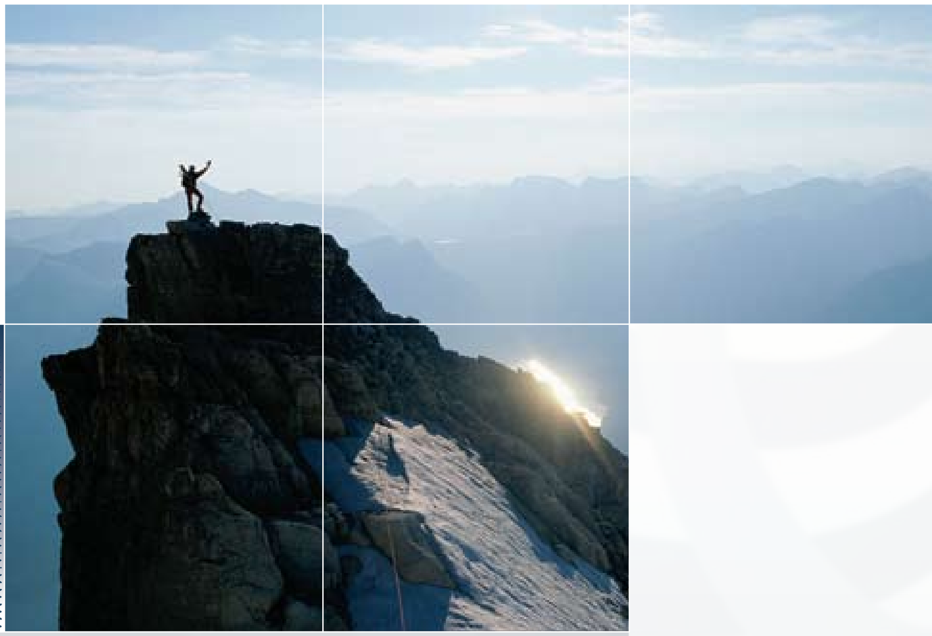
2010



Annual Report

Bentley Capital Limited

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- Market Announcements
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CORPORATE DIRECTORY

BOARD

Farooq Khan	Executive Chairman
William M. Johnson	Executive Director
Christopher B. Ryan	Non- Executive Director
Peter P. Simpson	Non- Executive Director
John R. Hart	Alternate Director for P. Simpson

COMPANY SECRETARY
Victor P.H. Ho

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

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Email:	info@bel.com.au
Website:	www.bel.com.au

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

Telephone:	(02) 9363 5088
Facsimile:	(02) 9363 5488

AUDITORS
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

Telephone:	(08) 6382 4600
Facsimile:	(08) 6382 4601
Website:	www.bdo.com.au

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

STOCK EXCHANGE
Australian Securities Exchange
Sydney, New South Wales

ASX CODE
BEL

COMPANY PROFILE

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

Under its investment mandate[1], Bentley's investment objectives are to:

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

As at 30 June 2010, BEL had a market capitalisation of $15.84 million (at $0.22 per share), net tangible assets (**NTA**) of $29.535 million (at $0.4102 post-tax NTA backing per share), 72,009,635 fully paid ordinary shares on issue, and 2,261 shareholders on its share register (30 June 2009: $18.6 million (at $0.26 per share), NTA of $27.75 million (at $0.388 post-tax NTA backing per share), 71,584,465 fully paid ordinary shares on issue, and 2,368 shareholders).

NET ASSET WEIGHTINGS

Net Assets	**31 August 2010**		**30 June 2010**		**31 December 2009**		**30 June 2009**	
Australian equities	$15.23m	52%	$13.48m	46%	$30.6m	94%	$12.80m	46%
Provision for income tax	-	-	-	-	-	-	-	-
Net cash on deposit/other assets/provisions	$14.28m	48%	$16.06m	54%	$2.0m	6%	$14.95m	54%
TOTAL NET ASSETS	**$29.51m**	100%	**$29.54m**	100%	**$32.6m**	100%	**$27.75m**	100%

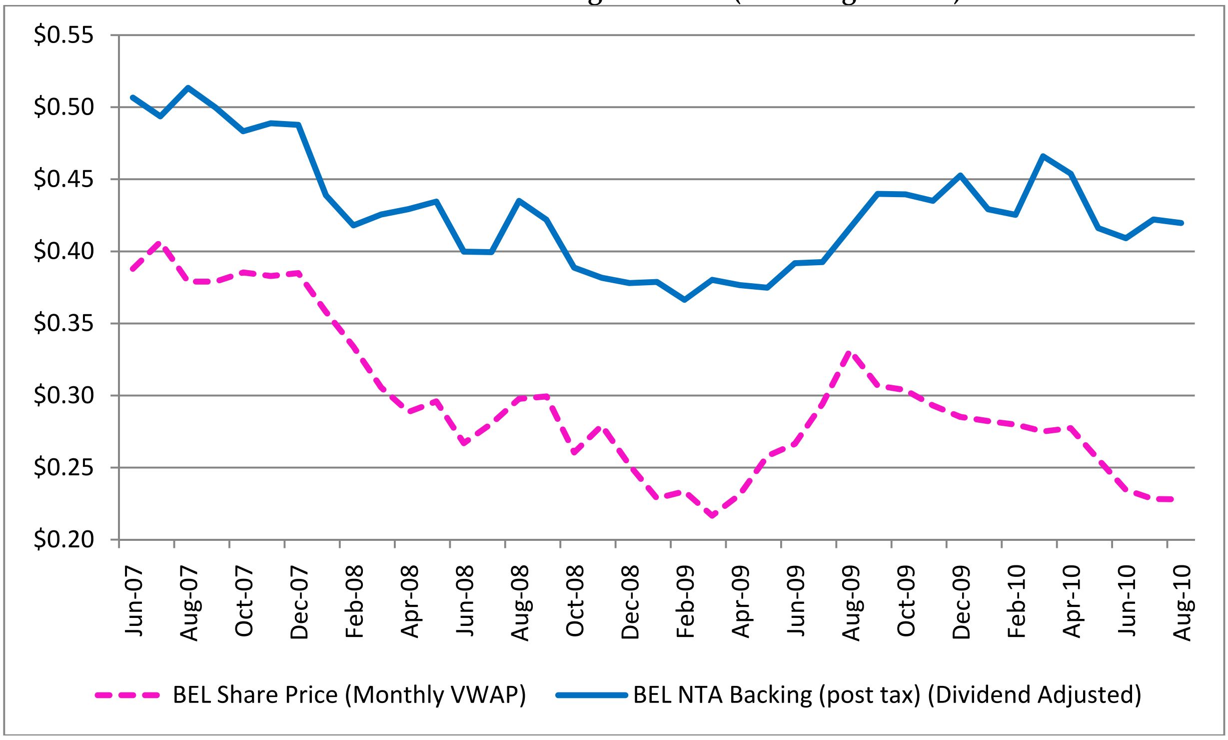
RECENT DIVIDENDS

Rate per share	**Record Date**	**Payment Date**	**Franking**	**DRP Issue Price**
One cent	22 September 2010	30 September 2010	100%	$0.2325
One cent	8 March 2010	15 March 2010	100%	$0.2952
One cent	28 October 2009	30 October 2009	100%	$0.2689
One cent	24 September 2007	28 September 2007	100%	$0.3615
One cent	1 March 2007	8 March 2007	100%	N/A
One cent	29 August 2006	31 August 2006	100%	$0.367
One cent	11 April 2006	26 April 2006	100%	$0.396
One cent	21 September 2004	27 September 2004	100%	N/A

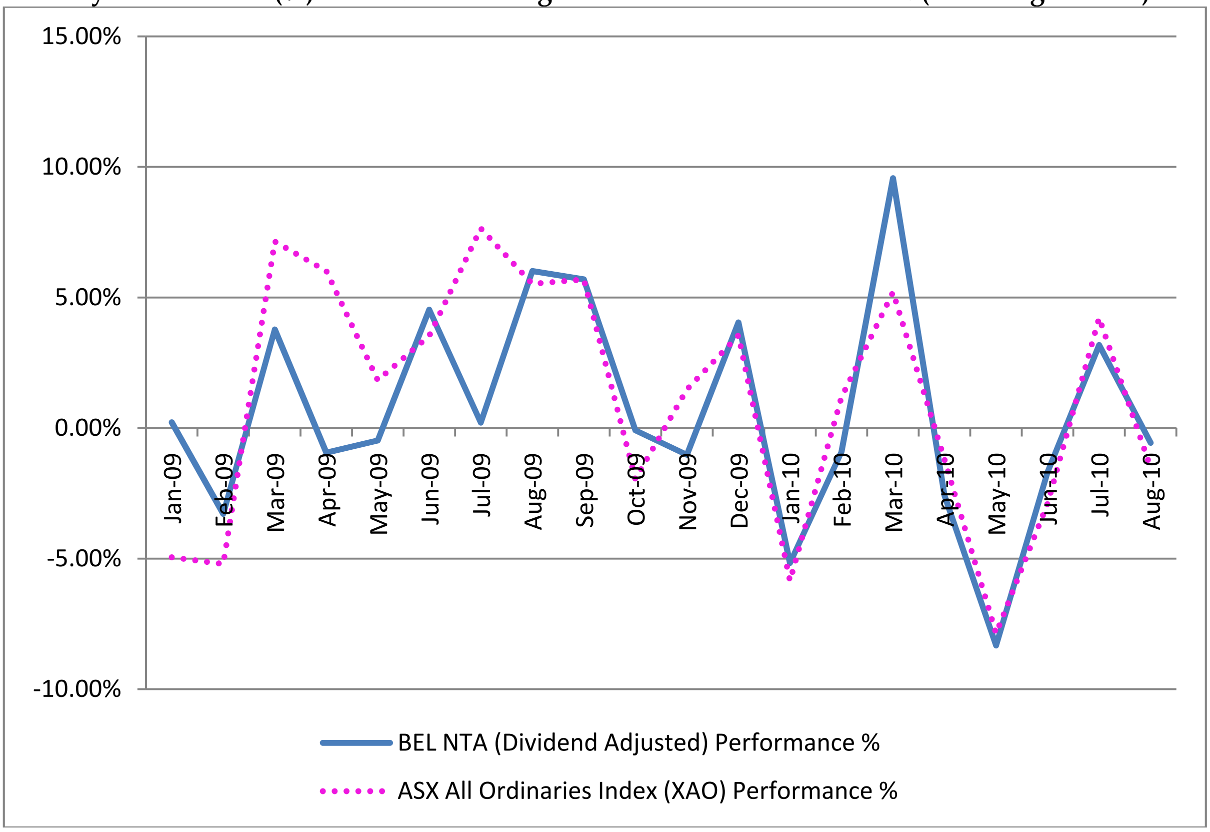
[1] Approved by shareholders on 25 February 2009; refer Bentley's Notice of Meeting dated 15 January 2009 and released on ASX on 23 January 2009; also reproduced at page 65 of this Annual Report.

PERFORMANCE CHARTS

BEL VWAP vs. NTA Backing Per Share (to 31 August 2010)



Monthly Performance (%): BEL NTA Backing vs. ASX All Ordinaries Index (to 31 August 2010)



OVERVIEW OF PERFORMANCE

CONSOLIDATED	June 2010 $'000	June 2009 $'000
Unrealised gain on financial assets held at fair value through profit or loss	3,397	-
Reversal of provision for unrealised loss on financial assets held at fair value through profit or loss (that were sold during the year)	-	4,512
Realised gain/(loss) on financial assets held at fair value through profit or loss (that were sold during the year)	252	(3,628)
Dividends	99	500
Interest	215	484
Other investment related income	187	42
Total investment income	4,150	1,910
Foreign exchange losses	(151)	(839)
Personnel expenses	(399)	(126)
Accounting, taxation and related administration expenses	(105)	(107)
Other corporate and administration expenses	(393)	(662)
Total expenses	(1,048)	(1,734)
Profit before tax	**3,102**	**176**
Income tax benefit / (expense)	-	(901)
Profit/(Loss) after tax attributable to members	**3,102**	**(725)**
Basic and diluted earnings/(loss) per share (cents)	4.32	(1.46)
Pre-Tax NTA backing per share (cents)	41.02	38.76
Post-Tax NTA backing per share (cents)	41.02	38.76
Pre and Post-Tax NTA (with dividends paid added back) backing per share (cents)	43.02	38.76

Bentley's 12 month after tax net tangible asset (**NTA**) performance to 30 June 2010 was +11% (with dividends paid during the year added back) (2009: -3%). This compares with the performance of the ASX All Ordinaries Index of +6% over the same period (2009: –26%).

The outperformance of Bentley relative to the ASX All Ordinaries Index was due to various investment decisions undertaken by Bentley in relation to its investment portfolio during the financial year, which are outlined in The Board Report and the Director's Report.

Bentley paid two cents of fully franked dividends during the financial year (in October 2009 and March 2010), which represents a grossed up dividend yield of 9.2% based on Bentley's volume weighted average share price of $0.3114 during the year.

