# HALF YEAR REPORT

# 31 December 2007

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2007 ANNUAL REPORT OF THE COMPANY
LODGED ON ASX ON 25 OCTOBER 2007

ASX Code: BEL

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


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# CORPORATE DIRECTORY

**BOARD**

| | |
|---|---|
| Farooq Khan | Chairman |
| Christopher B. Ryan | Director |
| Simon K. Cato | Director |
| Peter P. Simpson | Director |

**COMPANY SECRETARY**

Victor P.H. Ho

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**STOCK EXCHANGE**

Australian Securities Exchange
Sydney, New South Wales

**ASX CODE**

BEL

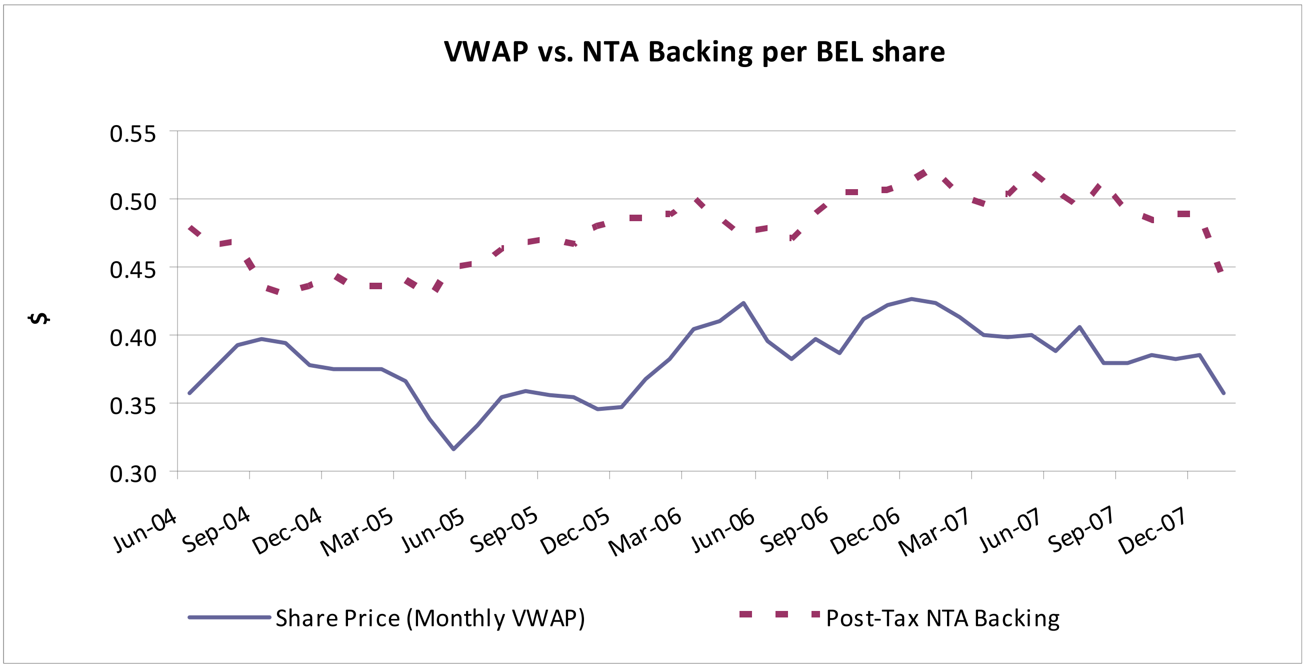
# APPENDIX 4D HALF YEAR REPORT

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

| | |
|---|---|
| Current Reporting Period: | 1 July 2007 to 31 December 2007 |
| Previous Corresponding Period: | 1 July 2006 to 31 December 2006 |
| Balance Date: | 31 December 2007 |
| Company: | Bentley International Limited (**BEL**)<br>(BEL has no controlled entities) |

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | **December 2007 $'000** | **December 2006 $'000** | **% Change** | **Up / Down** |
|---|---|---|---|---|
| Realised gains on investments | 6 | 562 | 99% | Down |
| Unrealised gains/(losses) on investments | (107) | 799 | 113% | Down |
| Foreign exchange losses | (5) | - | 100% | Up |
| Other investment related income | 182 | 184 | 1% | Down |
| Total revenue | 76 | 1,544 | 95% | Down |
| Investment manager's fees | 91 | 91 | 0% | Down |
| Custody fees | 25 | 42 | 42% | Down |
| Other corporate and administration expenses | 218 | 227 | 4% | Down |
| Total expenses | 333 | 360 | 7% | Down |
| Profit/(Loss) before tax | (258) | 1,185 | 122% | Down |
| Income tax expense | - | (5) | 100% | Down |
| Profit/(Loss) after tax attributable to members | (258) | 1,179 | 122% | Down |
| Basic earnings/(loss) per share (cents) | (0.65) | 2.99 | 122% | Down |
| Pre-Tax NTA backing per share (cents) | 49.17 | 51.06 | 4% | Down |
| Post-Tax NTA backing per share (cents) | 49.17 | 51.06 | 4% | Down |




**VWAP** = volume weighted average BEL price for the month; **NTA** = net tangible asset backing at month end

*Source: IRESS*

# APPENDIX 4D HALF YEAR REPORT

**Brief Explanation of Results**

The Company incurred a net loss during the current reporting period of $0.258 million (pre and post tax) compared with a net profit of $1.185 million (pre tax) in the previous corresponding period.

Please also refer to the balance of this Half Year Report.

**Dividends**

The Directors have not declared an interim dividend for prudential reasons as the Company made a net loss for the half year and also given the relatively modest balance of its retained earnings of $1.45 million as at 31 December 2007 and the negative 10% performance of the Company's investment portfolio during January 2008.

**Controlled Entities**

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

**Associates and Joint Venture Entities**

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

For and on behalf of the Directors,

Date: 21 February 2008

Victor Ho
Company Secretary

| | |
|---|---|
| Local Call: | 1300 762 678 |
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# INVESTMENT MANAGER'S REPORT

## HALF YEARLY MARKET SUMMARY

The following report has been prepared by the Investment Manager of the Company, Constellation Capital Management Limited (**Constellation**) and was provided to the Company on 21 January 2008:

### *Portfolio Performance*

| **Returns To: 31/12/2007** | 1mth (%) | 3mths (%) | 6mths (%) | 1yr (%) | 2yrs (% p.a.) | 3yrs (% p.a.) | Incep* (% p.a.) |
|---|---|---|---|---|---|---|---|
| **Gross Portfolio** | 0.4% | 0.6% | 0.5% | 3.2% | 7.3% | 9.9% | 10.0% |
| **Benchmark**** | 0.3% | 0.6% | 0.8% | 4.4% | 7.5% | 10.4% | 10.6% |
| **MSCI ex Australia** | -0.5% | -1.5% | -3.5% | -2.1% | 4.7% | 8.8% | 9.2% |
| **Net Funds Flow, $ '000** | 0 | 0 | -250 | -1050 | -2350 | -2600 | -2600 |

** Inception Date for performance: 30 Septer*
*** HomeGlobal TM Index*

*International Market Returns*

International markets, as measured by the MSCI World ex Australia Index fell slightly with a return of -0.1% in USD terms for the half-year ended 31 December 2007.

When account is taken of the rise in the $A from $US0.848 to $US0.878 over the period, the MSCI World ex Australia Index when expressed in $A fell 3.5%.

*Country Returns*

The major markets generally delivered negative returns in their local currencies as provided in the table below. The standout performer was Hong Kong that reflected the more substantial uplift from the China theme.

| Market | Return (local currency Jun07-Dec07) |
|---|---|
| US S&P 500 | -2.3% |
| US Dow Jones Industrials | -1.1% |
| UK FTSE 100 | -2.3% |
| German DAX | 0.8% |
| France CAC40 | -7.3% |
| Japan Nikkei 225 | -15.6% |
| HK Hang Seng | 27.7% |

*Source: IRESS*

*Sector Returns*

Sector returns were mixed with the sub-prime crisis and its negative impact on Financials and the Consumer Discretionary sectors offsetting advances in a majority of sectors. The 35% surge in oil prices to $US95/bbl was reflected in the advance in the energy sector, and across the sub sectors including oil and gas producers, oil equipment services and distribution.

# INVESTMENT MANAGER'S REPORT

***MSCI World ex Australia for six months to December 31, 2007***

| *Sector* | **$US returns %** |
|---|---|
| Energy | 9.3 |
| Industrials | -1.1 |
| Consumer discretionary | -9.7 |
| Consumer staples | 8.6 |
| Health care | -0.3 |
| Financials | -11.8 |
| Information Technology | 4.8 |
| Telecommunications | 6.4 |
| Utilities | 10.5 |
| Materials | 7.4 |

*Source DataStream: Capital values.*

***Portfolio Composition and Re-balancing***

The portfolio did not require re-balancing in the half-year ending 31 December 2007 as a major re-balance was undertaken just prior to the conclusion of the 2006-2007 financial year.

