

2008



Annual Report



Bentley
International Limited

CONTENTS

Company Profile	2
Overview of Performance	3
The Board's Report	4
The Investment Portfolio	6
The Investment Manager's Report	16
Directors' Statutory Report	21
Auditor's Independence Declaration	32
Income Statement	33
Balance Sheet	34
Statement of Changes in Equity	35
Cash Flow Statement	36
Notes to Financial Statements	37
Directors' Declaration	56
Independent Audit Report	57
Corporate Governance	59
List of Share Investments	68
Additional ASX Information	75

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

STOCK EXCHANGE

Australian Securities Exchange
Sydney, New South Wales

ASX CODE

BEL

SHARE REGISTRY

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

CORPORATE DIRECTORY

BOARD

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

COMPANY SECRETARY

Victor P.H. Ho

REGISTERED OFFICE

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

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: (08) 9214 9757
Facsimile: (08) 9322 1515
Email: info@bel.com.au
Web: www.bel.com.au

AUDITORS

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
Subiaco, Western Australia 6008
Telephone: (08) 9380 8400
Facsimile: (08) 9380 8499
Website: www.bdo.com.au

INVESTMENT MANAGER

Constellation Capital Management Limited
Level 19, 60 Castlereagh Street
Sydney New South Wales 2000
Telephone: (02) 9231 2833
Telephone: (02) 9231 2844
Website: www.constellation.com.au

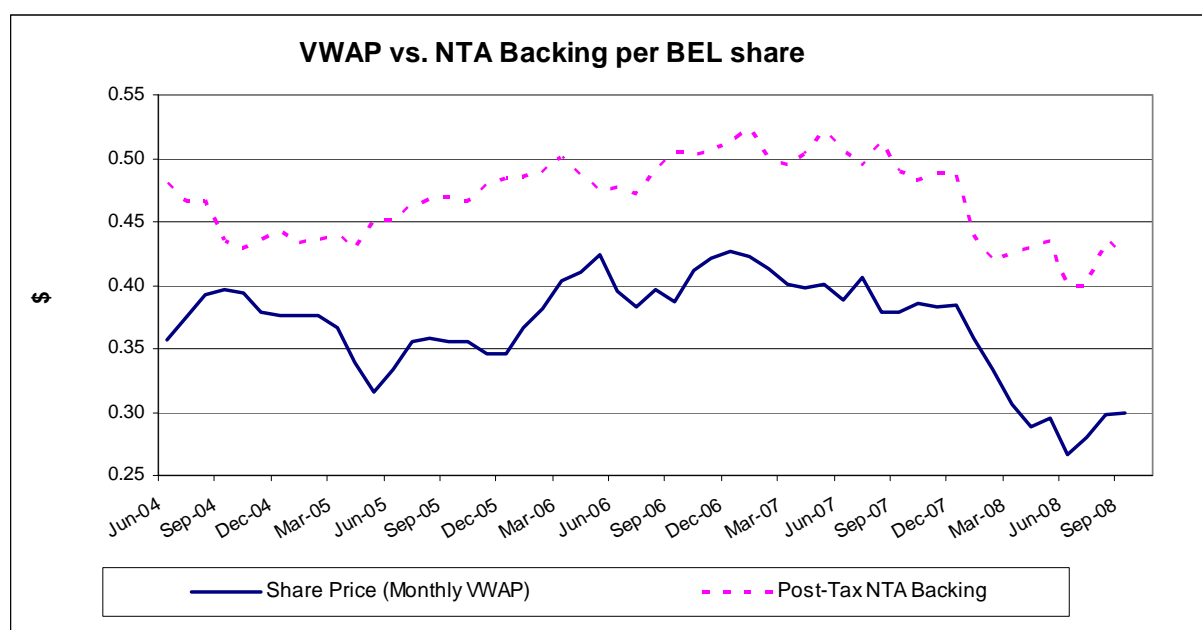
CUSTODIAN

National Custodian Services
National Australia Bank Limited
Level 25, 255 George Street
Sydney New South Wales 2000
Telephone: (02) 9237 9101
Facsimile: (02) 9237 1936
Website: www.ncsonline.com.au

COMPANY PROFILE

Bentley International Limited is an investment company listed on the Australian Securities Exchange (ASX) under ASX Code: BEL.

At 30 June 2008, BEL had a market capitalisation of \$10.26 million (at 25.5 cents per share), net assets of \$16,086 million (at 39.98 cents NTA backing per share), 40,234,143 fully paid ordinary shares on issue, and 1,218 shareholders on its share register (30 June 2007: \$15.494 million market capitalisation (at 39 cents per share), net assets of \$20.126 million (at 50.66 cents post tax NTA backing per share), 39,728,303 shares on issue, and 1,312 shareholders).



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

Source: IRESS

Investment Portfolio Update

In early October 2008, the Company converted approximately 70% of the Company's investment portfolio to cash (in Australian dollars).

Immediately prior to the conversion (on 10 October 2008), the investment portfolio had a value of ~A\$16.16 million, comprising 300 securities listed on 11 stock markets.

Immediately after the conversion (which was completed on 13 October 2008), the investment portfolio had a value of ~A\$5.267 million, comprising 273 securities listed on 11 stock markets. The proceeds of sale received at settlement was ~A\$11.11 million.

As at 28 October 2008, the Company had:

- (i) ~A\$10.6 million invested in term deposits with Australian banks; and
- (ii) ~A\$4.9 million invested in its investment portfolio.

OVERVIEW OF PERFORMANCE

	2008 Year \$'000	2007 Year \$'000	% Change	Up / Down
Net gains on financial assets at fair value through profit or loss	-	1,742	100%	Gains Down
Other investment related income	443	454	2%	Down
Total revenue	443	2,196	80%	Down
Net loss on financial assets at fair value through profit or loss	3,621	-	100%	Loss Up
Foreign exchange losses	12	15	21%	Down
Investment manager's fees	175	177	1%	Down
Custodian fees	45	94	52%	Down
Other corporate and administration expenses	391	553	29%	Down
Total expenses	4,245	839	406%	Up
Profit/(Loss) before tax	(3,801)	1,357	380%	Profit Down
Income tax benefit/(expense)	903	(5)	16698%	Expense Down
Profit/(Loss) after tax attributable to members	(2,899)	1,351	315%	Profit Down
Basic and diluted earnings/ (loss) per share (cents)	(7.23)	3.41	312%	Earnings Down
Pre-Tax NTA backing per share (cents)	42.22	50.59	17%	Down
Post-Tax NTA backing per share (cents)	39.98	50.59	21%	Down

The Company incurred a net loss during the current reporting period of \$3.801 million (pre tax) and \$2.899 million (post tax) compared with a net profit of \$1.357 million (pre tax) and \$1.351 million (post tax) earned during the previous corresponding period. This was principally as a result of nil net gains on financial assets (2007: \$1.742 million) and a \$3.621 million net loss on financial assets (2007: \$nil).

Dividends

The Directors did not declare a final dividend as the Company incurred a net loss for the 2008 financial year and had accumulated losses of \$1.19 million as at 30 June 2008.

Recent dividends paid by the Company are summarised below:

Rate per share	Record Date	Payment Date	Franking	Total Dividends Paid	DRP Issue Price
One cent	24 September 2007	28 September 2007	100%	\$397,283	\$0.3615
One cent	1 March 2007	8 March 2007	100%	\$397,283	N/A
One cent	29 August 2006	31 August 2006	100%	\$393,049	\$0.367
One cent	11 April 2006	26 April 2006	100%	\$389,422	\$0.396
One cent	21 September 2004	27 September 2004	100%	\$389,422	N/A

THE BOARD'S REPORT

Investment Portfolio Update

On 10 October 2008, the Board instructed the investment manager, Constellation Capital Management Limited (**Constellation**), to convert 70% of the Company's investment portfolio to cash and repatriate the sale proceeds into Australian dollars.

Immediately prior to this realisation, the investment portfolio had a value of ~A\$16.16 million, comprising 300 securities listed on 11 stock markets.

Immediately after this realisation (which was completed on 13 October 2008), the investment portfolio had a value of ~A\$5.267 million, comprising 273 securities listed on 11 stock markets. The proceeds of sale received at settlement was ~A\$11.11 million.

As at 28 October 2008, the Company had:

- (i) ~A\$10.6 million invested in term deposits with Australian banks; and
- (ii) ~A\$4.9 million invested in its investment portfolio (being a diminution in value of A\$0.367 million from 13 October 2008).

The Board determined to undertake this realisation in light of the recent significant decline and uncertainty in world stock markets and the recent significant depreciation in the Australian dollar. Illustratively, at the regional level, all stocks markets have fallen and the Australian and US dollar exchange rate had also fallen since 1 July 2008, as reflected in the following table:

World Stock Market Indices Performance and Australian/US Dollar Exchange Rates (27 June, 9 October and 24 October 2008)

COUNTRY	US	US	UK	Germany	France	Hong Kong	Japan	Switzerland	AUD-USD Exchange Rate
INDEX	S&P 500	Dow Jones	FTSE 100	DAX 30	CAC 40	Heng Seng	Nikkei 225	Swiss SMI	
(1) 27/06/2008	1278.38	11346.51	5529.9	6421.91	4397.32	22042.35	13544.36	6861.54	\$0.9606
(2) 9/10/2008	909.92	8579.19	4313.8	4887	3442.7	15943.24	9157.49	5798.84	\$0.6845
% Change between (1) and (2)	-29%	-24%	-22%	-24%	-22%	-28%	-32%	-15%	-29%
(3) 24/10/2008	876.77	8,378.95	3,883.36	4,295.67	3,193.79	12,618.38	7,649.08	5,675.09	\$0.6219
% Change between (2) and (3)	-4%	-2%	-10%	-12%	-7%	-21%	-16%	-2%	-9%
% Change between (1) and (3)	-31%	-26%	-30%	-33%	-27%	-43%	-44%	-17%	-35%

Source: IRESS

The Company has invested its cash funds in term deposits with Australian banks pending the completion of the Board's previously announced intention to review its investment strategy.

THE BOARD'S REPORT

Investment Management

The Company has previously announced that the Board had determined that it was no longer appropriate for the Company to continue with the HomeGlobal™ Investment Strategy and it would seek to implement a new investment strategy.

The change in the Company's investment strategy may occur in conjunction with a change in the investment mandate/objective and or an increase in the capital base of the Company, approved by shareholders.

As at the date of this report, the Board has not yet finalised the Company's new investment strategy and the Board anticipates that this will be announced before the Company's 2008 annual general meeting (to be held on 28 November 2008).

Increases in Capital Base

The Board will consider opportunities to increase the Company's investment portfolio size to raise the Company's profile in the general investment community and generate economies of scale.

The Board has identified a number of reasons why the asset base of the Company should increase and these include the following:

- Given the relatively high and fixed nature of costs associated with the Company being listed on the ASX, it is important to achieve economies of scale by increasing the size of the Company so that these costs are amortised across a larger asset base;
- A larger asset base are potentially more attractive to institutional investors and may increase liquidity in the market for the Company's shares.

The expansion of the capital base of the Company may occur through a variety of methods including the issue of equity capital or mergers (through schemes or takeovers) with, or acquisitions of, other listed investment companies or managed funds. Such actions may occur in conjunction with a change in the investment strategy and or mandate of the Company.

Taxation Position and Franking Credits

The Company has substantial prior year tax losses (~\$6.4 million) and available franking credits (~\$4 million) as at 30 June 2008. These losses can generally be claimed against income earned in later years subject to compliance with the "continuity of ownership" or "same business" tests associated with claiming tax losses. The utilisation of franking credits is not dependent on the nature of profits earned by the Company.

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Asset Weighting

	<u>% Net Assets</u>
International Equities	98.9
Cash (net other assets)	<u>1.1</u>
TOTAL	<u>100.0</u>

Regional and Currency Exposures

<u>Regions</u>	<u>% Net Assets</u>	<u>Currencies</u>	<u>% Net Assets</u>
North America	55.4	United States	48.8
Europe (ex UK)	18.1	Japan	11.0
Japan	11.6	United Kingdom	9.0
United Kingdom	9.3	Australia +	6.3
Asia (ex Japan)	4.5	France	4.9
Cash (net other assets) *	<u>1.1</u>	Germany	4.9
TOTAL	<u>100%</u>	Switzerland	3.6
		Canada	3.5
		Hong Kong	2.6
		Netherlands	2.1
		Sweden	1.7
		Taiwan	1.6
		Euro	<u>0.02</u>
		TOTAL	<u>100%</u>

* Cash (net other assets) includes cash held in various overseas currencies

+ Australian currency exposure comprise net assets less the value of the investment portfolio denominated in overseas currencies

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.

The Company notes that an appreciation in an overseas currency against the Australian dollar will cause the underlying portfolio to appreciate in value when converted back into Australia dollars and vice versa (assuming no change in the underlying portfolio value). Accordingly, 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.

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Top 20 Holdings

Stocks	% Portfolio / Net Assets	Sector exposures	Country
(1) MICROSOFT	2.5%	Software & Computer Services	United States
(2) EXXON MOBIL	2.0%	Oil & Gas Producers	United States
(3) PROCTER & GAMBLE	1.8%	Household Goods & Home Construction	United States
(4) INTERNATIONAL BUS.MACH.	1.8%	Software & Computer Services	United States
(5) GENERAL ELECTRIC	1.5%	General Industrials	United States
(6) VODAFONE GROUP	1.4%	Mobile Telecommunications	United Kingdom
(7) JOHNSON & JOHNSON	1.4%	Pharmaceuticals & Biotechnology	United States
(8) SOUTHERN	1.3%	Electricity	United States
(9) APPLE	1.3%	Technology Hardware & Equipment	United States
(10) NESTLE SA	1.2%	Food Producers & Processors	Switzerland
(11) CISCO SYSTEMS	1.2%	Technology Hardware & Equipment	United States
(12) GOOGLE 'A'	1.2%	Software & Computer Services	United States
(13) INTEL	1.2%	Technology Hardware & Equipment	United States
(14) CHEVRON	1.0%	Oil & Gas Producers	United States
(15) BP	1.0%	Oil & Gas Producers	United Kingdom
(16) HEWLETT-PACKARD	1.0%	Technology Hardware & Equipment	United States
(17) NOVARTIS 'R'	1.0%	Pharmaceuticals & Biotechnology	Switzerland
(18) GLAXOSMITHKLINE	1.0%	Pharmaceuticals & Biotechnology	United Kingdom
(19) CHINA MOBILE	1.0%	Mobile Telecommunications	Hong Kong
(20) TOTAL	1.0%	Oil & Gas Producers	France
TOTAL	26.8%		

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Top 10 Performers - 12 Months to 30 June 2008

Stocks	Sector	Country	Return %	
			In Local Currency	In A\$
(1) RESEARCH IN MOTION	Technology Hardware & Equipment	Canada	67.5	52.2
(2) HIGH TECH COMPUTER	Technology Hardware & Equipment	Taiwan	57.8	48.2
(3) SYNGENTA	Chemicals	Switzerland	42.3	47.7
(4) BG GROUP	Oil & Gas Producers	United Kingdom	60.6	39.3
(5) NINTENDO	Leisure Goods	Japan	35.4	34.2
(6) ENCANA	Oil & Gas Producers	Canada	44.8	31.6
(7) CANADIAN NATURAL RES.	Oil & Gas Producers	Canada	43.1	30.1
(8) ANADARKO PETROLEUM	Oil & Gas Producers	United States	44.8	24.9
(9) HERMES INTL.	Personal Goods	France	20.4	21.6
(10) ALSTOM	Industrial Engineering	Hong Kong	20.1	21.3

Bottom 10 Performers - 12 Months to 30 June 2008

Stocks	Sector	Country	Return %	
			In Local Currency	In A\$
(1) ERICSSON 'B'	Technology Hardware & Equipment	Sweden	-52.4	-52.8
(2) STMICROELECTRONICS (PAR)	Technology Hardware & Equipment	France	-53.6	-53.2
(3) MICHELIN	Automobiles & Parts	France	-54.9	-54.5
(4) TF1 (TV.FSE.1)	Media	France	-56.0	-55.6
(5) FORD MOTOR	Automobiles & Parts	United States	-48.9	-56.0
(6) ALCATEL-LUCENT	Technology Hardware & Equipment	France	-62.8	-62.4
(7) LEOPALACE21	Household Goods & Home Construction	Japan	-62.5	-62.8
(8) NORTEL NETWORKS	Technology Hardware & Equipment	Canada	-67.5	-70.4
(9) GENERAL MOTORS	Automobiles & Parts	United States	-68.4	-72.8
(10) PERSIMMON	Household Goods & Home Construction	United Kingdom	-71.0	-74.8

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Industry Sector Weighting

SECTOR EXPOSURES	% Net Assets
Tech Hardware & Equipment	12.4%
Oil & Gas Prod'n	10.0%
Pharma & Biotech	8.9%
Software & Comp Srvs	7.3%
Electricity	6.9%
Mobile Telecoms	4.7%
Automobiles & Parts	4.3%
Industrial Engineering	4.2%
Electronic & Electric Equip	4.0%
Media	3.9%
General Industrials	3.1%
Aero & Defence	3.0%
Household Goods	2.8%
Chemicals	2.7%
Leisure Goods	2.4%
Fixed Line Telecoms	2.3%
Tobacco	2.3%
Personal Goods	2.2%
Life Insurance	2.1%
Food Prod & Processors	2.1%
Oil & Gas Services	1.8%
Health Equip & Services	1.8%
Food & Drug Retailers	0.5%
Nonlife Insurance	0.3%
Equity Instruments	0.2%
OTHER	2.7%
Sub-Total Equities	98.9%
Cash (net other assets)	1.1%
TOTAL	100.0%

A full listing of the Company's investment portfolio as at 30 June 2008 is in the "List of Share Investments" section of this Annual Report on pages 68 to 74.

