

# 2014



Annual Report



Bentley  
Capital Limited

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The 2014 Corporate Governance Statement can be found at the following URL on the Company's website:

<http://bel.com.au/corporate-governance>

Visit [www.bel.com.au](http://www.bel.com.au) for:

- Latest News
- Market Announcements
- Financial Reports

## CORPORATE DIRECTORY

### BOARD

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

### COMPANY SECRETARY

Victor P.H. Ho

### REGISTERED AND PRINCIPAL OFFICE

Level 2, 23 Ventnor Avenue  
West Perth, Western Australia 6005  
Telephone: (08) 9214 9757  
Facsimile: (08) 9214 9701  
Email: [info@bel.com.au](mailto:info@bel.com.au)  
Website: [www.bel.com.au](http://www.bel.com.au)

### AUDITORS

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, Western Australia 6008  
Telephone: (08) 6382 4600  
Facsimile: (08) 6382 4601  
Website: [www.bdo.com.au](http://www.bdo.com.au)

### STOCK EXCHANGE

Australian Securities Exchange  
Sydney, New South Wales

Website: [www.asx.com.au](http://www.asx.com.au)

### ASX CODE

BEL

### SHARE REGISTRY

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands, Western Australia 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9262 3723  
Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
Investor Web: [www.advancedshare.com.au](http://www.advancedshare.com.au)

Level 6, 225 Clarence Street  
Sydney, New South Wales 2000  
Telephone: (02) 8096 3502

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

EMAIL US AT: [info@bel.com.au](mailto:info@bel.com.au)

# 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 revenue and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular revenue stream for shareholders in the form of franked dividends.

Bentley's Investment Mandate is at page 54 of this Annual Report.

As at 30 June 2014, Bentley had net tangible assets (NTA) of \$17.198 million (at \$0.2327 cents post-tax NTA backing per share), 73,896,071 fully paid ordinary shares on issue, and 1,911 shareholders on its share register.

## NET ASSET WEIGHTINGS

| Net Asset                                    | 30 June 2014 |             | 31 December 2013 |             | 30 June 2013 |             |
|--|--------------|-------------|------------------|-------------|--------------|-------------|
|  | \$'m         | %           | \$'m             | %           | \$'m         | %           |
| Australian equities <sup>1</sup>             | 16.70        | 94.5        | 17.50            | 94.5        | 13.06        | 71.5        |
| Intangible assets <sup>2</sup>               | 0.48         | 2.7         | 0.36             | 1.9         | 0.31         | 1.7         |
| Provision for income tax                     | -            | -           | -                | -           | -            | -           |
| Net cash on deposit/ other assets/provisions | 0.50         | 2.8         | 0.66             | 3.6         | 4.90         | 26.8        |
| <b>Total Net Assets</b>                      | <b>17.68</b> | <b>100%</b> | <b>18.52</b>     | <b>100%</b> | <b>18.27</b> | <b>100%</b> |
| NTA backing per share                        | \$0.2327     |             | \$0.2476         |             | \$0.2448     |             |
| Adjusted NTA backing per share               | \$0.2526     |             | N/A              |             | N/A          |             |

(with dividends and capital returns during the 2013/2014 year added back)

<sup>1</sup> Includes an investment in the CBG Australian Equities Fund (Wholesale) (CBG Fund) (formerly FSP Equities Leaders Fund).

<sup>2</sup> Capitalised software, Internet and applications development costs.

## MAJOR HOLDINGS

A summary of Bentley's major investment holdings (by value and as a percentage of net assets) is:

| Security                     | ASX  |                    | 30 June 2014 |      | 31 December 2013 |      | 30 June 2013 |      |
|------------------------------|------|--------------------|--------------|------|------------------|------|--------------|------|
|                              | Code | Industry Sector    | \$'m         | %    | \$'m             | %    | \$'m         | %    |
| Molopo Energy Limited        | MPO  | Materials          | 6.42         | 36.3 | 3.05             | 16.5 | -            | -    |
| CBG Australian Equities Fund | -    | Diversified        | 6.07         | 34.4 | 7.96             | 43.0 | 6.83         | 37.4 |
| Bauxite Resources Limited    | BAU  | Materials          | 1.56         | 8.8  | 1.33             | 7.2  | -            | -    |
| Chorus Limited               | CNU  | Telecommunications | 0.56         | 3.2  | -                | -    | -            | -    |
| Marathon Resources Limited   | MTN  | Material           | 0.44         | 2.5  | 0.48             | 2.6  | -            | -    |
| Other Listed Securities      | -    | Various            | 1.50         | 8.5  | 4.68             | 25.2 | 6.23         | 34.1 |

## DISTRIBUTION HISTORY\*

| Rate per share | Nature             | Record Date       | Payment Date      | Franking | DRP Issue Price |
|----------------|--------------------|-------------------|-------------------|----------|-----------------|
| 0.95 cent      | Dividend           | 12 September 2014 | 26 September 2014 | 100%     | \$0.1486        |
| One cent       | Dividend           | 14 March 2014     | 21 March 2014     | 100%     | \$0.1441        |
| One cent       | Return of capital  | 6 December 2013   | 12 December 2013  | N/A      | N/A             |
| One cent       | Return of capital  | 15 April 2013     | 18 April 2013     | N/A      | N/A             |
| One cent       | Return of capital  | 26 November 2012  | 30 November 2012  | N/A      | N/A             |
| One cent       | Return of capital  | 16 April 2012     | 19 April 2012     | N/A      | N/A             |
| 5 cents        | Return of capital  | 12 October 2011   | 14 October 2011   | N/A      | N/A             |
| 2.4 cents      | Dividend (Special) | 5 September 2011  | 26 September 2011 | 100%     | \$0.2188        |
| One cent       | Dividend           | 5 September 2011  | 26 September 2011 | 100%     | \$0.2188        |
| One cent       | Dividend           | 10 March 2011     | 17 March 2011     | 100%     | \$0.2429        |
| One cent       | Dividend           | 22 September 2010 | 30 September 2010 | 100%     | \$0.2325        |
| One cent       | Dividend           | 8 March 2010      | 15 March 2010     | 100%     | \$0.2952        |
| One cent       | Dividend           | 28 October 2009   | 30 October 2009   | 100%     | \$0.2689        |

\* Bentley has paid a distribution to shareholders every year (save on 4 occasions) since its admission to ASX in 1986

# OVERVIEW OF PERFORMANCE

| CONSOLIDATED   | June 2014<br>\$'000 | June 2013<br>\$'000 |
|--|---------------------|---------------------|
| Net gain on financial assets held at fair value through profit or loss   | 1,639               | 227                 |
| Dividends  | 334                 | 288                 |
| Interest   | 64                  | 256                 |
| Other investment-related revenue   | 54                  | 171                 |
| <b>Total revenue</b>   | <b>2,091</b>        | <b>942</b>          |
| Technology expenses  | (316)               | (225)               |
| Salaries, fees and employee benefits   | (238)               | (377)               |
| Investment expenses  | (187)               | (177)               |
| Corporate expenses   | (61)                | (62)                |
| Administration and other expenses  | (496)               | (438)               |
| <b>Total expenses</b>  | <b>(1,298)</b>      | <b>(1,279)</b>      |
| <b>Profit/(Loss) before tax</b>  | <b>793</b>          | <b>(337)</b>        |
| Income tax benefit/(expense)   | 4                   | -                   |
| <b>Profit/(Loss) after tax attributable to members</b>   | <b>797</b>          | <b>(337)</b>        |
| Basic and diluted earnings/(loss) per share (cents)  | 1.08                | (0.46)              |
| <b>Pre-tax NTA backing per share (cents)</b>   | <b>23.27</b>        | <b>24.48</b>        |
| <b>Post-tax NTA backing per share (cents)</b>  | <b>23.27</b>        | <b>24.48</b>        |
| <b>Pre and Post-Tax NTA backing per share (cents)</b><br>(with dividends and capital returns during the 2013/14 year added back) | <b>25.26</b>        | <b>24.48</b>        |

Bentley's principal activities during the year comprise share investment and trading and through its subsidiary, Devisd Pty Limited (**Devisd**), software, Internet technology and applications development.

With respect to its share investment and trading activities, Bentley generated a net gain of \$1.639 million (pre and post-tax) during the year (2013: \$0.227 million).

Devisd's operations incurred a total of \$0.483 million in net losses and accrued capitalised software, Internet and applications development expenditure during the year (2013: \$0.537 million), leading to Bentley generating an overall net gain of \$0.793 million (pre-tax) and \$0.797 million (post-tax) during the year (2013: \$0.337million net loss (pre and post tax)).

The \$1.639 million net gain result in relation to Bentley's investments comprised \$0.694 million net unrealised gains and \$0.945 million net realised gains (2013: \$0.535 million net unrealised gain and \$0.308 million net realised loss).

Please refer to the Directors' Report (at pages 5 to 22 of this Annual Report) and financial statements and notes (at pages 24 to 50) for further information on a review of Bentley's operations and the financial position and performance of Bentley for the year ended 30 June 2014.

# THE BOARD'S REPORT

## Distribution Track Record Continues

Bentley paid a fully franked dividend of 0.95 cent per share on 26 September 2014<sup>1</sup> (with a total value of \$0.702 million) and issued 537,076 shares under the Dividend Reinvestment Plan at an issue price of 14.86 cents per share.

Bentley paid an interim dividend of one cent per share on 21 March 2014<sup>2</sup> with a total value of \$0.734 million (2013: nil dividends paid).

Bentley returned one cent per share to shareholders in December 2013<sup>3</sup> with a total value of \$0.734 million as approved by shareholders on 28 November 2013. (2013: one cent per share distributed to shareholders twice, in November 2012 and April 2013 totalling \$1.467 million as approved by shareholders on 16 November 2012<sup>4</sup> and 5 April 2013<sup>5</sup> respectively).

## 30 September 2014 NTA Backing

Bentley's NTA backing as at 30 September 2014 was \$0.216 per share (pre and post-tax) (with the 0.95 cent dividend paid in September 2014 added back) (30 June 2014: \$0.2327).

As at 30 September 2014, Bentley's \$15.99m net assets comprised:

- (1) \$6.03m invested in the CBG Fund;
- (2) \$7.32m invested in ASX listed securities;
- (3) \$2.08m cash;
- (4) \$0.25m invested in unlisted securities;
- (5) \$0.59m Devised intangible capitalised software and applications development expenditure; and
- (6) \$(0.28)m net other liabilities.

Bentley's major securities holdings as at 30 September 2014 were:

| Security                        | ASX Code | Value \$'m    |
|---------------------------------|----------|---------------|
| Molopo Energy Limited           | MPO      | \$5.06        |
| Marathon Resources              | MTN      | \$0.48        |
| Chorus Limited                  | CNU      | \$0.36        |
| Other Listed Securities         | -        | \$1.42        |
| <b>Total Listed Investments</b> |          | <b>\$7.32</b> |

Please refer to the List of Share Investments section of this Annual Report (at page 55) for a list of Bentley's investment holdings as at 30 September 2014 (and 30 June 2014).

## Investment Update Subsequent to Year End

Subsequent to 30 June 2014 year end and to 16 October 2014, Bentley:

- Realised \$3.854m from the sale of listed securities; and
- Invested a further \$2.867m in listed securities.

The major investment transactions undertaken by Bentley were as follows:

- In September and October 2014, Bentley sold its 11,575,000 shareholding in Bauxite Resources Limited (**BAU**) at an average price of 14.2 cents per share, realising a net gain of \$550,044 for the current 2014/15 financial year and a net gain of \$643,683 from historical cost (net of a 4 cent return of capital distributed by BAU on 11 September 2014). This represents a 64% (gross) return on the investment (from cost), which was acquired just over 12 months ago;
- On 8 October 2014, Bentley sold its 20.98% (19,346,900 shares) holding in Marathon Resources Limited (**MTN**) at 3.7 cents per share, realising a net gain of \$270,857 for the current financial year and a net gain of \$230,644 from historical cost (of 2.5 cents per share). This represents a 48% (gross) return on the investment (from cost), which was first acquired approximately 12 months ago.

1 Refer 27 August 2014 ASX market announcement [Declaration of Dividend](#)

2 Refer 25 February 2014 ASX market announcement [Declaration of Interim Dividend](#)

3 Refer Bentley's [Notice of Annual General Meeting and Explanatory Statement](#) for a general meeting held [28 November 2013](#)

4 Refer Bentley's [Notice of Annual General Meeting dated 12 October 2012 and released on ASX on 18 October 2012](#) for a general meeting held on [16 November 2012](#).

5 Refer Bentley's [Notice of General Meeting dated 28 February 2013 and released on ASX on 7 March 2013](#) for a general meeting held on [5 April 2013](#).

# THE BOARD'S REPORT

- In October 2014, Bentley acquired a further 15,923,494 shares in Molopo Energy Limited (MPO) at an average price of 18.2 cents per share, increasing its interest in MPO from 13.66% to 19.98% (being a total of 49,687,332 shares).

As at 16 October 2014, Bentley's major securities holdings were:

| Security                        | ASX Code | Value \$'m    |
|---------------------------------|----------|---------------|
| Molopo Energy Limited           | MPO      | \$8.20        |
| Chorus Limited                  | CNU      | \$0.41        |
| Goodman Fielder Limited         | GFF      | \$0.24        |
| Other Listed Securities         | -        | \$1.09        |
| <b>Total Listed Investments</b> |          | <b>\$9.95</b> |

## 2014 Annual General Meeting (AGM)

The Company's 2014 AGM will be held at 10:30am (Perth time) on Friday, 21 November 2014 at Bentley's offices in Perth - Level 2, 23 Ventnor Avenue, West Perth, Western Australia.

Two resolutions are proposed, being:

- (1) The re-election of Mr Christopher Ryan as Director (who retires by rotation at the AGM); and
- (2) The adoption of the 2014 Remuneration Report (located at s 17 to 20 of this Annual Report).

17 October 2014

# DIRECTORS' STATUTORY REPORT

The Directors present their Directors' Report on Bentley Capital Limited ABN 87 008 108 218 (**Company** or **BEL**) and its controlled entities (the **Consolidated Entity** or **Bentley**) for the financial year ended 30 June 2014 (**Balance Date**).

BEL 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 (ASX Code: BEL).

The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year (refer Note 2(b) to the financial statements).

## PRINCIPAL ACTIVITIES

BEL is a listed investment company (**LIC**). 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 mandate<sup>1</sup>, Bentley has a focus on several key investment sectors which the Board believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of the ASX All Ordinaries Index<sup>2</sup>:

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

Bentley also has a software, Internet and applications development division (Devisd Pty Limited) which provides exposure to this potentially valuable technology sector.