Bentley has also implemented a Performance Bonus Scheme (**PBS**) (effective from 1 May 2010) with the conditions for payment to members of the Investment Committee being related to the Company's financial performance (based on the change in Bentley's net asset value relative to the ASX All Ordinaries Index) during each half-year (or from 1 May 2010 in respect of the first PBS period ending 30 June 2010). Bentley has outperformed the Benchmark Index by 1.15% or $294,418 during the two month period from 1 May to 30 June 2010, which translates to a Performance Bonus Pool of $58,884 payable to the Investment Committee. Please refer to the Remuneration Report in the Directors' Report for further details.

Please also refer to the Directors' Report and financial statements and notes thereto for further information on a review of Bentley's operations and financial position and performance for the year ended 30 June 2010.

THE BOARD'S REPORT

Latest NTA Backing

Bentley's unaudited Net Tangible Assets (**NTA**) backing as at 31 August 2010 was $0.4097 per share (pre and post tax) (30 June 2010: $0.4102).

As at 31 August 2010, Bentley's $29.50 million net assets comprised:

- ~$16.04 million cash;
- ~$14.16 million invested in the FSP Equities Leaders Fund (**FSP Fund**);
- ~$50,000 invested in listed securities; and
- ~$(0.75) million net other assets (including a provision for dividends of $0.72 million).

Dividend Payments

The Board is pleased to have declared and paid 3 cents of fully franked dividends to shareholders in the past 12 months (on October 2009, March 2010 and September 2010). This represents a grossed up dividend yield of 15.8% based on Bentley's volume weighted average share price of $0.271 during the same period.

Outperformance to ASX All Ordinaries Index

Bentley's 12 month after tax NTA performance for the year of +11% (with dividends paid during the year added back) (2009: -3%) exceeded the performance of the ASX All Ordinaries Index of +6% over the same period (2009: –26%).

The outperformance of Bentley relative to the All Ordinaries Index was due to various investment decisions undertaken by Bentley in relation to its investment portfolio during the financial year, including the following material decisions:

(1) On 3 August 2009, the Board reviewed market conditions and determined to rebalance the Bentley investment portfolio from a ~47% Australian equities weighting to a ~90% Australian equities weighting. It accordingly invested a further $11.5 million in the FSP Fund. As at 30 June 2009, Bentley had a total of $12.6 million (46% of the Company's net assets) invested in the FSP Fund. This increased by $11.5 million to approximately $24.8 million as at 31 July 2009.

(2) On 10 May 2010, Bentley redeemed 50% of its ~$29.2 million investment in the FSP Fund, realising ~$14.85 million and moving to a ~52% defensive cash weighting. Bentley made this decision in light of the significant decline and uncertainty and volatility in Australian and world stock markets at that time.

Refinement of Investment Strategies

As announced on 10 May 2010, Bentley is focussing on several key well defined investment sectors within its broader investment mandate which the Board believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of the Bentley's benchmark All Ordinaries Index:

(i) Strategic investments in listed companies with either an active or passive participation;

(ii) Corporate financing;

(iii) Promotion of IPO's; and

(iv) Participation in, and funding of, corporate restructurings.

Bentley also appointed a new Chief Investment Officer (**CIO**) in April 2010 to join the Investment Committee in implementing the above investment strategies.

The Investment Committee has adopted a formal investment process for the identification and evaluation of investment opportunities within these focus areas. It has since identified and reviewed in excess of 50 potential investment opportunities, undertaken two investments and is pursuing a number of leading prospects for investment.

Bentley notes that its CIO resigned recently due to personal and family reasons and Bentley is currently seeking to fill the CIO role.

Performance Bonus Scheme

As announced on 10 May 2010, the Company has implemented a Performance Bonus Scheme (**PBS**) (effective from 1 May 2010) with the conditions for payment to members of the Investment Committee being related to Bentley's financial performance (based on the change in Bentley's net asset value relative to the All Ordinaries Index) during each half-year ending 30 June and 31 December.

Bentley has outperformed the benchmark index by 1.15% or $294,418 during the two month period from 1 May to 30 June 2010, which

THE BOARD'S REPORT

translates to a Performance Bonus Pool of $58,884 payable to the Investment Committee.

Please refer to the Remuneration Report within the Directors' Report for further details in relation to the PBS and the Performance Bonus Pool entitlements accruing in respect of the financial year ended 30 June 2010.

Appointment of John Hart (as Alternate Director to Peter Simpson)

On 7 September 2010, John R. Hart was appointed a Director as alternate to Non-Executive Director, Peter Simpson.

Mr Hart has 30 years experience in the accounting industry. Mr Hart has a Bachelor of Economics and is a Fellow of the Institute of Chartered Accountants and a Partner of Ferrier Hodgson (SA) specialising in Corporate Advisory and Corporate Recovery. Mr Hart is both a Registered and Official Liquidator and a member of the Insolvency Practitioners Association of Australia. Mr Hart is a director and advisor to a number of private companies.

Mr Hart does not have a relevant interest in any Bentley shares nor any other current directorships in listed entities. Mr Hart has formerly held directorships in listed entities in the past 3 years as follows:

- Alternate Director in Bentley Capital Limited (19 November 2008 to 6 May 2009); and
- Director of Berren Asset Management Ltd as responsible entity of the International Wine Investment Fund (IWI) (16 May 2008 to 31 December 2009) - since delisted and restructured into an unlisted public company.

Latest Taxation Position and Franking Credits

The Company has substantial prior year tax losses and available franking credits:

- $4.32 million net deferred tax assets not brought to account (at 30% tax effect value as at 30 June 2010). This is equivalent to $0.06 per share. The Company's prior year tax 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; and
- $3.05 million of franking credits as at 1 October 2010. This provides the Company with the capacity to pay fully franked dividends totalling $7.11 million.

Recent changes to the Corporations Act has permitted the declaration and payment of dividends based on a company solvency test and not based on whether a company has earned a net profit.

Dividend Donation Scheme

Bentley has joined in partnership with the "Investing In Hope" Dividend Donation programme of Children's Hospital Foundations Australia [2], an Australia wide national partnership of children's hospital foundations working together to fundraise in partnership with national corporate and business organisations for sick and injured kids in Australian children's hospitals.

Please refer to their website for further information: childrenshospitals.org.au and details of member hospital foundations in each State.

The Board encourages all shareholders to participate in the Dividend Donation Programme, particularly those receiving smaller dividend cheques where the amount of the dividend can often be less than the transaction and processing costs incurred by the Company with respect to payment of such dividend.

8 October 2010

Royal Children's Hospital Foundation QLD
Royal Children's Hospital Foundation VIC
Sydney Children's Hospital Foundation NSW
Women's and Children's Hospital Foundation SA
Princess Margaret Hospital Foundation WA

2 Children's Hospital Foundations Australia is administered by Royal Children's Hospital Foundation ABN 38 936 879 794, a public benevolent institution endorsed business.gov.au as a "Deductible Gift Recipient" from 1 July 2000

DIRECTORS' REPORT

The Directors present their Directors' Report on Bentley Capital Limited ABN 87 008 108 218 (**Company** or **BEL**) and its controlled entity (the **Consolidated Entity** or **Bentley**) for the financial year ended 30 June 2010 (**Balance Date**).

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

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

PRINCIPAL ACTIVITIES

Bentley is a listed investment company. Under its investment mandate[1], Bentley's investment objectives are to:

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

Full details of the Bentley's investment mandate are on the Company's website www.bel.com.au.

NET TANGIBLE ASSET BACKING

CONSOLIDATED	June 2010 $'000	June 2009 $'000
Net tangible assets (before tax on unrealised gains)	29,535	27,748
Pre-tax NTA Backing per share (cents)	**41.02**	**38.76**
Less: Net deferred tax asset / liabilities	-	-
Net tangible assets (after tax on unrealised gains)	29,535	27,748
Post-tax NTA Backing per share (cents)	**41.02**	**38.76**
Pre and Post-Tax NTA (adjusted for dividends paid) backing per share (cents)	**43.02**	**38.76**
Based on total issued shares	72,009,635	71,584,465

Bentley's 12 month after tax net tangible asset (**NTA**) performance to 30 June 2010 was +11% (with dividends paid added back) (2009: -3%). This compares with the performance of the ASX All Ordinaries Index of +6% over the same period (2009: –26%).

The outperformance of the Company relative to the ASX All Ordinaries Index was due to various investment decisions undertaken by the Company in relation to its investment portfolio during the financial year. Please refer to Review of Operations below for further details..

1 Approved by shareholders on 25 February 2009; refer Bentley's Notice of Meeting dated 15 January 2009 and released on ASX on 23 January 2009

DIRECTORS' REPORT

OPERATING RESULTS

CONSOLIDATED	June 2010 $'000	June 2009 $'000
Unrealised gain on financial assets held at fair value through profit or loss	3,397	-
Reversal of provision for unrealised loss on financial assets held at fair value through profit or loss (that were sold during the year)	-	4,512
Realised gain/(loss) on financial assets held at fair value through profit or loss (that were sold during the year)	252	(3,628)
Dividends	99	500
Interest	215	484
Other investment related income	187	42
Total investment income	4,150	1,910
Foreign exchange losses	(151)	(839)
Personnel expenses	(399)	(126)
Accounting, taxation and related administration expenses	(105)	(107)
Other corporate and administration expenses	(393)	(662)
Total expenses	(1,048)	(1,734)
Profit before tax	**3,102**	**176**
Income tax benefit / (expense)	-	(901)
Profit/(Loss) after tax attributable to members	**3,102**	**(725)**

The Consolidated Entity earned a net profit of $3.102 million (pre and post tax) during the current reporting period (2009: $0.176 million net profit (pre tax) and $0.725 million net loss (post tax)).

Net realised gains and unrealised gains on sale of financial assets were $0.252 million and $3.397 million respectively.

EARNINGS PER SHARE

Consolidated	June 2010	June 2009
Basic earnings/(loss) per share (cents)	4.32	(1.46)

FINANCIAL POSITION

Consolidated	June 2010 $'000	June 2009 $'000
Investments	13,476	12,759
Cash	15,762	14,650
Net deferred tax asset / liabilities	-	-
Other assets	438	463
Liabilities	(141)	(124)
Net assets	**29,535**	**27,748**
Issued capital	26,169	29,664
Retained earnings/(Accumulated losses)	3,366	(1,916)
Total equity	**29,535**	**27,748**

DIRECTORS' REPORT

DIVIDENDS

The Company has resolved to pay a dividend as follows:

Dividend Rate	Record Date	Expected Payment Date	Franking
One cent per share	22 September 2010	30 September 2010	100% franked

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

The Company has also paid the following dividends during the financial year ended 30 June 2010, totalling $1.434 million and issued the following shares under its DRP for such periods:

Dividend Rate (100% Franked)	Record Date	Payment Date	DRP Issue Price (cents)	DRP Shares Issued
One cent	28-Oct-09	30-Oct-09	29.52	200,894
One cent	8-Mar-10	15-Mar-10	26.89	224,276

The Company's two cents of fully franked dividends paid during the past financial year represents a grossed up dividend yield of 9.2% based on the Company's volume weighted average share price of $0.3114 during the year or 12.42% based on the Company's last sale price of $0.23 per share (as at the date of this report).

A copy of the Company's DRP Rules and Application/Notice of Variation Form may be obtained from the Company or downloaded from the Company's website.

SECURITIES IN THE COMPANY

The Company has 72,009,635 (30 June 2009: 71,584,465) fully paid ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

The Company issued 425,170 new shares during the financial year as a consequence of shareholders' participation under the Company's DRP.

REVIEW OF OPERATIONS

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

Net Assets	30 June 2010		31 December 2009		30 June 2009	
Australian equities[1]	$13.48m	46%	$30.6m	94%	$12.80m	46%
Provision for income tax	-	-	-	-	-	-
Net cash on deposit/other assets/provisions	$16.06m	54%	$2.0m	6%	$14.95m	54%
TOTAL NET ASSETS	**$29.54m**	100%	**$32.6m**	100%	**$27.75m**	100%

1. Held via an investment in the FSP Equities Leaders Fund

DIRECTORS' REPORT

About the FSP Equities Leaders Fund [2]

The FSP Fund is a wholesale fund not open to retail investors. The investment management team is led by Mr Ronni Chalmers. The objective of the fund is to outperform the S&P/ASX 200 Accumulation Index over the medium term. The investment manager is "style neutral" and invests in growth stocks, value stocks, stocks with maintainable dividend yields and special situations.

FSP Fund details provided to the Company as at 30 June 2010 are as follows:

- The equity weighting was 99.5% (30 June 2009: 97%);
- 81.4% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 June 2009: 97%) with the balance of 18.6% invested in companies outside of the S&P/ASX 200 Index (30 June 2009: 3%); and
- The equity portfolio contained 46 holdings (30 June 2009: 51 holdings).