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Description of Stocks in Top 10 Holdings

Stock	Sector & Country	Profile
(1) MICROSOFT	Software & Computer Services	The Group's principal activity is to develop, manufacture, license and support a wide range of software products for a multitude of computing devices. It's operates in six segments: Client; Server and Tools; Online Services Business; Microsoft Business Division; Entertainment and Devices Division; Unallocated and other. The software products include scalable operating systems for servers, personal computers and intelligent devices; server applications for client or server environments; information worker productivity applications; business solutions applications and software development tools. It also provides consulting and product support services. It trains and certifies system integrators and developers. It sells the Xbox video game console and games, PC games and peripherals. The online businesses are MSN subscription and the Internet products and services.
(2) EXXON MOBIL	Oil & Gas Producers	The Group's principal activities are exploration, production, transportation and sale of crude oil and natural gas. The Group operates through three segments: Upstream, Downstream and Chemicals. The Upstream operates to explore for and produce crude oil and natural gas. The Downstream segment manufactures and markets petroleum products. The Chemicals segment manufactures and markets petrochemicals. The Group manufactures petroleum products, which includes olefins, aromatics, polyethylene and polypropylene plastics and other specialty products. It is also a major worldwide manufacturer and marketer of petrochemicals and participates in electric power generation. The Group operates and markets in the United States, Canada, Europe, Africa, Asia Pacific and Middle East, Russia and Caspian and South America.
(3) PROCTER & GAMBLE	Household Goods	The Group's principal activity is to manufacture and market consumer products. It operates in seven business segments: Beauty; Health Care; Fabric Care and Home Care; Pet Health, Snacks and Coffee; Baby Care and Family Care; Blades and Razors and Duracell and Braun. Fabric and home care includes laundry care, dish care, fabric enhancers and hard surface cleaners. Beauty care includes cosmetics, hair care, skin care, deodorants, fragrances, and other products. Baby and family care segment includes products such as tissues, towel, diapers, wipes. Health care includes personal health care, oral care, pharmaceuticals and pet health and nutrition. Snacks and beverage includes coffee, snacks, commercial services, juice, peanut butter and shortening and oil. The products are sold in more than 180 countries around the world.
(4) INTERNATIONAL BUSINESS MACHINES (IBM)	Software & Computer Services	The Group's principal activity is to provide business and information technology services. It operates through five segments: Global Technology Services segment reflects infrastructure services, delivering value through the company's global scale, standardization and automation. Global Business Services segment primarily reflects professional services, delivering business value and innovation to clients through solutions which leverage industry and business process expertise. Systems and Technology Group provides IBM's clients with business solutions requiring advanced computing power and storage capabilities. Software consists primarily of middleware and operating systems software. Global Financing segment includes customer financing, commercial financing and remarketing. The Group operates in the United States, Japan and other countries
(5) GENERAL ELECTRIC	General Industrials	The Group's principal activity is to develop, manufacture and market a wide variety of products for the generation, transmission, distribution, control and utilization of electricity. The products include major appliances, lighting products, industrial automation products, medical diagnostic imaging systems, bioscience assays and separation technology products, electrical distribution and control equipment. The Group offers financial and other services including consumer financing, commercial and industrial financing, real estate financing, asset management and leasing, mortgage services, consumer savings and insurance services. The Group's products and services are sold to a diverse worldwide commercial and residential customer base in the transportation, industrial, pharmaceutical and healthcare markets. Major acquisitions of the Group during 2006 include ZENON Environmental Inc, IDX Systems Corporation, Biacore International AB and iVillage Inc.

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Description of Stocks in Top 10 Holdings (continued)

Stock	Sector & Country	Profile
(6) VODAFONE GROUP	Mobile Telecommunications	The Group's principal activity is providing voice and data communications services. Through its mobile businesses, the Group provides a range of mobile communications services including voice, text messages, picture messages and other data. The Group is also focusing on developing total communications solutions for customers broadband connectivity. The Group operates in Europe, the Middle East, Africa, Asia, Pacific & the United States.
(7) JOHNSON & JOHNSON	Pharmaceuticals & Biotechnology	The Group's principal activity is to manufacture and market products in the health care field. The Consumer segment manufactures and markets a broad range of products used in the baby and childcare, skin care, oral and wound care and women's health care fields. The Pharmaceutical segment provides franchises in the antifungal, anti-infective, cardiovascular, contraceptive, dermatology, gastrointestinal, psychotropic and urology fields. The Medical Devices and Diagnostics segment includes products used by or under the direction of physicians, nurses, therapists, hospitals, diagnostic laboratories and clinics. Some of the brand names are AVEENO(R), JOHNSON'S(R), RISPERDAL(R), CONSTA(R) and PROCRI(R). It operates in the United States of America, Europe, Western Hemisphere, excluding U.S.A., Africa, Asia and Pacific countries.
(8) THE SOUTHERN COMPANY	Electricity	The Group's principal activities are to acquire, develop, build, own and operate power production and delivery facilities. The Group operates in two segments: Electric Utilities and Other. Electric Utilities generate and sell electricity to retail and wholesale customers in the Southeast. The other segment provides telecommunications, energy products and services and investment in synthetic fuels and leveraged lease projects. The energy related services are provided to utilities and industrial companies. The Group operates its business through its five retail operating companies including Alabama Power, Georgia Power, Gulf Power, Mississippi Power and Savannah Electric. It solely operates in domestic market.
(9) APPLE INC	Information Technology Hardware	The Group's principal activities are to design, manufacture and market personal computers and related software, peripherals and personal computing and communicating solutions. It offers a range of personal computing products including desktop and notebook personal computers, related devices and peripherals, networking and connectivity products and various third-party hardware products. The Group also designs, develops and markets a line of portable digital music players along with related accessories and services, including the online sale of third-party audio and video products and iPhone products. The customers of the Group include educators, creative professionals, consumer and business markets. The Group sells its products through its online stores, direct sales force, third-party wholesalers and resellers and its own retail stores. It has its operations in the United States, Europe, Japan and Asia Pacific. As on 29-Sep-2007, the Group operated 197 stores.
(10) NESTLE SA	Food Producers & Processors	The Group's principal activity is the manufacture of the following products: Beverages (instant coffee, ground roasted coffee, ready-to-drink coffee, chocolate and malt flavored beverages and mineral water); Prepared dishes, cooking aids (frozen products, soups, bouillons, sauces and culinary preparations, pasta and sauces, noodles, delicatessen products and cold meat); Milk products, nutrition and ice cream (powdered milk, coffee creamer, infant nutrition, dietetic foods, yoghurt, cereals, desserts and ice-cream); Pet care Products; Chocolate and Confectionery; Pharmaceutical Products (ophthalmic therapeutic drugs, contact lens care solutions, surgical instruments and equipment, intraocular lenses and products used during surgery and dermatology). The Group operates in Europe, Americas, Asia, Oceania and Africa.

Source: Constellation (Extel Company Analysis)

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Description of Stocks in Top 10 Performers (in \$A)

Stock	Sector	Profile
(1) RESEARCH IN MOTION In A\$ +52.2	Technology Hardware & Equipment Canada	The Group's principal activity is to design, manufacture and wireless communications products, services and software for the mobile communications market. The Group provides platforms and solutions for access to time-sensitive information including email, phone, SMS messaging, Internet and intranet-based applications. The Group's technology also enables a broad array of third party developers and manufacturers to enhance their products and services with wireless connectivity to data. The operations of the Group are carried out in the United States, Canada and other countries.
(2) HIGH TECH COMPUTER In A\$ +48.2	Technology Hardware & Equipment Taiwan	The Group's principal activities are designing, manufacturing and selling smart handheld devices. Products include computer and its components, world-class mobile computing and communication solutions for OEM (original equipment manufacturer) and ODM (original design manufacturer) customers, such as PDA phone, smart phone, PDA compact and others. Trademarks include HTC Engineering Mobility, HTC Innovation, ExtUSB, TyTN and MTeoR. The Group exports its products to Asia, the United States of America, Europe and other countries.
(3) SYNGENTA In A\$ +47.7	Chemicals Switzerland	The Group's principal activities are to discover, develop, manufacture and market agricultural products designed to improve crop yields and food quality. The Group operates through crop protection segment and seeds segment. Crop protection segment manufactures, distributes and sells herbicides, insecticides and fungicides. The crop protection products improve quality by controlling weeds, diseases and insects. The seed segment sells seeds for growing corn, sugar beet, oilseeds, vegetables and flowers. The crop protection and seeds industries offer products that provide essential support to modern agriculture. The Group has operations in Europe, Africa and the Middle East.
(4) BG GROUP In A\$ +39.3	Oil & Gas Producers United Kingdom	The Group's principal activity is exploring for, developing, producing, transmitting, distributing and supplying natural gas. It is organised in five segments. Exploration and Production focuses on onshore and offshore hydrocarbon activities in Bolivia, Canada, Egypt, India, Kazakhstan, Thailand, Trinidad and Tobago, Tunisia and the United Kingdom. Liquefied Natural Gas activities combine liquefaction and regasification facilities with the purchasing, shipping and sale of Liquefied Natural Gas. Transmission and Distribution develops markets and infrastructure for the delivery of gas. Power Generation develops, owns and operates gas-fired power generation plants. The Group's other activities relate to the co-generation and related energy supply services in Brazil. The Group's operations are managed in five main geographical areas comprising Europe and Central Asia, South America, Asia Pacific, North America and the Caribbean, and Mediterranean Basin and Africa.
(5) NINTENDO In A\$ +34.2	Leisure Goods Japan	The Group's principal activity is to manufacture hardware and software for home video game systems namely Nintendo Gamecube and the Game boy series. The operations are carried out through the following divisions: Games hardware, Games software and Other. The Other operations involve Japanese card games. The Group is further seeking ways to diversify applications of video games, such as electronic mail boxes. These products are marketed in both domestic as well as international markets.

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Description of Stocks in Top 10 Performers (in \$A) (continued)

Stock	Sector	Profile
(6) ENCANA In A\$ +31.6	Oil & Gas Producers Canada	The Group's principal activities are to explore, produce and market natural gas, crude oil and natural gas liquids. It operates through two segments namely: Upstream and Midstream and Marketing. Upstream focuses on the exploration, development and production of natural gas, crude oil and natural gas liquids (NGLs) and other related activities. The Midstream and Marketing division focuses on natural gas operations, NGLs processing and power generation operations. It also undertakes market optimization activities to enhance the sale of Upstream's proprietary production. The Group operates in the United States and Canada. The new venture exploration programs are focused on opportunities in Brazil, the Middle East, Greenland and France.
(7) CANADIAN NATURAL RES. In A\$ +30.1	Oil & Gas Producers Canada	The Group's principal activities are to acquire, explore, develop, produce, market and the sale of oil and natural gas. The Group initiates, operates and maintains a large working interest in a majority of the prospects in which it participates. The Group's principal core areas of oil and natural gas operations are in the Western Canadian Sedimentary Basin, the United Kingdom sector of the North Sea and Offshore West Africa.
(8) ANADARKO PETROLEUM In A\$ +24.9	Oil & Gas Producers United States	The Group's principal activities are exploring, developing, producing and marketing oil and gas. It operates in three segments: Oil and Gas Exploration, Marketing and Midstream businesses. The Oil and Gas segment explores and produces natural gas, crude, oil, condensate and natural gas liquids. The Marketing segment sells most of the Group's production, as well as commodities purchased from third parties. The Midstream segment engages in gathering, processing, treating and transporting the Group's and third party oil & gas production. The Group's major areas of operations are located in The Rocky Mountains, the deep water Gulf of Mexico, the southern area of the United States and internationally. As of 31-Dec-2007, the Group has 2.43 billion barrels oil-equivalent of proved reserves.
(9) HERMES INTL. In A\$ +21.6	Personal Goods France	The Group's principal activity is to design and market luxury goods. Their products are classified into Leather, Clothes & Accessories, Watches, Silk, Perfumes, Tableware and Other Materials. Leather products include luggage, handbags and belts. Silk products include ties, scarves and accessories. Perfumes include Caleche, Amazone, Parfum d'Hermes, Equipage, Bel Ami and Eau d'Hermes. Watches include Tableware, china and crystal. Other Accessories includes jewels, gloves and hats. On 30-Jan-2007, the Group acquired SARL Tajan Conseil. On 12-July-2007, the Group acquired Soficuir International.
(10) ALSTOM In A\$ +21.3	Industrial Engineering Hong Kong	The Group's principal activity is to act as a holding company providing services in the following sectors: Power Generation & Power Services and Transport. Power generation sector provides power, equipment and services to the concerned industry. The equipment manufactured by the Group include turbines, alternators, boilers, combined-cycle power plants. Transport sector includes rail transport which supplies rolling stock, transport infrastructure and signalling and maintenance equipment. The Group's customers include urban transit authorities and operators, rail freight and intercity passenger rail operators and rolling stock and infrastructure owners. The Group has operations worldwide. In 2006, the Group acquired Wuhan Boiler Company and Shenzhen Strongwish. On 31-Oct-2007, the Group acquired Ecotecnia. On 25-Sep-2007, the Group acquired Wuhan Boilers Company.

Source: Constellation (Extel Company Analysis)

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Description of Stocks in Bottom 10 Performers (in \$A)

Stock	Sector	Profile
(1) ERICSSON 'B'	Technology Hardware & Equipment	The Group's principal activity is to develop and supply advanced systems and services for mobile and fixed line communications to network operators. The Group operates through two business divisions, Systems and Other operations. Systems division offers solutions to operators for both mobile systems and wire line multi-service networks. The Group's solutions include telecommunication and data communication products, which provides end-to-end solutions, systems and service that enable mobile and fixed-line networks to transmit voice, data and multimedia communication. Other operations consist of technology licensing, business innovation and enterprise systems. The Group has operations in Europe, Middle East, Africa, Asia Pacific, North America and Latin America. In 2006, the Group acquired Marconi Telecommunications. In 2007, the Group acquired Redback Networks Inc.
In A\$ -52.8	Sweden	
(2) STMICROELECTR ONICS (PAR)	Technology Hardware & Equipment	The Group's principal activity is to manufacture and supply semi-conductors. The Group operates under three major segments: Application specific products, Industrial and Multi-segment and Flash Memory. Under Application specific products, the Group offers conductors for audio, home video and mobile systems such as audio decoders, processor ICs, digital and analog processors, converters, multimedia processors and audio amplifiers. Under Industrial and Multi-segment, it develops and manufactures discrete power devices, (power transistors and other discrete power devices), standard linear and logic ICs, and radio frequency products. It also maintains and develops high-end analog products and microcontroller applications. Under Flash Memory, it conducts research and development and product-related activities, front and back-end manufacturing, marketing and sales. The Group operates mainly in Europe, the United States and Asia Pacific region.
In A\$ 53.2	France	
(3) MICHELIN	Automobiles & Parts	The Group's principal activity is to manufacture tyres for automobiles. The Group offers tyres for passenger cars, earthmovers, trucks, aircraft, two-wheeled vehicles and tractors. The Group specializes in different varieties of tyres such as radial, steel wheels and Pax systems. The Group also offers lifestyle products such as footwear, sports and leisure accessories, inflation and pressure monitoring products, safety accessories and wheel and tyre change items. The Group also publishes an annual magazine, 'Editions des Voyages' providing maps and road guides. The Group operates mainly in Europe and North America. In 2007, the Group acquired Oliver Rubber Co.
In A\$ -54.5	France	
(4) TF1 (TV.FSE.1)	Media	The Group's principal activity is to operate television channels. The Group operates under four major divisions: France Broadcasting, International Broadcasting, Audio Visual Rights and Others. The channels under France broadcasting include LCI, TF6, TV Breizh and TMC. International broadcasting comprises of Europort and France 24 channels which broadcast sports events and international news. Under Audio-visual rights, the Group is involved in co-production of French cinema, features and television programs and purchase and distribution of films and television rights for all media. The Group offers advertising space in its satellite channels and internet site and offers services on pay-per-view basis. The Group is involved in publishing and distribution of video cassettes, sale of merchandise derived from the channel's programs. The Group operates mainly in Europe. In 2007, the Group acquired Dujardin and Telema.
In A\$ -55.6	France	
(5) FORD MOTOR	Automobiles & Parts	The Group's principal activity is to produce and sell cars and trucks. The Group is also engaged in other business such as financing and renting vehicles and equipment. The Group operates through two segments: Automotive and Financial Services. Vehicles of this segment include Ford, Lincoln, Mercury, Volvo, Land Rover, Aston Martin and related service parts. The Automotive segment consists of the design, manufacture, sale and service of cars and trucks, automotive components and systems. The Financial services segment consists of vehicle-related financing, leasing and insurance, renting and leasing of cars and trucks and renting industrial and construction equipment and other activities. The Group operates in North America, South America, Europe, Africa and Asia-Pacific.
In A\$ -56	United States	