## NET TANGIBLE ASSET BACKING

| <b>CONSOLIDATED</b>   | <b>June 2014</b><br><b>\$'000</b> | <b>June 2013</b><br><b>\$'000</b> |
|---|-----------------------------------|-----------------------------------|
| Net assets  | 17,676                            | 18,268                            |
| Less: Intangible assets   | (479)                             | (312)                             |
| Net tangible assets   | 17,198                            | 17,956                            |
| <b>Pre-tax NTA backing per share (cents)</b>  | <b>23.27</b>                      | <b>24.48</b>                      |
| Less: Net deferred tax asset/liabilities / tax provision  | -                                 | -                                 |
| Net tangible assets   | 17,198                            | 17,956                            |
| <b>Post-tax NTA backing per share (cents)</b>   | <b>23.27</b>                      | <b>24.48</b>                      |
| <b>Value of dividends and capital returns distributed to shareholders in previous 12 months</b>   | <b>1,467</b>                      | <b>1,467</b>                      |
| <b>Adjusted Pre - and post-tax NTA backing per share (cents)</b><br>(with dividends and capital returns during the 2013/2014 year added back) | 25.26                             | N/A                               |
| Based on total issued shares  | 73,896,071                        | 73,350,541                        |

<sup>1</sup> 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](#);

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

# DIRECTORS' STATUTORY REPORT

Bentley paid a dividend of one cent per share to shareholders on 21 March 2014<sup>3</sup> at a total cost of \$0.734 million (2013: nil).

Bentley returned one cent per share to shareholders in December 2013<sup>4</sup> (at a total cost of \$0.734 million) as approved by shareholders on 28 November 2013. (2013: one cent per share to shareholders twice, in November 2012 and April 2013 totalling \$1.467 million as approved by shareholders on 16 November 2012<sup>5</sup> and 5 April 2013<sup>6</sup> respectively).

## OPERATING RESULTS

| CONSOLIDATED   | June 2014<br>\$'000 | June 2013<br>\$'000 |
|--|---------------------|---------------------|
| Net gain on financial assets held at fair value through profit or loss | 1,639               | 227                 |
| Dividends  | 334                 | 288                 |
| Interest   | 64                  | 256                 |
| Other investment-related revenue                                       | 54                  | 171                 |
| <b>Total revenue</b>   | <b>2,091</b>        | <b>942</b>          |
| Technology Expenses  | (316)               | (225)               |
| Salaries, fees and employee benefits                                   | (238)               | (377)               |
| Investment expenses  | (187)               | (177)               |
| Corporate expenses   | (61)                | (62)                |
| Administration and other expenses                                      | (496)               | (438)               |
| <b>Total expenses</b>  | <b>(1,298)</b>      | <b>(1,279)</b>      |
| <b>Profit/(Loss) before tax</b>  | <b>793</b>          | <b>(337)</b>        |
| Income tax benefit / (expense)   | 4                   | -                   |
| <b>Profit/(Loss) after tax attributable to members</b>                 | <b>797</b>          | <b>(337)</b>        |

Bentley's principal activities during the year comprise share investment and trading and the Devisd software, Internet technology and applications development division.

With respect to its share investment and trading activities, Bentley generated a net gain of \$1.639 million (pre and post-tax) during the year (2013: \$0.227 million).

Devisd's operations incurred a total of \$0.483 million in net losses and accrued capitalised software, Internet and applications development expenditure during the year (2013: \$0.537 million), leading to Bentley generating an overall net gain of \$0.793 million (pre-tax) and \$0.797 million (post-tax) during the year (2013: \$0.337million net loss (pre and post tax)).

The \$1.639 million net gain result in relation to Bentley's investments comprised \$0.694 million net unrealised gains and \$0.945 million net realised gains (2013: \$0.535 million net unrealised gain and \$0.308 million net realised loss).

<sup>3</sup> Refer 25 February 2014 ASX market announcement [Declaration of Interim Dividend](#)

<sup>4</sup> Refer Bentley's [Notice of Annual General Meeting and Explanatory Statement](#) for a general meeting held on [28 November 2013](#)

<sup>5</sup> Refer Bentley's [Notice of Annual General Meeting dated 12 October 2012](#) and released on ASX on 18 October 2012 for a general meeting held on [16 November 2012](#).

<sup>6</sup> Refer Bentley's [Notice of General Meeting dated 28 February 2013 and released on ASX on 7 March 2013](#) for a general meeting held on [5 April 2013](#).



# DIRECTORS' STATUTORY REPORT

## EARNINGS PER SHARE

| CONSOLIDATED                      | June 2014 | June 2013 |
|-----------------------------------|-----------|-----------|
| Earnings/(Loss) per share (cents) | 1.08      | (0.46)    |

## FINANCIAL POSITION

| CONSOLIDATED                       | June 2014<br>\$'000 | June 2013<br>\$'000 |
|------------------------------------|---------------------|---------------------|
| Investments                        | 16,700              | 13,058              |
| Cash                               | 416                 | 4,892               |
| Net deferred tax asset/liabilities | -                   | -                   |
| Intangible assets                  | 479                 | 312                 |
| Other assets                       | 667                 | 324                 |
| Liabilities                        | (586)               | (318)               |
| <b>Net assets</b>                  | <b>17,676</b>       | <b>18,268</b>       |
| Issued capital                     | 19,165              | 19,820              |
| Profits Reserve                    | 656                 | -                   |
| Accumulated losses                 | (2,145)             | (1,552)             |
| <b>Total equity</b>                | <b>17,676</b>       | <b>18,268</b>       |

## DIVIDENDS

The Directors have declared payment of a dividend as follows:

| Dividend Rate       | Record Date       | Expected Payment Date | Franking     |
|---------------------|-------------------|-----------------------|--------------|
| 0.95 cent per share | 12 September 2014 | 26 September 2014     | 100% franked |

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

A copy of the Company's [DRP Rules](#) and [Application/Notice of Variation Form](#) be obtained from the Company or downloaded from the Company's website.

The Company paid a dividend during the financial year at a total cost of \$0.734 million as follows (2013: nil):

| Dividend Rate                   | Record Date   | Payment Date  | DRP Issue Price (cents) | DRP Shares Issued |
|---------------------------------|---------------|---------------|-------------------------|-------------------|
| One cent per share <sup>7</sup> | 14 March 2014 | 21 March 2014 | 14.41                   | 545,530           |

<sup>7</sup> Refer 25 February 2014 ASX market announcement [Declaration of Interim Dividend](#)

# DIRECTORS' STATUTORY REPORT

## CAPITAL MANAGEMENT

### Securities on Issue

The Company has 73,896,071 (2013: 73,350,541) fully paid ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

The Company issued 545,530 new shares during the financial year as a consequence of shareholders' participation under the Company's DRP, at an average price of \$0.1441 per share.

### Capital Return

The Company distributed a return of capital to shareholders during the financial year at a cost of \$0.734 million as approved by shareholders at the AGM on 28 November 2013<sup>8</sup>, as follows (2013: one cent per share return of capital distributed to shareholders twice, in November 2012 and April 2013 totalling \$1.467 million as approved by shareholders on 16 November 2012<sup>9</sup> and 5 April 2013<sup>10</sup> respectively):

| Capital Return     | Record Date     | Payment Date     |
|--------------------|-----------------|------------------|
| One cent per share | 6 December 2013 | 12 December 2013 |

## 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 Asset   | 30 June 2014 |             | 31 December 2013 |             | 30 June 2013 |             |
|---|--------------|-------------|------------------|-------------|--------------|-------------|
|   | \$'m         | %           | \$'m             | %           | \$'m         | %           |
| Australian equities <sup>1</sup>  | 16.70        | 94.5        | 17.50            | 94.5        | 13.06        | 71.5        |
| Intangible assets and resource projects <sup>2</sup>  | 0.48         | 2.7         | 0.36             | 1.9         | 0.31         | 1.7         |
| Provision for income tax  | -            | -           | -                | -           | -            | -           |
| Net cash on deposit/ other assets/provisions  | 0.50         | 2.8         | 0.66             | 3.6         | 4.90         | 26.8        |
| <b>Total Net Assets</b>   | <b>17.68</b> | <b>100%</b> | <b>18.52</b>     | <b>100%</b> | <b>18.27</b> | <b>100%</b> |
| NTA backing per share   | \$0.2327     |             | \$0.2476         |             | \$0.2448     |             |
| Adjusted NTA backing per share<br>(with dividends and capital returns during the 2013/2014 year added back) | \$0.2526     |             | N/A              |             | N/A          |             |

1. Includes an investment in the CBG Australian Equities Fund (Wholesale) (CBG Fund) (formerly FSP Equities Leaders Fund).

2. Capitalised software, Internet and applications development costs.

### Major Holdings

A summary of Bentley's major investment holdings (by value and as a percentage of net assets) is:

| Security                     | ASX Code | Industry Sector    | 30 June 2014 |      | 31 December 2013 |      | 30 June 2013 |      |
|------------------------------|----------|--------------------|--------------|------|------------------|------|--------------|------|
|                              |          |                    | \$'m         | %    | \$'m             | %    | \$'m         | %    |
| Molopo Energy Limited        | MPO      | Materials          | 6.42         | 36.3 | 3.05             | 16.5 | -            | -    |
| CBG Australian Equities Fund | -        | Diversified        | 6.07         | 34.4 | 7.96             | 43.0 | 6.83         | 37.4 |
| Bauxite Resources Limited    | BAU      | Materials          | 1.56         | 8.8  | 1.33             | 7.2  | -            | -    |
| Chorus Limited               | CNU      | Telecommunications | 0.56         | 3.2  | -                | -    | -            | -    |
| Marathon Resources Limited   | MTN      | Material           | 0.44         | 2.5  | 0.48             | 2.6  | -            | -    |
| Other Listed Securities      | -        | Various            | 1.50         | 8.5  | 4.68             | 25.2 | 6.23         | 34.1 |

<sup>8</sup> Refer Bentley's [Notice of Annual General Meeting and Explanatory Statement](#) for a general meeting held on 28 November 2013

<sup>9</sup> Refer Bentley's [Notice of Annual General Meeting dated 12 October 2012 and released on ASX on 18 October 2012](#) for a general meeting held on 16 November 2012.

<sup>10</sup> Refer Bentley's [Notice of General Meeting dated 28 February 2013 and released on ASX on 7 March 2013](#) for a general meeting held on 5 April 2013.

# DIRECTORS' STATUTORY REPORT

## Investment in the CBG Australian Equities Fund (Wholesale) (CBG Fund)<sup>11</sup>

As at 30 June 2014, Bentley had 34.35% (\$6.072 million) of its net assets invested in the CBG Australian Equities Fund (Wholesale) (CBG Fund) (formerly FSP Equities Leaders Fund (FSP Fund)) (2013: 37.39% and \$6.831 million).

The 12-month performance of the CBG Fund to 30 June 2014 was +22.2% (2013: +25.7%) compared with its benchmark performance (S&P/ASX 200 Accumulation Index) of +17.4% (2013: +22.8%)

In July 2014, Bentley received \$0.131 million (2013: \$0.160 million) income distributions from the CBG Fund in respect of the financial year ended 30 June 2014. The 30 June 2014 carrying value above is "ex" entitlement to this income distribution.

Bentley's investment in the CBG Fund has generated an unrealised gain of \$0.903 million for the financial year and \$0.405 million realised gain (net of reversal of previous years' unrealised gains on disposal) (2013: \$1.269 million unrealised gain). The investment's unrealised gain (from historical cost) is \$1.260 million (2013: \$0.358 million unrealised gain).

The CBG 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 CBG Fund at short notice without any exit fees.

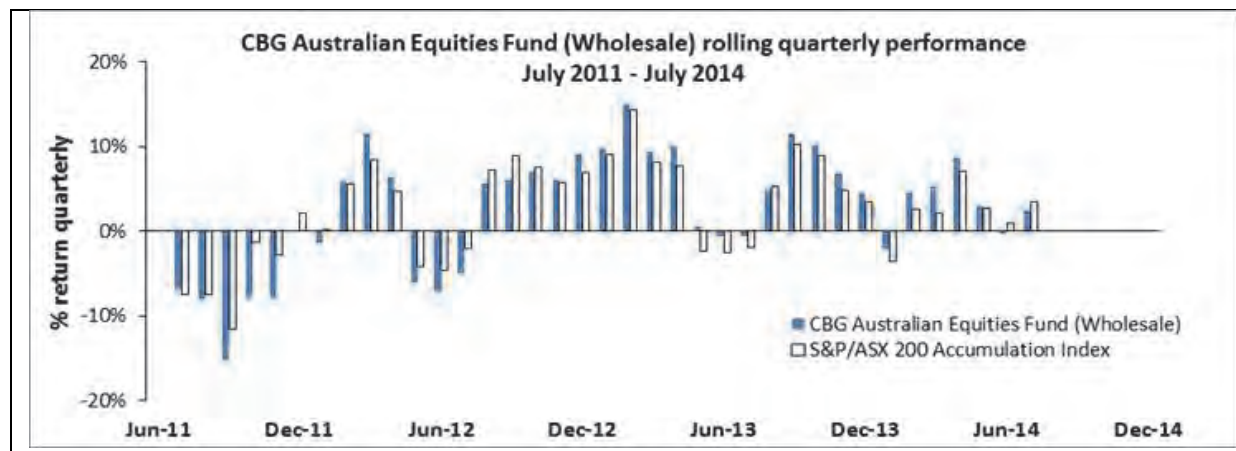
CBG Fund details provided to the Company as at 30 June 2014 are as follows:

- The equity weighting was 93.61% (30 June 2013: 96.17%);
- 92.22% of the equity portfolio is invested in companies contained within the S&P/ASX 200 Index (30 June 2013: 92.16%) with the balance of 7.78% invested in companies outside of the S&P/ASX 200 Index (30 June 2013: 7.84%); and
- The equity portfolio contained 41 holdings (30 June 2013: 42 holdings).

| Returns To:<br>30 June 2014    | 3mths<br>(%) | 6mths<br>(%) | 1yr<br>(%) | 2yrs<br>(% p.a.) | 3yrs<br>(% p.a.) | Since Inception<br>(% p.a.) |
|--------------------------------|--------------|--------------|------------|------------------|------------------|-----------------------------|
| CBG Fund                       | -0.4%        | 4.8%         | 22.2%      | 23.9%            | 10.5%            | 10.3%                       |
| ASX/S&P 200 Accumulation Index | 0.9%         | 3.0%         | 17.4%      | 20.1%            | 10.4%            | 8.6%                        |

<sup>11</sup> Based on information provided by investment manager, [CBG Asset Management Limited](#)

# DIRECTORS' STATUTORY REPORT



Source: CBG Asset Management Limited

Notes:

- 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.
- The information in the table is historical and the past performance of the CBG Fund is not a reliable predictor of the future performance of such fund; CBG Asset Management have not made any representation to the Company that it will achieve any specific future rate of return on the fund.

