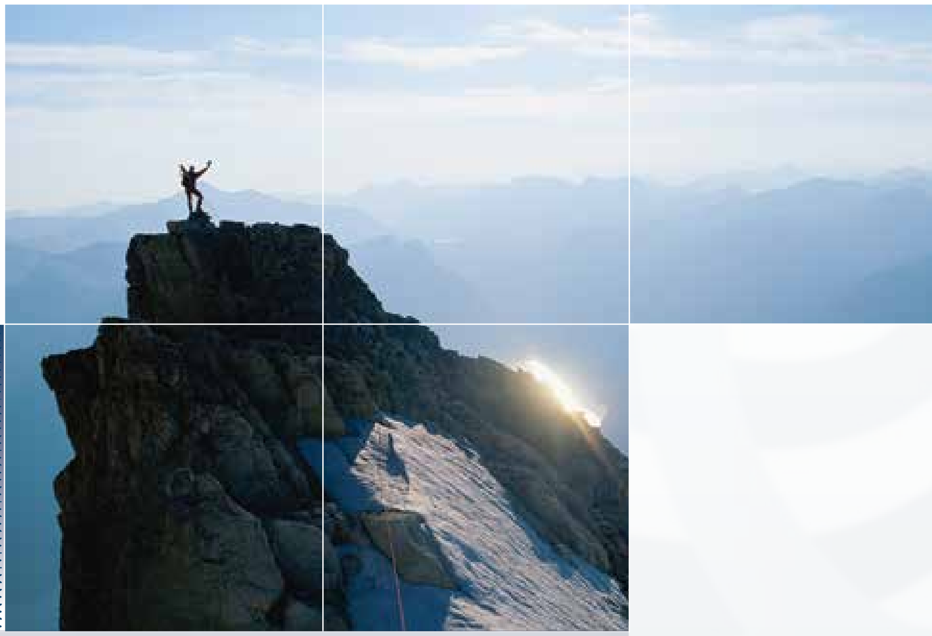
2018



Annual Report

Bentley Capital Limited

CONTENTS

The **2018 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 for:
- Market Announcements
- Financial Reports
- Corporate Governance
- NTA Backing History
- Distribution History
- Forms
- Email subscription

CORPORATE DIRECTORY

BOARD

Farooq Khan — Executive Chairman
William M. Johnson — Executive Director
Simon K. Cato — 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
Website: www.bel.com.au

AUDITORS

Rothsay Auditing
Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
West Perth, Western Australia 6005
Telephone: (08) 9486 7094
Website: www.rothsayresources.com.au

STOCK EXCHANGE

Australian Securities Exchange
Perth, Western Australia
Website: www.asx.com.au

ASX CODE

BEL

SHARE REGISTRY

Advanced Share Registry
Main Office
110 Stirling Highway
Nedlands, Western Australia 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723
Email: admin@advancedshare.com.au
Website: www.advancedshare.com.au

Sydney Office
Suite 8H, 325 Pitt Street
Sydney, New South Wales 2000
Telephone: (02) 8096 3502

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 distribution stream to shareholders.

Bentley's Investment Mandate is outlined on page 60 of this Annual Report.

As at 30 June 2018, Bentley had net tangible assets (**NTA**) of $9.25 million at $0.1215 post-tax NTA backing per share, 76,127,918 fully paid ordinary shares on issue and 1,713 shareholders on its share register.

NET ASSET WEIGHTINGS

	30 June 2018		30 June 2017	
Net Assets	**$'m**	**%**	**$'m**	**%**
Australian equities[1]	8.89	95.1	11.17	93.5
Intangible assets[2]	0.10	1.0	0.21	1.7
Provision for income tax	-	-	-	-
Net cash on deposit / other assets / provisions	0.36	3.9	0.57	4.8
Total Net Assets	**9.35**	100	**11.95**	100
NTA Backing per share	$0.1215		$0.1543	
Adjusted NTA Backing per share (with dividends paid during the 2017/2018 year added back)	$0.1315		N/A	

1. Includes an investment in the Clime CBG Australian Equities Fund (Wholesale) (CBG Fund).
2. Capitalised software, Internet and applications development costs.

SUMMARY OF MAJOR HOLDINGS

			30 June 2018		30 June 2017	
Security	**ASX Code**	**Industry Sector**	**$'m**	**%**	**$'m**	**%**
Strike Resources Limited[3]	SRK	Metals & Mining	2.79	29.8	2.21	18.5
Keybridge Capital Limited[4]	KBC	Diversified	2.46	26.3	3.83	32.0
Clime CBG Australian Equities Fund (Wholesale)	-	Diversified	1.92	20.5	3.95	33.1
Other listed securities	Various	Various	1.29	13.8	1.19	9.9
Other managed funds	-	Diversified	0.44	4.7	-	-

3. Non-Current Asset Held for Sale carried at fair value (ASX market) less selling costs
4. Investment in Associate entity carried at fair value based on equity accounting

RECENT DISTRIBUTION HISTORY[5]

Rate per share	Nature	Record Date	Payment Date	Franking	DRP Issue Price
0.50 cent	Dividend	13 July 2018	20 July 2018	100%	$0.1115
0.50 cent	Dividend	12 January 2018	25 January 2018	100%	$0.1225
0.50 cent	Dividend	17 August 2017	31 August 2017	100%	$0.1172
0.50 cent	Dividend	24 March 2017	31 March 2017	100%	$0.1371
0.50 cent	Dividend	22 September 2016	29 September 2016	100%	$0.1399
0.50 cent	Dividend	11 March 2016	18 March 2016	100%	$0.1322
0.50 cent	Dividend	11 September 2015	25 September 2015	100%	$0.1453
0.55 cent	Dividend	13 March 2015	20 March 2015	100%	$0.1327
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

5. Bentley has paid a distribution to shareholders every year (save on 4 occasions in its 31 year history) since its admission to ASX in 1986. Refer to Bentley's website for full distribution history

DIVIDEND POLICY

Bentley intends to make annual distributions to shareholders of at least one cent per share, to the extent permitted by law and subject to prudent business practice. It is envisaged that shareholder distributions will be made twice per year (after the announcement of Bentley's December half year end and June year end NTA backing results in January and July). Dividends will be franked to the extent that available franking credits permit. Capital returns will be subject to prior shareholder approval.

OVERVIEW OF PERFORMANCE

BENTLEY CONSOLIDATED ENTITY	June 2018 $'000	June 2017 $'000
Net gain on financial assets held at fair value through profit or loss	412	438
Net gain on non-current asset held for sale	578	-
Dividends	209	132
Interest	7	30
Other income	86	28
Total revenue	**1,292**	**628**
Net loss on non-current asset held for sale	-	(683)
Share of Associate entity's loss	(1,365)	(1,374)
Software development expenses	(982)	(1,382)
Salaries, fees and employee benefits	(359)	(359)
Investment expenses	(21)	(25)
Corporate expenses	(60)	(64)
Administration and other expenses	(349)	(420)
Total expenses	**(3,136)**	**(4,307)**
Loss before tax	**(1,844)**	**(3,679)**
Income tax benefit/(expense)	-	-
Loss after tax attributable to members	**(1,844)**	**(3,679)**
Basic and diluted loss per share (cents)	**(2.42)**	**(4.85)**
Pre-tax NTA backing per share (cents)	**12.15**	**15.43**
Post-tax NTA backing per share (cents)	**12.15**	**15.43**
Pre and Post-Tax NTA backing per share (with dividends paid during the 2017/2018 year added back)	**13.15**	N/A

Bentley notes that the decline in NTA backing during the year was principally caused by a $1.365 million reduction (equivalent to 1.79 cent per Bentley share) in the carrying value of the Company's investment in Keybridge Capital Limited (ASX:KBC) (**KBC**).

This resulted from KBC re-valuing its investment in Molopo Energy Limited (ASX:MPO) (**MPO**) from 14.5 to 2.6 cents per share during the year, leading to a provision for impairment expense being recognised of ~$5.912 million (which is equivalent to ~3.74 cents per KBC share).

KBC has advised that this revaluation has occurred as a consequence of the conduct of the previous MPO Board[A] having entered into a series of transactions which have caused a reduction of US$35 million (or nearly A$50 million) in MPO's cash reserves in circumstances where such conduct have been the subject of:

- A declaration of 'unacceptable circumstances' by the Takeovers Panel[B]; and
- The ASX issuing a 'Breaches Letter' on 11 May 2018 where ASX advised that it considers that MPO has committed serious breaches of the ASX Listing Rules and may also have breached the Corporations Act for making misleading disclosures to ASX and as such, ASX has referred their findings to ASIC for further investigation[C].

A Refer MPO ASX announcement dated 1 June 2018: Board Changes

B Refer Takeovers Panel Reasons for Decision in Molopo Energy Limited 10 & 11 [2018] ATP 12, Takeovers Panel Media Release No. TP18/042 dated 8 June 2018: Molopo Energy Limited 10 & 11 – Declaration of Unacceptable Circumstances and Takeovers Panel Media Release No. TP18/53 dated 18 July 2018: Molopo Energy Limited 10 & 11 – Orders

C Refer ASX Letter to MPO dated and released on ASX on 11 May 2018: MPO Breaches of ASX Listing Rules

OVERVIEW OF PERFORMANCE

KBC has advised that it will re-assess the carrying value of the company's investment in MPO based on further information about MPO's financial position, as released on ASX by MPO.

Further information on this MPO matter is outlined in KBC's recently lodged 30 June 2018 Full Year Report.

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

Bentley generated a $0.578 million net gain on its investment in Strike Resources Limited (ASX:SRK) which appreciated in value from 4.2 to 5.3 cents per share during the year.

The net gain on financial assets of $0.412 million relates principally to the balance of the investment portfolio including positions in Santos Limited (ASX:STO), Byron Energy Limited (ASX:BYE), BHP Billiton Limited (ASX:BHP) and Pioneer Credit Limited (ASX:PNC).

The share of Associate entity's net loss of $1.365 million relates to Bentley's investment in KBC – Bentley notes that the 30 June 2018 carrying value of its 31,700,000 shareholding in KBC was 7.76 cents per share (worth $2.461 million), which compares with KBC's closing bid price of 7.9 cents (worth $2.504 million) and KBC's net asset backing of 9.9 cents (worth $3.138 million) (both as at 30 June 2018).

Bentley accounts for KBC as an Associate entity (with effect from 1 January 2017), which means that Bentley is required to recognise a share of KBC's net loss in respect of the financial year based on Bentley's (20.05%, as at 30 June 2018) shareholding interest in KBC (this is known as the equity method of accounting for an associate entity). Accordingly, as KBC incurred a net loss of $6.806 million for the year, Bentley is required to recognise a 20.05% share of this loss (calculated as at each month end through the course of the year from 1 July 2017), being $1.365 million, in Bentley's own accounts for the year. This share of KBC's net loss is a key contributor to Bentley's overall net loss for the year.

Thus, KBC's net loss position has a flow on effect up to Bentley, which has caused a significant net loss being incurred at the Bentley level that is unrelated to Bentley's direct activities or operations.

Please refer to the Directors' Report and financial statements and notes for information on a review of Bentley's operations and the financial position and performance of Bentley for the year ended 30 June 2018.

THE BOARD'S REPORT

Investment Update Subsequent to Year End

Subsequent to 30 June 2018 year end and to 12 October 2018, Bentley has invested a further $0.213 million in listed securities.

30 September 2018 NTA Backing

Bentley's NTA backing as at 30 September 2018 was $0.1228 per share (pre and post-tax) (30 June 2018: $0.1215).[D]

As at 30 September 2018, Bentley's $9.46 million net assets comprised:

Net Assets:	30 September 2018 $'m	% Net Assets
Investment in KBC	2.78	29.41%
Clime CBG Fund	1.71	18.04%
Investment in SRK	2.63	27.77%
Other ASX-listed securities	1.69	17.89%
Other managed funds	0.44	4.62%
Cash	0.34	3.56%
Intangible Assets	0.11	1.21%
Net other assets / (liabilities)	(0.24)	(2.50%)
Net Assets	**9.46**	**100%**

Please also refer to the List of Share Investments section of this Annual Report (at page 61) for a list of Bentley's investment holdings as at 30 September 2018 and 30 June 2018.