THE INVESTMENT PORTFOLIO

as at 30 June 2008

Description of Stocks in Bottom 10 Performers (in \$A)

Stock	Sector	Profile
(6) ALCATEL-LUCENT	Technology Hardware & Equipment	The Group's principal activity is to provide communications solutions to telecommunication carriers, internet service providers and enterprises for delivery of voice, data and video applications to their customers. The Group operates under three major segments: Carrier, Enterprise and Services. Under the Carrier segment, the Group offers fixed and mobile communications as well as network solutions. Under the Enterprise segment, it provides enterprise solutions such as on-premise installation support and related services. Under the Services segment, it operates worldwide services organization which provides services like deployment, maintenance, integration. The Group also offers services like multimedia messaging, broadband access, VoIP and voice in industry & public sectors. The Group has a global presence. In 2007, the Group acquired Informiam, NetDevices and Tropic Networks.
In A\$ -62.4	France	
(7) LEOPALACE21	Household Goods & Home Construction	The Group's principal activity is to construct residential buildings such as condominiums. The operations are carried out through the following divisions: Work Contracts; Leasing; Hotel/Resort and Other. Work Contracts division is engaged in construction work contracts of condominiums and other. Leasing division deals in leasing and management of condominiums, leasing related services, repair works. Hotels/Resorts division is engaged in the operations of hotels and resort facilities, sale of membership rights for resort clubs. Other operations include real estate backed loans and other financing and sale of detached houses.
In A\$ -62.8	Japan	
(8) NORTEL NETWORKS	Technology Hardware & Equipment	The Group's principal activity is to design, develop, manufacture, assemble and distribute network solutions. It operates in four segments; Carrier Networks: provides mobility networking solutions using CDMA, GSM and UMTS radio access technologies. Enterprise Solutions: Provides united communication solutions to enterprise customers like data networking, wireless LAN, voice solutions etc. Metro Ethernet Networks: Provides a broad range of network services to carrier and enterprise customers throughout the entire lifecycle of their networks including network integration and network managed services. Global Services: Enables high speed delivery of diverse multi-media communications services and Others. The products, services and solutions are marketed under trademarks NORTEL, NORTEL NETWORKS, NT, the GLOBEMARK and SUCCESSION. The Group operates in Canada, the United States, Europe, Middle East, Africa, Latin America and the Caribbean region.
In A\$ -70.4	Canada	
(9) GENERAL MOTORS	Automobiles & Parts	The Group's principal activities are carried out through two business segments: Automotive and Other Operations and Financing and Insurance Operations. Automotive and other operations segment designs, manufactures and markets cars, trucks, locomotives and heavy-duty transmissions and related parts and accessories. The Financing and insurance operations segment operates through General Motors Acceptance Corporation and other financing entities. The financing services include consumer vehicle financing, full-service leasing and fleet leasing, dealer financing and car and truck extended service contracts, residential and commercial mortgage services, commercial and vehicle insurance and asset-based lending. The insurance operations provide automobile and homeowners insurance, automobile mechanical protection, reinsurance and commercial insurance. The Group operates in the United States, Canada, Mexico, Europe, Asia Pacific and Latin America.
In A\$ -72.8	United States	
(10) PERSIMMON	Household Goods & Home Construction	The Group's principal activity is house building carried out within England, Wales and Scotland. The Group's property project include bungalows, two and three bed terraced and semi-detached houses and three, four and five bed detached properties and luxury apartments which are being offered from a range of modern and traditional style. The Group also provides services relating to home adding and upgrading such as chrome fittings, conservatories, floor coverings, fireplaces, alarm systems, turfed gardens, additional electrics, loft ladders and TV aerials. It has operations in 27 regional offices covering from Exeter to Edinburgh. The Group trades under the brand names Persimmon Homes, Charles Church, City Developments, Westbury Partnerships and Space4.
In A\$ -74.8	United Kingdom	

Source: Constellation (Extel Company Analysis)

THE INVESTMENT MANAGER'S REPORT

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

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Incep*
30/06/2008	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
Gross Portfolio	-7.8%	-5.4%	-17.0%	-16.6%	-3.7%	2.3%	3.3%
Benchmark**	-8.5%	-5.7%	-18.0%	-17.3%	-3.8%	2.3%	3.5%
MSCI ex Australia	-8.6%	-6.4%	-18.0%	-20.8%	-7.4%	1.1%	2.4%
Net Funds Flow, \$ '000	0	-150	-450	-700	-2250	-3050	-3050

* Inception Date for performance: 30 September 2004

** HomeGlobal™ Index

Portfolio Summary

30-Jun-08

INTERNATIONAL EQUITIES	15,858,525
CASH	233,464
TOTAL	16,091,988

MARKET COMMENTARY

International Market Returns; a return to a Bear market.

International markets, as measured by the MSCI World ex Australia Index posted a negative return for the year ended 30 June 2008 of 12.7% in \$US. When account is taken of dividends and the rise in the \$A (from \$US0.85 at the start of the year to \$US0.96 at the end of the year), the total return of the MSCI World ex Australia Index in \$A terms was a very poor negative 20.8% versus the positive return of 8.3% in 2007.

The market retreat over the year was led by the financials sector, which fell 33% including a 15% plunge in the month of June. Also savaged was the consumer discretionary sector, which fell 25%. Only the energy, materials and utilities sectors posted positive returns. The market outcome clearly illustrated a two speed global economy in which commodity producers continue to benefit from the extended growth in rapidly industrialising emerging economies whilst most other sectors suffered from turbulent conditions in more advanced (esp. western) economies. At the heart of the market downturn is the continuing fallout from the sub-prime housing loan debacle and the associated crisis in credit markets, and a downturn in consumer confidence driven by falling house prices and rising energy costs. The (sub-prime) storm cloud on the horizon at the close of last year turned into a hurricane, with the world's largest banks and securities firms reporting \$408 billion in asset write-downs and credit losses since the start of last year.

Growth in global economic activity has been very mixed, with real economic growth in China continuing at a strong 10% pace, although despite continued strong industrial production, there are signs of a slowdown in certain areas of China, such as eastern seaboard property and manufacturing for exports. In the west, economic activity has slowed considerably. According to the former governor of the St. Louis Fed, the US is experiencing its worst housing slump since the Great Depression. In the Euro area, industrial production is experiencing its biggest falls since 1992. Record oil prices have seen energy costs as a share of global GDP return to peak levels of 1980, which event precipitated a savage recession. According to the IMF, global GDP growth will moderate to about 4 per cent in 2008 and 2009, with slowing concentrated among the developed economies of North America, Europe and Japan.

THE INVESTMENT MANAGER'S REPORT

At the regional level, all markets fell as reflected in the following share price index performance table. The \$US fell against each of the other named currencies:

Region	World (\$US)	US (\$US)	Europe (Euro)	Japan (Yen)	China (Yuan)
Benchmark	MSCI World	S&P500	DJ Euro Stoxx	Nikkei 225	Shanghai A
Return	-12.5%	-14.9%	-26.0%	-25.7%	-28.4%

Source: DataStream

The table below sets out top five and bottom five sector performances over the year.

Sector Performance- FTSE World total returns for year to June 30 2008

SECTOR	RETURNS (AUD)
Top 5	
MINING	25%
OIL EQUIPMENT, SERVICES & DISTRIBUTION	19%
INDUSTRIAL METALS	8%
OIL & GAS PRODUCERS	8%
CHEMICALS	6%
Bottom 5	
NONLIFE INSURANCE	-31%
MEDIA	-32%
GENERAL FINANCIAL	-37%
FORESTRY & PAPER	-39%
BANKS	-39%

Source: DataStream

As usual, the key drivers of total portfolio returns during the year were changes in:

- Corporate earnings,
- Company distributions,
- PE multiples and
- Movements in the \$A.

Corporate earnings and distributions

Growth in corporate earnings (ex financials) for international stocks appears on track for high single digit (c.9%) earnings growth in CY08, following c. 10% growth in CY07. Earnings growth has been strongest in energy, materials, and IT and weakest in consumer discretionary and utilities.

Corporate margins remain near peak levels. Return on Equity and Free Cash Flow generation were equally strong. Retained earnings are currently more than adequate to meet normal capital expenditure requirements. Dividend yields for the world ex financials average c.2.5% and dividends have grown slightly slower than earnings growth. Overall, corporate financial health ex financials is very satisfactory. But as noted above, it is precisely the demonstrated weakness in the corporate health of the financial sector (where Bentley has limited exposure), that has driven the market down, and this weakness, when combined with a weak consumer sector, has fuelled the bear market.

THE INVESTMENT MANAGER'S REPORT

PE Multiples

Market returns in 2008 were effected by a reduction in PE multiples. In effect the market has inferred that analyst bottom up estimates for 2008 have been too optimistic, and the recent weakness in the economy and earnings revisions have supported the “market’s” less optimistic outlook on short-term earnings.

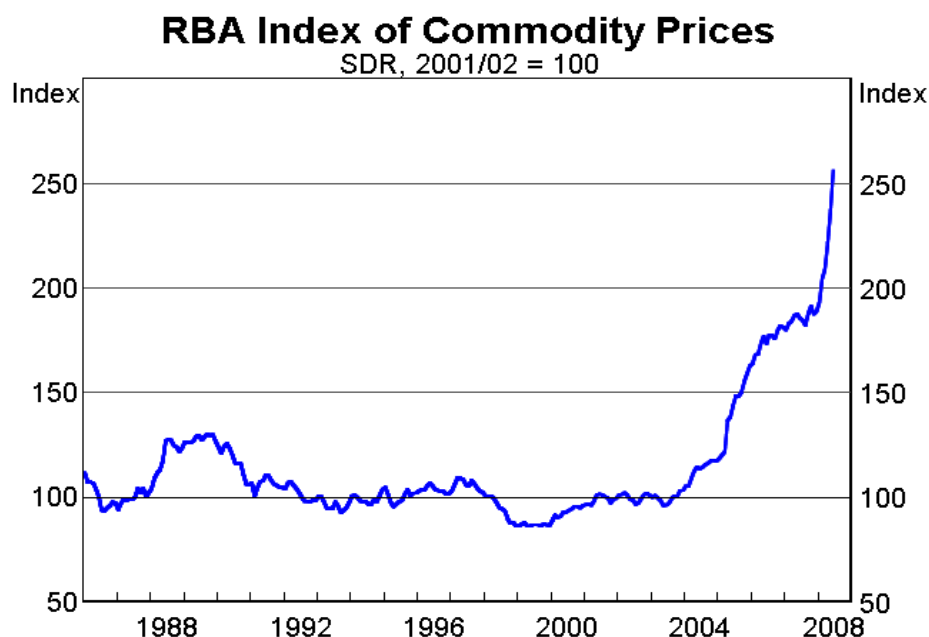
PE Table – World

	2005	2006	2007	2008
Market ex Financials	14.7	15.1	15.2	13.4
Energy	9.2	10.0	11.1	9.6
Materials	10.7	11.1	11.4	12.4
Industrials	16.7	16.9	16.2	14.6
Consumer Discretionary	16.1	17.5	17.6	15.3
Consumer Staples	17.3	17.7	17.9	17.2
Healthcare	17.8	17.5	16.8	13.9
Information Technology	20.6	20.6	18	17.7
Telecommunication	14.0	14.2	15.5	13
Utilities	14.4	16.0	16.4	17.9

Source: UBS

Currencies - the \$A

The \$A has continued its surge in 2008, on the back of a continuing improvement in terms of trade together with a strong interest rate differential between the official rates available in Australia and the US.



Source: RBA July 2008

The chart above shows the strong rise in commodities which has benefited Australia’s terms of trade, and thus helped the surge in the \$A. Commodity prices have benefited from a range of factors, including continuing strong growth in demand from emerging economies, especially China, and supply disruptions, including infrastructure delays (rail, ports, shipping) and more recently floods effecting Queensland coal. Some economists have recently mused that loose monetary policies have exacerbated underlying demand. Whilst accommodative policies in the soft advanced (G3 i.e. US, Japan, Euro) economic areas may currently be appropriate, economists question whether loose policies are appropriate in the fast industrialising (read commodity consuming) emerging economies.

THE INVESTMENT MANAGER'S REPORT

Because the currency exposures from the investments of the portfolio were unhedged, this increase in the \$A has had a detrimental impact on \$A returns.

Bentley Portfolio Returns

The portfolio has returned negative 16.6% (in \$A) for the year ended 30 June 2008, which is a little ahead of the portfolio benchmark return of negative 17.3% for the same period, but significantly higher than the broad based MSCI World ex Australia return of negative 20.8%.

When reviewing the portfolio performance against traditional benchmarks (such as the MSCI World ex Australia), we note that Bentley did not have large exposures to the underperforming financial sector. This is because this sector is readily available in the Australian market, and is well represented in many investors' domestic portfolios and in the domestic (i.e. Australian) component of the HomeGlobal™ portfolio. Bentley only invests in securities within the international component of the HomeGlobal portfolio. In addition, we note the Bentley portfolio has significant exposure to the Oil and Gas sector, which performed well in 2008. Accordingly, we note that the Bentley portfolio performed ahead of global markets (as reflected by benchmarks such as the MSCI World ex Australia index), over the year to 30 June 2008. The most significant contributions by sector to portfolio returns over the year to 30 June 2008 are shown in the table below.

June 2007 - June 2008			
Top 10	Weight	Return	Contribution to Return
OIL & GAS PRODUCERS	7.8%	8%	0.6%
OIL EQUIPMENT, SERVICES & DISTRIBUTION	1.4%	19%	0.3%
CHEMICALS	3.0%	6%	0.2%
NONEQUITY INVESTMENT INSTRUMENTS	0.2%	0%	0.0%
GAS, WATER & MULTIUTILITIES	0.6%	-2%	0.0%
EQUITY INVESTMENT INSTRUMENTS	0.1%	-26%	0.0%
FORESTRY & PAPER	0.1%	-39%	0.0%
NONLIFE INSURANCE	0.4%	-31%	-0.1%
TOBACCO	2.1%	-11%	-0.2%
LEISURE GOODS	2.3%	-14%	-0.3%
Bottom 10			
HOUSEHOLD GOODS	2.8%	-25%	-0.7%
INDUSTRIAL ENGINEERING	4.2%	-18%	-0.7%
MOBILE TELECOMMUNICATIONS	4.4%	-18%	-0.8%
ELECTRONIC & ELECTRICAL EQUIPMENT	3.7%	-22%	-0.8%
SOFTWARE & COMPUTER SERVICES	7.0%	-13%	-0.9%
GENERAL INDUSTRIALS	4.1%	-29%	-1.2%
AUTOMOBILES & PARTS	5.3%	-29%	-1.6%
MEDIA	5.0%	-32%	-1.6%
PHARMACEUTICALS & BIOTECHNOLOGY	9.4%	-18%	-1.7%
TECHNOLOGY HARDWARE & EQUIPMENT	13.8%	-23%	-3.1%

Source: Constellation, DataStream

THE INVESTMENT MANAGER'S REPORT

Investment Outlook

At the time of writing, markets are digesting a multiplicity of concerns including;

1. A proposed resolution to the apparent capital imbalance faced by Fannie Mae and Freddie Mac who collectively own or insure approximately half of US housing loans;
2. Profit (or in many cases loss) results from and recapitalisation requirements of the big US financial institutions;
3. Inflation fears expressed by US Fed Chairman Bernanke and the IMF;
4. Continuing weak economic indicators;
5. Geopolitical concerns including Israel's threat to bomb the nuclear facilities of Iran, the world's 4th largest oil producer and 2nd largest oil reserves.

The "wall of worry" is large by any standards and any analysis of the investment outlook requires a review of the underlying market fundamentals as well as reviewing a number of catalysts that can improve investor confidence.

Much of the early news in the current market downturn focussed on the financial sector and the health of the underlying financial system. Fortunately sovereign wealth funds and others have provided and continue to provide long term equity funds to recapitalise much weakened balance sheets of leading financial players. In addition various players in the regulatory sphere have worked together to ensure in the first instance orderly capital markets via provision of liquidity and secondly to identify and implement mechanisms to address weakness in the system, e.g. since the near collapse of Bear Stearns and its purchase by JP Morgan, the Fed's proposal to introduce new tools to facilitate the orderly liquidation of a systemically important securities firm. The intent to address systemic issues and improve prudential oversight of financial institutions is there, albeit belated. If anything, market concerns have moved on from systemic risks to more fundamental concerns relating to inflation and economic growth.

The IMF expects global growth to slow significantly in the second half of the year, before recovering gradually in 2009. In its latest report released in July 2008, the IMF said the global economy is in a tough spot, caught between sharply slowing demand in many advanced economies and rising inflation everywhere, notably in emerging and developing economies. Such prognostications have elicited fears of the stagflation environment of the 1970s. Fortunately globalization since that time has allowed increased free trade in goods and services, and has allowed a safety valve to inflationary pressures in contrast to the more constricted earlier environment. In a globalised world, a slowing economy as envisaged above can be expected to provide some relief from the inflationary forces caused by rising commodity prices.

