

# 2005

2005 Annual Report



Bentley  
International Limited

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EMAIL US AT:  
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**STOCK EXCHANGE**

Australian Stock Exchange  
Sydney, New South Wales

**ASX CODE**  
BEL

**SHARE REGISTRY**

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110 Stirling Highway  
Perth, Western Australia 6009  
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**CORPORATE DIRECTORY****BOARD**

Farooq Khan	Chairman
Christopher B. Ryan	Director
Simon K. Cato	Director
Peter P. Simpson	Director

**COMPANY SECRETARY**

Victor P.H. Ho

**PRINCIPAL & REGISTERED OFFICE**

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Web: www.bel.com.au

**CHAIRMAN'S  
AND COMPANY SECRETARIAL OFFICE**

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Perth Western Australia 6000  
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**AUDITORS**

PricewaterhouseCoopers  
Sydney, New South Wales

**AUDITORS (PROPOSED AT 2005 AGM)**

BDO, Chartered Accountants & Advisers  
Perth, Western Australia

**INVESTMENT MANAGER**

Constellation Capital Management Limited  
Level 19, 60 Castlereagh Street  
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**CUSTODIAN**

National Custodian Services  
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Level 25, 255 George Street  
Sydney NSW 2000  
Telephone: (02) 9237 9101  
Facsimile: (02) 9237 1936  
Website: www.ncsonline.com.au

## COMPANY PROFILE

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Bentley International Limited (formerly Bentley Equities Limited and BT Global Asset Management Limited) is one of only a few investment companies listed on the Australian Stock Exchange (ASX) which invests solely in International equities.

The Company therefore provides exposure to a diversified portfolio of securities across a wide range of industry sectors in many recognised overseas stock markets.

At 30 June 2005, BEL had a market capitalisation of \$12.85 million (at 33 cents per share), net assets of \$17.54 million (at 45.1 cents NTA backing per share) 38,942,213 fully paid ordinary shares on issue, and 1,633 shareholders on its share register (30 June 2004: \$13.824 million market capitalisation (at 35.5 cents per share), net assets of 18.65 million (at 47.9 cents NTA backing per share), 38,942,213 shares on issue, and 1,907 shareholders).

### Company Objective

Bentley International Limited listed on the ASX in 1986 with the objective of achieving medium to long term capital appreciation together with fully franked dividends through investment in securities listed on the world's share markets.

### Investment Manager

Constellation Capital Management Limited (**Constellation**) was appointed manager in May 2004 to implement the International equities component of Constellation's HomeGlobal™ Investment Strategy.

The investment portfolio currently comprises more than 200 stocks in 11 overseas markets and across a wide range of industry sectors.

Constellation is an experienced fund manager, 50% owned by Qantas Superannuation Limited as trustee for the Qantas Superannuation Plan (which is one of Australia's largest corporate superannuation funds). Constellation has also formed a strategic relationship with Zurich Financial Services Australia for the exclusive distribution and branding in Australia of pooled investment products using Constellation's risk controlled value approach. Constellation currently has in excess of \$1 billion funds under management.

## THE HOMEGLOBAL™ INVESTMENT STRATEGY

Constellation has been mandated to invest the Company's funds in accordance with the international component of the HomeGlobal™ Investment Strategy.

The methodology at the centre of the HomeGlobal™ Investment Strategy relies on two key components:

1. The weightings within the 36 industrial sectors of the FTSE Global Equity Index Series, which is based on 7,000 large, mid and small cap stocks representing 98% of global investable market capitalisation;
2. The recognition that the weightings of the stocks available in the Australian stock market when viewed in the context of the 36 industrial sectors identified by FTSE are substantially different from those in the FTSE Global Equity Index.

The HomeGlobal™ Investment Strategy, when constructed for Australian investors, comprises two steps:

1. investing in Australian stocks, within the FTSE industrial sector classifications up to the global industry sector weights where adequate stocks are available to do so – this is the **Australian component** of the HomeGlobal™ Investment Strategy;
2. investing in international stocks where the stocks available in Australia do not fill the industrial sector weightings of the FTSE Global Equity Index in order that the total portfolio construct matches the industrial sector weightings of the FTSE Global Equity Index – this is the **international component** of the HomeGlobal™ Investment Strategy.

Constellation invests the funds of Bentley International Limited solely in the international component of the HomeGlobal™ Investment Strategy, and this investment will complement the investment of Bentley shareholders in Australian securities. The rationale for this is the presumption that Bentley shareholders through their investments in the Australian market will have exposure to Australian stocks approximating the overall weightings of the Australian component of the HomeGlobal™ Investment Strategy. An investment in Bentley, if substantial enough in the context of the investor's portfolio, would result in the portfolio meeting the principles of the total HomeGlobal™ Investment Strategy.

Industry sector exposures have been achieved by investing in a sample of the major (by market capitalisation) stocks within each industry sector rather than all stocks). Currency is unhedged.

As at 30 June 2005, Constellation's international HomeGlobal™ portfolio for the Company comprise more than 200 stocks in 11 overseas markets – please refer to a full listing of the BEL investment portfolio as at 30 June 2005 in the "List of Share Investments" section of the Annual Report on page 64.

Constellation's HomeGlobal™ Investment Strategy approach resolves three key issues of concern to equity investors:

- (1) the dominance of certain stocks and industries in domestic markets;
- (2) the impact of globalisation on diversification benefits; and
- (3) the home country bias.

The HomeGlobal™ Investment Strategy is stated by Constellation to:

- Provide a more relevant global equity exposure to industry sectors not available in Australia;
- Avoid wasteful over-allocation of the portfolio to global industry sectors already adequately represented in the Australian market such as banks and mining;
- Capture global growth industries not adequately represented in Australia such as pharmaceuticals and biotech, IT hardware and software and some well established global old economy industries such as auto, oil & gas, branded retailers;
- Resolve Australian industry and stock concentrations;
- Provide an international equities portfolio with more balanced industry weights and a spread of country exposures, thus benefiting from the diversification benefits of both these factors.

The Company is the first client of Constellation's HomeGlobal™ Investment Strategy. The Company believes that the HomeGlobal™ approach has merit and offers a potential solution to the issue of home country bias in equity portfolios. The Directors believe that a rationale for investing in the Company is to diversify risk whilst accessing under-represented industry sectors in Australia. Whilst the HomeGlobal™ approach lacks a long-term "track record", re-constructed ten year performance analytics show gains in returns and falls in risk (volatility) compared with relevant market indices.

## THE HOMEGLOBAL™ INVESTMENT STRATEGY

### HomeGlobal™ Portfolio Sample

A theoretical table representation of the HomeGlobal™ Investment Strategy portfolio constructed as above is:

Industry Sectors	1	2	3	4	5
	Market weights		HomeGlobal™ Weights		HomeGlobal Portfolio Weights
	Global	Australian	Australian	International	International Component
Aerospace & Defence	1.8%	0.0%	0.0%	1.8%	3.9%
Automobiles & Parts	2.0%	0.0%	0.0%	1.9%	4.2%
Banks	13.7%	28.2%	13.7%	0.0%	
Beverages	1.8%	2.6%	1.8%	0.0%	
Construction & Building Materials	1.6%	3.6%	1.6%	0.0%	
Chemicals	2.1%	1.3%	1.3%	0.9%	1.8%
Diversified Industrials	2.9%	2.9%	2.9%	0.0%	0.1%
Electronic & Electrical Equipment	2.2%	0.0%	0.0%	2.2%	4.7%
Electricity	2.8%	0.0%	0.0%	2.8%	6.1%
Engineering & Machinery	1.3%	0.2%	0.2%	1.1%	2.3%
Food & Drug Retailers	1.2%	3.1%	1.2%	0.0%	
Food Producers & Processors	2.0%	0.6%	0.6%	1.4%	3.1%
Forestry & Paper	0.4%	0.4%	0.4%	0.0%	0.1%
General Retailers	3.6%	2.0%	2.0%	1.6%	3.4%
Household Goods & Textiles	1.2%	1.2%	1.2%	0.0%	0.1%
Health	2.8%	0.8%	0.8%	2.0%	4.4%
Investment Companies	0.2%	0.7%	0.2%	0.0%	
Information Technology					
Hardware	6.2%	0.0%	0.0%	6.2%	13.4%
Insurance	3.7%	3.8%	3.7%	0.0%	
Life Assurance	1.5%	2.5%	1.5%	0.0%	
Leisure, Entertainment & Hotels	1.3%	1.6%	1.3%	0.0%	
Mining	1.3%	13.6%	1.3%	0.0%	
Media & Photography	3.4%	1.1%	1.1%	2.2%	4.8%
Oil & Gas	9.5%	3.9%	3.9%	5.6%	12.1%
Personal Care & Household Products	1.6%	0.0%	0.0%	1.6%	3.3%
Pharmaceuticals & Biotechnology	7.2%	1.5%	1.5%	5.7%	12.3%
Real Estate	1.6%	10.8%	1.6%	0.0%	
Software & Computer Services	3.6%	0.0%	0.0%	3.6%	7.8%
Speciality & Other Finance	4.1%	3.0%	3.0%	1.1%	2.3%
Steel & Other Materials	0.8%	1.2%	0.8%	0.0%	
Support Services	1.7%	2.6%	1.7%	0.0%	
Tobacco	1.0%	0.0%	0.0%	1.0%	2.2%
Transport	1.4%	4.0%	1.4%	0.0%	
Telecommunication Services	5.0%	1.6%	1.6%	3.4%	7.4%
Utilities, Other	1.5%	1.4%	1.4%	0.1%	0.2%
	<b>100.0%</b>	<b>100.0%</b>	<b>53.6%</b>	<b>46.4%</b>	<b>100.0%</b>

Source: Constellation Capital Management Limited (July 2005)

The international component of the HomeGlobal™ Investment Strategy is represented by the portfolio construction in Column 5 of the above table.

## OVERVIEW OF PERFORMANCE

	2005 Year \$'000	2004 Year \$'000	% Change	Up/ Down
Unrealised (losses) / gains on investments	(115)	2,461	(105)	Down
Realised (losses) on investments	(858)	-	-	Down
Foreign exchange (losses)	(106)	-	-	Down
Other investment related income	528	261	103	Up
<b>Total investment income from ordinary activities</b>	<b>(551)</b>	<b>2,722</b>	<b>(120)</b>	<b>Down</b>
Investment manager's fees	136	8	1600	Up
Custody fees	44	1	4300	Up
Other corporate and administration expenses	353	337	5	Up
<b>Total expenses from ordinary activities</b>	<b>533</b>	<b>346</b>	<b>54</b>	<b>Up</b>
<b>(Loss)/profit from ordinary activities before tax</b>	<b>(1,084)</b>	<b>2,376</b>	<b>(146)</b>	<b>Down</b>
Income tax (benefit) / expense	(369)	443	(183)	Down
<b>(Loss)/profit from ordinary activities after tax attributable to members</b>	<b>(715)</b>	<b>1,933</b>	<b>(137)</b>	<b>Down</b>
<b>Basic and diluted earnings / (loss) per share (cents)</b>	<b>(1.84)</b>	<b>4.97</b>	<b>(139)</b>	<b>Down</b>
<b>Pre-Tax NTA backing per share (cents)</b>	<b>45.1</b>	<b>49.0</b>	<b>(8)</b>	<b>Down</b>
<b>Post-Tax NTA backing per share (cents)</b>	<b>45.1</b>	<b>47.9</b>	<b>(96)</b>	<b>Down</b>
<b>Management expense ratio (MER) <sup>1</sup></b>	<b>3.17%</b>	<b>1.96%</b>	<b>60</b>	<b>Up</b>

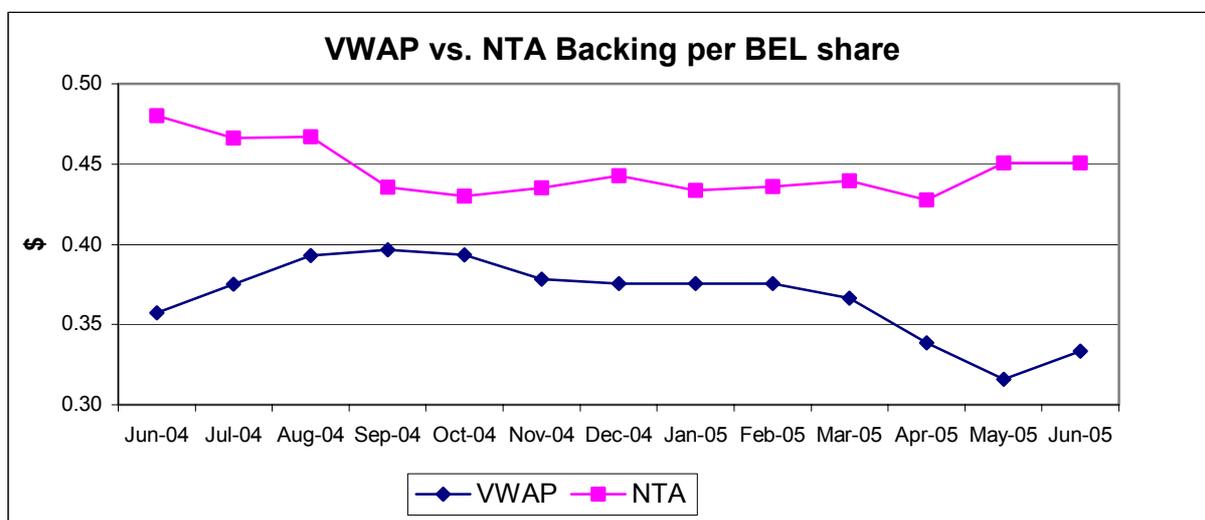
### Brief Commentary on Results

- (1) As at 30 June 2004, the Company had \$19,113,408 invested in the Vanguard International Shares Index Fund.
- (2) On 30 August 2004, the Company redeemed its investment in the Vanguard International Shares Index Fund, realising gross proceeds of \$18,314,056. Although the Company realised an overall net gain of \$663,454 on the investment from cost, it realised a net loss of \$855,803 based on the carrying value as at the last balance date (being 30 June 2004).
- (3) In early September 2004, the Company transferred \$17,425,000 of cash funds to its custodian, National Australia Bank Limited (**NAB**), for management by investment manager, Constellation Capital Management Limited (**Constellation**). Constellation's mandate is to implement the international equities component of its HomeGlobal™ investment strategy. During September 2004, Constellation established the international HomeGlobal™ portfolio for the Company comprising more than 200 stocks in 11 overseas markets.

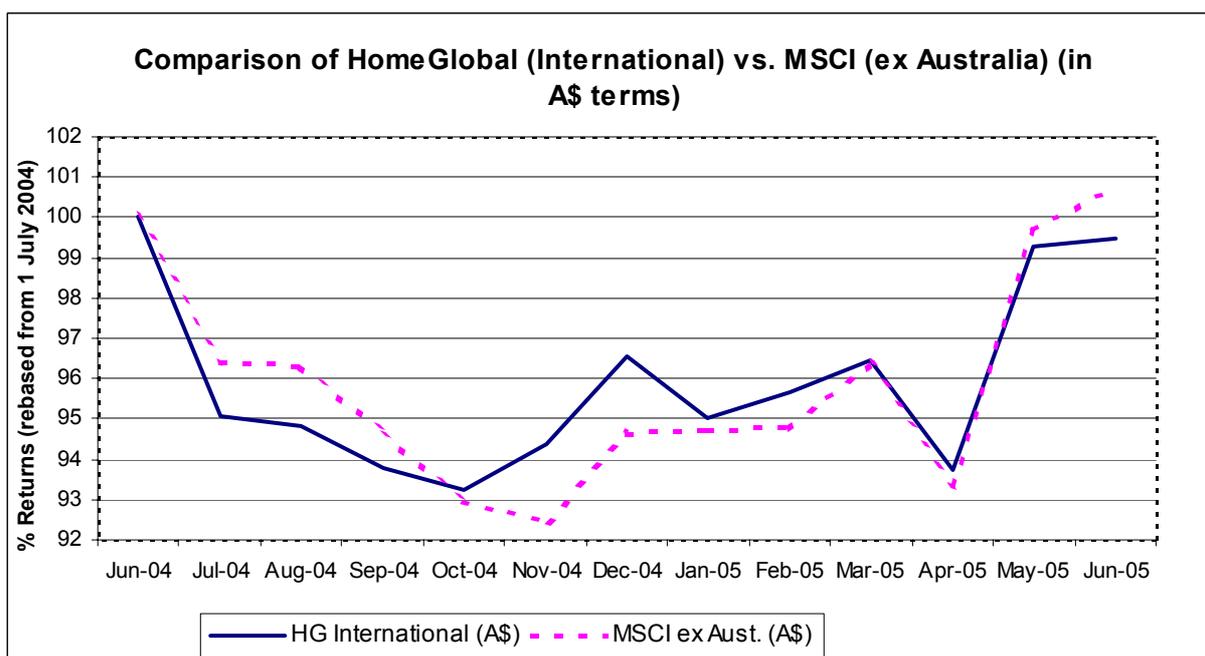
<sup>1</sup> The MER is a measure of the expenses incurred by the Company as a proportion of the Company's net asset value. The majority of these expenses comprise fees paid to the Investment Manager and the Custodian and the corporate costs of maintaining BEL as a listed investment company (including directors fees and ASX listing fees). The MER of the Company has been calculated in accordance with the Investment and Financial Services Association (IFSA) standard.