Distribution Track Record Continues

Bentley paid a fully franked dividend of 0.50 cent per share on 20 July 2018. Whilst the Company's Dividend Reinvestment Plan (**DRP**) applied to this dividend (with the DRP price set at $0.1115), pursuant to the DRP Rules[E], the Company acquired 229,840 shares on-market to satisfy its obligations to the participants under the DRP.

2018 Annual General Meeting (AGM)

Bentley's 2018 AGM will be held at 10:30 am (Perth time) on Wednesday, 21 November 2018 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 Simon Cato as Director (who retires by rotation at the AGM); and

(2) The adoption of the 2018 Remuneration Report (located at pages 17 to 22 of this Annual Report).

15 October 2018

D Refer Bentley's ASX announcement dated 12 October 2018: NTA Backing as at 30 September 2018

E Refer Bentley's ASX Announcement dated 1 August 2017: Updated Dividend Reinvestment Plan

DIRECTORS' STATUTORY REPORT

The Directors present their Directors' Report on Bentley Capital Limited ABN 87 008 108 218 (**BEL** or **Company**) and its controlled entities (**Bentley** or the **Consolidated Entity**) for the financial year ended 30 June 2018 (**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).

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 revenue and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular distribution stream to shareholders.

Within its broader investment mandate[1], 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[2]:

(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.

NET TANGIBLE ASSET BACKING

CONSOLIDATED	June 2018 $'000	June 2017 $'000
Net assets	9,347	11,952
Less: Intangible assets	(97)	(207)
Net tangible assets	9,250	11,745
Pre-tax NTA backing per share (cents)	**12.15**	**15.43**
Less: Net deferred tax asset/liabilities /tax provision	-	-
Net tangible assets	9,250	11,745
Post-tax NTA backing per share (cents)	**12.15**	**15.43**
Value of dividends paid to shareholders in previous 12 months	**761**	**756**
Adjusted Pre and post-tax NTA backing per share (cents) (with dividends paid during the 2017/2018 year added back)	**13.15**	**N/A**
Based on total issued shares	76,127,918	76,127,918

Bentley notes that the decline in NTA backing during the year was principally caused by a $1.365 million reduction (equivalent to 1.79 cent per Bentley share) in the carrying value of the Company's investment in Keybridge Capital Limited (ASX:KBC) (**KBC**).

This resulted from KBC re-valuing its investment in Molopo Energy Limited (ASX:MPO) (**MPO**) from 14.5 to 2.6 cents per share during the year, leading to a provision for impairment expense being recognised of ~$5.912 million (which is equivalent to ~3.74 cents per KBC share).

1 Refer Bentley's ASX announcement dated 15 January 2009: Notice of Meeting and released on ASX on 23 January 2009

2 Refer Bentley's ASX announcement dated 10 May 2010: Appointment of Chief Investment Officer and Implementation of Investment Strategy

DIRECTORS' STATUTORY REPORT

KBC has advised that this revaluation has occurred as a consequence of the conduct of the previous MPO Board[3] having entered into a series of transactions which have caused a reduction of US$35 million (or nearly A$50 million) in MPO's cash reserves in circumstances where such conduct have been the subject of:

- A declaration of 'unacceptable circumstances' by the Takeovers Panel[4]; and
- The ASX issuing a 'Breaches Letter' on 11 May 2018 where ASX advised that it considers that MPO has committed serious breaches of the ASX Listing Rules and may also have breached the Corporations Act for making misleading disclosures to ASX and as such, ASX has referred their findings to ASIC for further investigation[5].

KBC has advised that it will re-assess the carrying value of the company's investment in MPO based on further information about MPO's financial position, as released on ASX by MPO.

Further information is outlined in KBC's recently lodged 30 June 2018 Full Year Report.

OPERATING RESULTS

CONSOLIDATED	June 2018 $'000	June 2017 $'000
Net gain on financial assets held at fair value through profit or loss	412	438
Net gain on non-current asset held for sale	578	-
Dividends	209	132
Interest	7	30
Other income	86	28
Total revenue	**1,292**	**628**
Net loss on non-current asset held for sale	-	(683)
Share of Associate entity's' loss	(1,365)	(1,374)
Software development expenses	(982)	(1,382)
Salaries, fees and employee benefits	(359)	(359)
Investment expenses	(21)	(25)
Corporate expenses	(60)	(64)
Administration and other expenses	(349)	(420)
Total expenses	**(3,136)**	**(4,307)**
Loss before income tax expense	**(1,844)**	**(3,679)**
Income tax expense	-	-
Loss after income tax expense	**(1,844)**	**(3,679)**

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

Bentley generated a $0.578 million net gain on its investment in Strike Resources Limited (ASX:SRK) which appreciated in value from 4.2 to 5.3 cents per share during the year.

The net gain on financial assets of $0.412 million relates principally to the balance of the investment portfolio including positions in Santos Limited (ASX:STO), Byron Energy Limited (ASX:BYE), BHP Billiton Limited (ASX:BHP) and Pioneer Credit Limited (ASX:PNC).

3 Refer MPO ASX announcement dated 1 June 2018: Board Changes

4 Refer Takeovers Panel Reasons for Decision in Molopo Energy Limited 10 & 11 [2018] ATP 12, Takeovers Panel Media Release No. TP18/042 dated 8 June 2018: Molopo Energy Limited 10 & 11 – Declaration of Unacceptable Circumstances and Takeovers Panel Media Release No. TP18/53 dated 18 July 2018: Molopo Energy Limited 10 & 11 – Orders

5 Refer ASX Letter to MPO dated and released on ASX on 11 May 2018: MPO Breaches of ASX Listing Rules

DIRECTORS' STATUTORY REPORT

The share of Associate entity's net loss of $1.365 million relates to Bentley's investment in Keybridge Capital Limited (ASX:KBC) – Bentley notes that the 30 June 2018 carrying value of its 31,700,000 shareholding in KBC was 7.76 cents per share (worth $2.461 million), which compares with KBC's closing bid price of 7.9 cents (worth $2.504 million) and KBC's net asset backing of 9.9 cents (worth $3.138 million) (both as at 30 June 2018).

Bentley accounts for KBC as an Associate entity (with effect from 1 January 2017), which means that Bentley is required to recognise a share of KBC's net loss in respect of the financial year based on Bentley's (20.05% as at 30 June 2018) shareholding interest in KBC (this is known as the equity method of accounting for an associate entity). Accordingly, as KBC incurred a net loss of $6.806 million for the year, Bentley is required to recognise a 20.05% share of this loss (calculated as at each month end through the course of the year from 1 July 2017), being $1.365 million, in Bentley's own accounts for the year. This share of KBC's net loss is a key contributor to Bentley's net loss for the year.

Thus, KBC's net loss position has a flow on effect up to Bentley, which has caused a significant net loss being incurred at the Bentley level that is unrelated to Bentley's direct activities or operations.

EARNINGS PER SHARE

CONSOLIDATED	June 2018	June 2017
Loss per share (cents)	(2.42)	(4.85)

FINANCIAL POSITION

CONSOLIDATED	June 2018 $'000	June 2017 $'000
Investments	3,641	5,142
Non-current asset held for sale	2,785	2,207
Investment in Associate entities	2,461	3,825
Cash and cash equivalents	288	569
Net deferred tax asset / liabilities	-	-
Intangible assets	97	207
Other assets	413	212
Liabilities	(338)	(210)
Net assets	**9,347**	**11,952**
Issued capital	19,477	19,477
Profits reserve	3,677	2,791
Accumulated losses	(13,807)	(10,316)
Total equity	**9,347**	**11,952**

The Company's Profits Reserve is available to fund dividend payments, declared from time to time. The Company also has a $1.251 million Franking Credit balance (as at 30 June 2018), which is sufficient to support the payment of up to $3.3 million in fully franked dividends.

DIRECTORS' STATUTORY REPORT

DIVIDENDS

Consistent with its stated Dividend Policy to make annual distributions of at least one cent per share (referred to below), Bentley has recently paid a fully franked dividend as follows:

Dividend Rate	Record Date	Payment Date	DRP Price (cents)	DRP Shares Acquired
0.50 cent per share	13 July 2018	20 July 2018	$0.1115	229,840

The Company's Dividend Reinvestment Plan (**DRP**) applied to this dividend with the DRP issue price set 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. Pursuant to the updated DRP Rules, the Company acquired shares on-market to satisfy its obligations to participants under the DRP.

The Company paid two fully franked dividends during the financial year at a total cost of $0.761 million as follows (2017: two fully franked dividends of 0.50 cent each paid in September 2016 and in March 2017):

Dividend Rate	Record Date	Payment Date	DRP Price (cents)	DRP Shares Acquired
0.5 cent per share	12 January 2018	25 January 2018	12.25	222,650
0.5 cent per share	17 August 2017	31 August 2017	11.72	243,088

Dividend Policy

It is the objective of Bentley to provide a regular and stable distribution to shareholders after the announcement of its December half year end and June year end NTA backing results. These NTA backings are normally announced in mid January and July each year and Bentley will endeavour to announce its proposed distribution at this time.

Bentley intends to make annual distributions to shareholders of at least one cent per share, to the extent permitted by law and subject to prudent business practice. It is envisaged that shareholder distributions will be made twice per year. Dividends will be franked to the extent that available franking credits permit. Capital returns will be subject to prior shareholder approval.

Dividend Reinvestment Plan

Bentley's DRP was updated on 31 July 2017.[6]

The main change to the DRP relates to Bentley having the ability (at the Directors' discretion) to acquire existing shares or issue new shares (or a combination of both) to satisfy Bentley's obligations under the DRP.

The acquisition of existing shares will neutralise the dilutive effect associated with issuing new shares at a discount to market and Bentley's net tangible asset (**NTA**) backing.

The Board will exercise its discretion to acquire shares on-market having regard to, amongst other matters, the extent of DRP participation by shareholders, the cash and liquid investment positions of the Company, the prevailing BEL share price and trading volumes on ASX and the current NTA backing of the Company.

A copy of Bentley's updated DRP Rules, Summary and Application Form may also be downloaded from the Company's website: http://bel.com.au/forms.

6 Refer Bentley's ASX Announcement dated 1 August 2017: Updated Dividend Reinvestment Plan

DIRECTORS' STATUTORY REPORT

CAPITAL MANAGEMENT

Securities on Issue

The Company has 76,127,918 (2017: 76,127,918) fully paid ordinary shares on issue.

All such shares are listed on ASX. The Company has no other securities on issue.

REVIEW OF OPERATIONS

Net Asset Weightings

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

	30 June 2018		30 June 2017	
Net Assets	**$'m**	**%**	**$'m**	**%**
Australian equities[1]	8.89	95.1	11.17	93.5
Intangible assets[2]	0.10	1.0	0.21	1.7
Provision for income tax	-	-	-	-
Net cash on deposit / other assets / provisions	0.36	3.9	0.57	4.8
Total Net Assets	**9.35**	**100%**	**11.95**	**100%**
NTA Backing per share	$0.1215		$0.1543	
Adjusted NTA Backing per share (with dividends paid during the 2017/2018 year added back)	$0.1315		N/A	

1. Includes an investment in the CBG Australian Equities Fund (Wholesale) (**CBG 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:

			30 June 2018		30 June 2017	
Security	**ASX Code**	**Industry Sector**	**$'m**	**%**	**$'m**	**%**
Strike Resources Limited[3]	SRK	Metals & Mining	2.79	29.8	2.21	18.5
Keybridge Capital Limited[4]	KBC	Diversified	2.46	26.3	3.83	32.0
CBG Australian Equities Fund	-	Diversified	1.92	20.5	3.95	33.1
Other listed securities	Various	Various	1.29	13.8	1.19	9.9
Other managed funds	-	Diversified	0.44	4.7	-	-

3. Non-Current Asset Held for Sale carried at fair value (ASX market) less selling costs
4. Investment in Associate entity carried at fair value based on equity accounting

Investment in Keybridge Capital Limited (ASX:KBC)

As at 30 June 2018 and currently, Bentley is the third largest shareholder in KBC with 31,700,000 shares (20.05%[7]) (30 June 2017: 31,700,000 KBC shares (19.96%), which were acquired at an average cost of $0.1672 per share.