FSP Fund Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Since Inception
30-Jun-10	**(%)**	**(%)**	**(%)**	**(%)**	**(% p.a.)**	**(% p.a.)**	**(% p.a.)**
FSP Fund	-3.2%	-14.6%	-11.9%	14.8%	-10.1%	-12.7%	9.3%
ASX/S&P 200 Accumulation Index	-2.6%	-11.1%	-9.9%	13.1%	-4.9%	-7.8%	7.5%

FSP Fund Top 20 Holdings		
ASX Code	**Asset Name**	**Fund Weight 30-Jun-10**
BHP	BHP BILLITON LIMITED	11.0%
CBA	COMMONWEALTH BANK	8.8%
WBC	WESTPAC BANKING CORPORATION	8.7%
SMX	SMS MANAGEMENT & TECHNOLOGY	4.9%
FLT	FLIGHT CENTRE LTD	4.4%
MIN	MINERAL RESOURCES LIMITED	3.4%
JBH	JB HI-FI LIMITED	3.4%
OST	ONESTEEL LTD	2.9%
CEY	CENTENNIAL COAL COMPANY LTD	2.7%
UGL	UGL LIMITED	2.5%
OSH	OIL SEARCH LIMITED	2.5%
AGO	ATLAS IRON LIMITED	2.4%
DJS	DAVID JONES LIMITED	2.4%
BSL	BLUESCOPE STEEL LIMITED	2.3%
TPM	TPG TELECOM LIMITED	2.3%
EQN	EQUINOX MINERALS LIMITED	2.3%
HST	HASTIE GROUP LIMITED	2.2%
HGG	HENDERSON GROUP	2.1%
RFG	RETAIL GROUP FOOD LIMITED	2.0%
MML	MEDUSA MINING LTD	1.7%

FSP Fund Sector Weights	Fund Weight 30-Jun-10
Materials	31.8%
Financials(ex-Property)	22.5%
Consumer Discretionary	14.5%
Industrials	12.7%
Information Technology	6.8%
Energy	6.0%
Telecommunication Services	2.7%
Consumer Staples	2.0%
Cash/Hybrids/Fixed Interest	0.5%
Health Care	0.4%

[2] Based on information provided by investment manager, FSP Equities Management Limited

DIRECTORS' REPORT

May 2010: Decision to realise 50% of investment in FSP Fund and move to 50% cash position[3]

On 10 May 2010, Bentley redeemed 50% of its ~$29.2 million investment in the FSP Fund, realising ~$14.85 million and moving to a ~52% defensive cash weighting. The Company made this decision in light of the significant decline and uncertainty and volatility in Australian and world stock markets at that time. The FSP Fund declined 9.26%, the FSP Fund's benchmark S&P/ASX 200 Accumulation Index declined 5.99% and the Company's benchmark ASX All Ordinaries Index declined 5.98% subsequent to this redemption decision, between 10 May and 30 June 2010.

The decisions made by the Company in August 2099 (below) and May 2010 (above) have led to the outperformance of the Company (+11%) relative to the ASX All Ordinaries Index (+6%), during the financial year.

As at 30 June 2010, Bentley continues to maintain a defensive 54% weighting in net cash; Cash reserves are held in term deposits with Australian banks.

May 2010: Appointment of Chief Investment Officer and Implementation of Investment Strategy[4]

On 10 May 2010, the Company announced:

(a) The appointment of Joseph Jayaraj as Chief Investment Officer (**CIO**).

Joseph has an MBA from INSEAD (France) and a Bachelor of Laws/Bachelor of Commerce from the University of New South Wales, Sydney. From 2000 to 2002, he was with the Mergers and Acquisitions team in the London and New York offices of Merrill Lynch. From 2003 to 2006, he was employed in London by RAB Capital plc, a London-based specialist asset manager, as a Manager within the RAB Special Situations Fund. In 2006, Joseph returned to Sydney and founded ORB Capital, a Sydney based investment group, with capital support from the RAB Special Situations Fund.

As CIO, Joseph has joined the Company's Investment Committee, which is responsible for implementing the Company's Investment Strategy. Other members of the Investment Committee are Farooq Khan (Executive Chairman), William Johnson (Executive Director) and Victor Ho (Company Secretary).

(b) The Company's decision to focus on several key well defined investment sectors within its broader investment mandate[5] which it believes offers the opportunity to collectively generate overall returns for shareholders materially in excess of the Company's benchmark ASX All Ordinaries Index (XAO):

(i) Strategic investments in listed companies with either an active or passive participation;

(ii) Corporate financing;

(iii) Promotion of IPO's; and

(iv) Participation in, and funding of, corporate restructurings.

The nature of the above investment activities is such that the successful identification and execution of any one such investment may take considerable time and effort. Therefore it is anticipated that only a relatively small number of such investments may be made in any one year. However, the collective return on investment from such investments, if correctly executed, is anticipated to have a significant positive impact on the overall performance of the Company.

3 Refer 11 May 2010 ASX market announcement "Investment Update"

4 Refer 10 May 2010 ASX market announcement "Appointment of Chief Investment Officer and Implementation of Investment Strategy"

5 Approved by shareholders on 25 February 2009; refer Bentley's Notice of Meeting dated 15 January 2009 and released on ASX on 23 January 2009

DIRECTORS' REPORT

The Investment Committee has adopted a formal investment process for the identification and evaluation of investment opportunities within these focus areas. It has since identified and reviewed in excess of 50 potential investment opportunities, undertaken two investments and is actively pursuing a number of leading prospects for investment.

May 2010: Performance Bonus Scheme (PBS) [6]

The Company has implemented a Performance Bonus Scheme (effective from 1 May 2010) with the conditions for payment to members of the Investment Committee being related to the Company's financial performance (based on the change in Bentley's net asset value relative to the ASX All Ordinaries Index) during each half-year (or from 1 May 2010 in respect of the first PBS period ending 30 June 2010).

Bentley has outperformed the Benchmark Index by 1.15% or $294,418 during the two month period from 1 May to 30 June 2010, which translates to a Performance Bonus Pool of $58,884 payable to the Investment Committee.

Please refer to the Remuneration Report below for further details in relation to the PBS and the Performance Bonus Pool entitlements accruing in respect of the financial year ended 30 June 2010.

October 2009: Proposed off-market share buy-back not approved by shareholders

On 14 August 2009, the Board announced that it would seek shareholder approval for the Company to undertake an off market buy-back of up to 25 million shares at $0.35 per share, at a total cost to the Company of up to approximately $8.75 million (**Buy-Back**). On 9 October 2009, shareholders at a general meeting did not approve the Buy-Back resolution.

August 2009: Further Investment in the FSP Equities Leaders Fund

On 3 August 2009, the Board reviewed market conditions and determined to rebalance the Bentley investment portfolio from a ~47% Australian equities weighting to a ~90% Australian equities weighting. It accordingly invested a further $11.5 million in the FSP Fund. As at 30 June 2009, Bentley had a total of $12.6 million (46% of the Company's net assets) invested in the FSP Fund. This increased by $11.5 million to approximately $24.8 million as at 31 July 2009.

6 Refer 10 May 2010 ASX market announcement "Appointment of Chief Investment Officer and Implementation of Investment Strategy"

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 10 May 2010, the Company announced[7]:

(a) The appointment of Joseph Jayaraj as Chief Investment Officer (**CIO**); and

(b) The Company's decision to focus on several key well defined investment sectors within its broader investment mandate.

These matters are referred to above under Review of Operations.

FUTURE DEVELOPMENTS

The Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity's investments or the forecast of the likely results of the Consolidated Entity's activities.

The Consolidated Entity notes the Carbon Pollution Reduction Scheme (**CPRS**) proposed by Government. As the CPRS has not yet been implemented, the Directors are unable to reliably quantify the potential future impact of both direct and indirect costs related to this scheme. As such any costs associated with the CPRS have not been taken into account when preparing budgets, forecasts and/or valuation models for measurement of recognised amounts.

ENVIRONMENTAL REGULATION

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

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

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

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7 Refer 10 May 2010 ASX market announcement "Appointment of Chief Investment Officer and Implementation of Investment Strategy"

DIRECTORS' REPORT

DIRECTORS

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

Farooq Khan	— **Executive 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	— 20,513,783 ordinary shares (not held directly[8])
Special Responsibilities	— Chairman of the Board and Investment Committee
Other current directorships in listed entities	— Current Chairman and Managing Director of: (1) Queste Communications Ltd (since 10 March 1998) Current Chairman of: (2) Orion Equities Limited (since 23 October 2006) Current Executive Director of: (3) Alara Resources Limited (since 18 May 2007) Current Non-Executive Director of: (4) Strike Resources Limited (since 3 September 1999) (5) ITS Capital Investments Ltd (since 27 April 2006)
Former directorships in other listed entities in past 3 years	— Scarborough Equities Limited (merged with Bentley on 13 March 2009 and delisted)

William M. Johnson	— **Executive Director**
Appointed	— 13 March 2009
Qualifications	— MA (Oxon), MBA
Experience	— Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. As Regional Director Asia Pacific for Telecom New Zealand Ltd, Mr Johnson was responsible for identifying, evaluating and implementing investment strategies that included start-up technology ventures, a technology focussed venture capital fund and strategic investments and acquisitions in Asia and Australia. As Executive Director of ASX listed investment company, Orion Equities Limited, Mr Johnson has been actively involved in the strategic analysis of a diverse range of business and investment opportunities and the execution of a number of corporate transactions. Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution.
Relevant interest in shares	— None
Special Responsibilities	— Investment Committee
Other current directorships in listed entities	— Current Executive Director of: (1) Orion Equities Limited (since 28 February 2003) (2) Alara Resources Limited (since 26 October 2009) Current Non-Executive Director of: (3) Strike Resources Limited (since 14 July 2006)
Former directorships in other listed entities in past 3 years	— (1) Drillsearch Energy Limited (24 October 2006 to 11 August 2008) (2) Sofcom Limited (18 October 2005 to 19 March 2008)

8 An indirect interest 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 Bentley shares in which QUE has a relevant interest by reason of having >20% voting power in QUE.

DIRECTORS' REPORT

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	—	1,132,860 shares (held directly and indirectly)[9]
Special Responsibilities		None
Other current directorships in listed entities	—	None
Former directorships in other listed entities in past 3 years	—	(1) Circumpacific Energy Corporation (Listed on TSX) (22 November 2007 to 26 November 2009) (2) Drillsearch Energy Limited (24 October 2006 to 10 June 2009)

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	—	None
Former directorships in other listed entities in past 3 years	—	(1) Scarborough Equities Limited (merged with Bentley on 13 March 2009 and delisted) (2) Blue Ensign Technologies Limited (22 August 2002 to 12 May 2009) (3) Circumpacific Energy Corporation (Listed on TSX) (22 November 2007 to 26 November 2008) (4) Golden Cross Resources Limited (25 March 2003 to 2 July 2008)

Former Director of the Company:

(a) Simon Cato (Non-Executive Director) - Appointed on 5 February 2004, Resigned on 29 April 2010.

[9] A direct interest held personally and jointly with Mrs Carolynne Simpson and an indirect interest held by associated companies, GPS Nominator Pty Ltd and Oddlot Shares & Securities Pty Ltd.

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 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 extensive experience in the structuring and execution of commercial and corporate transactions, capital raisings, capital management matters, public company administration, corporations law and stock exchange compliance and shareholder relations.
Special Responsibilities	–	Investment Committee
Relevant interest in shares	–	5,945 ordinary shares
Other positions held in listed entities	–	Current Executive Director and Company Secretary of: (1) Orion Equities Limited (Secretary since 2 August 2000 and Director since 4 July 2003) Current Company Secretary of: (1) Alara Resources Limited (since 4 April 2007) (2) Queste Communications Ltd (Secretary since 30 August 2000)
Former position in other listed entities in past 3 years	–	(1) Strike Resources Limited (Secretary between 9 March 2000 and 30 April 2010 and Director between 12 October 2000 and 30 April 2010) (2) Scarborough Equities Limited (merged with Bentley on 13 March 2009 and delisted) (3) 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:

	Board Meetings		Audit Committee Meetings	
Name of Director	**Attended**	**Maximum Possible Board Meetings**	**Attended**	**Maximum Possible Board Meetings**
Farooq Khan	20	20	-	-
William Johnson	19	20	-	-
Peter Simpson	19	20	2	2
Christopher Ryan	19	20	2	2
Simon Cato	16	16	1	2

Board Committees

In October 2009, the Board established an Audit Committee comprised of the Non-Executive Directors, Messrs, Peter Simpson (Chairman), Christopher Ryan and Simon Cato. Simon Cato resigned as a Director and member of the Audit Committee on 29 April 2010. A copy of the Audit Committee Charter may be obtained from the Company or downloaded from the Company's website.

DIRECTORS' REPORT

As at the date of this Directors' Report, the Company did not have a separate designated Remuneration Committee. 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 a Remuneration Committee are dealt with by the full Board.

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 (4) below has been audited as required under section 308 (3) (c) of the *Corporations Act 2001.*

(1) Remuneration Policy

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

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

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

Executive Directors

(1) Mr Farooq Khan (Chairman) – a base salary of $175,000 per annum (effective from 1 May 2010) plus employer superannuation contributions (currently 9%);

(2) Mr William Johnson – a base salary of $85,000 per annum plus employer superannuation contributions (currently 9%);

Non-Executive Directors

(3) Mr Peter Simpson – a base fee of $24,000 per annum plus 10% goods and services tax (**GST**) payable to Bridge Finance Australia Pty Ltd, a company in which Mr Simpson is a controlling director and shareholder; and

(4) Mr Christopher Ryan – a base fee of $24,000 per annum plus 10% GST payable to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Mr Ryan is principal.

Company Executives/Senior Managers

(5) Mr Joseph Jayaraj (Chief Investment Officer or CIO) (who commenced employment on 21 April 2010) - a base salary of $250,000 per annum plus employer superannuation contributions (currently 9%).