The current slowdown in the world economy, to the extent it deflates the bubble in commodities, especially oil, will take considerable pressure off western consumers and reduce inflationary fears, and paradoxically may act as the catalyst for a more positive outlook for both economic growth and equities generally. This could be seen as rebasing within an economic cycle before the next upward leg and in a less stressed (lower risk) environment. In this context, one considerable unknown relates to the duration of any below trend growth in consumer spending as western households seek to rebuild household balance sheets. At the end of the day, the economic cycle pertains and following a period of above trend growth and excessive leverage, the world and the market is adjusting in a normal way. Interestingly, the more subdued IMF growth outlook for 2009 is in line with average world economic growth rates over the last 15 years.

The fundamental characteristics of "world Inc" are attractive compared to long-term averages; e.g. PE multiples are below average, corporate balance sheet strength ex financials are above average and so corporates are well placed to withstand the current economic weakness. Recapitalisations within the financial sector and regulatory enhancements to the financial system are strengthening the market's core. In summary, the market is well down the path of cleansing the excesses of the last boom, and the Bentley portfolio is well positioned to provide exposure to a resumption in growth in the world stock markets.

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 year ended 30 June 2008 ("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 company (ASX Code: "BEL").

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.

The Company has made the following appointments in relation to the management and administration of its investment portfolio:

- Constellation Capital Management Limited ("**Constellation**") as investment manager (appointed 18 May 2004 for an initial 2 year term). Constellation's mandate is to invest in the international equities component of its HomeGlobal™ Investment Strategy. Constellation's investment management mandate has continued on a month to month basis after May 2006 in accordance with the terms therein; and
- National Australia Bank Limited ("**NAB**") (appointed 20 August 2004 for an initial 2 year term) as custodian. NAB's custodial services mandate have continued on a quarterly basis after August 2006 in accordance with the terms therein.

Investment Management

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; and
- support the Company's ability to continue to pay fully franked regular dividends twice a year.

The new investment strategy may not continue to comprise direct investments in securities listed on the world's share markets as recent changes to taxation law in relation to foreign tax losses suggests that the Company does not have to generate foreign investment income to utilise its substantial prior year foreign tax losses (totalling \$6.4 million as at 30 June 2007).

DIRECTORS' REPORT

As at the date of this 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.

OPERATING RESULTS

	2008 \$'000	2007 \$'000
Net gains on financial assets at fair value through profit or loss	-	1,742
Other investment related income	443	454
Total revenue	443	2,196
Net loss on financial assets at fair value through profit or loss	3,621	-
Foreign exchange losses	12	15
Investment manager's fees	175	177
Custodian fees	45	94
Other corporate and administration expenses	391	553
Total expenses	4,245	839
Profit/(Loss) before tax	(3,801)	1,357
Income tax benefit/(expense)	903	(5)
Profit/(Loss) after tax attributable to members	(2,899)	1,351

The Company incurred a net loss during the year of \$3.801 million (pre tax) and \$2.899 million (post tax) compared with a net profit of \$1.357 million (pre tax) and \$1.351 million (post tax) earned in the previous year. This was principally as a result of nil net gains on financial assets (2007: \$1.742 million) and a \$3.621 million net loss on financial assets (2007: \$nil).

EARNINGS/(LOSS) PER SHARE

	2008	2007
Basic and diluted earnings/(loss) per share (cents)	(7.23)	3.41

FINANCIAL POSITION

	2008 \$'000	2007 \$'000
Investments	15,851	19,797
Cash	334	761
Net deferred tax asset / liabilities	901	-
Other assets	54	193
Liabilities	(153)	(651)
Net assets	16,987	20,100
Issued capital	18,178	17,995
Retained earnings/(Accumulated losses)	(1,191)	2,105
Total equity	16,987	20,100

DIRECTORS' REPORT

NET TANGIBLE ASSET BACKING

	2008 \$'000	2007 \$'000
Net tangible assets (before tax on unrealised gains)	16,987	20,100
Pre-tax NTA Backing per share (cents)	42.22	50.59
Less: Net deferred tax asset / liabilities	(901)	-
Net tangible assets (after tax on unrealised gains)	16,086	20,100
Post-tax NTA Backing per share (cents)	39.98	50.59
Based on total issued share capital	40,234,143	39,728,303

DIVIDENDS

The Directors have not declared a final dividend as the Company incurred a net loss for the financial year and had accumulated losses of \$1.19 million as at 30 June 2008.

SECURITIES IN THE COMPANY

As at the date of this Directors' Report, the Company has 40,234,143 (30 June 2007: 39,728,303) fully paid ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

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 in respect of the September 2007 final dividend payment.

REVIEW OF OPERATIONS¹

As at 30 June 2008, a direct investment in the Company provides indirect exposure to a diversified portfolio of approximately 301 securities across 25 industry sectors in 11 recognised overseas stock markets.

The investment portfolio returned -16.6% (2007: +11.2%) in Australian dollar terms during the financial year. This compares with the MSCI World ex Australia Index which returned -20.8% (2007: +8.3%) over the same period in Australian dollar terms.

The investment portfolio is principally denominated in US dollars with an exposure of approximately 51.4% as at 30 June 2008 (30 June 2007: 51.2%). The Australian dollar appreciated against the US dollar from \$0.85 as at 30 June 2007 to \$0.96 as at 30 June 2008. An appreciation in the Australian dollar against an overseas currency will cause the underlying portfolio (denominated in that overseas currency) to fall in value when converted back into Australian dollars and vice versa (assuming no change in the underlying portfolio value).

The MSCI World Index returned -12.5% and the US equity markets (S&P 500 Index) returned -14.9% in US dollar terms during the year. At the regional level, all markets fell as reflected in the following share price index performance table. The US dollar also fell against each of the other named currencies.

Region	World (\$US)	US (\$US)	Europe (Euro)	Japan (Yen)	China (Yuan)
Benchmark	MSCI World	S&P500	Dow Jones Euro Stoxx	Nikkei 225	Shanghai A
Return	-12.5%	-14.9%	-26.0%	-25.7%	-28.4%

Source: DataStream, IRESS and www.stoxx.com

¹ Based on information provided by Constellation

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FUTURE DEVELOPMENTS

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. During the 2008/09 year, the Board may:

- (1) 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; or
- (2) seek to appoint Constellation or another appropriate investment manager to manage or internally manage the Company's funds in accordance with an expanded investment mandate/objective approved by shareholders.

The Board will also consider opportunities to increase the Company's investment portfolio size to raise the Company's profile in the general investment community and generate economies of scale. The expansion of the capital base of the Company may occur through a variety of methods including the issue of equity capital or mergers (through schemes or takeovers) with, or acquisitions of, other listed investment companies or managed funds. Such actions may occur in conjunction with a change in the investment mandate of the Company.

Subject to the aforementioned potential change in investment mandate/objective approved by shareholders, the Company intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying companies and securities in which the Company invests. The investments' performance depends on many economic factors and also industry and company specific issues. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of the Company's investments or the forecast of the likely results of the Company's activities.

ENVIRONMENTAL REGULATION

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.

DIRECTORS' REPORT

DIRECTORS

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

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 directly²)

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)

Current Non-Executive Director of:

(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)

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 – Current Chairman of:

(1) Drillsearch Energy Limited (since 24 October 2006).

Current Director of:

(1) Circumpacific Energy Corporation (Listed on TSX) (since 22 November 2007)

Former directorships in other listed entities in past 3 years – None

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)

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:

- (1) Convergent Minerals Limited (since 25 July 2006)
- (2) Advanced Share Registry Services Limited (since 22 August 2007)

Current Director of:

- (1) Greenland Minerals and Energy Lid (since 21 February 2006)
- (2) Scarborough Equities Limited (since 29 November 2004)
- (3) Queste Communications Ltd (since 6 February 2008)

Former directorships in other listed entities in past 3 years –

- (1) Altera Capital Limited (8 January 2004 to 8 August 2006)
- (2) Elemental Minerals Limited (19 February 2004 to 5 July 2006)
- (3) Medusa Mining Limited (5 February 2002 to 13 April 2006)
- (4) Sofcom Limited (8 January 2004 to 19 March 2008)

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:

- (1) Blue Ensign Technologies Limited (since 22 August 2002)
- (2) Circumpacific Energy Corporation (Listed on TSX) (since 22 November 2007)

Current Director of:

- (1) Scarborough Equities Limited (since 29 November 2004)

Former directorships in other listed entities in past 3 years –

- (1) Golden Cross Resources Limited (25 March 2003 to 2 July 2008)
- (2) 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)

Current Company Secretary of:

- (1) Alara Uranium Limited (since 4 April 2007)
- (2) Scarborough Equities Limited (Secretary since 29 November 2004)
- (3) Queste Communications Ltd (Secretary since 30 August 2000)

Former position in other listed entities in past 3 years – (1) Altera Capital Limited (Director between 9 November 2001 and 8 August 2006; Secretary between 26 November 2001 and 8 August 2006)

(2) Sofcom Limited (Director between 3 July 2002 and 19 March 2008; Secretary between 23 July 2003 and 19 March 2008)

DIRECTORS' MEETINGS

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

Name of Director	Meetings Attended	Maximum Possible Meetings
Farooq Khan	11	11
Christopher Ryan	10	11
Simon Cato	10	11
Peter Simpson	10	11

There were no meetings of committees of the Board.

Board Committees

As at the date of this Directors' Report, the Company did not have separate designated Audit or Remuneration Committees. In the opinion of the Directors, in view of the size of the Board and nature and scale of the Company's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

DIRECTORS' REPORT

REMUNERATION REPORT (audited)

This remuneration report details the nature and amount of remuneration for each Director and Company Executive of the Company.

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

(1) Remuneration Policy

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

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

The Board has determined current Key Management Personnel remuneration as follows:

- (a) Mr Farooq Khan (Non-Executive Chairman) – a base fee of \$40,000 per annum inclusive of employer superannuation contributions (currently 9%);
- (b) Mr Christopher Ryan (Non-Executive Director) – a base fee of \$24,000 per annum plus 10% goods and services tax payable to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Mr Ryan is principal;
- (c) Mr Simon Cato (Non-Executive Director) – a base fee of \$21,000 per annum inclusive of employer superannuation contributions (currently 9%);
- (d) Mr Peter Simpson (Non-Executive Director) – a base fee of \$21,000 per annum plus 10% goods and services tax payable to Bridge Finance Australia Pty Ltd, a company in which Mr Simpson is a controlling director and shareholder; and
- (e) Mr Victor Ho (Company Secretary) – a base fee of \$40,000 per annum plus employer superannuation contributions (currently 9%).

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

- (a) 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;
- (b) Payment for the performance of extra services or the making of special exertions for the benefit of the Company (at the request of and with the concurrence of the Board).

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

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

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

DIRECTORS' REPORT

Performance Related Benefits: The Company does not presently provide incentive/performance based benefits related to the Company's performance to Key Management Personnel, including payment of cash bonuses. The current remuneration of Key Management Personnel is fixed, is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

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

Financial Performance of Company: There is no relationship between the Company's current remuneration policy and the Company's performance.

(2) Details of Remuneration of Key Management Personnel

Details of the nature and amount of each element of remuneration of each key management personnel paid or payable by the Company during the financial year are as follows:

2008 Key Management Personnel	Performance related %	Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	Total \$
		Cash, salary and commissions \$	Non-cash benefit \$	Superannuation \$	Long service leave \$	Shares & Options \$	
Non-Executive Directors:							
Farooq Khan	-	35,168	-	3,165	-	-	38,333
Simon Cato	-	17,850	-	3,150	-	-	21,000
Christopher Ryan	-	26,400	-	-	-	-	26,400
Peter Simpson	-	23,100	-	-	-	-	23,100
Company Secretary:							
Victor Ho	-	40,000	750	3,600	-	-	44,350

2007 Key Management Personnel	Performance related %	Short-term Benefits		Post Employment Benefits	Other Long-term Benefits	Equity Based	Total \$
		Cash, salary and commissions \$	Non-cash benefit \$	Superannuation \$	Long service leave \$	Shares & Options \$	
Non-Executive Directors:							
Farooq Khan	-	27,523	-	2,477	-	-	30,000
Simon Cato	-	1,487	-	19,513	-	-	21,000
Christopher Ryan	-	26,400	-	-	-	-	26,400
Peter Simpson	-	23,100	-	-	-	-	23,100
Company Secretary:							
Victor Ho	-	41,573	-	3,742	-	-	45,315

Notes:

- Mr Ryan's Directors' fees have been paid to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Mr Ryan is principal, and is reported inclusive of goods and services tax ("GST").
- Mr Simpson's Directors' fees have been paid to Bridge Finance Australia Pty Ltd, a company in which Mr Simpson is a controlling director and shareholder, and is reported inclusive of GST.

DIRECTORS' REPORT

(3) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the 30 June 2008 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.

This concludes the audited remuneration 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.

DIRECTORS' AND OFFICERS' DEEDS

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

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

Such deeds (in respect of Directors, Messrs Khan, Ryan, Cato and Simpson) were approved by shareholders at the 2005 AGM.

LEGAL PROCEEDINGS ON BEHALF OF COMPANY

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

AUDITOR

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

Audit & Review Fees \$	Fees for Other Services \$	Total \$
23,316	1,761	25,077

DIRECTORS' REPORT

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

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

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

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Note 19), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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



Farooq Khan
Chairman



Simon Cato
Director

27 August 2008



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

27 August 2008

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

Dear Sirs

**DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS
OF BENTLEY INTERNATIONAL LIMITED**

As lead auditor of Bentley International Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bentley International Limited during the period.

BG McVeigh
Director

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

INCOME STATEMENTS

for the year ended 30 June 2008

	Note	2008 \$	2007 \$
Revenue	2 a	435,989	445,119
Other income		7,388	1,750,789
Total revenue		<u>443,377</u>	<u>2,195,908</u>
Expenses	2 b		
Investment expenses			
- Net loss on financial assets at fair value through profit or loss		(3,621,409)	-
- Foreign exchange losses		(11,827)	(14,888)
- Withholding tax		(52,690)	(55,701)
Occupancy expenses		(19,404)	(24,544)
Finance expenses		(651)	(484)
Borrowing cost		(1)	(2)
Corporate expenses		(239,380)	(395,550)
Administration expenses		(299,326)	(348,118)
Profit/(Loss) before income tax expense		(3,801,311)	1,356,621
Income tax benefit/ (expense)	3	902,772	(5,439)
Profit/(Loss) for the year		(2,898,539)	1,351,182
Profit/(Loss) attributable to the members of the company		(2,898,539)	1,351,182
Dividends per share (cent per share)	6	1.0	2.0
Basic earnings/(loss) (cents per share)	7	(7.23)	3.41

The accompanying notes form part of this financial report

BALANCE SHEETS

as at 30 June 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	8	333,566	761,486
Financial assets at fair value through profit or loss	9	15,851,257	19,797,040
Trade and other receivables	10	37,680	-
TOTAL CURRENT ASSETS		16,222,503	20,558,526
NON CURRENT ASSETS			
Property, plant and equipment	11	4,457	6,163
Deferred tax asset	13	912,991	187,015
TOTAL NON CURRENT ASSETS		917,448	193,178
TOTAL ASSETS		17,139,951	20,751,704
CURRENT LIABILITIES			
Trade and other payables	12	141,143	464,472
TOTAL CURRENT LIABILITIES		141,143	464,472
NON CURRENT LIABILITIES			
Deferred tax liabilities	13	11,588	187,015
TOTAL NON CURRENT LIABILITIES		11,588	187,015
TOTAL LIABILITIES		152,731	651,487
NET ASSETS		16,987,220	20,100,217
EQUITY			
Issued Capital	14	18,178,191	17,995,366
Retained earnings/(Accumulated losses)		(1,190,971)	2,104,851
TOTAL EQUITY		16,987,220	20,100,217

The accompanying notes form part of this financial report

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2008

	Issued Capital	Retained Earnings / (Accumulated Losses)	Total
	\$	\$	\$
At 1 July 2006	17,839,908	1,544,001	19,383,909
Profit for the year	-	1,351,182	1,351,182
Total recognised income and expense for the year	-	1,351,182	1,351,182
Dividends paid		(790,332)	(790,332)
Issue under Dividend Reinvestment Plan	155,458	-	155,458
At 30 June 2007	<u>17,995,366</u>	<u>2,104,851</u>	<u>20,100,217</u>
At 1 July 2007	17,995,366	2,104,851	20,100,217
Loss for the year	-	(2,898,539)	(2,898,539)
Total recognised income and expense for the year	-	(2,898,539)	(2,898,539)
Dividends paid		(397,283)	(397,283)
Issue under Dividend Reinvestment Plan	182,825	-	182,825
At 30 June 2008	<u>18,178,191</u>	<u>(1,190,971)</u>	<u>16,987,220</u>

The accompanying notes form part of this financial report

CASH FLOW STATEMENTS

for the year ended 30 June 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		102,119	742,973
Interest received		15,768	10,755
Other income received		7,388	8,730
Investment manager's fees paid		(174,873)	(132,268)
Other expenses paid		(495,700)	(663,271)
Interest paid		(1)	(2)
Income tax refunded (paid)		19,896	(18,615)
Proceeds from sale of investments		296,770	16,315,800
Cost of investment purchases		(10,070)	(15,179,535)
		<hr/>	<hr/>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	8 a	(238,703)	1,084,567
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(604)	(1,694)
		<hr/>	<hr/>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(604)	(1,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(214,458)	(634,874)
		<hr/>	<hr/>
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(214,458)	(634,874)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD			
Cash and cash equivalents at the beginning of the year		761,486	366,757
Effect of exchange rate changes on cash		25,845	(53,270)
		<hr/>	<hr/>
CLOSING CASH AND CASH EQUIVALENTS AT END OF YEAR	8	333,566	761,486

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

1. SUMMARY OF ACCOUNTING POLICIES

The financial report (comprising the financial statements and notes thereto) is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Bentley International Limited (the **Company**) is a company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**). The Company does not have any controlled entities.