7 Refer Bentley's ASX Announcement dated 23 October 2017: Change in Substantial Holding in KBC (updated to reflect current percentage voting power)

DIRECTORS' STATUTORY REPORT

Keybridge is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets in the private equity (US), life insurance (New Zealand), property and funds management sectors and strategic holdings in HHY Fund (ASX:HHY), Molopo Energy Limited (ASX:MPO), Metgasco Limited (ASX:MEL) and Yowie Group Ltd (ASX:YOW). Keybridge is also the Investment Manager of HHY Fund.

Bentley Directors (William Johnson and Simon Cato) are on the Board of Keybridge[8].

As at 30 June 2018, Bentley's investment in KBC had a carrying value of $0.776 per share ($2.504 million); this compares with KBC's last bid price on ASX of $0.079 per share ($2.504 million) and KBC's after-tax net asset backing of $0.099 per share ($3.138 million) as at 30 June 2018.

Further information about KBC's investments are contained in their ASX releases, including as follows:

- 31 August 2018: 2018 Full Year Report; and
- 14 August 2018: Monthly Net Asset Backing – July 2018.

Information concerning KBC may be viewed from its website: www.keybridge.com.au

KBC's market announcements may also be viewed from the ASX website (www.asx.com.au) under ASX code "KBC"

Investment in Strike Resources Limited (ASX : SRK)

As at 30 June 2018 and currently, Bentley is the largest shareholder in SRK with 52,553,493 (36.16%[9]) (30 June 2017: 52,553,493 SRK shares (36.16%)), which were acquired at an average cost of 5.5 cents per share.

Strike owns the high-grade Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru and is currently developing its Burke Graphite Project in Queensland and lithium exploration tenements in Western Australia; Strike also retains cash reserves and liquid investments totalling ~$4.82 million (as at 30 June 2018)[10].

Bentley Chairman (Farooq Khan) is also Chairman of Strike and Bentley Executive Director (William Johnson) is the Managing Director of Strike.

Further information about Strike's current projects and activities are contained in their ASX releases, including as follows:

- 27 July 2018: June 2018 Quarterly Reports; and
- 13 March 2018: December 2017 Half Year Report.

Information concerning SRK may be viewed from its website: www.strikeresources.com.au .

SRK's market announcements may also be viewed from the ASX website (www.asx.com.au) under ASX code "SRK".

8 Refer KBC's ASX announcement dated 29 July 2016: Results of General Meeting and Board Changed and Notice of General Meeting dated 7 June 2016

9 Refer Bentley's ASX Announcement dated 4 September 2015: Change in Substantial Holding in SRK

10 Refer SRK's ASX Announcement dated 27 July 2018: June 2018 Quarterly Report

DIRECTORS' STATUTORY REPORT

Investment in Yowie Group Ltd (ASX:YOW)

During the year, Bentley acquired 8,640,000 shares (3.99%)[11] in YOW at an average cost of 10.5 cents per share.

Bentley notes that Keybridge is also a major shareholder in YOW with a relevant interest in 35,166,643 shares (16.22%)[12] acquired during the year.

Yowie Group is a global brand licensing company, specialising in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of Yowie characters. Yowie Group employs its intellectual property rights to supply Yowie branded chocolate confectionery product, a digital platform and Yowie branded licensed consumer products. Yowie's vision for the Yowie brand is to distribute on a widening basis the Yowie product in the US, Australia and New Zealand with further international expansion.[13]

Information concerning the Yowie Group may be viewed on its website: www.yowiegroup.com

Yowie Group's market announcements may also be viewed from the ASX website (www.asx.com.au) under ASX code "YOW".

Investment in the CBG Australian Equities Fund (Wholesale) (CBG Fund)[14]

As at 30 June 2018, Bentley had $1.92 million (19.82% of its net assets) invested in the CBG Australian Equities Fund (Wholesale) (**CBG Fund**) (2017: $3.95 million (33.09%)).

During the financial year, Bentley redeemed a total of $2.4 million from the CBG Fund to meet the costs of other investments and for working capital.

The 12-month performance of the CBG Fund to 30 June 2018 was +2.8% (2017: +1.8%) compared with its benchmark performance (S&P / ASX 200 Accumulation Index) of +3.3% (2017: +0.2%).

In July 2018, Bentley received $0.034 million income distributions from the CBG Fund in respect of the financial year ended 30 June 2018 (2017: $0.119 million). The 30 June 2018 carrying value above is "ex" entitlement to this income distribution.

Bentley's investment in the CBG Fund has generated a $0.724 million realised gain and $0.36 million unrealised loss for the financial year (2017: $0.259 million realised gain and $0.124 million unrealised loss). The investment's unrealised gain (from historical cost) is $0.39 million (2017: $0.751 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.

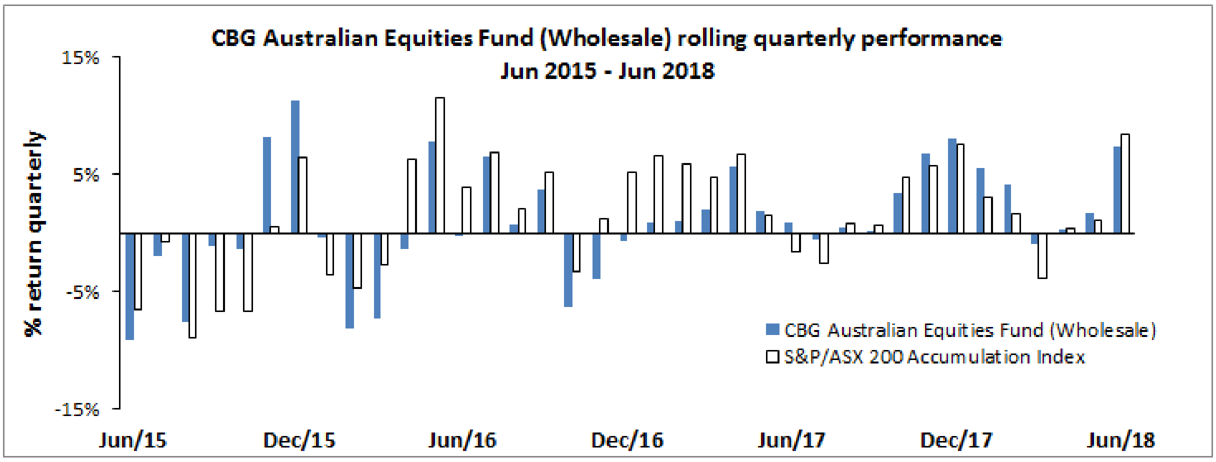
CBG Fund details (as at 30 June 2018) provided by Investment Manager, CBG Asset Management, are as follows:

- The equity weighting was 96.20% (2017: 92.40%);
- 76.21% of the equity portfolio is invested in companies contained within the S&P / ASX 200 Index (2017: 90.32%) with the balance of 23.79% invested in companies outside of the S&P / ASX 200 Index (2017: 9.68%); and
- The equity portfolio contained 32 holdings (2017: 38 holdings).

11 Refer Bentley's ASX Announcement dated 19 February 2018: Change in Substantial Holding in YOW
12 Refer KBC's ASX Announcement dated 24 August 2018: Change in Substantial Holding in YOW
13 Refer YOW's 2018 Annual Report released on ASX on 27 August 2018
14 Based on information provided by investment manager, CBG Asset Management Limited

DIRECTORS' STATUTORY REPORT

CBG Fund Returns To: 30 June 2018	1 mth %	3mths %	6mths %	1yr %	2yrs % p.a.	3yrs % p.a.	Since Inception % p.a.
CBG Fund	2.8%	7.3%	6.4%	15.1%	10.4%	7.5%	9.4%
ASX / S&P 200 Accumulation Index	3.3%	8.5%	4.3%	13.0%	13.6%	9.0%	8.5%



Source: CBG Asset Management Limited

Notes:

(a) Shows the net return of the fund over the preceding 3 months for each quarter, compared with that of the benchmark ASX/S&P 200 Accumulation Index.

(b) The information in the table is historical and the past performance of the CBG Australian Equities Fund (Wholesale) is not a reliable predictor of the future performance of such fund; CBG 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 ASX Code	Asset Name	Fund Weight 30-Jun-18
BHP	BHP BILLITON LIMITED	8.1%
CSL	CSL LIMITED	7.2%
NAB	NATIONAL AUSTRALIA BANK LIMITED	4.7%
SDA	SPEEDCAST INTERNATIONAL LIMITED	4.7%
BVS	BRAVURA SOLUTIONS LIMITED	4.3%
WEB	WEBJET LIMITED	4.2%
RIO	RIO TINTO LIMITED	4.1%
APT	AFTERPAY TOUCH GROUP LIMITED	4.0%
JHG	JANUS HENDERSON GROUP PLC	3.9%
JHX	JAMES HARDIE INDUSTRIES PLC	3.9%
LNK	LINK ADMINISTRATION HOLDINGS LIMITED	3.8%
BLD	BORAL LTD	3.8%
LOV	LOVISA HOLDINGS LIMITED	3.6%
CBA	COMMONWEALTH BANK OF AUSTRALIA	3.5%
HUB	HUB24 LTD	3.4%
WBC	WESTPAC BANKING CORPORATION	3.2%
OSH	OIL SEARCH LIMITED	3.1%
LLC	LENDLEASE GROUP	3.1%
NCZ	NEW CENTURY RESOURCES LIMITED	2.6%
BIN	BINGO INDUSTRIES LIMITED	2.3%

CBG Fund Sector Weights	Fund Weight 30-Jun-18
Materials	25.0%
Financials	23.0%
Information Technology	13.0%
Consumer Discretionary	10.0%
Health Care	7.0%
Industrials	6.0%
Telecommunication Services	5.0%
Cash / Hybrids / Fixed Interest	4.0%
Energy	3.0%
Real Estate	3.0%

DIRECTORS' STATUTORY REPORT

Software, Internet and Applications Development

Bentley has a technology operation involved in software, Internet and applications development, which provides exposure to the Internet and social media applications as a potentially valuable investment and / or income generating opportunity.

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 is not subject to any particular or significant environmental regulation under Australian Commonwealth or State legislation.

DIRECTORS

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

FAROOQ KHAN	**Chairman**
Appointed	Director since 2 December 2003; Chairman since 10 February 2004
Qualifications	BJuris, LLB (*Western Australia*)
Experience	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
Relevant interest in shares	11,717,586[15]
Special Responsibilities	Chairman of the Board and Investment Committee
Other current directorships in listed entities	(1) Executive Chairman and Managing Director of Queste Communications Ltd (ASX:QUE) (since 10 March 1998) (2) Executive Chairman of Orion Equities Limited (ASX:OEQ) (since 23 October 2006) (3) Chairman (appointed 18 December 2015) of Strike Resources Limited (ASX:SRK) (Director since 1 October 2015)
Former directorships in other listed entities in past 3 years	Nil

15 Refer Bentley's ASX Announcements dated 22 March 2017: Change of Director's Interest Notice and dated 22 March 2017: Notice of Initial Substantial Holder in BEL

DIRECTORS' STATUTORY REPORT

WILLIAM M. JOHNSON	**Executive Director**
Appointed	Director since 13 March 2009; Executive Director since 1 January 2016
Qualifications	MA (*Oxon*), MBA, MAICD
Experience	William Johnson holds a Masters degree in engineering science from Oxford University, England and an MBA from Victoria University, New Zealand. His 30-year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly-experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution.
Relevant interest in shares	None
Special Responsibilities	Member of the Investment, Audit and Remuneration Committees.
Other current directorships in listed entities	(1) Managing Director of Strike Resources Limited (ASX:SRK) (since 25 March 2013; Director since 14 July 2006) (2) Director of Keybridge Capital Limited (ASX:KBC) (since 29 July 2016) (3) Director of Yowie Group Ltd (ASX:YOW) (since 10 April 2018[16]) (4) Director of Molopo Energy Limited (ASX:MPO) (since 31 May 2018[17])
Former directorships in other listed entities in past 3 years	Nil

SIMON K. CATO	**Non-Executive Director**
Appointed	7 January 2015
Qualifications	B.A. (*Sydney*)
Experience	Simon Cato has had over 30 years' capital markets experience in broking, regulatory roles (with ASX in Sydney and Perth) and as a director of listed companies. From 1991 until 2006, he was an executive director and/or responsible executive of three stockbroking firms. During that time, Mr Cato was involved in the formation of a number of companies, including writing prospectuses and managing the listing process and has been through the process of IPO listing in the dual role of broker and director. Since 2006, Mr Cato has been an executive and non-executive director of a number of public listed companies with a range of different business activities and was a founding director of Greenland Minerals and Energy Limited.
Relevant interest in shares	None
Special Responsibilities	Chairman of the Audit and Remuneration Committees
Other current directorships in listed entities	(1) Non-Executive Chairman of Advanced Share Registry Limited (ASX:ASW) (since 22 August 2007) (2) Non-Executive Director of Greenland Minerals and Energy Limited (ASX:GGG) (since 21 February 2006) (3) Non-Executive Director of Keybridge Capital Limited (ASX:KBC) (since 29 July 2016)
Former directorships in other listed entities in past 3 years	Nil

At the Company's 2017 AGM[18], William Johnson retired as a Director pursuant to the Company's Constitution and was re-elected a Director at that AGM.