| CBG Fund Top 20 Holdings |                                    | Fund Weight | CBG Fund Sector Weights     |  | Fund Weight |
|--------------------------|------------------------------------|-------------|-----------------------------|--|-------------|
| ASX Code                 | Asset Name                         | 30-Jun-14   |                             |  | 30-Jun-14   |
| ANZ                      | ANZ BANKING GROUP LIMITED          | 9.0%        | Financials (ex-Real Estate) |  | 48.0%       |
| WBC                      | WESTPAC BANKING CORPORATION        | 8.3%        | Consumer Discretionary      |  | 13.3%       |
| CBA                      | COMMONWEALTH BANK OF AUSTRALIA     | 8.0%        | Industrials                 |  | 11.3%       |
| BHP                      | BHP BILLITON LIMITED               | 5.0%        | Cash/Hybrids/Fixed Interest |  | 6.4%        |
| HGG                      | HENDERSON GROUP                    | 4.2%        | Utilities                   |  | 5.1%        |
| NAB                      | NATIONAL AUSTRALIA BANK LIMITED    | 3.8%        | Materials                   |  | 5.0%        |
| TCL                      | TRANSURBAN GROUP                   | 3.4%        | Health Care                 |  | 4.0%        |
| SUN                      | SUNCORP GROUP LIMITED              | 3.1%        | Energy                      |  | 2.5%        |
| FLT                      | FLIGHT CENTRE TRAVEL GROUP LIMITED | 3.0%        | Real Estate                 |  | 2.4%        |
| BTI                      | BT INVESTMENT MANAGEMENT LTD       | 3.0%        | Consumer Staples            |  | 1.8%        |
| GEM                      | G8 EDUCATION LIMITED               | 3.0%        | Telecommunication Services  |  | 0.2%        |
| MQA                      | MACQUARIE ATLAS ROAD GROUP         | 2.9%        |                             |  |             |
| OSH                      | OIL SEARCH LIMITED                 | 2.5%        |                             |  |             |
| DUE                      | DUET GROUP                         | 2.5%        |                             |  |             |
| LLC                      | LEND LEASE LIMITED                 | 2.4%        |                             |  |             |
| SYD                      | SYDNEY AIRPORT                     | 2.0%        |                             |  |             |
| RMD                      | RESMED INC                         | 1.9%        |                             |  |             |
| IVC                      | INVOCARE LIMITED                   | 1.9%        |                             |  |             |
| ENV                      | ENVESTRA LIMITED                   | 1.8%        |                             |  |             |
| RFG                      | RETAIL GROUP FOOD LIMITED          | 1.8%        |                             |  |             |

# DIRECTORS' STATUTORY REPORT

## Investment in [Molopo Energy Limited](#) (ASX: MPO)

As at 30 June 2014, Bentley held 33,763,838 shares in MPO (being 13.66% of MPO's total issued share capital, being the largest shareholder in MPO), which were acquired during the financial year at a total cost of \$6.707 million (at an average price of \$0.199 per share).

MPO is an oil and gas exploration, development and production (from the United States) company that has disposed of a number of assets in the United States (Texas), Canada (Saskatchewan) and South Africa during the financial year and is currently seeking to re-deploy the company's cash resources into oil and gas exploitation opportunities in Western Canada with a focus on projects that have existing production and cash flow (rather than early stage exploration plays on undeveloped acreage).<sup>12</sup>

MPO has ~US\$0.23 (~A\$0.25) cash backing per share based on a ~US\$56.5 million (~A\$60.5 million) cash position (net of a C\$5 million (~US\$4.6 million/~A\$4.9 million) provision for a legal claim) as at 30 June 2014.<sup>12</sup>

## Investment in [Bauxite Resources Limited](#) (ASX: BAU)

As at 30 June 2014, Bentley held 11,575,000 shares in BAU (being 5% of BAU's total issued share capital), which were acquired during the financial year at a total cost of \$1.469 million (at an average price of \$0.127 per share).

BAU is a bauxite minerals exploration and evaluation company with tenements in Western Australia's Darling Ranges; it has a cash backing of ~\$0.18 per share (based on a ~\$40.9 million cash position as at 30 June 2014) and a contingent liability from unspecified claims from current and former shareholders in relation to a share placement undertaken in October 2009, as notified to BAU by a litigation funder<sup>13</sup>.

BAU will seek shareholder approval on 29 August 2014 to undertake a 4 cent per share return of capital.

## Investment in [Marathon Resources Limited](#) (ASX: MTN)

As at 30 June 2014, Bentley held 19,346,900 shares in MTN (being 20.98% of MTN's total issued share capital), which were acquired during the financial year at a total cost of \$0.485 million (at an average price of \$0.025 per share).

During the financial year, Bentley launched an on-market takeover bid for 100% of MTN at \$0.025 per share.<sup>14</sup> The bid closed on 18 December 2013 with Bentley acquiring 914,563 shares at a total cost of \$0.023 million increasing its interest in MTN from 19.99% (pre bid) to 20.98% (post bid).

MTN is a minerals exploration company with a cash backing of ~\$0.0388 per share (based on a ~\$3.582 million cash position as at 30 June 2014) and has advised that it has continued and remains active in reviewing a number of exploration and corporate opportunities in Australia and overseas to increase shareholder value through acquisition or merger.<sup>15</sup>

<sup>12</sup> Refer MPO's [June 2014 Quarterly Report](#) dated and lodged on ASX on 31 July 2014 and [2013 Annual Report](#) lodged on ASX on 28 March 2014; based on the following exchange rates: C\$1:00 = US\$0.9177 and A\$1.00 = US\$0.9332

<sup>13</sup> Refer BAU's [June 2014 Quarterly Report](#) dated and lodged on ASX on 29 July 2014 and [2013 Annual Report](#) lodged on ASX on 14 October 2013

<sup>14</sup> Refer [Bentley's Bidder's Statement for MTN dated 25 October 2013](#).

<sup>15</sup> Refer MTN's [June 2014 Quarterly Report](#) dated and lodged on ASX on 31 July 2014 and [2013 Annual Report](#) lodged on ASX on 30 September 2013

# DIRECTORS' STATUTORY REPORT

## Devisd Software, Internet and Applications Development

Bentley has a technology operation involved in software, Internet and applications development (Devisd).

Devisd was formed to provide exposure to the growing importance of the Internet and social media applications as a potentially valuable investment and/or income generating opportunity for Bentley.

Devisd's applications and software projects under development are summarised below:

- (1) **"Yurn.it"** is a visual discovery, e-commerce website integrating social media and creative aspects. The site is a personalised fashion network that enables users to browse and shop for items from exclusive retailers (within an affiliate programme), interact with a fashion community and engage in dynamic competitions.
- (2) [www.Rdrct.it](http://www.Rdrct.it) is a web service that allows smart-phone application (app) developers to send out download links for their apps and app content that direct link recipients to the correct end-point, irrespective of the user's platform, or whether they have the relevant app installed. This project was launched in July 2013 (in beta mode) and has generated affiliate fee revenues from Apple of \$2,272 during the financial year.
- (3) **ShopBites** is a smartphone application and system designed to drive foot traffic into participating stores throughout Australia. Registered shoppers are targeted (using geo-location technology) and encouraged to visit partner stores and undertake certain actions using their smartphone (such as scanning in-store QR codes or product barcodes) and in doing so, will earn points called 'bites'. Bites can then be redeemed for a range of rewards, including digital gift vouchers, credits for third-party applications and physical goods, all within the smartphone application.
- (4) **Squizzd** is a smartphone application that allows users to create an Augmented Reality (AR) map to share with friends or the general public. Maps may include local attractions, tourist spots or something as specific as temporary locations at an event.
- (5) **Tree Trauma** is a mobile game in which the player acts as a topiarist who, using a variety of tools, trims trees into shapes as set by topiary judges.

## Performance Bonus Scheme (PBS)

There were no entitlements arising under the Company's Performance Bonus Scheme (**PBS**) (which was implemented on 1 May 2010<sup>16</sup>) during the financial year (June 2013: nil). 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 period.

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

<sup>16</sup> Refer [10 May 2010 ASX market announcement "Appointment of Chief Investment Officer and Implementation of Investment Strategy"](#) and also the Remuneration Report at pages 17 to 20 of this report.

# DIRECTORS' STATUTORY REPORT

## 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' performances depend 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 forecast 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 their 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 their 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 notes that it is not directly subject to the *Clean Energy Act 2011 (Cth)* (which has been repealed recently and which carbon pricing mechanism under the same ceases to have effect from 1 July 2014).

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.



# DIRECTORS' STATUTORY REPORT

## DIRECTORS

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

| <b>FAROOQ KHAN</b>   | <b>Chairman</b>  |
|--|--|
| <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>                                   | 22,254,408 shares (held indirectly <sup>17</sup> )   |
| <i>Special Responsibilities</i>                                      | Chairman of the Board and Investment Committee   |
| <i>Other current directorships in listed entities</i>                | <ol style="list-style-type: none"> <li>(1) Executive Chairman and Managing Director of Queste Communications Ltd (QUE) (since 10 March 1998)</li> <li>(2) Executive Chairman of Orion Equities Limited (OEQ) (since 23 October 2006)</li> <li>(3) Non-Executive Director (Alternate Director to Victor Ho) of Strike Resources Limited (SRK) (appointed 24 January 2014).</li> </ol>   |
| <i>Former directorships in other listed entities in past 3 years</i> | Alara Resources Limited (AUQ) (18 May 2007 to 31 August 2012)  |

| <b>CHRISTOPHER B. RYAN</b>   | <b>Non-Executive Director</b>  |
|--|--|
| <i>Appointed</i>   | 5 February 2004  |
| <i>Qualifications</i>  | BEcon (UWA), MBA (UNSW)  |
| <i>Experience</i>  | Mr Ryan is the Principal of Westchester Corporate Finance, a Sydney based corporate advisory firm specialising in advising listed companies on fund raising, mergers and acquisitions and associated transactions. Prior to forming Westchester in July 1996, Christopher was with Schroders Australia for 27 years. At Schroders, he served 3 years in the investment division, 2 years as an economist monitoring influences on interest and exchange rates and 22 years in the corporate finance division of which he was a director for 19 years specialising in advising on project financing and mergers and acquisitions mainly in the Australian minerals and oil and gas sectors. |
| <i>Relevant interest in shares</i>                                   | None   |
| <i>Special Responsibilities</i>                                      | Chairman of the Audit and Remuneration Committees  |
| <i>Other current directorships in listed entities</i>                | <ol style="list-style-type: none"> <li>(1) Non-Executive Director of Molopo Energy Limited (MPO) (since 8 April 2014)</li> <li>(2) Non-Executive Director of Marathon Resources Limited (MTN) (since 26 February 2014)</li> <li>(3) Non-Executive Chairman of Boulder Steel Limited (BGD) (since 20 June 2013; Non-Executive Director since 18 June 2013)</li> </ol>   |
| <i>Former directorships in other listed entities in past 3 years</i> | None   |

<sup>17</sup> An indirect interest held by Queste Communications Ltd (QUE) (1,740,625 shares) and Orion Equities Limited (OEQ) (20,513,783 shares), a company in which QUE is a controlling shareholder; Farooq Khan (and an associated company) has a deemed relevant interest in Bentley shares in which QUE has a relevant interest by reason of having >20% voting power in QUE; refer also Farooq Khan's [Change of Director's Interest Notice](#) and [Initial Substantial Holder Notice](#) both dated 23 January 2014



# DIRECTORS' STATUTORY REPORT

| <b>WILLIAM M. JOHNSON</b>  | <b>Non-Executive Director</b>  |
|--|--|
| <i>Appointed</i>   | Director since 13 March 2009; Non-Executive Director since 26 March 2013   |
| <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>                                      | Member of the Audit and Remuneration Committees.   |
| <i>Other current directorships in listed entities</i>                | (1) Managing Director of Strike Resources Limited (SRK) (since 25 March 2013; Director since 14 July 2006)   |
| <i>Former directorships in other listed entities in past 3 years</i> | (1) Orion Equities Limited (OEQ) (28 February 2003 to 3 May 2013)<br>(2) Alara Resources Limited (AUQ) (26 October 2009 to 31 October 2013)  |

## COMPANY SECRETARY

| <b>VICTOR P. H. HO</b>  | <b>Company Secretary</b>  |
|---|---|
| <i>Appointed</i>  | Since 5 February 2004   |
| <i>Qualifications</i>   | BCom, LLB (UWA), CTA  |
| <i>Experience</i>   | 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. |
| <i>Special Responsibilities</i>                                 | Member of the Investment Committee and Secretary of the Audit and Remuneration Committees   |
| <i>Relevant interest in shares</i>                              | 50,000 ordinary shares (held indirectly)  |
| <i>Other positions held in listed entities</i>                  | Executive Director and Company Secretary of:<br>(1) Orion Equities Limited (OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003)<br>(2) Queste Communications Ltd (QUE) (Secretary since 30 August 2000 and Director since 3 April 2013)<br>(3) Non-Executive Director of Strike Resources Limited (SRK) (since 24 January 2014)<br>Company Secretary of:<br>(1) Alara Resources Limited (AUQ) (since 4 April 2007)  |
| <i>Former position in other listed entities in past 3 years</i> | None  |

# DIRECTORS' STATUTORY REPORT

## DIRECTORS' MEETINGS

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

| Name of Director | Board Meetings |                        | Audit Committee |                        | Remuneration Committee |                        |
|------------------|----------------|------------------------|-----------------|------------------------|------------------------|------------------------|
|                  | Attended       | Max. Possible Meetings | Attended        | Max. Possible Meetings | Attended               | Max. Possible Meetings |
| Farooq Khan      | 6              | 6                      | -               | -                      | -                      | -                      |
| Christopher Ryan | 6              | 6                      | 2               | 2                      | -                      | -                      |
| William Johnson  | 6              | 6                      | 2               | 2                      | -                      | -                      |

## Board Committees

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

A Remuneration Committee was established in September 2011. The composition of the Remuneration Committee is Christopher Ryan (as Chairman) and William Johnson. A copy of the [Remuneration Committee Charter](#) may be downloaded from the Company's website.

# REMUNERATION REPORT

This Remuneration Report details the nature and amount of remuneration for each Director of *the Company*.

The information provided under headings (1) to (5) 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 during the year as follows:

### Executive Director

- (1) Mr Farooq Khan (Executive Chairman) – a base salary of \$175,000 per annum plus employer superannuation contributions; and

### Non-Executive Directors

- (2) 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; and
- (3) Mr William Johnson – a base salary of \$24,000 per annum plus employer superannuation contributions.

### Company Executive/Senior Manager

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

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

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

# REMUNERATION REPORT

**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.

**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 Chairman and the Company Secretary). 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.

