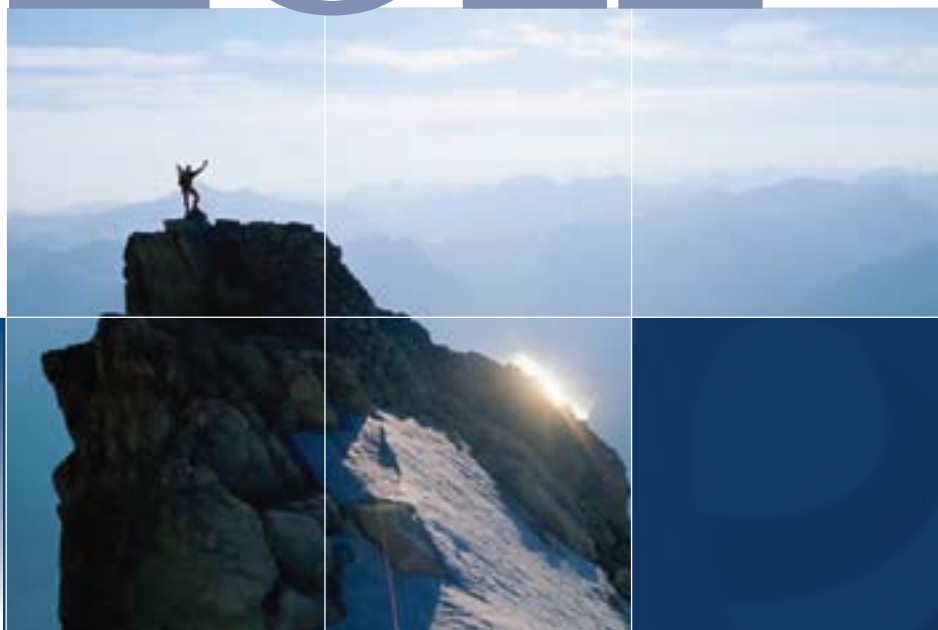


2011



2011 Annual Report



Bentley
Capital Limited

CONTENTS

Company Profile	2
Overview of Performance	3
The Board's Report	4
Directors' Statutory Report	6
Remuneration Report	20
Auditor's Independence Declaration	27
Consolidated Statement of Comprehensive Income	28
Consolidated Statement of Financial Position	29
Consolidated Statement of Changes in Equity	30
Consolidated Statement of Cash Flows	31
Notes to the Consolidated Financial Statements	32
Directors' Declaration	51
Independent Auditor's Report	52
Corporate Governance	54
Investment Mandate	64
List of Share Investments	65
Additional ASX Information	66

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CORPORATE DIRECTORY**BOARD**

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

COMPANY SECRETARY

Victor P.H. Ho

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Australian Securities Exchange
Sydney, New South Wales

ASX CODE

BEL

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COMPANY PROFILE

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

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

Within its broader investment mandate¹, Bentley is focussing on several key investment sectors which the Board believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of Bentley's benchmark All Ordinaries Index²:

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

As at 30 June 2011, BEL had a market capitalisation of \$15.97 million (at \$0.22 per share), net tangible assets (NTA) of \$28.81 million (at \$0.3968 post-tax NTA backing per share), 72,598,802 fully paid ordinary shares on issue, and 2,174 shareholders on its share register (30 June 2010: \$15.84 million (at \$0.22 per share), 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). BEL currently has 73,456,902 shares on issue (as at 14 October 2011).

NET ASSET WEIGHTINGS

Net Assets	30 September 2011		30 June 2011		31 December 2010		30 June 2010	
Australian equities ¹	\$12.10m	52%	\$28.47m	99%	\$27.11m	85%	\$13.48m	46%
Provision for income tax	-	-	-	-	-	-	-	-
Net cash on deposit/other assets/provisions	\$11.2m	48%	\$0.34m	1%	\$4.61m	15%	\$16.06m	54%
Total Net Assets	\$23.3m	100%	\$28.8m	100%	\$31.72m	100%	\$29.54m	100%
NTA Backing per share	\$0.3165		\$0.3968		\$0.4387		\$0.4102	

The Company paid 3.4 cent final and special fully franked dividend (totalling \$2.47 million) on 26 September 2011 and a 5 cent per share (totalling \$3.67 million) return of capital on 14 October 2011 (which was approved by shareholders on 4 October 2011)³. The 30 September 2011 NTA Backing (above) is net of the 3.4 cent dividend payment but does not include a provision in respect of the 5 cent return of capital.

RECENT DIVIDENDS

Rate per share	Record Date	Payment Date	Franking	DRP Issue Price
2.4 cents (Special)	5 September 2011	26 September 2011	100%	\$0.2188
One cent	5 September 2011	26 September 2011	100%	\$0.2188
One cent	10 March 2011	17 March 2011	100%	\$0.2429
One cent	22 September 2010	30 September 2010	100%	\$0.2325
One cent	8 March 2010	15 March 2010	100%	\$0.2952
One cent	28 October 2009	30 October 2009	100%	\$0.2689
One cent	24 September 2007	28 September 2007	100%	\$0.3615
One cent	1 March 2007	8 March 2007	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 in the Investment Mandate Section at page 64 of this report

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

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

OVERVIEW OF PERFORMANCE

CONSOLIDATED	June 2011 \$'000	June 2010 \$'000
Net gain on financial assets held at fair value through profit or loss	1,306	3,649
Dividends	150	99
Interest	358	215
Other investment related income	58	186
Total revenue	1,872	4,149
Foreign exchange losses	-	(151)
Personnel expenses	(653)	(399)
Accounting, taxation and related administration expenses	(101)	(105)
Other corporate and administration expenses	(544)	(393)
Total expenses	(1,298)	(1,048)
Profit before tax	574	3,102
Income tax benefit/ (expense)	-	-
Profit after tax attributable to members	574	3,102
Basic and diluted earnings per share (cents)	0.79	4.32
Pre-Tax NTA backing per share (cents)	39.68	41.02
Post-Tax NTA backing per share (cents)	39.68	41.02
Pre and Post-Tax NTA (adjusted for dividends paid during the year) backing per share (cents)	41.67	43.02

OVERVIEW OF RESULTS FOR THE YEAR

- (1) Bentley earned a net profit of \$0.57 million (pre and post tax) during the financial year (2010: \$3.102 million net profit (pre and post tax)).
- (2) Bentley's 12 month after tax net tangible asset (NTA) performance to 30 June 2011 was +2.42% (with dividends paid added back) (2010: +11%). This compares with the performance of the ASX All Ordinaries Index of +7.75% over the same period (2010: +6%).
- (3) Bentley paid two cents of fully franked dividends during the financial year (in March 2011 and September 2010), which represents a grossed up dividend yield of 12.2% (2010: 9.2%) based on Bentley's volume weighted average share price of 23.6 cents (2010: 31.1 cents) during the financial year.
- (4) The majority of the Company's funds were held under management by Sydney based fund manager, FSP Equities Management, in the wholesale FSP Equities Leaders Fund (**FSP Fund**) during the financial year. 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.
- (5) As at 30 June 2011, Bentley had ~75.6% (~\$21.77 million) of its net assets invested in the FSP Fund (2010: ~46% and \$13.48 million). The 12 month performance of the FSP Fund to 30 June 2011 was +17.8% (2010: +14.8%) compared with its benchmark performance (S&P/ASX 200 Accumulation Index) of +11.7% (2010: +13.1%).
- (6) There were no entitlements arising under the Company's Performance Bonus Scheme (**PBS**) (which was implemented on 1 May 2010) during the financial year. The conditions for payment to members of the Investment Committee are related to Bentley's financial performance (based on the change in Bentley's net asset value relative to the Benchmark ASX All Ordinaries Index) during each half-year.

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 2011.

THE BOARD'S REPORT

Investment Update Subsequent to Year End

On 15 September 2011, Bentley redeemed \$10 million from its investment in the FSP Equities Leaders Fund (**FSP Fund**) in light of uncertainty and volatility in Australian and world stock markets.

Bentley's latest unaudited Net Tangible Assets (**NTA**) backing as at 30 September 2011 was \$0.3165 per share (pre and post tax) (30 June 2011: \$0.3968).

The year to date (3 months ending 30 September 2011) performance of Bentley was -10.27% (with dividends paid and the cost of shares bought-back added back) compared with the ASX All Ordinaries Index of -12.66% over the same period.

As at 30 September 2011, Bentley's \$23.26 million NTA comprised:

- (1) \$11.18 million cash;
- (2) \$6.34 million invested in ASX listed securities;
- (3) \$5.56 million invested in the FSP Fund;
- (4) \$0.20 million invested in unlisted securities;
- (5) \$(0.02) million net other assets/ (liabilities).

Bentley's major securities holdings as at 30 September 2011 were:

Security	ASX Code	Value
MEO Australia Limited	MEO	\$4.70m
Other listed securities	Various	\$1.64m
Other unlisted securities	Unlisted	\$0.20m

It is Bentley's intention to hold the balance of the redeemed FSP Fund cash funds (after payment of the 3.4 cent final and special dividends on 26 September and the 5 cent return of capital on 14 October 2011) pending:

- The funds being required for particular investments consistent with Bentley's investment strategy; or
- Reinvestment with the FSP Fund.

Investment Strategy and Focus

The Company has made progress since the beginning of the year with implementing its investment strategy:

- Formal appointment of a Chief Investment Officer (CIO) and Investment Analyst based in the Sydney office;

- First significant strategic investment in MEO Australia Limited (ASX Code: MEO);
- Several smaller investments which may lead to greater participation; and
- Assessment and analysis of a large number of investment opportunities.

Bentley's investment universe principally comprises:

- ASX listed companies with market capitalisation under \$100m, with a "sweet spot" of up to \$30m;
- ASX "shells" and restructuring situations with market caps of less than \$10m;
- Unlisted companies with an enterprise value of less than \$20m if a clear plan for seeking ASX listing is in place.

Bentley is currently focused on the following sectors:

- Energy (oil, gas, coal, alternatives, renewables);
- Metals (gold, iron ore, copper, rare earths);
- Other mineral resources;
- Technologies and services, especially in resources and mining;
- Fast growing creative and information-based businesses;
- Distressed / turnaround / pre or post insolvency situations.

Bentley expects to make a small number of investments (similar in size or greater to that made in MEO) during the course of a year, with the objective of generating returns well in excess of its benchmark ASX All Ordinaries Index.

The size of any one investment will be carefully weighed in relation to the overall capital base of the Company with a view that there should be a prudential exposure to any single investment.

If the size of the investment is material to an investee company, Bentley may seek to take an active role in the strategic direction of such companies by seeking a seat on the board or collaboration with management, with the common objective of adding shareholder value.

THE BOARD'S REPORT

Dividend Payments

The Board is pleased to have declared and paid a total of 5.4 cents of fully franked dividends to shareholders in the past 13 months (in September 2010, March 2011 and September 2011).

The 2.4 cent fully franked special dividend paid on 26 September 2011 (along with a one cent fully franked final dividend) is a capital management initiative undertaken by the Board in order to provide value to shareholders. Recent changes to the Corporations Act, which permit the payment of dividends based on a company solvency test and not based on whether a company has a net profit, have allowed Bentley to undertake this dividend based capital management initiative. The September 2011 final and special dividends are made utilising the existing franking credits of the Company and allow for a 100% franking credit to be applied.