16 Refer YOW's ASX Announcement dated 10 April 2018: Appointment of Non-Executive Director

17 Refer MPO Notice of AGM and Explanatory Statement dated and released on ASX on 2 May 2018 and MPO's ASX announcement dated 31 May 2018: AGM Results

18 Refer Bentley's ASX Announcement dated 30 November 2017: Results of 2017 Annual General Meeting

DIRECTORS’ STATUTORY REPORT

COMPANY SECRETARY

VICTOR P. H. HO	Company Secretary
Appointed	5 February 2004
Qualifications	BCom, LLB (*Western Australia*), CTA
Experience	Victor Ho has been in Executive roles with a number of ASX-listed companies across the investments, resources and technology sectors over the past 18+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years’ experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the investment management of listed investment companies (as an Executive Director and / or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations’ law and stock exchange compliance and investor / shareholder relations.
Special Responsibilities	Member of the Investment Committee and Secretary of the Audit and Remuneration Committees
Relevant interest in shares	50,000 ordinary shares (held indirectly)
Other positions held in listed entities	Executive Director and Company Secretary of: (1) Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003) (2) Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000 and Director since 3 April 2013) (3) Strike Resources Limited (ASX:SRK) (Director since 24 January 2014 and Secretary since 1 October 2015) Company Secretary of Keybridge Capital Limited (ASX:KBC) (since 13 October 2016)
Former position in other listed entities in past 3 years	Company Secretary of Alara Resources Limited (ASX:AUQ) (4 April 2007 to 31 August 2015)

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:

	Board Meetings		Audit Committee		Remuneration Committee	
Name of Director	**Attended**	**Max. Possible Meetings**	**Attended**	**Max. Possible Meetings**	**Attended**	**Max. Possible Meetings**
Farooq Khan	5	5	-	-	-	-
William Johnson	5	5	2	2	1	1
Simon Cato	5	5	2	2	1	1

Audit Committee

The current composition of the Audit Committee is Simon Cato (as Chairman) and William Johnson. The Audit Committee has a formal charter to prescribe its objectives, duties and responsibilities, access and authority, composition, membership requirements of the Committee and other administrative matters. Its function includes reviewing and approving the audited annual and reviewed half-yearly financial reports, ensuring a risk management framework is in place, reviewing and monitoring compliance issues, reviewing reports from management and matters related to the external auditor. A copy of the Audit Committee Charter may be downloaded from the Company’s website: http://bel.com.au/corporate-governance

Remuneration Committee

The composition of the Remuneration Committee is Simon Cato (as Chairman) and William Johnson. A copy of the Remuneration Committee Charter may also be downloaded from the Company’s website.

REMUNERATION REPORT

This Remuneration Report details the nature and amount of remuneration for each Director and Company Executive (being a company secretary or senior manager) (**Key Management Personnel)** of the Company.

The information provided under headings (1) to (7) below has been audited for compliance with section 300A of the *Corporations Act 2001 (Cth)* as required under section 308(3C).

(1) Remuneration Policy

The Board (with guidance from the Remuneration Committee) determines the remuneration structure of all Key Management Personnel having regard to the Consolidated Entity's strategic objectives, scale and scope of operations and other relevant factors, including experience and qualifications, length of service, market practice (including available data concerning remuneration paid by other listed companies and in particular, companies of comparable size and nature), the frequency of Board meetings, the duties and accountability of Key Management Personnel and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

The Remuneration Committee: The Committee has a formal charter to prescribe its purpose, key responsibilities, composition, membership requirements, powers and other administrative matters. A purpose of the Committee is to assist the Board to adopt and implement a remuneration system that is required to attract, retain and motivate company personnel. In carrying out this 'remuneration function', the Committee's key responsibilities are to:

- make recommendations to the Board on the specific benefits to be provided to the Executive Chairman/Managing Director and any other Executive Director, including equity-based remuneration; and
- assist the Executive Chairman/Managing Director to determine the remuneration (including equity-based remuneration) of 'Senior Management' (being executive direct reports to the Managing Director and other senior employees) and advise on those determinations.

A copy of the Remuneration Committee Charter may also be downloaded from the Company's website: http://bel.com.au/corporate-governance

Corporate Governance Principles: The Company's Corporate Governance Statement (**CGS**) also addresses matters pertaining to the Board, Senior Management and Remuneration. The latest version of the CGS may be downloaded from the Company's website: http://bel.com.au/corporate-governance

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[19] 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 Directors

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

(2) Mr William Johnson – a base salary of $37,000 per annum plus employer superannuation contributions.

19 As approved by shareholders at the Annual General Meeting held on 24 November 2005; refer Bentley's ASX announcement dated 25 October 2015: Notice of Annual General Meeting and Bentley's ASX announcement dated 24 November 2005: Results of 2015 AGM

REMUNERATION REPORT

Non-Executive Director

(3) Mr Simon Cato - a base fee 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).

Short-Term Benefits: The Company Secretary has the opportunity to earn performance-related cash bonuses as agreed with the Company from time to time pursuant to the terms of his employment agreement. However, no bonus schemes have been set for the Company Secretary. Members of the Company's Investment Committee are entitled to participate under the Company's Performance Bonus Scheme (**PBS**) – further details are disclosed below. The Company does not otherwise have any short-term incentive (**STI**) cash bonus schemes (or equivalent) in place for Key Management Personnel.

Long-Term Benefits: Save for the PBS, the Company does not have any long-term incentive (**LTI**) cash bonus schemes (or equivalent) in place for Key Management Personnel.

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

Post-Employment Benefits: The Company does not presently provide retirement benefits to Key Management Personnel. Other than early termination benefits disclosed in 'Employment Agreement' below, Key Management Personnel also have no right to termination payments save for payment of accrued unused annual and long service leave (where applicable) (these accrued employee entitlements are not applicable in respect of Non-Executive Directors). The Company notes that shareholder approval is required where a Company proposes to make a "termination payment" (for example, a payment in lieu of notice, a payment for a post-employment restraint and payments made as a result of the automatic or accelerated vesting of share based payments) in excess of one year's "base salary" (defined as the average base salary over the previous 3 years) to a director or any person who holds a managerial or executive office.

Performance-Related Benefits and Financial Performance of Company: Save for any applicable performance-related cash bonus schemes in place for the Company Secretary or the PBS, the current remuneration of Key Management Personnel is fixed, is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

The Company's PBS has conditions for payment being related to the Company's financial performance. If the conditions for payment under the PBS have been satisfied, the Company will pay cash bonuses to members of the Investment Committee (being the Executive Directors and the Company Secretary). Refer to Section (2) below for further information about the PBS.

REMUNERATION REPORT

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.

	2018	2017	2016	2015	2014
Profit / (Loss) Before Income Tax	(1,603,621)	($3,678,516)	$526,080	($267,300)	$792,910
Basic Earnings / (Loss) per share (cents)	(2.11)	(4.85)	0.70	(0.36)	1.08
Dividends Paid (total)	$761,276	$755,931	$749,389	$1,111,395	$733,505
Dividends Paid (per share)	$0.01	$0.01	$0.01	$0.015	$0.01
Capital Returns Paid (total)	-	-	-	-	$733,505
Capital Returns Paid (per share)	-	-	-	-	$0.01
VWAP Share Price on ASX for financial year	$0.113	$0.13	$0.139	$0.132	$0.144
Closing Bid Share Price on ASX at 30 June	$0.095	$0.105	$0.135	$0.13	$0.145

(2) Performance Bonus Scheme (PBS)

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

The key elements of the PBS (applicable from 1 July 2015) 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 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 three 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 three half years.

(d) The net assets of Bentley are valued in accordance with Bentley’s accounting policies and Australian Accounting Standards save for the following exclusions: any provisions or liabilities in respect of a Performance Bonus Pool, deferred tax assets and deferred tax liabilities or a provision for income tax expense.

(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.

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 2017 and 30 June 2018.

REMUNERATION REPORT

(3) Details of Remuneration of Key Management Personnel

Details of the nature and amount of each element of remuneration of each Key Management Personnel paid or payable by the Company during the financial year are as follows:

2018		Short-term Benefits			Post-Employment Benefits	Other Long-term Benefits	Equity-Based	
Key Management Personnel	**Performance-related %**	**Cash salary and fees $**	**Cash PBS entitlement $**	**Non-cash benefit $**	**Superannuation $**	**Long service leave $**	**Shares & options $**	**Total $**
Executive Directors:								
Farooq Khan		174,999	-	-	16,625	-	-	191,624
William Johnson		36,999	-		3,515	-	-	40,514
Non-Executive Director:								
Simon Cato		18,000	-	-	8,280	-	-	26,280
Company Secretary:								
Victor Ho		84,999	-	-	8,075	-	-	93,074

2017		Short-term Benefits			Post-Employment Benefits	Other Long-term Benefits	Equity-Based	
Key Management Personnel	**Performance-related %**	**Cash salary and fees $**	**Cash PBS entitlement $**	**Non-cash benefit $**	**Superannuation $**	**Long service leave $**	**Shares & options $**	**Total $**
Executive Directors:								
Farooq Khan	-	174,999	-	-	16,625	-	-	191,624
William Johnson	-	35,292[(a)]	-		3,353	-	-	38,645
Non-Executive Director:								
Simon Cato	-	18,000	-	-	8,280	-	-	26,280
Company Secretary:								
Victor Ho	-	84,999	-	-	8,075	-	-	93,074

Notes:

(a) Net of an adjustment of $1,708 (gross) in respect of unpaid annual leave taken during the 2017 year.

REMUNERATION REPORT

(4) Employment Agreements

Details of the material terms of employment agreements entered by the Company with Key Management Personnel are as follows:

Key Management Personnel and Position(s) Held	Relevant Date(s)	Base Salary/Fees per annum	Other Terms
Victor Ho (Company Secretary)	8 May 2015 (date of employment agreement) 5 February 2004 (commencement date, being the date of appointment as Company Secretary) 1 May 2010 (date of effect of remuneration)	$85,000 plus employer superannuation contributions (currently 9.5% of base salary) plus provision of office car parking	· The agreement has no fixed term or fixed rolling terms of service. · Commitment to a minimum prescribed hours per week over the course of a 5 day working week plus reasonable additional time required by the Company. · Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter. · 3 months' notice of termination by the Company and one month's notice of termination by employee. Immediate termination without notice if employee commits any serious act of misconduct. · Not prohibited from also concurrently performing the role of director or company secretary of any other company or companies, to the extent that that it does not interfere with the proper performance of duties under the agreement. · Entitlement to performance related cash bonuses as agreed with the Company from time to time – as at the date of this report, no bonus scheme has been established (save for the Performance Bonus Scheme)

The Company does not presently have formal service agreements or employment agreements with other Key Management Personnel.

(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) Engagement of Remuneration Consultants

The Company has not engaged any remuneration consultants to provide remuneration recommendations in relation to Key Management Personnel during the year. The Board has established a policy for engaging external Key Management Personnel remuneration consultants which includes, inter alia, that the Non-Executive Directors on the Remuneration Committee be responsible for approving all engagements of and executing contracts to engage remuneration consultants and for receiving remuneration recommendations from remuneration consultants regarding Key Management Personnel. Furthermore, the Company has a policy that remuneration advice provided by remuneration consultants be quarantined from Management where applicable.

REMUNERATION REPORT

(7) 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 30 June 2017	Additions	Received as part of remuneration	Disposals	Balance at 30 June 2018
Executive Directors:					
Farooq Khan	11,717,586	-	-	-	11,717,586
William Johnson		-	-	-	
Non-Executive Director:					
Simon Cato		-	-	-	
Company Secretary:					
Victor Ho	50,000	-	-	-	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).