In considering the Company's performance and its effects on shareholder wealth, Directors have had regard to the data set out below for the latest financial year and the previous four financial years.

|  | 2014      | 2013        | 2012          | 2011        | 2010        |
|--|-----------|-------------|---------------|-------------|-------------|
| Profit/(Loss) Before Income Tax            | \$792,910 | (\$336,712) | (\$2,025,345) | \$573,980   | \$3,101,649 |
| Basic Earnings/(Loss) per share (cents)    | 1.08      | (0.46)      | (2.77)        | 0.79        | 4.32        |
| Dividends Paid (total)                     | \$733,505 | -           | \$2,468,351   | \$1,443,044 | \$1,433,698 |
| Dividends Paid (per share)                 | \$0.01    | -           | \$0.034       | \$0.02      | \$0.02      |
| Capital Returns Paid (total)               | \$733,505 | \$1,467,012 | \$4,406,350   | -           | -           |
| Capital Returns Paid (per share)           | \$0.01    | \$0.02      | \$0.06        | -           | -           |
| VWAP Share Price on ASX for financial year | \$0.144   | \$0.156     | \$0.183       | \$0.224     | \$0.251     |
| Closing Bid Share Price on ASX at 30 June  | \$0.145   | \$0.145     | \$0.150       | \$0.220     | \$0.225     |

## (2) Shares held by Key Management Personnel

The number of ordinary shares in the Company held by Key Management Personnel is set below:

| Key Management Personnel        | Balance at<br>30 June 2013 | Additions | Received as part<br>of remuneration | Disposals | Balance at<br>30 June 2014 |
|---------------------------------|----------------------------|-----------|-------------------------------------|-----------|----------------------------|
| <b>Executive Director:</b>      |                            |           |                                     |           |                            |
| Farooq Khan                     | -                          | -         | -                                   | -         | -                          |
| <b>Non-Executive Directors:</b> |                            |           |                                     |           |                            |
| Christopher Ryan                | -                          | -         | -                                   | -         | -                          |
| William Johnson                 | -                          | -         | -                                   | -         | -                          |
| <b>Company Secretary:</b>       |                            |           |                                     |           |                            |
| Victor Ho                       | 6,533                      | 43,467    | -                                   | -         | 50,000                     |

Note: The disclosures of shareholdings above are in accordance with the accounting standards which require 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).

## (3) 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 introduced a Performance Bonus Scheme (PBS) for members of the Investment Committee (effective 1 May 2010).

# REMUNERATION REPORT

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 Bentley 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 forward up 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. However, an underperformance value attributable to an unrealised loss on an asset (other than externally managed assets) that has not yet been realised at the end of the second carried forward half year period will continue to be carried forward thereafter until it has been 'clawed back' by outperformance.
- (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 a provision for income tax expense is included.
- (e) The terms of the PBS are to be reviewed annually by the Board.
- (f) The Performance Bonus Pool is distributed to members of the Investment Committee pursuant to a resolution of the Board.
- (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 is a member of the Investment Committee may not be present during the Board's deliberations in relation to setting the above entitlements under the PBS and must 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 subsequently underperform.
- The 'clawback' of underperformance means that the Investment Committee will be highly motivated to avoid periods of underperformance.
- To achieve a performance bonus, the Investment Committee must not only outperform the Benchmark Index, but also achieve an absolute return at least \$250,000 (performance threshold hurdle) greater than the result that would have been achieved matching 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 (i.e. in respect of each of the half years ending 31 December 2013 and 30 June 2014).

# REMUNERATION REPORT

## (4) 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:

| 2014                            | Key Management Personnel        | Performance-related % | Short-term Benefits  |                  | Post-Employment Benefits | Other Long-term Benefits | Equity-Based     | Total \$ |
|---------------------------------|---------------------------------|-----------------------|----------------------|------------------|--------------------------|--------------------------|------------------|----------|
|                                 |                                 |                       | Cash salary and fees | Non-cash benefit | Superannuation           | Long service leave       | Shares & options |          |
|                                 |                                 |                       | \$                   | \$               | \$                       | \$                       | \$               |          |
| <b>Executive Director:</b>      |                                 |                       |                      |                  |                          |                          |                  |          |
|                                 | Farooq Khan <sup>(a)</sup>      | -                     | 151,778              | -                | 14,039                   | -                        | -                | 165,817  |
| <b>Non-Executive Directors:</b> |                                 |                       |                      |                  |                          |                          |                  |          |
|                                 | Christopher Ryan <sup>(b)</sup> | -                     | 39,600               | -                | -                        | -                        | -                | 39,600   |
|                                 | William Johnson                 | -                     | 24,000               | -                | -                        | -                        | -                | 24,000   |
| <b>Company Secretary:</b>       |                                 |                       |                      |                  |                          |                          |                  |          |
|                                 | Victor Ho                       | -                     | 84,999               | -                | 7,862                    | -                        | -                | 92,861   |

| 2013                            | Key Management Personnel        | Performance related % | Short-term Benefits  |                  | Post-Employment Benefits | Other Long-term Benefits | Equity-Based     | Total \$ |
|---------------------------------|---------------------------------|-----------------------|----------------------|------------------|--------------------------|--------------------------|------------------|----------|
|                                 |                                 |                       | Cash salary and fees | Non-cash benefit | Superannuation           | Long service leave       | Shares & options |          |
|                                 |                                 |                       | \$                   | \$               | \$                       | \$                       | \$               |          |
| <b>Executive Director:</b>      |                                 |                       |                      |                  |                          |                          |                  |          |
|                                 | Farooq Khan <sup>(d)</sup>      | -                     | 160,192              | -                | 14,417                   | -                        | -                | 174,609  |
| <b>Non-Executive Directors:</b> |                                 |                       |                      |                  |                          |                          |                  |          |
|                                 | Christopher Ryan <sup>(b)</sup> | -                     | 29,700               | -                | -                        | -                        | -                | 29,700   |
|                                 | William Johnson <sup>(c)</sup>  | -                     | 63,750               | -                | 5,738                    | -                        | -                | 69,488   |
| <b>Company Secretary:</b>       |                                 |                       |                      |                  |                          |                          |                  |          |
|                                 | Victor Ho                       | -                     | 85,000               | -                | 7,650                    | -                        | -                | 92,650   |

Notes:

- (a) Net of an adjustment of \$23,222 (gross) in respect of unpaid leave taken during the 2014 year.
- (b) Mr Ryan's Director's 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. The amount for 2014 is also inclusive of \$13,200 fees (2013: inclusive of \$3,300 fees) for the performance of extra services/the making of special exertions for the benefit of the Company.
- (c) Mr Johnson transitioned from Executive Director to Non-Executive Director on 25 March 2013.
- (d) Net of an adjustment of \$14,808 (gross) in respect of unpaid leave taken during the 2013 year.

## (5) Other Benefits Provided to Key Management Personnel

No 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.

## (6) Voting and Comments on the Remuneration Report at the 2013 AGM

At the Company's most recent (2013) AGM, a resolution to adopt the prior year (2013) Remuneration Report was put to the vote and 94.79% of votes were cast by shareholders in favour of adopting the Remuneration Report. No comments were made on the Remuneration Report at the AGM.

This concludes the audited Remuneration Report.

# DIRECTORS' STATUTORY REPORT

## DIRECTORS' AND OFFICERS' INSURANCE

The Company insures Directors and Officers against liability they may incur in respect of any wrongful acts or omissions made by them in such capacity (to the extent permitted by the *Corporations Act 2001*) (**D&O Policy**). Details of the amount of the premium paid in respect of the insurance policies are not disclosed 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<br>\$ | Non-Audit Services<br>\$ | Total<br>\$ |
|---------------------------|--------------------------|-------------|
| 45,333                    | 1,376                    | 46,709      |

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' STATUTORY 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 23. 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 the Review of Operations) or the financial statements or notes thereto (in particular Note 26), 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

26 August 2014



Christopher Ryan  
Director





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Subiaco, WA 6008  
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Australia

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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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.

A handwritten signature in black ink that reads 'C Burton'.

Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 26 August 2014

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

|  | Note        | 2014             | 2013             |
|--|-------------|------------------|------------------|
| <b>REVENUE</b>   |             | \$               | \$               |
| <b>Investment</b>  | <b>3(a)</b> |                  |                  |
| Dividend Revenue   |             | 334,579          | 288,487          |
| Interest Revenue   |             | 64,299           | 255,560          |
| <b>Other</b>   |             |                  |                  |
| Net Gain on Financial Assets at Fair Value through Profit or Loss  |             | 1,638,724        | 227,420          |
| Other Revenue  |             | 53,646           | 170,747          |
| <b>TOTAL REVENUE</b>   |             | <b>2,091,248</b> | <b>942,214</b>   |
| <b>EXPENSES</b>  | <b>3(b)</b> |                  |                  |
| Technology Expenses  |             | (315,616)        | (224,720)        |
| Investment Expenses  |             | (186,611)        | (176,940)        |
| Occupancy Expenses   |             | (80,778)         | (89,069)         |
| Corporate Expenses   |             | (60,676)         | (62,226)         |
| Resource Projects  |             | -                | (14,582)         |
| Finance Expenses   |             | (3,601)          | (4,798)          |
| Administration Expenses  |             | (651,056)        | (706,591)        |
| <b>PROFIT/(LOSS) BEFORE INCOME TAX</b>   |             | <b>792,910</b>   | <b>(336,712)</b> |
| Income Tax Benefit/(Expense)   | 4           | 3,698            | -                |
| <b>PROFIT/(LOSS) FOR THE YEAR</b>  |             | <b>796,608</b>   | <b>(336,712)</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>  |             |                  |                  |
| Other Comprehensive Income, Net of Tax   |             | -                | -                |
| <b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>  |             | <b>796,608</b>   | <b>(336,712)</b> |
| <b>EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS)<br/>ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS<br/>OF THE COMPANY:</b> |             |                  |                  |
| Basic and Diluted Earning/(Loss) per Share (cents)   | 5           | 1.08             | (0.46)           |

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 30 June 2014

|   | Note | 2014<br>\$        | 2013<br>\$        |
|---|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                                 |      |                   |                   |
| Cash and Cash Equivalents                             | 6    | 416,591           | 4,892,458         |
| Financial Assets at Fair Value through Profit or Loss | 7    | 16,255,527        | 13,057,774        |
| Investment Held for Sale                              | 8    | 444,979           | -                 |
| Trade and Other Receivables                           | 9    | 263,471           | 167,467           |
| Other Current Assets                                  | 10   | 3,650             | 3,644             |
| <b>TOTAL CURRENT ASSETS</b>                           |      | <b>17,384,218</b> | <b>18,121,343</b> |
| <b>NON-CURRENT ASSETS</b>                             |      |                   |                   |
| Trade and Other Receivables                           | 9    | 5,000             | 30,000            |
| Resource Projects                                     | 11   | -                 | -                 |
| Intangible Assets                                     | 12   | 478,689           | 312,026           |
| Property, Plant and Equipment                         | 13   | 15,315            | 15,123            |
| Deferred Tax Asset                                    | 16   | 379,448           | 107,950           |
| <b>TOTAL NON-CURRENT ASSETS</b>                       |      | <b>878,452</b>    | <b>465,099</b>    |
| <b>TOTAL ASSETS</b>                                   |      | <b>18,262,670</b> | <b>18,586,442</b> |
| <b>CURRENT LIABILITIES</b>                            |      |                   |                   |
| Trade and Other Payables                              | 14   | 64,226            | 67,776            |
| Provisions  | 15   | 142,688           | 142,600           |
| <b>TOTAL CURRENT LIABILITIES</b>                      |      | <b>206,914</b>    | <b>210,376</b>    |
| <b>NON-CURRENT LIABILITIES</b>                        |      |                   |                   |
| Deferred Tax Liability                                | 16   | 379,448           | 107,950           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                  |      | <b>379,448</b>    | <b>107,950</b>    |
| <b>TOTAL LIABILITIES</b>                              |      | <b>586,362</b>    | <b>318,326</b>    |
| <b>NET ASSETS</b>                                     |      | <b>17,676,308</b> | <b>18,268,116</b> |
| <b>EQUITY</b>   |      |                   |                   |
| Issued Capital  | 17   | 19,165,182        | 19,820,093        |
| Profits Reserve                                       | 18   | 656,053           | -                 |
| Accumulated Losses                                    |      | (2,144,927)       | (1,551,977)       |
| <b>TOTAL EQUITY</b>                                   |      | <b>17,676,308</b> | <b>18,268,116</b> |

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended 30 June 2014

|   | Note | Issued Capital<br>\$ | Profits<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$       |
|---|------|----------------------|--------------------------|-----------------------------|-------------------|
| <b>BALANCE AT 1 JULY 2012</b>   |      | <b>22,067,796</b>    | -                        | <b>(1,995,957)</b>          | <b>20,071,839</b> |
| Loss for the Year   |      | -                    | -                        | (336,712)                   | (336,712)         |
| Other Comprehensive Income  |      | -                    | -                        | -                           | -                 |
| <b>Total Comprehensive Loss for the Year</b>                          |      | <b>-</b>             | <b>-</b>                 | <b>(336,712)</b>            | <b>(336,712)</b>  |
| <b>Transactions with Owners in their capacity as Owners:</b>          |      |                      |                          |                             |                   |
| Reduction of Share Capital to the extent<br>not represented by assets | 17   | (780,692)            | -                        | 780,692                     | -                 |
| Return of Capital   | 17   | (1,467,011)          | -                        | -                           | (1,467,011)       |
| <b>BALANCE AT 30 JUNE 2013</b>  |      | <b>19,820,093</b>    | <b>-</b>                 | <b>(1,551,977)</b>          | <b>18,268,116</b> |
| <b>BALANCE AT 1 JULY 2013</b>   |      | <b>19,820,093</b>    | -                        | <b>(1,551,977)</b>          | <b>18,268,116</b> |
| Profit for the Year   |      | -                    | -                        | 796,608                     | 796,608           |
| Profits Reserve transfer  | 18   | -                    | 1,389,558                | (1,389,558)                 | -                 |
| Other Comprehensive Income  |      | -                    | -                        | -                           | -                 |
| <b>Total Comprehensive Profit for the Year</b>                        |      | <b>-</b>             | <b>1,389,558</b>         | <b>(592,950)</b>            | <b>796,608</b>    |
| <b>Transactions with Owners in their capacity as Owners:</b>          |      |                      |                          |                             |                   |
| Return of Capital   | 17   | (733,506)            | -                        | -                           | (733,506)         |
| Shares Issued under Dividend<br>Reinvestment Plan                     | 17   | 78,595               | -                        | -                           | 78,595            |
| Dividend paid   | 19   | -                    | (733,505)                | -                           | (733,505)         |
| <b>BALANCE AT 30 JUNE 2014</b>  |      | <b>19,165,182</b>    | <b>656,053</b>           | <b>(2,144,927)</b>          | <b>17,676,308</b> |

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

## for the year ended 30 June 2014

|  | Note     | 2014<br>\$         | 2013<br>\$         |
|--|----------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                              |          |                    |                    |
| Dividends Received   |          | 230,503            | 288,487            |
| Interest Received  |          | 57,693             | 270,727            |
| Other Income Received  |          | 321,926            | 182,696            |
| Payments to Suppliers and Employees                                      |          | (1,393,589)        | (1,403,475)        |
| Sale/Redemption of Financial Assets at Fair Value through Profit or Loss |          | 18,453,918         | 18,713,227         |
| Purchase of Financial Assets at Fair Value through Profit or Loss        |          | (20,498,137)       | (16,372,168)       |
| Tax refund   |          | 3,698              | -                  |
| <b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>               | <b>6</b> | <b>(2,823,988)</b> | <b>1,679,494</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                              |          |                    |                    |
| Payments for Intangible Assets   | 12       | (166,663)          | (312,026)          |
| Investment in Convertible Note   | 9        | (100,000)          | -                  |
| Purchase of Plant and Equipment  | 13       | (6,159)            | (8,192)            |
| Proceeds from disposal of Plant and Equipment                            |          | 20                 | -                  |
| Refunds for Exploration and Evaluation                                   | 11       | -                  | 57,032             |
| Payments for Exploration and Evaluation                                  | 11       | -                  | (6,751)            |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                             |          | <b>(272,802)</b>   | <b>(269,937)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                              |          |                    |                    |
| Return of Capital  | 17       | (734,394)          | (1,464,891)        |
| Dividends paid   | 19       | (644,683)          | -                  |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                             |          | <b>(1,379,077)</b> | <b>(1,464,891)</b> |
| <b>NET DECREASE IN CASH HELD</b>   |          | <b>(4,475,867)</b> | <b>(55,334)</b>    |
| Cash and Cash Equivalents at Beginning of Financial Year                 |          | 4,892,458          | 4,947,792          |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>                | <b>6</b> | <b>416,591</b>     | <b>4,892,458</b>   |

The accompanying notes form part of these consolidated financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 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*, appropriate for for-profit entities.