(6) Mr Victor Ho (Company Secretary) – a base salary of $85,000 (effective from 1 May 2010) per annum plus employer superannuation contributions (currently 9%).

DIRECTORS' REPORT

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) In respect of Non-Executive Directors, payment for the performance of extra services or the making of special exertions for the benefit of the Company (at the request of and with the concurrence of the Board).

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

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

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

Service Agreements: The Company does not presently have formal service agreements or employment contracts with Key Management Personnel other than the Chief Investment Officer.

Performance Related Benefits and Financial Performance of Company: The Company has implemented a Performance Bonus Scheme (**PBS**) (effective from 1 May 2010) with the conditions for payment being related to the Company's financial performance. If the conditions for payment under the PBS have been satisfied, the Company will pay cash bonuses to members of the Investment Committee. Refer to Section (2) below for further information about the PBS. The current remuneration of Non-Executive Directors is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

(2) Performance Bonus Scheme (PBS)

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

The key elements of the PBS are summarised as follows:

(a) The performance of Bentley will be measured each financial half year (ending on 31 December and 30 June) by comparing the change over the half year in the net asset value of the Company with the change in the net assets of Bentley that would have resulted if the investment return was equal to that recorded by the ASX All Ordinaries Index (ASX code: XAO) (**Benchmark Index**).

(b) 20% of any outperformance in excess of a performance threshold hurdle of $250,000 relative to the Benchmark Index is available for distribution to the Investment Committee each half year (**Performance Bonus Pool**).

(c) Any underperformance in a half year will be carried over to the next two half years, such that underperformance in a half year must be 'clawed back' by outperformance before a performance bonus can be paid in the following two half years.

(d) The net assets of Bentley are valued in accordance with Bentley's accounting policies and Australian Accounting Standards (**Accounting Methodology**), save that:

DIRECTORS' REPORT

(i) assets (other than externally managed assets) are carried at the lower of cost or value (whereas they would have been 'marked to market' under the Accounting Methodology); and

(ii) deferred tax assets and deferred tax liabilities (other than in respect of externally managed assets) are excluded from net assets but provision for income tax expense is included.

(e) The terms of the PBS are to be reviewed annually by the Board.

(f) The Performance Bonus Pool is distributed to members of the Investment Committee pursuant to a resolution of the Board. The Board has determined the following fixed entitlements:

(i) Farooq Khan and Joseph Jayaraj – 15% each; and

(ii) William Johnson and Victor Ho – 10% each.

(g) If Bentley has incurred a net loss for the financial half year, the Board may in exceptional circumstances at its absolute discretion withhold up to 50% of the Performance Bonus Pool applicable to that financial half year.

(h) Any Director who shall form part of the Investment Committee shall not be present during the Board's deliberations in relation to setting the above entitlements under the PBS and shall abstain from voting on such determination by the Board.

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

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

The PBS is effective from 1 May 2010 and a total Performance Bonus Pool of $58,884 has accrued for the period ended 30 June 2010, with further particulars as follows:

(a) The net assets of Bentley declined by 9.38% (~$3,061,604) during the period from 1 May to 30 June 2010;

(b) The Benchmark Index declined by a greater 10.53% over the same period;

(c) That is, the decline in Bentley's net assets was lower relative to the decline recorded by the Benchmark Index;

(d) After deducting $83,333 for the performance threshold hurdle (pro-rata of $250,000 applicable over a half year), the Company outperformed the Benchmark Index by $294,418 (or 1.15%);

(e) This 'outperformance' can be attributed primarily to the Investment's Committee's decision on 10 May 2010 to redeem 50% of Bentley's investment in the FSP Fund, realising ~$14.8 million and move to a ~52% defensive cash weighting. This decision was made in light of the significant decline and uncertainty and volatility in Australian and world stock markets at that time. The FSP Fund declined 9.26%, the FSP Fund's benchmark S&P/ASX 200

DIRECTORS' REPORT

Accumulation Index declined 5.99% and the Company's benchmark ASX All Ordinaries Index declined 5.98%, subsequent to this redemption decision, between 10 May and 30 June 2010;

(f) 20% of this outperformance forms the Performance Bonus Pool of $58,884;

(g) The calculation of the Performance Bonus Pool has been audited by BDO Audit (WA) Pty Ltd;

(h) The Board has determined that there were no exceptional circumstances to justify withholding up to 50% of the Performance Bonus Pool in respect of the period ended 30 June 2010;

(i) Accordingly, the Board has determined the following entitlements to the Performance Bonus Pool, which will be paid in September 2010:

2010 Performance Bonus Scheme Entitlements			
Investment Committee Members	**Paid/Payable** %	**Forfeited** %	**Amount**
Executive Directors:			
Farooq Khan	100	-	$17,665
William Johnson	100	-	$11,777
Chief Investment Officer:			
Joseph Jayaraj	100	-	$17,665
Company Secretary:			
Victor Ho	100	-	$11,777

(3) Details of Remuneration of Key Management Personnel

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

Current Year: 2010		**Short-term Benefits**			**Post Employment Benefits**	**Other Long-term Benefits**	**Equity Based**	
Key Management Personnel	**Performance related** %	**Cash salary and fees** $	**Cash PBS entitlement** $	**Non-cash benefit** $	**Superannuation** $	**Long service leave** $	**Shares & Options** $	**Total** $
Executive Directors:								
Farooq Khan	17%	79,167	17,665	-	7,125	-	-	103,957
William Johnson	19%	47,500	11,777	-	4,275	-	-	63,552
Non-Executive Directors:						-	-	
Peter Simpson	-	26,400	-	-	-	-	-	26,400
Christopher Ryan	-	33,000	-	-	-	-	-	33,000
Simon Cato	-	18,800	-	-	3,000	-	-	21,800
Chief Investment Officer:								
Joseph Jayaraj	25%	48,611	17,665	-	4,375	-	-	70,651
Company Secretary:								
Victor Ho	19%	47,500	11,777	-	4,275	-	-	63,552

DIRECTORS' REPORT

Previous Year: 2009		Short-term Benefits			Post Employment Benefits	Other Long-term Benefits	Equity Based	
Key Management Personnel	**Performance related %**	**Cash salary and fees**	**Cash PBS entitlement $**	**Non-cash benefit $**	**Superannuation $**	**Long service leave $**	**Shares & Options $**	**Total $**
Executive Directors:								
Farooq Khan	-	42,522	-	-	3,827	-	-	46,349
William Johnson	-	10,000	-		900			10,900
Non-Executive Directors:								
Peter Simpson	-	23,925	-	-	-	-	-	23,925
Christopher Ryan	-	26,400	-	-	-	-	-	26,400
Simon Cato	-	19,387	-	-	2,105	-	-	21,492
Company Secretary:								
Victor Ho	-	40,000	-	-	3,600	-	-	43,600

Notes:

(a) Joseph Jayaraj commenced as CIO on 21 April 2010.

(b) Simon Cato resigned as Director on 29 April 2010.

(c) Mr Ryan's Directors' fees have been paid to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance) (**Westchester**), a corporate advisory company in which Mr Ryan is principal, and is reported inclusive of GST.

(d) 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.

(4) Other Benefits Provided to Key Management Personnel

The Company's registered office in Sydney is located within the office of Westchester, a corporate advisory company in which Non-Executive Director, Christopher Ryan is principal. This office has also been utilised by the CIO and accordingly, the Company has agreed to contribute $750 per month (exclusive of GST) towards Westchester's lease and related office service costs (effective 1 May 2010). During the financial year, the Company incurred a $1,650 liability (inclusive of GST) to Westchester, which was paid in August 2010.

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

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' REPORT

DIRECTORS' AND OFFICERS' DEEDS

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

(a) The Company's obligation to indemnify an Officer for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the *Corporations Act 2001*); and

(b) Subject to the terms of the deed and the *Corporations Act 2001*, the Company may advance monies to the Officer to meet any costs or expenses of the Officer incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Officer.

LEGAL PROCEEDINGS ON BEHALF OF COMPANY

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

AUDITOR

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

Audit & Review Fees $	Fees for Other Services $	Total $
21,802	825	22,627

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* forms part of this Directors Report and is set out on page 24. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

DIRECTORS' REPORT

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 24), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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

Farooq Khan
Chairman

Peter Simpson
Director

27 August 2010

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

29 August 2010

Bentley Capital Limited
Board of Directors
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 CAPITAL LIMITED

As lead auditor of Bentley Capital Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

Brad McVeigh
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	Note	2010 $	2009 $
Investment income	**3**		
Dividend income		98,624	500,286
Interest income from financial assets held at fair value through profit or loss		10,289	72,736
Interest income from financial assets not held at fair value through profit or loss		204,565	411,735
Net gains on financial assets held at fair value through profit or loss		3,649,162	883,199
Other income		186,598	42,173
Total net investment income		4,149,238	1,910,129
Expenses	**3**		
Investment expenses			
- Foreign exchange losses		(150,846)	(838,540)
- Withholding tax		-	(22,586)
- Merger cost		(24,585)	(224,836)
Occupancy expenses		(16,427)	(55,855)
Finance expenses		(1,587)	(1,002)
Borrowing cost		(1,974)	(1)
Corporate expenses		(47,540)	(184,298)
Administration expenses		(804,630)	(406,773)
PROFIT BEFORE INCOME TAX		3,101,649	176,238
Income tax expense	**4**	-	(901,403)
PROFIT/(LOSS) FOR THE YEAR		3,101,649	(725,165)
Other comprehensive income			
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,101,649	(725,165)
Total comprehensive income and expense for the year is attributable to:			
Owners of Bentley Capital Limited		3,101,649	(725,165)
Basic earnings/(loss) per share (cents)	**9**	4.32	(1.46)
Diluted earnings/(loss) per share (cents)	**9**	4.32	(1.46)

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	10	15,762,433	14,650,307
Financial assets held at fair value through profit and loss	11	13,475,957	12,758,609
Trade and other receivables	12	430,679	440,719
Other current assets	13	-	6,518
TOTAL CURRENT ASSETS		29,669,069	27,856,153
NON CURRENT ASSETS			
Property, plant and equipment	14	7,723	8,532
Deferred tax asset	17	130,198	6,975
TOTAL NON CURRENT ASSETS		137,921	15,507
TOTAL ASSETS		29,806,990	27,871,660
CURRENT LIABILITIES			
Trade and other payables	15	127,386	110,610
TOTAL CURRENT LIABILITIES		127,386	110,610
NON CURRENT LIABILITIES			
Provisions	16	14,011	6,277
Deferred tax liabilities	17	130,198	6,975
TOTAL NON CURRENT LIABILITIES		144,209	13,252
TOTAL LIABILITIES		271,595	123,862
NET ASSETS		29,535,395	27,747,798
EQUITY			
Issued capital	18	26,168,592	29,663,934
Retained earnings/(Accumulated losses)		3,366,803	(1,916,136)
TOTAL EQUITY		29,535,395	27,747,798

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

	Note	Issued Capital $	Retained earnings/ (Accumulated losses) $	Total $
At 1 July 2008		18,178,191	(1,190,971)	16,987,220
Loss for the year		-	(725,165)	(725,165)
Total comprehensive income for the year		-	(725,165)	(725,165)
Transactions with owners in their capacity as owners:				
Shares issued under scheme of arrangement	18	11,485,743	-	11,485,743
At 30 June 2009		29,663,934	(1,916,136)	27,747,798
At 1 July 2009		29,663,934	(1,916,136)	27,747,798
Profit for the year		-	3,101,649	3,101,649
Total comprehensive income for the year		-	3,101,649	3,101,649
Transactions with owners in their capacity as owners:				
Reduction of share capital to the extent not represented by assets	18	(3,614,988)	3,614,988	-
Dividends paid	8	-	(1,433,698)	(1,433,698)
Issue under Dividend Reinvestment Plan	18	119,646	-	119,646
At 30 June 2010		26,168,592	3,366,803	29,535,395

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2010

	Note	Consolidated 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	**$**
Dividends received		103,284	163,987
Interest received		147,703	430,323
Other income received		41,255	1,217
Investment manager's fees paid		-	(197,832)
Other expenses paid		(882,374)	(570,393)
Interest paid		(1,974)	(1)
Income taxes refunded		-	87
Redemption of financial instruments held at fair value through profit or loss		14,849,705	15,354,500
Purchase of financial instruments held at fair value through profit or loss		(11,672,955)	(56,556)
Foreign exchange loss from sale of investments		(150,846)	-
NET CASH INFLOW FROM OPERATING ACTIVITIES	**10 b**	2,433,798	15,125,332
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	**14**	(7,619)	(6,157)
Net cash inflow from subsidiary	**6**	-	103,548
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(7,619)	97,391
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	**8**	(1,314,053)	-
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(1,314,053)	-
NET INCREASE IN CASH HELD		**1,112,126**	**15,222,723**
Cash at beginning of the financial year		14,650,307	333,566
Effect of exchange rate changes on cash		-	(905,982)
CASH AT THE END OF THE FINANCIAL YEAR	**10**	15,762,433	14,650,307

The accompanying notes form part of this financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1. SUMMARY OF ACCOUNTING POLICIES

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

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

1.1. Basis of preparation

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

Compliance with IFRS

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

Reporting Basis and Conventions

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

Early adoption of AASB 101: *Presentation of Financial Statements*

The Consolidated Entity has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Consolidated Entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Early adoption of *AASB9: Financial Instruments*

AASB 9 specifies the basis for classifying and measuring financial assets. Classification is determined based on the Consolidated Entity's business model and the contractual cash flow characteristics of the financial assets. Financial assets will be classified as either amortised cost or fair value. AASB 9 replaces the classification and measurement requirements relating to financial assets in *AASB 139 Financial Instruments: Recognition and measurement* (AASB 139).