The Board notes that 1,417,700 shares were issued at \$0.2188 per share under Bentley's Dividend Reinvestment Plan (DRP) in respect of these dividends.

On-Market Share Buy-Back

On 17 August 2011, Bentley announced its intention to conduct an on-market share buy-back of up to 6,599,890 shares (**Buy-Back**). This represents ~9.1% of the pre Buy-Back and 10% of the post Buy-Back issued share capital of the Company (as at the date of the announcement).

A total of 559,600 shares have been bought back at a total cost of \$125,910 (at an average buy-back price of \$0.225) to date.

These shares have been cancelled and the Company currently has 73,456,902 shares on issue (post DRP issue and share cancellation).

Return of Capital

Shareholders approved a 5 cent per share return of capital (**Return of Capital**) at a general meeting held on 4 October 2011 - this equates to an aggregate reduction of share capital by \$3.67 million.

Shareholders as at 12 October 2011 (the record date) were entitled to participate under the Return of Capital, which was distributed to eligible shareholders on 14 October 2011.

Rationale for Capital Management Initiatives

The special dividend, Buy-Back and Return of Capital initiatives is part of the ongoing capital management initiatives being conducted by the Company to provide value to shareholders and have also been driven by a desire expressed by a number of shareholders for the Company to return a portion of its capital to shareholders.

The Board had considered declaring a special dividend greater than 2.4 cents per share. However, upon review of the ability of the Company to frank such special dividend, it was determined to seek shareholder approval to effect a 5 cent Return of Capital in place of a higher special dividend. This course was adopted upon receipt of advice that the proposed higher special dividend could not be franked to 100% based upon the utilisation of the franking credits currently available to the Company relative to its retained earnings. As such, the proposal to return capital to shareholders presents a potentially more effective manner in which to provide funds to shareholders.

The Board believes that a combination of these various initiatives will be of benefit to all shareholders by providing a mix of cash via dividends and a Return of Capital in an effective manner whilst implementing mechanisms to potentially increase the NTA backing of the Company and reduce the discount to NTA backing at which the shares of the Company currently trade.

Furthermore, the Board's belief in the benefits to be derived from the Company's investment strategy supports the view that to buy back the Company's shares is in the interests of shareholders. Buying back the Company's shares at up to a 35% discount to NTA will deliver a net benefit to the remaining shareholders, whilst giving those wishing to sell an active buyer (i.e. the Company) to whom to sell through the market. To quantify the benefit, if all the shares subject to the Buy-Back are acquired by the Company at 65% of NTA, the NTA would rise by 3.5%, ignoring changes to the market.

Please refer to the Directors' Report for further details in relation to these capital management initiatives.

14 October 2011

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 2011 (**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 entities that it controlled during the financial year, being wholly owned subsidiaries - Scarborough Equities Pty Ltd ACN 061 287 045 and Scarborough Resources Pty Ltd ACN 150 394 291 (incorporated on 12 April 2011).

PRINCIPAL ACTIVITIES

Bentley is a listed investment company. Since admission to ASX in 1986, the principal investment objective of the Company was to invest in equity securities listed on the world's major stock markets.

Bentley's investment objectives are to:

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

Within its broader investment mandate¹, Bentley is focussing on several key investment sectors which the Board believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of Bentley's benchmark All Ordinaries Index²:

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

NET TANGIBLE ASSET BACKING

CONSOLIDATED	June 2011 \$'000	June 2010 \$'000
Net tangible assets (before tax on unrealised gains)	28,806	29,535
Pre-tax NTA Backing per share (cents)	39.68	41.02
Less: Net deferred tax asset / liabilities	-	-
Net tangible assets (after tax on unrealised gains)	28,806	29,535
Post-tax NTA Backing per share (cents)	39.68	41.02
Pre and Post-Tax NTA (adjusted for dividends paid) backing per share (cents)	41.67	43.02
Based on total issued shares	72,598,802	72,009,635

Bentley's 12 month after tax net tangible asset (NTA) performance to 30 June 2011 was +2.42% (with dividends paid added back) (2010: +11%). This compares with the performance of the ASX All Ordinaries Index of +7.75% over the same period (2010: +6%).

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 in the Investment Mandate Section at page 54 of this report

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

DIRECTORS' REPORT

OPERATING RESULTS

CONSOLIDATED	June 2011 \$'000	June 2010 \$'000
Net gain on financial assets held at fair value through profit or loss	1,306	3,649
Dividends	150	99
Interest	358	215
Other investment related income	58	186
Total revenue	1,872	4,149
Foreign exchange losses	-	(151)
Personnel expenses	(653)	(399)
Accounting, taxation and related administration expenses	(101)	(105)
Other corporate and administration expenses	(544)	(393)
Total expenses	(1,298)	(1,048)
Profit before tax	574	3,102
Income tax benefit / (expense)	-	-
Profit after tax attributable to members	574	3,102

Bentley earned a net profit of \$0.57 million (pre and post tax) during the financial year (2010: \$3.102 million net profit (pre and post tax)).

Net realised gains and net unrealised gains on investments were \$1.128 million and \$0.178 million respectively ((2010: \$0.25 million and \$3.4 million respectively), and gross interest, dividend and other investment income was \$0.565 million (2010: \$0.5 million).

Net realised gains and net unrealised gains on the investment in the FSP Fund were \$1.11 million and \$1.39 million respectively (2010: \$0.25 million and \$3.4 million respectively).

Net realised gains and net unrealised loss on other listed and unlisted securities were \$0.02 million and \$1.21 million respectively (2010: \$nil and \$nil respectively).

EARNINGS PER SHARE

CONSOLIDATED	June 2011	June 2010
Basic earnings per share (cents)	0.79	4.32

DIRECTORS' REPORT

FINANCIAL POSITION

CONSOLIDATED	June 2011 \$'000	June 2010 \$'000
Investments	28,467	13,476
Cash	156	15,762
Net deferred tax asset / liabilities	-	-
Other assets	259	438
Liabilities	(76)	(141)
Net assets	28,806	29,535
Issued capital	26,309	26,169
Retained earnings	2,497	3,366
Total equity	28,806	29,535

The majority of the Company's funds continue to be held under management by Sydney based fund manager, FSP Equities Management, in the wholesale FSP Equities Leaders Fund (**FSP Fund**). 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.

As at 30 June 2011, Bentley had ~75.6% (~\$21.77 million) of its net assets invested in the FSP Fund (2010: ~46% and \$13.48 million). The 12 month performance of the FSP Fund to 30 June 2011 was +17.8% (2010: +14.8%) compared with its benchmark performance (S&P/ASX 200 Accumulation Index) of +11.7% (2010: +13.1%).

DIVIDENDS

The Company will be paying a one cent final dividend and a 6.5 cent special dividend, as follows:

Dividend Rate per share	Ex Dividend Date	Record Date	Expected Payment Date	Franking
Final Dividend 1 cent	30 August 2011	5 September 2011	26 September 2011	45% franked
Special Dividend 6.5 cents				
Total Dividend 7.5 cents				

The Special Dividend is a capital management initiative undertaken by the Company in order to provide value to shareholders. Recent changes to the Corporations Act, which permit the payment of dividends based on a company solvency test and not based on whether a company has a net profit, have allowed Bentley to undertake this dividend based capital management initiative. The final and special dividends are made utilising the existing franking credits of the Company and allow for a 100% franking credit to be applied.

The Company's Dividend Reinvestment Plan (**DRP**) will apply to these dividends. 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.

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.

DIRECTORS' REPORT

The Company has also paid the following dividends during the financial year, totalling \$1.44 million, and issued 589,167 new shares under its DRP, as follows:

Dividend Rate (100% Franked)	Record Date	Payment Date	DRP Issue Price (cents)	DRP Shares Issued
One cent	22 September 2010	30 September 2010	23.25	285,129
One cent	10 March 2011	17 March 2011	24.29	304,038

The Company's two cents of fully franked dividends paid during the past financial year represents a grossed up dividend yield of 12.2% (2010: 9.2%) based on Bentley's volume weighted average share price of 23.6 cents (2010: 31.1 cents) during the financial year.

Bentley has a consistent track record of paying dividends, there being only three years³ in the Company's 25 year history as a listed investment company in which the Company has failed to pay a dividend.

Recent changes to the Corporations Act, which permits the payment of dividends based on a company solvency test and not based on whether a company has a net profit, ensures Bentley's capacity to continue to pay regular dividends consistent with its dividend track record.

Bentley intends to pay a minimum one cent per share dividend twice a year around the release of its year end and half year results (franked to the extent permitted and subject to availability of franking credits and the investment and working capital requirements of the Company).

CAPITAL MANAGEMENT

Securities on Issue

The Company has 72,598,802 (30 June 2010: 72,009,635) fully paid ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

The Company issued 589,167 new shares during the financial year as a consequence of shareholders' participation under the Company's DRP, at an average price of 23.8 cents per share.

Proposed Capital Return

On 25 August 2011⁴, the Company announced its intention to seek shareholder approval to undertake a 5 cent per share return of capital (**Return of Capital**). The Return of Capital is to be effected by the Company seeking shareholder approval for a reduction in the share capital of the Company by returning 5 cents per share to shareholders - this equates to an aggregate reduction of share capital by approximately \$3.63 million based upon the Company's 72,598,802 shares currently on issue.

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

³ Bentley did not pay a dividend in 2003, 2005 and 2008.

⁴ Refer 25 August 2011 ASX market announcement "[Dividends and Proposed Capital Return](#)"

DIRECTORS' REPORT

The Return of Capital is proposed by the Company as part of the ongoing capital management initiatives being conducted by the Company to provide value to shareholders which include the payment of a 2.4 cent fully franked special dividend (in addition to a one cent fully franked final dividend) (referred to above) and the intention to conduct an on-market share buy-back of up to 6,599,890 shares announced on 17 August 2011⁵.

These initiatives have also been driven by a desire expressed by a number of shareholders for the Company to return a portion of its capital to shareholders.

The Company had considered declaring a special dividend greater than 2.4 cents per share. However, upon review of the ability of the Company to frank such special dividend, it was determined to seek shareholder approval to effect a 5 cent Return of Capital in place of a higher special dividend. This course was adopted upon receipt of advice that the proposed higher special dividend could not be franked to 100% based upon the utilisation of the franking credits currently available to the Company relative to its retained earnings. As such, the proposal to return capital to shareholders presents a potentially more effective manner in which to provide funds to shareholders.

The Company believes that a combination of these various initiatives will be of benefit to all shareholders by providing a mix of cash via dividends and a Return of Capital in an effective manner whilst implementing mechanisms to potentially increase the NTA backing of the Company and reduce the discount to NTA backing at which the shares of the Company currently trade.

The Return of Capital is subject to shareholder approval which will be sought at a general meeting of shareholders anticipated to be held in late September /early October 2011.

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

If all conditions are met, including shareholder approval, the Directors aim to have Return of Capital paid in mid-October 2011.

Intention to Conduct On-Market Share Buy-Back

On 17 August 2011⁶, the Company announced its intention to conduct an on-market share buy-back of up to 6,599,890 shares (**Buy-Back**). This represents ~9.1% of the pre Buy-Back and 10% of the post Buy-Back issued share capital of the Company.

In accordance with ASX Listing Rule 7.33, the Company will not pay any more than 5% above the average of the market price for the Company's shares over the last 5 days on which sales in the shares were recorded prior to the Buy-Back occurring.