***Portfolio Performance***

The Bentley portfolio returned 0.5% in $A with the greatest performance contributions coming from Oil & Gas Producers, Software & Computer Services, and Electricity sectors. For the six-months to December 31, 2007 the Bentley portfolio out-performed the commonly used MSCI ex Australia benchmark by 4%.

The table below provides more detail regarding sector exposures and contributions to portfolio returns in $A.

| **Sector** | **Weight (Jun07)** | **Return (Jun07-Dec07)** | **Contribution to Return** (Jun07-Dec07)** |
|---|---|---|---|
| OIL & GAS PRODUCERS | 7.7% | 9.7% | 0.75% |
| SOFTWARE & COMPUTER SERVICES | 7.0% | 7.3% | 0.52% |
| ELECTRICITY | 6.1% | 5.4% | 0.33% |
| MOBILE TELECOMMUNICATIONS | 4.3% | 7.0% | 0.30% |
| CHEMICALS | 2.7% | 10.4% | 0.28% |
| TOBACCO | 2.2% | 9.0% | 0.20% |
| FOOD PRODUCERS | 3.3% | 5.8% | 0.19% |
| FIXED LINE TELECOMMUNICATIONS | 3.0% | 6.3% | 0.19% |
| LEISURE GOODS | 2.4% | 6.5% | 0.15% |
| OIL EQUIPMENT, SERVICES & DISTRIBUTION | 1.3% | 11.2% | 0.15% |
| AEROSPACE & DEFENCE | 3.0% | 3.1% | 0.09% |
| GAS, WATER & MULTIUTILITIES | 0.6% | 11.7% | 0.07% |
| HEALTH CARE EQUIPMENT & SERVICES | 2.3% | 2.7% | 0.06% |
| PERSONAL GOODS | 2.4% | 1.7% | 0.04% |
| ELECTRONIC & ELECTRICAL EQUIPMENT | 3.7% | 1.0% | 0.04% |
| NONEQUITY INVESTMENT INSTRUMENTS | 0.2% | 0.0% | 0.00% |
| HOUSEHOLD GOODS | 2.9% | -0.3% | -0.01% |
| NONLIFE INSURANCE | 0.4% | -7.6% | -0.03% |
| INDUSTRIAL ENGINEERING | 4.3% | -2.5% | -0.11% |
| LIFE INSURANCE | 2.4% | -5.2% | -0.12% |
| GENERAL INDUSTRIALS | 3.6% | -4.5% | -0.16% |

*Source: DataStream, Constellation, FTSE*

*** approximate due to changes in sector weights*

# INVESTMENT MANAGER'S REPORT

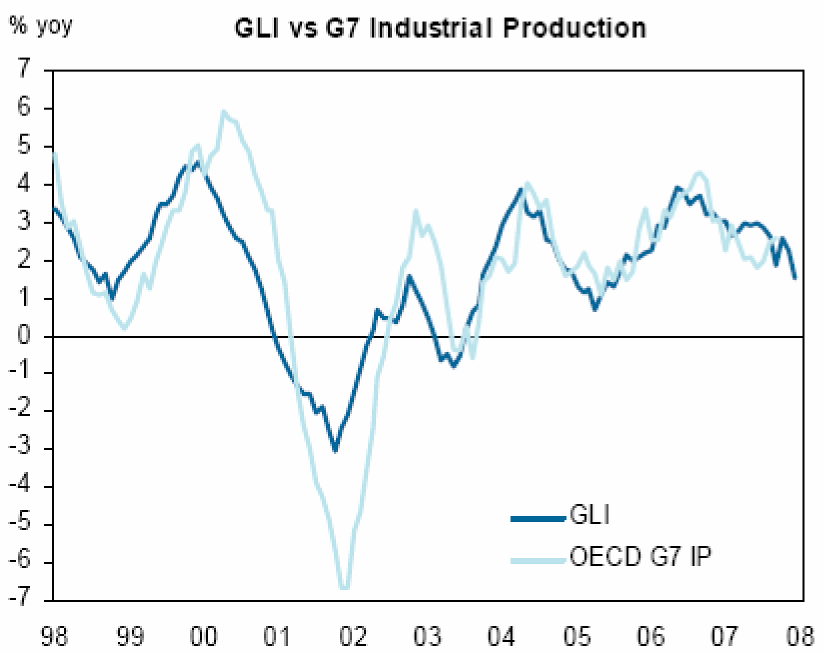
*Comparative Performances*

When reviewing the portfolio performance, we note that the Bentley portfolio held significant weights in Oil and Gas producers, Utility and Software related sectors, all of which contributed to Bentley's out-performance. The Bentley portfolio also benefited from zero exposure to the Banking sector that fell in the half year in response to the sub-prime crisis. This illustrates the diversification benefits of the HomeGlobal™ strategy and its complementarity to typical domestic equity portfolios.

*Outlook*

At this time last year we noted that the market outlook was dependent on the consumer (especially in the US, given the negative wealth effect caused by the housing downturn) and the ability of key emerging economies (like China) to foster conditions for steady, long-term growth. Since then the US housing/consumer related sub-prime crisis has dominated market attention and infected global financial markets via heightened risk aversion (one measure of increased risk aversion is the VIX indicator, which measures volatility in equity prices and is currently double the level of this time last year) and recessionary fears in the US. Accordingly a key question for the market going forward has been whether the US slowdown will be offset by continued strength in the emerging economies (the "decoupling theory") and whether central banks will succeed in restoring confidence to financial markets in the light of the damage to the capital base of large global banks. Recent results by Citigroup and Merrill Lynch demonstrate the magnitude of losses amongst US financial stocks. Concerted action by central banks to restore liquidity to the financial system and large equity investments by foreign savers, including sovereign wealth funds, into the large financials (esp. US) are reassuring steps in the path to recovery in market confidence.

In respect to the economic outlook, Global leading indicators continue to paint a picture of continued (albeit slowing) growth, including the all-important industrial production (IP) as shown in the chart below:



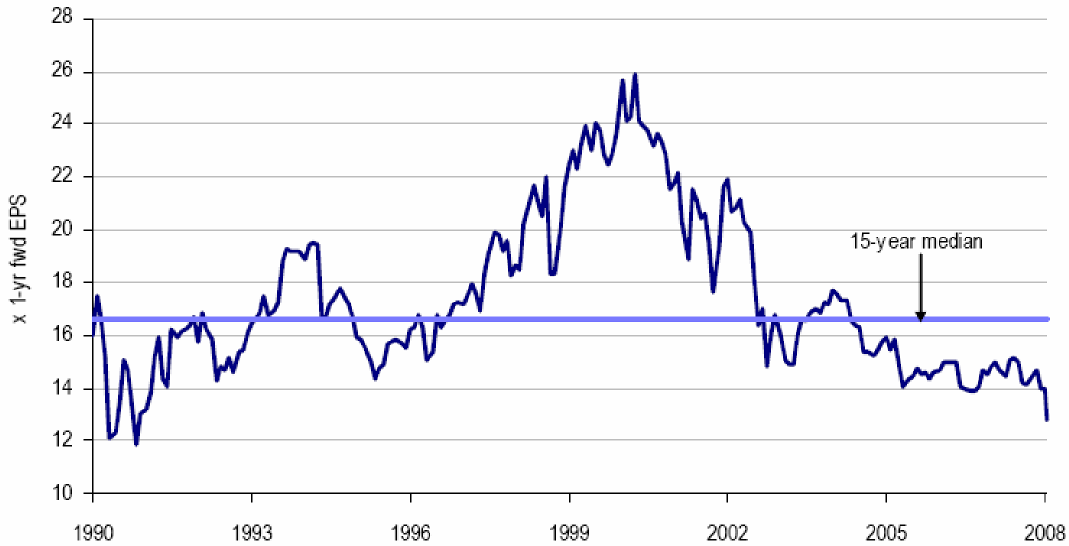

*Source: Goldman Sachs*

The inter-relationship between the cooling developed economies (eg. US, UK, Euroland, Japan) and the fast growing emerging economies will be a focus over the next six months. In calendar 2007 the Chinese economy contributed as much to world economic growth as that of the US. However, Chinese authorities have via monetary policy and modest currency revaluation sought to cool growth to dampen inflation excesses in China. The risks are that these actions are overly successful at a time of recession in the US and perhaps elsewhere.

# INVESTMENT MANAGER'S REPORT

From an earnings perspective, slowing economies will be reflected in slowing earnings growth. At this stage, apart from financials, corporate earnings have not been subject to significant downward revisions, which in part reflect confidence towards continued world economic growth for calendar 2008. This confidence will be tested as the year unfolds and lower earnings represent a market risk. For example, Goldman Sachs believes that consensus bottom-up corporate profit forecasts of +16% in 2008 and +11% in 2009 for the US market will be proven to be too optimistic in the light of the current slowdown.

In a more positive light, there is in the world equity market today more "value", as measured by PE multiples, compared to recent past, as shown in the table below.