Compliance with IFRS

The financial report complies with all Australian equivalents to International Financial Reporting Standards (**AIFRS**). Compliance with AIFRS ensures that the financial statements of Bentley International Limited comply with International Financial Reporting Standards (**IFRS**).

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

Reporting Basis and Conventions

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

1.1. Investments and Other Financial Assets

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

Financial assets at fair value through profit and loss -

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of *AASB 139: Recognition and Measurement of Financial Instruments*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

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

At each reporting date, the Company assesses whether there is objective evidence that a financial risk has been impaired. Impairment losses are recognised in the income statement.

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

1.2. Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques, including but not limited to recent arm's length transactions, reference to similar instruments and option pricing models. The Company may use a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments.

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

The Company's investment portfolio (comprising listed securities) is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at reporting date (refer to Note 9).

1.3. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. All revenue is stated net of the amount of goods and services tax (**GST**). The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods and Disposal of Assets - Revenue from the sale of goods and disposal of other assets is recognised when the Company has passed control of the goods or other assets to the buyer.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

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

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

Other Revenues - Other revenues are recognised on a receipts basis.

1.4. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each taxing jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (if applicable).

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

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

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

1.5. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.6. Receivables

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

1.7. Property, Plant and Equipment

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

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

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

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

Class of Fixed Asset	Depreciation Rate	Depreciation Method
Computer Equipment	25%-40%	Straight Line

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

1.8. Impairment of Assets

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

1.9. Payables

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

1.10. Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new securities are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new securities for the acquisition of assets are included in the cost of the acquisition as part of the purchase consideration.

1.11. Earnings Per Share

Basic Earnings per Share - is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

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

1.12. Employee Entitlements

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

1.13. Cash and cash equivalents

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

1.14. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.15. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The Company's segment reporting is contained in note 15 of the notes to the financial statements.

1.16. Comparative Figures

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

1.17 New Standards and Interpretations Released But Not Yet Adopted

The following new Accounting Standards and Interpretations (which have been released but not yet adopted) have no material impact (except where stated below) on the Company's accounts/financial statements or the associated notes therein.

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 123 (revised Jun 2007)	Borrowing Costs	To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently all borrowing costs for qualifying assets will have to be capitalised.	Periods commencing on or after 1 January 2009
AASB 3 (reissued March 2008)	Business Combinations	Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.	Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later
AASB 127 (reissued March 2008)	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009
AASB 2008-3 (issued March 2008)	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]	Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures. When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under AASB 139, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value.	Periods commencing on or after 1 July 2009
AASB 2008-5 and AASB 2008-6 (issued July 2008)	Improvements to IFRSs	Accounting changes for presentation, recognition and measurement, as well as terminology and editorial changes.	Periods commencing on or after 1 July 2009
AASB 8 (Issued Feb 2007)	Operating Segments	Replaces the disclosure requirements of AASB 114: <i>Segment Reporting</i> . The adoption of this standard will result in changes to the nature and extent of segment reporting for the entity. The full impact has not yet been quantified.	Periods commencing on or after 1 January 2009
AASB 101 (Revised Sep 2007)	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements.	Annual reporting periods commencing on or after 1 January 2009
AASB Interpretation 4 (revised Feb 2007)	Determining whether an Arrangement contains a Lease [revised]	Scope has been amended to exclude service concession arrangements because these are now covered by AASB Interpretation 12.	Periods commencing on or after 1 January 2008

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

1.17 New Standards and Interpretations Released But Not Yet Adopted (continued)

AASB reference	Title and Affected Standard(s):	Applies to:	Application date:
AASB 2007-2 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Mainly editorial changes	Periods commencing on or after 1 January 2008
AASB 2007-3 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Mainly editorial changes	Periods commencing on or after 1 January 2009
AASB 2007-6 (issued Jun 2007)	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Mainly editorial changes.	Periods commencing on or after 1 January 2009
AASB 2007-8 (issued Sep 2007)	Amendments to Australian Accounting Standards arising from AASB 101	Mainly editorial changes.	Periods commencing on or after 1 January 2009
AASB 2007-10 (issued Dec 2007)	Further Amendments to Australian Accounting Standards Arising from AASB 101	Replaces the term 'financial report' with the term used in the corresponding IFRS	Periods commencing on or after 1 January 2009

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

2. PROFIT/(LOSS) FOR THE YEAR

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

	2008	2007
	\$	\$
(a) Revenue		
Dividends	420,221	434,364
Interest	15,768	10,755
Other investment income		
Net gains on financial assets at fair value through profit or loss	-	1,742,059
Other	7,388	8,730
Total revenue	<u>443,377</u>	<u>2,195,908</u>
(b) Expenses		
Investment expenses		
- Net loss on financial assets at fair value through profit or loss	3,621,409	-
- Foreign exchange losses	11,827	14,888
- Withholding tax	52,690	55,701
Occupancy expenses	19,404	24,544
Finance expenses	651	484
Borrowing cost	1	2
Corporate expenses		
- Investment management fees	174,873	177,403
- Custodian fees	45,374	93,710
- Provision for realisation costs in investment portfolio	(13,811)	69,290
- ASX fees	20,498	20,730
- Share registry fees	14,273	15,065
- Other	(1,827)	19,352
Administration expenses		
- Communications	7,508	5,417
- Accounting	41,810	40,382
- Audit	23,316	15,865
- Office administration	23,281	25,450
- Personnel	153,745	131,252
- Personnel- employee benefits	(760)	4,267
- Depreciation	2,310	4,578
- Travel	2,826	10,111
- Other	45,290	110,796
Total expenses	<u>4,244,688</u>	<u>839,287</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

3. INCOME TAX EXPENSE

	2008	2007
(a) The major components of income tax (benefit)/expense are:	\$	\$
Current tax	(1,369)	5,439
Deferred tax (Note 13)	(901,403)	-
	<u>(902,772)</u>	<u>5,439</u>
(b) The prima facie income tax on profit/(loss) from continuing operations before income tax is reconciled to the income tax provided in the accounts as		
Profit/ (Loss) before income tax	<u>(3,801,311)</u>	<u>1,356,621</u>
Prima facie tax payable on profit/(loss) from continuing operations before income tax at 30% (2007: 30%)	(1,140,393)	406,986
Tax effect of temporary differences		
Non deductible expenses	146,701	50,757
	<u>(993,692)</u>	<u>457,743</u>
Recoupment of prior year tax losses not previously brought to account	-	(457,743)
Tax losses not brought to account	992,323	-
Net deferred tax movements	(901,403)	-
(Over) / under provision in respect to prior years	-	5,439
Income tax (benefit)/expense	<u>(902,772)</u>	<u>5,439</u>
The applicable weighted average effective tax rate are as follows:	24%	1%
(c) Deferred Tax Asset not brought to account at 30%		
- temporary differences	2,813,719	1,821,396

The Deferred Tax Asset not brought to account for the 2008 year will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) the Company is able to meet the continuity of ownership and/or continuity of business tests.

4. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

Farooq Khan	Non-Executive Chairman
Christopher Ryan	Non-Executive Director
Simon Cato	Non-Executive Director
Peter Simpson	Non-Executive Director
Victor Ho	Company Secretary

	2008	2007
Number of employees (including key management personnel)	<u>5</u>	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Compensation of key management personnel (directors)	2008	2007
Directors	\$	\$
Short-term employee benefits - cash fees	102,518	78,510
Post-employment benefits-superannuation	6,315	21,990
Long term benefits	-	-
Share-based payments	-	-
	<u>108,833</u>	<u>100,500</u>
Other key management personnel		
Short-term employee benefits - cash fees	40,750	41,573
Post-employment benefits-superannuation	3,600	3,742
Long term benefits	-	-
Share-based payments	-	-
	<u>44,350</u>	<u>45,315</u>

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Options provided as remuneration and shares issued on exercise of such options

There were no options provided as remuneration to key management personnel and no shares issued on the exercise of such options during the financial year.

(c) Shareholdings of key management personnel

Directors	Balance at 1 July 2007	Net Changes	Balance at 30 June 2008
Farooq Khan	11,276,014	311,924	11,587,938
Christopher Ryan	-	-	-
Simon Cato	-	-	-
Peter Simpson	1,734,279	47,977	1,782,256
Other key management personnel	-		
Victor Ho	5,945	-	5,945
	Balance at 1 July 2006	Net Changes	Balance at 30 June 2007
Farooq Khan	10,976,916	299,098	11,276,014
Christopher Ryan	-	-	-
Simon Cato	-	-	-
Peter Simpson	1,519,286	214,993	1,734,279
Other key management personnel			-
Victor Ho	5,945	-	5,945

The disclosures of equity holdings are in accordance with the accounting standards which requires a 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(e) **Option holdings of key management personnel**

The Company does not have any options on issue.

(f) **Loans to key management personnel**

There were no loans to key management personnel (or their personally related entities) during the financial year.

(g) **Other transactions with key management personnel**

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

5. AUDITORS' REMUNERATION	2008	2007
	\$	\$
Amounts received or due and receivable by:		
Auditors of the Company (BDO Kendalls (WA) Audit and Assurance Pty Ltd)		
Audit and review of financial reports	23,316	13,115
Non-audit services (BDO Kendalls (WA) Audit and Assurance Pty Ltd)		
Taxation services	1,761	2,750
	<u>25,077</u>	<u>15,865</u>

6. DIVIDENDS

Declared and paid during the 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 20 February 2007	-	397,283
One cent per share fully franked paid on 28 September 2007	397,283	-
	<u>397,283</u>	<u>790,332</u>

Franking credit balance

Balance of franking account at year end adjusted for franking credits arising from:	3,972,242	4,319,479
Franking debits arising from payment of dividends post balance date	-	(170,264)
	<u>3,972,242</u>	<u>4,149,215</u>

7. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share (cents)	<u>(7.23)</u>	<u>3.41</u>
-----------------------------------------	---------------	-------------

Net profit (loss)	<u>(2,898,539)</u>	<u>1,351,182</u>
-------------------	--------------------	------------------

Weighted average number of ordinary shares during the year used in calculation of basic earnings per share	<u>40,110,801</u>	<u>39,656,375</u>
------------------------------------------------------------------------------------------------------------	-------------------	-------------------

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

8. CASH AND CASH EQUIVALENTS	2008	2007
	\$	\$
Cash at bank	333,566	761,486

(a) Reconciliation of Net Profit/(Loss) after Tax to Net Cash Flows from Operations

Net Profit/(Loss) after income tax	(2,898,539)	1,351,182
Unrealised changes in the net fair value of investments	-	1,311,183
Depreciation	2,310	4,578
Realised gains on sale of investments	3,621,409	(3,053,242)
Net foreign exchange losses/(gains)	11,827	14,888
(Increase)/decrease in assets:		
Investments	286,700	1,136,265
Receivables	(37,680)	28,187
Prepayment	-	6,180
Tax assets	-	7,230
Increase/(decrease) in liabilities:		
Payables	(323,327)	285,346
Tax liabilities	(901,403)	(7,230)
Net cash flows from/used in operating activities	(238,703)	1,084,567

(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.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment Portfolio (international securities)	15,851,257	19,797,040
All financial assets at fair value through profit or loss were designated as such upon initial recognition.		
Net gains/(loss) on financial assets at fair value through profit or loss	(3,621,409)	1,742,059

Information about the company's exposure to currency and price risk is provided in Note 16.

10. TRADE AND OTHER RECEIVABLES

Dividends and interest receivable	37,680	-
-----------------------------------	--------	---

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement	Computer Equipment	Total
	\$	\$	\$
2008			
At 1 July 2007, net of accumulated depreciation and impairment	358	5,805	6,163
Additions	-	604	604
Depreciation expense	(27)	(2,283)	(2,310)
At 30 June 2008, net of accumulated depreciation and impairment	<u>331</u>	<u>4,126</u>	<u>4,457</u>
At 1 July 2007			
Cost or fair value	382	15,504	15,886
Accumulated depreciation and impairment	(24)	(9,699)	(9,723)
Net carrying amount	<u>358</u>	<u>5,805</u>	<u>6,163</u>
At 30 June 2008			
Cost or fair value	382	16,108	16,490
Accumulated depreciation and impairment	(51)	(11,982)	(12,033)
Net carrying amount	<u>331</u>	<u>4,126</u>	<u>4,457</u>
2007			
At 1 July 2006, net of accumulated depreciation and impairment	-	9,046	9,046
Additions	382	1,313	1,695
Depreciation expense	(24)	(4,554)	(4,578)
At 30 June 2007, net of accumulated depreciation and impairment	<u>358</u>	<u>5,805</u>	<u>6,163</u>
At 1 July 2006			
Cost or fair value	-	14,191	14,191
Accumulated depreciation and impairment	-	(5,145)	(5,145)
Net carrying amount	<u>-</u>	<u>9,046</u>	<u>9,046</u>
At 30 June 2007			
Cost or fair value	382	15,504	15,886
Accumulated depreciation and impairment	(24)	(9,699)	(9,723)
Net carrying amount	<u>358</u>	<u>5,805</u>	<u>6,163</u>

12. TRADE AND OTHER PAYABLES

	2008	2007
	\$	\$
Trade creditors	46,928	91,335
Amounts payable - unsettled trades	-	280,422
Other creditors and accruals	94,215	92,715
	<u>141,143</u>	<u>464,472</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

13. TAX

	2008	2007
	\$	\$
<u>Assets</u>		
Non Current		
Deferred tax asset	912,991	187,015
<u>Liabilities</u>		
Current		
Income tax	-	-
Non Current		
Deferred income liability	(11,588)	(187,015)
<u>Reconciliations</u>		
Gross movement		
The overall deferred tax account is as follows		
Opening balance	-	-
(Charge) / credit to income statement	901,403	-
Closing balance	901,403	-
Deferred tax asset - Market decrement		
The movement in deferred tax asset for each temporary difference during the year is as follows:		
Opening balance	187,015	-
(Charge) / credit to income statement	725,976	187,015
Closing balance	912,991	187,015
Deferred tax liability - Fair Value Gain Adjustment		
The movement in deferred tax liability for each temporary difference during the year is as follows:		
Opening balance	(187,015)	-
(Charge) / credit to income statement	175,427	(187,015)
Closing balance	(11,588)	(187,015)

14. ISSUED CAPITAL

	Number of shares	2008 \$	Number of shares	2007 \$
Fully paid ordinary shares	40,234,143	18,178,191	39,728,303	17,995,366
<u>Movement in Ordinary Share Capital</u>				
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 30 June 2008		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 year ended 30 June 2008

14. ISSUED CAPITAL (continued)

(a) Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

15. 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:

Country	Segment Revenues		Carrying Amount of Segment Assets		Acquisitions of Investments	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
Australia	15,654	10,515	165,568	234,660	-	-
Europe	114,824	1,007,691	2,915,749	3,354,385	-	3,810,956
United Kingdom	70,048	353,969	1,535,591	1,877,460	-	1,748,723
North America	170,544	1,653,703	8,889,572	11,188,720	-	7,228,795
Asia	45,876	176,113	721,080	574,609	10,070	637,060
Japan	36,852	305,100	1,861,475	2,333,200	-	1,754,001
	<u>453,798</u>	<u>3,507,091</u>	<u>16,089,035</u>	<u>19,563,034</u>	<u>10,070</u>	<u>15,179,535</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consists of deposits with banks, accounts receivable and payable and investments in overseas listed securities held by National Australia Bank Limited as custodian and managed by investment management, Constellation Capital Management Limited. The principal activity of the Company is the management of these investments - "financial assets at fair value" (refer to Note 9).

The Company's investments are subject to price (which includes interest rate, currency and market risk), credit and liquidity risks.

The Board of Directors is responsible for the overall internal control framework (which includes risk management) but no cost effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified and experienced service providers such as the Investment Manager (currently Constellation Capital Management Limited) and Custodian (currently National Australia Bank Limited) and suitably qualified and experienced management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

	Average Interest Rate	Variable Interest Rate	Non- Interest Bearing	Total
30 June 2008				
Financial Assets		\$	\$	\$
Cash and cash equivalents	4.5%	167,248	166,318	333,566
Investments		-	15,851,257	15,851,257
Receivables		-	37,680	37,680
Total Financial Assets		<u>167,248</u>	<u>16,055,255</u>	<u>16,222,503</u>
Financial Liabilities				
Payables		-	(141,143)	(141,143)
Total Financial Liabilities		<u>-</u>	<u>(141,143)</u>	<u>(141,143)</u>
Net Financial Assets		<u>167,248</u>	<u>15,914,112</u>	<u>16,081,360</u>

The financial receivables and payables disclosed in the above table are due or payable within 30 days. The financial investments are held for trading and are realised at the discretion of the Board of Directors

30 June 2007				
Financial Assets				
Cash and cash equivalents	6.0%	761,486	-	761,486
Investments		-	19,797,040	19,797,040
Receivables		-	-	-
Total Financial Assets		<u>761,486</u>	<u>19,797,040</u>	<u>20,558,526</u>
Financial Liabilities				
Payables		-	(464,472)	(464,472)
Total Financial Liabilities		<u>-</u>	<u>(464,472)</u>	<u>(464,472)</u>
Net Financial Assets		<u>761,486</u>	<u>19,332,568</u>	<u>20,094,054</u>

The financial receivables and payables disclosed in the above table are due or payable within 30 days. The financial investments are held for trading and are realised at the discretion of the Board of Directors

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

16. FINANCIAL INSTRUMENTS (continued)

(a) Interest Rate Risk Exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The Company has no borrowings.