(8) Voting and Comments on the Remuneration Report at the 2017 AGM

At the Company's most recent (2017) AGM, a resolution to adopt the prior year (2017) Remuneration Report was put to a vote and passed unanimously on a show of hands with the proxies received also indicating majority (77%) support in favour of adopting the Remuneration Report.[20]

No comments were made on the Remuneration Report at the AGM.

This concludes the audited Remuneration Report.

20 Refer Bentley's ASX announcement dated 30 November 2017: Results of 2017 Annual General Meeting

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 (Cth)*) (**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 (Cth)*), 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 (Cth)*); and

(b) Subject to the terms of the deed and the *Corporations Act 2001 (Cth)*, 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.

AUDITORS

Details of the amounts paid or payable to the Auditors for audit and non-audit services provided during the financial year are set out below:

Auditor	Audit & Review Fees $	Non-Audit Services $	Total $
Rothsay Auditing	$22,000	-	$22,000

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 (Cth).* 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.

Rothsay Auditing continues in office in accordance with section 327 of the *Corporations Act 2001 (Cth).*

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 (Cth)* forms part of this Directors Report and is set out on page 25. 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 (Events occurring after the reporting period)), 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	Simon Cato
Chairman	Non-Executive Director

31 August 2018

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Bentley Capital Limited
Level 2 23 Ventnor Ave
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2018 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 31st August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	2018	2017
REVENUE		**$**	**$**
Investment	**2**		
Dividend revenue		209,101	132,245
Interest revenue		6,853	30,462
Other			
Net gain on financial assets at fair value through profit or loss		411,644	438,625
Net gain on non-current asset held for sale		578,088	-
Other income		86,034	27,694
TOTAL REVENUE AND INCOME		**1,291,720**	**629,026**
EXPENSES	**3**		
Share of Associate entity's loss		(1,364,669)	(1,374,117)
Net loss on financial assets at fair value through profit or loss		-	(683,196)
Reversal of provision for doubtful debt - convertible note		22,774	-
Software development expenses		(981,927)	(1,382,398)
Corporate expenses		(60,477)	(63,682)
Occupancy expenses		(54,509)	(53,148)
Investment expenses		(20,614)	(25,393)
Finance expenses		(5,754)	(7,134)
Administration expenses		(670,369)	(718,474)
LOSS BEFORE INCOME TAX		**(1,843,825)**	**(3,678,516)**
Income tax expense	**5**	-	-
LOSS FOR THE YEAR		**(1,843,825)**	**(3,678,516)**
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income, Net of Tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,843,825)**	**(3,678,516)**
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted loss per share (cents)	**6**	(2.42)	(4.85)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Note	2018	2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents	**7**	288,371	568,422
Financial assets at fair value through profit or loss	**8**	3,641,274	5,141,987
Non-current asset held for sale	**9**	2,785,335	2,207,246
Receivables	**12**	371,765	185,984
Other current assets		5,437	3,649
TOTAL CURRENT ASSETS		**7,092,182**	**8,107,288**
NON-CURRENT ASSETS			
Receivables	**12**	10,113	10,113
Investment in Associate entity	**22**	2,460,523	3,825,192
Intangible assets	**13**	96,819	207,345
Property, plant and equipment		10,905	11,754
Deferred tax asset	**5**	14,805	9,015
TOTAL NON-CURRENT ASSETS		**2,593,165**	**4,063,419**
TOTAL ASSETS		**9,685,347**	**12,170,707**
CURRENT LIABILITIES			
Payables	**14**	117,281	29,258
Provisions	**15**	206,298	180,370
TOTAL CURRENT LIABILITIES		**323,579**	**209,628**
NON-CURRENT LIABILITIES			
Deferred tax liability	**5**	14,805	9,015
TOTAL NON-CURRENT LIABILITIES		**14,805**	**9,015**
TOTAL LIABILITIES		**338,384**	**218,643**
NET ASSETS		**9,346,963**	**11,952,064**
EQUITY			
Issued capital	**16**	19,477,385	19,477,385
Profits reserve	**17**	3,677,026	2,790,918
Accumulated losses		(13,807,448)	(10,316,239)
TOTAL EQUITY		**9,346,963**	**11,952,064**

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Note	Issued capital	Profits reserve	Accumulated losses	Total
		$	$	$	$
BALANCE AT 1 JULY 2016		**19,378,595**	**3,520,118**	**(6,610,992)**	**16,287,721**
Loss for the year		-	-	(3,678,516)	(3,678,516)
Profits reserve transfer		-	26,731	(26,731)	-
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		**-**	**26,731**	**(3,705,247)**	**(3,678,516)**
Transactions with owners in their capacity as owners:					
Shares issued under dividend reinvestment plan	18	98,790	-	-	98,790
Dividends paid	18	-	(755,931)	-	(755,931)
BALANCE AT 30 JUNE 2017		**19,477,385**	**2,790,918**	**(10,316,239)**	**11,952,064**
BALANCE AT 1 JULY 2017		**19,477,385**	**2,790,918**	**(10,316,239)**	**11,952,064**
Loss for the year		-	-	(1,843,825)	(1,843,825)
Profits reserve transfer		-	1,647,384	(1,647,384)	-
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		**-**	**1,647,384**	**(3,491,209)**	**(1,843,825)**
Transactions with owners in their capacity as owners:					
Dividends paid	18	-	(761,276)	-	(761,276)
BALANCE AT 30 JUNE 2018		**19,477,385**	**3,677,026**	**(13,807,448)**	**9,346,963**

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		209,101	49,568
Interest received		5,918	14,954
Other income received		86,970	36,592
Payments to suppliers and employees		(1,565,917)	(1,854,676)
Sale/Redemption of financial assets at fair value through profit or loss		3,868,081	5,098,771
Purchase of financial assets at fair value through profit or loss		(2,093,857)	(3,389,307)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	**7(a)**	**510,296**	**(44,098)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets		(47,563)	(82,800)
Purchase of plant and equipment		(2,998)	(710)
NET CASH USED IN INVESTING ACTIVITIES		**(50,561)**	**(83,510)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(739,786)	(648,633)
Return of capital		-	(60)
NET CASH USED IN FINANCING ACTIVITIES		**(739,786)**	**(648,693)**
NET DECREASE IN CASH HELD		**(280,051)**	**(776,301)**
Cash and cash equivalents at beginning of financial year		568,422	1,344,723
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**7**	**288,371**	**568,422**

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

1. ABOUT THIS FINANCIAL REPORT

1.1 Background

This financial report covers the consolidated financial statement of the consolidated entity consisting of Bentley Capital Limited (the **Company**), its subsidiaries and investments in associates (the **Consolidated Entity** or **Bentley**). The financial report is presented in the Australian currency.

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

These financial statements have been prepared on a streamlined basis where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Consolidated Entity.

Information is considered material and relevant if, for example:

(a) the amount in question is significant because of its size or nature;

(b) it is important for understanding the results of the Consolidated Entity;

(c) it helps to explain the impact of significant changes in the Consolidated Entity's business; or

(d) it relates to an aspect of the Consolidated Entity's operations that may be important to its future performance.

The notes to the financial statements are organised into the following sections:

(a) **Key Performance**: Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes
- 2 Revenue
- 3 Expenses
- 4 Segment information
- 5 Tax
- 6 Earnings/(loss) per share

(b) **Financial Risk Managemen**t: Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes
- 7 Cash and cash equivalents
- 8 Financial assets at fair value through profit or loss
- 9 Non-Current Asset held for sale
- 10 Financial risk management

(c) **Other Assets and Liabilities**: Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes
- 11 Fair value measurement of financial instruments
- 12 Receivables
- 13 Intangible assets
- 14 Payables
- 15 Provisions

(d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes
- 16 Issued capital
- 17 Profits reserve
- 18 Dividends
- 19 Capital risk management

(e) **Consolidated Entity Structure**: Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes
- 20 Parent entity information
- 21 Investment in controlled entities
- 22 Investment in associate entity
- 23 Related party transactions

(f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes
- 24 Auditors' remuneration
- 25 Contingencies
- 26 Events occurring after the reporting period

Significant and other accounting policies that summarise the measurement basis used and presentation policies and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

1.2 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, Australia Accounting Interpretations and the *Corporations Act 2001 (Cth)*. The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Reporting Basis and Financial Statement Presentation

The financial report has been prepared on a going concern 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.

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

1.3 Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2018 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as Bentley or the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

1.4 Comparative Figures

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

1.5 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the 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.

1.6 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.

1.7 New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

1.8 **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 been considered and is expected to have limited 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, and relevant amending standards	Financial Instruments	AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (**FVTPL**), amortised cost, or fair value through other comprehensive income (**FVOCI**), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (**FVO**) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (**OCI**) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.	Annual reporting periods beginning on or after 1 January 2018
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.	Annual reporting periods beginning on or after 1 January 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

1.8 Summary of Accounting Standards Issued But Not Yet Effective (continued)

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	This Standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: · The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments · Share-based payment transactions with a net settlement feature for withholding tax obligations · A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	Annual reporting periods beginning on or after 1 January 2018
AASB 15, and relevant amending standards	Revenue from Contracts with Customers	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: • Step 1: Identify the contract(s) with a customer • Step 2: Identify the performance obligations in the contract • Step 3: Determine the transaction price • Step 4: Allocate the transaction price to the performance obligations in the contract • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation	Annual reporting periods beginning on or after 1 January 2018
AASB 2017-1	Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments	The amendments clarify certain requirements in: • AASB 1 First-time Adoption of Australian Accounting Standards – deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration • AASB 12 Disclosure of Interests in Other Entities – clarification of scope • AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value • AASB 140 Investment Property – change in use.	Annual reporting periods beginning on or after 1 January 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

1.8 Summary of Accounting Standards Issued But Not Yet Effective (continued)

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date
AASB Interpretation 22	Foreign Currency Transactions and Advance Consideration	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.	Annual reporting periods beginning on or after 1 January 2018
AASB 16	Leases	AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.	Annual reporting periods beginning on or after 1 January 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

2. REVENUE

The consolidated loss before income tax includes the following items of revenue:	2018 $	2017 $
Investment		
Dividend revenue	209,101	132,245
Interest revenue	6,853	30,462
	215,954	162,707
Other		
Net gain on financial assets at fair value through profit or loss	411,644	438,625
Net gain on non-current asset held for sale	578,088	-
Other income	86,034	27,694
	1,291,720	**629,026**

Accounting policy

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:

(a) **Sale of financial assets, goods and other assets**

Revenue from the sale of financial assets, goods or other assets is recognised when the Consolidated Entity has passed control of the financial assets, goods or other assets to the buyer.

(b) **Interest revenue**

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

(c) **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.

(d) **Other revenues**

Other revenues are recognised on a receipts basis.