Source UBS

Lower PE multiples can be directly related to heightened risk aversion, in line with the prevailing market sentiment and may also reflect the market's concern as to the sustainability of current "bottom-up" corporate earnings forecasts i.e. the market is already pricing in the likelihood of lower earnings. Notwithstanding the earnings risk, such relative value appeal from lower PE multiples and the apparent "valuation buffer" provides a sound basis for the long-term attractiveness of the portfolio, which currently offers a broad diversification across a range of stocks and sectors not adequately covered by the Australian market.

# INVESTMENT MANAGER'S REPORT

## SUMMARIES OF MONTHLY REPORTS

The following contains commentary extracted from Constellation's monthly portfolio reports for the July 2007 to January 2008 period:

| **Returns for month end** | **31/01/08** | |
|---|---|---|
| **Gross Portfolio** | -10.0% | December's selloff in equity markets turned to outright panic over January in response to more bad news on the US economy and company earnings (S&P500 -6.1%, Dow -4.6%, NASDAQ -9.9%). The US bottomed mid-month as bad housing, jobs and manufacturing data all but confirmed market fears of a recession, exacerbated by more companies reporting weakening demand and/or sub-prime losses. But what really rattled investors was possible credit rating downgrades for bond insurers, raising fears of even tighter credit conditions due to the higher counterparty risk. However, the market bounced off its lows as the Fed again emerged as a white knight, slashing the fed funds rate to just 3% in two aggressive moves (an emergency 75bps cut plus another 50bps) while the government also raised a stimulus plan to help rekindle growth. But most sectors finished in the red, particularly cyclicals with tech shareholders also digesting disappointing results/outlook news (Apple, Intel). AT&T, McDonalds, Merck and Motorola also disappointed. However, the Fed/government action caused some suffering financials (aided by JP Morgan's positive result), builders and retailers to rebound aggressively.<br><br>European markets reversed recent outperformance in a real hurry over January (France -13.3%, Germany -15.1%, UK - 8.9%). Another 'rogue trader' incident (at Société Générale) and more sub-prime losses hit financials while weaker economic indicators and some poor results from cyclical firms darkened sentiment further. Asian markets also saw widespread severe selling.<br><br>All global sector returns (in US$ terms) were negative for January. Portfolio exposure to certain sectors that fell less than the market (Aerospace & Defence -7.8%, Industrial Transportation -4%, Health Care Equipment & Services -7.3%, Pharmaceutical and Biotechnology -6.6%) helped relative performance. However significant falls in Electronic & Electrical Equipment (-15.3%), Industrial Engineering (-15.3%), Oil & Gas Producers (-12.9%), Software & Computer Services (-11.5%) and Technology Hardware (-14.6%) stocks detracted from portfolio returns.<br><br>In terms of currency, a rise in the A$ versus the US$ (to US89.58c) reduced portfolio returns (in A$) by 2.4%. |
| **HomeGlobal™ Index** | -10.2% | |
| **MSCI ex Australia** | -9.1% | |

| **Returns for month end** | **31/12/07** | |
|---|---|---|
| **Gross Portfolio** | +0.4% | Fresh doubts about the Fed's ability to prevent the US economy from falling into recession saw stocks remain under pressure in December (S&P -0.9%, Dow -0.8%, NASDAQ -0.3%). Further 25bps cuts to the cash and bank discount rates disappointed a market that was hoping for more aggressive action, and an auction liquidity facility announced with other central banks to kick-start bank lending did little to improve the mood. Nor did a reminder of geopolitical risk (the assassination of Benazir Bhutto in Pakistan) or the ugly spectre of higher inflation in a slowing economy, as a jump in consumer and producer prices lessened the chances of further rate cuts. However, positive earnings news came from techs (AT&T, Oracle, Research In Motion), Best Buy and JC Penney, countered by bad news from FedEx, Target and Wal-Mart. Energy stocks rose as oil neared US$100 while a government rescue plan for homeowners facing higher mortgage rates saw a bounce in beleaguered homebuilders. Financials were again under the pump due to more sub-prime losses, however these falls were cushioned by announced cash injections (into Morgan Stanley, Merrill Lynch, UBS) by Asian sovereign funds.<br><br>European exchanges produced mixed results (France -1%, Germany 2.5%, UK 0.4%). Strong gains in oil stocks plus a cut in UK interest rates (the BOE's first in 5 years) drove the UK index higher. Asian markets were typically weaker although China rose 8% despite another interest rate rise. In terms of global sector returns (in US$ terms), strong returns from oil stocks pushed Oil & Gas Producers (7.3%) and Oil Equipment & Services (6.3%) to big gains. Chemicals (5.7%), Health Care Equipment (2.5%) and Software & Computer Services (3.7%) also outperformed. Returns in these stocks helped push the portfolio to a positive return (in A$) for the month. However, falls in Pharmaceutical and Biotechnology (-4.2%), Automobiles & Parts (-3.0%) and General Retailers (-2.9%) were detrimental to performance.<br><br>In terms of currency, a further modest easing of the high A$ versus the US$ boosted portfolio returns by 1%. It is pleasing to note that the Bentley portfolio has outperformed the most commonly used international benchmark over all periods in the table above since inception of the strategy. |
| **HomeGlobal™ Index** | +0.3% | |
| **MSCI ex Australia** | -0.5% | |

# INVESTMENT MANAGER'S REPORT

| Returns for month end | 30/11/2007 | |
|---|---|---|
| **Gross Portfolio** | +1.3% | Financials dragged stock markets into the red over November as yet more bad news emerged on US sub-prime (S&P500 -4.4%, Dow -4%, NASDAQ -6.9%). US investment banks (Citigroup, Merrill Lynch, Morgan Stanley) were dumped as investors reacted to more write-offs plus possible dividend cuts and questionable accounting to delay reporting of more losses. Yet these falls were nothing compared to lenders such as Fannie Mae & Freddie Mac (-33%) and Washington Mutual (-30%) who are being investigated in regard to collusive bad lending practises. E*Trade's (-59%) written-down mortgage portfolios are also being scrutinised by regulators while even GM tanked after mortgage losses from its finance unit. Homebuilders were savaged as housing data continued its poor trend while large US lender Wells Fargo labelled the housing market the worst since the Great Depression. Retailers dived after some poor results (Lowe's, Home Depot, Sears) while tech shares gave back recent gains after poor earnings guidance (Dell, Qualcomm) and broader fears over a US recession. Mixed economic data was not enough to raise hopes of more interest rate cuts. Defensive consumer staple, health and utility stocks held up fairly well.<br><br>The news was no better in Europe (France -3%, Germany -1.9%, UK -4.3%) with Credit Suisse, HSBC and Dexia also announcing sub-prime losses. UK banks remain in turmoil with rumours of Barclays seeking BOE emergency liquidity and struggling Northern Rock unable to find a suitor. Tighter credit markets also continue to scupper M&A deals with Qatar's tilt at Sainsbury now off. Asian markets were poleaxed due to US recession fears.<br><br>In terms of global sectors, strong US$ returns in Electricity (7.1%), Health Care Equipment (7%) and Pharmaceutical and Biotechnology (7.8%) boosted portfolio returns. However negative returns in Automobiles & Parts (-3.4%) and tech-related (Software & Computer Services –2.4% and Technology Hardware & Equipment -2.4%) stocks were detrimental to performance.<br><br>In terms of currency, the A$ finally eased from record highs versus the US$ (to US88.4c), which boosted portfolio returns by 5.3%. |
| **HomeGlobal™ Index** | +1.2% | |
| **MSCI ex Australia** | +0.7% | |

| Returns for month end | 30/10/2007 | |
|---|---|---|
| **Gross Portfolio** | -1.1% | Further gains in technology stocks kept US indices in the black over October (S&P500 1.5%, Dow 0.3%, NASDAQ 5.8%). Techs were dragged higher by strong earnings results from bellwether names Apple, Intel, Microsoft and Yahoo!, plus some M&A excitement (Oracle/BEA Systems). Oil-leveraged energy shares spiked as the black gold surged 15% to US$94/barrel due to supply concerns and negative geopolitical developments, with the US announcing new sanctions against Iran and Turkey moving closer to deploying troops into northern Iraq to pursue Kurdish rebels. Elsewhere, Merck, State Street and Wal-Mart rose after positive results announcements. But more broadly, investors fretted over the economy and recession fears. The high oil price was also a concern and the sub-prime/credit crunch continued to haunt financials, with four global behemoths (Citigroup, DB, Merrill Lynch, UBS) reporting results severely impaired by sub-prime losses. A number of other disappointing results (including industrial bellwether Caterpillar, Alcoa, Kellogg and Wachovia) were also negative for sentiment.<br><br>Euro stocks also rose (France 2.3%, Germany 2.0%, UK 3.9%). Financials held up better than in the US as UK banks stabilised following recent heavy selling. Similarly industrial cyclicals like autos were boosted by some strong results and positive German economic data. Asian markets (ex-Japan) had a great month on NASDAQ strength and the regions' positive economic outlook.<br><br>In terms of global sectors, exposure to stocks in technology-related sectors (Software & Computer Services +6.3%) and Mobile Telecommunications (+3.1%) boosted portfolio performance over the month as did Automobiles & Parts (+2.5%). However positions in Pharmaceutical & Biotechnology (-4%), Media (-4.2%) and Healthcare Equipment & Services (-4.6%) detracted from returns.<br><br>In terms of currency, the relentless march of the A$ (from US88c to US93c) impacted on portfolio returns. This move subtracted 5% from the portfolio's equity market performance (measured in A$) over the month. |
| **HomeGlobal™ Index** | -0.9% | |
| **MSCI ex Australia** | -1.7% | |