(b) Liquidity Risk Exposure

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has no borrowings. The Company's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

The financial liabilities disclosed in the above table have a maturity obligation of not more than 30 days.

(c) Credit Risk Exposure

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the Company. Concentrations of credit risk are minimised primarily by the investment manager/custodian carrying out all market transactions through recognised and creditworthy brokers and the monitoring of receivable balances. The Company's business activities do not necessitate the requirement for collateral as a means of mitigating the risk of financial loss from defaults.

The Company measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Company's maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date is summarised below:

	2008	2007
	\$	\$
Cash and cash equivalents	333,566	761,486
Receivables	37,680	-
	<u>371,246</u>	<u>761,486</u>

All receivables noted above are due within 30 days. None of the above receivables are past due.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

16. FINANCIAL INSTRUMENTS (continued)

(d) Price Risk Exposure

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

Equity securities price risk arises on the financial assets at fair value through profit or loss.

The Company has a diversified investment portfolio both in terms of number of securities held and exposure to a wide range of industry sectors.

	Carrying Amount	
	2008	2007
	\$	\$
Listed equities	15,818,984	19,680,282
Listed Unit Trust	-	68,568
Preference shares	32,274	48,189
Cash and deposits	200,097	522,167
Outstanding settlements	37,680	(756,172)
	<u>16,089,035</u>	<u>19,563,034</u>

(e) Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial instruments recorded in the financial statements represent their fair value determined in accordance with the accounting policies disclosed in note 1. The aggregate fair value and carrying amount of financial assets and financial liabilities at balance date are:

	Carrying	Net Fair	Carrying	Net Fair
	Amount	Value	Amount	Value
	2008	2008	2007	2007
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	333,566	333,566	761,486	761,486
Investments	15,851,257	15,851,257	19,797,040	19,797,040
Receivables	37,680	37,680	-	-
Total Financial Assets	<u>16,222,503</u>	<u>16,222,503</u>	<u>20,558,526</u>	<u>20,558,526</u>
Financial Liabilities				
Payables	(141,143)	(141,143)	(464,472)	(464,472)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

16. FINANCIAL INSTRUMENTS (continued)

(f) Currency Risk Exposure

The Company has financial instruments (listed securities and bank deposits) denominated in the following currencies which can significantly affect the balance sheet through foreign currency exchange rate movements. The Company's current policy is not to hedge its overseas currency exposure. The Company's exposure to foreign exchange rate movements on its financial instruments is as follows:

	US Dollar	Euro	UK Pound Sterling	Japanese	Others *	Total
2008	\$	\$	\$	\$	\$	\$
Currency exposure	8,286,600	2,021,436	1,861,475	1,535,591	2,218,366	15,923,468
2007						
Currency exposure	10,095,783	2,106,981	1,911,859	2,259,178	2,954,573	19,328,374

* Others include Swiss francs, Swedish kronors, Canadian dollars, Hong Kong dollars and Taiwanese dollars.

(g) Sensitivity Analysis

Equity Price Risk Analysis

The Company has performed a sensitivity analysis on its exposure to equity price risk. The analysis demonstrates the effect on the current year results and equity when security prices increases/(decreases) by 50 basis points (2007: 50 basis points) which refers to the movement in the relevant exchange indexes to which the Company is exposed to with all the other variables held constant.

	2008	2007
	\$	\$
Change in profit		
Increase by 10% (50bpt)	1,585,126	1,979,704
Decrease by 10% (50bpt)	(1,585,126)	(1,979,704)
Change in equity		
Increase by 10% (50bpt)	1,585,126	1,979,704
Decrease by 10% (50bpt)	(1,585,126)	(1,979,704)

Currency Risk Analysis

The Company has performed a sensitivity analysis on its exposure to currency risk. The analysis demonstrates the effect on the current year results and equity when the Australian dollar strengthened or weakened by 5% (2007: 5%) against the foreign currencies detailed in Note 16 (f) with all the other variables held constant.

	2008	2007
	\$	\$
Change in profit		
Increase by 5%	(758,260)	(948,760)
Decrease by 5%	838,077	1,048,629
Change in equity		
Increase by 5%	(758,260)	(948,760)
Decrease by 5%	838,077	1,048,629

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

17. CONTINGENT ASSETS AND LIABILITIES

The Company does not have any contingent assets or liabilities.

18. COMMITMENTS

Lease Commitments	2008	2007
	\$	\$
Non-cancellable operating lease commitments:		
Not longer than one year	26,062	24,960
Between 12 months and 5 years	131,109	99,840
Greater than 5 years	-	24,960
	<u>157,170</u>	<u>149,760</u>

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 expiring 30 June 2013 and contains a rent review increase each year alternating between 5% and the greater of market rate or CPI + 1%.

19. EVENTS AFTER BALANCE SHEET DATE

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and accompanying notes as set out on pages 33 to 54 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures set out in the Directors' Report on page 28 to 30 (as the audited Remuneration Report) comply with section 300A of the Corporate Act 2001; and
4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Company Secretary (the person who, in the opinion of the Directors, performs the chief executive and chief financial officer functions).

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



Farooq Khan
Chairman



Simon Cato
Director

27 August 2008



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

We have audited the accompanying financial report of Bentley International Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion the financial report of Bentley International Limited is in accordance with the *Corporations Act 2001*, including:

- (a) the financial report of Bentley International Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Bentley International Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls Audit and Assurance (WA) Pty Ltd

BDO Kendalls
BG McVeigh

BG McVeigh

Director

Dated this 27th Day of August 2008
Perth, Western Australia

CORPORATE GOVERNANCE

Compliance with Corporate Governance Council's Principles

The extent to which the Company has followed the ASX Corporate Governance Council's 10 principles of good corporate governance and best practice recommendations is as follows:

Principles of Good Corporate Governance and Best Practice Recommendations	Compliance	CGS References / Comments
Principle 1: Lay solid foundations for management and oversight		
1.1 Formalise and disclose the functions reserved to the board and those delegated to management.	Yes	CGS 2, 4.1
1.2 Provide the information indicated in Guide to reporting on Principle 1.		
The following material should be included in the corporate governance section of the annual report:		
• an explanation of any departure from best practice recommendation 1.1.	N/A	N/A
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
• the statement of matters reserved for the board or a summary of the board charter or the statement of delegated authority to management.	Yes	Website CGS 2, 3.3, 4.1
Principle 2: Structure the board to add value		
2.1 A majority of the board should be independent directors.	No	CGS 3.5
2.2 The chairperson should be an independent director.	No	CGS 3.2, 3.5
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	N/A	The Company has no CEO. CGS 3.2, 4.1
2.4 The board should establish a nomination committee.	No	CGS 4.2
2.5 Provide the information indicated in Guide to reporting on Principle 2.		
The following material should be included in the corporate governance section of the annual report:		
• the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;	Yes	Annual Report
• the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds;	Yes	CGS 3.5
• a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company;	Yes	CGS 2, 3.13
• the term of office held by each director in office at the date of the annual report;	Yes	CGS 3.10
• the names of members of the nomination committee and their attendance at meetings of the committee; and	N/A	No committee
• an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 or 2.5.	Yes	CGS 4.2
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
• a description of the procedure for the selection and appointment of new directors to the board;	Yes	Website CGS 3.1, 3.10, 4.2
• the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee; and	N/A	No committee
• the nomination committee's policy for the appointment of directors.	N/A	No committee
Principle 3: Promote ethical and responsible decision-making		
3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:	No	CGS 6, 7.1 (many aspects of a code of conduct are, however, covered by other Company policies)
3.1.1 the practices necessary to maintain confidence in the company's integrity; and		
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2 Disclose the policy concerning trading in company securities by directors officers and employees.	Yes	CGS 3.8
3.3 Provide the information indicated in Guide to reporting on Principle 3.		

CORPORATE GOVERNANCE

Principles of Good Corporate Governance and Best Practice Recommendations	Compliance	CGS References / Comments
The following material should be included in the corporate governance section of the annual report:		
<ul style="list-style-type: none"> • explanation of any departures from best practice recommendations 3.1, 3.2 or 3.3. 	Yes	CGS 6, 7.1 (many aspects of a code of conduct are covered by other Company policies)
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
<ul style="list-style-type: none"> • any applicable code of conduct or a summary of its main provisions. This disclosure may be the same as that required under Principle 10; and 	N/A	No code of conduct, although see first dot point in 3.3 above
<ul style="list-style-type: none"> • the trading policy or a summary of its main provisions. 	Yes	Website, CGS 3.8
Principle 4: Safeguard integrity in financial reporting		
4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	Yes	CGS 4.1, 7.1
4.2 The board should establish an audit committee.	No	CGS 2(8), 4.2
4.3 Structure the audit committee so that it consists of:	N/A	No committee
<ul style="list-style-type: none"> • only non-executive directors; • a majority of independent directors; • an independent chairperson, who is not chairperson of the board; and • at least three members. 		
4.4 The audit committee should have a formal charter.	N/A	No committee
4.5 Provide the information indicated in Guide to reporting on Principle 4.		
The following material should be included in the corporate governance section of the annual report:		
<ul style="list-style-type: none"> • details of the names and qualifications of those appointed to the audit committee or, where an audit committee has not been formed, those who fulfil the functions of an audit committee; 	Yes	CGS 2(8), 3.2
<ul style="list-style-type: none"> • the number of meetings of the audit committee and the names of the attendees; and 	N/A	No committee
<ul style="list-style-type: none"> • explanation of any departures from best practice recommendations 4.1, 4.2, 4.3, 4.4 or 4.5. 	Yes	CGS 3.5, 4.2
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
<ul style="list-style-type: none"> • the audit committee charter; and 	N/A	No committee
<ul style="list-style-type: none"> • information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners. 	Yes	Website, CGS 7.2
Principle 5: Make timely and balanced disclosure		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Yes	CGS 7.1, 8.2
5.2 Provide the information indicated in Guide to reporting on Principle 5.		
The following material should be included in the corporate governance section of the annual report:		
<ul style="list-style-type: none"> • explanation of any departures from best practice recommendation 5.1 or 5.2. 	N/A	No departures
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
<ul style="list-style-type: none"> • a summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements. 	Yes	Website CGS 8.2
Principle 6: Respect the rights of shareholders		
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Yes	CGS 8.1, 8.2

CORPORATE GOVERNANCE

Principles of Good Corporate Governance and Best Practice Recommendations	Compliance	CGS References / Comments
6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Yes	CGS 7.2
6.3 Provide the information indicated in Guide to reporting on Principle 6.		
The following material should be included in the corporate governance section of the annual report:		
• an explanation of any departures from best practice recommendations 6.1 or 6.2.	N/A	No departures
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
• a description of the arrangements the company has to promote communication with shareholders.	Yes	Website CGS 8.1, 8.2
Principle 7: Recognise and manage risk		
7.1 The board or appropriate board committee should establish policies on risk oversight and management.	Yes	CGS 7.1
7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:	Yes	CGS 7.1
7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and		
7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.		
7.3 Provide the information indicated in Guide to reporting on Principle 7.		
The following material should be included in the corporate governance section of the annual report:		
• explanation of any departures from best practice recommendations 7.1, 7.2 or 7.3.	N/A	No departures
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
• a description of the company's risk management policy and internal compliance and control system.	Yes	Website CGS 7.1
Principle 8: Encourage enhanced performance		
8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	Yes	CGS 3.11
8.2 Provide the information indicated in Guide to reporting on Principle 8.		
The following material should be included in the corporate governance section of the annual report:		
• whether a performance evaluation for the board and its members has taken place in the reporting period and how it was conducted; and	Yes	CGS 3.11
• an explanation of any departure from best practice recommendation 8.1.	N/A	No departure
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
• a description of the process for performance evaluation of the board, its committees and individual directors, and key executives.	Yes	Website CGS 3.11
Principle 9: Remunerate fairly and responsibly		
9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	Yes	Remuneration Report within the Annual Report
9.2 The board should establish a remuneration committee.	No	CGS 4.2
9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Remuneration Report within the Annual Report
9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	N/A	Directors are not entitled to any equity-based remuneration

CORPORATE GOVERNANCE

Principles of Good Corporate Governance and Best Practice Recommendations	Compliance	CGS References / Comments
9.5 Provide the information indicated in Guide to reporting on Principle 9.		
The following material should be included in the corporate governance section of the annual report:		
<ul style="list-style-type: none"> disclosure of the company's remuneration policies referred to in best practice recommendation 9.1 and in Box 9.1; 	Yes	Remuneration Report within the Annual Report
<ul style="list-style-type: none"> the names of the members of the remuneration committee and their attendance at meetings of the committee; 	N/A	No committee
<ul style="list-style-type: none"> the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors; and 	Yes	There are no such retirement schemes in place
<ul style="list-style-type: none"> an explanation of any departures from best practice recommendations 9.1, 9.2, 9.3, 9.4 or 9.5. 	Yes	CGS 4.2
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
<ul style="list-style-type: none"> the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee. 	N/A	No committee
Principle 10: Recognise the legitimate interests of stakeholders		
10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations.	No	CGS 6, 7.1 (many aspects of a code of conduct are, however, covered by other Company policies)
10.2 Provide the information indicated in Guide to reporting on Principle 10.		
The following material should be included in the corporate governance section of the annual report:		
<ul style="list-style-type: none"> an explanation of any departure from best practice recommendation 10.1. 	Yes	CGS 6
The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:		
<ul style="list-style-type: none"> any applicable code of conduct or a summary of its main provisions. 	N/A	No code of conduct, although see 10.1 above

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT (CGS)

1. Framework and Approach to Corporate Governance and Responsibility

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

The Board of Directors supports the 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. 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/supervision/governance/index.htm>.

2. Board of Directors - Role and Responsibilities

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

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

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

- (1) formulation and approval of the strategic direction, objectives and goals of the Company;
- (2) the prudential control of the Company's finances and operations and monitoring the financial performance of the Company;
- (3) the resourcing, review and monitoring of executive management, including the Investment Manager;
- (4) the management of funds not under the management of the Investment Manager;
- (5) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (6) the identification of significant business risks and ensuring that such risks are adequately managed;
- (7) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;
- (8) the establishment and maintenance of appropriate ethical standards;
- (9) responsibilities typically assumed by an audit committee including:
 - (a) reviewing and approving the audited annual and reviewed half yearly financial reports; and
 - (b) reviewing the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;
- (10) responsibilities typically assumed by a remuneration committee including:
 - (a) reviewing the remuneration and performance of Directors;
 - (b) setting policies for Executives' remuneration, setting the terms and conditions of employment for Executives, undertaking reviews of Executives' performance, including setting goals and reviewing progress in achieving those goals; and
 - (c) reviewing the Company's Executive and employee incentive schemes and making recommendations on any proposed changes; and
- (11) responsibilities typically assumed by a nomination committee including:
 - (a) devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors; and
 - (b) oversight of Board and Executive succession plans.

CORPORATE GOVERNANCE

3. Board of Directors – Composition, Structure and Process

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 in office currently and during the 2007/2008 year and their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2008.

3.1. Skills, Knowledge and Experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board recognises its need to 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 the Company's activities. A Director is initially appointed by the Board and retires (and may stand for re-election) at the next Annual General Meeting after their appointment.

3.2. Chairman

The Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. The Chairman of the Company is Mr Farooq Khan, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2008.

3.3. Non-Executive Directors

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 currently Non-Executive Directors. Their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2008.

3.4. Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is Mr Victor Ho, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2008.

3.5. Independence

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

- (1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (2) within the last 3 years has not been employed in an Executive capacity by the Company, or 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.

Mr Farooq Khan (Chairman) is not regarded as an independent Director as he does not meet criteria (1) for independence adopted by the Company, having a relevant interest in Orion Equities Limited's (OEQ) substantial shareholding in the Company. Mr Khan is also Chairman of OEQ.

Mr Christopher Ryan is not regarded as an independent Director as he does not meet criteria (3) for independence adopted by the Company, as he is principal of a corporate advisory firm that has provided services to the Company.

Mr Simon Cato is regarded as an independent Director.

Mr Peter Simpson currently has a relevant interest in approximately 4.4% of the total issued share capital of the Company. Such holding does not qualify him as a "substantial" shareholder under the Corporations Act (which prescribes disclosure requirements in respect of shareholdings of 5% or more) and accordingly Mr Simpson is regarded as an independent Director.

3.6. Conflicts of Interest

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

- (1) disclose to the Board actual or potential conflicts 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).

CORPORATE GOVERNANCE

3.7. Related Party Transactions

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

3.8. Share Dealings and Disclosures

The Company's policy regarding Directors, Executives and employees dealing in its securities is set by the Board. The Board prohibits 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 prices of the Company's securities. 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 with which the Company has a relationship.

Dealings in the Company's securities by officers and employees are not permitted at any time whilst they are in the possession of price-sensitive information not already available to the market.

