement of financial position.

At 30 June 2004 the concentration of credit risk exists in relation to the investment in the Vanguard International Shares Index Fund.

(c) Net fair value of financial assets and liabilities

The net fair value of financial assets and financial liabilities and derivative financial instruments included in the statement of financial position approximates their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

16 Financial instruments (continued)

(d) Interest rate risk

The Company has interest rate risk exposures from the holdings of financial assets and liabilities in the normal course of business.

As at **30 June 2004**, the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets				
Cash assets	-	19	-	19
Receivables		-	-	-
Current tax assets		-	-	-
Unlisted Index Fund		-	19,114	19,114
Other		-	24	24
		19	19,138	19,157
Financial liabilities				
Payables		-	75	75
Net financial assets		19	19,063	19,082

As at **30 June 2003**, the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets				
Cash assets	4.5	3,739	-	3,739
Receivables		-	44	44
Current tax assets		-	90	90
Unlisted Index Fund		-	12,933	12,933
		3,739	13,067	16,806
Financial liabilities				
Payables		-	91	91
		-	91	91
Net financial assets		3,739	12,976	16,715

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

17 Statement of cash flows	2004	2003
	\$'000	\$'000
(a) Reconciliation of net profit/(loss) from ordinary activities after income tax to net cash utilised in operating activities		
Profit/(loss) from ordinary activities after income tax expense	1,933	(3,996)
Non-cashflow items included in operating loss:		
Unrealised changes in the net fair value of investments	(2,461)	942
Realised losses on sale of investments	-	2,981
Net foreign exchange losses/(gains)	-	(24)
Change in operating assets and liabilities:		
Decrease/(increase) in dividends and interest receivable	44	(31)
Increase in prepayments	(24)	-
Decrease in tax assets	82	344
(Decrease)/increase in payables	(16)	5
Increase in tax liabilities	450	16
Net cash inflow from operating activities	<u>8</u>	<u>237</u>
(b) Components of cash		
Cash at bank	<u>19</u>	<u>3,739</u>

(c) Non-cash financing activity

There were no non-cash financing activities during the year.

18 Events occurring after reporting date

- (a) On 14 August 2004, the Company announced that it would propose, at the Annual General Meeting of the Company to be held on 15 October 2004, amongst other matters, a special resolution to voluntarily wind up the Company pursuant to a "triggering" of the Company's existing but not formalised (within the Company's constitution) voluntarily winding up mechanism.

Such mechanism was formulated by the founding directors of the Company in 1986 and involves testing the Company's 3 month weighted average share price ("WASP") to 30 June (every two years commencing in 30 June 1992) against its net tangible asset ("NTA") backing over the same period. If such WASP is less than 90% of such NTA backing, the mechanism provided for the Directors to call a general meeting within 90 days to consider the voluntary winding up of the Company. The Company's 3 month WASP to 30 June 2004 was less than 90% of its NTA backing to 30 June 2004 and accordingly, such voluntary winding up mechanism has been "triggered."

If such special resolution is passed, the Directors propose an ordinary resolution to appoint a person (to be nominated by the Directors and specified in the Notice of Annual General Meeting) a Liquidator of the Company to wind up the Company.

If such special resolution is not passed, the Directors propose a second special resolution to consider an amendment to the Company's constitution to enshrine the Company's voluntarily winding up mechanism as formulated by the founding Directors in the constitution.

If such second special resolution is not passed by shareholders, the Directors will regard the voluntary winding up mechanism as being at an end as it would not be appropriate to maintain such informal bi-annual testing of a mechanism formulated under a directors' resolution in 1986 in circumstances where a shareholder's resolution to formalise such mechanism in the Company's constitution have been rejected in 2004.

- (b) On 20 August 2004, the Company entered into a custody agreement with National Australia Bank Limited for NAB to provide custodian services for an initial term of 2 years.
- (c) On 30 August 2004, the Company's investment in the Vanguard International Shares Index Fund was fully redeemed with cash funds expected to be available to be transferred to Constellation for management from 3 September 2004. Constellation has advised the Company that it hopes to be fully invested in international securities pursuant to the implementation of the international component of its HomeGlobal™ investment strategy shortly after such transfer date.
- (d) No other significant events have occurred since the reporting date which would impact on the financial position of the Company as disclosed in the statement of financial position as at 30 June 2004 and the results and cash flows of the Company for the year ended on that date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

19 Earnings per share

	<u>2004</u>	<u>2003</u>
Basic earnings per share (cents per share)	4.97	(10.26)
Diluted earnings per share (cents per share)	4.97	(10.26)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	38,942,213	38,942,213

No adjustments are made to the profit from ordinary activities after income tax expense shown on the statement of financial performance in deriving earnings used in the calculation of basic earnings per share.