# INVESTMENT MANAGER'S REPORT

| Returns for month end | 30/09/2007 |
|---|---|
| Gross Portfolio | -3.9% |
| HomeGlobal™ Index | -3.4% |
| MSCI ex Australia | -3.9% |

Further decisive action by the US Federal Reserve to increase liquidity saw a surge in positive market sentiment in September (S&P500 3.6%, Dow and NASDAQ 4%). The size of the interest rate cut (50bps) plus another similar cut to the bank discount rate convinced investors that the Fed would do whatever was needed to counter the sub-prime credit crunch, and keep the US economy out of recession. The Fed's shift in emphasis (from fighting inflation to promoting growth) was a boon for cyclical stocks, especially mining and IT names. Energy shares were buoyed by a record oil price (up to US$83 due to hurricane supply concerns) and gold's attraction as an inflation hedge was renewed. And fears that Q3 results from US investment banks (who would have to fess up to sub-prime losses) would hit sentiment proved false, due to some positive surprises/outlook statements (Lehman Bros, Goldman Sachs) and some crafty off balance-sheet accounting for sub-prime exposure. However, homebuilders and discretionary retailers (particularly housing-related, like Home Depot) really suffered, as did the US$.

Stockmarkets in Europe enjoyed gains (France 0.9%, Germany 2.9%, UK 2.6%) due to rises in resource and other cyclical shares however falls in building materials, airlines and UK banks paired the gains. Mortgage securitiser Northern Rock plunged 76% after seeking temporary mortgage funding from the BOE, prompting long queues of anxious depositors outside branches. Asian bourses typically blossomed (Korea 3.9%, Taiwan 4.8%).

In terms of currency, the US$ weakness plus the market re-focussing on global growth saw the A$ rally resume with a vengeance (the A$ closed at US88.8c). This move subtracted 7.9% from the portfolio's equity market performance over the month.

In terms of global sectors, Mining (+13%), Industrial Metals (4.3%) and Oil Equipment & Services (0.7%) were unsurprisingly the standout outperformers for the month. Most other sectors produced negative returns (in A$ terms). The largest underperformers were housing-related (General Retailers -8.2%, Construction & Materials -7.2%) along with Media (7.4%), Banks (-6%) and Tobacco (-5.6%). General Retailers, Media, pharmaceutical & Biotechnology (-4.8%) and IT sectors (mainly US stocks) were a drag on portfolio performance.

| Returns for month end | 31/08/2007 |
|---|---|
| Gross Portfolio | +6.3% |
| HomeGlobal™ Index | +6.0% |
| MSCI ex Australia | +5.3% |

Swift action by policy makers to address the upheaval in credit markets prevented a stockmarket rout over August (S&P500 +1.3%, Dow 1.1%, NASDAQ 2%). Sentiment had continued to nosedive early in the month as the contagion from sub-prime mortgage losses widened with investment banks, mortgage lenders, builders and some retailers feeling the direct impact of a collapse in housing and consumer demand and/or a disappearance of liquidity in credit markets. However, soothing words from the Fed followed by a (largely symbolic) easing of discount window borrowing terms gave comfort to investors, and the market has now taken as a given a cut in official rates at the Fed's next meeting. The Bush adminstration's plan to help sub-prime lenders avoid foreclosure provided further positive impetus. Technology stocks such as Apple, Intel and Novell led the recovery, helped by positive durable goods data, while certain defensive names amongst health, staple, REIT, telco and utility stocks also gained. In contrast, many builders, lenders and housing and other cyclical (eg apparel) retailers were savaged.

Elsewhere, with all eyes turned to the US, domestic factors took a back seat in driving stock performance over August. However liquidity injections by the ECB helped calm nervous European investors (France -1.5%, Germany 0.7%, UK - 0.9%) after BNP announced a redemption freeze on 3 funds exposed to US sub-prime. Asian markets failed to recover early month losses (Japan -3.9%) except China (16.7%) which continues to boom.

In terms of global sectors, the portfolio benefited from exposure to a number of strongly performing sectors, especially IT (Technology Hardware & Equipment +6.7%, Software & Computer Services +5.5%) and also Pharmaceuticals & Biotechnology (+5%), Fixed Line Telecommunications (+6.8%) and Electricity (+5%). In contrast, there were few global sectors that posted losses for the month. Automobiles & Parts (-0.3%) and General Financial (-1%) were a drag on portfolio performance.

In terms of currency, the correction in the A$ that commenced in late July continued over August, with the A$ falling to US81.4c along with other high-yielding currencies. This move added 5% to the portfolio's equity market performance over the month.

# INVESTMENT MANAGER'S REPORT

| Returns for month end | 31/07/2007 | |
|---|---|---|
| **Gross Portfolio** | -2.2% | |
| **HomeGlobal™** | -2.2% | |
| **Index MSCI ex Australia** | -3.2% | |

The broadening US sub-prime mortgage problem caused a rapid deterioration of market sentiment late in July (S&P500 - 3.2%, Dow -1.5%, NASDAQ -2.2%). Earlier the Dow had broken through 14,000 for the first time, spurred on by M&A euphoria (notably Ontario Teachers/private equity's record bid for BCE and RIO bidding for Alcan). However, risk aversion returned late in the month due to disappointing earnings (Du Pont, Caterpillar) and a barrage of bad news on the housing/mortgage/credit front. Lenders Countrywide Financial and AHM, builders Beazer and DR Horton and retailer AutoNation all blamed continued housing market weakness for reporting very poor results, while the latest data releases confirmed further weakness. American Express boosted reserves for credit losses, and debt raisings by Chrysler and GM were postponed. The increased risk aversion of lenders raised fears of the sub-prime contagion causing a credit crunch. Stocks priced for takeover (especially by debt-funded private equity) were hit particularly hard, as were financials, retailers and anything housing-related. In contrast, materials and energy (oil and most metals rose on supply fears) stocks held up well. Government bonds were also back in favour as a defensive asset.

Europe suffered worse losses than the US (France -5%, Germany -5.3%, UK -3.8%) due to fears of more rate rises (the ECB reiterated its hawkish tone), negative profit results and the Euro hitting a 15-year high versus the greenback. German banks were hammered after Commerzbank admitted €80m losses from US sub-prime. Japan (-4.9%) also fell but other Asian markets rose.

In terms of global sectors, the portfolio benefited from exposure to a number of sectors that defied the market falls to post gains (Aerospace & Defense +2.6%, Industrial Metals +5.1%, Oil Equipment/Services +3.8%, Industrial Engineering (+2.7%). However declines in Electricity (-2.7%), General Retailers (-4.9%), Media (-3.6%) and Pharmaceuticals & Biotechnology (-3.2%) stocks impacted negatively on portfolio performance.

The A$ peaked at US88.7c before a sharp correction late in the month wiped out most of the gains, as the spike in risk aversion saw investors switch to the 'safe haven' of the US$. During July the $A rose from 84.8 to 85.7 US cents detracting 1% from the equity market performance over the month.

# THE INVESTMENT PORTFOLIO
## as at 31 December 2007

### Asset Weighting

| | % Net Assets |
|---|---|
| International Equities | 97.7% |
| Net Cash/Other Assets [1] | 2.3% |
| **TOTAL** | **100%** |

### Regional and Country/Currency Exposures

| Regions (Equities) | % Net Assets |
|---|---|
| North America | 54.4% |
| Europe (ex UK) | 18.7% |
| Japan | 11.0% |
| United Kingdom | 9.2% |
| Asia (ex Japan) | 4.3% |
| Net Cash/Other Assets [1] | 2.3% |
| **TOTAL** | **100%** |

| Country/Currency (Equities & Cash) | % Net Assets |
|---|---|
| United States | 51.3% |
| Japan | 11.0% |
| United Kingdom | 9.3% |
| France | 5.6% |
| Germany | 5.8% |
| Switzerland | 3.4% |
| Canada | 3.3% |
| Netherlands | 2.3% |
| Taiwan | 1.4% |
| Sweden | 1.7% |
| Hong Kong | 2.9% |
| Australia (Net Cash/Other Assets) [1] | 2.3% |
| Euro | 0 |
| **TOTAL** | **100%** |

The Company's funds are directly exposed to the overseas currencies in which the portfolio's investments are denominated (i.e. the currencies of the stock exchanges on which equity holdings are listed) and, indirectly to the currencies in which the operations of its investments (many of which are large multinational companies) are denominated.

The Company's investments in international securities are unhedged.

Currency movements can reduce or exacerbate movements in the value of the underlying securities in the Company's portfolio when converted back into Australian dollars. For example, an appreciation in an overseas currency against the Australian dollar will cause the underlying securities denominated in that overseas currency to appreciate in value when converted back into Australia dollars and vice versa (assuming no change in the underlying securities value).