3.9. Board Nominations

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.

3.10. 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 any 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 or herself for re-election. One third of the Directors (save for any Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

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

Director	Appointed	AGM Last Re-elected
Farooq Khan	2 December 2003	17 November 2006
Peter Simpson	6 September 2005	24 November 2005
Christopher Ryan	5 February 2004	29 November 2007
Simon Cato	5 February 2004	15 October 2004 (standing for re-election at 2008 AGM)

3.11. 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 Non-Executive Directors are responsible for reviewing the performance and remuneration of Executive Directors. The Chairman also speaks to Directors individually regarding their role as a Director.

3.12. Meetings of the Board

The Chairman and Company Secretary schedule formal Board meetings whenever necessary to deal with specific matters requiring attention. Circulatory Resolutions are also utilised where appropriate either in place of or in addition to formal Board meetings.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

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

3.13. 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.

3.14. Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive. 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.

3.15. Directors' Deeds

The Company has also entered into a deed with each of the current Directors to regulate certain matters between the Company and each Director, both during the time the Director holds office and after the Director ceases to be an officer of the Company (or of any of its wholly-owned subsidiaries). A summary of the terms of such deeds is contained within the Remuneration Report in the Director's Report for the year ended 30 June 2008.

CORPORATE GOVERNANCE

4. Management

4.1. Executives

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

The Board has determined that the Company Secretary is the appropriate person to make the chief executive officer and CFO equivalent declarations in respect of the year ended 30 June 2008, as required under section 295A of the Corporations Act and recommended by the Council.

4.2. Board and Management Committees

In view of the current composition of the Board (which comprises four 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 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 audit, nominations and remuneration committees are dealt with by the full Board.

4.3. Investment Manager

The Board has appointed Constellation Capital Management Limited (**Constellation**) as Investment Manager 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 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.

The Board maintains regular contact with the Investment Manager who provides monthly portfolio reports to the Company. The Investment Manager's performance is reviewed by the Board at regular intervals under the terms of the Investment Management Agreement.

4.4 Custodian

The Board has appointed National Australia Bank Limited (**NAB**) as Custodian to effect the proper administration of the Company's investment portfolio in the various international markets in which the Company invests according to the terms set out in a custody agreement between the Company and the Custodian dated 20 August 2004. NAB's appointment was for an initial term of 2 years and their custodial services mandate have continued on a quarterly basis after August 2006 in accordance with the terms therein.

5. Remuneration Policy

Please refer to the Remuneration Report in the Director's Report for the year ended 30 June 2008.

6. Code of Conduct and Ethical Standards

The Company was not of a size that warranted the establishment of a formal code of conduct that guides compliance with obligations to stakeholders during the 2007/2008 financial year. 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. Many of the items commonly found in a code of conduct are covered by the Company's policies designed to deal with compliance risk identified in section 7.1 of this Statement.

7. Internal Control, Risk Management and Audit

7.1. Internal Control and Risk Management

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

The Board recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified and experienced service providers such as the Investment Manager (currently Constellation Capital Management Limited) and Custodian (currently National Australia Bank Limited) and suitably qualified and experienced management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

On a day-to-day basis, managing the various risks inherent in the Company's operations is the responsibility of the Chairman and the Company Secretary.

Risks facing the Company can be divided into the broad categories of operations, compliance and market.

Operations risk refers to risks arising from day to day operational activities which may result in direct or indirect loss from inadequate or failed internal processes, people or systems or external events. The Chairman and Company Secretary have delegated responsibility from the Board for identification of potential operations risks, for putting processes in place to mitigate them and monitoring compliance with those processes. The Company has clear accounting and internal control systems to manage risks to the accuracy of financial information and other financial risks.

Compliance risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the Company's business, reputation and financial condition. The Company's compliance risk management strategy ensures compliance with key legislation affecting the Company's activities. The Company Secretary has oversight responsibility for managing the Company's compliance risk.

CORPORATE GOVERNANCE

The Company has policies on responsible business practices and ethical behaviour including conflict of interest and share trading policies to maintain confidence in the Company's integrity and ensure legal compliance.

Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Board assesses the Company's exposure to these risks and sets the strategic direction for managing them. Further details are in the Note 16 (Financial Instruments) to the financial statements for the year ended 30 June 2008.

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

The Board has determined that the Company Secretary is the appropriate person to make the chief executive officer and CFO equivalent declarations in respect of the year ended 30 June 2008, on the risk management and internal compliance and control systems recommended by the Council.

7.2. Audit

The Company's external auditor (**Auditor**) is selected for its professional competence, reputation and the provision of value for professional fees. Within the audit firm, the partner responsible for the conduct of the Company's audits is rotated every three years.

The Auditor is asked to send its responsible partner to annual general meetings to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's report.

8. Communications

8.1. Market and Shareholder Communications

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

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

- (1) monthly NTA Backing announcements released to ASX, which are posted on the Company's website;
- (2) the Annual Report which is distributed to shareholders if they have elected to receive a printed version and is otherwise available for viewing and downloading from the Company's website;

- (3) the Annual General Meeting (**AGM**) and other general meetings called to obtain shareholder approvals as appropriate. The Chairman and Investment Manager gives addresses at the AGM updating shareholders on the Company's investment activities;
- (4) Half-Yearly Directors' and Financial Reports which are posted on the Company's website; and
- (5) other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders, which is also posted on the Company's website.

Shareholders communicate with Directors through various means including:

- (1) having the opportunity to ask questions of Directors at all general meetings;
- (2) the presence of the external auditor at Annual General Meetings to take shareholder questions on any issue relevant to their capacity as auditor;
- (3) the Company rotating shareholder meetings around capital cities to allow as many shareholders as possible to have an opportunity to attend a meeting;
- (4) the Company's policy of expecting Directors to be available to meet shareholders at Annual General Meetings; and
- (5) the Company making Directors and selected senior employees available to answer shareholder questions submitted by telephone, email and other means.

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 timely manner.

8.2. Continuous Disclosure to ASX

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

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

CORPORATE GOVERNANCE

All staff are required to inform their reporting manager of any potentially price-sensitive information concerning the Company as soon as they become aware of it. Reporting managers are in turn required to inform the Executive Director to whom they report or, in their absence, another Executive Director of any potentially price-sensitive information.

In general, the Company will not respond to market speculation or rumours unless ASX or an applicable law requires it to do so.

Only the Directors and employees who have been authorised by them may speak on the Company's behalf to the media, investors and analysts.

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

24 October 2008

LIST OF SHARE INVESTMENTS

as at 30 June 2008

INDUSTRY	SECURITY NAME	% OF PORTFOLIO	COUNTRY NAME
AEROSPACE & DEFENCE	BOEING COMPANY	0.49	UNITED STATES
	LOCKHEED MARTIN CORPORATION	0.45	UNITED STATES
	GENERAL DYNAMICS	0.41	UNITED STATES
	BAE SYSTEMS PLC	0.37	UNITED KINGDOM
	RAYTHEON COMPANY	0.34	UNITED STATES
	NORTHROP GRUMMAN CORPORATION	0.29	UNITED STATES
	HONEYWELL INTERNATIONAL INC	0.28	UNITED STATES
	COBHAM PLC	0.18	UNITED KINGDOM
	ALLIANT TECHSYSTEMS INC	0.17	UNITED STATES
	EUROPEAN AERONAUTIC DEFENSE AND SPACE COMPANY	0.13	NETHERLANDS
	SAFRAN SA EUR 0-2	0.13	FRANCE
ROLLS ROYCE GROUP B SHARES	0	UNITED KINGDOM	
AUTO COMPONENTS	BOSCH CORPORATION	0.33	JAPAN
	AISIN SEIKI COMPANY	0.3	JAPAN
	CONTINENTAL AG NPV	0.28	GERMANY
	AUTOLIV INC COM USD0-01	0.24	UNITED STATES
	DENSO CORPORATION	0.22	JAPAN
	BRIDGESTONE Y50	0.2	JAPAN
	MICHELIN (CGDE) B ORD FRF12(REGD)	0.18	FRANCE
AUTOMOBILES	DAIMLER AG	0.64	GERMANY
	HONDA MOTOR COJJPY 50 COMMON	0.64	JAPAN
	NISSAN MOTOR COMPANY ORDINARY SHARES Y50	0.38	JAPAN
	BAYERISCHE MOTOR WORKS BMW	0.28	GERMANY
	PEUGEOT SAFRF 35	0.23	FRANCE
	FORD MOTOR COMPANY COMMON STOCK USD 0.01	0.21	UNITED STATES
	HARLEY DAVIDSON INC	0.09	UNITED STATES
	GENERAL MOTORS CPCOMMON SHARES	0.05	UNITED STATES
	DR PEPPER SNAPPLE GROUP INC	0.04	UNITED STATES
	BEVERAGES		
BIOTECHNOLOGY	AMGEN	0.39	UNITED STATES
	GENENTECH INC	0.28	UNITED STATES
	GILEAD SCIENCES INC	0.17	UNITED STATES
	BIOGEN IDEC INC	0.15	UNITED STATES
	GENZYME CORPORATION	0.13	UNITED STATES
CHEMICALS	BASF SE	0.35	GERMANY
	BAYER AG NPV	0.33	GERMANY
	LINDE AG	0.3	GERMANY
	DUPONT DE NEMOURS	0.24	UNITED STATES
	AIR PRODUCTS & CHEM	0.22	UNITED STATES
	DOW CHEMICAL COMMON SHARES	0.21	UNITED STATES
	CLARIANT CHF50 REGD	0.18	SWITZERLAND
	SYNGENTA AG	0.12	SWITZERLAND
	CIBA HOLDING AG	0.12	SWITZERLAND
	SHIN-ETSU CHEMICAL	0.12	JAPAN
	DAICEL CHEMICAL INDUSTRIES	0.11	JAPAN
	ASAHI KASEI CORPORATION	0.1	JAPAN
	ASHLAND INC NEW	0.09	UNITED STATES
	SUMITOMO CHEMICAL Y50	0.08	JAPAN

LIST OF SHARE INVESTMENTS

as at 30 June 2008

INDUSTRY	SECURITY NAME	% OF PORTFOLIO	COUNTRY NAME
COMMUNICATION EQUIPMENT	CISCO SYSTEMS INC	1.17	UNITED STATES
	RESEARCH IN MOTION LTD	0.87	CANADA
	QUALCOMM INC	0.71	UNITED STATES
	TELEFONAKTIEBOLAGET LM ERICSSON - B SHS	0.49	SWEDEN
	CORNING INC	0.38	UNITED STATES
	MOTOROLA INCORPORATED	0.18	UNITED STATES
	ALCATEL LUCENT	0.16	FRANCE
	JUNIPER NETWORKS INC	0.13	UNITED STATES
	NORTEL NETWORKS CORPORATION	0.11	CANADA
COMMUNICATION SERVICE & SUPPLY	DAI NIPPON PRINTING YEN 50	0.29	JAPAN
	KOKUYO CO Y50	0.05	JAPAN
COMPUTER & PERIPHERAL	INTERNATIONAL BUISNESS MACHINECOMMON SHARES	1.78	UNITED STATES
	APPLE INC	1.26	UNITED STATES
	HEWLETT-PACKARD COMPANY	1.02	UNITED STATES
	HTC CORPORATION	0.57	TAIWAN: PROVINCE OF CHINA
	DELL INC FULLY PAID ORDINARY SHARES	0.51	UNITED STATES
	EMC CORPORATION MASS	0.34	UNITED STATES
	ASUSTEK COMPUTER INC	0.25	TAIWAN: PROVINCE OF CHINA
	FUJITSU Y50	0.1	JAPAN
LEXMARK INTL INC	0.05	UNITED STATES	
CONSTRUCTION & ENGINEER	CHIYODA CORPORATIONJPY 50 COMMON	0.07	JAPAN
CONTAIN & PACKING	BALL CORPORATION	0.11	UNITED STATES
	BEMIS COMPANY INC	0.07	UNITED STATES
DISTRIBUTORS	CHINA RESOURCES ORD HK\$1	0.11	HONG KONG
DIVERSIFIED FINANCIALS	ING GROEP NV	0.43	NETHERLANDS
	FOREIGN AND COLONIAL INVESTMENT TRUST PLC	0.11	UNITED KINGDOM
	ALLIANCE TRUST PLC	0.1	UNITED KINGDOM
DIVRSIFIED CONSUMEBLES	BEIJING ENTERPRISES HOLDINGS LIMITED	0.08	HONG KONG
ELECTRIC UTILITY	SOUTHERN CO	1.3	UNITED STATES
	EXELON CORPORATION	0.68	UNITED STATES
	CLP HOLDINGS LTD HKD5	0.47	HONG KONG
	KANSAI ELEC POWER Y500	0.43	JAPAN
	FPL GROUP INCORPORATED	0.39	UNITED STATES
	BRITISH ENERGY GROUP PLC	0.36	UNITED KINGDOM
	CHUBU ELECTRIC PWR500	0.36	JAPAN
	ELECTRICITE DE FRANCE	0.33	FRANCE
	CHUGOKU ELEC POWER Y500	0.28	JAPAN
	E ON AG	0.27	GERMANY
	DRAX GROUP PLC	0.21	UNITED KINGDOM
	HONG KONG ELECTRICHK1	0.15	HONG KONG
	PROGRESS ENERGY INC	0.14	UNITED STATES
	KYUSHU ELECTRIC POWER CO INC	0.11	JAPAN

LIST OF SHARE INVESTMENTS

as at 30 June 2008

INDUSTRY	SECURITY NAME	% OF PORTFOLIO	COUNTRY NAME
ELECTRICAL EQUIPMENT	ABB LIMITED CHF 2-5	0.86	SWITZERLAND
	EMERSON ELECTRIC	0.43	UNITED STATES
	SCHNEIDER ELECTRICAL SA(EX SPIE BATIGNOLLES)	0.3	FRANCE
	ALSTOM SA	0.3	FRANCE
	FUJI ELECTRIC HOLDINGS CO LTD	0.14	JAPAN
	LEGRAND SA	0.1	FRANCE
ELECTRICAL EQUIPMENT & INSTRUMENTS	HITACHI LTD Y50	0.51	JAPAN
	AMPHENOL CORPORATION CLASS ACOM STK USD 0-01	0.23	UNITED STATES
	AGILENT TECHNOLOGIES INC	0.23	UNITED STATES
	ALPS ELECTRIC Y50	0.2	JAPAN
	TYCO ELECTRONICS LIMITED	0.09	BERMUDA
	CENTURYTEL INC	0.07	UNITED STATES
	ON HAI PRECISION INDUSTRY CO LTD	0.02	TAIWAN: PROVINCE OF CHINA
	AU OPTRONICS CORP	0	TAIWAN: PROVINCE OF CHINA
ENERGY EQUIPEMENT & SERVICES	SCHLUMBERGER LIMITED	0.69	UNITED STATES
	HALLIBURTON COMPANY	0.39	UNITED STATES
	BAKER HUGHES INC	0.28	UNITED STATES
	B J SERVICES	0.21	UNITED STATES
	SPECTRA ENERGY CORPORATION	0.09	UNITED STATES
FOOD & DRUG RETAIL	CVS CAREMARK CORP	0.48	UNITED STATES
FOOD PRODUCTS	NESTLE SA REG	1.23	SWITZERLAND
	KONINKLIJKE NUMICO NV	0.47	NETHERLANDS
	UNILEVER NV	0.46	NETHERLANDS
	KRAFT FOODS INC-A	0.28	UNITED STATES
	GROUPE DANONE	0.23	FRANCE
	GENERAL MILLS	0.2	UNITED STATES
	ARCHER-DANIELS MIDLAND	0.17	UNITED STATES
	CADBURY PLC	0.14	UNITED KINGDOM
	BUNGE LIMITED	0.13	BERMUDA
	CONAGRA FOOD INCORPORATED	0.11	UNITED STATES
	ASSOCIATED BRITISH FOODS PLC	0.1	UNITED KINGDOM
	SARA LEE CORPORATION	0.09	UNITED STATES
	EZAKI GLICO CO Y50	0.07	JAPAN
AJINOMOTO	0.06	JAPAN	
HEALTHCARE PRODUCTS & SERVICES	AETNA INC-NEW	0.27	UNITED STATES
	UNITED HEALTH GROUP USD0-01	0.25	UNITED STATES
	ALFRESA HOLDINGS CORPORATION	0.18	JAPAN
	COVIDIEN LIMITED	0.12	BERMUDA
HLTHCARE EQUIPMENT & SUPPLIES	MEDTRONIC INCORPORATED	0.45	UNITED STATES
	ZIMMER HOLDINGS INC	0.16	UNITED STATES
	BOSTON SCIENTIFIC CORP	0.13	UNITED STATES
	ST JUDE MEDICAL INCORPORATED	0.07	UNITED STATES
HOUSEHOLD DURABLE	PANASONIC CORPORATION	0.56	JAPAN
	PHILIPS ELECTRONICS N.V.	0.54	NETHERLANDS
	CASIO COMPUTER CO Y50	0.12	JAPAN
	SEKISUI HOUSEJPY 50 COMMON	0.06	JAPAN