Also, the Company intends not to acquire shares under the Buy-Back at a price higher than 65% of its post tax NTA backing per share as announced to the ASX from month to month.

The Buy-Back will continue until the earlier of the acquisition of the Buy-Back shares and 31 August 2012, subject to the Company exercising its right to suspend or terminate the Buy-Back, or amend its terms, at any time.

⁵ Refer 17 August 2011 ASX market announcement "[Intention to Conduct On-Market Share Buy-Back](#)" and [Appendix 3C - Announcement of Buy-Back dated 17 August 2011](#)

⁶ Refer 17 August 2011 ASX market announcement "[Intention to Conduct On-Market Share Buy-Back](#)" and [Appendix 3C - Announcement of Buy-Back dated 17 August 2011](#)

DIRECTORS' REPORT

Further, the Company only intends to buy back shares each month between the trading day after the Company announces its monthly updated NTA backing (usually on or about the 14th of the month) and the last trading day of that calendar month.

The Company intends the Buy-Back to commence on the first trading day following the release of its NTA backing result for the month ending 31 August 2011, expected to be released on 14 September and hence the Buy-Back is intended to commence on 15 September 2011.

The Directors' belief in the benefits to be derived from the investment strategy supports the view that to buy back the Company's shares is in the interests of shareholders. Buying back the Company's shares at up to a 35% discount to NTA will deliver a net benefit to the remaining shareholders, whilst giving those wishing to sell an active buyer (i.e. the Company) to whom to sell through the market. To quantify the benefit, if all the shares subject to the Buy-Back are acquired by the Company at 65% of NTA, the NTA would rise by 3.5%, ignoring changes to the market.

REVIEW OF OPERATIONS

Net Asset Weightings

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

Net Assets	30 June 2011		31 December 2010		30 June 2010	
Australian equities ¹	\$28.47m	98.9%	\$27.11m	85%	\$13.48m	46%
Provision for income tax	-	-	-	-	-	-
Net cash on deposit/other assets/provisions	\$0.34m	1.1%	\$4.61m	15%	\$16.06m	54%
TOTAL NET ASSETS	\$28.8m	100%	\$31.72m	100%	\$29.54m	100%

^{1.} Includes an investment in the FSP Equities Leaders Fund

Bentley continues to have the majority of its funds during the financial year held under management by Sydney based manager, FSP Equities Management, in the FSP Fund. Bentley intends progressively reducing its investment in the FSP Fund, as funds are deployed into various direct and strategic investments under its stated investment strategy (refer below). Bentley will however maintain an exposure to the market whilst funds are not fully deployed under such strategy by retaining funds in the FSP Fund.

Major Holdings (30 June 2011)

A summary of Bentley's major investment holdings is:

Security	ASX Code	Industry Sector	Value	% of Net Assets
FSP Equities Leaders Fund	Unlisted managed fund	Diversified	\$21.62m	75.1%
MEO Australia Limited	MEO	Energy	\$4.73m	16.4%
Other listed securities	Various	Various	\$1.92m	6.7%
Unlisted securities	Various	Various	\$0.20m	0.7%

Subsequent to 30 June 2011 year end and to 24 August 2011, the Company:

- (1) Realised \$1.44 million from the sale of listed securities; and
- (2) Invested a further \$0.38 million in listed securities.

DIRECTORS' REPORT

Investment Strategy and Focus

The Company has made progress since the beginning of the year with implementing its investment strategy:

- Formal appointment of a Chief Investment Officer (CIO) and Investment Analyst based in the Sydney office
- First significant strategic investment in MEO Australia Limited (ASX: MEO)
- Several smaller investments which may lead to greater participation
- Assessment and analysis of a large number of investment opportunities

By way of background, on 10 May 2010⁷, the Company announced its ongoing investment strategy as follows:

To focus its activities on several key well defined investment sectors which it believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of the benchmark ASX All Ordinaries Index (XAO). These sectors are:

- *Strategic investments in listed companies with either an active or passive participation;*
- *Corporate financing;*
- *Promotion of IPO's; and*
- *Participation in, and funding of, corporate restructurings.*

Bentley's investment universe principally comprises:

- ASX listed companies with market capitalisation under \$100m, with a "sweet spot" of up to \$30m
- ASX "shells" and restructuring situations with market caps of less than \$10m
- Unlisted companies with an enterprise value of less than \$20m if a clear plan for seeking ASX listing is in place

Bentley is currently focused on the following sectors:

- Energy (oil, gas, coal, alternatives, renewables)
- Metals (gold, iron ore, copper, rare earths)
- Other mineral resources
- Technologies and services, especially in resources and mining
- Fast growing creative and information-based businesses
- Distressed / turnaround / pre or post insolvency situations

Bentley expects to make a small number of investments (similar in size or greater to that made in MEO) during the course of a year, with the objective of generating returns well in excess of its benchmark ASX All Ordinaries Index.

The size of any one investment will be carefully weighed in relation to the overall capital base of the Company with a view that there should be a prudential exposure to any single investment.

If the size of the investment is material to an investee company, Bentley may seek to take an active role in the strategic direction of such companies by seeking a seat on the board or collaboration with management, with the common objective of adding shareholder value.

⁷ Refer ASX market announcement dated 10 May 2010 and entitled "[Appointment of CIO and Implementation of Investment Strategy](#)"

DIRECTORS' REPORT

Chief Investment Officer

Mr Ben Loiterton was appointed Chief Investment Officer (CIO) in November 2010.

Mr Loiterton is an experienced corporate financier and investor with over 20 years of commercial experience investing in, managing or advising a wide range of Australian companies and projects. His expertise and range of previous roles has included private equity, equity funds management, venture capital, as well as corporate finance, equity capital markets, and turnaround projects involving small capitalisation ASX listed companies. Mr Loiterton has a Bachelor of Commerce (Finance) and Bachelor of Laws from the University of New South Wales.

The CIO is supported by a recently appointed Investment Analyst, who has experience as an equities manager and a background in fundamental research, company valuations and portfolio construction with a focus on small-cap companies.

The investment team is based in Bentley's Sydney office. The CIO is a member of the Company's Investment Committee which also comprises Farooq Khan (Executive Chairman), William Johnson (Executive Director) and Victor Ho (Company Secretary).

Investment in MEO Australia Limited (ASX Code: MEO)

Bentley is the second largest shareholder in MEO, with a holding of 27,000,000 shares (being 5% of MEO's total issued share capital) acquired between January and March 2011 at a total cost of \$5.87 million (at an average price of 21.75 cents per share).

MEO is an Australian based energy company holding exploration permits in the Carnarvon Basin, Timor Sea and North West Shelf of Western Australia. Bentley was attracted to MEO because of the value potential of its projects and strong balance sheet. A significant fall in MEO's share price, after the company announced negative results from the drilling of an exploration well in December 2010, provided Bentley with the opportunity to accumulate a position in MEO at a value close to the cash backing of the company, where little value was being credited by the market to MEO's portfolio of projects.

Since making the investment, MEO has added substantially to its oil and gas exploration acreage portfolio, recently adding new permits in the Timor Sea and Indonesia. MEO has also secured a landmark farm-in joint venture deal with Italian energy major ENI over the prospective Heron gas field in the Timor Sea.

MEO's market capitalisation (of \$84 million as at 24 August 2011) (\$94 million as at 30 June 2011)) is substantially underpinned by cash (of \$90 million as at 30 June 2011), and Bentley believes there is considerable upside in the value of MEO's energy assets.

Other Investments

The Company has taken minority seed investments in two unlisted companies. The first company has secured a number of Bowen Basin coal tenements and plans to list in ASX later in 2011. The second position is in a rare earths exploration company with medium term plans to IPO. In both cases, the Company's initial investment is small but Bentley is positioned to be able to increase its participation if and when these companies head to market.

The Company has recently incorporated Scarborough Resources Pty Ltd, which has filed applications in respect of tenements in the Kimberley region of Western Australia prospective for mineral sands and phosphate. The Company intends to build and develop a portfolio of exploration projects (via application, farm-in, acquisition or joint venture) for an eventual spin-off into an initial public offering (IPO) or "back-door" listing.

DIRECTORS' REPORT

FSP Equities Leaders Fund ⁸

As at 30 June 2011, Bentley had ~75.6% (~\$21.77 million) of its net assets invested in the FSP Equities Leaders Fund (**FSP Fund**) (2010: ~46% and \$13.48 million).

The 12 month performance of the FSP Fund to 30 June 2011 was +17.8% (2010: +14.8%) compared with its benchmark performance (S&P/ASX 200 Accumulation Index) of +11.7% (2010: +13.1%).

During the financial year, Bentley has invested a total of \$10.3 million into and redeemed a total of \$3.54 million out of the FSP Fund. Realisations have generated a net profit of \$1.11 million.

In July 2011, Bentley received \$150,798 income distributions from the FSP Fund in respect of the financial year ended 30 June 2011. The 30 June 2011 carrying value above is "cum" entitlement to this income distribution.

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

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

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

FSP Fund details provided to the Company as at 30 June 2011 are as follows:

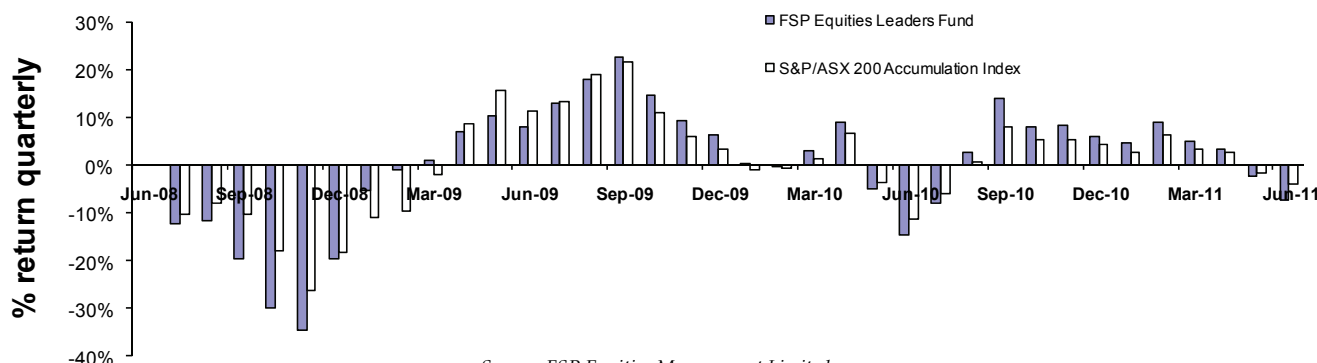
- The equity weighting was 97.93% (30 June 2010: 99.5%);
- 81.1% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 June 2010: 81.4%) with the balance of 18.9% invested in companies outside of the S&P/ASX 200 Index (30 June 2010: 18.6%); and
- The equity portfolio contained 54 holdings (30 June 2010: 46 holdings).