#### Compliance with IFRS

The consolidated financial statements of the Bentley Capital Limited Consolidated Entity also comply 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 Bentley Capital Limited as at 30 June 2014 and the results of its subsidiaries for the year then ended. Bentley Capital Limited and its subsidiaries are referred to in this financial report as Bentley or the Consolidated Entity.

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Information on controlled entities 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

Balance Date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments.

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

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at the reporting date (refer to Note 7).

### 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 Consolidated Entity 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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

flows are presented in the Statement of Cash Flows 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. Investment held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, insurance contracts, which are specifically exempt from this requirement.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale. They are presented separately from other non-current assets in the Statement of Financial Position.

### 1.10. Property, Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's 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 Statement of Profit or Loss and Other Comprehensive Income 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            |
|------------------------|--------|-------------------|
| Office Equipment       | 37.5%  | Diminishing Value |
| Leasehold Improvements | 7.5%   | 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 Statement of Profit or Loss and Other Comprehensive Income.

### 1.11. 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 Statement of Profit or Loss and Other Comprehensive Income. 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 Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### 1.12. Payables

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

### 1.13. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 1.14. 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.

### 1.15. Employee Benefits

#### **Short-term Obligations**

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the 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 from the Balance Date 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 Balance Date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

#### **Performance Bonus**

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

Index in any half year is generally carried forward for the next two half years and set off against the Consolidated Entity's performance.

### 1.16. 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.

### 1.17. 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 Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

### 1.18. Segment Reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### 1.19. Profits Reserve

An increase in the Profits Reserve will arise when a company generates a net profit (after tax) for the current period which the Board determines to credit to the company's Profits Reserve. Dividends may be paid out of (and debited from) a company's Profits Reserve, from time to time.

### 1.20. Dividend 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 the Balance Date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 1.21. Intangible Assets - Software Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when:

- (i) the technical feasibility and commercial viability of the project is demonstrated;
- (ii) the Consolidated Entity has an intention and ability to complete the project and use or sell it; and
- (iii) the costs can be measured reliably.

Such costs include payments to external contractors to develop the software, any purchase of materials and equipment and personnel costs of employees directly involved in the project.

Capitalised software development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is based on a straight-line method over periods generally ranging from 1 to 4 years matched to the future economic benefits over the useful life of the project. The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. No amortisation has taken place as the projects have not been completed as at the reporting date.

### 1.22. Comparative Figures

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

### 1.23. 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

### 1.24. Critical accounting judgements and estimates

The preparation of the consolidated financial statements requires Directors to make judgements and estimates and form assumptions that affect how certain assets, liabilities, revenue, expenses and equity are reported. At each reporting period, the Directors evaluate their judgements and estimates based on historical experience and on other various factors they believe to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities (that are not readily apparent from other sources, such as independent valuations). Actual results may differ from these estimates under different assumptions and conditions.

#### *Estimation of useful lives of assets*

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations, market, economic, legal environment or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Indefinite life of intangible assets*

The Consolidated Entity tests annually or more frequently, if events or changes in circumstances indicate impairment and whether the indefinite life of intangible assets has suffered any impairment, in accordance with Note 1.11.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 1.25. Summary of Accounting Standards Issued but 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. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: <ul style="list-style-type: none"> <li>• Amortised cost</li> <li>• Fair value through profit or loss</li> <li>• Fair value through other comprehensive income.</li> </ul> <p>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.</p> | 1 January 2017   |
| IFRS 15 (issued June 2014)                              | Revenue from contracts with customers   | An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.  | Annual reporting periods beginning on or after 1 July 2017 |
| AASB 2012-6 (issued September 2012)                     | Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures           | Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.  | 1 January 2015   |
| AASB 2013-9 (issued December 2013)                      | Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments             | Makes three amendments to AASB 9: <ul style="list-style-type: none"> <li>• Adding the new hedge accounting requirements into AASB 9</li> <li>• Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and</li> <li>• Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements.</li> </ul>   | 1 July 2017  |
| AASB 2013-4 (issued July 2013)                          | Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting (AASB 139) | Clarifies treatment of novated hedging instruments and continuation of hedge accounting where entities are required to replace the original party with a central counterparty as a consequence of laws or regulations or the introduction of laws and regulation.  | 1 January 2014   |
| AASB 2013-5 (issued August 2013)                        | Amendments to Australian Accounting Standards - Investment Entities   | The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. <p>The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria.</p> <p>The amendment also introduces disclosure requirements for investment entities into AASB 12 Disclosure of Interests in Other Entities and amends AASB 127 Separate Financial Statements.</p>                    | 1 January 2014   |
| AASB 2013-3 (issued June 2013)                          | Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets  | Clarifies the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangibles with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.  | 1 July 2014  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 2. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Bentley Capital Limited, as at 30 June 2014. The information presented below has been prepared using accounting policies outlined in Note 1.

|  | 2014              | 2013               |
|--|-------------------|--------------------|
|  | \$                | \$                 |
| Current Assets                               | 10,515,746        | 11,471,391         |
| Non-Current Assets                           | 11,526,327        | 11,528,345         |
| <b>TOTAL ASSETS</b>                          | <b>22,042,073</b> | <b>22,999,736</b>  |
| Current Liabilities *                        | 10,778,928        | 10,714,948         |
| Non-Current Liabilities                      | 25,204            | 25,588             |
| <b>TOTAL LIABILITIES</b>                     | <b>10,804,132</b> | <b>10,740,536</b>  |
| <b>NET ASSETS</b>                            | <b>11,237,941</b> | <b>12,259,200</b>  |
| Issued Capital                               | 19,165,182        | 19,820,093         |
| Profits Reserve                              | 60,406            | -                  |
| Accumulated Losses                           | (7,987,647)       | (7,560,893)        |
| <b>EQUITY</b>                                | <b>11,237,941</b> | <b>12,259,200</b>  |
| Profit/(Loss) for the Year                   | 367,157           | (1,861,553)        |
| Other Comprehensive Income                   | -                 | -                  |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b> | <b>367,157</b>    | <b>(1,861,553)</b> |

\* inter-company loans within Consolidated Entity

#### (a) Current Assets

##### Cash and Cash Equivalents

|               |                |                  |
|---------------|----------------|------------------|
| Cash at Bank  | 371,269        | 2,796,716        |
| Term Deposits | -              | 1,100,000        |
|               | <b>371,269</b> | <b>3,896,716</b> |

##### Financial Assets at Fair Value through Profit and Loss

|  |                  |                  |
|--|------------------|------------------|
| Listed Investments at Fair Value   | 8,416,695        | 4,219,050        |
| Unlisted Investments at Fair Value   | 150,000          | 150,000          |
| Units in unlisted CBG Australian Equities Fund (Wholesale)<br>(formerly FSP Equities Leaders Fund) | -                | 137,504          |
|  | <b>8,566,695</b> | <b>4,506,554</b> |

#### (b) Non Current Assets

##### Share Investments in Wholly Owned Subsidiaries - at cost

|  |                   |                   |
|--|-------------------|-------------------|
|  | <b>11,486,243</b> | <b>11,486,243</b> |
|--|-------------------|-------------------|

| Details of percentage of Ordinary Shares held in Controlled Entities: |              | Ownership Interest |      |
|---|--------------|--------------------|------|
| Investment in Controlled Entities                                     | Incorporated | 2014               | 2013 |
| Scarborough Equities Pty Ltd  | Australia    | 100%               | 100% |
| Scarborough Resources Pty Ltd   | Australia    | 100%               | 100% |
| Bentley Portfolio No.1 Pty Ltd  | Australia    | 100%               | 100% |
| Devisd Pty Limited  | Australia    | 100%               | 100% |
| ShopBites Pty Limited   | Australia    | 100%               | 100% |
| rdrc.it Pty Limited   | Australia    | 100%               | 100% |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 2. PARENT ENTITY INFORMATION (continued)

|  | 2014   | 2013   |
|--|--------|--------|
| (c) Lease Commitments (Refer to Note 24) | \$     | \$     |
| Not longer than one year                 | 73,333 | 48,582 |

### 3. PROFIT/(LOSS) FOR THE YEAR

The Consolidated Entity's Operating Profit/(Loss) before Income Tax includes the following items of revenue and expense:

|   | 2014             | 2013             |
|---|------------------|------------------|
| (a) Revenue   | \$               | \$               |
| <b>Investment</b>   |                  |                  |
| Dividend Revenue  | 334,579          | 288,487          |
| Interest Revenue  | 64,299           | 255,560          |
|   | <u>398,878</u>   | <u>544,047</u>   |
| <b>Other</b>  |                  |                  |
| Net Gain on Financial Assets at Fair Value through Profit or Loss | 1,638,724        | 227,420          |
| Other Revenue   | 53,646           | 170,747          |
|   | <u>2,091,248</u> | <u>942,214</u>   |
| (b) Expenses  |                  |                  |
| Technology Expenses   | 315,616          | 224,720          |
| Investment Expenses   |                  |                  |
| Management Fees   | 70,297           | 97,824           |
| Brokers Fees  | 63,318           | 56,647           |
| Loss on assets held for sale                                      | 40,212           | -                |
| Subscriptions   | 12,533           | 19,954           |
| Other Investment Expenses   | 251              | 2,515            |
| Occupancy Expenses  | 80,778           | 89,069           |
| Corporate Expenses  |                  |                  |
| ASX Fees  | 29,067           | 25,903           |
| Share Registry  | 26,080           | 31,375           |
| Other Corporate Expenses  | 5,529            | 4,948            |
| Resource Projects   | -                | 14,582           |
| Finance Expenses  | 3,601            | 4,798            |
| Administration Expenses   |                  |                  |
| Salaries, Fees and Employee Benefits                              | 238,299          | 377,500          |
| Accounting, Taxation and Related Administration                   | 148,481          | 136,975          |
| Office Administration   | 80,416           | 84,795           |
| Legal Fees  | 72,147           | 5,399            |
| Audit   | 46,709           | 46,756           |
| Travel, Accommodation and Incidentals                             | 18,458           | 9,657            |
| Insurance   | 16,180           | 14,917           |
| Communications  | 10,654           | 15,510           |
| Depreciation  | 5,541            | 3,834            |
| Other Professional Fees   | 5,350            | 3,093            |
| Other Administration Expenses                                     | 8,821            | 8,155            |
|   | <u>1,298,338</u> | <u>1,278,926</u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

#### 4. INCOME TAX EXPENSE

|   | 2014                    | 2013                    |
|---|-------------------------|-------------------------|
| (a) The components of Tax Expense comprise:   | \$                      | \$                      |
| Current Tax   | (3,698)                 | -                       |
| Deferred Tax  | -                       | -                       |
|   | <u>(3,698)</u>          | <u>-</u>                |
| (b) The prima facie tax on Operating Profit before Income Tax is reconciled to the income tax as follows: |                         |                         |
| Prima facie tax payable on Operating Profit/(Loss) before Income Tax at 30% (2013: 30%)                   | 237,873                 | (101,014)               |
| Adjust tax effect of:   |                         |                         |
| Non-Deductible Expenses   | 560                     | 2,197                   |
| Taxable Income in excess of Accounting Income   | 22,961                  | 23,801                  |
| Current year tax losses not brought to account  | -                       | 75,016                  |
| Franking credits  | 16,426                  | -                       |
| Prior year tax losses brought to account  | (281,518)               | -                       |
| <b>Income tax attributable to entity</b>  | <u><b>(3,698)</b></u>   | <u><b>-</b></u>         |
| (c) Unrecognised Deferred Tax balances  |                         |                         |
| Unrecognised Deferred Tax Asset - Revenue Losses  | 4,350,890               | 4,134,579               |
| Unrecognised Deferred Tax Asset - Capital Losses  | 830,033                 | 830,033                 |
| Unrecognised Deferred Tax Asset - Other   | -                       | 97,255                  |
|   | <u><b>5,180,923</b></u> | <u><b>5,061,867</b></u> |

Deferred tax assets have not been recognised as, in the Directors' opinion, it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits. The utilisation of revenue and capital tax losses are subject to compliance with taxation legislation.