3. EXPENSES

The consolidated loss before income tax includes the following items of expenses:	2018 $	2017 $
Share of Associate entity's loss	1,364,669	1,374,117
Net loss on non-current asset held for sale	-	683,196
Reversal of provision for doubtful debt - convertible note	(22,774)	-
Software development expenses		
Write-off of software development costs	136,945	414,748
Amortisation of software development assets	21,145	65,186
Other software development expenses	823,837	902,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

3. EXPENSES (continued)

	2018	2017
Corporate expenses	$	$
ASX fees	32,875	35,522
Share registry	21,536	24,220
Other corporate expenses	6,066	3,940
Occupancy expenses	54,509	53,148
Investment expenses		
Brokers' fees	6,510	10,168
Subscriptions	14,104	13,675
Other investment expenses	-	1,550
Finance expenses	5,754	7,134
Administration expenses		
Salaries, fees and employee benefits	358,971	358,846
Accounting, taxation and related administration	141,041	151,076
Office administration	88,596	118,399
Audit	22,000	22,000
Legal fees	14,948	25,645
Travel, accommodation and incidentals	3,547	6,555
Insurance	16,255	15,053
Depreciation	3,846	4,292
Other administration expenses	21,165	16,608
	3,135,545	**4,307,542**

4. SEGMENT INFORMATION

2018	**Investments**	**Software development**	**Corporate**	**Total**
Segment revenues	**$**	**$**	**$**	**-**
Revenue	215,954	-	-	215,954
Net gain on financial assets at fair value through profit or loss	989,732	-	-	989,732
				-
Other	-	5,369	80,665	86,034
Total segment revenues	**1,205,686**	**5,369**	**80,665**	**1,291,720**
Software development expenses	-	985,727	-	985,727
Investment expenses	1,385,283	-	-	1,385,283
Administration expenses	-	-	643,838	643,838
Other expenses	-	2,667	118,030	120,697
Total segment profit/(loss)	**(179,597)**	**(983,025)**	**(681,203)**	**(1,843,825)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

4. SEGMENT INFORMATION (continued)

	Investments	Software development	Corporate	Total
Segment assets	$	$	$	$
Cash and cash equivalents	158,732	-	129,639	288,371
Financial assets	3,641,274	-	-	3,641,274
Investment in Associate entity	2,460,523	-	-	2,460,523
Non-current asset held for sale	2,785,335	-	-	2,785,335
Intangible assets	-	96,819	-	96,819
Other assets	-	4,996	408,029	413,025
Total segment assets	**9,045,864**	**101,815**	**537,668**	**9,685,347**
2017				
Segment revenues				
Revenue	162,707	-	-	162,707
Other	-	8,640	19,054	27,694
Total segment revenues	**162,707**	**8,640**	**19,054**	**190,401**
Net loss on financial assets at fair value through profit or loss	144,367	-	-	144,367
Software development expenses	-	1,387,259	-	1,387,259
Investment expenses	1,499,715	-	-	1,499,715
Administration expenses	-	-	714,181	714,181
Other expenses	-	2,757	120,638	123,395
Total segment loss	**(1,481,375)**	**(1,381,376)**	**(815,765)**	**(3,678,516)**
Segment assets				
Cash and cash equivalents	57,736	-	510,686	568,422
Financial assets	5,141,987	-	-	5,141,987
Investment in Associate entity	3,825,192	-	-	3,825,192
Non-current asset held for sale	2,207,247	-	-	2,207,247
Intangible assets	-	207,345	-	207,345
Other assets	-	6,823	213,691	220,514
Total segment assets	**11,232,162**	**214,168**	**724,377**	**12,170,707**

Accounting Policy

The operating segments are reported in a manner consistent with the internal reporting provided to the "Chief Operating Decision Maker" (**CODM**). The Consolidated Entity's CODM is the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments.

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 and Software Development.

Description of segments

(a) Investments comprise securities listed on the Australian Securities Exchange (ASX), units in unlisted managed funds and other liquid financial assets;

(b) Software Development relates to the software, Internet and applications development division; and

(c) Corporate items comprise corporate assets and operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

4. SEGMENT INFORMATION (continued)

Liabilities

Liabilities are not reported to the Board of Directors by segment. All liabilities are assessed at a Consolidated Entity level.

5. INCOME TAX

		2018	2017
(a)	**The components of tax expense comprise:**	**$**	**$**
	Current tax	-	-
	Deferred tax	-	-
		-	-
(b)	**The prima facie tax on operating profit/(loss) before income tax is reconciled to the income tax as follows:**		
	Prima facie tax payable on operating profit/(loss) before income tax at 27.5% (2017: 27.5%)	**(507,052)**	**(1,011,592)**
	Adjust tax effect of:		
	Non-deductible expenses	857	9,190
	Franking credits	19,592	4,569
	Current year tax losses not brought to account	486,603	997,833
	Income tax attributable to entity	-	-
(c)	**Deferred taxes**		
	Deferred tax assets		
	Employee benefits & accruals	13,961	12,740
	Financial assets	-	537,631
	Tax losses	844	(541,356)
		14,805	**9,015**
	Deferred tax liabilities		
	Financial assets	14,805	-
	Other	-	9,835
		14,805	**9,835**

		Employee benefits	Financial assets	Tax losses	Total
(i)	**Movements - deferred tax assets**	**$**	**$**	**$**	**$**
	At 1 July 2016	**12,628**	**121,799**	**(124,592)**	**9,835**
	Credited/(charged) to the profit and loss	112	415,832	(416,764)	(820)
	At 30 June 2017	**12,740**	**537,631**	**(541,356)**	**9,015**
	Credited/(charged) to the profit and loss	1,221	(537,631)	542,200	5,790
	At 30 June 2018	**13,961**	**-**	**844**	**14,805**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

5. INCOME TAX (continued)

(ii) Movements - deferred tax liabilities	**Financial assets**	**Other $**	**Total $**
At 1 July 2016	**-**	**9,835**	**9,835**
Credited/(charged) to the profit and loss	-	(820)	**(820)**
At 30 June 2017	**-**	**9,015**	**9,015**
Credited/(charged) to the profit and loss	14,805	(9,015)	5,790
At 30 June 2018	**14,805**	**-**	**14,805**

(iii) Unrecognised deferred tax balances	**2018 $**	**2017 $**
Unrecognised deferred tax asset - revenue losses	4,127,598	2,659,076
Unrecognised deferred tax asset - capital losses	598,018	555,284
	4,725,616	**3,214,360**

Critical accounting judgement and estimate

The Consolidated Entity is subject to income taxes (and other similar taxes) in Australia. Judgement is required in determining the Consolidated Entity's provision for income taxes.

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.

Accounting policy

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

5. INCOME TAX (continued)

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.

6. LOSS PER SHARE	**2018**	**2017**
	cents	**cents**
Basic and diluted loss per share	(2.42)	(4.85)

The following represents the loss and weighted average number of shares used in the EPS calculations:	**2018**	**2017**
	$	**$**
Net loss after income tax	(1,843,825)	(3,678,516)
	Shares	**Shares**
Weighted average number of ordinary shares	76,127,918	75,774,130

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

Accounting policy

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

7. CASH AND CASH EQUIVALENTS	**2018**	**2017**
	$	**$**
Cash at bank and in hand	**288,371**	**568,422**

Accounting policy

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of operating loss after income tax to net cash provided by operating activities	2018 $	2017 $
Loss after income tax	**(1,843,825)**	**(3,678,516)**
Add non-cash items:		
Depreciation	3,846	4,292
Provision for doubtful debt reversal - convertible note	(22,774)	-
Share of Associate entity's loss	1,364,669	1,374,117
Amortisation of software development assets	21,145	65,186
Write off of software development costs	136,945	414,748
Net unrealised loss on financial assets at fair value through profit or loss	(364,742)	145,364
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	1,149,234	6,424,988
Non-current asset held for sale	-	(2,207,247)
Receivables	(2,100)	(87,415)
Investment in Associate entity	-	(2,409,070)
Other current assets	(24,562)	-
Payables	88,022	(94,780)
Provisions	4,438	4,235
	510,296	**(44,098)**

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current	2018 $	2017 $
Listed investments at fair value	1,287,774	1,187,284
Units in unlisted CBG Australian Equities Fund (Wholesale) (**CBG Fund**)	2,353,500	3,954,703
	3,641,274	**5,141,987**

Accounting policy

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, financial assets at fair value through profit and loss acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: (Recognition and Measurement of Financial Instruments) will recognise its realised and unrealised gains and losses arising from changes in the fair value of these assets in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

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 which is the current bid price. The fair value of the unlisted units in the CBG Fund is determined from unit price information provided by investment manager, CBG Asset Management Limited. The Consolidated Entity's investment portfolio is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

9. NON-CURRENT ASSET HELD FOR SALE

	2018	2017
	$	$
Cost of investment	2,890,442	2,890,442
Revaluation gain/(loss)	(105,107)	(683,196)
Investment at fair value	**2,785,335**	**2,207,246**

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets, but not in excess of any cumulative impairment loss previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

10. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist of deposits with banks, receivables and payables, investments in listed securities and investments in the unlisted CBG Fund. 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 8). The Consolidated Entity's investments are subject to market (which includes price and interest rate 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 assets and liabilities:		2018	2017
	Note	**$**	**$**
Cash and cash equivalents	**7**	288,371	568,422
Financial assets at fair value through profit or loss	**8**	3,641,274	5,141,987
Non-current asset held for sale	**9**	2,785,335	2,207,246
Receivables	**12**	371,765	185,984
		7,086,745	**8,103,639**
Payables	**14**	(117,281)	(29,258)
Net financial assets		**6,969,464**	**8,074,381**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

10. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

Market risk is the risk that the fair value and/or future cash flows from a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises of price risk from fluctuations in the fair value of equities and interest rate risk from fluctuations in market interest rates.

(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 of the CBG Fund, CBG Asset Management Limited. The CBG 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 ASX/S&P 200 Accumulation Index was utilised as the benchmark for the investment portfolio.

	Impact on post-tax profit		**Impact on equity**	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Increase 5%	182,064	257,099	182,064	257,099
Decrease 5%	(182,064)	(257,099)	(182,064)	(257,099)

(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 cash at bank for the year for the table below is 1.35% (2017: 1.35%)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

10. FINANCIAL RISK MANAGEMENT (continued)

(ii) *Interest rate risk (continued)*	**Impact on post-tax profit**		**Impact on equity**	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Increase 1%	2,884	5,684	2,884	5,684
Decrease 1%	(2,884)	(5,684)	(2,884)	(5,684)

(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 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 S&P Global Ratings) 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:

	2018	**2017**
Cash and cash equivalents	**$**	**$**
AA-	**287,466**	**554,806**
Receivables (due within 30 days)		
No external credit rating available	**371,765**	**185,984**

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following tables present the Consolidated Entity's financial assets and liabilities measured and recognised at fair value at 30 June 2018 categorised by the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) 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

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

2018

Financial assets at fair value through profit or loss:	Level 1 $	Level 2 $	Level 3 $	Total $
Listed investments at fair value	1,287,774	-	-	1,287,774
Units in unlisted CBG Fund	-	2,353,500	-	2,353,500
Non-current asset held for sale	2,785,335	-	-	2,785,335
	4,073,109	**2,353,500**	**-**	**6,426,609**

2017

Financial assets at fair value through profit or loss:	Level 1 $	Level 2 $	Level 3 $	Total $
Listed investments at fair value	1,187,284	-	-	1,187,284
Units in unlisted CBG Fund	-	3,954,703	-	3,954,703
Non-current asset held for sale	2,207,246	-	-	2,207,246
	3,394,530	**3,954,703**	**-**	**7,349,233**

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

Accounting policy

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

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

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

The Consolidated Entity's investment portfolio (comprising listed and unlisted securities) is accounted for as a "financial assets at fair value through profit and loss" and is carried at fair value based on the quoted last bid prices at the reporting date (refer to Note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) 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 Fund is determined from unit price information provided by the investment manager, CBG Asset Management Limited, and as such, this financial instrument is included in Level 2.

(b) 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. At balance date the investment in unlisted shares has been fully impaired.

(c) Fair values of other financial instruments

		2018	2017
Financial assets	**Note**	**$**	**$**
Cash and cash equivalents		288,371	568,422
Receivables		371,765	185,984
		660,136	**754,406**
Financial liabilities			
Payables		**(117,281)**	**(29,258)**

Due to their short-term nature, the carrying amounts of cash, current receivables and current payables is assumed to approximate their fair value.

12. RECEIVABLES

	2018	2017
Current	**$**	**$**
Deposits and bonds	63,750	63,750
Managed funds receivable (redemptions and income distributions)	303,303	119,622
Other receivables	4,712	2,612
	371,765	**185,984**
Non current		
Deposits and bonds	**10,113**	**10,113**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

12. RECEIVABLES (continued)

Accounting policy

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.

Financial instruments such as loans and receivables are initially measured at cost. These non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Risk exposure

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 10.

13. INTANGIBLE ASSETS	**2018**	**2017**
	$	**$**
Opening balance	207,345	604,479
Software development costs	47,564	82,800
Write-off of software development costs	(136,945)	(414,748)
Amortisation of software development assets	(21,145)	(65,186)
Closing balance	**96,819**	**207,345**

Critical accounting judgement and estimate

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 1.6.

Accounting policy

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

(a) the technical feasibility and commercial viability of the project is demonstrated;

(b) the Consolidated Entity has an intention and ability to complete the project and use or sell it; and

(c) 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 on projects that have not been completed as at the balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

14. PAYABLES

	2018	2017
	$	$
Trade payables	1,029	-
Other payables and accrued expenses	116,252	29,258
	117,281	**29,258**

Accounting policy
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.

Risk exposure
The Consolidated Entity's exposure to risks arising from current payables is set out in Note 10.