## OVERVIEW OF PERFORMANCE

- (4) The Company retained the balance of the cash (on deposit) from the realisation of its investment in the Vanguard fund to pay dividends on 27 September 2004 (one cent per share fully franked at a total cost of \$389,422) and for general working capital purposes (including payment of Constellation's investment management fees (\$135,878) and NAB's custodian fees (\$43,889) during the year).
- (5) As at 30 June 2005, the Company's investment portfolio managed by Constellation has incurred \$114,908 in unrealised losses on investments. Constellation's investments in international securities are unhedged and the Company has incurred foreign exchange losses of \$106,326 for the year.
- (6) The Company is not in a position to pay a further dividend for the year ended 30 June 2005.
- (7) The Company has \$8,790,117 in prior year foreign tax losses and \$4,663,711 available franking credits as at 30 June 2005.



VWAP = volume weighted average BEL price for the month; NTA = net tangible asset backing at month end



## THE BOARD'S REPORT

In September 2004, the Company's Investment Manager, Constellation Capital Management Limited, established the investment portfolio in accordance with the international component of Constellation's HomeGlobal™ Investment Strategy.

As at 30 June 2005, a direct investment in the Company provides indirect exposure to a diversified portfolio of 213 securities across a wide range of industry sectors in 11 recognised overseas stock markets.

During calendar year 2004, the Company was pleased to resume the payment of dividends after no dividends were paid in calendar year 2003 (which was a year of transition for the Company following the resignation of the investment manager). Disappointingly, the Company is unable to pay a dividend in respect of the year ended 30 June 2005 - whilst the investment portfolio delivered a strong return of 11.1% in US\$ terms in the 9 months from September 2004 (when the portfolio was established by Constellation) to 30 June 2005, when account is taken of the increase in the \$A from \$US 0.689 on 10 September 2004 to \$US 0.763 at the end of the financial year, the investment portfolio's return in A\$ terms was only 5.6%.

However, the Company is pleased to report that in the first 3 months of the current financial year, the investment portfolio is showing an appreciation (i.e. unrealised gain) of \$1.2 million, reflecting an improvement in world markets (the MSCI ex Australia Index returned 7.0% in US\$ terms) and favourable exchange rate movements (the MSCI ex Australia Index returned 6.8% in A\$ terms). This augers well for the Company being able to pay a dividend during the balance of the current 2005/2006 financial year.

The Board has identified the following specific challenges for the Company during 2005/2006:

- (1) To reduce the current significant share price discount to the Company's NTA backing;
- (2) To reduce the MER;
- (3) To increase the capital base of the Company;
- (4) To seek to pay a regular and stable dividend stream to shareholders;
- (5) To continue to monitor the performance of the manager and its HomeGlobal™ Investment Strategy;
- (6) If appropriate, to canvass shareholders about the Board's implementation of the Company's objectives and investment mandate;
- (7) To report on the Company's performance within an appropriate Investor Relations strategy.

### Expiry of Investment Management Agreement

The investment management agreement with Constellation will expire on 18 May 2006. The Board will review the performance of Constellation and its HomeGlobal™ Investment Strategy leading up to the expiry of such term and will either:

- (1) seek to negotiate a renewal of Constellation's appointment as investment manager if appropriate; or
- (2) seek the appointment of another appropriate investment manager (to manage the Company's funds in accordance with the Company's current investment mandate/objectives to invest in international securities unless a change is approved by shareholders).

### Increases in Capital Base

The Board is considering ways to increase its investment portfolio size to raise the Company's profile in the general investment community as one of the few listed investment companies specialising in international equities and reduce the Company's MER. The latter is particularly relevant as the Directors have negotiated a 2 tier management fee structure with Constellation such that the ratio of total management fees decreases as the portfolio size increases.

The Company has identified a number of reasons why the asset base of the Company should increase and these include the following:

- A reasonable MER for the Company is a key factor for investors. Given the relatively high and fixed nature of costs associated with the Company being listed on the ASX, the Company believes it is important to achieve economies of scale by increasing the size of the Company so that these costs are amortised across a larger asset base. Such amortisation should thereby assist in the overall percentage

## THE BOARD'S REPORT

level of shareholder returns generated by the Company on its investment portfolio;

- A larger asset base should be more attractive to institutional investors and to increasing liquidity in the market for the Company's shares.

The Board will consider the expansion of the capital base of the Company through the issue of equity capital or mergers (through schemes or takeovers) with other listed investment companies or managed funds.

### Taxation Position

The Company has substantial prior year foreign tax losses (\$8,790,117) and available franking credits (\$4,663,711) as at 30 June 2005. The foreign losses can generally be carried forward indefinitely and claimed as a tax deduction against the same class of foreign income earned in later years (subject to compliance with the "continuity of ownership" or "same business" tests associated with claiming tax losses). The utilisation of franking credits is not dependent on the nature of profits earned by the Company.

### Taxation of Dividends Paid by Listed Investment Companies (LICs)

Bentley International is taxed like any other company on its profits in the ordinary course of business and realised capital gains (if any) at the standard company tax rate of 30 percent. The Company is not entitled to claim the deduction of 50 percent of any capital gains that is available to private investors, but under the so called LIC tax concession, the Company can pass the benefit of the deduction on to Australian shareholders through the dividends paid by the company.

The Company is currently considering whether it qualifies for the LIC tax concession.

It is likely that the dividends paid by Bentley International will be substantially fully franked as the Company has substantial available franking credits (\$4,663,711). The Australian Dividend Imputation System works by adding the company tax paid by Bentley International back to the dividend to give a grossed up income. Thus the Company might:

- earn \$1,000, pay company tax of \$300 to produce an after tax profit of \$700;

- if that \$700 is paid out as a dividend to an Australian taxpayer, the tax is added back to give a grossed up income of \$1,000;
- the taxpayer assesses his or her tax liability on the grossed up amount of \$1,000 and the imputation credit of \$300 is treated as a prepayment. If the imputation credit is greater than the amount owed by the taxpayer, the taxpayer is entitled to a refund, otherwise the taxpayer has to pay the difference.

Australian shareholders recoup any tax paid by the Company provided it is attached to dividends. However the Company is not entitled to the same capital gains tax deductions as a private investor. When a part of the dividend paid by a LIC is derived from realised capital gains (on which tax has been paid), an individual Australian taxpayer may be entitled to a further deduction equal to 50 percent of the grossed up (for imputation credits) gain derived from that source.

Thus, if \$700 out of a total dividend of \$1,000 was sourced from eligible capital gains, an eligible Australian taxpayer would be entitled to a LIC tax deduction of \$500 in addition to the benefits of dividend imputation.

Bentley International will advise shareholders of any potential entitlement to a LIC tax concession at the time of payment of dividends.

### Communications with shareholders

The Company is committed to communicating with its shareholders and appreciates their feedback on any matter of concern to them in relation to the Company and the Board.

The Company communicates with shareholders via its website, the release of announcements on ASX, including monthly NTA reports, the advertising of the Company's monthly NTA backing in the Australian Financial Review, and emailing company announcements to shareholders who have registered their email address with the Company.

Please email [info@bel.com.au](mailto:info@bel.com.au) to register your email address with the Company.

## THE INVESTMENT PORTFOLIO as at 30 June 2005

### Asset Weighting

	<u>% Portfolio / Net Assets</u>
International Equities	96.5%
Cash	3.5%
<b>TOTAL</b>	<b>100%</b>

### Regional and Currency Exposures

<u>Regions</u>	<u>% Portfolio / Net Assets</u>	<u>Currencies</u>	<u>% Portfolio / Net Assets</u>
North America	57.7%	United States	57.3%
Europe (ex UK)	16.4%	Japan	10.8%
Japan	10.7%	United Kingdom	9.0%
United Kingdom	8.8%	France	4.5%
Asia (ex Japan)	2.9%	Switzerland	4.0%
		Germany	3.8%
Cash *	3.5%	Netherlands	2.5%
<b>TOTAL</b>	<b>100%</b>	Taiwan	1.9%
		Canada	1.7%
		Sweden	1.7%
		Australia	1.3%
		Hong Kong	1.2%
		Euro	0.2%
		<b>TOTAL</b>	<b>100%</b>

\* Cash includes cash held in various overseas currencies

The Company's funds are directly exposed to the overseas currencies in which the portfolio's investments (managed by Constellation) are denominated (i.e. the currencies of the stock exchanges on which equity holdings are listed) and, indirectly to the currencies in which the operations of its investments (many of which are large multinational companies) are denominated.

Constellation's investments in international securities are unhedged. The Company and Constellation have recently reviewed the issue of hedging and still considers the policy of not hedging the currency exposure of the investment portfolio appropriate.

The Company notes that all the major currencies in the investment portfolio have appreciated against the Australian dollar since the inception of the portfolio in early September 2004, which has depressed the value of the portfolio when translated back into Australian dollars as at 30 June 2005. An appreciation in an overseas currency against the Australian dollar will cause the underlying portfolio to depreciate in value when converted back into Australia dollars and vice versa (assuming no change in the underlying portfolio value). Accordingly, currency movements can reduce or exacerbate movements in the value of the underlying securities in the Company's portfolio when converted back into Australian dollars.

However, the Company continues to provide a vehicle through which Australian investors can diversify their investment exposure beyond the Australian market and beyond the Australia dollar.

## THE INVESTMENT PORTFOLIO

### as at 30 June 2005

#### Top 20 Holdings

Stocks	% Portfolio / Net Assets	Sector exposures	Country
(1) MICROSOFT	2.7	Software & Computer Services	United States
(2) EXXON MOBIL	2.3	Oil & Gas	United States
(3) INTEL	1.6	Information Technology Hardware	United States
(4) JOHNSON & JOHNSON	1.6	Pharmaceuticals & Biotechnology	United States
(5) BP PLC	1.5	Oil & Gas	United Kingdom
(6) ALTRIA GROUP	1.4	Tobacco	United States
(7) INTL.BUS.MACH.	1.3	Software & Computer Services	United States
(8) CISCO SYSTEMS	1.3	Information Technology Hardware	United States
(9) PROCTER & GAMBLE	1.3	Personal Care & Household Products	United States
(10) NOVARTIS R	1.3	Pharmaceuticals & Biotechnology	Switzerland
(11) ENCANA	1.3	Oil & Gas	Canada
(12) GLAXOSMITHKLINE	1.2	Pharmaceuticals & Biotechnology	United Kingdom
(13) VODAFONE GROUP	1.2	Telecommunication Services	United Kingdom
(14) TOTAL	1.0	Oil & Gas	France
(15) DELL	1.0	Information Technology Hardware	United States
(16) ERICSSON B	1.0	Information Technology Hardware	Sweden
(17) ROCHE HOLDING GSH.	1.0	Pharmaceuticals & Biotechnology	Switzerland
(18) TOYOTA MOTOR	0.9	Automobiles & Parts	Japan
(19) ROYAL DUTCH PTL.	0.9	Oil & Gas	Netherlands
(20) NESTLE R	0.8	Food Producers & Processors	Switzerland
<b>TOTAL</b>	<b>26.6</b>		

## THE INVESTMENT PORTFOLIO as at 30 June 2005

### Top 10 Performers - 9 Months (since portfolio inception) to 30 June 2005

Stocks	Sector	Country	Return %	
			In Local Currency	In A\$
(1) ABERCROMBIE & FITCH	General Retailers	United States	119.7	108.7
(2) APPLE COMPUTER	Information Technology Hardware	United States	90.0	80.5
(3) TXU	Electricity	United States	77.5	68.7
(4) ENCANA	Oil & Gas	Canada	66.5	63.5
(5) AETNA	Health	Canada	65.8	57.6
(6) EDISON INTL.	Electricity	United States	56.3	48.5
(7) GENENTECH	Pharmaceuticals & Biotechnology	United States	53.1	45.5
(8) CORNING	Information Technology Hardware	United States	50.0	42.5
(9) HCA	Health	United States	49.9	42.5
(10) PUB.SER.ENTER.GP.	Electricity	United States	47.5	40.2

### Bottom 10 Performers - 9 Months (since portfolio inception) to 30 June 2005

Stocks	Sector	Country	Return %	
			In Local Currency	In A\$
(1) IDEL PHAR	Pharmaceuticals & Biotechnology	United States	-43.7	-46.5
(2) BOSTON SC	Health	United States	-32.0	-35.4
(3) EBAY	General Retailers	United States	-28.2	-31.8
(4) BIOMET IN	Health	United States	-26.1	-29.8
(5) FORD MOTOR	Automobiles & Parts	United States	-25.2	-28.9
(6) NORTEL NETWORKS	Information Technology Hardware	Canada	-25.5	-26.8
(7) LEXMARK INTL.GP.A	Information Technology Hardware	United States	-22.8	-26.7
(8) SYMANTEC	Software & Computer Services	United States	-20.8	-24.7
(9) GENERAL MOTORS	Automobiles & Parts	United States	-16.5	-20.7
(10) HARLEY-DAVIDSON	Automobiles & Parts	United States	-15.9	-20.1

## THE INVESTMENT PORTFOLIO as at 30 June 2005

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### Industry Sector Weighting

<u>Sector Exposures</u>	<u>% Portfolio / Net Assets</u>
Information Technology Hardware	13.4
Pharmaceuticals & Biotechnology	11.6
Oil & gas	11.1
Software & Computer Services	7.3
Telecommunication Services	6.4
Electricity	5.7
Electronic & Electrical Equipment	4.9
Speciality & Other Finance	4.3
Health	4.2
Automobiles & Parts	4.0
Personal Care & Household Products	3.5
General Retailers	3.1
Aerospace & Defence	3.0
Food Producers & Processors	2.6
Chemicals	2.4
Engineering & Machinery	2.3
Tobacco	2.2
Insurance	2.1
Household Goods & Textiles	1.6
Diversified Industrials	0.8
<b>Sub-Total Equities</b>	<b>96.50%</b>
<b>Cash</b>	<b>3.5%</b>
<b>TOTAL</b>	<b>100%</b>

The investment portfolio as at 30 June 2005 does not directly correlate with the 30 June 2005 theoretical weightings detailed in the HomeGlobal™ Investment Strategy section of this Annual Report at page 4 as (a) the investment portfolio does not hold all stocks within each industry sector in the theoretical index; (b) the Company is not fully invested - cash funds have been retained by the Investment Manager and the Company; (c) as a consequence of changes in the global weightings since the inception of the portfolio in September 2004; and (d) as a consequence of the performance of the underlying securities within each industry sector.

Constellation has invested in a sample of (predominantly major) stocks within each industry sector rather than all stocks for efficiency/cost reasons as the present size of the fund would make it uneconomic (after taking into account transactions and on-going custodial costs) to invest in small holdings of many stocks.

As at 30 June 2005, Constellation's international HomeGlobal™ portfolio for the Company comprises more than 200 stocks in 11 overseas markets - please refer to a full listing of the BEL investment portfolio as at 30 June 2005 in the "List of Share Investments" section of the Annual Report on page 64.

# THE INVESTMENT PORTFOLIO

## as at 30 June 2005

### Description of Stocks in Top 10 Holdings

Stock	Sector and Country	Profile
(1) MICROSOFT	Software & Computer Services  United States	The Group's principal activity is to develop, manufacture, license and support a wide range of software products for a multitude of computing devices. The software products include scalable operating systems for servers, personal computers and intelligent devices; server applications for client or server environments; information worker productivity applications; business solutions applications and software development tools. The Group also provides consulting and product support services. The Group trains and certifies system integrators and developers. The Group sells the Xbox video game console and games, PC games and peripherals. The online businesses are MSN subscription and the Internet products and services. On 11-May-2005, the Group acquired assets of MessageCast Inc and on 21-Jun-2005, Sybari Software Inc.
(2) EXXON MOBIL	Oil & Gas  United States	The Group's principal activities are exploration, production, transportation and sale of crude oil and natural gas. The Group manufactures petroleum products, which includes olefins, aromatics, polyethylene and polypropylene plastics and other specialty products. It is also involved in electric power generation. The Group operates through three segments: Upstream, Downstream and Chemicals. The Upstream operates to explore for and produce crude oil and natural gas. The Downstream segment manufactures and markets petroleum products. The Chemicals segment manufactures and markets petrochemicals. The Group operates and markets in the United States and about 200 other countries and territories.
(3) INTEL	Information Technology Hardware  United States	The Group's principal activities are to design, develop, manufacture and market computers, networking and communication products. The Group operates in two segments, namely Architecture Business and Communications Group. The Architecture Business segment produces microprocessors and related chipsets and motherboards. The Communications Group segment offers products such as flash memory, as well as platform solutions for the wireless handheld computing and communications market. In addition, Communication Group offers wired and wireless connectivity products and key networking and communications infrastructure components. The Group's customers include original equipment manufacturers, original design manufacturers, PC and network communications products users and other manufacturers. The Group's foreign operations are in Europe, Japan, China, Taiwan and the Asia Pacific.
(4) JOHNSON & JOHNSON	Pharmaceuticals & Biotechnology  United States	The Group's principal activity is to manufacture and market a range of products in the health care field. The Group operates in three segments: Pharmaceutical segment provide worldwide franchises in the antifungal, anti-infective, cardiovascular, contraceptive, dermatology, gastrointestinal, haematology, immunology, neurology, oncology, pain management, psychotropic and urology fields. Medical devices and diagnostics segment includes a broad range of products used by or under the direction of physicians, nurses, therapists, hospitals, diagnostic laboratories and clinics. Consumer segment manufactures and markets a broad range of products used in the baby and childcare, skin care, oral and wound care and women's health care fields, as well as nutritional and over-the-counter pharmaceutical products. In 2004, the Group acquired EGEA Biosciences, Inc & Artemis Medical, Inc, on 04-Apr-2005, Transform Pharmaceuticals Inc and on 03-Jun-2005, CLOSURE Medical Corp.
(5) BP PLC	Oil & Gas  United Kingdom	The Group's principal activities are carried out through five businesses: Refining and Marketing, Gas, Power and Renewables, Petrochemicals, Exploration and Production and Other Businesses and Corporate. Refining and Marketing: Transports and trades crude oil and petroleum products such as lubricants and fuel to the retail and business sector. Gas, Power and Renewables: Produces and trades natural gas, gas liquids and generates solar energy. Petrochemicals: Manufactures and markets petrochemicals that are used in consumer applications. Exploration and Production: Develops and produces oil and natural gas. It also provides field pipeline transport and processing of natural gas. The Group brands include BP, am/pm, Aral, ARCO and Castrol. The Group operates in Europe, Middle East, Far East, Africa, Australasia and United States of America. During 2004, the Group acquired the entire share capital BP Solvay Polyethylene Europe and BP Solvay Polyethylene North America.