#### 5. EARNINGS/(LOSS) PER SHARE (EPS)

|   | 2014  | 2013   |
|---|-------|--------|
|   | cents | cents  |
| Basic and Diluted Earnings/(Loss) per Share | 1.08  | (0.46) |

The following represents the profit/(loss) and weighted average number of shares used in the EPS calculations:

|  | 2014                    | 2013                    |
|--|-------------------------|-------------------------|
|  | \$                      | \$                      |
| Net Profit/(Loss) after Income Tax         | 796,608                 | (336,712)               |
|  | <b>Number of Shares</b> | <b>Number of Shares</b> |
| Weighted Average Number of Ordinary Shares | 73,502,990              | 73,350,541              |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 6. CASH AND CASH EQUIVALENTS

#### (a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

|                          | 2014           | 2013             |
|--------------------------|----------------|------------------|
|                          | \$             | \$               |
| Cash at Bank and in Hand | 416,591        | 3,792,458        |
| Short-Term Deposits      | -              | 1,100,000        |
|                          | <u>416,591</u> | <u>4,892,458</u> |

#### (b) Reconciliation of Operating Loss after Income Tax to Net Cash used in Operating Activities

|  |                    |                  |
|--|--------------------|------------------|
| <b>Loss after Income Tax</b>   | <b>796,608</b>     | <b>(336,712)</b> |
| <b>Add Non-Cash Items:</b>   |                    |                  |
| Depreciation   | 5,542              | 3,834            |
| Write-Off of Plant and Equipment   | 406                | 14,582           |
| Net Loss/(Gain) on Financial Assets at Fair Value through Profit or Loss | (653,950)          | (528,058)        |
| <b>Changes in Assets and Liabilities:</b>                                |                    |                  |
| Financial Assets at Fair Value through Profit or Loss                    | (2,988,783)        | 2,641,697        |
| Trade and Other Receivables  | 28,996             | 27,116           |
| Other Current Assets   | (5)                | (44)             |
| Trade and Other Payables   | (3,550)            | (163,355)        |
| Provisions   | (9,251)            | 20,434           |
| Deferred Tax   | -                  | -                |
|  | <u>(2,823,987)</u> | <u>1,679,494</u> |

#### (c) Risk Exposure

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

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | 2014              | 2013              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| <b>Current</b>   |                   |                   |
| Listed Investments at Fair Value                           | 10,033,549        | 6,076,676         |
| Unlisted Investments at Fair Value                         | 150,000           | 150,000           |
| Units in unlisted CBG Australian Equities Fund (Wholesale) | 6,071,978         | 6,831,098         |
|  | <u>16,255,527</u> | <u>13,057,774</u> |

#### Risk Exposure

The Consolidated Entity's exposure to price risk is discussed in Note 21.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

| 8. INVESTMENT HELD FOR SALE       | 2014           | 2013     |
|-----------------------------------|----------------|----------|
|                                   | \$             | \$       |
| Listed Investment held for resale | 485,191        | -        |
| Impairment loss                   | (40,212)       | -        |
|                                   | <u>444,979</u> | <u>-</u> |

Bentley holds a 20.98% shareholding interest in a listed share investment, which has been classified under AASB 5 (Non Current Assets Held for Sale and Discontinued Operations) and not under AASB 128 (Investments in Associates and Joint Ventures). The Company expects to sell this shareholding on-market, potentially in tranches, within the next 12 months.

| 9. TRADE AND OTHER RECEIVABLES    | 2014           | 2013           |
|-----------------------------------|----------------|----------------|
|                                   | \$             | \$             |
| <b>Current</b>                    |                |                |
| Convertible Note - refer (a)      | 100,000        | -              |
| Deposits and Bonds                | 25,000         | 485            |
| Interest and Dividends receivable | 4,384          | 1,764          |
| Income Distributions receivable   | 130,740        | 160,256        |
| Other receivables                 | 3,347          | 4,962          |
|                                   | <u>263,471</u> | <u>167,467</u> |
| <b>Non Current</b>                |                |                |
| Deposits and Bonds                | 5,000          | 30,000         |

(a) The Convertible Note has a coupon rate of 18% per annum payable quarterly with a maturity date of 30 September 2014. The Company can elect for the interest to be paid either in cash or shares in the Borrower's company.

**(b) Risk Exposure**

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 21.

**(c) Impaired Trade Receivables**

None of the Consolidated Entity's receivables are impaired or past due.

| 10. OTHER CURRENT ASSETS | 2014  | 2013  |
|--------------------------|-------|-------|
|                          | \$    | \$    |
| Prepayments              | 3,650 | 3,644 |

### 11. RESOURCE PROJECTS

|  |          |          |
|--|----------|----------|
| <b>Opening Balance</b>                             | -        | 64,863   |
| Exploration and Evaluation Expenditure Incurred    | -        | 6,751    |
| Exploration and Evaluation Expenditure Refunded    | -        | (57,032) |
| Exploration and Evaluation Expenditure Written Off | -        | (14,582) |
| <b>Closing Balance</b>                             | <u>-</u> | <u>-</u> |

The exploration and evaluation expenditure related to tenement application costs, a portion of which (\$57,032) was refunded in May 2013 after the applications were withdrawn.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

| 12. INTANGIBLE ASSETS      | 2014           | 2013           |
|----------------------------|----------------|----------------|
|                            | \$             | \$             |
| Opening Balance            | 312,026        | -              |
| Software Development Costs | 166,663        | 312,026        |
| <b>Closing Balance</b>     | <b>478,689</b> | <b>312,026</b> |

The software development costs relate to applications/software under development.

| 13. PROPERTY, PLANT AND EQUIPMENT | 2014          | 2013          |
|-----------------------------------|---------------|---------------|
|                                   | \$            | \$            |
| <b>Office Furniture</b>           |               |               |
| At Cost                           | 5,270         | 5,572         |
| Accumulated Depreciation          | (3,702)       | (3,645)       |
|                                   | <b>1,568</b>  | <b>1,927</b>  |
| <b>Leasehold Improvements</b>     |               |               |
| At Cost                           | 764           | 764           |
| Accumulated Depreciation          | (349)         | (315)         |
|                                   | <b>415</b>    | <b>449</b>    |
| <b>Office Equipment</b>           |               |               |
| At Cost                           | 32,337        | 27,248        |
| Accumulated Depreciation          | (19,005)      | (14,501)      |
|                                   | <b>13,332</b> | <b>12,747</b> |
|                                   | <b>15,315</b> | <b>15,123</b> |

### (a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

|                                | Office<br>Furniture | Leasehold<br>Improvements | Office<br>Equipment | Total         |
|--------------------------------|---------------------|---------------------------|---------------------|---------------|
|                                | \$                  | \$                        | \$                  | \$            |
| <b>BALANCE AT 1 JULY 2012</b>  | <b>2,170</b>        | <b>485</b>                | <b>8,110</b>        | <b>10,765</b> |
| Additions                      | -                   | -                         | 8,192               | 8,192         |
| Depreciation expense           | (243)               | (36)                      | (3,555)             | (3,834)       |
| <b>BALANCE AT 30 JUNE 2013</b> | <b>1,927</b>        | <b>449</b>                | <b>12,747</b>       | <b>15,123</b> |
| <b>BALANCE AT 1 JULY 2013</b>  | <b>1,927</b>        | <b>449</b>                | <b>12,747</b>       | <b>15,123</b> |
| Additions                      | 488                 | -                         | 5,671               | 6,159         |
| Disposal                       | (226)               | -                         | (200)               | (426)         |
| Depreciation expense           | (621)               | (34)                      | (4,886)             | (5,541)       |
| <b>BALANCE AT 30 JUNE 2014</b> | <b>1,568</b>        | <b>415</b>                | <b>13,332</b>       | <b>15,315</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

| 14. CURRENT TRADE AND OTHER PAYABLES | 2014          | 2013          |
|--------------------------------------|---------------|---------------|
|                                      | \$            | \$            |
| Trade Payables                       | 4,056         | 6,160         |
| Other Payables and Accrued Expenses  | 60,170        | 61,616        |
|                                      | <u>64,226</u> | <u>67,776</u> |

### Risk Exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 21.

| 15. CURRENT PROVISIONS                 | 2014           | 2013           |
|--|----------------|----------------|
|  | \$             | \$             |
| Employee Benefits - Annual Leave       | 10,985         | 19,851         |
| Employee Benefits - Long Service Leave | 22,500         | 22,885         |
| Return of Capital - refer (b)          | 98,976         | 99,864         |
| Provision for Dividends - refer (c)    | 10,227         | -              |
|  | <u>142,688</u> | <u>142,600</u> |

### (a) Movements in Provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

|  | Return of<br>Capital | Dividends     | Total          |
|--|----------------------|---------------|----------------|
|  | \$                   | \$            | \$             |
| Carrying Amount at Start of Year           | 99,864               | -             | 99,864         |
| Charged/(Credited) to Equity               | 733,506              | 733,505       | 1,467,011      |
| Amounts paid/Shares issued during the year | (734,394)            | (723,278)     | (1,457,672)    |
| Carrying Amount at End of Year             | <u>98,976</u>        | <u>10,227</u> | <u>109,203</u> |

### (b) Return of Capital

The Company returned one cent per share to shareholders in December 2013 at a cost of \$733,505 pursuant to a return of capital approved by shareholders on 28 November 2013. The provision reflects the return of capital unclaimed by shareholders. The return of capital has no effect on the total number of shares on issue nor the holdings of each shareholder.

### (c) Dividends

The Company paid a one cent per share fully franked dividend to shareholders in March 2014 at a cost of \$733,505. The provision reflects the dividend unclaimed by shareholders.

### (d) Amounts not expected to be settled within 12 months

The provision for annual leave and long service leave is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement for any of these employee benefits. Long service leave covers all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances.

Based on past experience, the employees have never taken the full amount of long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

|  | 2014   | 2013   |
|--|--------|--------|
|  | \$     | \$     |
| Leave obligations expected to be settled after 12 months | 22,500 | 22,885 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 16. NON-CURRENT DEFERRED TAX

|   | 2014                  | 2013                  |                       |
|---|-----------------------|-----------------------|-----------------------|
| <b>Deferred Tax Assets</b>                      | <b>\$</b>             | <b>\$</b>             |                       |
| Employee Benefits                               | 10,046                | 12,821                |                       |
| Tax Losses                                      | 369,402               | 95,129                |                       |
|   | <u>379,448</u>        | <u>107,950</u>        |                       |
| <b>Deferred Tax Liabilities</b>                 |                       |                       |                       |
| Financial Assets                                | 378,133               | 107,312               |                       |
| Other   | 1,315                 | 638                   |                       |
|   | <u>379,448</u>        | <u>107,950</u>        |                       |
|   | <b>Employee</b>       |                       |                       |
| <b>(a) Movements - Deferred Tax Assets</b>      | <b>Benefits</b>       | <b>Tax Losses</b>     | <b>Total</b>          |
|   | <b>\$</b>             | <b>\$</b>             | <b>\$</b>             |
| <b>AT 1 JULY 2012</b>                           | <b>5,188</b>          | <b>-</b>              | <b>5,188</b>          |
| Credited/(charged) to the profit and loss       | 7,633                 | 95,129                | 102,762               |
| <b>AT 30 JUNE 2013</b>                          | <u><b>12,821</b></u>  | <u><b>95,129</b></u>  | <u><b>107,950</b></u> |
| <b>AT 1 JULY 2013</b>                           | <b>12,821</b>         | <b>95,129</b>         | <b>107,950</b>        |
| Credited/(charged) to the profit and loss       | (2,775)               | 274,273               | 271,498               |
| <b>AT 30 JUNE 2014</b>                          | <u><b>10,046</b></u>  | <u><b>369,402</b></u> | <u><b>379,448</b></u> |
|   | <b>Financial</b>      |                       |                       |
| <b>(b) Movements - Deferred Tax Liabilities</b> | <b>Assets</b>         | <b>Other</b>          | <b>Total</b>          |
|   | <b>\$</b>             | <b>\$</b>             | <b>\$</b>             |
| <b>AT 1 JULY 2012</b>                           | <b>-</b>              | <b>5,188</b>          | <b>5,188</b>          |
| Credited/(charged) to the profit and loss       | 107,312               | (4,550)               | 102,762               |
| <b>AT 30 JUNE 2013</b>                          | <u><b>107,312</b></u> | <u><b>638</b></u>     | <u><b>107,950</b></u> |
| <b>AT 1 JULY 2013</b>                           | <b>107,312</b>        | <b>638</b>            | <b>107,950</b>        |
| Credited/(charged) to the profit and loss       | 270,821               | 677                   | 271,498               |
| <b>AT 30 JUNE 2014</b>                          | <u><b>378,133</b></u> | <u><b>1,315</b></u>   | <u><b>379,448</b></u> |

### 17. ISSUED CAPITAL

|   | 2014                     | 2013                 | 2014               | 2013                     |
|---|--------------------------|----------------------|--------------------|--------------------------|
|   | <b>Number</b>            | <b>Number</b>        | <b>\$</b>          | <b>\$</b>                |
| Fully paid ordinary shares  | 73,896,071               | 73,350,541           | <u>19,165,182</u>  | <u>19,820,093</u>        |
| <b>Movement in Ordinary shares</b>  | <b>Number</b>            |                      | <b>Issue Price</b> |                          |
|   | <b>of shares</b>         | <b>Date of Issue</b> | <b>\$</b>          | <b>\$</b>                |
| <b>AT 1 JULY 2012</b>   | <b>73,350,541</b>        |                      |                    | <b>22,067,796</b>        |
| Reduction of Share Capital to the extent<br>not represented by assets - refer (d) | -                        | 16-Nov-12            |                    | (780,692)                |
| Return of capital - refer (c)   | -                        | 30-Nov-12            |                    | (733,505)                |
| Return of capital - refer (c)   | -                        | 18-Apr-13            |                    | (733,506)                |
| <b>AT 30 JUNE 2013</b>  | <u><b>73,350,541</b></u> |                      |                    | <u><b>19,820,093</b></u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

| 17. ISSUED CAPITAL (continued)   | Date of Issue | Number<br>of shares      | Issue Price<br>\$ | \$                       |
|--|---------------|--------------------------|-------------------|--------------------------|
| <b>AT 1 JULY 2013</b>  |               | <b>73,350,541</b>        |                   | <b>19,820,093</b>        |
| Return of capital - refer (c)  | 12-Dec-13     | -                        |                   | (733,506)                |
| Issue under Dividend reinvestment plan<br>at 14.41 cents per share - refer (b) | 21-Mar-14     | 545,530                  | 0.1441            | 78,595                   |
| <b>AT 30 JUNE 2014</b>   |               | <b><u>73,896,071</u></b> |                   | <b><u>19,165,182</u></b> |

**(a) Ordinary Shares**

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

**(b) Dividend Reinvestment Plan**

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares 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.

**(c) Return of Capital**

The Company returned one cent per share to shareholders in December 2013 at a cost of \$0.734 million as approved by shareholders on 28 November 2013 (30 June 2013: one cent per share to shareholders twice in November 2012 and April 2013, at a total cost of \$1.467 million as approved by shareholders on 16 November 2012 and 5 April 2013 respectively).

**(d) Reduction of Share Capital to the extent not represented by assets**

At the Annual General Meeting held on 16 November 2012, shareholders approved a reduction in value of the Company's share capital against accumulated losses by \$780,692, 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 affects the ability of the Company to retain earnings from which future dividends may be paid. The reduction has no effect on the carried forward tax losses of the Company nor did it change the number of shares on issue or the net asset position of the Company.