[1] Net Cash/Other Assets include provisions and income tax expense; cash includes cash held in various overseas currencies; the Company has no borrowings.

# THE INVESTMENT PORTFOLIO
## as at 31 December 2007

## Top 20 Holdings

| Stocks | % Net Assets | Sector exposures | Country |
|---|---|---|---|
| MICROSOFT | 2.9 | Software & Computer Services | United States |
| PROCTER & GAMBLE | 1.9 | Household Goods | United States |
| EXXON MOBIL | 1.9 | Oil & Gas Producers | United States |
| GENERAL ELECTRIC | 1.8 | General Industrials | United States |
| VODAFONE GROUP | 1.6 | Mobile Telecommunications | United Kingdom |
| INTERNATIONAL BUS.MACH. | 1.4 | Software & Computer Services | United States |
| GOOGLE 'A' | 1.3 | Software & Computer Services | United States |
| APPLE | 1.3 | Technology Hardware & Equipment | United States |
| JOHNSON & JOHNSON | 1.3 | Pharmaceuticals & Biotechnology | United States |
| SOUTHERN | 1.3 | Electricity | United States |
| INTEL | 1.3 | Technology Hardware & Equipment | United States |
| CISCO SYSTEMS | 1.2 | Technology Hardware & Equipment | United States |
| ALTRIA GROUP | 1.1 | Tobacco | United States |
| CHINA MOBILE | 1.1 | Mobile Telecommunications | Hong Kong |
| NESTLE 'R' | 1.1 | Food Producers | Switzerland |
| SIEMENS (XET) | 1.1 | Electronic & Electrical Equipment | Germany |
| HEWLETT-PACKARD | 1 | Technology Hardware & Equipment | United States |
| GLAXOSMITHKLINE | 1 | Pharmaceuticals & Biotechnology | United Kingdom |
| BP | 1 | Oil & Gas Producers | United Kingdom |
| NOVARTIS 'R' | 0.9 | Pharmaceuticals & Biotechnology | Switzerland |
| **TOTAL** | **27.5** | | |

# THE INVESTMENT PORTFOLIO
## as at 31 December 2007

## Top 10 Performers – 6 months to 31 December 2007

| Stocks | Sector | Country | Return % In Local Currency | Return % In A$ |
|---|---|---|---|---|
| RESEARCH IN MOTION | Technology Hardware & Equipment | Canada | 57.5 | 64.0 |
| CHINA MOBILE | Mobile Telecommunications | Hong Kong | 65.7 | 60.5 |
| NINTENDO | Leisure Goods | Japan | 50.0 | 60.2 |
| APPLE | Technology Hardware & Equipment | United States | 62.3 | 56.8 |
| NUMICO (KON.) | Food Producers | Netherlands | 42.5 | 49.0 |
| CHINA RES.POWER HDG. | Electricity | Hong Kong | 44.8 | 40.2 |
| ARCHER-DA | Food Producers & Processors | United States | 41.2 | 36.5 |
| HIGH TECH COMPUTER | Technology Hardware & Equipment | Taiwan | 39.0 | 36.1 |
| BG GROUP | Oil & Gas Producers | United Kingdom | 40.6 | 34.8 |
| SUMITOMO CHEMICAL | Chemicals | Japan | 21.2 | 29.4 |

## Bottom 10 Performers - 6 months to 31 December 2007

| Stocks | Sector | Country | Return % In Local Currency | Return % In A$ |
|---|---|---|---|---|
| FUJI ELECTRIC HDG. | Electronic & Electrical Equipment | Japan | -37.0 | -32.8 |
| MITSUBISHI HEAVY INDS. | Industrial Engineering | Japan | -38.9 | -34.8 |
| ADVANTEST | Technology Hardware & Equipment | Japan | -40.4 | -36.4 |
| NORTEL NETWORKS | Technology Hardware & Equipment | Canada | -41.7 | -39.3 |
| CHIYODA | Industrial Engineering | Japan | -45.8 | -42.1 |
| ERICSSON 'B' | Technology Hardware & Equipment | Sweden | -44.7 | -43.3 |
| CLARIANT | Chemicals | Switzerland | -47.1 | -44.7 |
| ISHIKAWAJIMA-HARIMA HVY. | General Industrials | Japan | -48.2 | -44.7 |
| ADVANCED MICRO DEVC. | Technology Hardware & Equipment | United States | -47.6 | -49.3 |
| ALCATEL LUCENT | Technology Hardware & Equipment | France | -52.3 | -50.1 |

# THE INVESTMENT PORTFOLIO
## as at 31 December 2007

## Industry Sector Weighting

| Sector Exposures | % Net Assets |
|---|---|
| TECHNOLOGY HARDWARE & EQUIPMENT | 12.2 |
| PHARMACEUTICALS & BIOTECHNOLOGY | 8.8 |
| OIL & GAS PRODUCERS | 8.3 |
| SOFTWARE & COMPUTER SERVICES | 7.3 |
| ELECTRICITY | 6.2 |
| AUTOMOBILES & PARTS | 4.8 |
| MEDIA | 3.8 |
| INDUSTRIAL ENGINEERING | 3.8 |
| ELECTRONIC & ELECTRICAL EQUIPMENT | 3 8 |
| MOBILE TELECOMMUNICATIONS | 4.4 |
| GENERAL INDUSTRIALS | 3.6 |
| FOOD PRODUCERS | 3.5 |
| CHEMICALS | 2.4 |
| FIXED LINE TELECOMMUNICATIONS | 3.2 |
| AEROSPACE & DEFENCE | 2.9 |
| HOUSEHOLD GOODS | 3.0 |
| LEISURE GOODS | 2.5 |
| HEALTH CARE EQUIPMENT & SERVICES | 1.6 |
| TOBACCO | 2.4 |
| PERSONAL GOODS | 2.2 |
| LIFE INSURANCE | 2.1 |
| OIL EQUIPMENT, SERVICES & DISTRIBUTION | 1.4 |
| GAS, WATER & MULTIUTILITIES | 0.7 |
| NONLIFE INSURANCE | 0.3 |
| OTHER | 2.4 |
| Sub-total Investment Portfolio | 97.7 |
| Net Cash/Other Assets | 2.3 |
| **TOTAL** | **100%** |

# DIRECTORS' REPORT

The Directors present their Directors' Report on Bentley International Limited ABN 87 008 108 218 (**"Company"** or **"Bentley International" or "BEL"**) for the financial half year ended 31 December 2007 (**"Balance Date"**).

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

Bentley International does not have any controlled entities.

## OPERATING RESULTS

| | Dec 2007 $'000 | Dec 2006 $'000 |
|---|---|---|
| Unrealised gains/(losses) on investments | (107) | 799 |
| Realised gains on investments | 6 | 562 |
| Foreign exchange losses | (5) | - |
| Other investment related income | 182 | 184 |
| **Total investment income** | 76 | 1,544 |
| Investment manager's fees | 91 | 91 |
| Custody fees | 25 | 42 |
| Other corporate and administration expenses | 218 | 227 |
| **Total expenses** | 333 | 360 |
| **Profit/(Loss) before income tax expense** | (258) | 1,185 |
| Income tax expense | - | (5) |
| **Profit/(Loss) after income tax expense** | (258) | 1,179 |

## EARNINGS /(LOSS) PER SHARE

| | Dec 2007 | Dec 2006 |
|---|---|---|
| Basic and diluted earnings/(loss) per share (cents) | (0.65) | 2.99 |

## FINANCIAL POSITION

| | Dec 2007 $'000 | Jun 2007 $'000 |
|---|---|---|
| Investments | 19,377 | 19,797 |
| Cash | 354 | 761 |
| Other assets | 188 | 193 |
| Liabilities | (290) | (651) |
| **Net assets** | 19,628 | 20,100 |
| Issued capital | 18,178 | 17,995 |
| Retained profits | 1,450 | 2,105 |
| **Total Equity** | 19,628 | 20,100 |

# DIRECTORS' REPORT

## NET TANGIBLE ASSET BACKING

| | Dec 2007<br>$'000 | Jun 2007<br>$'000 |
|---|---|---|
| Net tangible assets (before tax) | 19,783 | 20,287 |
| **Pre-tax NTA Backing per share (cents)** | 49.17 | 51.06 |
| | - | - |
| Less: Provision for tax | - | - |
| Net tangible assets (after tax) | 19,783 | 20,287 |
| **Post-tax NTA Backing per share (cents)** | 49.17 | 51.06 |
| | - | - |
| Based on total issued share capital | 40,234,143 | 39,728,303 |

### Dividends

The Directors have not declared an interim dividend for prudential reasons as the Company made a net loss for the half year and also given the relatively modest balance of its retained earnings of $1.45 million as at 31 December 2007 and the negative 10% performance of the Company's investment portfolio during January 2008.

## SECURITIES IN THE COMPANY

At Balance Date and as at the date of this Directors' Report, the Company has 40,234,143 fully paid ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

During the half year, the Company issued 505,840 shares under its DRP in respect of its final dividend paid on 28 September 2007.