FSP Fund Returns To: 30 June 2011	1mth (%)	3mths (%)	6mths (%)	1yr (%)	2yrs (% p.a.)	3yrs (% p.a.)	Since Inception (% p.a.)
FSP Fund	-3.7%	-7.2%	-2.5%	17.8%	16.3%	-1.7%	10.2%
ASX/S&P 200 Accumulation Index	-1.8%	-4.0%	-0.9%	11.7%	12.4%	0.3%	8.0%

⁸ Based on information provided by investment manager, FSP Equities Management Limited

DIRECTORS' REPORT

FSP Equities Leaders Fund rolling quarterly performance 2008-2011



Notes:

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

FSP Fund Top 20 Holdings			FSP Fund Sector Weights	
ASX Code	Asset Name	Fund Weight 30-Jun-11		Fund Weight 30-Jun-11
CBA	COMMONWEALTH BANK OF AUSTRALIA	7.2%	Materials	42.7%
BHP	BHP BILLITON LIMITED	7.2%	Financials(ex-Property)	24.1%
WBC	WESTPAC BANKING CORPORATION	7.1%	Consumer Discretionary	10.5%
RIO	RIO TINTO LIMITED	5.9%	Industrials	8.7%
MIN	MINERAL RESOURCES LIMITED	5.5%	Energy	5.1%
FLT	FLIGHT CENTRE LTD	4.4%	Information Technology	4.3%
SMX	SMS MANAGEMENT & TECHNOLOGY LTD	4.3%	Consumer Staples	2.6%
ANZ	ANZ BANKING GROUP LIMITED	4.1%	Cash/Hybrids/Fixed Interest	2.1%
AGO	ATLAS IRON LIMITED	3.5%		
BTU	BATHURST RESOURCES LIMITED	3.2%		
OSH	OIL SEARCH LIMITED	2.5%		
HGG	HENDERSON GROUP	2.3%		
UGL	UGL LIMITED	2.2%		
BDR	BEADELL RESOURCES LIMITED	2.2%		
MML	MEDUSA MINING LTD	1.7%		
NWH	NRW HOLDINGS LIMITED	1.7%		
ABC	ADELAIDE BRIGHTON LTD	1.7%		
DJS	DAVID JONES LIMITED	1.7%		
ALK	ALKANE EXPLORATION LTD	1.6%		

DIRECTORS' REPORT

Performance Bonus Scheme (PBS)

There were no entitlements arising under the Company's Performance Bonus Scheme (**PBS**) (which was implemented on 1 May 2010⁹) during the financial year. The conditions for payment to members of the Investment Committee are related to Bentley's financial performance (based on the change in Bentley's net asset value relative to the Benchmark ASX All Ordinaries Index) during each half-year.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FUTURE DEVELOPMENTS

Bentley intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying companies and securities in which Bentley invests. The investments' 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 Bentley's investments or the forecast of the likely results of Bentley's activities.

ENVIRONMENTAL REGULATION

Bentley notes the reporting requirements of both the *Energy Efficiency Opportunities Act 2006 (Cth)* (**EEOA**) and the *National Greenhouse and Energy Reporting Act 2007 (Cth)* (**NGERA**). The EEOA requires affected companies to assess 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.

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

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

⁹ Refer 10 May 2010 ASX market announcement "[Appointment of Chief Investment Officer and Implementation of Investment Strategy](#)" and also the Remuneration Report at pages 20 to 24 of this report.

DIRECTORS' REPORT

DIRECTORS

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

FAROOQ KHAN	– Chairman
<i>Appointed</i>	– Director since 2 December 2003; Chairman since 10 February 2004
<i>Qualifications</i>	– BJuris, LLB. (UWA)
<i>Experience</i>	– Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Relevant interest in shares</i>	– 35,675,952 ordinary shares ¹⁰
<i>Special Responsibilities</i>	– Chairman of the Board and Investment Committee
<i>Other current directorships in listed entities</i>	– (1) Executive Chairman and Managing Director of Queste Communications Ltd (since 10 March 1998) (2) Executive Chairman of Orion Equities Limited (since 23 October 2006) (3) Non-Executive Director of Alara Resources Limited (director since 18 May 2007)
<i>Former directorships in other listed entities in past 3 years</i>	– (1) Yellow Brick Road Holdings Limited (formerly ITS Capital Investments Ltd) (27 April 2006 to 18 March 2011) (2) Strike Resources Limited (3 September 1999 to 3 February 2011) (3) Scarborough Equities Limited (merged with Bentley on 13 March 2009 and delisted)

WILLIAM M. JOHNSON	– Executive Director
<i>Appointed</i>	– 13 March 2009
<i>Qualifications</i>	– MA (Oxon), MBA
<i>Experience</i>	– Mr Johnson commenced his career in resource exploration and has held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. Throughout his career, Mr Johnson has been actively involved in the strategic analysis of a diverse range of business and investment opportunities and the execution of many corporate transactions. Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution.
<i>Relevant interest in shares</i>	– None
<i>Special Responsibilities</i>	– Investment Committee
<i>Other current directorships in listed entities</i>	– (1) Executive Director of Orion Equities Limited (since 28 February 2003) (2) Non-Executive Director of Alara Resources Limited (director since 26 October 2009) (3) Non-Executive Director of Strike Resources Limited (director since 14 July 2006)
<i>Former directorships in other listed entities in past 3 years</i>	– None

¹⁰ Relevant interests held as described in Farooq Khan's [Notice of Change in Interests of Substantial Holder dated 12 July 2011](#)

DIRECTORS' REPORT

CHRISTOPHER B. RYAN – Non-Executive Director

Appointed – 5 February 2004

Qualifications – BEcon (UWA), MBA (UNSW)

Experience – Mr Ryan is the Principal of Westchester Corporate Finance, a Sydney based corporate advisory firm specialising in advising listed companies on fund raising, mergers and acquisitions and associated transactions. Prior to forming Westchester in July 1996, Christopher was with Schrodgers Australia for 27 years. At Schrodgers, he served 3 years in the investment division, 2 years as an economist monitoring influences on interest and exchange rates and 22 years in the corporate finance division of which he was a director for 19 years specialising in advising on project financing and mergers and acquisitions mainly in the Australian minerals and oil and gas sectors.

Relevant interest in shares – None

Special Responsibilities – 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)

Former Directors of the Company:

- (a) Peter Simpson (Non-Executive Director) - Appointed on 6 September 2005, deceased 22 October 2010; and
- (b) John Hart (Alternate Director for Peter Simpson) - Between 7 September 2010 and 22 October 2010.

DIRECTORS' REPORT

COMPANY SECRETARY

VICTOR P. H. HO – Company Secretary

Appointed – Since 5 February 2004

Qualifications – BCom, LLB (UWA)

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

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:

- (2) Queste Communications Ltd (since 30 August 2000)
- (3) Alara Resources Limited (since 4 April 2007)

- 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)

DIRECTORS' MEETINGS

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

Name of Director	Board Meetings		Audit Committee Meetings	
	Attended	Maximum Possible Board Meetings	Attended	Maximum Possible Board Meetings
Farooq Khan	10	10	-	-
Christopher Ryan	10	10	3	3
William Johnson	10	10	1	1
Peter Simpson	2	5	2	2
John Hart	2	2	-	-

Notes: (a) Peter Simpson ceased to be a Director on his passing away on 22 October 2010.

(b) John Hart was Alternate Director for Peter Simpson between 7 September 2010 and 22 October 2010.

Board Committees

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

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

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 (Executive Chairman) – a base salary of \$175,000 per annum plus employer superannuation contributions;
- (2) Mr William Johnson – a base salary of \$85,000 per annum plus employer superannuation contributions;

Non-Executive Director

- (3) Mr Christopher Ryan – a base fee of \$26,400 per annum (including 10% GST) payable to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Mr Ryan is principal.

Company Executives/Senior Managers

- (4) Mr Ben Loiterton (Chief Investment Officer or CIO) (commenced on 25 October 2010) – a base fee of \$272,500 per annum (including 10% GST) payable to Venturastar Pty. Limited, in which Mr Loiterton is principal; and
- (5) Mr Victor Ho (Company Secretary) – a base salary of \$85,000 per annum plus employer superannuation contributions.

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

- (a) Payment for reimbursement of all 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).

REMUNERATION REPORT

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

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

Service Agreements: The Company does not presently have formal service agreements or employment contracts with Key Management Personnel other than with 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 (being the Executive Directors, Company Secretary and the CIO). 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:
 - (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.

REMUNERATION REPORT

- (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 the CIO - 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.

There were no entitlements arising under the PBS during the financial year (ie. in respect of each of the half years ending 31 December 2010 and 30 June 2011). There was a \$0.54 million underperformance recorded for the half year ended 31 December 2010 and a \$1.22 million underperformance recorded for the half year ended 30 June 2011, under the PBS. Each of these half year underperformance values will be carried over to the next two half years, such that these underperformance values must be 'clawed back' by future outperformance before a performance bonus can be paid in the following two half years.

A total Performance Bonus Pool of \$58,884 accrued for the period ended 30 June 2010. The Board determined the following entitlements, which were paid in September 2010:

Previous Year: 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

REMUNERATION REPORT

(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: 2011		Short-term Benefits			Post Employment Benefits	Other Long-term Benefits	Equity Based	Total \$
Key Management Personnel	Performance related %	Cash salary and fees \$	Cash PBS entitlement \$	Non-cash benefit \$	Superannuation \$	Long service leave \$	Shares & Options \$	
Executive Directors:								
Farooq Khan	-	160,616	-	-	14,445	-	-	175,061
William Johnson	-	85,000	-	-	7,650	-	-	92,650
Non-Executive Directors:								
Peter Simpson	-	8,800	-	-	-	-	-	8,800
Christopher Ryan	-	26,400	-	-	-	-	-	26,400
Chief Investment Officer:								
Ben Loiterton	-	176,987	-	-	-	-	-	176,987
Joseph Jayaraj	-	82,619	-	-	7,005	-	-	89,624
Company Secretary:								
Victor Ho	-	85,000	-	-	7,650	-	-	92,650

Previous Year: 2010		Short-term Benefits			Post Employment Benefits	Other Long-term Benefits	Equity Based	Total \$
Key Management Personnel	Performance related %	Cash salary and fees \$	Cash PBS entitlement \$	Non-cash benefit \$	Superannuation \$	Long service leave \$	Shares & Options \$	
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

Notes:

- Joseph Jayaraj ceased as CIO on 24 September 2010.
- Ben Loiterton commenced as CIO on 25 October 2010. Mr Loiterton's fees are paid to Venturastar Pty. Limited, a company in which Mr Loiterton is principal, and is reported inclusive of GST.
- Peter Simpson ceased to be a Director on his passing away on 22 October 2010. Mr Simpson's Directors' fees were paid to Bridge Finance Australia Pty Ltd, a company in which Mr Simpson was a controlling director and shareholder, and is reported inclusive of GST.
- Mr Ryan's Directors' fees have been paid to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Mr Ryan is principal, and is reported inclusive of GST.

REMUNERATION REPORT

(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 \$825 per month (inclusive of GST) towards Westchester's lease and related office service costs (effective 1 May 2010). During the financial year, the Company incurred expenses totalling \$9,075 (inclusive of GST) in this regard (2010: \$1,650).