**(d) Capital Risk Management**

The Company's objectives when managing its capital are to safeguard its 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 external borrowings. The Consolidated Entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

| 18. PROFITS RESERVE      | 2014                  | 2013            |
|--------------------------|-----------------------|-----------------|
|                          | \$                    | \$              |
| Profits Reserve          | <u>656,053</u>        | -               |
| <b>AT 1 JULY 2013</b>    | -                     | -               |
| Profits Reserve transfer | 1,389,558             | -               |
| Dividends paid (Note 19) | <u>(733,505)</u>      | -               |
| <b>AT 30 JUNE 2014</b>   | <u><u>656,053</u></u> | <u><u>-</u></u> |

An increase in the Profits Reserve will arise when a company generates a net profit (after tax) for the current period which the Board determines to credit to the company's Profits Reserve. Dividends may be paid out of (and debited from) a company's Profits Reserve.

### 19. DIVIDENDS

| Dividends paid during the financial year: | Paid On   | 2014           | 2013     |
|---|-----------|----------------|----------|
|   |           | \$             | \$       |
| One cent per share fully franked dividend | 21-Mar-14 | 733,505        | -        |
|   |           | <u>733,505</u> | <u>-</u> |

Dividends paid in cash or satisfied by issue of shares under the Dividend Reinvestment Plan (DRP) were as follows:

|  |                |                  |
|--|----------------|------------------|
| Paid in Cash                           | 654,910        | 2,158,155        |
| Satisfied by Issue of Shares under DRP | 78,595         | 310,196          |
|  | <u>733,505</u> | <u>2,468,351</u> |

Franking credits available for subsequent periods based on a tax rate of 30% (2013: 30%)

|                         |                         |
|-------------------------|-------------------------|
| <u><u>1,788,332</u></u> | <u><u>1,845,290</u></u> |
|-------------------------|-------------------------|

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- Franking credits that will arise from the payment of the amount of the provision for income tax;
- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The franking credits attributable to the Consolidated Entity include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

### 20. 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.

The Board has considered the business and geographical perspectives of the operating results and determined that the Consolidated Entity operates only within Australia, with the main segments being Investments, Software Development and Resource Projects. Corporate items are mainly comprised of corporate assets, office expenses and income tax assets and liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

## 20. SEGMENT INFORMATION (continued)

|                                    | Investments       | Software<br>Development | Resource<br>Projects | Corporate        | Total             |
|------------------------------------|-------------------|-------------------------|----------------------|------------------|-------------------|
| 2014                               | \$                | \$                      | \$                   | \$               | \$                |
| <b>Segment Revenues</b>            |                   |                         |                      |                  |                   |
| Investment Revenue                 | 398,868           | 10                      | -                    | 263              | 399,141           |
| Other Revenue                      | 1,690,285         | 1,822                   | -                    | -                | 1,692,107         |
| <b>Total Segment Revenues</b>      | <b>2,089,153</b>  | <b>1,832</b>            | <b>-</b>             | <b>263</b>       | <b>2,091,248</b>  |
| Technology Expenses                | -                 | 237,354                 | -                    | -                | 237,354           |
| Investment Expenses                | 186,611           | -                       | -                    | -                | 186,611           |
| Finance Expenses                   | -                 | -                       | -                    | 3,601            | 3,601             |
| Administration Expenses            | -                 | -                       | -                    | 723,775          | 723,775           |
| Depreciation Expense               | -                 | 2,182                   | -                    | 3,360            | 5,542             |
| Other Expenses                     | -                 | -                       | -                    | 141,455          | 141,455           |
| <b>Total Segment Profit/(Loss)</b> | <b>1,902,542</b>  | <b>(237,704)</b>        | <b>-</b>             | <b>(871,928)</b> | <b>792,910</b>    |
| <b>2014</b>                        |                   |                         |                      |                  |                   |
| <b>Segment Assets</b>              |                   |                         |                      |                  |                   |
| Cash                               | 52,212            | -                       | -                    | 364,379          | 416,591           |
| Financial Assets                   | 16,255,527        | -                       | -                    | -                | 16,255,527        |
| Intangible Assets                  | -                 | 478,689                 | -                    | -                | 478,689           |
| Investments Held for Sale          | 444,979           | -                       | -                    | -                | 444,979           |
| Other Assets                       | 104,384           | 5,864                   | -                    | 556,636          | 666,884           |
| <b>Total Segment Assets</b>        | <b>16,857,102</b> | <b>484,553</b>          | <b>-</b>             | <b>921,015</b>   | <b>18,262,670</b> |
| <b>Segment Liabilities</b>         | <b>-</b>          | <b>(31,288)</b>         | <b>-</b>             | <b>(555,074)</b> | <b>(586,362)</b>  |
| <b>2013</b>                        |                   |                         |                      |                  |                   |
| <b>Segment Revenues</b>            |                   |                         |                      |                  |                   |
| Investment Revenue                 | 482,137           | -                       | -                    | 61,909           | 544,046           |
| Other Revenue                      | 392,789           | -                       | -                    | 5,379            | 398,168           |
| <b>Total Segment Revenues</b>      | <b>874,926</b>    | <b>-</b>                | <b>-</b>             | <b>67,288</b>    | <b>942,214</b>    |
| Technology Expenses                | -                 | 224,720                 | -                    | -                | 224,720           |
| Investment Expenses                | 176,940           | -                       | -                    | -                | 176,940           |
| Finance Expenses                   | -                 | -                       | -                    | 4,798            | 4,798             |
| Administration Expenses            | -                 | -                       | 15,429               | 701,910          | 717,339           |
| Depreciation Expense               | -                 | 675                     | -                    | 3,159            | 3,834             |
| Other Expenses                     | -                 | -                       | 230                  | 151,065          | 151,295           |
| <b>Total Segment Profit/(Loss)</b> | <b>697,986</b>    | <b>(225,395)</b>        | <b>(15,659)</b>      | <b>(793,644)</b> | <b>(336,712)</b>  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 20. SEGMENT INFORMATION (continued)

| 2013                        | Investments       | Software<br>Development | Resource<br>Projects | Corporate        | Total             |
|-----------------------------|-------------------|-------------------------|----------------------|------------------|-------------------|
| Segment Assets              | \$                | \$                      | \$                   | \$               | \$                |
| Cash                        | 2,123,337         | -                       | -                    | 2,769,121        | 4,892,458         |
| Financial Assets            | 13,057,774        | -                       | -                    | -                | 13,057,774        |
| Intangible Assets           | -                 | 312,026                 | -                    | -                | 312,026           |
| Other Assets                | -                 | 7,744                   | 675                  | 315,765          | 324,184           |
| <b>Total Segment Assets</b> | <b>15,181,111</b> | <b>319,770</b>          | <b>675</b>           | <b>3,084,886</b> | <b>18,586,442</b> |
| <b>Segment Liabilities</b>  | <b>-</b>          | <b>(44,340)</b>         | <b>-</b>             | <b>(273,986)</b> | <b>(318,326)</b>  |

### 21. 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 CBG Australian Equities Fund (Wholesale) (formerly the FSP Equities Leaders Fund) and other unlisted securities. The principal activity of the Consolidated Entity is the management of its investments (Financial Assets at Fair Value through Profit and Loss) (refer to Note 7). 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.

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: |      | 2014              | 2013              |
|--|------|-------------------|-------------------|
| Financial Assets   | Note | \$                | \$                |
| Cash and Cash Equivalents  | 6    | 416,591           | 4,892,458         |
| Financial Assets at Fair Value through Profit or Loss              | 7    | 16,255,527        | 13,057,774        |
| Trade and Other Receivables  | 9    | 263,471           | 167,467           |
| Investments Held for Sale  | 8    | 444,979           | -                 |
|  |      | <b>17,380,568</b> | <b>18,117,699</b> |
| <b>Financial Liabilities</b>                                       |      |                   |                   |
| Trade and Other Payables   | 14   | (64,226)          | (67,776)          |
|  |      | <b>(64,226)</b>   | <b>(67,776)</b>   |
| <b>NET FINANCIAL ASSETS</b>  |      | <b>17,316,342</b> | <b>18,049,923</b> |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (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, 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. This is 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, CBG Asset Management Limited (formerly FSP Equities Management Limited), that the unlisted CBG Australian Equities Fund (Wholesale) (formerly FSP Equities Leaders Fund) comprises 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 All Ordinaries Accumulation Index was utilised as the benchmark for the investment portfolio.

|             | Impact on Post-Tax Profit |           | Impact on Other Components of Equity |           |
|-------------|---------------------------|-----------|--------------------------------------|-----------|
|             | 2014                      | 2013      | 2014                                 | 2013      |
|             | \$                        | \$        | \$                                   | \$        |
| Increase 5% | 812,776                   | 652,889   | 812,776                              | 652,889   |
| Decrease 5% | (812,776)                 | (652,889) | (812,776)                            | (652,889) |

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The weighted average interest rate of the term deposits for the year for the table below is 3.76% (2013: 4.21%).

|                          | 2014           | 2013             |
|--------------------------|----------------|------------------|
|                          | \$             | \$               |
| Cash at Bank and in hand | 416,591        | 3,792,458        |
| Short-Term Deposits      | -              | 1,100,000        |
|                          | <b>416,591</b> | <b>4,892,458</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (ii) Interest Rate Risk (continued)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates based on observation of current market conditions. The calculations are based on a change in the average market interest rate and the financial instruments that are sensitive to changes in interest rates.

|             | Impact on Post-Tax Profit |          | Impact on Other Components of Equity |          |
|-------------|---------------------------|----------|--------------------------------------|----------|
|             | 2014                      | 2013     | 2014                                 | 2013     |
|             | \$                        | \$       | \$                                   | \$       |
| Increase 1% | 4,166                     | 48,925   | 4,166                                | 48,925   |
| Decrease 1% | (4,166)                   | (48,925) | (4,166)                              | (48,925) |

#### (b) 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.

#### (c) 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:

|   | 2014    | 2013      |
|---|---------|-----------|
| <b>Cash and Cash Equivalents</b>              | \$      | \$        |
| AA-   | 416,591 | 4,947,792 |
| <b>Trade Receivables (due within 30 days)</b> |         |           |
| No external credit rating available           | 263,471 | 167,467   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Fair Value Measurements

##### *Fair Value Hierarchy*

The following tables present the Consolidated Entity's financial assets and liabilities measured and recognised at fair value at 30 June 2014 categorised by the following levels:

- (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).

| 2014  | Level 1           | Level 2          | Level 3        | Total             |
|---|-------------------|------------------|----------------|-------------------|
|   | \$                | \$               | \$             | \$                |
| <b>Financial Assets at Fair Value through Profit or Loss:</b> |                   |                  |                |                   |
| Listed Investments at Fair Value                              | 10,033,549        | -                | -              | 10,033,549        |
| Unlisted Investments at Fair Value                            | -                 | -                | 150,000        | 150,000           |
| Units in unlisted CBG Australian Equities Fund (Wholesale)    | -                 | 6,071,978        | -              | 6,071,978         |
| <b>Investments Held for Sale</b>                              | <b>444,979</b>    | <b>-</b>         | <b>-</b>       | <b>444,979</b>    |
|   | <b>10,478,528</b> | <b>6,071,978</b> | <b>150,000</b> | <b>16,700,506</b> |
| <b>2013</b>   |                   |                  |                |                   |
| <b>Financial Assets at Fair Value through Profit or Loss:</b> |                   |                  |                |                   |
| Listed Investments at Fair Value                              | 6,076,676         | -                | -              | 6,076,676         |
| Unlisted Investments at Fair Value                            | -                 | -                | 150,000        | 150,000           |
| Units in unlisted CBG Australian Equities Fund (Wholesale)    | -                 | 6,831,098        | -              | 6,831,098         |
|   | <b>6,076,676</b>  | <b>6,831,098</b> | <b>150,000</b> | <b>13,057,774</b> |

There have been no transfers between the levels of the fair value hierarchy during the financial year.

#### (i) Valuation Techniques

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques such as the use of quoted market prices or dealer quotes for similar instruments. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of the unlisted units in the CBG Australian Equities Fund (Wholesale), is determined from unit price information provided by investment manager, CBG Asset Management Limited and as such this financial instrument is included in level 2.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (ii) Level 3 Fair Value Measurements

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments in unlisted shares are considered level 3 investments as their fair value is unable to be derived from market data. The Directors assess the fair value of these investments based on information obtained from the companies directly.

Unobservable inputs such as earnings growth in respect of unlisted securities are estimated based on market information for similar type of companies. An earnings growth increase by 2% would result in a \$3,000 increase. While a 2% decrease will result in a \$3,000 decrease in the carrying value. There has been no change in the value of level 3 assets during the year.

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in Profit or Loss, Total Assets, Total Liabilities or Total Equity.

### 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2014.

|                                     | 2014           | 2013           |
|-------------------------------------|----------------|----------------|
| <b>Short-term employee benefits</b> | <b>\$</b>      | <b>\$</b>      |
| Directors                           | 229,417        | 273,797        |
| Other KMP                           | 92,861         | 92,650         |
|                                     | <u>322,278</u> | <u>366,447</u> |

### 23. AUDITORS' 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:

|  | 2014          | 2013          |
|--|---------------|---------------|
| <b>BDO Audit (WA) Pty Ltd</b>            | <b>\$</b>     | <b>\$</b>     |
| Audit and Review of Financial Statements | 45,333        | 39,586        |
| Taxation Services                        | 1,376         | 7,170         |
|  | <u>46,709</u> | <u>46,756</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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 30 June 2014

| 24. COMMITMENTS                                     | 2014   | 2013   |
|---|--------|--------|
|   | \$     | \$     |
| Not longer than one year                            | 73,333 | 48,582 |
| Longer than one year but not longer than five years | -      | -      |
|   | 73,333 | 48,582 |

On or about 21 July 2014, the Consolidated Entity entered into a new non-cancellable operating lease agreement for office accommodation. The lease commitment is the Consolidated Entity's share of the lease costs and includes all outgoings (inclusive of GST). The lease is for a one year term expiring on or about 23 July 2015, with an option to renew to 30 January 2017.

### 25. CONTINGENCIES

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

### 26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Subsequent to the reporting date (and to 19 August 2014), the Consolidated Entity
  - (i) Realised \$782,087 from the sale of listed securities; and
  - (ii) Invested a further \$626,747 in listed securities.
  
- (b) The Directors have declared payment of a 0.95 cent per share fully-franked dividend. The record date for determining entitlements is expected to be 12 September 2014 with payment expected to be on 26 September 2014. The Company's Dividend Reinvestment Plan (DRP) will apply to this dividend - the Directors have determined that the DRP issue price will be at a 2.5% discount to the Company's volume weighted average price on ASX in the 5 day period up to and including the dividend record date.

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 Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and accompanying notes as set out on pages 24 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 2014 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 17 to 20 (as the audited Remuneration Report) comply with section 300A of the *Corporations 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 Officer 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



Christopher Ryan  
Director

26 August 2014



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Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Bentley Capital Limited

### Report on the Financial Report

We have audited the accompanying financial report of Bentley Capital Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other 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 gives a true and fair view and 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 company'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 company'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 2014 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 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO  
A handwritten signature in black ink that reads 'Chris Burton'.