Diluted earnings per share is the same as basic earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

20 Contingent liabilities

The Company did not have any contingent liabilities as at 30 June 2004 other than costs that would be incurred if the shareholders resolved to voluntarily wind up the Company pursuant to the special resolution that is to be considered by the shareholders at the Annual General Meeting of the Company (as discussed in Note 18(a)). These financial statements are prepared on the basis that the Company will continue as a going concern which the Directors believe to be the likely situation.

20 Commitments

The Company has expenditure commitments pursuant to the following agreements:

(a) Investment Management Agreement

On 18 May 2004, the Company entered into an investment management agreement with Constellation Capital Management Limited for Constellation to implement the international equities component of its HomeGlobal™ investment strategy for an initial term of 2 years.

The following management fees (exclusive of goods and services tax) are payable to Constellation:

- (a) A base fee of \$69,000 per annum; and
- (b) A variable fee of:
 - (i) 0.5% per annum of the portfolio value up to \$15m; and
 - (ii) 0.4% per annum of the portfolio value in excess of \$15m.

No performance related fees are payable to Constellation.

Management fees accrues daily and are paid quarterly.

(b) Custody Agreement

On 20 August 2004, the Company entered into a custody agreement with National Australia Bank Limited for NAB to provide custodian services for an initial term of 2 years.

Various fees are payable by the Company for the provision of custodial and reporting services by NAB. The minimum fees payable are \$26,400 (exclusive of GST) per annum.

22 Other information

Bentley International Limited, incorporated and domiciled in Australia is a publicly listed company limited by shares.

DIRECTORS' DECLARATION

The Directors declare that:

- (1) The attached financial statements and notes thereto comply with Accounting Standards;
- (2) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and Consolidated Entity;
- (3) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporation Act 2001; and
- (4) 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.

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



Farooq Khan
Chairman



Christopher Ryan
Director

30 August 2004

Independent audit report to the members of Bentley International Limited

Audit opinion

In our opinion, the financial report of Bentley International Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Bentley International Limited as at 30 June 2004, and of its performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Bentley Equities Limited (the company), for the year ended 30 June 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

CPG Cooper

CPG Cooper
Partner

Sydney
30 August 2004

CORPORATE GOVERNANCE

Framework and Approach to Corporate Governance and Responsibility

The Board is committed to maintaining the highest standards of Corporate Governance. 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 Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council ("Council"). The Company's practices are largely consistent with the Council's guidelines - the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board.

As consistency with the guidelines has been a gradual and on-going process, where the Company did not have certain policies or committees recommended by the Council in place during the year, the Board has identified such policies or committees. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole.

Details of all of the Council's recommendations can be found on the ASX website at http://www.asx.com.au/about/CorporateGovernance_AA2.shtm.

Role of the Board

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 or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Matters typically dealt with by committees such as audit, nominations and remuneration are dealt with by the full Board as, in view of the current composition of the Board (which comprise 3 Non-Executive Directors) and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

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, including the Investment Manager;
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;
7. the establishment and maintenance of appropriate ethical standards;
8. responsibilities typically assumed by an audit committee including:
 - 8.1. reviewing and approving the audited annual and audit reviewed half yearly financial reports;
 - 8.2. reviewing the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;
9. responsibilities typically assumed by a remuneration committee including:
 - 9.1. reviewing the remuneration and performance of both Executive and Non-Executive Directors;
 - 9.2. setting policies for Executives' remuneration, setting the terms and conditions of employment for Executives, undertaking reviews of Executive's performance, including, setting goals and reviewing progress in achieving those goals;
 - 9.3. reviewing the Company's Executive and employee incentive schemes and making recommendations on any proposed changes.
10. responsibilities typically assumed by a nomination committee including:
 - 10.1. devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific

CORPORATE GOVERNANCE

individuals for nomination as Directors;

- 10.2. Oversight of Board and Executive succession plans.

Composition of the Board

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and the scale and nature of the Company's activities. The names of the Directors and their qualifications and experience are stated in the Directors' Report.

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

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. All Directors of the Company are presently Non-Executive Directors.