# THE INVESTMENT PORTFOLIO

## as at 30 June 2005

### Description of Stocks in Top 10 Holdings (continued)

(6) ALTRIA GROUP	Tobacco	The Group's principal activities are to manufacture and market various consumer products, including cigarettes, grocery products, snacks, beverages, cheese and convenient meals. The activities are carried out through its subsidiaries: Philip Morris USA Inc, Philip Morris International Inc, Kraft Foods Inc and Philip Morris Capital Corporation. Philip Morris USA Inc manufactures and markets cigarettes in the United States. Philip Morris International Inc manufactures and markets cigarettes internationally. The major brands include Marlboro, Philip Morris, Parliament, Virginia Slims and others. Kraft Foods Inc manufactures and markets branded foods and beverages in the United States, Canada, Europe, the Middle East, Africa, Latin America and Asia Pacific. The Group also conducts leasing activities through its subsidiary, Philip Morris Capital Corporation. The products are marketed to distributors, wholesalers, retailers, state-owned enterprises and armed services.
	United States	
(7) IBM	Software & Computer Services	The Group's principal activity is to provide business and information technology services. The Group operates through five segments: Global Services segment provides IBM software and hardware and provides global outsourcing services. Hardware Product segment comprises of Systems and Technology Group which provides business solutions requiring advanced computing power and storage capabilities and Personal Systems Group which sells personal computers, business and computing solutions for retail stores. Software segment consists of middleware and operating systems software. Global Financing segment includes customer financing, commercial financing and remarketing. Enterprise Investments segment develops and provides industry-specific IT solutions. On 01-Dec-2004, Group acquired Maersk Data and DMdata, on 07-Jan-2005, SRD, on 16-Mar-2005, Corio, Inc, during Mar-2005 Equitant during Mar-2005 and on 02-May-2005, Ascential Software Corporation.
	United States	
(8) CISCO SYSTEMS	Information Technology Hardware	The Group's principal activities are to manufacture and sell networking and communications products. It also provides services related to this equipment and its use. It offers a wide range of products for transporting data, voice and video within buildings and across the campuses or around the world. The products of the Group include routers, switches and dial up access servers and network management software. The customers of the Group include corporations, public institutions, telecommunication companies and commercial enterprises. The international operations are located in Europe, the Middle East, Africa, Asia Pacific and Japan. In fiscal 2004, the Group acquired Latitude Communications Inc, Riverhead Networks, Twingo Systems, Andiamo Systems Inc, Actona Technologies Inc and Parc Technologies Ltd and in fiscal 2005, it acquired dynamicsoft of Parsippany, P-Cube Inc, NetSolve Incorporated, Airespace, Inc, M. I. Secure Corporation and FineGround Networks, Inc.
	United States	
(9) PROCTER & GAMBLE	Personal Care & Household Products	The Group's principal activity is to manufacture and market consumer products. The Group operates in five business segments: Fabric and home care, Beauty care, Baby and family care, Health care and Snacks and Beverages. Fabric and home care includes laundry care, dish care, fabric enhancers and hard surface cleaners. Beauty care includes cosmetics, hair care, skin care, deodorants, fragrances, and other products. Paper includes products for the Baby and family care such as tissues, towel, diapers and wipes. Health care includes personal health care, oral care, pharmaceuticals and pet health and nutrition. Snacks and beverage includes coffee, snacks, commercial services, juice, peanut butter and shortening and oil.
	United States	
(10) NOVARTIS AG	Pharmaceuticals & Biotechnology	The Group's principal activity is the development and manufacture of pharmaceuticals and nutritional products. The Group operates through two divisions; the Pharmaceutical and the Consumer Health. Pharmaceuticals Division: includes drugs for use in transplantation, central nervous system disorders, cardiovascular, endocrine and respiratory diseases, dermatology, oncology, haematology and rheumatism, bone and hormone replacement therapy. Consumer Health Division includes Generics/OTC sells copies of prescription medicines no longer under patent protection; medical nutrition and self-medication; Ciba Vision: manufactures disposable and extended wear contact lenses; animal health: vaccines, pest control chemicals and veterinary pharmaceuticals. The Group acquired Durascan on 30 Jun 2004, Sabex Inc on 13 Aug 2004 and Mead Johnson's global adult medical nutrition business on 13 Feb 2004.
	Switzerland	

# THE INVESTMENT PORTFOLIO

## as at 30 June 2005

### Description of Stocks in Top 10 Performers (in A\$)

Stock	Sector	Profile
(1) ABERCROMBIE & FITCH  In A\$      +108.7%	General Retailers  United States	The Group's principal activity is the retail distribution of casual apparel, personal care and other accessories for men, women and children. The Group markets its products under the brand names Abercrombie & Fitch, Abercrombie and Hollister Co. Hollister Co is a west coast oriented brand which targets 14 to 17-year-old high school guys and girls, at lower price points than Abercrombie & Fitch. The apparel can also be purchased through A&F Quarterly catalogue/magazine and through the web site. As of 15-Jun-2005, the Group operated 351 Abercrombie & Fitch stores, 167 Abercrombie stores, 260 Hollister stores and 5 RUEHL stores.
(2) APPLE COMPUTERS  In A\$      +80.5%	Information Technology Hardware  United States	The Group's principal activities are to design, manufacture and market personal computers and related software, peripherals and personal computing and communicating solutions. It offers a range of personal computing products including desktop and notebook personal computers, related devices and peripherals, networking and connectivity products and various third-party hardware products. The Group's customers are primarily in the education, creative, consumer and business markets. It sells its products through its online stores, direct sales force, third-party wholesalers and resellers and its own retail stores. The Group has its foreign operations in Europe, Japan and Asia Pacific.
(3) TXU  In A\$      +68.7%	Electricity  United States	The Group's principal activities are the generation of electricity, wholesale energy trading, retail energy marketing, energy delivery, and other energy-related services and, through a joint venture, telecommunication services. The Group reportable segments are TXU Energy Holdings and TXU Electric Delivery. TXU energy holdings operate principally in the Texas market, involving power production and retail and wholesale energy sales. TXU electric delivery consists of regulated operations involving the transmission and distribution of electricity in Texas. The customers of the Group include residential and small commercial retailers. The Group operates in the United States, Europe and Australia
(4) ENCANA  In A\$      +63.5%	Oil & Gas  Canada	The Group's principal activities are to explore, produce and market natural gas, crude oil and natural gas liquids. It operates through two segments namely: Upstream and Midstream and Marketing. Upstream focuses on the exploration, development and production of natural gas, crude oil and natural gas liquids (NGLs) and other related activities. The Midstream and Marketing division focuses on natural gas operations, NGLs processing and power generation operations. It also undertakes market optimization activities to enhance the sale of Upstream's proprietary production. The Group operates in the United States and Canada. The new venture exploration programs are focused on opportunities in Africa, South America, the Middle East and Greenland.
(5) AETNA  In A\$      +57.6%	Health  Canada	The Group's principal activities are to provide health care benefits, group insurance and retirement benefits. The Group operates in three segments: The Health Care segment: consists of health and dental plans offered on full risk basis and employer-funded basis. Health plans include health maintenance organization, point-of-service, preferred provider organization and indemnity benefit products. The Group Insurance segment: includes group life insurance, group disability insurance and long-term care insurance. The Large Case Pension segment: manages a variety of retirement products including pension and annuity products primarily for defined benefit and defined contribution plans. These products provide funding and benefit payment distribution options and other services. On 06-Jan-2005, the Group acquired Strategic Resource Company. On 27-May-2005, the Group acquired ActiveHealth Management.
(6) EDISON INTERNATIONAL  In A\$      +48.5%	Electricity  United States	The Group's principal activity is that of an electric power generator and distributor and an investor in infrastructure and renewable energy projects. It operates through three segments: Electric Utility: Comprises the business of Southern California Edison Company (SCE), a public regulated electric utility that supplies electric energy to a 50,000 square-mile area of central, coastal and Southern California. Nonutility Power Generation: Comprises the business of Mission Energy Holding Company (MEHC), a holding company for Edison Mission Energy that owns or leases, operates and sells energy and capacity from electric power generation facilities. Financial Services: Comprises the business of Edison Capital, a provider of capital and financial services in energy affordable housing, and infrastructure projects focusing primarily on investments related to the production and delivery of electricity.

## THE INVESTMENT PORTFOLIO

### as at 30 June 2005

#### Description of Stocks in Top 10 Performers (in A\$) (continued)

Stock	Sector	Profile
(7) GENENTECH	Pharmaceuticals & Biotechnology	The Group's principal activities are to discover, develop, manufacture and commercialize biotherapeutics for unmet medical needs. The Group manufactures and markets biotechnology products and licenses several additional products to other companies. Activase, Avastin <sup>TM</sup> , Cathflo Activase, Herceptin, Lucentis <sup>TM</sup> , Nutropin Depot, Nutropin AQ, Nutropin, Protropin, Pulmozyme, Raptiva <sup>TM</sup> , TNKase <sup>TM</sup> , Rituxan, etc. are some of the registered trademarks owned by the Group. The Group also provides certain customer service programs relating to products. The Group has foreign operations in Asia Pacific, Canada, Switzerland, Germany, France, Italy, Great Britain and other countries. The major customers of the Group are Amerisource/Berger, Corp., Cardinal Health, Inc. and McKesson, Inc.
In A\$	+45.5%	United States
(8) CORNING	Information Technology Hardware	The Group's principal activity is to produce optical fibre and cable, as well as, specialized products utilizing glass. The Group operates in four segments. Display Technologies segment produces glass substrates for active matrix liquid crystal displays used in notebook computers, monitors, and LCD televisions. Telecommunications segment produces optical fibre and cable, and hardware and equipment. Environmental Technologies Segment produces ceramic technologies and solutions for emissions and pollution control in mobile and stationary applications, including gasoline and diesel substrate and filter products. Life Science segment produces laboratory products, which includes microplate products, coated slides, filter plates for genomics sample preparation, plastic cell culture dishes, flasks and others. The Group operates in 15 countries including the United States, Canada, Mexico, Japan, Taiwan, China, Korea, Germany, France, the United Kingdom, Italy and Brazil.
In A\$	+42.5%	United States
(9) HCA	Health	The Group's principal activities are to provide health care services by operating hospitals and related health care entities. The Group's general, acute care hospitals, freestanding outpatient surgery, diagnostic centres and rehabilitation facilities provide the outpatient and ancillary health care services. It also provides services to accommodate such medical specialties as internal medicine, general surgery, cardiology, oncology, neurosurgery, orthopaedics and obstetrics, as well as diagnostic and emergency services. As on 31-Mar-2005, the Group operates 190 hospitals and 92 freestanding surgery centres located in 23 states in the US, London, England and Switzerland.
In A\$	+42.5%	United States
(10) PUBLIC SERVICE ENTERPRISE GROUP	Electricity	The Group's principal activities are to generate, transmit, distribute and market electric energy through its wholly owned subsidiaries. The Group operates through four segments: Power, PSE&G, Global and Resources. Power segment markets energy and provides capacity and ancillary services on a wholesale basis under contract to power marketers. PSE&G segment provides electric transmission and electric and gas distribution services to residential, commercial and industrial customers in New Jersey. Global segment includes investments in and operation of projects in the generation and distribution of energy. Resources segment includes passive investments in leveraged leases, limited partnerships, leveraged buyout funds and marketable securities.
In A\$	+40.2%	United States

# THE INVESTMENT PORTFOLIO

## as at 30 June 2005

### Description of Stocks in Bottom 10 Performers (in A\$)

Stock	Sector	Profile
(1) IDEL PHARMACEUTI CAL S ( PREVIOUSLY BIOGEN)	Pharmaceuticals & Biotechnology	The Group's principal activity is the research, development, manufacture and commercialization of targeted therapies for the treatment of cancer and autoimmune and inflammatory diseases. The Group's two commercial products, Rituxan (r) (rituximab) and Zevalin (r) (ibritumomab tiuxetan) are for use in the treatment of certain B-cell non-Hodgkin's lymphomas (B-cell NHLs). Rituxan is a genetically engineered, chimeric murine/human monoclonal antibody designed to harness the patient's own immune mechanisms to destroy normal and malignant B cells. Zevalin, the Group's radioimmunotherapy product approved for treatment of certain B-cell NHL, delivers targeted immunotherapy by means of injectable radiation to target sites expressing the CD20 antigen, such as lymphatic B-cell tumours. In addition, the Group is developing products for the treatment of cancer and various autoimmune and inflammatory diseases, such as rheumatoid arthritis, allergic asthma and allergic rhinitis.
In A\$	-46.5% United States	
(2) BOSTON SCIENTIFIC	Health	The Group's principal activities are to develop, manufacture and market medical devices. The segments of the Group are Cardiovascular and Endosurgery. The Cardiovascular segment offers products and technologies for use in interventional cardiology, peripheral interventions, vascular surgery, electrophysiology and neurovascular procedures. The Endosurgery segment offers products and technologies for use in oncology, endoscopy, urology and gynaecology procedures. The products are sold to the hospitals, clinics, out-patient facilities and medical offices. On 07-Apr-2004, the Group acquired Precision Vascular Systems Inc, 01-Jun-2004, Advanced Bionics Corporation, 04-Mar-2005, Advanced Stent Technologies Inc, 18-Apr-2005, TriVascular, Inc and on 14-Jun-2005, Rubicon Medical Corporation.
In A\$	-35.4% United States	
(3) EBAY	General Retailers	The Group's principal activity is to operate online market place and payments platform through the web sites eBay.com and paypal.com respectively. The Group operates in three segments: U.S. Segment, International Segment and Payments Segment. The U.S. Segment includes U.S. online marketplace trading platforms. The International Segment includes the international online marketplace trading platforms. The Payments Segment includes the global payments platform. Through its subsidiaries and affiliates, the websites are directed toward the countries which include the United States, Australia, Austria, Belgium, Canada, China, France, Germany, Hong Kong, India, Italy, Malaysia, the United Kingdom and other countries. As of 31-Mar-2005, the Group operated 32,000 stores worldwide. On 23-Feb-2005, the Group acquired Rent.com and on 18-May-2005, the Group acquired Gumtree.com and LoQUo.com.
In A\$	-31.8% United States	
(4) BIOMET	Health	The Group's principal activities are to design, manufacture and market products used by musculoskeletal medical specialists in both surgical and nonsurgical therapy. The products include reconstructive and fixation devices, orthopaedic support devices, operating room supplies, general surgical instruments, arthroscopy, spinal products, bone cements and accessories. Reconstructive devices include knee, hip and extremity joint replacement systems, as well as dental reconstructive implants, bone cements and accessories and the procedure-specific instrumentation required to implant the Company's reconstructive systems. Fixation products include internal and external fixation devices, craniomaxillofacial fixation systems and electrical stimulation devices that do not address the spine. Spinal products include electrical stimulation devices addressing the spine, spinal fixation systems and orthobiologicals. On 18-Jun-2004, the group acquired Interpore International Inc.
In A\$	-29.8% - United States	
(5) FORD MOTOR	Automobiles & Parts	The Group's principal activity is to produce and sell cars and trucks. The Group is also engaged in other business such as financing and renting vehicles and equipment. The Group operates through two segments: Automotive and Financial Services sector. The Automotive segment consists of the design, manufacture, sale and service of cars and trucks, automotive components and systems. The Financial services segment consists of vehicle-related financing, leasing and insurance, renting and leasing of cars and trucks and renting industrial and construction equipment and other activities. The Financial sector is operated through two subsidiaries, The Ford Credit Company and The Hertz Corporation. The Group operates in North America, South America, Europe, Africa and Asia-Pacific. In 2004, the Group acquired ZF Batavia, LLC.
In A\$	-28.9% United States	

