



Thursday, 18 October 2007

MARKET ANNOUNCEMENT

Investment Management Update

In September 2004, Constellation Capital Management Limited (**Constellation**), commenced management of an investment portfolio in accordance with the international component of Constellation's HomeGlobal™ Investment Strategy.

The investment management agreement with Constellation expired on 18 May 2006 and Constellation's mandate has continued on a month to month basis after May 2006 in accordance with the terms therein.

The Board has determined that it is no longer appropriate for the Company to implement the HomeGlobal™ Investment Strategy and will seek to negotiate a renewal of Constellation's appointment as investment manager (under a different investment strategy) or seek the appointment of another appropriate investment manager to manage or internally manage the Company's funds in accordance with the Company's current investment mandate/objective to invest in international securities.

The decision to change the investment strategy was made after a review of Constellation's HomeGlobal™ portfolio (international component) on a number of criteria including but not limited to the performance of the strategy in absolute terms and relative to benchmark indices, feedback received from major shareholders that the Company should alter the passive/tracking nature of its

investment portfolio and adopt a more active stock selection strategy, and an assessment of the costs associated with managing this investment portfolio.

The Board confirms that the new investment strategy will:

- Adopt an investment philosophy involving a more active stock selection strategy;
- Have the objective of outperforming a relevant benchmark index (such as MSCI World ex Australia) rather than merely tracking the performance of a global index;
- Continue to comprise direct investments in securities listed on the world's share markets, thus preserving the Company's ability to generate foreign investment income and utilise its substantial prior year foreign tax losses of \$4.6 million as at 30 June 2007; and
- support the Company's ability to continue to pay fully franked regular dividends twice a year.

The Company continues to be invested in Constellation's HomeGlobal™ (international component) portfolio until an appropriate transition to the new investment strategy and portfolio.

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