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' REPORT

DIRECTORS' AND OFFICERS' INSURANCE

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

DIRECTORS' AND OFFICERS' DEEDS

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

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

LEGAL PROCEEDINGS ON BEHALF OF COMPANY

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

AUDITOR

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

Audit & Review Fees \$	Non-Audit Services \$	Total \$
37,167	3,300	40,467

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

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

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* forms part of this Directors Report and is set out on page 27. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Note 23), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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



Farooq Khan
Chairman



Christopher Ryan
Director

25 August 2011

25 August 2011

The Board of Directors
Bentley Capital Limited
Level 14, The Forrest Centre
221 St Georges Terrace
PERTH WA 60000

Dear Sirs,

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

As lead auditor of Bentley Capital Limited for the year ended 30 June 2011, 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.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Investment income	3		
Dividend income		149,635	98,624
Interest income from financial assets held at fair value through profit or loss		-	10,289
Interest income from financial assets not held at fair value through profit or loss		357,803	204,565
Other income	3		
Net gains on financial assets held at fair value through profit or loss		1,306,400	3,649,162
Other income		57,865	186,598
Total income		1,871,703	4,149,238
Expenses	3		
Investment expenses			
- Foreign exchange losses		-	(150,846)
- Merger cost		-	(24,585)
Occupancy expenses		(139,083)	(16,427)
Finance expenses		(4,676)	(1,587)
Borrowing cost		-	(1,974)
Corporate expenses		(59,900)	(53,448)
Administration expenses		(1,094,064)	(798,722)
PROFIT BEFORE INCOME TAX		573,980	3,101,649
Income tax expense	4	-	-
PROFIT FOR THE YEAR		573,980	3,101,649
Other comprehensive income			
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		573,980	3,101,649
Total comprehensive income for the year is attributable to:			
Owners of Bentley Capital Limited		573,980	3,101,649
Earnings per share for profit attributable to the ordinary equity holders of the Consolidated Entity			
Basic earnings per share (cents)	8	0.79	4.32
Diluted earnings per share (cents)	8	0.79	4.32

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	9	155,948	15,762,433
Financial assets held at fair value through profit and loss	10	28,467,511	13,475,957
Trade and other receivables	11	157,378	430,679
Other current assets	12	24,887	-
TOTAL CURRENT ASSETS		28,805,724	29,669,069
NON CURRENT ASSETS			
Resource project	13	63,871	-
Property, plant and equipment	14	12,501	7,723
Deferred tax assets	17	-	130,198
TOTAL NON CURRENT ASSETS		76,372	137,921
TOTAL ASSETS		28,882,096	29,806,990
CURRENT LIABILITIES			
Trade and other payables	15	58,811	127,386
TOTAL CURRENT LIABILITIES		58,811	127,386
NON CURRENT LIABILITIES			
Provisions	16	16,813	14,011
Deferred tax liabilities	17	-	130,198
TOTAL NON CURRENT LIABILITIES		16,813	144,209
TOTAL LIABILITIES		75,624	271,595
NET ASSETS		28,806,472	29,535,395
EQUITY			
Issued capital	18	26,308,733	26,168,592
Retained earnings		2,497,739	3,366,803
TOTAL EQUITY		28,806,472	29,535,395

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

	Note	Issued Capital \$	Retained earnings \$	Total \$
Balance as 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	7	-	(1,433,698)	(1,433,698)
Issue under Dividend Reinvestment Plan	18	119,646	-	119,646
Balance as at 30 June 2010		<u>26,168,592</u>	<u>3,366,803</u>	<u>29,535,395</u>
Balance as at 1 July 2010		26,168,592	3,366,803	29,535,395
Profit for the year		-	573,980	573,980
Total comprehensive income for the year		-	573,980	573,980
Transactions with owners in their capacity as owners:				
Dividends paid	7	-	(1,443,044)	(1,443,044)
Issue under Dividend Reinvestment Plan	18	140,141	-	140,141
Balance as at 30 June 2011		<u>26,308,733</u>	<u>2,497,739</u>	<u>28,806,472</u>

The accompanying notes form part of this financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2011

	Note	2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		111,785	103,284
Interest received		442,355	147,703
Other income received		91,447	41,255
Payment to suppliers		(1,361,720)	(882,375)
Interest paid		(2,001)	(1,974)
Sale/Redemption of financial assets held at fair value through profit or loss		4,867,707	14,849,705
Purchase of financial assets held at fair value through profit or loss		(18,380,764)	(11,672,955)
Foreign exchange loss from sale of investments		-	(150,846)
		<hr/>	<hr/>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(14,231,191)	2,433,797
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	14	(8,520)	(7,619)
Payment for exploration and evaluation	13	(63,871)	-
		<hr/>	<hr/>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(72,391)	(7,619)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	7	(1,302,903)	(1,314,052)
		<hr/>	<hr/>
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(1,302,903)	(1,314,052)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD			
		<hr/>	<hr/>
		(15,606,485)	1,112,126
Cash at beginning of the financial year		15,762,433	14,650,307
Effect of exchange rate changes on cash		-	-
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	155,948	15,762,433

The accompanying notes form part of this financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

1. SUMMARY OF ACCOUNTING POLICIES

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

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

1.1. Basis of preparation

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

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.

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 2011 and the results of its subsidiary for the year then ended. Bentley Capital Limited and its subsidiaries 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.

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

1.3. Investments and Other Financial Assets

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

Financial liabilities

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

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

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

1.4. Fair value estimation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

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 10).

1.5. Revenue Recognition

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

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

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

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

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

1.6. Income Tax

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

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

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

The Consolidated Entity has applied AASB 8: *Operating Segments* which 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.

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. Mineral Exploration and Evaluation Expenditure

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

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 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. Requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to: (a) Classification and measurement of financial liabilities; and (b) Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2013
AASB 2010-4 (issued June 2010)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	Not urgent but necessary changes to IFRSs as a result of IASB's 2009 annual improvements project.	Periods commencing on or after 1 January 2011.
AASB 2010-8 (issued December 2010)	Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. However, this presumption cannot be rebutted for the land portion of investment property which is not depreciable.	Periods commencing on or after 1 January 2012
AASB 2010-9 (issued December 2010)	Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters [AASB 1]	A first-time adopter of Australian Accounting Standards must apply the derecognition requirements in AASB 139 <i>Financial Instruments: Recognition and Measurement</i> prospectively for transactions occurring on or after the date of transition to Australian Accounting Standards, rather than 1 January 2004.	Periods commencing on or after 1 July 2011 (i.e. date of transition would be 1 July 2010)
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 2010-6 (issued November 2010)	Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets	Additional disclosures required for entities that transfer financial assets, including information about the nature of financial assets involved and the risks associated with them.	Annual reporting periods commencing on or after 1 July 2011
IFRS 13 (issued May 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. IFRS 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	Annual reporting periods commencing on or after 1 January 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

2. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Bentley Capital Limited, at 30 June 2011. The information presented here has been prepared using accounting policies as outlined in Note 1.

	2011	2010
	\$	\$
Current assets	11,425,352	13,892,260
Non current assets	11,495,231	11,489,783
Total assets	22,920,583	25,382,043
Current liabilities	59,868	125,935
Non current liabilities	16,813	14,011
Total liabilities	76,681	139,946
Net assets	22,843,902	25,242,097
Issued capital	26,308,733	26,168,592
Accumulated losses	(3,464,832)	(926,495)
Total equity	22,843,901	25,242,097
Profit/(Loss) for the year	(1,095,293)	696,681
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(1,095,293)	696,681
(a) Current assets		
(i) Cash and cash equivalents		
Cash at bank	125,909	42,684
Term Deposits	5,000	8,200,000
	130,909	8,242,684
(ii) Financial assets held at fair value through profit and loss		
Listed investments at fair value	6,646,770	735
Unlisted investments at fair value	200,000	-
Units in unlisted FSP Equities Leaders Fund	4,322,288	5,350,273
	11,169,058	5,351,008
(b) Non current assets		
(i) Investments in wholly owned subsidiary		
Shares in controlled entity - at cost	11,485,843	11,485,743
	11,485,843	11,485,743
Details of percentage of ordinary shares held in controlled entity:		
Investment in controlled entities	Incorporated	Ownership Interest
Scarborough Equities Pty Ltd	Australia	2011 2010
Scarborough Resources Pty Ltd (incorporated 12 April 2011)	Australia	100% 100%
		100% -
(ii) The Company has advanced \$63,871 to subsidiary, Scarborough Resources Pty Ltd. Interest is not charged on such outstanding amounts. There are no borrowings between the Company and subsidiary, Scarborough Equities Pty Ltd.		
(c) Lease commitments (refer to Note 21)	2011	2010
	\$	\$
Not longer than one year	104,929	82,633
Between 12 months and 5 years	110,176	170,384
	215,105	253,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

3. PROFIT FOR THE YEAR

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

	2011	2010
	\$	\$
(a) Investment income		
Dividend income	149,635	98,624
Interest income from financial assets held at fair value through profit or loss	-	10,289
Interest income from financial assets not held at fair value through profit or loss	357,803	204,565
	<u>507,438</u>	<u>313,478</u>
Other income		
Net gains on financial assets held at fair value through profit or loss	1,306,400	3,649,162
Other income	57,865	186,598
	<u>1,871,703</u>	<u>4,149,238</u>
(b) Expenses		
Investment expenses		
- Foreign exchange losses	-	150,846
- Investment management fees	-	(5,908)
Merger cost	-	24,585
Occupancy expenses	139,083	16,427
Finance expenses	4,676	1,587
Borrowing cost	-	1,974
Corporate expenses		
- ASX fees	32,191	28,719
- Share registry	20,973	25,735
- Other corporate expenses	6,736	(1,006)
Administration expenses		
- Personnel	670,876	385,709
- Personnel- employee benefits	(17,969)	13,534
- Accounting, taxation and related administration	100,714	104,733
- Travel, accommodation and incidentals	87,003	53,432
- Office administration	82,036	30,067
- Audit	43,666	42,527
- Communications	34,954	27,704
- Other Professional fees	14,632	63,237
- Insurances	11,946	43,036
- Depreciation	2,722	6,247
- Write off of fixed assets	1,020	2,181
- Other administration expenses	62,464	32,223
	<u>1,297,723</u>	<u>1,047,589</u>

4. INCOME TAX EXPENSE

	2011	2010
	\$	\$
(a) Income tax expense		
Current tax		
Current year	-	-
Deferred tax		
Current year deferred tax expense/(benefit)	-	-
Total income tax expense/(benefit) per income statement	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

4. INCOME TAX EXPENSE (continued)	2011	2010
	\$	\$
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	573,980	3,101,649
Tax at the Australian tax rate of 30% (2010: 30%)	172,194	930,495
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Non-deductible expenses	5,700	-
Taxable income in excess of accounting income	88,895	58,595
Derecognition of previously recognised tax losses	64,950	-
Franking credits & tax offsets	(193,397)	-
Current period unrecognised deferred tax movements	(138,342)	-
Current period tax losses not brought to account	-	(989,090)
Income tax expense attributable to operating profit	-	-
Under/ (over) provision in respect to prior years	-	-
Income tax expense/ (benefit)	-	-
(c) Deferred tax assets not brought to account at 30%		
Revenue losses	3,536,228	3,349,844
Temporary differences	505,103	653,420
Capital losses	313,098	313,098
Potential tax benefit @ 30%	4,354,429	4,316,362

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.