## THE INVESTMENT PORTFOLIO

### as at 30 June 2005

#### Description of Stocks in Bottom 10 Performers (in A\$) (continued)

Stock	Sector	Profile
(6) NORTEL NETWORKS	Information Technology Hardware	The Group's principal activity is to design, develop, manufacture, assemble and distribute network solutions. The Group provides finance, installation, license and support for network solutions. Networking solutions enables the Group's service provider and enterprise customers to provide services to communicate locally, regionally or globally through the use of data, voice and multimedia communications. Its service provider customers include local and long-distance communications companies, wireless service providers and cable operators. The products, services and solutions are marketed under trademarks NORTEL, NORTEL NETWORKS, NT, the GLOBEMARK and SUCCESSION. The Group operates in Canada, the United States, Europe, Middle East, Africa, Latin America and the Caribbean region. On 07-Jun-2005, the Group acquired PEC Solutions Inc
In A\$	-26.8%	Canada
(7) LEXMARK	Information Technology Hardware	The Group's principal activity is to develop, manufacture and supply printing and image solutions for offices and homes. The products include laser and inkjet printers, multifunction products, associated supplies, services and solutions. The company also sells dot matrix printers for printing single and multi-part forms by business users and develops, manufactures and markets a broad line of other office imaging products. The Group operates in two reportable segments: Business and Consumer market. The Group offers a wide range of monochrome and colour laser printers, multifunction products and associated features, software and application solutions. The products are sold in over 150 countries in North and South America, Europe, the Middle East, Africa, Asia, the Pacific Rim and the Caribbean.
In A\$	-26.7%	United States
(8) SYMANTEC	Software & Computer Services	The Group's principal activities are to provide content and network security software and appliance solutions to enterprises, individuals and service providers. It operates in five segments. Consumer Products segment delivers security and problem-solving products to individual users, home, offices and small businesses. Enterprise Security segment provides Internet security technology, global response and services used for information security needs. Enterprise Administration segment offers products for use in information technology departments. Services segment provides information security solutions. Other segment comprises of sunset products and products nearing the end of their life cycle. The Group acquired Brightmail Incorporated, TurnTide Inc, @stake Inc, LIRIC Associates and Plat form Logic Inc in fiscal 2005. The Group has operations in over 38 countries.
In A\$	-24.7%	United States
(9) GENERAL MOTORS	Automobiles & Parts	The Group's principal activities are carried out through two business segments: Automotive and Other Operations and Financing and Insurance Operations. Automotive and other operations segment designs, manufactures and markets cars, trucks, locomotives and heavy-duty transmissions and related parts and accessories. The Financing and insurance operations segment operates through General Motors Acceptance Corporation and other financing entities, which provide a range of financial services. The services include consumer vehicle financing, full-service leasing and fleet leasing, dealer financing and car and truck extended service contracts. The Group also provides residential and commercial mortgage services, commercial, vehicle and homeowners' insurance and asset-based lending. The Group operates in the United States, Canada, Mexico, France, Germany, Spain, the United Kingdom and Brazil.
In A\$	-20.7%	United States
(10) HARLEY-DAVIDSON	Automobiles & Parts	The Group's principal activities are carried out through two business segments: Motorcycles and Related Products and Financial Services. The Motorcycle and related products segment designs, manufactures and sells primarily heavyweight touring, custom and performance motorcycles and related parts. The Group offers a line of motorcycles and related products under the brand names Harley-Davidson (R) and Buell. The Group's Harley-Davidson Motor Company manufactures five families of motorcycles: Touring, Dyna Glide, Softail(R), VRSC and Sportster(R). Buell Motorcycle Company produces sport motorcycles, including four big-twin XB models and the single-cylinder Buell(R) Blast(R). It also offers a line of motorcycle parts, accessories and apparel. The Financial services include financing and servicing wholesale inventory receivables and retail loans, primarily for the purchase of motorcycles. The Group operates in Europe, Japan, Canada and Germany.
In A\$	-20.1%	United States

## THE INVESTMENT MANAGER'S REPORT

The following report has been prepared by the Investment Manager of the Company, Constellation Capital Management Limited:

### International Market Returns

International markets, as measured by the MSCI World ex Australia Index delivered a strong return for the year ended 30 June 2005 of 10% in USD terms. However when account is taken of the increase in the \$A from \$US0.698 at the start of the year to \$US0.763 at the end of the year, the return of the MSCI World ex Australia \$A Index was only 1%.

The heavy influence of a rising oil price on stock prices during the year was reflected in the returns from the energy sector, which led the way forward, at the expense of other sectors such as consumer staples, consumer discretionary and IT. Returns from the major sectors are shown below;

### Sector Performance- MSCI World ex Australia for year to June 30 2005

	\$US returns
Market	10.6
Energy	37.6
Materials	15.0
Industrials	9.9
Consumer discretionary	5.0
Consumer staples	5.3
Healthcare	7.4
Financials	12.6
Information Technology	-4.4
Telecommunication	10.5
Utilities	31.3

Source: :UBS, Datastream

Growth in corporate earnings for international stocks was strong. However, it was notable that a contraction in PE multiples across a number of sectors, as shown in the table below, was a major factor in holding back investment returns. This was in contrast to the outcome for the high returning market in Australian shares, where in many cases, PE multiples increased to the point where, with the exception of the materials sector, Australian PE multiples exceed those for their international peers.

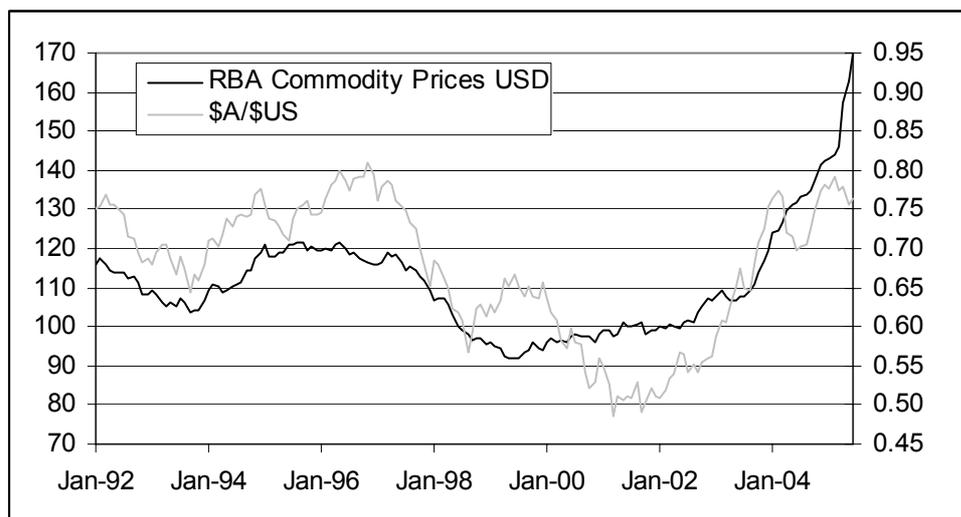
### PE Table- World ex Australia

	30 June 2004	30 June 2005
Market	16.1	14.5
Energy	14.5	12.7
Materials	14.8	12.0
Industrials	17.4	15.3
Consumer Discretionary	17.2	16.3
Consumer Staples	17.7	16.8
Healthcare	18.2	18.0
Financials	12.2	11.6
Information Technology	22.0	19.8
Telecommunication	14.0	13.5
Utilities	13.0	14.2

Source: :UBS

## THE INVESTMENT MANAGER'S REPORT

An increase in the value of the Australian dollar (see chart below) has had a negative impact on portfolio value (in A\$ terms) in the year ended 30 June. The appreciation of the \$A has coincided with an improvement in Australia's terms of trade, which in part reflects a significant improvement in negotiated price increases for Australia's bulk commodity exports. Most industry observers believe that the current levels of commodity prices are not sustainable. The currency exposures from the investments of the portfolio were unhedged throughout the year and remain unhedged.



Source:: Datastream

Many investors will often reflect on the impact of currency, sometimes positive, sometimes negative on portfolio returns. The following table demonstrates how movements in the currency have impacted portfolio returns over periods of a falling and a rising \$A.

Date	\$A/\$US	MSCI ex Australia in \$US	MSCI ex Australia in \$A
30/6/1996	0.7875	100	100
30/6/2001	0.5108	172	265
30/6/2005	0.7629	175	180

### Return % p.a.

30/6/1996-30/6/2001	9.0	11.4	21.5
30/6/2001-30/6/2005	-9.5	0.4	-9.2

For the last four years, a rising \$A has had a negative impact on portfolio returns, whereas for the previous five years movements in the \$A had a positive impact on returns. We would expect currencies to remain volatile, and with the \$A now slightly overvalued when compared to its purchasing power parity, there are grounds to believe that currency returns will make a positive contribution to future long term portfolio returns. At the end of the day, the fund provides investors with a convenient and effective diversification to international markets and currencies.

## THE INVESTMENT MANAGER'S REPORT

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### Constellation Performance Overview

Constellation commenced managing the portfolio from September 2004. Since 30 September 2004 the portfolio has returned 5.6% (in \$A) which is broadly in line with portfolio benchmark return of 6.1% for the same period and the MSCI World ex Australia return of 5.7%.

Significant contributions to returns since 30 September were made by Oil & Gas, Electricity, and IT Hardware sectors as seen in the table below.

Sector	Portfolio Weight (Sep 2004)	Sector Return (in \$A)	Contribution to portfolio Return
Oil & gas	8.1%	20%	1.6%
Electricity	5.2%	20%	1.0%
IT Hardware	11.6%	7%	0.8%
Tobacco	1.8%	31%	0.5%
Health	3.1%	15%	0.5%

Source:: Constellation

### Investment Outlook

The positive outlook for equities is centred around the continued growth in the global economy and the favourable valuation of equities when compared to current yields from fixed income securities. As noted above, we also see valuation advantages for the international universe when compared for example with the PE multiples across many Australian companies in comparable industry sectors.

As on previous occasions, investors will need to address the wall of worry, and 2006 will be no different. Of principle concern is the effect of rising input costs, especially oil prices, on corporate profits and/or inflation and interest rates. With the tight supply for both oil and refined products, fuel prices are now very sensitive to global growth as well as supply disruptions.

The portfolio offers broad diversification across a range of stocks and sectors not adequately covered by the Australian market and is well positioned to provide exposure to the continued growth in world stock markets.

## THE INVESTMENT MANAGER

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On 18 May 2004, the Company resolved the terms of and executed an investment management agreement with Constellation whereby Constellation was formally appointed as investment manager of the Company to implement the international equities component of Constellation's HomeGlobal™ Investment Strategy for an initial term of 2 years.

### 1. About Constellation Capital Management Limited

Constellation is an experienced fund manager, 50% owned by Qantas Superannuation Limited as trustee for the Qantas Superannuation Plan (which is one of Australia's largest corporate superannuation funds) and 50% by interests associated with Constellation's management. Constellation's management team has collectively many years experience in financial management disciplines and is well regarded in the industry.

Constellation offers specialist investment management services on a wholesale basis to superannuation funds, retail financial service providers, corporations, charities, trusts and endowments, and Governments and related entities.

Constellation has formed a strategic relationship with Zurich Financial Services Australia (**Zurich**) for the distribution and management of Australian equity funds management services. Under this arrangement, Zurich will have exclusive distribution and branding in Australia of pooled investment products using Constellation's risk controlled value approach.

Constellation currently has in excess of \$1 billion funds under management.

Further information Constellation is available on their website: [www.constellation.com.au](http://www.constellation.com.au)

### 2. Manager's Board And Investment Management Team

#### 2.1. Percy Allan AM, Chairman

MEc, BEc, FAICD, FCPA, FAIM

Mr Allan is a Visiting Professor at the Macquarie Graduate School of Management and is the Principal of Percy Allan & Associates, which advises on public policy, finance and management. Mr Allan has considerable experience in both the public and private sector and is well known for his past role as the Secretary of NSW Treasury and the Chairman of NSW Treasury Corporation. He is presently Chairman of the NSW Premier's Council on the Cost and Quality of Government.

#### 2.2. Douglas Little, Managing Director

BCom, FCPA, FAICD, ASIA

Mr Little founded Constellation in 1999. He was formerly Group Investment Director of Tyndall Australia Limited and has more than 35 years experience in investment markets in Australia, London and New York, including more than twenty five years in investment management. He commenced his career at AMP in 1966 as an investment analyst and until 1981 he was a senior investment executive for AMP Society. In the 1980's he successfully established and managed investment operations in New York for Potter Partners (acquired by Warburg/UBS) and Bain & Co (acquired by Deutsche Bank).

## THE INVESTMENT MANAGER

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### 2.3. **Jeremy Edmonds, Director**

MA (Hons) (Oxford), MBA

Mr Edmonds is Chief Executive of QSL, the trustee of one of Australia's largest superannuation funds which has provided capital backing for Constellation. Mr Edmonds is the trustee's representative on the Board. He has over twenty years experience in the financial services industry, having held senior positions with Trust Company Funds Management, AMP Henderson Global Investors and Rothschild Australia Asset Management.

### 2.4. **Olev Rahn, Director**

BEC, ASIA

Mr Rahn has more than 35 years experience in the investment industry, beginning as an investment analyst with Sydney stockbroker Ord Minnett. He moved to London in the late 1960s joining merchant bank Robert Fleming & Co as an investment manager and transferred to affiliate Jardine Fleming & Co in Hong Kong in 1973. He returned to Australia in late 1975, joining a small team at Ord-BT Co, predecessor of Bankers Trust Australia, becoming investment director in 1978. Through the 1980s and 90s Bankers Trust Australia grew to be Australian's pre-eminent investment bank and fund manager. Mr Rahn retired from executive duties in early 2000 and as a director in 2002 to pursue selected consultant roles, charitable fundraising and private investment activities. Mr Rahn joined the Constellation board of directors in July 2003. Mr Rahn was also a founding Director of Bentley International Limited (then known as BT Global Asset Management Limited) when it floated on ASX in 1986.

### 2.5. **Dr Peter Vann, Head of Investment Research**

PhD, MSc, BSc, ASIA

Dr Vann, formerly Head of Structured Investment Group at County Investment Management (now INVESCO) has been involved within the investment management and managed funds industry for more than 18 years. Since joining the financial community, Dr Vann has been a major contributor to the industry and related institutions. He is the founder and past President of the Australian Institute for Quantitative Research in Finance (Q Group Australia), is a Principal Lecturer for the Securities Institute of Australia course in Applied Portfolio Management, an Associate Editor for the Journal of Investing and is on the Review Board for the Journal of Indexes. Peter was also Chairman of the School Advisory Committee, School of Finance and Economics at UTS.

### 2.6. **Richard Morris, Investment Manager**

DipSM, BEC, ASIA

Mr Morris has been with Constellation for five years and has played an integral role in the development of Constellation's portfolio management systems. He was formerly a senior Investment Analyst with ASSIRT Research, a member of the St. George Banking group. He has been involved in the superannuation and managed funds industry for over 10 years, including roles with WM Mercer in investment analysis and consulting and superannuation fund administration.

## THE INVESTMENT MANAGER

### 3. Terms of Investment Management Agreement

Some of the key terms of the Investment Management Agreement (**IMA**) with Constellation are as follows:

- (1) Constellation is to invest and manage the portfolio in accordance with the international component of the HomeGlobal™ Investment Strategy;
- (2) The initial term of Constellation's appointment will be 2 years;
- (3) Authorised investments extend only to listed international equity securities (including exchange traded funds) that are traded on a recognised overseas stock exchange and certain cash and fixed interest securities. Constellation is not permitted to acquire derivatives, put options, call options, put and call options, to hedge, to borrow, or to pledge any assets of the portfolio or the Company. The Company's approval is required for Constellation to invest in a public listed company if such investment would be more than 10% of the market capitalisation of such company;
- (4) Constellation is permitted to maintain up to 5% of the portfolio in cash assets; and
- (5) The following management fees (exclusive of goods and services tax) are payable to Constellation:
  - (a) A base fee of \$69,000 per annum; and
  - (b) A variable fee of:
    - (i) 0.5% per annum of the portfolio value up to \$15m; and
    - (ii) 0.4% per annum of the portfolio value in excess of \$15m.

Examples of the management fee structure are:

Portfolio Size	Base Fee	Variable Fee		Total Fees	Total Fees as % of Portfolio Size
		0.5% up to \$15m	0.4% of excess over \$15m		
\$15m	\$69,000	\$75,000	\$0	\$144,000	0.96%
\$18m	\$69,000	\$75,000	\$12,000	\$156,000	0.87%
\$20m	\$69,000	\$75,000	\$20,000	\$164,000	0.82%
\$30m	\$69,000	\$75,000	\$60,000	\$204,000	0.68%
\$50m	\$69,000	\$75,000	\$140,000	\$284,000	0.57%
\$100m	\$69,000	\$75,000	\$340,000	\$484,000	0.48%

## DIRECTORS' REPORT

The Directors present their Directors' Report on Bentley International Limited ABN 87 008 108 218 ("Company" or "Bentley International" or "BEL") for the financial year ended 30 June 2005 ("Balance Date").

Bentley International is a company limited by shares that was incorporated in South Australia in June 1986 and is presently domiciled in New South Wales and has been listed on the Australian Stock Exchange ("ASX") since October 1986 as an "investment entity" as defined in the ASX Listing Rules.

Bentley International does not have any controlled entities.

### PRINCIPAL ACTIVITIES

Since admission to ASX in 1986, the principal investment objective of the Company is to achieve medium to long term capital appreciation. To achieve this, the Company will primarily invest in equity securities listed on the world's major stock markets. Its secondary objective is to generate income from dividend streams and the investment of a portion of the Company's portfolio in fixed interest securities and money market instruments denominated in various currencies.

The Company has made the following appointments in relation to the management and administration of its investment portfolio:

- Constellation Capital Management Limited ("**Constellation**") as investment manager (appointed 18 May 2004 for an initial 2 year term). Constellation's mandate is to invest in the international equities component of its HomeGlobal™ Investment Strategy; and
- National Australia Bank Limited ("**NAB**") (appointed 20 August 2004 for an initial 2 year term) as custodian.