A financial asset is measured at amortised cost if the following conditions are met:

(a) the objective of the Consolidated Entity's business model in relation to those instruments is to hold the asset to collect the contractual cash flows; and

(b) the contractual cash flows give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

If these criteria are not met then the financial asset must be classified as fair value through profit or loss except as discussed below. Alternatively, similar to the requirements in AASB 139, the Consolidated Entity may irrevocably elect at inception to classify a financial asset as fair value through profit or loss to reduce an accounting mismatch.
Amortised cost is still measured using the effective interest rate method and amortised cost assets must be assessed for impairment losses. There are no changes to the measurement method for fair value through profit or loss from the requirements in AASB 139.

Under AASB 9 only equity instruments that are not held for trading are able to be classified as fair value through other comprehensive income rather than fair value through profit or loss. On disposal, in contrast to AASB 139, the cumulative gains or losses recognised in equity over the period the Consolidated Entity held the equity instrument are transferred directly to retained earnings and are not permitted to be recognised in profit or loss. Equity instruments fair valued through other comprehensive income are no longer required to be assessed for impairment.

The change in accounting policy was applied retrospectively only to those financial assets that the Consolidated Entity held at the date of initial application of AASB 9 (7 December 2009) or acquired subsequent to that date. Financial instruments disposed of prior to 7 December 2009 were accounted for under AASB 139. In accordance with the transitional provisions of AASB 9, the classification of financial assets that the Consolidated Entity held at the date of initial application was determined based on conditions that existed at that date.

Consolidated Financial Statements Reporting

Pursuant to the *Corporations Amendment (Corporate Reporting Reform) Bill 2010* (which was passed on 24 June 2010 and received Royal Assent on 28 June 2010), the reporting of the Company's financial statements are no longer required. However, there is still a requirement to present the Company's key financial information in the notes to the financial statements (Refer to Note 2 in this regard).

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1.2. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Bentley Capital Limited as at 30 June 2010 and the results of its subsidiary for the year then ended. Bentley Capital Limited and its subsidiary are referred to in this financial report as the Consolidated Entity.

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

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

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity (refer to Note 6).

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

1.3. Investments and Other Financial Assets

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

Financial liabilities

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

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

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

1.4. Fair value estimation

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

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

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

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at reporting date (refer to Note 11).

1.5. Revenue Recognition

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

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

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

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

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

1.6. Income Tax

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

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

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

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

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

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

1.7. Goods and Services Tax (GST)

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

1.8. Receivables

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

1.9. Property, Plant and Equipment

All 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 Consolidated Entity 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	Rate	Method
Computer Equipment	25%-40%	Diminishing Value
Leasehold Improvement	7%-15%	Diminishing Value
Office Furniture	10%-15%	Diminishing Value

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

1.10. Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets (where applicable) to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the 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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.11. Payables

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

1.12. Issued Capital

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

1.13. Earnings Per Share

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

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

1.14. Employee benefits

Short term obligations

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to 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 Consolidated Entity in accordance with statutory obligations and are charged as an expense when incurred.

Other long term employee benefit obligations

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

Performance bonus

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

1.15. Cash and cash equivalents

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

1.16. Leases

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

1.17. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Board.

Change in accounting policy

The Consolidated Entity has applied AASB 8: *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114: *Segment Reporting*. AASB 8 requires that segment information be presented on the same basis as that used for internal reporting purposes. During the financial year, the Board has determined that the sole operating segment is "Investments" based in one geographical location (Australia).

1.18. Dividends Policy

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

1.19. Comparative Figures

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

1.20. Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Consolidated Entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Consolidated Entity's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Change in accounting policy

A revised AASB 3: *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the Consolidated Entity's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the Consolidated Entity recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Consolidated Entity's net profit after tax.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

1.21 Summary of Accounting Standards Issued Not Yet Effective

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

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:
AASB 2009-5 (issued May 2009)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Not urgent but necessary changes to AIFRSs as a result of the IASB's 2008 annual improvement process.	Periods commencing on or after 1 January 2010
AASB 2009-8 (issued July 2009)	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions	Clarifies the scope and accounting for group cash-settled share-based payment transactions in the individual financial statements of an entity receiving the goods/services when that entity has no obligation to settle the share-based payment transaction. Supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 AASB 2 – *Group and Treasury Share Transactions*.	Periods beginning on or after 1 January 2010
AASB Interpretation 19 (issued December 2009)	Extinguishing Financial Liabilities with Equity Instruments	Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid' to be recognised at the fair value of the equity instruments issued, unless their fair value cannot be measured reliably, in which case they are measured at the fair value of the debt extinguished. Any difference between the carrying amount of the financial liability extinguished and the 'consideration paid' is recognised in profit or loss.	Periods beginning on or after 1 July 2010
Improvements to IFRSs	Improvements to IFRSs	Not urgent but necessary changes to IFRSs as a result of IASB's 2009 annual improvements project.	Periods commencing on or after 1 July 2010 or 1 January 2011.
AASB 124 (issued December 2009)	Related Party Disclosures	Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party.	Annual reporting periods commencing on or after 1 January 2011.
AASB 5	Non-current Assets Held for Sale and Discontinued Operations	Clarifies that disclosures required for non-current assets (or disposal groups) classified as held for sale or discontinued operations are limited to those required by AASB 5 unless: • Disclosures are specifically required for these assets by other AASBs; or • Assets and liabilities of a disposal group are not within the measurement requirements of AASB 5 and disclosures are required by other AASBs.	Periods commencing on or after 1 January 2010
AASB 101	Presentation of Financial Statements	Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities.	Periods commencing on or after 1 January 2010
AASB 107	Statement of Cash Flows	Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010
AASB 117	Leases	Land can be classified as a finance lease for very long leases where the significant risks and rewards are effectively transferred, despite there being no transfer of title.	Periods commencing on or after 1 January 2010
AASB 136	Impairment of Assets	Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8 *Operating Segments* before aggregation.	Periods commencing on or after 1 January 2010

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

2. COMPANY INFORMATION

The following information provided relates to the Company, Bentley Capital Limited, at 30 June 2010. The information presented here has been prepared using accounting policies as outlined in Note 1.

	2010 $	2009 $
Current assets	13,892,260	14,463,841
Non current assets	11,489,783	11,495,960
Total assets	25,382,043	25,959,801
Current liabilities	125,935	87,079
Non current liabilities	14,011	13,252
Total liabilities	139,946	100,331
Net assets	25,242,097	25,859,470
Issued capital	26,168,592	29,663,934
Accumulated losses	(926,495)	(3,804,466)
Total equity	25,242,097	25,859,468
Profit/(Loss) for the year	696,681	(2,613,494)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	696,681	(2,613,494)

Notes to the Statement of Financial Position

(a) Current assets

	2010 $	2009 $
(i) **Cash and cash equivalents**		
Cash at bank	42,684	1,240,526
Term Deposits	8,200,000	13,193,549
	8,242,684	14,434,075
(ii) **Financial assets held at fair value through profit and loss**		
Units in unlisted FSP Equities Leaders Fund	5,350,273	-

(b) Non current assets

	2010 $	2009 $
(i) **Investments in wholly owned subsidiary - Scarborough Equities Pty Ltd**		
Shares in controlled entity - at cost	11,485,743	11,485,743

(ii) There are no borrowings between the Company and its subsidiary, Scarborough Equities Pty Ltd.

(c) Lease commitments (refer to Note 22)

	2010 $	2009 $
Not longer than one year	82,633	91,772
Between 12 months and 5 years	170,384	219,001
	253,017	310,773

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

3. PROFIT FOR THE YEAR

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

		2010	2009
(a)	**Investment income**	**$**	**$**
	Dividend income	98,624	500,286
	Interest income from financial assets held at fair value through profit or loss	10,289	72,736
	Interest income from financial assets not held at fair value through profit or loss	204,565	411,735
		313,478	984,757
	Other income		
	Net gains on financial assets held at fair value through profit or loss	3,649,162	883,199
	Other income	186,598	42,173
		4,149,238	1,910,129
(b)	**Expenses**		
	Investment expenses		
	- Foreign exchange losses	150,846	838,540
	- Withholding tax	-	22,586
	- Merger costs	24,585	224,836
	Occupancy expenses	16,427	55,855
	Finance expenses	1,587	1,002
	Borrowing cost	1,974	1
	Corporate expenses		
	- Investment management fees	(5,908)	155,904
	- Custodian fees	-	32,330
	- Reversal of provision for realisation costs in investment portfolio	-	(55,479)
	- Share registry	25,735	10,812
	- ASX fees	28,719	20,273
	- Other corporate expenses	(1,006)	20,458
	Administration expenses		
	- Communications	27,704	6,286
	- Accounting, taxation and related administration	104,733	107,433
	- Audit	42,527	27,232
	- Professional fees	63,237	-
	- Office administration	30,067	38,452
	- Personnel	385,709	104,418
	- Personnel- employee benefits	13,534	21,568
	- Insurances	43,036	70,222
	- Depreciation	6,247	2,082
	- Write off of fixed assets	2,181	-
	- Travel, accommodation and incidentals	53,432	13,649
	- Other administration expenses	32,223	15,431
		1,047,589	1,733,891

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

4. INCOME TAX EXPENSE

	2010 $	2009 $
(a) Income tax expense		
Current tax		
Current year	-	-
Deferred tax		
Current year deferred tax expense/(benefit)	-	901,403
Total income tax expense/(benefit) per income statement	-	901,403
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	**3,101,649**	**176,238**
Tax at the Australian tax rate of 30% (2009: 30%)	930,495	52,872
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Non-deductible expenses	-	8,196
Taxable income in excess of accounting income	58,595	193,819
Other	-	646,516
Current period tax losses not brought to account	(989,090)	-
Income tax expense attributable to operating profit	-	901,403
Under/(over) provision in respect to prior years	-	-
Income tax expense/ (benefit)	-	901,403
(c) Deferred tax assets not brought to account at 30%		
Revenue losses	3,349,844	3,277,567
Temporary differences	653,420	1,708,212
Capital losses	313,098	-
Potential tax benefit @ 30%	4,316,362	4,985,779

The Deferred Tax Asset not brought to account for the period 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 under tax legislation.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

5. KEY MANAGEMENT PERSONNEL DISCLOSURES

	2010	2009
(a) Key management personnel compensation	**$**	**$**
Directors		
Short-term employee benefits - salary and fees	204,867	223,722
Short-term employee benefits - bonus	29,442	-
Post-employment benefits - superannuation	14,400	14,544
	248,709	238,266
Other key management personnel		
Short-term employee benefits - salary and allowances	96,111	69,186
Short-term employee benefits - bonus	29,442	-
Post-employment benefits - superannuation	8,650	6,227
	134,203	75,413

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report.

(b) Options, rights and equity instruments provided as remuneration

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

(c) Shareholdings of key management personnel

2010	Balance at start of the year	Balance at appointment/ resignation	Net Changes	Balance at end of the year
Directors				
Farooq Khan	20,513,783		9,222,169	29,735,952
William Johnson	-		-	-
Christopher Ryan	-		-	-
Peter Simpson	8,588,136		148,000	8,736,136
Simon Cato (resigned on 29 April 2010)	-	-	-	
Other key management personnel				
Victor Ho (Company Secretary)	5,945		-	5,945
Joseph Jayaraj (Chief Investment Officer) (appointed 21 April 2010)		-	-	-

2009	Balance at start of the year	Balance at appointment/ resignation	Net Changes	Balance at end of the year
Directors				
Farooq Khan	11,587,938		8,925,845	20,513,783
William Johnson (appointed 13 March 2009)	-		-	-
Christopher Ryan	-		-	-
Peter Simpson	1,782,256		6,805,880	8,588,136
Simon Cato	-		-	-
Other key management personnel				
Victor Ho (Company Secretary)	5,945		-	5,945

The disclosures of equity holdings above 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 2010

5. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Option holdings of key management personnel
The Company does not have any options on issue.

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

(f) Other transactions with key management personnel
The Company's registered office in Sydney is located within the office of Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance) (Westchester), a corporate advisory company in which Non-Executive Director, Christopher Ryan is principal. This office has also been utilised by the Company's Chief Investment Officer and accordingly, the Company has agreed to contribute $825 per month (inclusive of GST) towards Westchester's lease and related office service costs (effective 1 May 2010).

	2010	2009
	$	$
Amounts recognised as expense		
Office rental	1,650	-

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

6. GAINS IN CONTROLLED ENTITY

Business combination
On 13 March 2009, the Company issued 31,350,322 new shares to eligible Scarborough Equities Limited (**Scarborough**) shareholders in consideration for the acquisition of Scarborough via a scheme of arrangement merger (**Scheme**). Scarborough has become a wholly owned subsidiary of the Company. The merger involved Scarborough shareholders exchanging their Scarborough shares for shares in Bentley on a NTA for NTA valuation basis. The applicable NTA's were as follows:
• Bentley – $14,740,505, which included $10,654,030 cash and $4,122,438 invested in international securities;
• Scarborough - $11,485,743, which included $11,254,654 invested in the unlisted wholesale FSP Equities Leaders Fund (**FSP Fund**), which is managed by investment manager, FSP Equities Management Limited (**FSP**).