Mr Farooq Khan (Chairman) and Mr Simon Cato are not regarded as independent Directors as both do not meet the following criteria for independence adopted by the Company, being Directors of the Company's 18% substantial shareholder, Sofcom Limited. Mr Christopher Ryan also does not meet the Company's criteria for independence, as he is principal of a corporate advisory firm that provides services to Sofcom Limited. However, Messrs Khan, Cato and Ryan's experience makes their contribution to the Board such that it is appropriate for them to remain on the Board.

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 been a Director after ceasing to hold any such employment;
3. within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with a service provider;

4. is not a material supplier or customer of the Company, 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;
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
7. 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.

The Board 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.

Executive Management

The Company does not presently have a Managing Director, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") or an Executive team (other than the Directors and the Company Secretary).

The Board has appointed Constellation Capital Management Limited as Investment Manager for an initial term of 2 years to invest the Company's funds according to the terms set out in the Investment Management Agreement between the Company and the Investment Manager dated 18 May 2004.

The Board has appointed National Australia Bank Limited as Custodian for an initial term of 2 years to effect the proper administration of the Company investment portfolio in the various international markets in which the Company will invest according to the terms set out in the Custody Agreement between the Company and the Custodian dated 20 August 2004.

The Board has appointed White Funds Management Pty Ltd to provide accounting and administration services to the Company. The Board, where necessary, will engage other external parties to undertake other operational functions as required from time to time.

CORPORATE GOVERNANCE

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. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chairman and the Board. The Chairman also speaks to Directors individually regarding their role as a Director.

The Investment Manager's performance is reviewed by the Board at regular intervals (at least quarterly) under the terms of the Investment Management Agreement.

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 the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his election, whichever is longer, without submitting himself for re-election. One third of the Directors (save for a 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.

Meetings of the Board

The Chairman and Company Secretary schedules monthly formal Board meetings. In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled monthly meetings. Circulatory Resolutions are also utilised where appropriate either in place or in addition formal Board meetings. Board meetings are held predominantly by telephone conferencing as not all Directors are resident in the one city. However, the Board will convene face to face meetings from time to time as is appropriate based on the particular items of business for consideration.

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.

Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive Management. In accordance with legal requirements and agreed ethical standards, Directors and Executives of the Company have agreed to keep confidential, 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.

Independent Professional Advice

Subject to prior consultation with the Chairman, 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 Directors.

Conflicts of Interest

Directors must:

1. disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties 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 about which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

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.

CORPORATE GOVERNANCE

Share Dealings and Disclosures

The Company's policy regarding Directors, Executives and employees dealing in its securities, is set by the Board. The Board restricts Directors, Executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives and employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Committees

In view of the current composition of the Board (which comprise 3 Non-Executive Directors) and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and senior Executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). That is, matters typically dealt with by an audit, nominations and remuneration committee are dealt with by the full Board. Please refer to Role of the Board above for further information.

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

Attestations by CEO and CFO

It is the Board's policy that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing off on the financial reports of the Company. However, as at the date of this Annual Report the Company does not have a designated CEO or CFO.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework but 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 such as the Investment Manager (currently Constellation Capital Management Limited), Custodian (currently National Australia Bank Limited) and Accounting Administrator (currently White Funds Management Pty Ltd).

Remuneration Policy

The Board determines the remuneration structure of all Directors and Executives having regard to the Company's performance and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications and competitive market and industry levels of remuneration for Directors and Executives targeted by the Board.

The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration of \$75,000 per annum inclusive of employer superannuation contributions where applicable to be divided amongst them as they agree. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

Pursuant to the Company's Constitution, each Director is also entitled to receive:

1. Payment for reimbursement of all traveling, 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;
2. 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).

The Company is committed to remunerating its senior Executives (including Executive Directors) in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of a senior Executive may comprise the following components:

1. fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;

CORPORATE GOVERNANCE

2. a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
3. participation in any share/option scheme with thresholds approved by shareholders;
4. statutory employer superannuation.

By remunerating senior Executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior Executives with those of shareholders and increase Company performance.

The Company does not currently have any Executive Directors and the Company Secretary is remunerated by way of wages (paid at an hourly rate) plus statutory employer superannuation.

Full details regarding the remuneration of Directors and Executives are included in the Directors' Report and notes to the financial statements.

Code of Conduct and Ethical Standards

The Company is not of a size that warrants the establishment of a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. However, the Company's policies are focussed on ensuring that all Directors, Executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

Communication to Market and Shareholders

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders and the market through:

1. Monthly NTA Backing announcements released to ASX;
2. The Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
3. The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
4. The Half-Yearly Directors' and Financial Reports;

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.