### OPERATING RESULTS

	2005 \$'000	2004 \$'000
Unrealised (losses)/gains on investments	(115)	2,461
Realised (losses) on investments	(858)	-
Foreign exchange (losses)	(106)	-
Other investment related income	528	261
Total investment (loss) / income from ordinary activities	(551)	2,722
Investment manager's fees	136	8
Custody fees	44	1
Other corporate and administration expenses	353	337
Total expenses from ordinary activities	533	346
(Loss)/profit from ordinary activities before income tax expense	(1,084)	2,376
Income tax (benefit) / expense	(369)	443
(Loss)/profit from ordinary activities after income tax expense	(715)	1,933

## DIRECTORS' REPORT

### EARNINGS PER SHARE

	2005	2004
Basic and diluted earnings per share (cents)	(1.84)	4.97

### FINANCIAL POSITION

	2005 \$'000	2004 \$'000
Investments	16,880	19,114
Cash	758	19
Other assets	41	40
Liabilities	(135)	(525)
Net assets	17,544	18,648
Contributed equity	23,004	23,004
Accumulated losses	(5,460)	(4,356)
Total Equity	17,544	18,648

### NET TANGIBLE ASSET BACKING

	2005 \$'000	2004 \$'000
Net tangible assets (before tax on unrealised gains)	17,544	19,098
<b>Pre-tax NTA Backing per share (cents)</b>	45.1	49.0
Less: Provision for tax on unrealised gains	-	(450)
Net tangible assets (after tax on unrealised gains)	17,544	18,648
<b>Post-tax NTA Backing per share (cents)</b>	45.1	47.9
Based on total issued share capital	38,942,213	38,942,213

### DIVIDENDS

During the financial year, the Company paid the following dividend:

Dividend Rate	Record Date	Payment Date	Franking	Total Dividends Paid
One cent per share	21 September 2004	27 September 2004	Fully franked	\$389,422

The Company is not in a position to a further dividend for the year ended 30 June 2005.

### Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan has been suspended since 1999/2000. The Directors propose to review and update such Dividend Reinvestment Plan prior to its re-introduction, which is not likely until a reduction in the discount between the Company's share price and its Net Tangible Asset ("NTA") backing is achieved.

## DIRECTORS' REPORT

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### Dividend Policy

The Company's dividend policy is to pay dividends from the dividend, interest and other income it receives from its investments and the realised gains on the sale of its investments, to the extent permitted by law and prudent business practices. Dividends will be franked to the extent that available franking credits permit.

At Balance Date, the Company has \$8,790,117 in prior year foreign tax losses and \$4,663,711 available franking credits.

### SECURITIES IN THE COMPANY

At Balance Date and as at the date of this Directors' Report, the Company has 38,942,213 fully paid ordinary shares on issue. All such shares are listed on ASX. The Company has no other securities on issue.

### REVIEW OF OPERATIONS

#### 1. Transition of Investment Funds to Constellation

As at 30 June 2004, the Company had \$19,113,408 invested in the Vanguard International Shares Index Fund.

On 20 August 2004, the Company resolved the terms of and executed a custody agreement with NAB whereby NAB was formally appointed as custodian of the Company for an initial term of 2 years.

On 30 August 2004, the Company fully redeemed its investment in the Vanguard International Shares Index Fund to transfer the cash funds to Constellation for management. This redemption realised gross proceeds of \$18,314,056 and a net loss on investment of \$855,803 (based on the 30 June 2004 carrying value). However, the Company realised an overall net gain on such investment of \$663,454 (based on the historical cost value).

In early September 2004, the Company transferred \$17,425,000, of cash funds to its custodian for management by Constellation. During September 2004, Constellation established the international HomeGlobal™ portfolio for the Company comprising more than 200 stocks in 11 overseas markets.

The Company retained the balance of the cash (on deposit) from the realisation of its investment in the Vanguard fund to pay dividends on 27 September 2004 (\$389,422) and for general working capital purposes (including payment of Constellation's investment management fees and NAB's custodian fees).

As at 30 June 2005, Constellation's portfolio has incurred \$114,908 unrealised losses on investments. Constellation's investments in international securities are unhedged and the Company has incurred foreign exchange losses of \$106,326 for the financial year.

## DIRECTORS' REPORT

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### 2. Shareholder Rejection of Voluntary Winding Up Mechanism

At the Company's Annual General Meeting ("AGM") held on 15 October 2004:

- (1) Shareholders rejected a special resolution to voluntarily wind up the Company pursuant to a "triggering" of the Company's existing but not formalised (within the Company's constitution) voluntarily winding up mechanism.

Such mechanism was formulated by the founding directors of the Company in 1986 and involves testing the Company's 3 month weighted average share price ("WASP") to 30 June (every two years commencing in 30 June 1992) against its net tangible asset ("NTA") backing over the same period. If such WASP is less than 90% of such NTA backing, the mechanism provided for the Directors to call a general meeting within 90 days to consider the voluntary winding up of the Company.

The Company's 3 month WASP to 30 June 2004 was less than 90% of its NTA backing to 30 June 2004 and accordingly, such voluntary winding up mechanism was "triggered."

- (2) Shareholders rejected a special resolution to consider an amendment to the Company's constitution to enshrine the Company's voluntarily winding up mechanism in the constitution.

As this constitutional enshrinement of the voluntary winding up mechanism was not passed by shareholders, the Directors have regarded the voluntary winding up mechanism as being at an end as it would not be appropriate to maintain such informal bi-annual testing of a mechanism formulated under a directors' resolution in 1986 in circumstances where a shareholder's resolution to formalise such mechanism in the Company's constitution had been rejected at the 2004 AGM.

Please refer to the Notice of AGM dated 13 September 2004 for further information about the above 2 resolutions. This document may be viewed from the Company's website.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There was no significant change in the state of affairs of the Company during the financial year, save for:

- (1) The redemption of the Company's investment in the Vanguard International Shares Index Fund and the transition of the Company's funds to Constellation for management, in accordance with the international equities component of Constellation's HomeGlobal™ Investment Strategy;
- (2) The appointment of NAB as custodian.

## DIRECTORS' REPORT

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### FUTURE DEVELOPMENTS

The Directors note that the investment management agreement with Constellation will expire on 18 May 2006. The Directors will review the performance of Constellation and its HomeGlobal™ investment strategy leading up to the expiry of such term and will either:

- (1) seek to negotiate a renewal of Constellation's appointment as investment manager if appropriate; or
- (2) seek the appointment of another appropriate investment manager (to manage the Company's funds in accordance with the Company's current investment mandate/objectives to invest in international securities unless a change is approved by shareholders).

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in this Directors' Report because the Directors believe it would be likely to increase unreasonable prejudice to the Company.

### ENVIRONMENTAL REGULATION

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

### DIRECTORS

Directors in office during or since the financial year are:

#### **Farooq Khan** — **Chairman**

*Appointed* — Director since 2 December 2003; Chairman since 10 February 2004

*Qualifications* — BJuris, LLB. (UWA)

*Experience* — Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies and has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.

*Relevant interest in shares* — 9,708,920 ordinary shares (not held directly)

*Special Responsibilities* — Chairman of the Board

*Other current directorships in listed entities* — Current Chairman and Managing Director of:

- (1) Queste Communications Limited (since 10 March 1998);
- (2) Fast Scout Limited (since 3 September 1999);
- (3) Altera Capital Limited (since 9 November 2001);
- (4) Sofcom Limited (since 3 July 2002).

Current Chairman of:

- (1) Scarborough Equities Limited (since 29 November 2004).

*Former directorships in other listed entities in past 3 years* — Formerly Chairman and Managing Director of:

- (1) Central Exchange Limited (4 October 1999 to 4 July 2003).
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## DIRECTORS' REPORT

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### **Christopher B. Ryan** – **Non-Executive Director**

*Appointed* – 5 February 2004

*Qualifications* – BEcon (UWA), MBA (UNSW)

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

*Relevant interest in shares* – None

*Special Responsibilities* – None

*Other current directorships* – Current Chairman of:

- in listed entities*
- (1) Golden Cross Resources Limited (since 25 March 2003);
  - (2) Bligh Ventures Limited (since 11 December 2003);
  - (3) Blue Ensign Technologies Limited (since 22 August 2002).

Current Director of:

- (1) Scarborough Equities Limited (since 29 November 2004).

*Former directorships in other listed entities in past 3 years* – None

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### **Simon K. Cato** – **Non-Executive Director**

*Appointed* – 5 February 2004

*Qualifications* – B.A. (USYD), MSDIA

*Experience* – Mr Cato has more than 20 years capital markets experience within the Australian securities industry both in investment broking and in regulatory roles. He has been employed by the ASX in Sydney and Perth in the companies department most recently as Manager, Companies for ASX Perth. Over the last 15 years Mr Cato has been an Executive Director of two stockbroking firms and in these roles has been involved in a diverse range of management and capital investment activities.

*Relevant interest in shares* – None

*Special Responsibilities* – None

*Other current directorships* – Current Director of:

- in listed entities*
- (1) Scarborough Equities Limited (since 29 November 2004).
  - (2) Medusa Mining Limited (since 5 February 2002);
  - (3) Altera Capital Limited (since 8 January 2004);
  - (4) Sofcom Limited (since 8 January 2004).

*Former directorships in other listed entities in past 3 years* – None

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## DIRECTORS' REPORT

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### COMPANY SECRETARY

**Victor P. H. Ho** — **Company Secretary**

*Appointed* — Since 5 February 2004

*Qualifications* — BCom, LLB (UWA)

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

*Relevant interest in shares* — 15,945 ordinary shares

*Other positions held in listed* — Current Director and Company Secretary of:

- entities*
- (1) Queste Communications Limited (Secretary since 30 August 2000);
  - (2) Fast Scout Limited (Secretary since 9 March 2000 and Director since 12 October 2000);
  - (3) Central Exchange Limited (Secretary since 2 August 2000 and Director since 4 July 2003);
  - (4) Altera Capital Limited (Director since 9 November 2001 and Secretary since 26 November 2001);
  - (5) Sofcom Limited (Director since 3 July 2002 and Secretary since 23 July 2003).

Current Company Secretary of:

- (6) Scarborough Equities Limited (Secretary since 29 November 2004).
- 

### DIRECTORS' MEETINGS

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

<b>Name of Director</b>	<b>Meetings Attended</b>	<b>Maximum Possible Meetings</b>
Farooq Khan	13	13
Christopher Ryan	13	13
Simon Cato	13	13

There were no meetings of committees of the Board.

#### Board Committees

As at the date of this Directors' Report, the Company did not have separate designated Audit or Remuneration Committees. In the opinion of the Directors, in view of the size of the Board and nature and scale of the Company's activities, matters typically dealt with by an Audit or Remuneration Committee are dealt with by the full Board.

# DIRECTORS' REPORT

## REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director and Executive Officer of the Company.

### (1) Remuneration Policy

The Board determines the remuneration structure of all Directors and Executive Officers having regard to the Company's nature, scale and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications.

The Non-Executive Directors of the Company are paid a maximum aggregate base remuneration of \$75,000 per annum inclusive of employer superannuation contributions where applicable, to be divided as the Board determines appropriate.

Pursuant to the Company's Constitution, each Director is also entitled to receive:

- (1) Payment for reimbursement of all traveling, hotel and other expenses reasonably incurred by a Director for the purpose of attending meetings of the Board or otherwise in and about the business of the Company;
- (2) 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).

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

The Company does not presently provide retirement benefits or incentive/performance based benefits to Directors or the sole Executive Officer.

The Company does not presently have formal service agreements or employment contracts with the Directors or the sole Executive Officer.

### (2) Details of Remuneration of Directors

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

Name of Director	Office Held	Directors' Fees	Superannuation	Other Payments	Total
		\$	\$	\$	\$
Farooq Khan	Chairman	44,930	4,008	-	48,938
Christopher Ryan	Non-Executive Director	29,703 <sup>(1)</sup>	-	1,655 <sup>(2)</sup>	31,358
Simon Cato	Non-Executive Director	17,850	3,150	-	21,000

Notes:

- (1) Mr Ryan's Directors' fees have been paid to Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Mr Ryan is principal, and is reported inclusive of goods and services tax ("GST").
- (2) Westchester Financial Services Pty Limited also received \$1,655 (inclusive of GST) for the provision of investor relations services to the Company during the financial year.

## DIRECTORS' REPORT

### (3) Details of Remuneration of Executive Officer

The Company only had one Executive Officer during the financial year. Details of the nature and amount of each element of remuneration of such Executive Officer paid or payable by the Company during the financial year are as follows:

Name of Executive Officer	Office Held	Fees	Superannuation	Total
		\$	\$	\$
Victor Ho	Company Secretary	27,789	2,647	30,436

### (4) Directors' and Officers' Insurance

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

### (5) Directors' Deeds

The Company has also entered into a deed with each of the Directors to regulate certain matters between the Company and each Director, both during the time the Directors holds office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries), including the following matters:

- (1) The Company's retention of and the Director's access to Board papers and company books (subject to confidentiality and privilege) both while the Director is a director of the Company and after the Director ceases to hold office, for the purposes expressly permitted by the deed.
- (2) The Company's obligation to use its best efforts to ensure that so far as practical (having regard to the cost of coverage and its availability), that there is an appropriate directors' and officers' insurance cover (as permitted by the Corporations Act) for the period that each Director is a director of the Company and for 7 years after that Director ceases to hold office;
- (3) The Company's obligation to indemnify a Director for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act);
- (4) Subject to the terms of the deed and the Corporations Act, the Company may, at the request of the Director and on such terms as it thinks fit, advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of a legal proceeding. The Company cannot make such an advance to a Director in respect of legal costs incurred in a legal proceeding initiated by the Company against the Director. Advances must be repaid by the Director once the outcome of the legal proceeding is known, but may be set-off by indemnities from the Company (where permitted by the deed and the Corporations Act); and
- (5) the Company's and Director's rights and obligations in respect of confidential information, legal proceedings against the Director, disclosure of Director's benefits and notifiable interests, costs of independent advice and related party benefits.

## DIRECTORS' REPORT

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### 6) Other Directors' Benefits

No Director of the Company has, since the end of the previous 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.

### AUDITOR

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers, Chartered Accountants) for audit and non-audit services provided during the financial year are set out below:

Audit & Review Fees \$	Fees for Other Services \$	Total \$
25,533	-	25,533

There has been no provision of non-audit services by the auditor during the year.

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors Report and is set out on page 35. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

### EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Note 18), 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.

### ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial statements to the nearest \$1,000 or in certain cases to the nearest dollar. Amounts have been rounded off in this directors' report and financial statements in accordance with this class order.

## Auditors' Independence Declaration

As lead auditor for the audit of Bentley International Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bentley International Limited during the period.



Chris Cooper

Partner  
PricewaterhouseCoopers

Sydney

31 August 2005

## DIRECTORS' REPORT

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



**Farooq Khan**  
Chairman



**Simon Cato**  
Non-Executive Director

29 August 2005

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
<b>Current assets</b>			
Cash assets		758	19
Investments	2	16,880	19,114
Receivables	3	20	-
Other	5	7	24
<b>Total current assets</b>		<u>17,665</u>	<u>19,157</u>
<b>Non-current assets</b>			
Property, plant and equipment	6	7	9
Deferred tax assets	4	7	7
<b>Total non-current assets</b>		<u>14</u>	<u>16</u>
<b>Total assets</b>		<u>17,679</u>	<u>19,173</u>
<b>Current liabilities</b>			
Payables	7	80	75
Provision for income tax	8	49	-
<b>Total current liabilities</b>		<u>129</u>	<u>75</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	8	6	450
<b>Total non-current liabilities</b>		<u>6</u>	<u>450</u>
<b>Total liabilities</b>		<u>135</u>	<u>525</u>
<b>Net assets</b>		<u>17,544</u>	<u>18,648</u>
<b>Equity</b>			
Contributed equity	9	23,004	23,004
Reserves	10(a)	-	1,069
Accumulated losses	10(b)	(5,460)	(5,425)
<b>Total equity</b>		<u>17,544</u>	<u>18,648</u>

The above statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
<b>Investment income</b>			
Dividends and trust distributions		485	60
Interest		39	164
Unrealised changes in the net fair value of investments		(115)	2,461
Realised losses on sale of investments		(858)	-
Foreign exchange gains/(losses)		(106)	-
Other		4	37
<b>Total investment income from ordinary activities</b>		<b>(551)</b>	<b>2,722</b>
<b>Expenses</b>			
Investment manager's fees		136	8
Audit fees	11	26	20
Directors fees		101	81
Share registry		23	27
ASX listing fees		15	18
Custody fees		44	1
Accountancy fees		43	68
Withholding tax		44	-
Company Secretarial		30	30
Other		71	93
<b>Total expenses from ordinary activities</b>		<b>533</b>	<b>346</b>
<b>Profit/(loss) from ordinary activities before income tax expense</b>		<b>(1,084)</b>	<b>2,376</b>
Income tax expense/(benefit)	12(a)	(369)	443
<b>Profit/(loss) from ordinary activities after income tax expense</b>		<b>(715)</b>	<b>1,933</b>
<b>Net profit/(loss) attributable to members of Bentley International Limited</b>		<b>(715)</b>	<b>1,933</b>
<b>Total revenues, expenses &amp; valuation adjustments attributable to members of Bentley International Limited recognised directly in equity</b>		<b>-</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(715)</b>	<b>1,933</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	19	(1.84)	4.97
Diluted earnings per share	19	(1.84)	4.97

The above statement of financial performance should be read in conjunction with the accompanying notes to the financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
<b>Cash flows from operating activities</b>			
Dividends received		486	91
Interest received		18	177
Other income received		4	37
Proceeds from sale of investments		18,327	-
Purchase of investments		(17,089)	(3,719)
Investment manager's fees paid		(93)	-
Income tax (paid)/refund		(28)	90
Audit fees paid		(26)	(20)
Directors fees paid		(103)	(81)
Share registry fees paid		(27)	(25)
ASX Listing fees paid		(15)	(18)
Custody fees paid		(40)	(1)
Withholding fees paid		(44)	-
Accountancy fees paid		(42)	(65)
Company secretarial fees paid		(30)	(30)
Other expenses paid		(64)	(147)
<b>Net cash (outflow)/inflow from operating activities</b>	17(a)	1,234	(3,711)
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		-	(9)
<b>Net cash inflow/(outflow) from investment activities</b>		-	(9)
<b>Cash flows from financing activities</b>			
Dividends paid		(389)	-
<b>Net cash outflow from financing activities</b>		(389)	-
<b>Net increase/(decrease) in cash held</b>			
Cash at the beginning of the financial year		19	3,739
Effect of exchange rate changes on cash		(106)	-
<b>Cash at the end of the financial year</b>	17(b)	758	19
<b>Non-cash financing activities</b>	17(c)	-	-

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 1 Summary of significant accounting policies

#### (a) Basis of accounting

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention with the exception of the valuation of investments described in note (b)(ii) below. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year.