## REVIEW OF OPERATIONS

As at 31 December 2007, a direct investment in the Company provides indirect exposure to a diversified portfolio of approximately 298 securities across more than 24 industry sectors in 11 recognised overseas stock markets.

Based on information provided by Constellation, the investment portfolio returned 0.5% in A$ terms during the financial half year.

This compares with the MSCI World ex Australia Index which returned -3.5% over the same period in Australia dollar terms.

The Directors also refer to the Investment Manager's half yearly report, which was released on ASX dated 24 January 2008 and reproduced at pages 4 to 7 of this Half Year Report.

# DIRECTORS' REPORT

**Investment Management**

In September 2004, Constellation commenced management of an investment portfolio in accordance with the international component of Constellation's HomeGlobal™ Investment Strategy. The investment management agreement with Constellation expired on 18 May 2006 and Constellation's mandate has continued on a month to month basis after May 2006 in accordance with the terms therein.

On 18 October 2007, the Company announced that the Board had determined that it was no longer appropriate for the Company to implement the HomeGlobal™ Investment Strategy and would seek to negotiate a renewal of Constellation's appointment as investment manager (under a different investment strategy) or seek the appointment of another appropriate investment manager to manage or internally manage the Company's funds in accordance with the Company's current investment mandate/objective to invest in international securities.

The decision to change the investment strategy was made after a review of Constellation's HomeGlobal™ portfolio (international component) on a number of criteria including but not limited to the performance of the strategy in absolute terms and relative to benchmark indices, feedback received from major shareholders that the Company should alter the passive/tracking nature of its investment portfolio and adopt a more active stock selection strategy, and an assessment of the costs associated with managing this investment portfolio.

The Board confirms that the new investment strategy will:

- Adopt an investment philosophy involving a more active stock selection strategy;
- Have the objective of outperforming a relevant benchmark index (such as MSCI World ex Australia) rather than merely tracking the performance of a global index;
- Continue to comprise direct investments in securities listed on the world's share markets, thus preserving the Company's ability to generate foreign investment income and utilise its substantial prior year foreign tax losses of $4.6 million as at 30 June 2007; and
- support the Company's ability to continue to pay fully franked regular dividends twice a year.

As at the date of this Half Year Report, the Board has not yet finalised the Company's new investment strategy.

The Company continues to be invested in Constellation's HomeGlobal™ (international component) portfolio until an appropriate transition to the new investment strategy and portfolio.

# DIRECTORS' REPORT

## DIRECTORS

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

**Farooq Khan** — **Chairman**

*Appointed* — Director since 2 December 2003; Chairman since 10 February 2004

*Qualifications* — BJuris, LLB. (*UWA*)

*Experience* — Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.

*Relevant interest in shares* — 11,587,938 ordinary shares (not held directly[2])

*Special Responsibilities* — Chairman of the Board

*Other current directorships in listed entities* — Current Chairman and Managing Director of:
(1) Queste Communications Ltd (since 10 March 1998)

Current Chairman of:
(2) Scarborough Equities Limited (since 29 November 2004)
(3) Orion Equities Limited (since 23 October 2006)

Current Executive Director of:
(4) Strike Resources Limited (since 3 September 1999)
(5) Alara Uranium Limited (since 18 May 2007)
(6) Interstaff Recruitment Limited (since 27 April 2006)

*Former directorships in other listed entities in past 3 years* — (1) Altera Capital Limited (9 November 2001 to 18 October 2005)
(2) Sofcom Limited (3 July 2002 to 18 October 2005)

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**Peter P. Simpson** — **Non-Executive Director**

*Appointed* — 6 September 2005

*Qualifications* — Ass.Dip.Bus, F.A.I.M., F.C.D.I.

*Experience* — Mr Simpson has substantial business and commercial experience. Mr. Simpson is Executive Chairman of Bridge Finance Australia Pty Ltd, which has broad interests including horticulture, publishing and in the IT sector. Mr Simpson is also Chairman of listed oil and gas junior company, Drillsearch Energy Limited and Eudunda Farmers' Limited an unlisted property and supermarket group. Mr Simpson has substantial interests in two private investment companies and is also a director and shareholder in Wirra Wirra Vineyards in South Australia.

*Relevant interest in shares* — 1,782,256 shares (held indirectly)

*Special Responsibilities* None

*Other current directorships in listed entities* — None

*Former directorships in other listed entities in past 3 years* — Current Chairman of:
(1) Drillsearch Energy Limited (since 24 October 2006).

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2 Held by Orion Equities Limited (**OEQ**), a company in which Queste Communications Ltd (**QUE**) is a controlling shareholder; Farooq Khan (and associated companies) have a deemed relevant interest in the BEL shares in which QUE has a relevant interest by reason of having >20% voting power in QUE.

# DIRECTORS' REPORT

| | | |
|---|---|---|
| **Simon K. Cato** | — | **Non-Executive Director** |
| *Appointed* | — | 5 February 2004 |
| *Qualifications* | — | B.A. (*USYD*), MSDIA |
| *Experience* | — | Mr Simon Cato has had over 25 years capital markets experience in broking, regulatory roles and as director of listed companies. He initially was employed by the ASX in Sydney and in Perth. Over the last 17 years he has been an executive director and/or responsible executive of three stockbroking firms and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker he has also been involved in the underwriting of a number of IPO's and has been through the process of IPO listings in the dual role of broker and director. Currently he holds a number of executive and non executive roles with listed companies in Australia. |
| *Relevant interest in shares* | — | None |
| *Special Responsibilities* | | None |
| *Other current directorships in listed entities* | — | Current Chairman of:<br>(1) Convergent Minerals Limited (since 25 July 2006)<br>(2) Sofcom Limited (since 8 January 2004)<br>Current Director of:<br>(3) Greenland Minerals and Energy Ltd (formerly The Gold Company Limited) (since 21 February 2006)<br>(4) Scarborough Equities Limited (since 29 November 2004) |
| *Former directorships in other listed entities in past 3 years* | — | (1) Altera Capital Limited (8 January 2004 to 8 August 2006)<br>(2) Elemental Minerals Limited (19 February 2004 to 5 July 2006)<br>(3) Medusa Mining Limited (5 February 2002 to 13 April 2006) |

| | | |
|---|---|---|
| **Christopher B. Ryan** | — | **Non-Executive Director** |
| *Appointed* | — | 5 February 2004 |
| *Qualifications* | — | BEcon (*UWA*), MBA (*UNSW*) |
| *Experience* | — | Mr Ryan is the Principal of Westchester Corporate Finance, a Sydney based corporate advisory firm specialising in advising listed companies on fund raising, mergers and acquisitions and associated transactions. Prior to forming Westchester in July 1996, Christopher was with Schroders Australia for 27 years. At Schroders, he served 3 years in the investment division, 2 years as an economist monitoring influences on interest and exchange rates and 22 years in the corporate finance division of which he was a director for 19 years specialising in advising on project financing and mergers and acquisitions mainly in the Australian minerals and oil and gas sectors. |
| *Relevant interest in shares* | — | None |
| *Special Responsibilities* | — | None |
| *Other current directorships in listed entities* | — | Current Chairman of:<br>(1) Golden Cross Resources Limited (since 25 March 2003)<br>(2) Blue Ensign Technologies Limited (since 22 August 2002)<br>Current Director of:<br>(3) Scarborough Equities Limited (since 29 November 2004) |
| *Former directorships in other listed entities in past 3 years* | — | Volant Petroleum Limited (11 December 2003 to 23 May 2006) |

# DIRECTORS' REPORT

## COMPANY SECRETARY

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

*Appointed* — Since 5 February 2004

*Qualifications* — BCom, LLB (*UWA*)

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

*Relevant interest in shares* — 5,945 ordinary shares

*Other positions held in listed entities* — Current Director and Company Secretary of:

(1) Strike Resources Limited (Secretary since 9 March 2000 and Director since 12 October 2000)

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

(3) Sofcom Limited (Director since 3 July 2002 and Secretary since 23 July 2003)

Current Company Secretary of:

(4) Alara Uranium Limited (since 4 April 2007)

(5) Scarborough Equities Limited (Secretary since 29 November 2004)

(6) Queste Communications Ltd (Secretary since 30 August 2000)

*Former position in other listed entities in past 3 years* — Altera Capital Limited (resigned 8 August 2006; Director from 9 November 2001 and Secretary from 26 November 2001)

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## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 22. This relates to the Independent Review Report, where the Auditors state that they have issued an independence declaration.