5. KEY MANAGEMENT PERSONNEL DISCLOSURES	2011	2010
	\$	\$
(a) Key management personnel compensation		
Directors		
Short-term employee benefits - salary and fees	280,816	204,867
Short-term employee benefits - bonus	-	29,442
Post-employment benefits - superannuation	22,095	14,400
	<u>302,911</u>	<u>248,709</u>
Other key management personnel		
Short-term employee benefits - salary, fees and allowances	344,606	96,111
Short-term employee benefits - bonus	-	29,442
Post-employment benefits - superannuation	14,655	8,650
	<u>359,261</u>	<u>134,203</u>

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

(b) Equity instrument disclosures relating to key management personnel

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

5. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Shareholdings of key management personnel	Balance at	Balance at	Net	Balance at
2011	start of the year	appointment	change	year end
		/cessation		
Directors				
Farooq Khan	-		-	-
William Johnson	-		-	-
Christopher Ryan	-		-	-
Peter Simpson (ceased 21 October 2010)	8,736,136	8,736,136		
Other key management personnel				
Victor Ho (Company Secretary)	5,945		-	5,945
Ben Loiterton (Chief Investment Officer) (commenced 25 October 2010)		-	-	-
Joseph Jayaraj (Chief Investment Officer) (ceased 24 September 2010)	-	-	-	
2010				
Directors				
Farooq Khan	-		-	-
William Johnson	-		-	-
Christopher Ryan	-		-	-
Peter Simpson	8,588,136		148,000	8,736,136
Simon Cato (ceased 29 April 2010)	-	-		
Other key management personnel				
Victor Ho (Company Secretary)	5,945		-	5,945
Joseph Jayaraj (Chief Investment Officer) (appointed 21 April 2010)		-	-	-

The disclosures of equity holdings above are in accordance with the accounting standards which requires a disclosure of shares held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard AASB 124 *Related Party Disclosures*). The 2010 comparatives have been restated to reflect the above definition as they were previously incorrectly disclosed based on a previous wider definition under the standard and to correct an incorrect attribution of certain shareholdings.

(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 the 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 shared office related costs.

	2011	2010
	\$	\$
Amounts recognised as expense		
Sydney office costs	9,075	1,650

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

6. AUDITOR'S REMUNERATION

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

	2011	2010
	\$	\$
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	37,167	37,802
Taxation services	3,300	825
	<u>40,467</u>	<u>38,627</u>

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

7. DIVIDENDS

	2011	2010
Dividends on ordinary shares, declared and paid during the year		
One cent per share fully franked dividend	-	715,845
One cent per share fully franked dividend	-	717,853
One cent per share fully franked dividend	720,096	-
One cent per share fully franked dividend	722,948	-
	<u>1,443,044</u>	<u>1,433,698</u>

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:

Paid in cash	1,302,903	1,314,052
Satisfied by issue of shares	140,141	119,646
	<u>1,443,044</u>	<u>1,433,698</u>

Post balance date dividends not recognised

3.4 cents per share fully franked dividend	2,468,359	720,096
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The Directors have declared payment of a one cent final dividend and a 2.4 cent special dividend (totalling 3.4 cents (fully franked)). The record date will be 5 September 2011 with payment to be effected on or about 26 September 2011.

	2011	2010
Franking credit balance	2,443,051	3,357,713
Franking debits arising from payment of dividends post balance date	(1,057,868)	(308,613)
	<u>1,385,183</u>	<u>3,049,100</u>

8. EARNINGS PER SHARE

	2011	2010
Basic earnings per share (cents)	0.79	4.32
Diluted earnings per share (cents)	0.79	4.32
Profit used to calculate earnings per share (\$)	573,980	3,101,649
Weighted average number of ordinary shares during the year used in calculation of basic earnings per share	72,310,359	71,781,077

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

9. CASH AND CASH EQUIVALENTS

	2011	2010
	\$	\$
Cash at bank	150,948	62,433
Term Deposits	5,000	15,700,000
	<u>155,948</u>	<u>15,762,433</u>

(a) Risk exposure

The Consolidated Entity's and the Company's exposure to interest rate risk is discussed in Note 20. 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.

	2011	2010
	\$	\$
(b) Reconciliation of Net Profit after Income Tax to Net Cash		
Flow from Operating Activities		
Profit after income tax	573,980	3,101,649
Depreciation	2,722	6,247
Write off of fixed assets	1,020	2,181
Provision for employee benefits	2,802	13,534
Net gains on financial assets held at fair value through profit or loss	(1,306,400)	(3,649,162)
 (Increase)/Decrease in Assets:		
Financial assets held at fair value through profit or loss	(13,685,153)	3,176,689
Trade and other receivables	273,300	(234,896)
Other current assets	(24,887)	6,518
Increase/(Decrease) in Liabilities:	-	-
Trade and other payables	(68,575)	11,038
Tax liabilities	-	-
Net cash inflow/(outflow) from operating activities	<u>(14,231,191)</u>	<u>2,433,798</u>

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

Current

Listed investments at fair value	6,646,770	735
Unlisted investments at fair value	200,000	-
Units in unlisted FSP Equities Leaders Fund	21,620,741	13,475,222
	<u>28,467,511</u>	<u>13,475,957</u>

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

Risk exposure and fair value measurement

Information about the Consolidated Entity's exposure to price risk is in Note 20.

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	\$	\$
Current		
Other receivables	6,095	226,718
Amounts receivable from		
deposit	485	-
income distributions	150,798	118,222
dividends and interest receivable	-	85,739
	<u>157,378</u>	<u>430,679</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

11. TRADE AND OTHER RECEIVABLES (continued)

(a) Risk exposure

Information about the Consolidated Entity's exposure to credit risk, foreign exchange risk and interest rate risk is in Note 20.

(b) Impaired trade receivables

None of the receivables are impaired or past due.

	2011	2010
	\$	\$
12. OTHER CURRENT ASSETS		
Prepayments	24,887	-
	<u>24,887</u>	<u>-</u>
13. RESOURCE PROJECT		
Opening balance	-	-
Exploration and evaluation expenditure	63,871	-
Closing balance	<u>63,871</u>	<u>-</u>

The exploration and evaluation expenditures relates to tenement application costs, a portion of which is refunded if the application is not granted or withdrawn.

14. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture	Leasehold Improvement	Computer Equipment	Total
	\$	\$	\$	\$
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	<u>3,096</u>	<u>613</u>	<u>4,823</u>	<u>8,532</u>
Year ended 30 June 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	<u>2,750</u>	<u>568</u>	<u>4,405</u>	<u>7,723</u>
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	<u>2,750</u>	<u>568</u>	<u>4,405</u>	<u>7,723</u>
Year ended 30 June 2011				
Carrying amount at beginning	2,750	568	4,405	7,723
Additions	-	-	8,520	8,520
Disposals	-	-	(1,020)	(1,020)
Depreciation expense	(308)	(43)	(2,371)	(2,722)
Closing amount at balance date	<u>2,442</u>	<u>525</u>	<u>9,534</u>	<u>12,501</u>
At 30 June 2011				
Cost or fair value	5,572	764	17,283	23,619
Accumulated depreciation	(3,130)	(239)	(7,749)	(11,118)
Net carrying amount	<u>2,442</u>	<u>525</u>	<u>9,534</u>	<u>12,501</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

15. TRADE AND OTHER PAYABLES

	2011	2010
	\$	\$
Trade payables	11,093	3,395
Other payables (refer to Note (a))	47,718	123,991
	<u>58,811</u>	<u>127,386</u>

(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.

	2011	2010
	\$	\$
Annual leave obligation expected to be settled after 12 months	8,035	14,423

(b) Risk exposure

Details of the Consolidated Entity's exposure to risks arising from current payables are set out in Note 20.

16. PROVISIONS

	2011	2010
	\$	\$
Employee benefits - long service leave	16,813	14,011

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 above amounts reflect a provision for leave that is not expected to be taken or paid within the next 12 months.

17. DEFERRED TAX ASSETS AND LIABILITIES

	2011	2010
	\$	\$
(a) Assets - Non Current		
Deferred tax asset comprises:		
Tax losses	-	95,484
Other	-	34,714
	<u>-</u>	<u>130,198</u>
(b) Liabilities - Non Current		
Deferred tax liability comprises:		
Fair Value Gain Adjustments	-	(104,476)
Other	-	(25,722)
	<u>-</u>	<u>(130,198)</u>
(c) Reconciliations		
(i) Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	-	-
(Charged)/credited to income statement	-	-
Closing balance	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

	2011	2010
	\$	\$
(ii) Deferred tax asset:		
The movement in deferred tax asset for each temporary difference during the year is as follows:		
Tax losses		
Opening balance	95,484	-
Charged to income statement	(95,484)	95,484
Closing balance	<u>-</u>	<u>95,484</u>
Other		
Opening balance	34,714	6,975
Charged to income statement	(34,714)	27,739
Closing balance	<u>-</u>	<u>34,714</u>
Total	<u>-</u>	<u>130,198</u>
(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	(104,476)	-
Charged to income statement	104,476	(104,476)
Closing balance	<u>-</u>	<u>(104,476)</u>
Other		
Opening balance	(25,722)	(6,975)
Charged to income statement	25,722	(18,747)
Closing balance	<u>-</u>	<u>(25,722)</u>
Total	<u>-</u>	<u>(130,198)</u>

18. ISSUED CAPITAL

	2011	2010	2011	2010
	shares	shares	\$	\$
Fully paid ordinary shares	72,598,802	72,009,635	26,308,733	26,168,592
			Date of issue	Number of shares
2010				\$
At 1 July 2009				71,584,465
Issue under Dividend Reinvestment Plan at 29.52 cents per share (a)			02-Nov-09	200,894
Reduction of share capital to the extent not represented by assets (b)			20-Nov-09	-
Issue under Dividend Reinvestment Plan at 26.89 cents per share (a)			17-Mar-10	224,276
At 30 June 2010				<u>72,009,635</u>
2011				\$
At 1 July 2010				72,009,635
Issue under Dividend Reinvestment Plan at 23.25 cents per share (a)			30-Sep-10	285,129
Issue under Dividend Reinvestment Plan at 24.29 cents per share (a)			17-Mar-11	304,038
At 30 June 2011				<u>72,598,802</u>
				<u>26,308,733</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

18. ISSUED CAPITAL (continued)

(a) 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 issued under the plan during the current and previous financial year were set at a 2.5% discount to the volume weighted average market price over five trading days up to and including the relevant dividend record date.

(b) 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 affected the ability of the Company to retain earnings from which future dividends may be paid. The reduction had 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.

(c) 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. SEGMENT INFORMATION

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

As at the balance date, the Consolidated Entity's principal activity is the management of its investments. The Board considers the Consolidated Entity to have only one operating segment in one geographical region which is Australia.

20. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist of deposits with banks, accounts receivable and payable, investments in listed securities, investments in the unlisted FSP Equities Leaders Fund and other unlisted securities. The principal activity of the Consolidated Entity is the management of these investments - "financial assets held at fair value" (refer to Note 10). The Consolidated Entity's investments are subject to price (which includes interest rate and market risk), credit and liquidity risks.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

20. 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:

	2011	2010
	\$	\$
Financial assets		
Cash and cash equivalents	155,948	15,762,433
Trade and other receivables	157,378	430,679
Financial assets at fair value through profit or loss	28,467,511	13,475,957
	<u>28,780,837</u>	<u>29,669,069</u>
Financial liabilities		
Trade and other payables	(58,811)	(127,386)
	<u>(58,811)</u>	<u>(127,386)</u>
Net Financial Assets	<u>28,722,026</u>	<u>29,541,683</u>

(a) Market Risk

(i) Price risk

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

The value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument 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, reflected in the market price of these securities which can and will fluctuate. The Consolidated Entity does not manage this risk through entering into derivative contracts, futures, options or swaps.