#### (b) Investments

##### (i) Classification

The investment objectives of the Company include earning revenue from dividends and holding investments for market appreciation and trading opportunities. Investments held are readily marketable and are traded as future market conditions dictate. At 30 August 2004, the Company redeemed its investment in the Vanguard International Shares Index Fund. Constellation Capital Management Limited ("Constellation") as investment manager has a mandate to invest in the international equities component of its HomeGlobal™ Investment Strategy. During September 2004, Constellation established the international HomeGlobal™ portfolio for the Company comprising investments in more than 200 stocks in 11 overseas markets.

##### (ii) Valuation

Investments are stated at net fair value as at the reporting date. Net fair value of investments is the last sale price quoted on the relevant exchange at the close of business at year end, less an appropriate allowance for costs expected to be incurred in realising the investments. The net fair value of any monetary asset where no last sale price exists is based upon discounting the expected future cash flows by that current interest rates for assets with similar risk profiles. Certain costs in acquiring investments, such as brokerage and stamp duty, are capitalised in the initial cost of the investment.

##### (iii) Unrealised gains and losses

Changes in the net fair value of investments represent the unrealised gains or losses on investments arising from the increment or decrement between the net fair value at the reporting date and the net fair value as at the prior year end (or cost if the investment was acquired during the year).

The unrealised gains or losses are transferred to the unrealised profits and losses reserve to the extent the company is in a net unrealised gain position, net of any potential tax charge that may arise from the future sale of investments. The balance in the unrealised profits and losses reserve is equal to the cumulative after tax unrealised gains or losses on investments.

#### (c) Revenue from ordinary activities

Revenue from ordinary activities consists of dividends, trust distributions, interest, other income and net proceeds from the sale of investments. Interest and dividend revenue is recognised as it accrues.

#### (d) Investment income

The change in the net fair value of investments as mentioned in note b(iii) above is recognised as income in determining the profit and loss for the year.

The realised gains or losses on the sale of investments represent the difference between the net proceeds and the net fair value of the investments at the prior year end or cost if acquired during the year.

#### (e) Income to pay dividends

The Directors of the Company hold the opinion that unrealised gains and losses should not be taken into account in determining the income of the Company available to pay dividends. The transfer to and from the unrealised profits and losses reserve will be such that the income available to pay dividends will only include realised gains and losses and income received by the Company. The transfers to and from the reserve will include the amounts of unrealised gains and losses recognised in the statement of financial performance for the year and prior year unrealised gains that become realised as a result of the sale of investments during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 1 Summary of significant accounting policies (cont.)

#### (f) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences.

Future income tax benefits relating to tax losses are not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation.

Income tax on accumulative timing differences is set aside to the deferred income tax or future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

The amount of 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 tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

#### (g) Cash

For the purposes of the statement of cash flows, cash includes deposits held at call with financial institutions and highly liquid investments which are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

#### (h) Receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the year end from the time of last payment. Amounts received for securities sold are recorded when a sale has occurred. Amounts are generally received within 30 days of being recorded as a receivable.

#### (i) Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid at the reporting date. Payables are unsecured and are usually paid within 30 days of recognition.

#### (j) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation. Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

#### (k) Derivative financial instruments

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to derivatives are included in investment income as part of realised or unrealised gains and losses on investments.

#### (l) Earnings per share

Basic earnings per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial year.

#### (m) Comparative figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures in the current year.

#### (n) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements to the nearest \$1,000 or in certain cases to the nearest dollar. Amounts have been rounded off in the Directors' report and financial statements in accordance with this class order.

#### (o) Goods and Services Tax

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 statement of financial position are shown inclusive of GST.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b> \$'000	<b>2004</b> \$'000
<b>2 Investments</b>		
Vanguard International Shares Index Fund (unlisted)	-	19,114
HomeGlobal™ Portfolio	16,880	-
	<u>16,880</u>	<u>19,114</u>
The Company does not hold any material investments that are individually greater than 5% of the total value of investments as of 30 June 2005.		
	<b>2005</b> \$'000	<b>2004</b> \$'000
<b>3 Receivables</b>		
<b>Current</b>		
Accrued interest and dividends	20	-
	<u>20</u>	<u>-</u>
<b>4 Tax assets</b>		
<b>Non-current</b>		
Future income tax benefit	7	7
	<u>7</u>	<u>7</u>
The future income tax benefit is made up of timing differences.		
<b>5 Other</b>		
<b>Current</b>		
Prepayments	7	24
	<u>7</u>	<u>24</u>
<b>6 Property, plant &amp; equipment</b>		
At cost	9	9
Less: Accumulated depreciation	(2)	-
	<u>7</u>	<u>9</u>
<b>7 Payables</b>		
<b>Current</b>		
Trade creditors	80	75
	<u>80</u>	<u>75</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2005</b>	<b>2004</b>
	\$'000	\$'000
<b>8 Tax liabilities</b>		
<b>Current</b>		
Provision for Income Tax	49	-
<b>Non-current</b>		
Deferred income tax	6	450
Consisting of:		
Provision for deferred income tax	6	455
Future income tax benefits attributable to tax losses	-	(5)
	<u>6</u>	<u>450</u>

	<b>2005</b>		<b>2004</b>
	No. Shares	\$'000	No. Shares
			\$'000
<b>9 Contributed Equity</b>			
Ordinary shares	38,942,213	23,004	38,942,213
			23,004

**Terms and conditions**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings.

In the event of winding up the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

**10(a) Reserves**

	<b>2005</b>	<b>2004</b>
	\$'000	\$'000
<b>Unrealised profits and losses reserve</b>		
Balance at the beginning of the financial year	1,069	(942)
Transfer to retained earnings		
Unrealised gains during the year	-	2,461
Prior year unrealised changes now realised	(1,519)	-
Deferred income tax on movement in the year	450	(450)
	<u>(1,069)</u>	<u>2,011</u>
Balance at the end of the financial year	<u>-</u>	<u>1,069</u>

The unrealised profits and losses reserve is used to record the cumulative after tax unrealised gains or losses on investments.

**10(b) Accumulated losses**

Balance at the beginning of the financial year	(5,425)	(5,347)
Transfer from unrealised profits and losses reserve	1,069	(2,011)
Net profit/(loss) for the current year	<u>(715)</u>	<u>1,933</u>
	(5,071)	(5,425)
Dividends paid and payable	(389)	-
Balance at the end of the financial year	<u>(5,460)</u>	<u>(5,425)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

11 Auditors' remuneration	2005	2004
	\$	\$
Amounts received and receivable, by the auditor of the Company for:		
Auditing the accounts	25,553	20,460

12 Income tax	2005	2004
	\$'000	\$'000

**(a) The income tax benefit from the financial year differs from the amount calculated on the profit/(loss). The differences are reconciled as follows:**

Profit/(loss) from ordinary activities before income tax expense	(1,084)	2,376
Income tax (benefit)/expense calculated at 30%	(325)	713
Tax effect of timing differences:		
- assessable taxable income	(49)	60
Income tax adjusted for timing differences	(374)	773
Over/(under) provision in prior year	-	(12)
Carried forward losses utilised against current year provision	(6)	(30)
Realised loss on disposal of investments	456	-
Withholding tax	(31)	-
Reversal of prior year unrealised investment losses on which DITL was not recognised	(450)	-
Reversal of prior year unrealised investment losses on which FITB was not recognised	-	(282)
Unrealised loss on investments on which FITB was not recognised	36	-
FITB not recognised in respect of current year tax losses / (reversal of prior year items)	-	(6)
Income tax expense attributable to profit from ordinary activities	(369)	443

**(b) The Directors estimate that the potential future income tax benefit at 30 June 2005 in respect of tax losses not brought to account is \$nil and foreign tax losses of \$2,668,872 (2004: \$2,637,000).**

The income tax benefit of \$6,145 (2004: \$5,911) from prior year tax losses have been offset against the Company's deferred income tax liability.

This benefit of tax losses will only be obtained if:

- (i) the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,
- (ii) the entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- (iii) no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the losses.

### 13 Dividends

The Directors have declared a fully franked dividend of one cent per share which was paid on 27 September 2004 ( at a cost of \$0.389 million)

	2005	2004
	\$'000	\$'000
Franking credits available for the subsequent financial year	4,664	4,736

The above amounts represent the balance of the franking account as at the end of the financial year. It does not include projected franking credits relating to unrealised gains, but is adjusted for:

- (i) franking credits that will arise from the payment of income tax payable/income tax receivable as at the end of the year,
- (ii) franking debits that will arise from the payment of dividends proposed as at the end of the year; and
- (iii) franking credits that may be prevented from being distributed in the subsequent year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 14 Related party information

#### (a) Directors

The names of the persons who were Directors of the Company during the financial year were:

Farooq Khan (Chairman)  
Christopher Ryan (Non-Executive Director)  
Simon Cato (Non-Executive Director)

#### (b) Directors' remuneration

The Company's policy for determining the nature and amount of emoluments to directors of the Company is as follows: The Board determines the remuneration structure having due regard to the Company's nature, scale and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications. Non-executive directors are paid a maximum aggregate base remuneration of \$75,000 per annum inclusive of employer superannuation contributions where applicable to be divided amongst them as they agree, plus amounts for special exertions. Pursuant to the Company's Constitution, each Director is also entitled to receive 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) and 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.

Details of remuneration of each director of Bentley International Limited are set out as below:

		Cash salary & fees	Super- annuation	Other payments	Total
2005	Office Held	\$	\$	\$	\$
Farooq Khan	Chairman	44,930	4,008	-	48,938
Christopher Ryan (i)	Non-Executive Director	29,703	-	1,655	31,358
Simon Cato	Non-Executive Director	17,850	3,150	-	21,000
Total		92,483	7,158	1,655	101,296

		Cash salary & fees	Super- annuation	Other payments	Total
2004	Office Held	\$	\$	\$	\$
Farooq Khan	Chairman	14,908	1,342	-	16,250
Christopher Ryan (i)	Non-Executive Director	17,260	-	-	17,260
Simon Cato	Non-Executive Director	-	8,750	-	8,750
Anthony Hartnell (ii)	Chairman	17,885	-	-	17,885
Clive Powell	Non-Executive Director	-	8,942	-	8,942
Ross Finley	Non-Executive Director	8,942	-	-	8,942
Brendan Foley	Non-Executive Director	-	-	-	-
Hugh Wallace	Non-Executive Director	2,977	254	-	3,231
Total		61,972	19,288	-	81,260

Notes:

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

(ii) Mr Hartnell's Directors' fees have been paid to the law firm of Atanaskovic Hartnell as the firm has advised that such fees are on trust for the partnership of such firm. Mr Hartnell is a partner of Atanaskovic Hartnell.

During the year, premiums were paid in respect of a Directors and Officers liability and legal expenses' insurance contract. Details of the nature of the liabilities covered and the amount of premiums paid have not been disclosed as such disclosure is prohibited under the terms of the contract.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 14 Related party information (continued)

#### (c) Specified Executive Officer remuneration

Victor Ho was appointed Company Secretary on 5 February 2004 and is the sole Specified Executive of the Company. Mr Ho received total remuneration of \$30,436 (comprising \$27,789 gross cash wages and \$2,647 superannuation) for the year (2004:\$18,061).

#### (d) Shareholdings of Directors and Executives (and their Personally-Related Entities)

	Balance at 1 July 2004	Net Change Other	Balance at 30 June 2005
<b>Specified Directors</b>			
Farooq Khan	7,669,323	2,039,597	9,708,920
Christopher Ryan	-	-	-
Simon Cato	-	-	-
<b>Specified Executives</b>			
Victor Ho	15,945	-	15,945

The above disclosures of equity holdings are in accordance with Accounting Standard AASB 1046 (Director and Executive Disclosure by Disclosing Entities) which includes disclosure of direct and indirect holdings of spouses, relatives, spouses of relatives and entities under the control or significant influence of each of the same.

Disclosure under Accounting Standard AASB 1046 (Director and Executive Disclosure by Disclosing Entities) requires only disclosure of equity instruments held directly, indirectly or beneficially, by each specified director and executive, including by personally-related entities as defined under AASB 1046.

However, the disclosure of shareholdings above includes the disclosure of "relevant interests" (as defined in sections 608 and 609 of the Corporations Act 2001) in shares in the Company as disclosed by each director in accordance with ASX Listing Rule 3.19A and section 205G of the Corporations Act 2001.

#### (e) Transactions with Directors and Director-related entities

Westchester Financial Services Pty Limited (trading as Westchester Corporate Finance), a corporate advisory company in which Director, Mr Christopher Ryan is principal, have been paid \$1,655 (inclusive of GST) for the provision of investor relations services to the Company during the year.

Directors' transactions concerning dividends and ordinary shares are on the same terms and conditions applicable to ordinary members.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 15 Segment information

#### Business segments

The Company operates in the business of managing its investments.

#### Geographical exposures

As at 30 June 2004, the Company was invested solely in the Australian domiciled unlisted Vanguard International Shares Index Fund. In September 2004, Constellation Capital Management Limited began managing the Company's investment portfolio to implement the international equities components of Constellation's HomeGlobal™ investment strategy and as of 30 June 2005 the Company has direct overseas investment exposure, as follows:

Country	2005 Net fair value \$'000	2005 % of total net fair value	2004 Net fair value \$'000	2004 % of total net fair value
Australia	-	0%	19,114	100%
Europe (ex UK)	2,877	17%	-	-
North America & Canada	10,085	60%	-	-
United Kingdom	1,544	9%	-	-
Japan	1,872	11%	-	-
Asia (ex Japan)	502	3%	-	-
Total investments	16,880	100%	19,114	100%

The geographical exposure of investments takes into account, the effects of derivative financial instruments held by the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 16 Financial instruments

#### (a) Derivative financial instruments

A derivative is a financial contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.

Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of proper portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

- (i) hedging to protect an asset of the Company against a fluctuation in market values or to reduce volatility;
- (ii) as a substitute for physical securities; and
- (iii) adjustment of asset exposures within the parameters set out in the investment strategy.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Company.

As at 30 June 2005, the notional principal amounts of derivatives held by the Company were nil.

The investment mandate of Constellation Capital Management Limited does not include investing in derivatives.

#### (b) Credit risk

Credit risk is the risk that a counterpart, will fail to perform contractual obligations (i.e. default in either whole or part) under a contract.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial instruments on the statement of financial position as they are marked to market at year end. The total credit risk for items on the statement of financial position is therefore limited to the amount carried on the statement of financial position.

#### (c) Net fair value of financial assets and liabilities

The net fair value of financial assets and financial liabilities and derivative financial instruments included in the statement of financial position approximates their carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 16 Financial instruments (continued)

#### (d) Interest rate risk

The Company has interest rate risk exposures from the holdings of financial assets and liabilities in the normal course of business.

As at **30 June 2005**, the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash assets	4.98	758	-	758
Investments		-	16,880	16,880
Receivables			20	20
Other		-	7	7
		758	16,907	17,665
<b>Financial liabilities</b>				
Payables		-	80	80
<b>Net financial assets</b>		758	16,827	17,585

As at **30 June 2004**, the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash assets	4.5	19	-	19
Unlisted Index Fund		-	19,114	19,114
Other		-	24	24
		19	19,138	19,157
<b>Financial liabilities</b>				
Payables		-	75	75
<b>Net financial assets</b>		19	19,063	19,082

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

17 Statement of cash flows	2005 \$'000	2004 \$'000
<b>(a) Reconciliation of net profit/(loss) from ordinary activities after income tax to net cash utilised in operating activities</b>		
(Loss)/profit from ordinary activities after income tax expense	(715)	1,933
Non-cashflow items included in operating loss:		
Unrealised changes in the net fair value of investments	115	(2,461)
Depreciation	2	-
Realised losses on sale of investments	858	-
Net foreign exchange losses/(gains)	107	-
Change in operating assets and liabilities:		
Increase/(decrease) in investments	1,238	(3,719)
(Increase)/decrease in dividends and interest receivable	(20)	44
Increase/(decrease) in prepayments	16	(24)
Decrease in tax assets	50	82
Increase/(decrease) in payables	26	(16)
(Decrease)/Increase in tax liabilities	(443)	450
Net cash inflow from operating activities	<u>1,234</u>	<u>(3,711)</u>
<b>(b) Components of cash</b>		
Cash at bank	<u>758</u>	<u>19</u>
<b>(c) Non-cash financing activity</b>		
There were no non-cash financing activities during the year.		

### 18 Events occurring after reporting date

At a General Meeting held on 1 July 2005, shareholders approved the acquisition of 2.3 million shares in the Company by substantial shareholder, Central Exchange Limited (CXL), from another substantial shareholder, Sofcom Limited (SOF). CXL is now the largest shareholder in the Company with 9,708,920 ordinary shares or 24.93% of the Company's total issued share capital.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 19 Earnings per share

	<u>2005</u>	<u>2004</u>
Basic earnings per share (cents per share)	(1.84)	4.97
Diluted earnings per share (cents per share)	(1.84)	4.97
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	38,942,213	38,942,213

No adjustments are made to the profit from ordinary activities after income tax expense shown on the statement of financial performance in deriving earnings used in the calculation of basic earnings per share.