15. PROVISIONS

	2018	2017
	$	$
Provision for returns of capital - refer (b)	94,206	94,206
Provision for dividends - refer (c)	61,326	39,836
Employee benefits - annual leave - refer (d)	31,067	28,263
Employee benefits - long service leave - refer (d)	19,699	18,065
	206,298	**180,370**

Accounting policy
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.

(a) Movements in Provisions
Movements in each class of provision during the financial year, other than employee benefits, are set out as follows:

	Return of capital	Dividends	Total
	$	$	$
Opening balance	94,206	39,836	134,042
Charged/(Credited) to equity	-	761,276	761,276
Amounts paid during the year	-	(739,786)	(739,786)
Closing balance	**94,206**	**61,326**	**155,532**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

15. PROVISIONS (continued)

(b) Return of capital

The provision reflects historical returns of capital unclaimed by shareholders. Returns of capital have no effect on the total number of shares on issue nor the holdings of each shareholder.

(c) Dividends

The Company paid two 0.5 cent per share fully franked dividends to shareholders in August 2017 and January 2018 at a total cost of $761,276. The provision reflects historical dividends 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:

	2018	**2017**
	$	**$**
Leave obligations expected to be settled after 12 months	19,699	18,065

16. ISSUED CAPITAL

	2018	**2017**	**2018**	**2017**
	Number	**Number**		
Fully paid ordinary shares	76,127,918	76,127,918	**19,477,385**	**19,477,385**

Movement in ordinary shares	**Date of Issue**	**per share**	**of shares**	
At 1 July 2016		**$**	**75,414,727**	**19,378,595**
Issue under dividend reinvestment plan	29-Sep-16	0.1399	358,298	50,131
Issue under dividend reinvestment plan	31-Mar-17	0.1371	354,893	48,659
At 30 June 2017 & 30 June 2018			**76,127,918**	**19,477,385**

Issues under Dividend Reinvestment Plan (DRP)

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

Accounting policy

Ordinary shares are classified as equity. Fully paid ordinary shares carry one vote per share and the right to dividends.

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 2018

17. PROFITS RESERVE

	2018	2017
	$	$
Profits reserve	**3,677,026**	**2,790,918**
Opening balance	2,790,918	3,520,118
Profits reserve transfer	1,647,384	26,731
Dividends paid (Note 18)	(761,276)	(755,931)
Closing balance	**3,677,026**	**2,790,918**

Accounting policy

An increase in the Profits Reserve will arise when the Company generates a net profit (after tax) for a relevant financial period (i.e. half year or full year) which the Board determines to credit to the Company's Profits Reserve. Dividends may be paid out of (and debited from) the Company's Profits Reserve, from time to time.

18. DIVIDENDS

		2018	2017
Dividends paid during the financial year:	**Paid On**	$	$
0.50 cent per share fully franked dividend	29-Sep-16	-	377,070
0.50 cent per share fully franked dividend	31-Mar-17	-	378,861
0.50 cent per share fully franked dividend	31-Aug-17	380,640	-
0.50 cent per share fully franked dividend	25-Jan-18	380,636	-
		761,276	**755,931**
Dividends paid in cash or satisfied by the issue/transfer of shares under DRP were as follows:			
Paid in cash		706,219	657,141
Satisfied by issue/transfer of shares under DRP		55,057	98,790
		761,276	**755,931**

Pursuant to the Company's DRP Rules (updated on 1 August 2017), the Company acquired 465,780 shares on-market during the financial year to satisfy its obligations to the participants under the DRP.

	2018	2017
	$	$
Franking credits available for subsequent periods based on a tax rate of 27.5% (2017: 27.5%)	**1,251,845**	**1,499,421**

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

(a) Franking credits that will arise from the receipt of dividends recognised as receivables at balance date;

(b) Franking credits that will arise from the payment of the amount of the provision for income tax; and

(c) Franking debits that will arise from the payment of dividends recognised as a liability at balance 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

18. DIVIDENDS (continued)

Accounting policy

Provision is made for the amount of any dividend declared (being appropriately authorised and no longer at the discretion of the Company) on or before the end of the financial year but not distributed at the Balance Date.

19. 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.

20. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Bentley Capital Limited, as at 30 June 2018.

	2018	2017
Statement of profit or loss and other comprehensive income	$	$
Loss for the year	(594,368)	(2,253,655)
Income tax	-	-
Total comprehensive income for the year	**(594,368)**	**(2,253,655)**
Statement of financial position		
Assets		
Cash and cash equivalents	281,112	386,632
Financial assets at fair value through profit or loss	1,266,270	781,683
Investment in controlled entities	11,486,043	11,486,043
Non-current asset held for sale	2,785,335	2,207,247
Investment in associate entity	1,252,150	1,474,050
Loans to controlled entities	2,293,585	2,066,066
Receivables	25,764	25,410
Property, plant and equipment	4,930	3,824
Other	4,917	3,649
Total assets	**19,400,106**	**18,434,604**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

20. PARENT ENTITY INFORMATION (continued)

	2018	2017
Liabilities	**$**	**$**
Loan from controlled entity	11,365,601	9,078,601
Payables	26,565	20,609
Provisions	189,723	161,534
Total liabilities	**11,581,889**	**9,260,744**
Net assets	**7,818,217**	**9,173,860**
Issued capital	19,477,386	19,477,386
Profits reserve	2,642,480	2,369,450
Accumulated losses	(14,301,649)	(12,672,976)
Equity	**7,818,217**	**9,173,860**

21. INVESTMENT IN CONTROLLED ENTITIES

		Ownership interest	
Investment in controlled entities	**Incorporated**	**2018**	**2017**
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%
rdrct.it Pty Limited	Australia	100%	100%
Yurn.it Pty Limited	Australia	100%	100%
My Social Stream Pty Limited	Australia	100%	100%
Social Stream Inc	United States	100%	-

Accounting policy

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

22. INVESTMENT IN ASSOCIATE ENTITY

	Ownership Interest 2018	Ownership Interest 2017	2018 $	2017 $
Keybridge Capital Limited (ASX:KBC)	20.05%	19.96%	2,460,523	3,825,192
			2,460,523	**3,825,192**

Keybridge Capital Limited (ASX:KBC) (Keybridge)

Bentley holds 20.05% interest (31,700,000 shares) in Keybridge Capital Limited (ASX: KBC) (30 June 2017: 19.96% and 31,700,000 shares) and is recognised as an Associate entity (valued under the equity method pursuant to Accounting Standard AASB 128).

	2018 $	2017 $
Reconciliation of carrying amount:		
Opening Balance	3,825,192	2,790,238
Share of net loss after tax	(1,364,669)	(1,474,321)
Change of classification to Non-current asset held for sale (Note 9)	-	(2,890,442)
Reversal of prior year share of net loss after tax	-	100,204
Recognition of Keybridge as an Associate entity - at cost	-	5,299,513
Carrying amount on investment in Associate entities	**2,460,523**	**3,825,192**
Fair value (at market price on ASX) of listed investments in Associate entity	**2,504,300**	**2,948,100**
Net asset value of investment	**3,137,870**	**4,730,015**
Summarised statement of profit or loss and other comprehensive income		
Revenue	3,022,361	3,367,482
Expenses	(9,828,220)	(9,813,754)
Loss before income tax	**(6,805,859)**	**(6,446,272)**
Income tax expense	-	-
Loss after income tax	**(6,805,859)**	**(6,446,272)**
Other comprehensive income	(2,557)	-
Total comprehensive income	**(6,808,416)**	**(6,446,272)**
Summarised statement of financial position		
Current assets	12,538,483	13,777,652
Non-current assets	7,482,814	14,421,285
Total assets	**20,021,297**	**28,198,937**
Current liabilities	320,116	360,079
Non-current liabilities	4,053,364	4,141,385
Total liabilities	**4,373,480**	**4,501,464**
Net assets	**15,647,817**	**23,697,473**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

22. INVESTMENT IN ASSOCIATE ENTITY (continued)

Accounting policy

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanying a shareholding of between approximately 20% and 50% of the voting rights. Investments in Associates in the consolidated financial statements are accounted for using the equity method of accounting. On initial recognition investment in associates are recognised at cost, for investments which were classified as fair value through profit or loss, any gains or losses previously recognised are reversed through profit or loss. Under this method, the Consolidated Entity's share of the post-acquisition profits or losses of Associates are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in Other Comprehensive Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends receivable from Associates are recognised in the Statement of Profit or Loss and Other Comprehensive Income, while in the Statement of Financial Position they reduce the carrying amount of the investment. When the Consolidated Entity's share of losses in an Associate equals or exceeds its interest in the Associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

Where applicable, unrealised gains on transactions between the Consolidated Entity and its Associates are eliminated to the extent of the Consolidated Entity's interest in the Associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of Associates are aligned to ensure consistency with the policies adopted by the Consolidated Entity, where practicable.

23. RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel (KMP)

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 2018. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

	2018	2017
Directors	**$**	**$**
Short-term employee benefits		
Other	229,998	228,291
Post-employment benefits	28,420	28,258
Other KMP		
Short-term employee benefits		
Other	84,999	84,999
Post-employment benefits	8,075	8,075
	351,492	**349,623**

(b) Transactions with other related parties

No other related party transactions have been identified than those disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2018

24. AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:	**2018**	**2017**
Rothsay Auditing	**$**	**$**
Audit and review of financial statements	**22,000**	**22,000**

25. CONTINGENCIES

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

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Subsequent to the balance date (and to 28 August 2018), the Consolidated Entity invested a further $0.05 million in listed securities.

(b) On 2 July 2018, the Directors declared payment of a 0.5 cent per share fully-franked dividend. The record date for determining entitlements was 13 July 2018 with payment effected on 20 July 2018. The Company's DRP applied to this dividend - the DRP issue price of $0.1115 was set 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. Pursuant to the Company's DRP Rules (updated on 1 August 2017), the Company acquired 229,840 shares on-market to satisfy its obligations to the participants under the DRP.

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 Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 26 to 55 are in accordance with the *Corporations Act 2001 (Cth)* and:

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

(b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 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 Directors have been given the declarations required by section 295A of the *Corporations Act 2001 (Cth)* 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

(4) 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 (Cth).*

Farooq Khan
Chairman

Simon Cato
Non-Executive Director

31 August 2018

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BENTLEY CAPITAL LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bentley Capital Limited ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2018, 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 on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Investments

The Group's portfolio of financial assets at fair value, non-current asset held for sale and investment in associate make up 92% of total assets by value and are considered to be the key driver of the Group's operations. We do not consider financial assets at fair value, non-current asset held for sale and investment in associate to be at a high risk of significant misstatement or to be subject to a significant level of judgement. However due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence, completeness and valuation of the Group's portfolio of financial assets at fair value, non-current asset held for sale and investment in associate included but were not limited to:

- Documenting and assessing the processes and controls in place to record transactions and to value the assets;
- Agreeing the fair value of the listed investments and the non-current asset held for sale to externally quoted prices, which was the current bid price;
- Agreeing the fair value of the unlisted units to the unit price information provided by the investment manager;
- Agreeing holdings in financial assets at fair value, non-current asset held for sale and the investment in the associate to independent third party documentation;
- Agreeing the calculation of the investment in associates share of the net loss after tax to the audited accounts of the associate; and
- Ensuring compliance with AASB 5, AASB 13 and AASB 128.

We have also assessed the appropriateness of the disclosures included in Notes 3, 8, 9 and 22 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 the 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatementt, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2018.

In our opinion the remuneration report of Bentley Capital Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Rothsay

Rothsay Auditing
Dated 31st August 2018

Graham Swan FCA
Partner

Chartered Accountants

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.

1. INVESTMENT STRATEGY

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

- Strategic Investments; and
- Non-strategic Investments.

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

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

(a) Strategic Investments

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

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

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

(b) Non-Strategic Investments

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

2. PORTFOLIO ALLOCATION

In executing its Investment Strategy, Bentley may, from time to time, hold a high proportion of net assets in cash, preferring to be patient and selective rather than filling its investment portfolio with mediocre or underperforming investments for the sake of becoming "fully-invested". Bentley will not be limited to the principles of broad diversification; in other words, Bentley may invest a significant proportion of funds in any single investment that represents an exceptional opportunity.