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

Farooq Khan
Chairman

Simon Cato
Director

21 February 2008

BDO Kendalls

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21 February 2008

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

Dear Sirs

**DECLARATION OF INDEPENDENCE BY BDO KENDALLS TO THE DIRECTORS OF BENTLEY INTERNATIONAL LIMITED**

As lead auditor for the review of Bentley International Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

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

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

B. McVeigh

**BG McVeigh**
Director

BDO Kendalls

**BDO Kendalls Audit & Assurance (WA) Pty Ltd**
Perth, Western Australia

# INCOME STATEMENT
# for the period ended 31 December 2007

| | Note | 31 Dec 07<br>$ | 31 Dec 06<br>$ |
|---|---|---|---|
| **Revenue from continuing operations** | 2 a | 177,966 | 177,453 |
| **Other income** | | 9,723 | 1,366,919 |
| **Total revenue** | | 187,689 | 1,544,372 |
| | | | |
| **Expenses** | 2 b | | |
| Investment expenses | | | |
| - Unrealised losses in the net fair value of investments | | (107,367) | - |
| - Foreign exchange losses | | (4,601) | (18,108) |
| - Withholding tax | | (18,891) | (18,973) |
| Occupancy expenses | | (10,600) | (13,952) |
| Finance expenses | | (348) | (150) |
| Borrowing cost | | - | - |
| Corporate expenses | | (138,510) | (167,055) |
| Administration expenses | | (164,929) | (141,431) |
| | | | |
| **Profit/(Loss) before income tax expense** | | (257,557) | 1,184,703 |
| | | | |
| Income tax expense | | - | (5,439) |
| | | | |
| **Profit/(Loss) after income tax expense** | | (257,557) | 1,179,264 |
| | | | |
| Dividends per share (cent per share) | 3 | 1.0 | 1.0 |
| | | | |
| Basic earnings/(loss) (cents per share) | 4 | (0.65) | 2.99 |
| Diluted earnings/(loss) (cents per share) | 4 | n/a | n/a |

*The accompanying notes form part of this financial report*

# BALANCE SHEET
# as at 31 December 2007

| | Note | 30 Dec 2007 | 30 Jun 2007 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 353,504 | 761,486 |
| Financial assets at fair value through Profit and Loss | 6 | 19,376,766 | 19,797,040 |
| Trade and other receivables | | 28,103 | - |
| **TOTAL CURRENT ASSETS** | | 19,758,373 | 20,558,526 |
| **NON CURRENT ASSETS** | | | |
| Property, plant and equipment | | 5,487 | 6,163 |
| Deferred tax asset | | 154,823 | 187,015 |
| **TOTAL NON CURRENT ASSETS** | | 160,310 | 193,178 |
| **TOTAL ASSETS** | | 19,918,683 | 20,751,704 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 135,658 | 464,472 |
| **TOTAL CURRENT LIABILITIES** | | 135,658 | 464,472 |
| **NON CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | | 154,823 | 187,015 |
| **TOTAL NON CURRENT LIABILITIES** | | 154,823 | 187,015 |
| **TOTAL LIABILITIES** | | 290,481 | 651,487 |
| **NET ASSETS** | | 19,628,202 | 20,100,217 |
| **EQUITY** | | | |
| Contributed equity | 7 | 18,178,191 | 17,995,366 |
| Retained earnings | | 1,450,011 | 2,104,851 |
| **TOTAL EQUITY** | | 19,628,202 | 20,100,217 |

***The accompanying notes form part of this financial report***

# STATEMENT OF CHANGES IN EQUITY
# for the period ended 31 December 2007

| | Contributed Equity<br>$ | Retained Earnings<br>$ | Total<br>$ |
|---|---|---|---|
| **At 1 July 2006** | 17,839,908 | 1,544,000 | 19,383,908 |
| Profit for the half year | - | 1,179,264 | 1,179,264 |
| Total recognised income and expense for the half year | - | 1,179,264 | 1,179,264 |
| Dividends paid | - | (393,049) | (393,049) |
| Issue under Dividend Reinvestment Plan | 155,458 | - | 155,458 |
| **At 31 December 2006** | 17,995,366 | 2,330,215 | 20,325,581 |
| | | | |
| **At 1 July 2007** | 17,995,366 | 2,104,851 | 20,100,217 |
| Loss for the half year | - | (257,557) | (257,557) |
| Total recognised income and expense for the half year | - | (257,557) | (257,557) |
| Dividends paid | - | (397,283) | (397,283) |
| Issue under Dividend Reinvestment Plan | 182,825 | - | 182,825 |
| **At 31 December 2007** | 18,178,191 | 1,450,011 | 19,628,202 |

*The accompanying notes form part of this financial report*

# CASH FLOW STATEMENT
# for the period ended 31 December 2007

| | Note | 31 Dec 07<br>$ | 31 Dec 06<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Dividends received | | 141,419 | 166,646 |
| Interest received | | 8,444 | 4,803 |
| Other income received | | 3,811 | 6,457 |
| Investment manager's fees paid | | (45,543) | (44,817) |
| Other expenses paid | | (335,078) | (307,253) |
| Income tax paid | | - | (26,800) |
| Proceeds from sale of investments | | 10,792 | 3,306,662 |
| Purchase of investments | | (27,602) | (2,950,729) |
| **NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES** | | (243,757) | 154,969 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | (372) | (864) |
| **NET CASH OUTFLOW FROM INVESTING ACTIVITIES** | | (372) | (864) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends paid | | (214,458) | (237,591) |
| **NET CASH OUTFLOW FROM FINANCING ACTIVITIES** | | (214,458) | (237,591) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS HELD** | | (458,587) | (83,486) |
| Cash and cash equivalents at the beginning of the year | | 761,486 | 366,757 |
| Effect of exchange rate changes on cash | | 50,605 | (45,467) |
| **CLOSING CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **5** | 353,504 | 237,804 |

*The accompanying notes form part of this financial report*

# NOTES TO THE FINANCIAL STATEMENTS
# for the period ended 31 December 2007

## 1. SIGNIFICANT ACCOUNTING POLICIES

**Statement of compliance**
The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the year ended 30 June 2007.

## 2. PROFIT/(LOSS) FOR THE HALF YEAR

The operating profit/(loss) before income tax includes the following items of revenue and expense:

| | 31 Dec 07 | 31 Dec 06 |
|---|---|---|
| | $ | $ |
| **(a) Revenue** | | |
| Dividends | 169,522 | 172,650 |
| Interest | 8,444 | 4,803 |
| **Other Income** | | |
| Realised gains on sale of investments | 5,912 | 561,754 |
| Unrealised gains in the net fair value of investments | - | 798,708 |
| Other | 3,811 | 6,457 |
| **Total investment income** | 187,689 | 1,544,372 |

# NOTES TO THE FINANCIAL STATEMENTS
# for the period ended 31 December 2007

| | 31 Dec 07 | 31 Dec 06 |
|---|---|---|
| **(b) Expenses** | **$** | **$** |
| Investment expenses | | |
| - Unrealised losses in the net fair value of investments | 107,367 | - |
| - Foreign exchange losses | 4,601 | 18,108 |
| - Withholding tax | 18,891 | 18,973 |
| Occupancy expenses | 10,600 | 13,952 |
| Finance expenses | 348 | 150 |
| Corporate expenses | | |
| - Investment management fees | 90,703 | 90,640 |
| - Custodian fees | 24,636 | 42,113 |
| - Provision for realisation costs in investment portfolio | (1,471) | - |
| - ASX fees | 20,185 | 20,236 |
| - Share registry fees | 9,675 | 6,402 |
| - Other | (5,218) | 7,664 |
| Administration expenses | | |
| - Communications | 4,227 | 3,113 |
| - Accounting | 18,022 | 6,268 |
| - Audit | 13,152 | 5,788 |
| - Office administration | 12,191 | 9,634 |
| - Personnel | 76,633 | 58,642 |
| - Personnel- employee benefits | 961 | 1,415 |
| - Depreciation | 1,047 | 2,793 |
| - Travel | 1,628 | 8,492 |
| - Other | 37,068 | 45,286 |
| | 445,246 | 359,669 |

## 3. DIVIDENDS

| | | |
|---|---|---|
| **Declared and paid during the half year** | | |
| Dividends on ordinary shares | | |
| One cent per share fully franked paid on 31 August 2006 | - | 393,049 |
| One cent per share fully franked paid on 28 September 2007 | 397,283 | - |
| | 397,283 | 393,049 |

The Directors have not declared an interim dividend for the half year ended 31 December 2007 for prudential reasons as the Company made a net loss for the half year and also given the relatively modest balance of its retained earnings of $1.45 million as at 31 December 2007 and the negative 10% performance of the Company's investment portfolio during January 2008.

# NOTES TO THE FINANCIAL STATEMENTS
# for the period ended 31 December 2007

## 4. EARNINGS/(LOSS) PER SHARE

| | 31 Dec 07 | 30 Jun 07 | 31 Dec 06 |
|---|---|---|---|
| Basic earnings/(loss) per share (cents) | (0.65) | 3.41 | 2.99 |
| Net profit/(loss) | (257,557) | 1,351,182 | 1,179,264 |
| Weighted average number of ordinary shares during the year used in calculation of basic earnings per share | 39,897,378 | 39,656,375 | 39,446,390 |

Diluted earnings per share has not been disclosed, as it does not show a position which is inferior to basic earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earning per share.

## 5. CASH AND CASH EQUIVALENTS

| | 31 Dec 07 | 30 Jun 07 | 31 Dec 06 |
|---|---|---|---|
| | $ | $ | $ |
| Cash at bank | 353,504 | 761,486 | 237,804 |

**(a) Disclosure of non-cash financing and investing activities**

On 28 September 2007, the Company issued 505,840 ordinary shares at 36.15 cents per share as a consequence of shareholders' participation under a Dividend Reinvestment Plan.