Diluted earnings per share is the same as basic earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

### 20 Contingent liabilities

The Company did not have any contingent liabilities as at 30 June 2005. These financial statements are prepared on the basis that the Company will continue as a going concern which the Directors believe to be the likely situation.

### 21 Commitments

The Company has expenditure commitments pursuant to the following agreements:

#### (a) *Investment Management Agreement*

On 18 May 2004, the Company entered into an investment management agreement with Constellation Capital Management Limited for Constellation to implement the international equities component of its HomeGlobal™ investment strategy for an initial term of 2 years.

The following management fees (exclusive of goods and services tax) are payable to Constellation:

- (a) A base fee of \$69,000 per annum; and
- (b) A variable fee of:
  - (i) 0.5% per annum of the portfolio value up to \$15m; and
  - (ii) 0.4% per annum of the portfolio value in excess of \$15m.

No performance related fees are payable to Constellation.

Management fees accrues daily and are paid quarterly.

#### (b) *Custody Agreement*

On 20 August 2004, the Company entered into a custody agreement with National Australia Bank Limited for NAB to provide custodian services for an initial term of 2 years.

Various fees are payable by the Company for the provision of custodial and reporting services by NAB. The minimum fees payable are \$26,400 (exclusive of GST) per annum.

### 22 Other information

Bentley International Limited, incorporated and domiciled in Australia is a publicly listed company limited by shares.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 23 Impacts of adopting Australian equivalents to IFRS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretation Committee. The Australian equivalents to IFRS are referred to here after as AIFRS. The adoption of AIFRS will be first reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate the comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2005.

The AIFRS have been analysed and accounting policy changes that will be required identified. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the Company.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the statement of financial performance and statement of financial position, with descriptions of the differences. No material impacts are expected in relation to the statement of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 23 Impacts of adopting Australian equivalents to IFRS (continued)

#### Statement of Financial Performance

	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000
<b>Investment income</b>			
Dividends and trust distributions	485		485
Interest	39		39
Unrealised changes in the net fair value of investments	(115)	54	(61)
Realised gains/(losses) on sale of investments	(858)		(858)
Foreign exchange gains/(losses)	(106)		(106)
Other	4		4
<b>Total investment income from ordinary activities</b>	<b>(551)</b>	<b>54</b>	<b>(497)</b>
<b>Expenses</b>			
Investment manager's fees	136		136
Audit fees	26		26
Share registry fees	101		101
Directors fees	23		23
ASX listing fees	15		15
Custody fees	44		44
Accountancy fees	43		43
Withholding tax	44		44
Company Secretarial	30		30
Other	71		71
<b>Total expenses from ordinary activities</b>	<b>533</b>	<b>-</b>	<b>533</b>
<b>Profit/(loss) from ordinary activities before income tax</b>	<b>(1,084)</b>	<b>54</b>	<b>(1,030)</b>
Income tax expense/(benefit)	-	16	(369)
<b>Profit/(loss) from ordinary activities after income tax expense</b>	<b>(715)</b>	<b>38</b>	<b>(677)</b>
<b>Net profit/(loss) attributable to members of Bentley International Limited</b>	<b>(715)</b>	<b>38</b>	<b>(677)</b>
<b>Total revenues, expenses &amp; valuation adjustments attributable to members of Bentley International Limited recognised directly in equity</b>	<b>(701)</b>	<b>38</b>	<b>(677)</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>(701)</b>	<b>38</b>	<b>(677)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 23 Impacts of adopting Australian equivalents to IFRS (continued)

#### Statement of Financial Position

	Existing GAAP \$'000	Effect of Change \$'000	AIFRS \$'000
<b>Investments</b>	16,880	54	16,934
<b>Current assets</b>			
Cash assets	758		758
Receivables	20		20
Current tax assets	-		-
Other	7		7
<b>Total current assets</b>	785		785
<b>Non-current assets</b>			
Property, plant and equipment	7		7
Deferred tax assets	7	(16)	(9)
<b>Total non-current assets</b>	14		14
<b>Total assets</b>	17,679	38	17,717
<b>Current liabilities</b>			
Payables	80		80
Provision for income tax	49		49
<b>Total current liabilities</b>	129		129
<b>Non-current liabilities</b>			
Deferred tax liabilities	6		6
<b>Total non-current liabilities</b>	6		6
<b>Total liabilities</b>	135		135
<b>Net assets</b>	17,544	38	17,582
<b>Equity</b>			
Contributed equity	23,004		23,004
Reserves	-		-
Accumulated losses	(5,460)	38	(5,422)
<b>Total equity</b>	17,544	38	17,582

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

### 23 Impacts of adopting Australian equivalents to IFRS (continued)

The significant changes in accounting policies and the associated transitional arrangements adopted in preparing the AIFRS reconciliations and the elections made under AASB 1 are set out below.

However, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted and consequently, the final reconciliations presented in the first financial report prepared in accordance with AIFRS (being the half-year ending 31 December 2005) may vary materially from the reconciliations provided below.

#### (a) Income tax

Under AIFRS, the Company must recognise an additional deferred tax liability amount for the tax payable on unrealised gains in the investment portfolio. The additional deferred tax liability is offset against the unrealised gains on the investment portfolio recognised in the Asset Revaluation Reserve of the Company. The Company has already adopted this policy in preparation of these accounts.

#### (b) Financial Assets

Financial assets will be classified as "at fair value through profit and loss" upon initial recognition and are recognised in the Statement of Financial Position at fair value. During the period changes in the fair value of investment securities will be recognised in the Statement of Financial Performance. The fair value of financial assets will be measured at bid price and will exclude disposal costs.

AASB 139 and AG 72 state that the current bid price is usually the appropriate price to be used in measuring the fair value of actively traded financial assets. Financial assets should be valued at their fair values without any deduction for transaction costs that may be incurred on sale or other disposal. This differs from the current treatment, in which the Company measures financial assets at "net market value" using the last sale price net of disposal costs.

On transition to AIFRS this change will not impact net assets, however, the classification of gains and losses between realised and unrealised in the statement of financial performance may differ.

The reconciliation below summarises the known or reliably estimable significant impacts on the company's Net Asset position and Net Profit as currently reported in the financial report for the year ended 30 June 2005 had it been prepared using AIFRS. The reconciliations have been prepared on the assumption that the company will apply the requirements of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* in the first comparative year under AIFRS. The expected financial effects of adopting AIFRS has been shown for significant items comprising net assets in the statement of financial position and net profit in the statement of financial performance with descriptions of the differences. No disclosures have been made for re-classifications within the statement of financial position and statement of financial performance that have no impact on Net Assets or Net Profit.

Reconciliation of net asset value	\$'000
<b>Total Equity under AGAAP</b>	17,544
Transaction costs	59
Change from last sale to bid pricing for financial assets	(5)
Tax	(16)
<b>Total Equity under AIFRS</b>	<u>17,582</u>

#### Reconciliation of net profit

<b>Net profit under AGAAP</b>	(715)
Impact of change from last sale to bid price and removal of disposal costs for financial assets	54
Tax	(16)
<b>Net profit under AIFRS</b>	<u>(677)</u>

## DIRECTORS' DECLARATION

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The Directors of the Company declare that:

1. The financial statements, comprising the Statements of Financial Performance, Position and Cash Flows, and accompanying notes as set out on pages 37 to 55, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the Company's financial position as at 30 June 2005 and of its 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* by the Company Secretary (the person who performs the chief executive and chief financial officer functions for the purposes of section 295A), who has declared that:
  - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (b) the financial statements are in accordance with the *Corporations Act 2001*, comply with Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the Company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
  - (c) the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

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



**Farooq Khan**  
Chairman



**Simon Cato**  
Non-Executive Director

29 August 2005

## Independent audit report to the members of Bentley International Limited

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### Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Bentley International Limited (the Company) for the financial year ended 30 June 2005 included on Bentley International Limited web site. The Company's directors are responsible for the integrity of the Bentley International Limited web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### Audit opinion

In our opinion the financial report of Bentley International Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Bentley International Limited as at 30 June 2005, and of its performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Bentley International Limited (the company), for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

## Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

## Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



Chris Cooper  
Partner

Sydney  
31 August 2005

# CORPORATE GOVERNANCE STATEMENT

## 1. Framework and Approach to Corporate Governance and Responsibility

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

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (**Council**). The Company's practices are largely consistent with the Council's guidelines - the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole.

Details of all of the Council's recommendations can be found on the ASX website at [http://www.asx.com.au/about/CorporateGovernance\\_AA2.shtm](http://www.asx.com.au/about/CorporateGovernance_AA2.shtm).

## 2. Board of Directors - Role and responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole. The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

In view of the current composition of the Board (which comprises four Non-Executive Directors) and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and Executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). That is, matters typically dealt with by an audit, nominations and

remuneration committee are dealt with by the full Board.

Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following.

- (1) formulation and approval of the strategic direction, objectives and goals of the company;
- (2) the prudential control of the company's finances and operations and monitoring the financial performance of the company;
- (3) the resourcing, review and monitoring of executive management, including the Investment Manager;
- (4) the management of funds not under the management of the Investment Manager, which funds are retained by the Company for working capital purposes;
- (5) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (6) the identification of significant business risks and ensuring that such risks are adequately managed;
- (7) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;
- (8) the establishment and maintenance of appropriate ethical standards;
- (9) responsibilities typically assumed by an audit committee including:
  - (a) reviewing and approving the audited annual and reviewed half yearly financial reports;
  - (b) reviewing the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;
- (10) responsibilities typically assumed by a remuneration committee including:
  - (a) reviewing the remuneration and performance of both Executive and Non-Executive Directors;

## CORPORATE GOVERNANCE STATEMENT

- (b) setting policies for Executives' remuneration, setting the terms and conditions of employment for Executives, undertaking reviews of Executive's performance, including, setting goals and reviewing progress in achieving those goals;
  - (c) reviewing the Company's Executive and employee incentive schemes and making recommendations on any proposed changes.
- (11) responsibilities typically assumed by a nomination committee including:
- (a) devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors;
  - (b) oversight of Board and Executive succession plans.

### 3. Board of Directors – Composition, Structure and Process

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and the scale and nature of the Company's activities. The names of the Directors and their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2005.

#### 3.1. Skills, knowledge and experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board should contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration, and Director-level business or corporate experience, having regard to the scale and nature of activities of the Company.

#### 3.2. Non-Executive Directors

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. All Directors of the Company are currently Non-Executive Directors.

#### 3.3. Chairman

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

#### 3.4. Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary is currently Mr Victor Ho, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2005

#### 3.5. Independence

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

- (1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (2) within the last 3 years has not been employed in an Executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- (3) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with a service provider;
- (4) is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (5) has no material contractual relationship with the Company other than as a Director of the Company;
- (6) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- (7) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Farooq Khan (Chairman) is not regarded as an independent Director as he does not meet criteria (1) for independence adopted by the Company, being a Director of the Company's substantial shareholder, Sofcom Limited (until Sofcom ceased to be a substantial shareholder on 1 July 2005) and having a

## CORPORATE GOVERNANCE STATEMENT

relevant interest in Central Exchange Limited's substantial shareholding in the Company.

Mr Simon Cato was not regarded as an independent Director as he does not meet criteria (1) for independence adopted by the Company, being a Director of the Company's substantial shareholder, Sofcom Limited (until Sofcom ceased to be a substantial shareholder on 1 July 2005).

Mr Christopher Ryan is not regarded as an independent Director as he does not meet the Company's criteria (3) for independence, as he is principal of a corporate advisory firm that provides services to the Company, Sofcom Limited and Central Exchange Limited.

On 1 July 2005, Sofcom Limited ceased to be a substantial shareholder of the Company. As a consequence Mr Cato is currently regarded as an independent Director. Messrs Khan, Johnson and Ryan continue to be regarded as non-independent Directors, but their experience makes their contribution to the Board such that it is appropriate for them to remain on the Board.

Mr Peter Simpson was appointed Non-Executive Director on 2 September 2005. Mr Simpson has a relevant interest in approximately 3% of the total issued share capital of the Company. Such holding does not qualify as a "substantial" shareholder under the Corporations Act (which prescribes disclosure requirements in respect of shareholdings of 5% or more) and accordingly Mr Simpson is regarded as an independent Director.

### 3.6. Conflicts of Interest

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

- (1) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- (2) if requested by the Board, within 7 days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

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

### 3.7. Related Party Transactions

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

### 3.8. Share Dealings and Disclosures

The Company's policy regarding Directors, Executives and employees dealing in its securities, is set by the Board. The Board restricts Directors, Executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives and employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

### 3.9. Board Nominations

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

### 3.10. Terms of Appointment as a Director

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

## CORPORATE GOVERNANCE STATEMENT

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### 3.11. Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and Executives of the Company be equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chairman and the Board. The Chairman also speaks to Directors individually regarding their role as a Director.

### 3.12. Meetings of the Board

The Chairman and Company Secretary generally schedules monthly formal Board meetings. In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled monthly meetings. Circulatory Resolutions are also utilised where appropriate either in place or in addition formal Board meetings. Board meetings are held predominantly by telephone conferencing as not all Directors are resident in the one city. However, the Board will convene face to face meetings from time to time as is appropriate based on the particular items of business for consideration.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

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

### 3.13. Independent Professional Advice

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

### 3.14. Access to Company Information and Confidentiality

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

### 3.15. Directors' Deeds

The Company has also entered into a deed with each of the current Directors to regulate certain matters between the Company and each Director, both during the time the Directors holds office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries). A summary of the terms of such deed is contained within the Remuneration Report in the Director's Report for the year ended 30 June 2005.

## 4. Management

### 4.1. Executives

The Company does not presently have a Managing Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO) or an Executive team (other than the Company Secretary). The Board has determined that the Company Secretary is the appropriate person to make the chief executive and CFO declarations required under section 295A and recommended by the Council.

### 4.2. Board and Management Committees

In view of the current composition of the Board (which comprises four Non-Executive Directors) and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations, remuneration and general management functions would contribute little to its effective management.

### 4.3. Investment Manager

The Board has appointed Constellation Capital Management Limited as Investment Manager for an initial term of 2 years to invest the Company's funds according to the terms set out in the Investment Management Agreement between the Company and the Investment Manager dated 18 May 2004.

The Board maintains regular contact with the Investment Manager who provide monthly portfolio reports to the Company. The Investment Manager's performance is reviewed by the Board at regular intervals under the terms of the Investment Management Agreement.

### 4.4. Custodian

The Board has appointed National Australia Bank Limited as Custodian for an initial term of 2 years to effect the proper administration of the Company investment portfolio in the various international markets in which the Company will invest according to the terms set out in a custody agreement between the Company and the Custodian dated 20 August 2004.

## CORPORATE GOVERNANCE STATEMENT

### 5. Remuneration Policy

Please refer to the Remuneration Report in the Director's Report for the year ended 30 June 2005.

### 6. Code of Conduct and Ethical Standards

The Company is not of a size that warrants the establishment of a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. However, the Company's policies are focussed on ensuring that all Directors, Executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

### 7. Internal Control and Risk Management

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified and experienced service providers such as the Investment Manager (currently Constellation Capital Management Limited), Custodian (currently National Australia Bank Limited) and Accounting Administrator (currently White Funds Management Pty Ltd).

The Board has determined that the Company Secretary is the appropriate person to make the chief executive and CFO declarations on the risk management and internal compliance and control systems recommended by the Council.

### 8. Communications

#### 8.1. Communications to Market and Shareholders

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders and the market through:

- (1) Monthly NTA Backing announcements released to ASX;
- (2) The Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- (3) The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;

- (4) The Half-Yearly Directors' and Financial Reports;

- (5) Other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders.