Chris Burton

Director

Perth, 26 August 2014



# INVESTMENT MANDATE

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 and Company Secretary, Victor Ho (in conjunction with external consultants and advisers where appropriate).

If it believed 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 Licence(s).

\* *Investment Mandate was approved by shareholders at a general meeting held on [25 February 2009](#)*

# LIST OF SHARE INVESTMENTS

## SHARE INVESTMENT PORTFOLIO AS AT 30 JUNE 2014

| Listed Investment                                   | ASX Code | Industry                    | No of Units | Market Value (\$) | % of Portfolio |
|---|----------|-----------------------------|-------------|-------------------|----------------|
| Molopo Energy Limited                               | MPO      | Energy                      | 33,763,838  | 6,415,129         | 38.41%         |
| Bauxite Resource Limited                            | BAU      | Materials                   | 11,575,000  | 1,562,625         | 9.36%          |
| Chorus Limited                                      | CNU      | Telecommunications          | 350,441     | 560,706           | 3.36%          |
| Marathon Resources Limited                          | MTN      | Materials                   | 19,346,900  | 444,979           | 2.66%          |
| Webjet Limited                                      | WEB      | Retailing                   | 145,797     | 352,829           | 2.11%          |
| Reckon Limited                                      | RKN      | Software & Services         | 124,469     | 255,161           | 1.53%          |
| Fleetwood Corporation Limited                       | FWD      | Consumer Durables & Apparel | 85,000      | 194,650           | 1.17%          |
| Aurora Minerals Limited                             | ARM      | Materials                   | 4,200,890   | 193,241           | 1.16%          |
| National Australia Bank Limited                     | NAB      | Banking                     | 2,000       | 65,540            | 0.39%          |
| ASX Limited   | ASX      | Diversified Financials      | 1,800       | 64,008            | 0.38%          |
| Rio Tinto Limited                                   | RIO      | Materials                   | 1,000       | 59,250            | 0.35%          |
| SPDR S&P / ASX 200 Fund                             | STW      | -                           | 1,000       | 50,350            | 0.30%          |
| Telstra Corporation Limited                         | TLS      | Telecommunications          | 9,000       | 46,890            | 0.28%          |
| Westfield Group                                     | WFD      | Real Estate                 | 5,500       | 39,325            | 0.24%          |
| Miscellaneous listed securities                     | Various  | Various                     | Various     | 173,844           | 1.01%          |
| <b>Total Listed Investments</b>                     |          |                             |             | <b>10,478,527</b> | <b>62.74%</b>  |
| <b>Unlisted Investments</b>                         |          |                             |             |                   |                |
| Miscellaneous Unlisted Securities <sup>1</sup>      |          |                             | N/A         | 150,000           | 0.90%          |
| CBG Australian Equities Fund (Wholesale) (CBG Fund) |          |                             | 3,845,097   | 6,071,977         | 36.36%         |
| <b>TOTAL</b>  |          |                             |             | <b>16,700,504</b> | <b>100.00%</b> |

## SHARE INVESTMENT PORTFOLIO AS AT 30 SEPTEMBER 2014

| Listed Investment                              | ASX Code | Industry                 | No of Units | Market Value (\$) | % of Portfolio |
|--|----------|--------------------------|-------------|-------------------|----------------|
| Molopo Energy Limited                          | MPO      | Energy                   | 33,763,838  | 5,064,576         | 37.51%         |
| Marathon Resources Limited                     | MTN      | Materials                | 19,346,900  | 483,673           | 3.58%          |
| Chorus Limited                                 | CNU      | Telecommunications       | 220,441     | 357,114           | 2.65%          |
| Goodman Fielder Limited                        | GFF      | Food, Beverage & Tobacco | 396,818     | 248,011           | 1.84%          |
| Emeco Holdings Limited                         | EHL      | Capital Goods            | 909,090     | 186,363           | 1.38%          |
| SPDR S&P / ASX 200 Fund                        | STW      | -                        | 3,000       | 148,890           | 1.10%          |
| Westfield Corporation                          | WFD      | Real Estate              | 14,000      | 105,420           | 0.78%          |
| Wesfarmers Limited                             | WES      | Food & Staples Retailing | 2,400       | 101,304           | 0.75%          |
| National Australia Bank Limited                | NAB      | Banking                  | 3,000       | 96,210            | 0.71%          |
| Commonwealth Bank of Australia                 | CBA      | Banking                  | 1,250       | 93,038            | 0.69%          |
| BHP Billiton Limited                           | BHP      | Materials                | 2,700       | 91,044            | 0.67%          |
| Telstra Corporation Limited                    | TLS      | Telecommunications       | 16,000      | 84,320            | 0.62%          |
| Reckon Limited                                 | RKN      | Software & Services      | 40,000      | 79,400            | 0.59%          |
| Rio Tinto Limited                              | RIO      | Materials                | 1,200       | 71,052            | 0.53%          |
| Bauxite Resource Limited                       | BAU      | Materials                | 467,910     | 56,149            | 0.42%          |
| Miscellaneous listed securities                | Various  | Various                  | Various     | 54,760            | 0.41%          |
| <b>Total Listed Investments</b>                |          |                          |             | <b>7,321,324</b>  | <b>54.23%</b>  |
| <b>Unlisted Investments</b>                    |          |                          |             |                   |                |
| Miscellaneous Unlisted Securities <sup>1</sup> |          |                          | N/A         | 150,000           | 1.11%          |
| CBG Fund                                       |          |                          | 3,845,097   | 6,030,073         | 44.66%         |
| <b>TOTAL</b>                                   |          |                          |             | <b>13,501,397</b> | <b>100.00%</b> |

1. The unlisted securities are valued at Directors' valuation.

Subsequent to September month end (to 16 October 2014), Bentley:

- Realised \$0.78 million from the sale of listed securities (including its MTN and BAU shareholdings); and
- Invested a further \$2.97 million in listed securities (including 15,923,494 shares in MPO).

# ADDITIONAL ASX INFORMATION

## CORPORATE GOVERNANCE STATEMENT

The Company has chosen to early adopt the [Corporate Governance Principles and Recommendations](#) (3<sup>rd</sup> Edition, March 2014) issued by the ASX Corporate Governance Council in respect of the financial year ended 30 June 2014, one year before the mandatory adoption date.

Pursuant to ASX Listing Rule 4.10.3, the Company's 2014 Corporate Governance Statement (dated 20 October 2014) and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) can be found at the following URL on the Company's Internet website: <http://bel.com.au/corporate-governance>

## TRANSACTIONS AND BROKERAGE

During the financial year, Bentley entered into ~357 (2013: ~420) transactions (including under the Leyland and Sentinel MDAs referred to below) for the purchase and sale of securities, incurring brokerage fees totalling ~\$110,684 (2013: ~\$103,986). Bentley undertook no investments into and 4 redemptions from the CBG Fund (2013: Nil). There are no entry or exit fees applicable to the CBG Fund.

## INVESTMENT MANAGEMENT AGREEMENTS

- (a) Scarborough Equities Pty Ltd (**Scarborough**) (a wholly owned subsidiary of Bentley) and CBG Asset Management (Formerly FSP Equities Management Limited) ABN 120 098 327 809 AFSL 246790 (**CBG**) has entered into an Investment Management Agreement dated 9 December 2004 (**IMA**). Under the terms of the IMA: (a) CBG is to invest and manage Scarborough's investment portfolio in the CBG Fund and (b) the management fees normally payable by participants in the CBG 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. A variable fee structure has been negotiated with a favourable rebate to the normal fees charged by the CBG Fund whilst still providing a material incentive to the Investment Manager for investment out performance to the benchmark. The payment of management fees to CBG occurs through the deduction by the manager of monies invested within the CBG Fund. The value of the investment in the CBG Fund is therefore net of fees payable to the manager from time to time. CBG's mandate under the IMA may be terminated on one month's notice. Bentley has also invested funds into the CBG Fund upon the same terms, from time to time.
- (b) Bentley has established an Individually Managed Account (on 22 May 2012) with Leyland Private Asset Management Pty Ltd ABN 75 081 890 799 AFSL 223419 (**Leyland**) which operates as a "managed discretionary account" (**MDA**) whereby Leyland has authority and discretion to undertake investments in listed securities which are held in the Company's name. Leyland is entitled to receive a 1.5% per annum base management fee and a performance fee of 10% of the outperformance of the portfolio benchmarked against the ASX 200 Accumulation Index subject to a "high water mark" (which effectively requires a claw back of any previous underperformance and investment management fees, which are paid from the portfolio account). Base and performance fees of \$33,180 were paid to Leyland for the financial year ended 30 June 2014 (2013: \$35,449).
- (c) Bentley has established an MDA (on 22 May 2012) with Sentinel Financial Group Pty Ltd ABN 26 104 456 288 AFSL 230542 (**Sentinel**). Sentinel is entitled to receive a performance fee of 20% of the absolute performance of the portfolio, subject to a rolling 4-quarter "high water mark" (which effectively requires a claw back of any negative returns in the previous 4 quarters). A performance fee of \$36,004 was paid to Sentinel for the financial year ended 30 June 2014 (2013: \$74,770).

# ADDITIONAL ASX INFORMATION

## as at 15 October 2014

### DISTRIBUTION OF LISTED ORDINARY SHARES

| Spread       | of | Holdings | Number of Holders | Number of Shares  | % of Total Issued Capital |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1            | -  | 1,000    | 243               | 119,460           | 0.160%                    |
| 1,001        | -  | 5,000    | 704               | 2,190,039         | 2.942%                    |
| 5,001        | -  | 10,000   | 355               | 2,589,904         | 3.480%                    |
| 10,001       | -  | 100,000  | 521               | 14,274,709        | 19.178%                   |
| 100,001      | -  | and over | 76                | 55,259,035        | 74.240%                   |
| <b>TOTAL</b> |    |          | <b>1,899</b>      | <b>74,433,147</b> | <b>100.00%</b>            |

### UNMARKETABLE PARCELS

| Spread       | of | Holdings | Number of Holders | Number of Shares  | % of Total Issued Capital |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1            | -  | 3,333    | 629               | 977,385           | 1.31%                     |
| 3,333        | -  | over     | 1,270             | 73,455,762        | 98.69%                    |
| <b>TOTAL</b> |    |          | <b>1,899</b>      | <b>74,433,147</b> | <b>100.00%</b>            |

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 3,333 shares or less, being a value of \$500 or less in total, based upon the Company's last sale price on ASX as at 14 October 2014 of \$0.15 per share.

### SUBSTANTIAL SHAREHOLDERS

| Substantial Shareholders   | Registered Shareholder | Number of Shares held | Voting Power          |
|--|------------------------|-----------------------|-----------------------|
| Queste Communications Ltd (QUE)  | QUE                    | 1,740,625             | 29.90% <sup>(1)</sup> |
|  | OEQ                    | 20,513,783            |                       |
| Mr Azhar Chaudhri, Renmuir Holdings Limited and Chi Tung Investments Ltd | QUE                    | 1,740,625             | 29.90% <sup>(2)</sup> |
|  | OEQ                    | 20,513,783            |                       |
| Mr Farooq Khan and Island Australia Pty Ltd                              | QUE                    | 1,740,625             | 29.90% <sup>(3)</sup> |
|  | OEQ                    | 20,513,783            |                       |
| Orion Equities Limited (OEQ)   | OEQ                    | 20,513,783            | 27.56%                |
| Data Base Systems Limited (DBS) and Ambreen Chaudhri                     | DBS                    | 11,717,586            | 15.74% <sup>(4)</sup> |

Notes:

- (1) Based on the [substantial shareholding notice filed by QUE dated 15 October 2009](#)
- (2) Based on the [substantial shareholding notice files by Azhar Chaudhri dated 1 May 2012](#)
- (3) Based on the [substantial shareholding notice filed by Farooq Khan dated 23 January 2014](#)
- (4) Based on the [substantial shareholding notice filed by DBS and Ambreen Chaudhri dated 15 May 2012](#)

# ADDITIONAL ASX INFORMATION

## as at 15 October 2014

### TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

| Rank         | Shareholder   | Total Shares Held | % Issued Capital |
|--------------|---|-------------------|------------------|
| 1            | ORION EQUITIES LIMITED                                      | 20,513,783        | 27.56%           |
| 2            | DATABASE SYSTEMS LTD  | 11,717,586        | 15.74%           |
| 3            | CHARLES W ROCKEFELLER PTY LTD                               | 2,142,515         | 2.88%            |
| 4            | QUESTE COMMUNICATIONS LTD                                   | 1,740,625         | 2.34%            |
| 5            | MR JOHN ROBERT DILLON                                       | 1,489,019         | 2.00%            |
| 6            | MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN                   | 1,390,384         | 1.87%            |
| 7            | MON NOMINEES PTY LTD<br><GLASS SUPERANNUATION A/C>          | 924,939           | 1.24%            |
| 8            | MR BOON CHUA AW<br><BCAW FAMILY SUPERFUND A/C>              | 650,000           | 0.87%            |
| 9            | AVENUE ATHOL PTY LTD  | 536,046           | 0.72%            |
| 10           | MR BOON CHUAN AW  | 500,000           | 0.67%            |
| 11           | MR MICHAEL BRUCE SMITH<br>& MRS KAY SMITH <SMITH SUPERFUND> | 481,044           | 0.65%            |
| 12           | AVANTEOUS INVESTMENTS LIMITED                               | 480,858           | 0.65%            |
| 13           | GUOCO PTY LTD   | 450,000           | 0.60%            |
| 14           | MS LIAN CHOON ONG   | 390,000           | 0.52%            |
| 15           | BOND STREET CUSTODIANS LIMITED<br><SOVRNR - HS0868 A/C>     | 376,121           | 0.51%            |
| 16           | MR BENJAMIN KOPPEL & MRS SARAH KOPPEL                       | 373,227           | 0.50%            |
| 17           | KJ & MJ GILROY PTY LTD                                      | 350,000           | 0.47%            |
| 18           | MRS CUIXIAN WANG  | 350,000           | 0.47%            |
| 19           | MR JOHN STEPHEN CALVERT                                     | 346,740           | 0.47%            |
| 20           | INGARSBY PTY LTD  | 322,000           | 0.43%            |
| <b>TOTAL</b> |   | <b>45,524,887</b> | <b>61.16%</b>    |

### VOTING RIGHTS

- At any meeting of the shareholders, each shareholder entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a shareholder which is a corporation, by representative.
- Every person who is present in the capacity of shareholder or the representative of a corporate shareholder shall, on a show of hands, have one vote.
- Every shareholder 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.

**BENTLEY CAPITAL LIMITED**  
ABN 87 008 108 218

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