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 or the ASX website: 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 timelier manner.

The Company has also made available a 1300 762 678 telephone number (calls are charged at local rates) and email address (info@bel.com.au) for shareholders to make enquiries of the Company.

Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that 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.

STOCK EXCHANGE INFORMATION as at 31 August 2004

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	144	65,619	0.169
1,001	-	5,000	478	1,498,755	3.849
5,001	-	10,000	437	3,387,271	8.698
10,001	-	100,000	749	19,250,908	49.435
100,001	-	and over	38	14,739,660	37.85
Total			1,846	38,942,213	100%

Unmarketable Parcel

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,315	175	100,492	0.258%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding valued at \$500 or less in total, based upon the Company's closing share price on ASX on 31 August 2004 of \$0.38 per share.

VOTING RIGHTS

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

INVESTMENTS HELD

	Units Held	Value	% of Total Investments
Vanguard International Shares Index Fund	14,694,709	\$19,113,408	100%

TRANSACTIONS AND BROKERAGE

During the financial year, the Company reinvested distribution income received from the Vanguard International Shares Index Fund and undertook an additional investment in the fund. No other transactions in securities were undertaken. No brokerage was applicable on the Vanguard International Shares Index Fund investments.

MANAGEMENT AGREEMENT

A summary of the terms of the Investment Management Agreement dated 18 May 2004 with Constellation Capital Management Limited is contained in the Directors' Report. Management fees of \$8,355 accrued during the financial year.

STOCK EXCHANGE INFORMATION as at 31 August 2004

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Total Shares Held	% Issued Capital
1	SOFCOM LIMITED	7,074,734	18.167
2	CENTRAL EXCHANGE LIMITED	786,647	2.02
3	SOMOKE PTY LIMITED	667,370	1.714
4	TOTHEMILL PTY LTD	557,441	1.431
5	FAST SCOUT LIMITED	400,000	1.027
6	DELTA ASSET MANAGEMENT PTY LTD	395,000	1.014
7	NENDAR PTY LTD <THE LITTLE FAMILY S/F A/C>	300,000	0.77
8	MR PERCY ALLAN	277,500	0.713
9	DR SPENCER DAVID <DAVID FAMILY INV FUND A/C>	250,000	0.642
10	PENSON HOLDINGS PTY LTD	238,770	0.613
11	PALMERSTON PTY LTD	219,713	0.564
12	MR JOHN ROBERT DILLON	200,000	0.514
13	ROCHESTER NO 39 PTY LTD	200,000	0.514
14	QUESTE COMMUNICATIONS LIMITED	194,589	0.5
15	MS JAN ELIZABETH BURNETT-MCKEOWN	182,970	0.47
16	MR BARRY ROBERT LEANE & MRS LYNETTE JULIE LEANE <HOLDFAST SUPER FUND A/C>	170,670	0.438
17	MR DAVID JAMES HADLEY & MS RITA DUNCAN <HADLEY/DUNCAN S/F A/C>	170,089	0.437
18	MR ANTHONY GRANT-SMITH & MRS XIA JIN GRANT-SMITH <A & XJ GRANT-SMITH S/F A/C>	157,000	0.403
19	MR BRUCE ALLISON TIDSWELL & MRS DEIRDRE OLIVE TIDSWELL	156,238	0.401
20	K J & M L GILROY PTY LTD <SUPERANNUATION A/C>	150,000	0.385
TOTAL		12,748,731	32.737%

SUBSTANTIAL SHAREHOLDER

Shareholder	Total Shares Held	% Issued Capital
SOFCOM LIMITED	7,074,734	18.167

Bentley International Limited

ABN 87 008 108 218

(formerly Bentley Equities Limited and BT Global Asset Management Limited)

www.bel.com.au

Registered Office:

c/- White Funds Management Pty Ltd
Level 5, 14 Martin Place
Sydney New South Wales 2000

T | +61 (2) 8236 7700

F | +61 (2) 9221 1194

Company Secretarial Office:

Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

Local T | 1300 762 678

T | +61 (8) 9214 9757

F | +61 (8) 9322 1515

E | info@bel.com.au

Share Registry:

Registries Limited
Level 2, 28 Margaret Street
Sydney New South Wales 2000

T | +61 (2) 9290 9600

F | +61 (2) 9279 0664

E | registries@registriesltd.com.au

W | www.registriesltd.com.au