LIST OF SHARE INVESTMENTS

as at 30 June 2008

INDUSTRY	SECURITY NAME	% OF PORTFOLIO	COUNTRY NAME
HOUSEHOLD DURABLE (continued)	DAIWA HOUSE INDUSTRIES Y50	0.06	JAPAN
	NEWELL RUBBERMAID INC	0.04	UNITED STATES
	BLACK AND DECKER CORPORATION	0.04	UNITED STATES
	CENTEX CORP	0.03	UNITED STATES
	PULTE HOMES INC	0.03	UNITED STATES
	PERSIMMON PLC	0.02	UNITED KINGDOM
HOUSEHOLD PRODUCT	PROCTER & GAMBLE	1.82	UNITED STATES
	KAO CORPORATION Y50	0.51	JAPAN
	RECKITT BENCKISER PLC	0.31	UNITED KINGDOM
	COLGATE PALMOLIVE	0.27	UNITED STATES
	KIMBERLEY CLARK CORPORATION	0.24	UNITED STATES
	HENKEL AG AND CO KGAA	0.2	GERMANY
	CLOROX COMPANY	0.07	UNITED STATES
IND CONGLOMERATES	GENERAL ELECTRIC COMPANY	1.5	UNITED STATES
	SIEMENS REGISTERED	0.83	GERMANY
	3M CO	0.27	UNITED STATES
	HUTCHISON WHAMPOA LIMITEDHK\$0.25	0.26	HONG KONG
	TYCO INTERNATIONAL LIMITED	0.1	BERMUDA
INSURANCE	MANULIFE FINANCIAL CORPORATIONF/PAID ORD SHARES	0.34	CANADA
	AEGON NV	0.23	NETHERLANDS
	METLIFE INC	0.19	UNITED STATES
	SUN LIFE FINANCIAL INC OF CANADA F/PAID ORD SHARES	0.17	CANADA
	AMERICAN FAMILY LIFE ASSURANCECOMPANY INC	0.17	UNITED STATES
	ACE LIMITED	0.17	UNITED STATES
	AVIVA PLC	0.16	UNITED KINGDOM
	ALLSTATE CORPORATION	0.15	UNITED STATES
	GREAT-WEST LIFECO INC	0.11	CANADA
	PRUDENTIAL ORD 5P	0.11	UNITED KINGDOM
	ASSURANT INC	0.07	UNITED STATES
	LEGAL & GENERAL GROUP PLC 2-5P	0.06	UNITED KINGDOM
	FRIENDS PROVIDENT PLC	0.05	UNITED KINGDOM
	INTERNET SOFTWARE & SERVICES	GOOGLE INC - CL A	1.16
AKAMAI TECHNOLOGIES INC		0.21	UNITED STATES
YAHOO INC		0.16	UNITED STATES
IT CONSULT & SERVICE	CSK HOLDINGS CORP (9737)	0.15	JAPAN
	COMPUTER SCIENCE CORP	0.12	UNITED STATES
LEISURE EQUIPMENT & PRODUCTS	FUJI FILM HOLDINGS CORP	0.2	JAPAN
	EASTMAN KODAK COY	0.08	UNITED STATES
	BRUNSWICK CORPORATION	0.05	UNITED STATES
LIFE SCIENCE TOOL&SERVICES	APPLERA CORPORATION APPLIED BIOSYSTEMS	0.29	UNITED STATES
MACHINERY	ILLINOIS TOOL WORK	0.46	UNITED STATES
	ATLAS COPCO AB-A SHARES SEK5	0.45	SWEDEN
	SANDVIK AB	0.42	SWEDEN
	CATERPILLAR INCCOMMON SHARES	0.42	UNITED STATES
	ATLAS COPCO AB B	0.41	SWEDEN

LIST OF SHARE INVESTMENTS

as at 30 June 2008

INDUSTRY	SECURITY NAME	% OF PORTFOLIO	COUNTRY NAME	
MACHINERY (continued)	KOMATSU Y50	0.36	JAPAN	
	DEERE & CO	0.32	UNITED STATES	
	VALLOUREC SA	0.23	FRANCE	
	MITSUBISHI HEAVY IND LTD	0.19	JAPAN	
	CUMMINS INCORPORATED	0.19	UNITED STATES	
	MAN ORD	0.16	GERMANY	
	PACCAR INC	0.16	UNITED STATES	
	IHI CORPORATION	0.08	JAPAN	
	AMADA CO Y50	0.05	JAPAN	
	DANAHER CORP	0.04	UNITED STATES	
	HEIDELBERGER DRUCKMASCHINEN	0.03	GERMANY	
MEDIA	TIME WARNER INC	0.51	UNITED STATES	
	COMCAST CORP CLASS A NEW SHARES	0.4	UNITED STATES	
	NEWS CORPORATION INC - CLASS A	0.31	UNITED STATES	
	COMCAST CORP CL A SPECIAL NEW	0.27	UNITED STATES	
	BRITISH SKY BROADCASTING GROUPORD 50P	0.26	UNITED KINGDOM	
	CLEAR CHANNEL COMMUNICATIONS INC	0.22	UNITED STATES	
	CBS CORPORATION - CLASS B SHARES	0.22	UNITED STATES	
	ASATSU - DK INC	0.21	JAPAN	
	AEGIS GR	0.2	UNITED KINGDOM	
	JC DECAUX SA	0.19	FRANCE	
	LAGARDERE SCA	0.19	FRANCE	
	OMNICOM GROUP INC	0.19	UNITED STATES	
		CABLEVISION SYSTEMS CORPORATION - CLASS A	0.18	UNITED STATES
		VIACOM INC CLASS B	0.17	UNITED STATES
		REED ELSEVIER PLC	0.04	UNITED KINGDOM
		TELEVISION FRANCAISE (T.F.I.)EUR0.02	0.03	FRANCE
		WPP GROUP PLC	0.02	UNITED KINGDOM
	CITADEL BROADCASTING COMPANY	0	UNITED STATES	
METALS & MINING	MITSUBISHI MATERIALS	0.11	JAPAN	
MULTI-UTILITIES	DOMINION RESOURCES INC (VIRGINIA) COM NPV	0.46	UNITED STATES	
	PUBLIC SERVICE ENTERPRISE GROUP INC	0.37	UNITED STATES	
	AES CORPORATION	0.26	UNITED STATES	
		CHINA RESOURCES POWER HOLDINGSCOMPANY LIMITED	0.22	HONG KONG
		ALLIANT ENERGY CORPORATION	0.2	UNITED STATES
		RWE AG - NEW	0.16	GERMANY
		DUKE ENERGY CORP NEW	0.13	UNITED STATES
		CONSOLIDATED EDISON INC COMPANY	0.12	UNITED STATES
	CENTERPOINT ENERGY INC	0.1	UNITED STATES	
OFFICE ELECTONICS	CANON INCORPORATED	0.63	JAPAN	
	BROTHER INDUSTRIESJPY 50 COMMON	0.18	JAPAN	
OIL & GAS	EXXON MOBIL CORPORATION	1.98	UNITED STATES	
	CHEVRON CORP	1.03	UNITED STATES	
	BP PLC	1.02	UNITED KINGDOM	
	TOTAL	0.95	FRANCE	

LIST OF SHARE INVESTMENTS

as at 30 June 2008

Industry	Security Name	% of Portfolio	Country Name	
OIL & GAS (continued)	ROYAL DUTCH SHELL PLC-B SHS TRANSPORT AND TRADE	0.9	UNITED KINGDOM	
	CONOCOPHILLIPS	0.83	UNITED STATES	
	BG GROUP ORD GBP0-10	0.71	UNITED KINGDOM	
	ENCANA CORPORATION	0.66	CANADA	
	CANADIAN NATIONAL RESOURCES	0.65	CANADA	
	APACHE CORP	0.56	UNITED STATES	
	ANADARKO PETROLIUM	0.46	UNITED STATES	
	TRANSCANADA CORP	0.22	CANADA	
	SUNCOR ENERGY INC	0.18	CANADA	
PERSONAL PRODUCTS	L-OREAL EUR 0-2	0.2	FRANCE	
	SHISEIDO Y50	0.15	JAPAN	
	AVON PRODUCTS	0.15	UNITED STATES	
	ALBERTO-CULVER COMPANY	0.06	UNITED STATES	
PHARMACEUTICALS	JOHNSON AND JOHNSON	1.41	UNITED STATES	
	NOVARTIS AG REG SHS	1.02	SWITZERLAND	
	GLAXOSMITHKLINE PLC	0.98	UNITED KINGDOM	
	PFIZER INC	0.77	UNITED STATES	
	MERCK AND COMPANY INCORPORATED	0.62	UNITED STATES	
	ABBOTT LABORATORIES	0.59	UNITED STATES	
	SANOFI AVENTIS	0.5	FRANCE	
	ASTRAZENECA PLC USD0-25	0.45	UNITED KINGDOM	
	LILLY (ELI) & CO	0.38	UNITED STATES	
	BRISTOL MYERS SQUIBB	0.31	UNITED STATES	
	ASTELLAS PHARMA INC	0.27	JAPAN	
	ALLERGAN INC	0.21	UNITED STATES	
	FOREST LABS INC.	0.11	UNITED STATES	
	ALTANA IND-AKTIEN U-ANL AG	0.06	GERMANY	
REAL ESTATE INVESTMENT	SWIRE PACIFIC A HKD0.60	0.13	HONG KONG	
	LEOPALACE21 CORPORATION	0.04	JAPAN	
SEMICONDUCTOR EQUIPMENT & PRODUCTS	INTEL CORPORATION	1.16	UNITED STATES	
	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LTD	0.76	TAIWAN: PROVINCE OF CHINA	
	APPLIED MATERIALS INC	0.36	UNITED STATES	
	ALTERA CORPORATION	0.17	UNITED STATES	
	ROHM CO LTD	0.15	JAPAN	
	UNITED MICROELECTRONICS CORP	0.14	TAIWAN: PROVINCE OF CHINA	
	STMICROELECTRONICS	0.12	NETHERLANDS	
	LINEAR TECHNOLOGY	0.12	UNITED STATES	
	XILINX INC	0.11	UNITED STATES	
	ADVANTEST CORP	0.1	JAPAN	
	MAXIM INTEGRATED PRODUCTS INC	0.08	UNITED STATES	
	ADVANCE MICRO DEVICES	0.07	UNITED STATES	
		SMITHS GROUP PLC	0.02	UNITED KINGDOM
	SOFTWARE	MICROSOFT CORP	2.5	UNITED STATES
NINTENDO Y50		0.73	JAPAN	
SAP AG NPV		0.58	GERMANY	
ADOBE SYSTEMS INC		0.39	UNITED STATES	
ELECTRONIC ARTS INC COM STKNPV		0.2	UNITED STATES	

LIST OF SHARE INVESTMENTS

as at 30 June 2008

Industry	Security Name	% of Portfolio	Country Name
SOFTWARE	FUJI SOFT INCORPORATED JPY50	0.19	JAPAN
(continued)	SYMANTEC CORPORATION	0.18	UNITED STATES
SPECIALTY RETAIL	HIKARI TSUSHIN INC	0.21	JAPAN
TELECOM SERVICES	VERIZON COMMUNICATIONS	0.72	UNITED STATES
	AT&T INC	0.71	UNITED STATES
	DEUTSCHE TELEKOM AG	0.59	GERMANY
	FRANCE TELECOM SA ORDS	0.54	FRANCE
	BT GROUP PLC-W/I	0.15	UNITED KINGDOM
	CABLE & WIRELESS ORD 25P	0.08	UNITED KINGDOM
	FAIRPOINT COMMUNICATIONS INC	0	UNITED STATES
TEXTILE & APPAREL	THE SWATCH GROUP AG-B	0.22	SWITZERLAND
	HERMES INTERNATIONAL	0.18	FRANCE
	ADIDAS AG	0.07	GERMANY
	ASICS CORP	0.07	JAPAN
	CHRISTIAN DIOR SA EUR 2	0.04	FRANCE
TOBACCO	PHILIP MORRIS INTERNATIONAL INCORPORATED W/I	0.83	UNITED STATES
	BRITISH AMERICAN TOBACCO PLC GBP 25P	0.46	UNITED KINGDOM
	ALTRIA GROUP INC	0.34	UNITED STATES
	IMPERIAL TOBACCO GROUP PLC	0.25	UNITED KINGDOM
	JAPAN TOBACCO Y50000	0.25	JAPAN
	REYNOLDS AMERICAN INC	0.13	UNITED STATES
TRADE CO & DIST	ABC MART INCORPORATED	0.08	JAPAN
WIRELESS COMMUNICATION SERVICES	VODAFONE GROUP PLC	1.42	UNITED KINGDOM
	CHINA MOBILE LTD	0.96	HONG KONG
	ROGERS COMMUNICATIONS INCCOM STK CLASS 'B'	0.42	CANADA
	CHINA UNICOM LTD	0.31	HONG KONG
	NII HOLDINGS INC CL B	0.2	UNITED STATES
	HUTCHISON TELECOMMUNICATIONS INTERNATIONAL LIMITED	0.05	HONG KONG
WIRELESS TELECOM	NTT DOMOCO INCORPORATED	0.51	JAPAN

ADDITIONAL ASX INFORMATION

as at 24 October 2008

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	124	49,478	0.123
1,001	-	5,000	351	1,046,484	2.601
5,001	-	10,000	235	1,791,030	4.452
10,001	-	100,000	452	12,209,035	30.345
100,001	-	and over	38	25,138,116	62.480
Total			1,200	40,234,143	100%

Unmarketable Parcels

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	2,000	197	166,730	0.004

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 2,000 shares or less being valued of \$500 or less in total, based upon the Company's last bid share price on ASX on 24 October 2008 of \$0.25 per share.

VOTING RIGHTS

- At any meeting of the members, each member entitled to vote may vote in person or by proxy or by power of 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 power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by him.

TRANSACTIONS AND BROKERAGE

During the financial year, the Company entered into ~17 (2007: ~619) transactions for the purchase and or sale of securities, incurring brokerage fees totalling ~\$488 (2007: ~\$62,933).

INVESTMENT MANAGEMENT AGREEMENT

Management fees of \$174,873 (2007: \$177,403) were paid or accrued during the financial year to Constellation Capital Management Limited. Management fees are calculated on a base fee of \$69,000 per annum plus a variable fee of 0.5% per annum of the portfolio value up to \$15 million and a 0.4% per annum of the portfolio value in excess of \$15 million. No performance fees are payable to Constellation under the investment management agreement. 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.

ADDITIONAL ASX INFORMATION

as at 24 October 2008

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares Held	% Issued Capital
1	* ORION EQUITIES LIMITED		11,587,938	28.801
2	* MR MICHAEL CRAIG	50,000		
	* MR JAMES CRAIG	3,120,050		
	* MR ROBERT CRAIG	602,063		
		<u>Sub-total</u>	3,772,113	9.375
3	ROCHESTER NO 39 PTY LTD	503,380		
	PENSON HOLDINGS PTY LTD	258,426		
	PENSON (MANAGEMENT) PTY LTD	26,609		
	ROCHESTER NO 39 PTY LTD	216,464		
	BARBRIDGE TRUSTS PTY LTD	105,566		
	BARBRIDGE TRUSTS PTY LTD	139,779		
	ROCHESTER NO 39 PTY LTD	275,777		
	BARBRIDGE TRUSTS PTY LTD	202,141		
	BARBRIDGE TRUSTS PTY LTD	54,114		
		<u>Sub-total</u>	1,782,256	4.430
4	ANZ NOMINEES LIMITED <CASH INCOME A/C>		1,775,746	4.414
5	MR JOHN ROBERT DILLON		1,100,045	2.734
6	UBS NOMINEES PTY LTD		807,569	2.007
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>	52,658		
	NENDAR PTY LTD	100,000		
		<u>Sub-total</u>	452,658	1.125
9	MR JAMES LAWRENCE HADLEY & MRS MARIA MARLENA HADLEY <HADLEY FAMILY SUPERFUND A/C>		304,849	0.758
10	MR DONALD & MRS GWENNETH MACKENZIE		268,458	0.667
11	DR SPENCER DAVID		251,951	0.626
12	MRS LEANNE MAREE ROCKEFELLER		207,962	0.517
13	MS JAN BURNETT-MCKEOWN		182,970	0.455
14	TAYDYN PTY LTD		177,501	0.441
15	MRS LENA SOONG		168,765	0.419
16	MR MILTON MELROSE FORSTER		165,000	0.410
17	KJ & ML GILROY PTY LTD		150,000	0.373
18	MR STANLEY GEORGE JOHANSON & MRS IRENE CECILA JOHANSON		149,464	0.371
19	SUSAN LOUISE DZIDA		133,819	0.333
20	MR FRANKLIN HUGH FERRIER & MRS BRONWYN FERRIER <FERREX SUPER FUND A/C>		130,000	0.323
	TOTAL		24,126,505	59.965

* Substantial shareholders

Bentley International Limited

ABN 87 008 108 218

www.bel.com.au

Registered Office:

Suite 202, Angela House
30-36 Bay Street
Double Bay, New South Wales 2028

T | (02) 9363 5088

F | (02) 9363 5488

Share Registry:

Advanced Share Registry Services
Suite 2, 150 Stirling Highway
Nedlands, Western Australia 6009

T | (08) 9389 8033

F | (08) 9389 7871

E | admin@advancedshare.com.au

W | www.advancedshare.com.au

Company Secretarial Office:

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

Local T | 1300 762 678

T | (08) 9214 9757

F | (08) 9322 1515

E | info@bel.com.au