3. INVESTMENTS

Investments may be made by Bentley in Australia and overseas and into any underlying industry, business or sector, in accordance with Bentley's stated Investment Objectives and Strategies. In pursuit of the Investment Objectives and execution of the Investment Strategies outlined above, Bentley will have absolute discretion in applying its equity and any debt funds to a universe or range of potential investments in assets, businesses, securities, hybrid securities, cash, bills of exchange, other negotiable investments, debentures and other investments and structures.

4. MANAGEMENT OF INVESTMENTS

Bentley's investment decisions are carried out by its Investment Committee, which currently comprises Executive Chairman, Farooq Khan, Executive Director, William Johnson 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 2018

Listed Investments	ASX Code	Industry	No of Units	Value ($)	% of Portfolio
Keybridge Capital Limited [1]	KBC	Diversified Financials	31,700,000	2,460,523[2]	27.69%
Strike Resources Limited	SRK	Materials	52,553,493	2,785,335	31.34%
Yowie Group Ltd	YOW	Food, Beverage	8,640,000	578,880	6.51%
Pioneer Credit Limited	PNC	Diversified Financials	183,000	574,620	6.47%
Miscellaneous listed securities	Various	Various	Various	134,274	1.51%
Total Listed Investments				**6,533,632**	**73.52%**
Unlisted Investments					
Clime CBG Australian Equities Fund (Wholesale) (**CBG Fund**)			1,006,975	1,918,177	21.58%
Katana Australian Equity Fund (**Katana Fund**)			382,000	435,323	4.90%
Total Unlisted Investments				**2,353,500**	**26.48%**
TOTAL				**8,887,132**	**100.00%**

SHARE INVESTMENT PORTFOLIO AS AT 30 SEPTEMBER 2018

Listed Investments	ASX Code	Industry	No of Units	Value ($)	% of Portfolio
Keybridge Capital Limited [1]	KBC	Diversified Financials	31,700,000	2,782,755[3]	30.09%
Strike Resources Limited	SRK	Materials	52,553,493	2,627,675	28.41%
Yowie Group Ltd	YOW	Food, Beverage	8,640,000	950,400	10.28%
Pioneer Credit Limited	PNC	Diversified Financials	183,000	605,730	6.55%
Miscellaneous listed securities	Various	Various	Various	136,635	1.48%
Total Listed Investments				**7,103,195**	**76.81%**
Unlisted Investments					
CBG Fund			849,486	1,707,322	18.46%
Katana Fund			382,000	437,581	4.73%
Total Unlisted Investments				**2,144,903**	**23.19%**
TOTAL				**9,248,098**	**100.00%**

Notes:

(1) Investments in Associate entities (over which Bentley is considered to have significant influence) are carried at fair value based on equity accounting and not based on market value. Under the equity method, the carrying amount of an investment in an Associate entity is at initial cost plus a share of the Associate Entity's net profit or loss (after tax) for the financial period to the relevant balance date. Refer Note 22 (Investment in Associate Entity) on page 53 of Annual Report for further information in this regard.

(2) Bentley has accounted for its investment in (Associate entity) KBC (31,700,000 shares being 20.05% of KBC's total issued share capital) at a carrying value of $0.0776 per share (under the equity method), as at 30 June 2018.

(3) Bentley has accounted for its investment in (Associate entity) KBC (31,700,000 shares being 20.05% of KBC's total issued share capital) at a carrying value of $0.0878 per share (under the equity method), as at 30 September 2018.

ADDITIONAL ASX INFORMATION

CORPORATE GOVERNANCE STATEMENT

The Company has adopted the Corporate Governance Principles and Recommendations (3rd Edition, March 2014) issued by the ASX Corporate Governance Council in respect of the financial year ended 30 June 2018.

Pursuant to ASX Listing Rule 4.10.3, the Company's 2018 Corporate Governance Statement (dated on or about 15 October 2018) 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

INVESTMENT TRANSACTIONS AND BROKERAGE

During the financial year ended 30 June 2018, Bentley entered into ~30 (2017: ~26) transactions for the purchase and sale of listed securities, incurring brokerage fees totalling ~$10,676 (2017: ~$13,262). Bentley undertook 6 redemptions from the CBG Fund (2017: 1 redemption) and invested once into the Katana Fund (2017: nil transactions). There were no entry or exit fees applicable to the transactions involving the CBG Fund and Katana Fund.

INVESTMENT MANAGEMENT AGREEMENT

Scarborough Equities Pty Ltd (**Scarborough**) (a wholly owned subsidiary of Bentley) and CBG Asset 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 Australian Equities Fund (recently renamed to the Clime Australian Equities Fund) (Wholesale) (**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.

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.

ADDITIONAL ASX INFORMATION
as at 12 October 2018

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	234	114,329	0.15%
1,001	-	5,000	586	1,799,403	2.36%
5,001	-	10,000	331	2,450,093	3.22%
10,001	-	100,000	484	14,035,883	18.44%
100,001	-	and over	78	57,728,210	75.83%
TOTAL			**1,713**	**76,127,918**	**100%**

UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	4,999	805	1,838,732	2.42%
5,000	-	over	908	74,289,186	97.59%
TOTAL			**1,713**	**76,127,918**	**100%**

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 4,999 shares or less, being a value of $500 or less in total, based upon the Company's last sale price on ASX of $0.10 per share, as at 12 October 2018.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Number of Shares Held	% Voting Power
Queste Communications Ltd (ASX:**QUE**)	QUE	1,225,752	28.56%(1)
	OEQ	20,513,783	
Mr Azhar Chaudhri, Renmuir Holdings Limited and Chi Tung Investments Ltd	QUE	1,225,752	28.56%(2)
	OEQ	20,513,783	
Orion Equities Limited (ASX:**OEQ**)	OEQ	20,513,783	26.95%(3)
Farooq Khan	Farooq Khan	11,717,586	15.39%(4)
Charles W Rockefeller Pty Ltd	Charles W Rockefeller Pty Ltd	4,042,232	5.31%(5)

Notes:

(1) Based on the last substantial shareholding notice filed by QUE dated 7 June 2016 (updated to reflect current percentage voting power).

(2) Based on the last substantial shareholding notice filed by Azhar Chaudhri dated 2 May 2012 (updated to reflect current registered shareholdings and percentage voting power).

(3) Based on the last substantial shareholding notice filed by OEQ dated 23 May 2006 (updated to reflect current registered shareholdings and percentage voting power).

(4) Based on the initial substantial shareholding notice filed by Farooq Khan dated 22 March 2017 (updated to reflect current percentage voting power).

(5) Based on the initial substantial shareholding notice filed by Charles W Rockefeller Pty Ltd dated 4 October 2016 (updated to reflect current registered shareholdings and percentage voting power).

ADDITIONAL ASX INFORMATION
as at 12 October 2018

TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Total Shares Held	% Issued Capital
1	ORION EQUITIES LIMITED	20,513,783	26.95%
2	MR FAROOQ KHAN	11,717,586	15.39%
3	CHARLES W ROCKEFELLER PTY LTD	4,042,232	5.31%
4	MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN	1,662,478	2.18%
5	MR JOHN ROBERT DILLON	1,489,019	1.96%
6	QUESTE COMMUNICATIONS LIMITED	1,225,752	1.61%
7	TADMARO PTY LIMITED	862,769	1.13%
8	AVANTEOS INVESTMENTS LIMITED	672,999	0.88%
9	INGARSBY PTY LTD	600,000	0.79%
10	BOND STREET CUSTODIANS LIMITED	559,648	0.74%
11	MR EMIDIO MASI	558,172	0.73%
12	MR PAUL GERARD GRAFEN	506,789	0.67%
13	MR PERCY SOHRAB MADON & MRS FARAH PERCY MADON	500,000	0.66%
14	FAP MADON PTY LTD	500,000	0.66%
15	MR JOHN STEPHEN CALVERT	463,213	0.61%
16	MR JINXIANG LU	425,000	0.56%
17	MCMASTER NOMINEES PTY LTD	400,000	0.53%
18	MR GARRY GLEN BATTERSHELL & MRS DENISE BATTERSHELL	353,299	0.46%
19	KJ & ML GILROY PTY LTD	350,000	0.46%
20	MR REGAN CHERITON & MS PAULA JOAN O'TOOLE	327,566	0.43%
TOTAL		**47,730,305**	**62.71%**

DIRECT CREDITING OF CASH DIVIDEND PAYMENTS

- Cash dividends will be paid only via electronic funds transfer into a shareholder's nominated Australian Bank Account. To reduce costs and administration, distributions will no longer be paid by cheque.
- If you wish to receive your dividends via bank transfer, please complete a Direct Credit Facility Form and return it to the Company or Share Registry for processing.

TAX FILE NUMBER (TFN) NOTIFICATION

- If you have not previously provided your TFN, please complete a TFN Declaration Form and return it to the Company or Share Registry for processing.
- If the Company's dividend is fully franked, withholding tax will not be deducted from your dividend payment and remitted to the ATO even if the Company does not have your TFN on file.

DIVIDEND REINVESTMENT PLAN (DRP)

- The Company has a DRP in place - historically, the DRP issue price has been set 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.
- A copy of the Company's recently updated DRP Rules and DRP Form can be obtained from the Company or downloaded from the Company's website: http://bel.com.au/forms

EMAIL SUBSCRIPTION TO ASX RELEASES

- To keep up to date with the Company's activities and announcements, please visit Bentley's website: www.bel.com.au
- If you would like to receive notification of Bentley's released on the ASX, please register and subscribe via the Bentley website: http://bel.com.au/user/register

FORMS

- All of the abovementioned forms may be downloaded from the Forms section of the:
  - Ø Company's website - http://bel.com.au/forms; or
  - Ø Share Registry's website - https://www.advancedshare.com.au/investors/general-forms.aspx
- Alternatively, please contact the Company or Share Registry to request a form via email or by post.
  - Ø Bentley Capital – Telephone: (08) 9214 9757 or Email: info@bel.com.au
  - Ø Advanced Share Registry - Telephone: (08) 9389 8033 or Email: admin@advancedshare.com.au

SHARE DONATION SCHEME

ShareGift Australia

ShareGift Australia is an endorsed charity[I] that provides a transparent and tax-deductible way for shareholders to convert their shareholdings into significant donations for Australian charities. This may be particularly attractive to shareholders who hold small parcels of shares that may cost more to sell than the shares themselves are worth.

ShareGift Australia uses the proceeds from the sale of donated shares to distribute to Australian charities (with Deductible Gift Recipient (DGR) Item 1 status) guided by the recommendations received from individual donors and supporting companies. Donating shareholders will not need to pay brokerage costs and will receive a letter from ShareGift Australia with details of the share sale as a receipt for taxation purposes. Donations over $2 are tax deductible to the shareholder.

This is a voluntary initiative for those who wish to sell their shares and donate the proceeds to charity. It is not a recommendation to sell shares or a recommendation regarding a normal share sale facility. **If you do not wish to participate, you do not need to do anything.**

How It Works

(1) **Complete a Share Sale Donation Form**

Shareholders complete a Share Sale Donation Form, which authorises the sale of their shares and the proceeds to be directed to ShareGift Australia. Up to the first $10.00 from each donation stays with ShareGift Australia to support this service. A copy of a Share Sale Donation Form may be obtained from the Company or downloaded from the Company's website: http://bel.com.au/share-donation-scheme-%E2%80%93-share-gift-australia

(2) **Recommend a charity**

Shareholders are welcome to recommend their favourite charity where the value of the donation exceeds $50. Donations are only made to Australian charitable organisations with eligible Deductible Gift Recipient (DGR) Item 1 status - refer http://www.abn.business.gov.au/DgrListing.aspx

(3) **Shares are sold**

ShareGift Australia arranges for the shares to be sold via their supporting stockbrokers who do not charge brokerage fees. A Sale Confirmation letter is sent to the donor for tax purposes, once the shares are sold. Donations over $2 are tax deductible.

(4) **Share sale proceeds are donated to charity**

Each quarter, ShareGift Australia reviews all donors' charity recommendations and donates the share sale proceeds to support a wide variety of causes - refer http://www.sharegiftaustralia.org.au/funding-policy

More information can be found on the ShareGift Australia website at www.sharegiftaustralia.org.au.

I ShareGift Australia ABN 27 086 590 485 is public ancillary fund; its Trustee is an endorsed charity and 'Deductible Gift Recipient' (DGR) from 1 July 2006.

BENTLEY CAPITAL LIMITED
ABN 87 008 108 218

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ASX Code: BEL

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Local T | 1300 113 258
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