Based upon these NTAs and the Scheme consideration formula:
• Eligible Scarborough shareholders receive 1.588329 new Bentley shares for each Scarborough share held as at the Scheme record date (6 March 2009);
• Bentley issued 31,350,322 shares to acquire all of Scarborough's shares, increasing its total issued share capital to 71,584,465 shares;

Through the combination of these companies, Scarborough and Bentley shareholders became shareholders in a single listed investment company with larger net assets of approximately $26.2 million (with no borrowings) and a larger shareholder base of approximately 2,400 shareholders.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

6. GAINS IN CONTROLLED ENTITY (continued)

The acquisition had the following effect on the Consolidated Entity's assets and liabilities as at the date of acquisition:

	2010	2009
	$	$
Consideration paid, satisfied in shares	-	11,485,755
Fair value of net identifiable assets acquired	-	(11,485,755)
Acquisition interest	-	-

Assets and liabilities arising from the acquisition are as follows:	Controlled Entity's Carrying Amount	
	2010	2009
	$	$
Cash and cash equivalents	-	103,548
Trade and other receivables	-	200,992
Financial assets held at fair value through profit and loss	-	11,254,654
Property, plant and equipment	-	5,808
Current tax asset	-	96,427
Trade and other payables	-	(175,674)
	-	11,485,755
Purchase consideration		
Outflow of cash to acquire controlled entity, net of cash acquired:		
Cash consideration paid	-	-
Less balances acquired		
	-	103,548
Net Inflow/(Outflow) of cash	-	103,548

7. AUDITOR'S REMUNERATION

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

BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	21,802	19,463
Taxation services	825	3,245
	22,627	22,708

8. DIVIDENDS

Dividends on ordinary shares, declared and paid during the year	Paid on		
One cent per share fully franked dividend	30-Oct-09	715,845	-
One cent per share fully franked dividend	15-Mar-10	717,853	-
		1,433,698	-
Post balance date dividends to be declared			
One cent per share fully franked dividend		720,096	-

The Directors have declared payment of a one cent per share fully franked dividend. The record date will be 22 September 2010 with payment to be effected on or about 30 September 2010.

Franking credit balance	3,357,713	3,972,242
Franking debits arising from payment of dividends post balance date	(308,613)	-
	3,049,100	3,972,242

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

9. EARNINGS/(LOSS) PER SHARE

	2010	2009
Basic earnings/(loss) per share (cents)	4.32	(1.46)
Diluted earnings/(loss) per share (cents)	4.32	(1.46)
Profit/(Loss) used to calculate earnings per share ($)	3,101,649	(725,165)
Weighted average number of ordinary shares during the period used in calculation of basic earnings/(loss) per share	71,781,077	49,596,294

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

10. CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank	62,433	1,456,758
Term Deposits	15,700,000	13,193,549
	15,762,433	14,650,307

(a) Risk exposure

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

(b) Reconciliation of Net Profit/(Loss) after Tax to Net Cash Flow from Operations

	2010 $	2009 $
Profit/(Loss) after income tax	3,101,649	(725,165)
Depreciation	6,247	2,082
Write off of fixed assets	2,181	-
Provision for employee benefits	13,534	10,331
Net gains on financial assets held at fair value through profit or loss	(3,649,162)	(883,199)
Unrealised foreign exchange losses	-	838,540
(Increase)/Decrease in Assets:		
Financial assets held at fair value through profit or loss	3,176,689	15,297,944
Trade and other receivables	(234,896)	(402,978)
Other current assets	6,518	(6,518)
Increase/(Decrease) in Liabilities:		
Trade and other payables	11,038	92,892
Tax liabilities	-	901,403
Net cash inflow from operating activities	2,433,798	15,125,332

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

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

	2010	2009
Current	**$**	**$**
Listed investments at fair value	735	-
Units in unlisted FSP Equities Leaders Fund	13,475,222	12,758,609
	13,475,957	12,758,609
Net gain/(loss) on financial assets held at fair value through profit or loss	3,649,162	883,199

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

Risk exposure

Information about the Consolidated Entity's exposure to price risk is in Note 21.

12. TRADE AND OTHER RECEIVABLES

	2010	2009
Current		
Other receivables	226,718	-
Amounts receivable from		
deposit	-	500
income distributions	118,222	416,972
dividends and interest receivable	85,739	23,247
	430,679	440,719

(a) Risk exposure

Information about the Consolidated Entity's exposure to credit risk, foreign exchange risk and interest rate risk is in Note 21.

(b) Impaired receivables and receivables

None of the receivables are impaired or past due.

13. OTHER CURRENT ASSETS

	2010	2009
Prepayments	-	6,518

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

14. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture	Leasehold Improvement	Computer Equipment	Total
2010	**$**	**$**	**$**	**$**
Carrying amount at beginning	3,096	613	4,823	8,532
Additions	-	-	7,619	7,619
Disposals	-	-	(2,181)	(2,181)
Depreciation expense	(346)	(45)	(5,856)	(6,247)
Closing amount at balance date	2,750	568	4,405	7,723
At 1 July 2009				
Cost or fair value	3,227	697	18,723	22,647
Accumulated depreciation	(131)	(84)	(13,900)	(14,115)
Net carrying amount	3,096	613	4,823	8,532
At 30 June 2010				
Cost or fair value	5,572	764	9,783	16,119
Accumulated depreciation	(2,822)	(196)	(5,378)	(8,396)
Net carrying amount	2,750	568	4,405	7,723
2009				
Carrying amount at beginning	-	331	4,126	4,457
Additions	-	-	349	349
Additions through acquisition of SCB	3,227	315	2,266	5,808
Depreciation expense	(131)	(33)	(1,918)	(2,082)
Closing amount at balance date	3,096	613	4,823	8,532
At 1 July 2008				
Cost or fair value	-	382	16,108	16,490
Accumulated depreciation	-	(51)	(11,982)	(12,033)
Net carrying amount	-	331	4,126	4,457
At 30 June 2009				
Cost or fair value	3,227	697	18,723	22,647
Accumulated depreciation	(131)	(84)	(13,900)	(14,115)
Net carrying amount	3,096	613	4,823	8,532

15. TRADE AND OTHER PAYABLES

	2010	2009
	$	$
Trade payables	3,395	6,656
Other payables (refer to Note (a))	123,991	103,954
	127,386	110,610

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

15. TRADE AND OTHER PAYABLES (continued)

(a) Amounts not expected to be settled within the next 12 months

Other creditors and accruals include accruals for annual leave. The entire obligation is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement. However based on past experience, the Consolidated Entity does not expect all employees to take the full amount of the accrued leave within the next 12 months. The following amount reflects leave that is not expected to be taken within the next 12 months.

	2010 $	2009 $
Annual leave obligation expected to be settled after 12 months	14,423	8,622

(b) Risk exposure

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note 21.

16. PROVISIONS

	2010 $	2009 $
Employee benefits - long service leave	14,011	6,277

The non-current provision for long service leave is a provision towards the future entitlements of employees who have completed the required period of long service. The following amounts reflect a provision for leave that is not expected to be taken or paid within the next 12 months.

17. TAX

	2010 $	2009 $
(a) Assets - Non Current		
Deferred tax asset comprises:		
Market Decrement	-	-
Tax losses	95,484	
Other	34,714	6,975
	130,198	6,975
(b) Liabilities - Non Current		
Deferred tax liability comprises:		
Fair Value Gain Adjustments	(104,476)	-
Other	(25,722)	(6,975)
	(130,198)	(6,975)

(c) Reconciliations

(i) Gross movements

The overall movement in the deferred tax account is as follows:

	2010	2009
Opening balance	-	901,403
(Charged)/credited to income statement	-	(901,403)
Closing balance	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

17. TAX (continued)

	2010	2009
(ii) Deferred tax asset:	**$**	**$**
The movement in deferred tax asset for each temporary difference during the year is as follows:		
Market Decrement		
Opening balance	-	912,991
Charged to income statement	-	(912,991)
Closing balance	-	-
Tax losses		
Opening balance	-	-
Charged to income statement	95,484	-
Closing balance	95,484	-
Other		
Opening balance	6,975	-
Charged to income statement	27,739	6,975
Closing balance	34,714	6,975
Total	130,198	6,975

	2010	2009
(iii) Deferred tax liability:		
The overall movement in recognised deferred tax liabilities for each temporary difference is as follows:		
Fair Value Gain Adjustments		
Opening balance	-	(11,588)
Charged to income statement	(104,476)	11,588
Closing balance	(104,476)	-
Other		
Opening balance	(6,975)	-
Charged to income statement	(18,747)	(6,975)
Closing balance	(25,722)	(6,975)
Total	(130,198)	(6,975)

18. ISSUED CAPITAL

	2010 shares	2009 shares	2010 $	2009 $
Fully paid ordinary shares	72,009,635	71,584,465	26,168,592	29,663,934

30 June 2010	Date of issue	Number of shares	Company $
At 1 July 2009		71,584,465	29,663,934
Issue under Dividend Reinvestment Plan at 29.52 cents per share - (b)	02-Nov-09	200,894	59,341
Reduction of share capital to the extent not represented by assets - (a)	20-Nov-09	-	(3,614,988)
Issue under Dividend Reinvestment Plan at 26.89 cents per share - (b)	17-Mar-10	224,276	60,305
At 30 June 2010		72,009,635	26,168,592
30 June 2009			
At 1 July 2008		40,234,143	18,178,191
Issue under scheme of arrangement merger with Scarborough Equities Pty Ltd - (c)	13-Mar-09	31,350,322	11,485,743
At 30 June 2009		71,584,465	29,663,934

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

18. ISSUED CAPITAL (continued)

(a) Reduction of share capital to the extent not represented by assets

At the Annual General Meeting held on 20 November 2009, shareholders approved a reduction in value of the Company's share capital against accumulated losses by $3,614,988, being an amount not represented by available assets, pursuant to section 258F of the Corporations Act. This was essentially an accounting entry that allowed the Company to remove from its books historical accumulated accounting losses that effects the ability of the Company to retain earnings from which future dividends may be paid. The reduction has no effect on the carried forward tax losses of the Company nor did it change the number of shares on issue or the net asset position of the Company.

(b) Dividend reinvestment plan

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

(c) Issue under scheme of arrangement merger

On 13 March 2009, the Company merged with Scarborough Equities Limited under a scheme of arrangement. The Company issued 31,350,322 new shares to eligible Scarborough shareholders and acquired Scarborough as a wholly-owned subsidiary.

(d) Capital risk management

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

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

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

19. RETAINED EARNINGS/(ACCUMULATED LOSSES)

	Note	2010 $	2009 $
Movements in retained earnings were as follows:			
Opening balance		(1,916,136)	(1,190,971)
Net profit/(loss) for the year		3,101,649	(725,165)
Reduction of share capital to the extent not represented by assets	18 a	3,614,988	-
Dividends paid	8	(1,433,698)	-
Closing balance		3,366,803	(1,916,136)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

20. SEGMENT INFORMATION

As at the balance date, the Consolidated Entity's principal activity is the management of its investments. The Board has determined the operating segment below. During the previous financial year, the Consolidated Entity's principal activity was the management of its investments in equity securities listed on overseas stock market and the unlisted Australian FSP Equities Leaders Fund; the Consolidated Entity disposed its overseas investments in May 2009.

As at balance date, the Board considers the Consolidated Entity to have only one operating segment in one geographical region.

Geographical exposures

The Consolidated Entity is incorporated in Australia. During the period, the Consolidated Entity's investment portfolio comprised investments in Australia. During the previous financial year, the Consolidated Entity's investment portfolio (comprising investments in listed securities, cash assets, accrued interest and dividends, net of unsettled trades) was exposed to different countries as outlined below:

			Investment Management				
2010	**Australia**	**Europe**	**United Kingdom**	**North America**	**Asia**	**Japan**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Total segment revenues	3,962,640	-	-	-	-	-	3,962,640
Adjusted EBITDA	2,931,684	-	-	-	-	-	2,931,684
Total segment assets	29,669,069	-	-	-	-	-	29,669,069
Total segment liabilities	127,386	-	-	-	-	-	127,386
2009							
Total segment revenues	2,291,243	571,058	223,012	1,845,744	54,250	511,139	5,496,446
Adjusted EBITDA	(205,044)	14,250	22,719	95,340	43,319	21,839	(7,577)
Total segment assets	27,849,635	-	-	-	-	-	27,849,635
Total segment liabilities	110,610	-	-	-	-	-	110,610

(a) Other segment information

(i) Segment revenue	**2010**	**2009**
Sales between segments are carried out at arm's length and are eliminated on consolidation.	**$**	**$**
Total segment revenue	3,962,640	1,867,956
Other income	186,598	42,173
Total revenue from continuing operations (Note 3)	4,149,238	1,910,129

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

20. SEGMENT INFORMATION (continued)

(ii) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

The adjusted EBITDA measurement basis excludes non-recurring expenditure from the operating segments such as merger costs.