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

The Consolidated Entity is advised by investment manager, FSP Equities Management Limited, that the unlisted FSP Equities Leaders Fund 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 for listed and unlisted financial assets at fair value through profit or loss. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The S&P/ASX 200 Accumulation Index was utilised as the benchmark for the unlisted securities portfolio at fair value through profit or loss and the All Ordinaries Accumulation Index was utilised as the benchmark for the listed securities portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

20. FINANCIAL RISK MANAGEMENT (continued)

Equity Price Risk - unlisted investments	2011	2010
Change in profit	\$	\$
Increase by 5%	755,011	646,960
Decrease by 5%	(755,011)	(646,960)
Change in equity		
Increase by 5%	755,011	646,960
Decrease by 5%	(755,011)	(646,960)
Equity Price Risk - listed investments		
Change in profit		
Increase by 5%	155,323	-
Decrease by 5%	(155,323)	-
Change in equity		
Increase by 5%	155,323	-
Decrease by 5%	(155,323)	-

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The weighted average interest rate of the term deposits for the year for the table below is 4.95% (2010: 5.73%).

	2011	2010
	\$	\$
Cash at bank	150,948	62,433
Term deposits	5,000	15,700,000
	<u>155,948</u>	<u>15,762,433</u>

(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:

Cash and cash equivalents	2011	2010
	\$	\$
AA	155,948	15,212,433
BBB+	-	550,000
	<u>155,948</u>	<u>15,762,433</u>
Trade and other receivables (due within 30 days)		
No external credit rating available	157,378	430,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

20. FINANCIAL RISK MANAGEMENT (continued)

(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 2011.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2011				
Financial assets held at fair value through profit or loss				
- Listed investments at fair value	6,646,770	-	-	6,646,770
- Unlisted investments at fair value			200,000	200,000
- Units in unlisted FSP Equities Leaders Fund	-	21,620,741	-	21,620,741
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. The investments in unlisted shares were subscribed close to balance date in an arm's length transaction and the fair value measurement method was adopted to maintain their purchase cost as the fair value as at balance date (level 3 instrument).

21. COMMITMENTS

	2011	2010
	\$	\$
Not longer than one year	209,859	165,266
Between 12 months and 5 years	220,352	340,768
	<u>430,211</u>	<u>506,034</u>

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 outgoing (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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2011

22. CONTINGENT ASSETS AND LIABILITIES

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

23. EVENTS OCCURRING AFTER BALANCE DATE

- (a) The Directors have declared payment of a one cent final dividend and a 2.4 cent special dividend (totalling 3.4 cents (fully franked)). The record date will be 5 September 2011 with payment to be effected on or about 26 September 2011.

The Company's Dividend Reinvestment Plan (DRP) will apply to these dividends. 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.

- (b) Subsequent to balance date and to 24 August 2011, the Company:
- (i) Realised \$1.44 million from the sale of listed securities; and
 - (ii) Invested a further \$0.38 million in listed securities.
- (c) On 17 August 2011, the Company announced its intention to conduct an on-market share buy-back of up to 6,599,890 shares (Buy-Back). This represents ~9.1% of the pre Buy-Back and 10% of the post Buy-Back issued share capital of the Company. In accordance with ASX Listing Rule 7.33, the Company will not pay any more than 5% above the average of the market price for the Company's shares over the last 5 days on which sales in the shares were recorded prior to the Buy-Back occurring. Also, the Company intends not to acquire shares under the Buy-Back at a price higher than 65% of its post tax NTA backing per share as announced to the ASX from month to month. The Buy-Back will continue until the earlier of the acquisition of the Buy-Back shares and 31 August 2012, subject to the Company exercising its right to suspend or terminate the Buy-Back, or amend its terms, at any time. Further, the Company only intends to buy back shares each month between the trading day after the Company announces its monthly updated NTA backing (usually on or about the 14th of the month) and the last trading day of that calendar month. The Company intends the Buy-Back to commence on the first trading day following the release of its NTA backing result for the month ending 31 August 2011, expected to be released on 14 September and hence the Buy-Back is intended to commence on 15 September 2011.
- (d) On 25 August 2011, the Company announced its intention to seek shareholder approval to undertake a 5 cent per share return of capital (Return of Capital). The Return of Capital is to be effected by the Company seeking shareholder approval for a reduction in the share capital of the Company by returning 5 cents per share to shareholders - this equates to an aggregate reduction of share capital by approximately \$3.63 million based upon the Company's 72,598,802 shares currently on issue. No shares will be cancelled as a result of the Return of Capital. Accordingly, the number of shares held by each shareholder will not change as a consequence of the Return of Capital. The Return of Capital will have no effect on the number of shares on issue. The Return of Capital is subject to shareholder approval which will be sought at a general meeting of shareholders anticipated to be held in late September /early October 2011. Meeting documentation advising details of the meeting together with relevant explanatory materials will be despatched to shareholders and sent to the ASX in due course. The meeting documentation will include details of the record date for determining eligibility to participate in the Return of Capital and the expected payment date, assuming the requisite resolution is passed by shareholders. If all conditions are met, including shareholder approval, the Directors aim to have Return of Capital paid in mid-October 2011.

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

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes as set out on pages 28 to 50 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 2011 and of their performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The Remuneration Report disclosures set out (within the Directors' Report) on pages 20 to 24 (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

25 August 2011



Christopher Ryan
Director

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

Report on the Financial Report

We have audited the accompanying financial report of Bentley Capital Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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



Opinion

In our opinion:

- (a) the financial report of Bentley Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

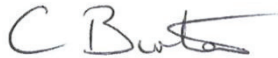
Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Bentley Capital Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth, Western Australia
Dated this 25th day of August 2011

CORPORATE GOVERNANCE

Compliance with Corporate Governance Council's Principles

The extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2011 Amendments (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, 3.2, 3.5, 4.1, 4.2
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	3.12
1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1. The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> 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	CGS Annual Reports Website
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, 3.6
2.2 The chair should be an independent director.	No	3.2, 3.6
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Not applicable	3.2, 4.1 Note: the Company has an Executive Chairman but does not have a Chief Executive Officer or Managing Director
2.4 The board should establish a nomination committee.	Yes	4.2 Remuneration Committee Charter
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	3.12
2.6 Companies should provide the information indicated in the Guide to Reporting on Principle 2. The following material should be included in the corporate governance statement in the annual report: <ul style="list-style-type: none"> 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. 	Yes (as applicable)	CGS Annual Reports Website

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
<ul style="list-style-type: none"> 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. <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly-marked corporate governance section:</p> <ul style="list-style-type: none"> 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:	Yes	Code of Conduct
3.1.1 the practices necessary to maintain confidence in the company's integrity.		
3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.		
3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2 Companies should establish a policy concerning trading in company securities by directors officers and employees and disclose the policy or a summary of that policy.	Yes	3.9 Website
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	3.17 CGS
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	Annual Reports Website
3.5 Companies should provide the information indicated in the Guide to Reporting on Principle 3. An explanation of any departures from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement in the annual report. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	Yes	CGS Annual Reports Website
<ul style="list-style-type: none"> any applicable code of conduct or a summary. the diversity policy or a summary of its main provisions. 		
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: <ul style="list-style-type: none"> 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. 	No (save that the Chair is an independent Non-Executive Director)	4.2
4.3 The audit committee should have a formal charter.	Yes	Audit Committee Charter Website

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
<p>4.4 Companies should provide the information indicated in the Guide to Reporting on Principle 4.</p> <p>The following material should be included in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> • 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. <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> • 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)	CGS Annual Reports Website
<p>Principle 5: Make timely and balanced disclosure</p> <p>Companies should promote timely and balanced disclosure of all material matters concerning the company</p>		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	8.2
<p>5.2 Companies should provide the information indicated in the Guide to Reporting on Principle 5.</p> <p>An explanation of any departures from Recommendation 5.1 or 5.2 should be included in the corporate governance statement in the annual report..</p> <p>The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's web site in a clearly marked corporate governance section.</p>	Yes	CGS Annual Reports Website
<p>Principle 6: Respect the rights of shareholders</p> <p>Companies should respect the rights of shareholders and facilitate the effective exercise of those rights</p>		
6.1 Companies should design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	8.1
<p>6.2 Companies should provide the information indicated in Guide to Reporting on Principle 6.</p> <p>An explanation of any departures from best practice recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.</p> <p>The company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section.</p>	Yes	CGS Annual Reports Website
<p>Principle 7: Recognise and manage risk</p> <p>Companies should establish a sound system of risk oversight and management and internal control</p>		
7.1 Companies should establish policies for oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1
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

CORPORATE GOVERNANCE

Principle	Compliance	CGS References / Comments
<p>7.4 Companies should provide the information indicated in the Guide to Reporting on Principle 7.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> 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. <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> a summary of the company's policies on risk oversight and management of material business risks. 	Yes	CGS Annual Reports Website
<p>Principle 8: Remunerate fairly and responsibly</p> <p>Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear</p>		
8.1 The board should establish a remuneration committee.	Yes	4.2
<p>8.2 The Remuneration Committee should be structured so that it:</p> <ul style="list-style-type: none"> consists of a majority of independent directors is chaired by an independent chair has at least three members 	No (save that the Chair is an independent Non-Executive Director)	4.2 Remuneration Committee Charter
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Remuneration Report in the Directors' Report (within Annual Reports)
<p>8.4 Companies should provide the information indicated in the Guide to Reporting on Principle 8.</p> <p>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:</p> <ul style="list-style-type: none"> 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. <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> 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)	CGS Annual Reports Website

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT (CGS)

1. Framework and Approach to Corporate Governance and Responsibility

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

The Board of Directors supports the Corporate Governance Principles and Recommendations 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:

<http://www.asx.com.au/governance/corporate-governance.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; and
- (8) the Board takes advice from the Audit Committee and the Remuneration Committee on matters within their respective Charters, however the Board retains final decision-making authority on those matters.

3. Board of Directors - Composition, Structure and Process

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given the current size and the scale and nature of the Company's activities. The names of the Directors currently in office and their qualifications and experience are stated in the Directors' Report for the financial year ended 30 June 2011.

3.1. Skills, Knowledge and Experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board recognises its need to contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration and director-level business or corporate experience, having regard to the scale and nature of the Company's activities. A Director is initially appointed by the Board and retires (and may stand for re-election) at the next Annual General Meeting after their appointment.

3.2. 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 financial year ended 30 June 2011. The Company does not have a Managing Director or Chief Executive Officer.

3.3. Executive Director

Mr William Johnson is an Executive Director of the Company. His qualifications and experience are stated in the Directors' Report for the financial year ended 30 June 2011.

CORPORATE GOVERNANCE

3.4. Non-Executive Director

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Christopher Ryan is a Non-Executive Director. His qualifications and experience are stated in the Directors' Report for the financial year ended 30 June 2011. Mr Peter Simpson was a Non-Executive Director until his passing on 22 October 2010.

3.5. Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is Mr Victor Ho, whose qualifications and experience are stated in the Directors' Report for the financial year ended 30 June 2011.

3.6. Independence

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

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

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

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

3.7. Conflicts of Interest

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

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

3.8. Related-Party Transactions

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

3.9. Share Dealings and Disclosures

The Company has adopted a Securities Trading Policy (dated 31 December 2010), a copy of which is available for viewing and downloading from the Company's website: www.bel.com.au.