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

| | 31 Dec 07 | 30 Jun 07 |
|---|---|---|
| | $ | $ |
| Investment Portfolio (international securities) | 19,376,766 | 19,797,040 |

## 7. ISSUED CAPITAL

| | Number of shares | 31 Dec 07 $ | Number of shares | 31 Dec 06 $ |
|---|---|---|---|---|
| Fully paid ordinary shares | 40,234,143 | 18,178,191 | 39,728,303 | 17,995,366 |

| Movement in Ordinary Share Capital | Date of movement | Number of shares | 31 Dec 07 $ | 31 Dec 06 $ |
|---|---|---|---|---|
| **At 1 July 2006** | | 39,304,854 | 17,839,908 | 17,839,908 |
| Issue under dividend reinvestment plan | 31-Aug-06 | 423,449 | 155,458 | 155,458 |
| **At 30 June 2007** | | 39,728,303 | 17,995,366 | 17,995,366 |
| Issue under dividend reinvestment plan | 28-Sep-07 | 505,840 | 182,825 | |
| **At 31 December 2007** | | 40,234,143 | 18,178,191 | |

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

# NOTES TO THE FINANCIAL STATEMENTS
# for the period ended 31 December 2007

## 8. SEGMENT REPORTING

**Business Segments**

The Company is incorporated in Australia. The Company's principal activity is investment in equity securities listed on overseas stock markets.

**Geographical exposures**

Constellation Capital Management Limited managed the Company's investment portfolio, implementing the international equities component of Constellation's HomeGlobal investment strategy. While the Company operates from Australia only, it has investment exposures in different countries which includes investments in listed securities, cash assets and accrued interest and dividends and is net of unsettled trades. The geographical locations of these exposures are outlined below:

| | Segment Revenues | | Carrying Amount of Segment Assets | | Acquisitions of Investments | |
|---|---|---|---|---|---|---|
| | 31 Dec 07 | 31 Dec 06 | 31 Dec 07 | 30 Jun 07 | 31 Dec 07 | 31 Dec 06 |
| **Country** | $ | $ | $ | $ | $ | $ |
| Australia | 8,340 | 4,545 | 476,661 | 827,748 | - | - |
| Europe | 22,594 | 331,402 | 3,728,516 | 4,077,278 | 114 | 682,660 |
| United Kingdom | 27,181 | 89,077 | 1,876,065 | 1,911,859 | 38,383 | 279,156 |
| North America | 79,688 | 859,332 | 10,791,623 | 10,755,148 | - | 1,286,145 |
| Asia | 38,744 | 97,213 | 862,132 | 920,493 | (10,895) | 357,507 |
| Japan | 11,142 | 162,803 | 2,183,686 | 2,259,178 | - | 345,261 |
| | 187,689 | 1,544,372 | 19,918,683 | 20,751,704 | 27,602 | 2,950,729 |

## 9. CONTINGENT ASSETS AND LIABILITIES

The Company does not have any contingent assets or liabilities.

## 10. COMMITMENTS

| **Lease Commitments** | 31 Dec 07 | 30 Jun 07 |
|---|---|---|
| | $ | $ |
| Non-cancellable operating lease commitments: | | |
| Not longer than one year | 27,767 | 24,960 |
| Between 12 months and 5 years | 125,662 | 99,840 |
| Greater than 5 years | 17,287 | 24,960 |
| | 170,716 | 149,760 |

The lease commitment is the Company's share of the Chairman's and Company Secretarial office premises at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia, and includes all outgoings (exclusive of GST). The lease is for a 7 year term commencing 30 June 2006 and expiring 30 June 2013 and contains a rent review increase each year alternating between 5% and the greater of market rate or CPI + 1%.

# NOTES TO THE FINANCIAL STATEMENTS
## for the period ended 31 December 2007

### 11. EVENTS AFTER BALANCE SHEET DATE

(a) During January 2008, the Company withdrew $200,000 from the investment portfolio to fund working capital, including the payment of management and custodian fees.

(b) On 31 January 2008, the Company's investment portfolio was valued at $17.7 million, a reduction of $1.5 million from the value as at 31 December 2007 (adjusted for the $0.2 million withdrawal during January 2008).

An impairment loss has not been recognised at the 31 December 2007 as the Directors believe the diminution in value is as a consequence of market conditions and does not represent a permanent impairment of financial assets.

No other matter or circumstance has arisen since the end of the financial period that significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

# DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and

    (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,

Farooq Khan
Chairman

Simon Cato
Director

21 February 2008

BDO Kendalls

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

We have reviewed the accompanying half-year financial report of Bentley International Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement, other selected explanatory notes and the directors' declaration in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

**Independence**

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

BDO Kendalls

**Conclusion**

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

(a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

**BDO Kendalls Audit & Assurance (WA) Pty Ltd**

BDO Kendalls

**BG McVeigh**
Director

Perth, Western Australia
Dated this 21 day of February 2008

# INFORMATION ON SECURITIES
## as at 31 December 2007

### DISTRIBUTION OF LISTED ORDINARY SHARES

| Spread | of | Holdings | Number of Holders | Number of Shares | % of Total Issued Capital |
|---|---|---|---|---|---|
| 1 | - | 1,000 | 125 | 49,548 | 0.123% |
| 1,001 | - | 5,000 | 362 | 1,086,054 | 2.699% |
| 5,001 | - | 10,000 | 252 | 1,910,348 | 4.748% |
| 10,001 | - | 100,000 | 486 | 13,159,064 | 32.706% |
| 100,001 | - | and over | 38 | 24,029,129 | 59.723% |
| **Total** | | | **1,263** | **40,234,143** | **100%** |

### TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

| | | Shareholder | Shares Held | Total Shares Held | % Issued Capital |
|---|---|---|---|---|---|
| 1 | * | ORION EQUITIES LIMITED* | | 11,587,938 | 28.801 |
| 2 | | MR JAMES STUART CRAIG | 2,316,424 | | |
| | | MR ROBERT JAMES CRAIG | 500,000 | | |
| | | MR MICHAEL CRAIG | 50,000 | | |
| | | | Sub-total | 2,866,424 | 7.124 |
| 3 | | ROCHESTER NO 39 PTY LTD | 995,621 | | |
| | | BARBRIDGE TRUSTS PTY LTD <PETER SIMPSON FAMILY A/C> | 341,920 | | |
| | | PENSON HOLDINGS PTY LTD | 258,426 | | |
| | | BARBRIDGE TRUSTS PTY LTD <P S F T A/C> | 159,680 | | |
| | | PENSON (MANAGEMENT) PTY LTD <NIKANKO ACCOUNT> | 26,609 | | |
| | | | Sub-total | 1,782,256 | 4.430 |
| 4 | | INVIA CUSTODIAN PTY LIMITED <WAM CAPITAL LIMITED A/C> | | 1,708,746 | 4.247 |
| 5 | | MR JOHN ROBERT DILLON | | 1,079,045 | 2.682 |
| 6 | | UBS NOMINEES PTY LTD | | 610,517 | 1.517 |
| 7 | | PATJEN PTY LIMITED | | 557,441 | 1.385 |
| 8 | | NENDAR PTY LTD <THE LITTLE FAMILY S/F A/C> | 300,000 | | |
| | | NENDAR PTY LTD <LFIUT ACCOUNT> | 100,000 | | |
| | | NENDAR PTY LTD | 52,658 | | |
| | | | Sub-total | 452,658 | 1.125 |
| 9 | | MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE | | 268,458 | 0.667 |
| 10 | | MR JAMES LAWRENCE HADLEY & MRS MARIA MARLENA HADLEY <HADLEY FAMILY SUPERFUND A/C> | | 261,000 | 0.649 |
| 11 | | DR SPENCER DAVID <DAVID FAMILY INV FUND A/C> | | 251,951 | 0.626 |
| 12 | | MRS LEANNE MAREE ROCKEFELLER | | 207,962 | 0.517 |
| 13 | | MR CHARLES GILBERT FARER-HICKEY & MR CLAUDE FARER-HICKEY | | 200,000 | 0.497 |
| 14 | | MS JAN ELIZABETH BURNETT-MCKEOWN | | 182,970 | 0.461 |
| 15 | | TAYDYN PTY LTD | | 182,970 | 0.455 |
| 16 | | MRS LENA SOONG | | 168,765 | 0.419 |
| 17 | | MR MILTON MELROSE FORSTER | | 165,000 | 0.410 |
| 18 | | MR BARRY ROBERT LEANE & MRS LYNETTE JULIE LEANE <HOLDFAST SUPER FUND A/C> | | 152,512 | 0.379 |
| 19 | | K J & M L GILROY PTY LTD <SUPERANNUATION A/C> | | 150,000 | 0.373 |
| 20 | | MR STANLEY GEORGE JOHANSON & MRS IRENE CECILIA JOHANSON | | 149,464 | 0.371 |
| **TOTAL** | | | | **22,980,608** | **57.117%** |

* Substantial shareholder