	2010	2009
	$	$
Adjusted EBITDA	2,931,684	(7,577)
Interest revenue	204,565	411,735
Finance cost	(1,587)	(1,002)
Depreciation	(6,247)	(2,082)
Merger costs	(24,585)	(224,836)
Fixed assets written off	(2,181)	-
Profit before income tax	3,101,649	176,238

		2010	2009
(iii)	**Segment assets**	29,669,069	27,849,635
	Unallocated:		
	Other current assets	-	6,518
	Property, plant and equipment	7,723	8,532
	Deferred tax asset	130,198	6,975
	Total assets as per the Statement of Financial Position	29,806,990	27,871,660
(iv)	**Segment liabilities**	127,386	110,610
	Unallocated:		
	Provisions	14,011	6,277
	Deferred tax liabilities	130,198	6,975
	Total liabilities as per the Statement of Financial Position	271,595	123,862

21. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments mainly consist of deposits with banks, accounts receivable and payable and investments in listed securities and the unlisted FSP Equities Leaders Fund. The principal activity of the Consolidated Entity is the management of these investments - "financial assets held at fair value" (refer to Note 11). The Consolidated Entity's investments are subject to price (which includes interest rate and market risk), credit and liquidity risks.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

21. FINANCIAL RISK MANAGEMENT (continued)

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

The Consolidated Entity holds the following financial instruments:	2010 $	2009 $
Financial assets		
Cash and cash equivalents	15,762,433	14,650,307
Trade and other receivables	430,679	440,719
Financial assets at fair value through profit or loss	13,475,957	12,758,609
	29,669,069	27,849,635
Financial liabilities		
Trade and other payables	(127,386)	(110,610)
	(127,386)	(110,610)
Net Financial Assets	29,541,683	27,739,025

(a) Market Risk

(i) Price risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified in the balance sheet at fair value through profit or loss. The Consolidated Entity is not exposed to commodity price risk.

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

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

The Consolidated Entity has performed a sensitivity analysis on its exposure to equity securities price risk which is mainly the units in the unlisted FSP Equities Leaders Fund at balance date. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The S&P/ASX 200 Accumulation Index was utilised as the benchmark for the portfolio at fair value through profit or loss.

	2010 $	2009 $
Change in profit		
Increase by 1%	646,960	627,783
Decrease by 1%	(646,960)	(627,783)
Change in equity		
Increase by 1%	646,960	627,783
Decrease by 1%	(646,960)	(627,783)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2010

21. FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The average interest rate of the term deposits for the year for the table below is 5.73% (2009: 4.2%).

	2010	2009
	$	$
Cash at bank	62,433	1,456,758
Term deposits	15,700,000	13,193,549
	15,762,433	14,650,307

The Consolidated Entity has no borrowings and no liability exposure to interest rate risk. The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity.

(iii) Foreign exchange risk

The Consolidated Entity is not exposed to foreign exchange risk as at Balance Date. The Consolidated Entity's current policy is not to hedge any overseas currency exposure.

	2010	2009
	USD	USD
Term deposits	-	1,603,870

The Consolidated Entity has no foreign exchange funds or investments, therefore no asset or liability exposure to foreign exchange risk. There is no revenue or expense exposure in terms of the possible impact on profit or loss or total equity.

(b) Credit risk

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

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

	2010	2009
Cash and cash equivalents	$	$
AA	15,212,433	13,650,307
BBB+	550,000	1,000,000
	15,762,433	14,650,307
Trade and other receivables (due within 30 days)		
No external credit rating available	430,679	440,719

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

21. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The Consolidated Entity 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 Consolidated Entity's maximum exposure to credit risk.

(c) Liquidity risk

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

(d) Fair value measurements

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

As at 1 July 2009, the Consolidated Entity has adopted the amendment to *AASB 7 Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following tables present the Consolidated Entity's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of AASB 7 *Financial Instruments: Disclosures* .

	Level 1	Level 2	Level 3	Total
2010	**$**	**$**	**$**	**$**
Financial assets held at fair value through profit or loss				
- Listed investments at fair value	735	-	-	735
- Units in unlisted FSP Equities Leaders Fund	-	13,475,222	-	13,475,222

The fair value of financial instruments that are not traded in an active market, that is the unlisted FSP Equities Leaders Fund, is determined from unit price information provided by investment manager, FSP Equities Management Limited. This financial instrument is included in level 2.

22. COMMITMENTS

	2010	2009
	$	$
Not longer than one year	165,266	91,772
Between 12 months and 5 years	340,768	219,001
	506,034	310,773

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

23. CONTINGENT ASSETS AND LIABILITIES

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

24. EVENTS AFTER BALANCE DATE

(a) The Directors have declared payment of a one cent per share fully franked dividend at a total cost of $720,096. The record date will be 22 September 2010 with payment to be effected on or about 30 September 2010.

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

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and accompanying notes as set out on pages 25 to 52 are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting; and

   (b) give a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2010 and of their performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures set out in the Directors' Report on page 17 to 21 (as the audited Remuneration Report) comply with section 300A of the *Corporate Act 2001*;

4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Executive Chairman (the person who, in the opinion of the Directors, performs the chief executive function) and Company Secretary (the person who, in the opinion of the Directors, performs the chief financial officer function); and

5. The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

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

Farooq Khan
Chairman

Peter Simpson
Director

27 August 2010

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Australia

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

Report on the Financial Report

We have audited the accompanying financial report of Bentley Capital Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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 the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 opinions.

Independence

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

Auditor's Opinion

In our opinion:

the financial report of Bentley Capital Limited is in accordance with the Corporations Act 2001,including,

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 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

(a) 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 in pages 17 to 21 of the directors' report for the year ended 30 June 2010. 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 Capital Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001.*

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 27th day of August 2010

CORPORATE GOVERNANCE

Compliance with Corporate Governance Council's Principles

The extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition, August 2007) is as follows:

Principle	Compliance	CGS References / Comments
Principle 1: Lay solid foundations for management and oversight Companies should establish and disclose the respective roles and responsibilities of board and management		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	2, 3.3, 4.1, 4.2
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	3.11
1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1. The following material should be included in the corporate governance section of the annual report: • an explanation of any departure from Recommendation 1.1, 1.2 or 1.3. • whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed. A statement of matters reserved for the board or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	Yes	Annual Report Website CGS
Principle 2: Structure the board to add value Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties		
2.1 A majority of the board should be independent directors.	No	3.5
2.2 The chair should be an independent director.	No	3.2, 3.5
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Not applicable	3.2
	The Company has an Executive Chairman but does not have a Chief Executive Officer or Managing Director	
2.4 The board should establish a nomination committee.	No	4.2
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	3.11
2.6 Companies should provide the information indicated in the Guide to Reporting on Principle 2. The following material should be included in the corporate governance statement in the annual report: • the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report. • the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds. • the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of these relationships. • 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. • the period of office held by each director in office at the date of the annual report. • the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out. • whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed. • an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.	Yes (as applicable)	Annual Report Website CGS

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
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 and the re-election of incumbent directors. • the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee. • the board's policy for the nomination and appointment of directors.		
Principle 3: Promote ethical and responsible decision making Companies should actively promote ethical and responsible decision-making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Being developed	6
3.1.1 the practices necessary to maintain confidence in the company's integrity.		
3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	The principal matters covered by a code of conduct are addressed by other policies	
3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2 Companies should establish a policy concerning trading in company securities by directors officers and employees and disclose the policy or a summary of that policy.	Yes	3.8
3.3 Companies should provide the information indicated in the Guide to Reporting on Principle 3. An explanation of any departures from Recommendations 3.1, 3.2 or 3.3 should be included in the corporate governance statement in the annual report. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: • any applicable code of conduct or a summary. • the trading policy or a summary of its main provisions.	Yes	Annual Report Website CGS
Principle 4: Safeguard integrity in financial reporting Companies should have a structure to independently verify and safeguard the integrity of their financial reporting		
4.1 The board should establish an audit committee.	Yes	4.2
4.2 Structure the audit committee so that it: • consists only of non-executive directors. • consists of a majority of independent directors. • is chaired by an independent chair, who is not chair of the board. • has at least three members.	Yes (save that the Audit Committee currently has 2 members)	CGS 4.2
4.3 The audit committee should have a formal charter.	Yes	CGS 4.2
4.4 Companies should provide the information indicated in the Guide to Reporting on Principle 4. The following material should be included in the corporate governance statement in the annual report: • details of the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee or, where a company does not have an audit committee, how the functions of an audit committee are carried out. • the number of meetings of the audit committee and the names of the attendees. • explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4. 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 audit committee charter. • information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	Yes (as applicable)	Annual Report Website CGS

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
Principle 5: Make timely and balanced disclosure Companies should promote timely and balanced disclosure of all material matters concerning the company		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	7.1, 8.2
5.2 Companies should provide the information indicated in the Guide to Reporting on Principle 5. An explanation of any departures from Recommendation 5.1 or 5.2 should be included in the corporate governance statement in the annual report.. The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's web site in a clearly marked corporate governance section.	Yes	Annual Report Website CGS
Principle 6: Respect the rights of shareholders Companies should respect the rights of shareholders and facilitate the effective exercise of those rights		
6.1 Companies should design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	8.1
6.2 Companies should provide the information indicated in Guide to Reporting on Principle 6. An explanation of any departures from best practice recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report. The company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section.	Yes	Annual Report Website CGS
Principle 7: Recognise and manage risk Companies should establish a sound system of risk oversight and management and internal control		
7.1 Companies should establish policies for oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	7.1
7.4 Companies should provide the information indicated in the Guide to Reporting on Principle 7. The following material should be included in the corporate governance section of the annual report: • an explanation of any departures from best practice recommendations 7.1, 7.2, 7.3 or 7.4. • whether the board has received the report from management under Recommendation 7.2. • whether the board has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3. A summary of the company's policies on risk oversight and management of material business risks should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	Yes	Annual Report Website CGS

CORPORATE GOVERNANCE

Principle 8: Remunerate fairly and responsibly Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear		
8.1 The board should establish a remuneration committee.	Yes	4.2
8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Remuneration Report in the Directors' Report
8.3 Companies should provide the information indicated in the Guide to Reporting on Principle 8. The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report: • the names of the members of the remuneration committee and their attendance at meetings of the committee or, where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out. • the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors. • an explanation of any departure from Recommendations 8.1, 8.2 or 8.3. 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 charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee. • a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	Yes (as applicable)	Annual Report Website CGS

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT (CGS)

1. Framework and Approach to Corporate Governance and Responsibility

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

The Board of Directors supports the Corporate Governance Principles and Recommendations 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 the Council's recommendations can be found on the ASX website at:
asx.com.au/about/corporate_governance/revised_corporate_governance_principles_recommendations.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 and the Investment Committee;

(4) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;

(5) the identification of significant business risks and ensuring that such risks are adequately managed;

(6) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;

(7) the establishment and maintenance of appropriate ethical standards;

(8) Until the formation of a Remuneration Committee on 7 October 2010, 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

(9) 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.

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 the current size and the scale and nature of the Company's activities. The names of the Directors in office currently and during the 2009/2010 year and their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010.

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

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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. Executive Chairman

The Executive Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. The Executive Chairman of the Company is Mr Farooq Khan, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010. The Company does not have a Managing Director or Chief Executive Officer.

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. Messrs Christopher Ryan and Peter Simpson are the Non-Executive Directors. Their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010. Mr Simon Cato was a Non-Executive Director until his resignation on 29 April 2010

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 2010.

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 another group member;

(3) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the provision of material professional or consulting services;

(4) is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

(5) has no material contractual relationship with the Company other than as a Director of the Company; and

(6) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Messrs Farooq Khan and William Johnson are not regarded as independent Directors as they are Executive Directors of the Company.

Messrs Christopher Ryan and Peter Simpson are regarded as independent Non-Executive Directors.

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 or his duties to any other parties and the interests of the Company in carrying out the activities of the Company; and

(2) if requested by the Board, within 7 days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

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

3.7. 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 (a) subscribing for, purchasing or selling Company securities or entering into an agreement to do any of those things and (b) advising or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company securities whilst in possession of market-sensitive information, prior to disclosure of that information to the market and thereafter until adequate time has elapsed for this to be reflected in the security's price, in accordance with the Corporations Act.

The Board also prohibits communicating inside information to any other person when Directors, Executives and employees should reasonably know that they may deal in the Company's securities or encourage another person to do so.

CORPORATE GOVERNANCE

Executives/employees and Directors are required to consult the Executive Chairman and the Board respectively, prior to dealing in securities in the Company or other companies with which the Company has a relationship.

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 their election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors (save for any Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

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

Director	Appointed	AGM Last Re-elected
Farooq Khan	2 December 2003	17 November 2006 - standing for re-election at 2010 AGM
Peter Simpson	6 September 2005	20 November 2009
Christopher Ryan	5 February 2004	29 November 2007
William Johnson	13 March 2009	20 November 2009

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. Directors are encouraged to attend director training and professional development courses, as required, at the Company's expense. New Directors will have access to all employees to gain full background on the Company's operations.