3.10. Board Nominations

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

3.11. Terms of Appointment as a Director

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

CORPORATE GOVERNANCE

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

Director	Appointed	AGM Last Re-elected
Farooq Khan	2 December 2003	19 November 2010 -
William Johnson	13 March 2009	20 November 2009
Christopher Ryan	5 February 2004	29 November 2007 (standing for re-election at 2011 AGM)

3.12. Performance Review and Evaluation

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

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

3.13. Meetings of the Board

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

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

3.14. Independent Professional Advice

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

3.15. Company Information and Confidentiality

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

3.16. Directors' and Officers' Deeds

The Company has also entered into a deed with each of the current Directors and the Company Secretary to regulate certain matters between the Company and each officer, both during the time the officer holds office and after the officer ceases to be an officer of the Company (or

of any of its wholly-owned subsidiaries). A summary of the terms of such deeds is contained within the Remuneration Report in the Director's Report for the financial year ended 30 June 2011 and in the 2009 Notice of AGM dated 13 October 2009.

3.17. Board Diversity

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

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

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

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

Given the relatively small size of the Company workforce and the current nature and scale of the Company's activities at this time, the Board has determined that it is not practicable to set measurable objectives for achieving gender diversity. The Board will monitor the progress and assess the effectiveness of diversity within the Company on an ongoing basis. The Board will further consider the establishment of objectives for achieving gender diversity as the Company develops and its circumstances change.

The Company does not currently have any women in senior executive roles or on the Board. 36% of the Company's current employees are female.

4. Management

4.1. Executives

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

The Board has determined that the Executive Chairman is the appropriate person to make the Chief Executive Officer equivalent declaration and the Company Secretary is the appropriate person to make the Chief Financial Officer equivalent declaration in respect of the financial year ended 30 June 2011, as required under section 295A of the Corporations Act and recommended by the Council.

4.2. Board and Management Committees

Investment Committee: In March 2009, the Board established an Investment Committee which currently comprises the Executive Chairman, Mr Farooq Khan, Executive Director, Mr William Johnson, the Company Secretary, Mr Victor Ho and the Chief Investment Officer (CIO), Mr Ben Loiterton. The Investment Committee's role is to implement the Company's Investment Mandate, approved by shareholders in February 2009 and Company's investment strategies approved by the Board.

CORPORATE GOVERNANCE

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

Audit Committee: In October 2009, the Board established an Audit Committee which currently comprises independent Non-Executive Director, Mr Christopher Ryan (appointed Chair of the Committee) and Executive Director, Mr William Johnson. Their qualifications and experience are stated in the Directors' Report for the financial year ended 30 June 2011.

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.

Remuneration Committee: In October 2010, the Board established a Remuneration Committee which currently comprises independent Non-Executive Director, Mr Christopher Ryan (appointed Chair of the Committee) and Executive Director, Mr William Johnson. Their qualifications and experience are stated in the Directors' Report for the financial year ended 30 June 2011.

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

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

The Remuneration Committee Charter may be viewed and downloaded from the Company's website.

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 led 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 financial year ended 30 June 2011. Directors do not currently have any equity-based remuneration.

6. Code of Conduct and Ethical Standards

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

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

7. Internal Control, Risk Management and Audit

7.1. Internal Control and Risk Management

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

The Board recognises that no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably-qualified and experienced service providers 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.

CORPORATE GOVERNANCE

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

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

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

Market risk encompasses risks to the Company's performance from changes in equity prices, interest rates, currency exchange rates, capital markets and economic conditions generally. The Company has appointed an Investment Committee as the first line in managing this risk, under the supervision of the Board. The Board retains final responsibility to assess the Company's exposure to these risks and set the strategic direction for managing them. Further details are in the Note 20 (Financial Instruments) to the financial statements for the financial year ended 30 June 2011.

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

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

7.2. Audit

The Company's external auditor (**Auditor**) is selected for its professional competence, reputation and the provision of value for professional fees. Within the audit firm, the partner responsible for the conduct of the Company's audits is rotated every 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 (as appropriate) gives addresses at the AGM updating shareholders on the Company's investment activities;
- (4) Half-Yearly Directors' and Financial Reports which are posted on the Company's website; and
- (5) other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders, which is also posted on the Company's website.

Shareholders communicate with Directors through various means including:

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

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

8.2. Continuous Disclosure to ASX

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

CORPORATE GOVERNANCE

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 required to do so by law or by the ASX Listing Rules.

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

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.

14 October 2011

INVESTMENT MANDATE

The following Investment Mandate is as approved by shareholders at a General Meeting held on 25 February 2009⁴:

The Investment Objectives of Bentley are to:

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

1. INVESTMENT STRATEGY

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

- Strategic Investments; and
- Non-strategic Investments.

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

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

(a) Strategic Investments

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

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

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

(b) Non-Strategic Investments

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

2. PORTFOLIO ALLOCATION

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

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

3. INVESTMENTS

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

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

4. MANAGEMENT OF INVESTMENTS

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

⁴ Refer Bentley's [Notice of Meeting dated 15 January 2009 and released on ASX on 23 January 2009](#)

LIST OF SHARE INVESTMENTS

SHARE INVESTMENT PORTFOLIO AS AT 30 JUNE 2011

Listed Investment	ASX Code	Industry	No. of Units Held	Market Value (\$)	% of Portfolio
MEO Australia Limited	MEO	Energy	27,000,000	4,725,000	16.6%
Alara Resources Limited	AUQ	Energy	4,000,000	1,460,000	5.1%
Woodside Petroleum Limited	WPL	Energy	10,000	410,000	1.4%
Miscellaneous listed securities	Various	Various	N/A	51,770	0.2%
Total Listed Investments				6,646,770	23.3%
Unlisted Investment					
Miscellaneous unlisted securities			N/A	200,000	0.7%
Total Unlisted Investments				200,000	0.7%
Unit Trust (Unlisted)					
FSP Equities Leaders Fund (FSP Fund)			17,050,383	21,620,738	75.9%
Total Unit Trust Funds				21,620,738	75.9%
TOTAL				\$28,467,508	100.0%

SHARE INVESTMENT PORTFOLIO AS AT 30 SEPTEMBER 2011

Listed Investment	ASX Code	Industry	No of units	Market Value (\$)	% of Portfolio
MEO Australia Limited	MEO	Energy	29,349,898	4,695,984	38.8%
Woodside Petroleum Limited	WPL	Energy	10,000	357,600	3.0%
Unity Mining Limited	UML	Materials	2,370,428	308,156	2.5%
Mincor Resources NL	MCR	Materials	1,250,000	887,500	7.3%
Miscellaneous listed securities	Various	Various	N/A	87,290	0.7%
Total Listed Investments				6,336,529	52.4%
Unlisted Investment					
Miscellaneous unlisted securities			N/A	200,000	1.7%
Total Unlisted Investments				200,000	1.7%
Unit Trust (Unlisted)					
FSP Equities Leaders Fund			5,173,350	5,558,661	46.0%
Total Unit Trust Funds				5,558,661	46.0%
TOTAL				\$12,095,190	100.0%

ADDITIONAL ASX INFORMATION

TRANSACTIONS AND BROKERAGE

During the financial year, the Company entered into 19 (2010: one) transaction for the purchase of securities, incurring brokerage fees totalling \$15,685 (2010: \$99). The Company undertook 2 investments into and 12 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 Equities Pty Ltd (**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. The Company 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.

ON-MARKET SHARE BUY-BACK

On 17 August 2011⁵, Bentley announced its intention to conduct an on-market share buy-back of up to 6,599,890 shares (**Buy-Back**). This represents ~9.1% of the pre Buy-Back and 10% of the post Buy-Back issued share capital of the Company (as at the date of the announcement). A total of 559,600 shares have been bought back at a total cost of \$125,910 (at an average buy-back price of \$0.225) to date (14 October 2011). These shares were cancelled on 27 September 2011.

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.

⁵ Refer 17 August 2011 ASX market announcement ["Intention to Conduct On-Market Share Buy-Back"](#) and [Appendix 3C - Announcement of Buy-Back dated 17 August 2011](#)

ADDITIONAL ASX INFORMATION

as at 30 September 2011

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	264	130,999	0.178%
1,001	-	5,000	805	2,504,208	3.409%
5,001	-	10,000	429	3,104,488	4.226%
10,001	-	100,000	595	16,232,180	22.098%
100,001	-	and over	57	51,485,027	70.089%
Total			2,150	73,456,902	100%

Unmarketable Parcel

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	2,223	477	471,409	0.64%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 2,223 shares or less, being a value of \$500 or less in total, based upon the Company's closing share price on ASX on 30 September 2011 of \$0.225 per share.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Number of Shares held	Voting Power
Orion Equities Limited (OEQ)	OEQ	20,513,783	27.926%
Queste Communications Ltd (QUE)	QUE	1,740,625	30.926% ⁽¹⁾
	OEQ	20,513,783	
Data Base Systems Limited (DBS) and Ambreen Chaudhri	DBS	13,421,544	48.569% ⁽²⁾
	QUE	1,740,625	
	OEQ	20,513,783	
Farooq Khan and Island Australia Pty Ltd	QUE	1,740,625	48.569% ⁽³⁾
	OEQ	20,513,783	
	DBS	13,421,544	
Bellwether Investments Pty Ltd (Bellwether), James Stuart Craig and their associates	Equitas Nominees Pty Limited <PB-600687 A/C>	3,436,746	5.726% ⁽⁴⁾
	Mr Robert James Craig	674,023	
	Mr Michael Craig	95,217	

Notes:

- (1) Based on the [substantial shareholding notice filed by QUE dated 15 October 2009](#)
- (2) Based on the [substantial shareholding notice filed by DBS and Ambreen Chaudhri dated 12 July 2011](#)
- (3) Based on the [substantial shareholding notice filed by Farooq Khan dated 11 July 2011](#)
- (4) Based on the [substantial shareholding notice filed by Bellwether and associates dated 9 May 2011](#) (as updated with current holdings)

ADDITIONAL ASX INFORMATION

as at 30 September 2011

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Shares Held	Total Shares Held	% Issued Capital
1	ORION EQUITIES LIMITED		20,513,783	27.926
2	DATABASE SYSTEMS LTD		13,421,544	18.271
3	MR MICHAEL CRAIG	95,217		
	MR ROBERT JAMES CRAIG	674,023		
	EQUITAS NOMINEES PTY LIMITED	3,436,746		
		Sub-total	4,205,986	5.726
4	QUESTE COMMUNICATIONS LTD		1,740,625	2.370
5	MR JOHN ROBERT DILLON		1,390,113	1.892
6	MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN		808,035	1.100
7	MR DONALD GORDON MACKENZIE + MRS GWENNETH EDNA MACKENZIE		617,017	0.840
8	PATJEN2 PTY LIMITED		557,441	0.759
9	MRS LEANNE MAREE ROCKEFELLER		352,015	0.479
10	EDDAGATE PTY LIMITED		346,618	0.472
11	DR SPENCER DAVID		328,074	0.447
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		318,757	0.434
13	MON NOMINEES PTY LIMITED		314,617	0.428
14	MCCUE FAMILY HOLDINGS PTY LTD		305,780	0.416
15	MRS LOUISE ANGELA KISSANE		262,767	0.358
16	MRS KERRY ELIZABETH DRAFFIN		261,879	0.357
17	MR PAUL GERARD GRAFEN		233,843	0.318
18	SANPEREZ PTY LTD		221,202	0.301
19	KJ & ML GILROY PTY LTD		200,000	0.272
20	KERIN MANAGEMENT SERVICES PTY LIMITED		200,000	0.272
TOTAL			46,600,096	63.438%

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