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 Executive Chairman and the Remuneration Committee/Board. The Remuneration Committee (comprising Non-Executive Directors) is responsible for reviewing the performance and remuneration of Executive Directors. The Executive Chairman also speaks to Directors individually regarding their role and performance as a Director.

3.12. Meetings of the Board

The Executive Chairman and Company Secretary schedule formal Board meetings at least bi-monthly and 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 Executive 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. Company Information and Confidentiality

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

3.15. 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 2010 and in the 2009 Notice of AGM dated 13 October 2009.

4. Management

4.1. Executives

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

The Board has determined that the Executive Chairman is the appropriate person to make the Chief Executive Officer equivalent declaration and the Company Secretary is the appropriate person to make the Chief Financial Officer equivalent declaration in respect of the year ended 30 June 2010, as required under section 295A of the Corporations Act and recommended by the Council.

4.2. Board and Management Committees

Investment Committee: In March 2009, the Board established an Investment Committee comprised of the Executive Chairman, Mr Farooq Khan, Executive Director, Mr William Johnson and the Company Secretary, Mr Victor Ho. The Investment Committee's role is to

CORPORATE GOVERNANCE

implement the Company's Investment Mandate, approved by shareholders in February 2009 and Company's investment strategies approved by the Board. The Investment Committee's authority is subject to limits on the categories of investments it can make (imposed by the Investment Mandate) and financial limits within those categories, imposed by the Board. The Investment Committee reports regularly to the Board. The Company appointed a new Chief Investment Officer (**CIO**) in April 2010 to join the Investment Committee. However, the CIO resigned in September 2010 due to personal and family reasons and the Company is currently seeking to fill the CIO role.

Audit Committee: In October 2009, the Board established an Audit Committee comprised of the independent Non-Executive Directors, Messrs Simon Cato (who resigned as a Director on 29 April 2010), Christopher Ryan and Peter Simpson (appointed Chairman of the Audit Committee). Their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010. The Audit Committee has a formal charter to prescribe its role and responsibilities, composition, structure and the membership requirements of the Committee and to govern its operation, which includes reviewing and approving the audited annual and reviewed half-yearly financial reports, ensuring a risk management framework is in place, reviewing and monitoring compliance issues, reviewing reports from management and matters related to the external auditor. The Audit Committee Charter may be viewed and downloaded from the Company's website: www.bel.com.au

Remuneration Committee: On 7 October 2010, the Board established a Remuneration Committee comprised of the independent Non-Executive Directors, Messrs Christopher Ryan and Peter Simpson. Their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2010. A formal Remuneration Committee is currently developed to prescribe its role and responsibilities and to govern its operation. The Remuneration Committee Charter, when completed, will be posted to the Company's website.

Nomination Committee: In view of the current composition of the Board (which comprises two Non-Executive Directors and two Executive Directors) and the nature and scale of the Company's activities, the Board has considered that establishing a formally-constituted committee for board nominations is not necessary or required.

Accordingly, the nomination of new Directors is reviewed by the Board as a whole and approved by resolution of the Board. That is, matters typically dealt with by a nomination committee are dealt with by the full Board.

4.3. Investment Manager

In March 2009, FSP Equities Management Limited (**FSP**) – then Investment Manager to Scarborough Equities Limited (now known as Scarborough Equities Pty Ltd and a wholly owned subsidiary of the Company) (**Scarborough**) – became an Investment Manager to the Company under the merger with Scarborough. As Investment Manager, FSP will invest Company funds placed with it in its FSP Equities Leaders Fund (**FSP Fund**) – a wholesale fund not open to retail investors. FSP's investment management team is lead by Mr Ronni Chalmers. The Board maintains regular contact with the Investment Manager who provides regular reports in relation to the performance of the FSP Fund.

5. Remuneration Policy

Please refer to the Remuneration Report in the Director's Report for the year ended 30 June 2010. Directors do not currently have any equity-based remuneration.

6. Code of Conduct and Ethical Standards

The Company does not have a formal code of conduct. 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. However, the Board is currently developing a formal code of conduct. This will be posted on to the Company's website when finalised.

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 Investment Manager, FSP, and suitably-qualified and experienced management personnel. The effectiveness of the system is monitored and continually reviewed by management on an on-going basis and at least annually by the Board. On a day-to-day basis, managing the various risks inherent in the Company's operations is the responsibility of the Executive Directors and the Company Secretary. Risks facing the Company can be divided into the broad categories of operations, compliance and market risks.

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

Compliance risk is the risk of failure to comply with all applicable legal and regulatory requirements and industry standards and the corresponding impact on the

CORPORATE GOVERNANCE

Company's business, reputation and financial condition. The Company's compliance risk management strategy ensures compliance with key legislation affecting the Company's activities. The Company's compliance strategy is kept current with advice from senior external professionals and the ongoing training of Executives and other senior personnel involved in compliance management. The Company Secretary has oversight responsibility for managing the Company's compliance risk.

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

Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Company has appointed an Investment Committee as the first line in managing this risk, under the supervision of the Board. The Board retains final responsibility to assess the Company's exposure to these risks and set the strategic direction for managing them. Further details are in the Note 21 (Financial Instruments) to the financial statements for the year ended 30 June 2010.

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 Executive Chairman is the appropriate person to make the Chief Executive Officer equivalent declaration and the Company Secretary is the appropriate person to make the Chief Financial Officer equivalent declaration in respect of the year ended 30 June 2010, on the risk management and internal compliance and control systems recommended by the Council. The Board has received assurances from the Executive Chairman and the Company Secretary that the declarations they provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

7.2. Audit

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

8. Communications

8.1. Market and Shareholder Communications

The Company is owned by shareholders. Increasing shareholder value is the Company's key mission. Shareholders require an understanding of the Company's operations and performance to enable them to 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 in accordance with the Corporations Act and to obtain shareholder approvals as appropriate. The Executive Chairman and the Investment Manager give 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's policy of expecting Directors to be available to meet shareholders at Annual General Meetings; and

(4) the Company making Directors and selected senior employees available to answer shareholder questions submitted by telephone, email and other means.

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: 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.

CORPORATE GOVERNANCE

8.2. Continuous Disclosure to ASX

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

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

All staff are required to inform their reporting manager of any potentially price-sensitive information concerning the Company as soon as they become aware of it. Reporting managers are in turn required to inform 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.

8 October 2010

INVESTMENT MANDATE

The following Investment Mandate is as approved by shareholders at a General Meeting held on 25 February 2009[3]:

The Investment Objectives of Bentley are to:

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

1. INVESTMENT STRATEGY

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

- Strategic Investments; and
- Non-strategic Investments.

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

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

(a) Strategic Investments

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

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

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

(b) Non-Strategic Investments

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

2. PORTFOLIO ALLOCATION

In executing its Investment Strategy, Bentley may, from time to time, hold a high proportion of net assets in cash, preferring to be patient and selective rather than filling its investment portfolio with mediocre or underperforming investments for the sake of becoming "fully-invested".

Bentley will not be limited to the principles of broad diversification; in other words, Bentley may invest a significant proportion of funds in any single investment that represents an exceptional opportunity.

3. INVESTMENTS

Investments may be made by Bentley in Australia and overseas and into any underlying industry, business or sector, in accordance with Bentley's stated Investment Objectives and Strategies.

In pursuit of the Investment Objectives and execution of the Investment Strategies outlined above, Bentley will have absolute discretion in applying its equity and any debt funds to a universe or range of potential investments in assets, businesses, securities, hybrid securities, cash, bills of exchange, other negotiable investments, debentures and other investments and structures.

4. MANAGEMENT OF INVESTMENTS

Bentley's investment decisions are carried out by its Investment Committee which comprises the Executive Directors, Chief Investment Officer and the Company Secretary (in conjunction with external consultants and advisers where appropriate). If it believes that it is in the best interests of Bentley, the Board may chose to delegate part or all of the responsibility for making investment decisions to an external investment manager, subject to the investment manager having appropriate capabilities, experience and the necessary Australian Financial Services licences(s).

[3] Refer Bentley's Notice of Meeting dated 15 January 2009 and released on ASX on 23 January 2009

ADDITIONAL ASX INFORMATION
as at 8 October 2010

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	282	147,275	0.204
1,001	-	5,000	903	2,857,850	3.953
5,001	-	10,000	416	3,109,656	4.301
10,001	-	100,000	585	15,487,804	21.423
100,001	-	and over	52	50,692,179	70.119
Total			**2,238**	**72,294,764**	**100%**

Unmarketable Parcel

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	2,127	495	479,176	0.66%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 2,127 shares or less, being a value of $500 or less in total, based upon the Company's closing share price on ASX on 8 October 2010 of $0.24 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.

LIST OF INVESTMENTS

As at 30 June 2010, the Company held 4,890,251 units in the unlisted wholesale FSP Equities Leaders Fund (**FSP Fund**) with a value of $5,698,561 and subsidiary, Scarborough Equities Pty Ltd (**Scarborough**), held 7,428,043 units in the **FSP Fund** with a value of $8,655,824. The Company held 1,000 shares in Emerging Leaders Investments Limited (ELI) with a value of $745 and had subscribed for 185,050 shares in Gindalbie Metals Ltd (GBG) (value at $172,097) (which was issued on 1 July 2010). No other investments, other than cash held on deposit with Australian banks, were held by the Company.

TRANSACTIONS AND BROKERAGE

During the financial year, the Company entered into one (2009: 1,230) transaction for the purchase of securities, incurring brokerage fees totalling ~$99 (2009: ~$28,820). The Company undertook one investment into and one redemption from the FSP Fund. Scarborough reinvested one income distribution into and undertook 2 redemptions from the FSP Fund. There are no entry or exit fees applicable to the FSP Fund.

INVESTMENT MANAGEMENT AGREEMENT

The Investment Management Agreement dated 9 December 2004 (**IMA**) between Scarborough (now a wholly owned subsidiary) and FSP Equities Management Limited (**FSP**) expired on 9 December 2006 and FSP's mandate has continued on a month to month basis in accordance with the terms therein. Under the terms of the IMA: (a) FSP is to invest and manage Scarborough's investment portfolio in the FSP Fund and (b) the management fees normally payable by participants in the FSP Fund is 1% per annum base management fee and a performance fee of 20% of the performance of the fund in excess of the S&P/ASX 200 Accumulation Index benchmark. Scarborough has negotiated a variable fee structure that represents a favourable rebate to the normal fees charged by the FSP Fund, whilst still providing a material incentive to the Investment Manager for investment out performance of the benchmark. The payment of management fees to FSP occur through the deduction by the manager of monies invested within the FSP Fund. The value of the investment in the FSP Fund is therefore net of fees payable to the manager from time to time.

ADDITIONAL ASX INFORMATION
as at 8 October 2010

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank		Shareholder	Shares Held	Total Shares Held	% Issued Capital
1	*	ORION EQUITIES LIMITED		20,513,783	28.375
2	*	ROCHESTER NO 39 PTY LTD	7,318,241		
	*	PENSON HOLDINGS PTY LTD	258,426		
			Sub-total	7,576,667	10.480
3	*	DATABASE SYSTEMS LTD		7,481,544	10.349
4		MR MICHAEL CRAIG	91,452		
		MR ROBERT JAMES CRAIG	674,023		
		EQUITAS NOMINEES PTY LIMITED <PB-600687 A/C>	2,734,526		
			Sub-total	3,500,001	4.841
5		QUESTE COMMUNICATIONS LTD		1,740,625	2.408
6		MR JOHN ROBERT DILLON		1,335,146	1.847
7		MR PETER PENFOLD SIMPSON & MRS CAROLYNNE DENISE SIMPSON	229,300		
		MR PETER PENFOLD SIMPSON	8,000		
		GPS NOMINATOR PTY LTD	795,560		
		ODDLOT SHARES & SECURITIES PTY LTD	100,000		
			Sub-total	1,132,860	1.567
8		MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN <C&R VAUGHAN SUPER FUND A/C>		808,035	1.118
9		PATJEN2 PTY LTD		557,441	0.771
10		MR JAMES LAWRENCE HADLEY & MRS MARIA MARLENA HADLEY <HADLEY FAMILY S/F A/C>	372,442		
		MR JAMES LAWRENCE HADLEY <HADLEY FAMILY SUPER F/D A/C>	62,000		
			Sub-total	434,442	0.601
11		MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE		384,464	0.532
12		TADMARO PTY LIMITED		317,934	0.440
13		DR SPENCER DAVID <DAVID FAMILY INV FUND A/C>		283,951	0.393
14		MCCUE FAMILY HOLDINGS PTY LTD <MCCUE SUPER FUND A/C>		254,190	0.352
15		MR ERIK KARL METANOMSKI & MRS JARNAH METANOMSKI <E METANOMSKI SUPER FUND A/C>		240,000	0.332
16		MRS LEANNE MAREE ROCKEFELLER		232,595	0.322
17		SANPEREZ PTY LTD <P CHALMERS PARTNERSHIP A/C>		221,202	0.306
18		ADC (INVESTING) PTY LTD <AL COOK ASSET A/C>		185,834	0.257
19		MS JAN ELIZABETH BURNETT-MCKEOWN		182,970	0.253
20		MRS LOUISE ANGELA KISSANE		177,767	0.246
TOTAL				**47,561,451**	**65.790**

* Substantial shareholders

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