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

#### 8.2. Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- (1) concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- (2) that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

## LIST OF SHARE INVESTMENTS as at 30 June 2005

Industry	Security Name	% of Portfolio / Net Assets	Country Name
<b>Aerospace &amp; Defense</b>	BAE SYSTEMS PLC	0.26	UNITED KINGDOM
	BOEING COMPANY	0.59	UNITED STATES
	GENERAL DYNAMICS	0.26	UNITED STATES
	HONEYWELL INTERNATIONAL INC	0.44	UNITED STATES
	L-3 COMMUNICATIONS HOLDINGS INCORPORATED	0.04	UNITED STATES
	LOCKHEED MARTIN CORPORATION	0.37	UNITED STATES
	NORTHROP GRUMMAN CORPORATION	0.24	UNITED STATES
	RAYTHEON COMPANY	0.22	UNITED STATES
	ROCKWELL COLLINS	0.05	UNITED STATES
	UNITED TECHNOLOGIES	0.55	UNITED STATES
<b>Automobiles &amp; Components</b>	BAYERISCHE MOTOR WORKS BMW	0.17	GERMANY
	BRIDGESTONE Y50	0.29	JAPAN
	DAIMLERCHRYSLER AG ORD NPV	0.47	GERMANY
	FORD MOTOR COMPANY COMMON STOCK USD 0.01	0.18	UNITED STATES
	GENERAL MOTORS CPCOMMON SHARES	0.18	UNITED STATES
	HARLEY DAVIDSON INC	0.14	UNITED STATES
	HONDA MOTOR COJJPY 50 COMMON	0.74	JAPAN
	JOHNSON CONTROLS INCORPORATED	0.11	UNITED STATES
	NISSAN MOTOR COMPANYORDINARY SHARES Y50	0.58	JAPAN
	RENAULT SA FRF25	0.21	FRANCE
TOYOTA MOTOR COMPANY	0.94	JAPAN	
<b>Banks</b>	GOLDEN WEST FINANCE	0.23	UNITED STATES
<b>Chemicals</b>	AIR LIQUIDE	0.47	FRANCE
	BASF DEM5	0.52	GERMANY
	BAYER AG NPV	0.48	GERMANY
	DOW CHEMICALCOMMON SHARES	0.47	UNITED STATES
	DUPONT DE NEMOURS	0.46	UNITED STATES
	LANXESS AG	0.03	GERMANY
<b>Diversified Financial Services</b>	AMERICAN EXPRESSCOMMON SHARES	0.45	UNITED STATES
	CAPITAL ONE FINANCIAL CORPORDINARY US\$0-01	0.21	UNITED STATES
	COUNTRYWIDE FINANCIAL CORP	0.21	UNITED STATES
	FANNIE MAE	0.38	UNITED STATES
	FREDDIE MAC	0.32	UNITED STATES
	LEHMAN BROTHERS HOLDINGS INC	0.28	UNITED STATES
	MBNA CORPORATIONCOM USD0.01	0.27	UNITED STATES
	MERRILL LYNCH AND COMPANY	0.37	UNITED STATES
	MORGAN STANLEY	0.39	UNITED STATES
	NOMURA HOLDINGS INC	0.54	JAPAN
	SLM CORPORATION	0.24	UNITED STATES
	THE GOLDMAN SACHS GROUP INC	0.36	UNITED STATES

## LIST OF SHARE INVESTMENTS as at 30 June 2005

Industry	Security Name	% of Portfolio / Net Assets	Country Name
Electrical Equipment	ABB LIMITED CHF 2-5	0.39	SWITZERLAND
	EMERSON ELECTRIC	0.32	UNITED STATES
	SCHNEIDER ELECTRICAL SA(EX SPIE BATIGNOLLES)	0.25	FRANCE
Energy Equipment & Services	SCHLUMBERGER LIMITED	0.42	UNITED STATES
Food & Staples Retailing	SYSCO CORPORATION	0.24	UNITED STATES
	WAL-MART STORES INC	0.74	UNITED STATES
Food Products	CADBURY SCHWEPPE ORD 12-5P	0.26	UNITED KINGDOM
	CONAGRA FOOD INCORPORATED	0.15	UNITED STATES
	GENERAL MILLS	0.19	UNITED STATES
	NESTLE SA-REGISTERED	0.85	SWITZERLAND
	SARA LEE CORPORATION	0.17	UNITED STATES
	UNILEVER NV NLG1-12	0.39	NETHERLANDS
Health Care Equipment & Supplies	BAXTER INTERNATIONAL	0.25	UNITED STATES
	BECTON DICKINSON COMMON	0.17	UNITED STATES
	BIOMET INC COM	0.12	UNITED STATES
	BOSTON SCIENTIFIC CORP	0.18	UNITED STATES
	GUIDANT CORP	0.23	UNITED STATES
	MEDTRONIC INCORPORATED	0.56	UNITED STATES
	ST JUDE MEDICAL INCORPORATED	0.21	UNITED STATES
	ZIMMER HOLDINGS INC	0.21	UNITED STATES
Health Care Providers & Services	AETNA INC-NEW	0.31	UNITED STATES
	CARDINAL HEALTH INC	0.28	UNITED STATES
	CAREMARK RX INC	0.26	UNITED STATES
	HCA INC	0.33	UNITED STATES
	UNITED HEALTH GROUP USD0-01	0.85	UNITED STATES
Household & Personal Products	AVON PRODUCTS	0.18	UNITED STATES
	COLGATE PALMOLIVE	0.26	UNITED STATES
	GILLETTE INC	0.49	UNITED STATES
	KAO CORPORATION Y50	0.53	JAPAN
	KIMBERLEY CLARK CORPORATION	0.3	UNITED STATES
	L-OREAL EUR 0-2	0.22	FRANCE
	PROCTER & GAMBLE	1.3	UNITED STATES
	RECKITT BENCKISER PLC	0.25	UNITED KINGDOM
	WELLPOINT INC	0.26	UNITED STATES
Household Durables	KONINKLIJKE PHILIPS ELECTRONICS N.V.	0.5	NETHERLANDS
	MATSUSHITA ELECTRIC INDUSTRIESY50	0.68	JAPAN
	SHARP CORPORATION YEN 50	0.35	JAPAN
	SONY CORPORATIONJPY 50 COMMON	0.67	JAPAN
Industrial Conglomerates	3M CO	0.12	UNITED STATES
	GENERAL ELECTRIC COMPANYCOMMON	0.55	UNITED STATES
	SIEMENS REGISTERED	0.79	GERMANY
	TYCO INTERNATIONAL LTD	0.13	UNITED STATES

## LIST OF SHARE INVESTMENTS as at 30 June 2005

Industry	Security Name	% of Portfolio / Net Assets	Country Name
<b>Insurance</b>	ALLIANZ AG HOLDING DDM5 (REGD)	0.57	GERMANY
	ALLSTATE CORPORATION	0.5	UNITED STATES
	AXA FRF60	0.48	FRANCE
	ING GROEP NV	0.5	NETHERLANDS
<b>Machinery</b>	CATERPILLAR INCCOMMON SHARES	0.53	UNITED STATES
	DEERE	0.34	UNITED STATES
	EATON COMPANY	0.18	UNITED STATES
	ILLINOIS TOOL WORK	0.48	UNITED STATES
	PACCAR INC	0.26	UNITED STATES
	VOLVO AB B SEK 6	0.71	SWEDEN
<b>Oil Gas &amp; Consumable Fuels</b>	ANADARKO PETROLIUM	0.31	UNITED STATES
	BG GROUP ORD GBP0-10	0.4	UNITED KINGDOM
	BP PLC	1.49	UNITED KINGDOM
	BURLINGTON RESOURCESUS 0-01	0.34	UNITED STATES
	CHEVRON CORP	0.83	UNITED STATES
	CONOCOPHILLIPS	0.66	UNITED STATES
	ENCANA CORPORATION	1.29	CANADA
	EXXON MOBIL CORPORATION	2.3	UNITED STATES
	OCCIDENTAL PETROLEUM	0.38	UNITED STATES
	ROYAL DUTCH PETROLEUMNLG 5 BEARER	0.92	NETHERLANDS
	SHELL TRANSPORT AND TRADINGORD 25P	0.76	UNITED KINGDOM
	TOTAL	1.03	FRANCE
	<b>Paper &amp; Forest Products</b>	NEENAH PAPER INC-WHEN ISSUED	0.00005
<b>Pharmaceuticals &amp; Biotechnology</b>	ABBOTT LABORATORIES	0.64	UNITED STATES
	ALLERGAN INC	0.12	UNITED STATES
	ASTELLAS PHARMA INC	0.28	JAPAN
	ASTRAZENECA PLC USD0-25	0.61	UNITED KINGDOM
	BRISTOL MYERS SQUIBB	0.41	UNITED STATES
	FOREST LABS INC.	0.14	UNITED STATES
	GENENTECH INC	0.3	UNITED STATES
	GENZYME CORPORATION	0.13	UNITED STATES
	GILEAD SCIENCES INC	0.16	UNITED STATES
	GLAXOSMITHKLINE PLC	1.24	UNITED KINGDOM
	IDEL PHARMACEUTICALS ( PREVIOUSLY BIOGEN)	0.1	UNITED STATES
	JOHNSON AND JOHNSON	1.64	UNITED STATES
	LILLY (ELI) & CO	0.56	UNITED STATES
	MERCK AND COMPANY INCORPORATED	0.57	UNITED STATES
	NOVARTIS AG REG SHS	1.29	SWITZERLAND
	ROCHE HOLDING AG - GENUSSS	0.96	SWITZERLAND
	SANOFI AVENTIS	0.73	FRANCE
	SCHERING AG DDM5	0.22	GERMANY
SCHERING PLOUGH CORPORATION	0.24	UNITED STATES	

## LIST OF SHARE INVESTMENTS as at 30 June 2005

Industry	Security Name	% of Portfolio / Net Assets	Country Name
Pharmaceuticals & Biotechnology	TAKEDA PHARMACEUTICAL COMPANY LIMITED	0.74	JAPAN
	WYETH	0.49	UNITED STATES
Retailing	ABERCROMBIE & FITCH CO CLASSA COM USD0-01	0.24	UNITED STATES
	EBAY INC	0.37	UNITED STATES
	HOME DEPOT INCORPORATED	0.68	UNITED STATES
	LOWES COS INCORPORATED	0.54	UNITED STATES
	TARGET CORPORATION	0.57	UNITED STATES
Software & Services	ADOBE SYSTEMS INC	0.27	UNITED STATES
	COMPUTER SCIENCE CORP	0.13	UNITED STATES
	ELECTRONIC ARTS INC COM STKNPV	0.31	UNITED STATES
	ELECTRONIC DATA SYSTEMS CORPORATION	0.15	UNITED STATES
	INTUIT INC	0.15	UNITED STATES
	MICROSOFT CORP	2.72	UNITED STATES
	NINTENDO Y50	0.31	JAPAN
	ORACLE CORPORATION	0.82	UNITED STATES
	SAP AG NPV	0.56	GERMANY
	SYMANTEC CORPORATION	0.23	UNITED STATES
UNILEVER PLC ORD	0.3	UNITED KINGDOM	
YAHOO INC	0.31	UNITED STATES	
Technology Hardware & Equipment	APPLE COMPUTER	0.35	UNITED STATES
	APPLIED MATERIALS INC	0.31	UNITED STATES
	ASUSTEK COMPUTER INC	0.57	TAIWAN
	BELLSOUTH CORPORATION	0.46	UNITED STATES
	BT GROUP PLC-W/I	0.43	UNITED KINGDOM
	CANON INCORPORATED	0.71	JAPAN
	CHINA MOBILE (HKT) LTD	0.77	HONG KONG
	DELL INC FULLY PAID ORDINARY SHARES	1	UNITED STATES
	EMC CORPORATION MASS	0.37	UNITED STATES
	FRANCE TELECOM SA ORDS	0.43	FRANCE
	FREESCALE SEMICONDUCTOR CLASSB	0.06	UNITED STATES
	HEWLETT-PACKARD COMPANY	0.74	UNITED STATES
	INTEL CORPORATION	1.65	UNITED STATES
	INTERNATIONAL BUISNESS MACHINECOMMON SHARES	1.32	UNITED STATES
	JUNIPER NETWORKS INC	0.17	UNITED STATES
	KYOCERA CORPORATIONJPY 50 COMMON	0.4	JAPAN
	LEXMARK INTL INC	0.12	UNITED STATES
	LINEAR TECHNOLOGY	0.16	UNITED STATES
	LUCENT TECHNOLOGIES INC	0.16	UNITED STATES
	MAXIM INTEGRATED PRODUCTS INC	0.16	UNITED STATES
MOTOROLA INCORPORATED	0.45	UNITED STATES	

## LIST OF SHARE INVESTMENTS as at 30 June 2005

Industry	Security Name	% of Portfolio / Net Assets	Country Name
Technology Hardware & Equipment	MURATA MANUFACTURING JPY 50 COMMON	0.34	JAPAN
	NORTEL NETWORKS CORPORATIONS COMMON SHARES	0.44	CANADA
	ROHM CO LTD	0.29	JAPAN
	SBC COMMUNICATIONS INC (FORMERLY STH WSTN BELL CORP)	0.64	UNITED STATES
	SPRINT CORPORATION (FON GROUP)	0.41	UNITED STATES
	STMICROELECTRONICS	0.14	FRANCE
	SUN MICROSYSTEMS COM USD0.0007	0.16	UNITED STATES
	TEXAS INSTRUMENTS	0.53	UNITED STATES
	UNITED MICROELECTRONICS CORP	0.62	TAIWAN
	VERIZON COMMUNICATIONS	0.7	UNITED STATES
	XEROX CORPORATION	0.16	UNITED STATES
	XILINX INC	0.13	UNITED STATES
Telecommunication Services	AGILENT TECHNOLOGIES INC	0.15	UNITED STATES
	ALCATEL	0.22	FRANCE
	ALLTEL CORP COM US1 1	0.3	UNITED STATES
	AU OPTRONICS CORP	0.55	TAIWAN
	CISCO SYSTEMS INC	1.32	UNITED STATES
	CORNING INC	0.29	UNITED STATES
	ERICSSON TELEFON AB B SHS	0.97	SWEDEN
	HITACHI LTD Y50	0.59	JAPAN
	NEXTEL COMMUNICATIONS INC CL A	0.4	UNITED STATES
	NTT DOMOCO INCORPORATED	0.35	JAPAN
	O2 PLC	0.38	UNITED KINGDOM
QUALCOMM INC	0.54	UNITED STATES	
VODAFONE GROUP PLC	1.18	UNITED KINGDOM	
Textiles Apparel & Luxury Goods	CIE/FINANC RICHEMONT	0.48	SWITZERLAND
	LVMH MOET HENNESSY	0.48	FRANCE
Tobacco	ALTRIA GROUP INC	1.42	UNITED STATES
	BRITISH AMERICAN TOBACCO PLC GBP 25P	0.41	UNITED KINGDOM
	IMPERIAL TOBACCO GROUP PLC	0.33	UNITED KINGDOM
Utilities	CHUBU ELECTRIC PWRY500	0.48	JAPAN
	CLP HOLDINGS LTD HKD5	0.36	HONG KONG
	CONSOLIDATED EDISON INC COMPANY	0.17	UNITED STATES
	DOMINION RESOURCES INC (VIRGINIA) COM NPV	0.29	UNITED STATES
	DUKE ENERGY CORPORATION	0.34	UNITED STATES
	EDISON INTERNATIONALN/CHANGE FROM SCE CORP	0.22	UNITED STATES
	ENTERGY CORPORATION	0.24	UNITED STATES
	EXELON CORPORATION	0.4	UNITED STATES
	FIRST ENERGY CORP COM NPV	0.22	UNITED STATES

## LIST OF SHARE INVESTMENTS as at 30 June 2005

<b>Industry</b>	<b>Security Name</b>	<b>% of Portfolio / Net Assets</b>	<b>Country Name</b>
<b>Utilities</b>	FPL GROUP INCORPORATED	0.22	UNITED STATES
	KANSAI ELEC POWER Y500	0.5	JAPAN
	PG & E CORPORATION COM USD5-00	0.22	UNITED STATES
	PROGRESS ENERGY INC	0.17	UNITED STATES
	PUBLIC SERVICES ENTERPRISESGROUP	0.22	UNITED STATES
	SCOTTISH & SOUTHERN ENERGY PLC	0.28	UNITED KINGDOM
	SCOTTISH POWER ORD GBP0-50	0.27	UNITED KINGDOM
	SOUTHERN CO	0.31	UNITED STATES
	TOKYO ELECTRIC POWER YEN 500	0.39	JAPAN
	TXU CORPORATION	0.38	UNITED STATES
	<b>Sub-total Equities</b>	<b>96.5%</b>	
	<b>Sub-total Cash</b>	<b>3.5%</b>	
	<b>Total</b>	<b>100.0%</b>	

## ADDITIONAL ASX INFORMATION as at 30 September 2005

### DISTRIBUTION OF LISTED ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	136	60,767	0.156%
1,001	-	5,000	424	1,315,132	3.377%
5,001	-	10,000	372	2,889,922	7.421%
10,001	-	100,000	638	16,684,042	42.843%
100,001	-	and over	38	17,992,350	46.203%
<b>Total</b>			<b>1,608</b>	<b>38,942,213</b>	<b>100%</b>

### Unmarketable Parcel

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,388	166	95,058	0.244

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 1,388, shares or less being valued of \$500 or less in total, based upon the Company's closing share price on ASX on 30 September of \$0.36 per share.

### VOTING RIGHTS

- At any meeting of the members, each member entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a member which is a corporation, by representative.
- Every person who is present in the capacity of member or the representative of a corporate member shall, on a show of hands, have one vote.
- Every member who is present in person, by proxy, by power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by him.

### TRANSACTIONS AND BROKERAGE

During the financial year, the Company reinvested distribution income received from the Vanguard International Shares Index Fund and made 2 redemptions, including the withdrawal of all units on 30 August 2004. No brokerage fees are applicable on the Vanguard International Shares Index Fund investments.

During the financial year, the Investment Manager entered into ~265 transactions for the purchase of securities, incurring brokerage fees totalling ~\$34,066. There were no disposal transactions undertaken by the Investment Manager during the financial year.

### INVESTMENT MANAGEMENT AGREEMENT

A summary of the terms of the Investment Management Agreement (IMA) dated 18 May 2004 with Constellation Capital Management Limited is contained in the Investment Manager's section of this Annual Report at page 24. Management fees of \$135,878 were paid or accrued during the financial year. No performance fees are payable to Constellation under the IMA.

## ADDITIONAL ASX INFORMATION

### as at 30 September 2005

#### TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Total Shares Held	% Issued Capital
1	CENTRAL EXCHANGE LIMITED *	9,708,920	24.932
2	INVIA CUSTODIAN PTY LIMITED <WAM CAPITAL LIMITED A/C>	817,469	2.099
3	MR JOHN ROBERT DILLON	749,527	1.925
4	ROCHESTER NO 39 PTY LIMITED	654,802	1.681
5	TOTHEMILL PTY LTD	557,441	1.431
6	DELTA ASSET MANAGEMENT PTY LTD	395,000	1.014
7	MR MILTON MELROSE FORSTER	300,000	0.770
8	NENDAR PTY LTD <THE LITTLE FAMILY S/F A/C>	300,000	0.770
9	MR PERCY ALLAN	277,500	0.713
10	DR SPENCER DAVID <DAVID FAMILY INV FUND A/C>	251,951	0.647
11	MR JAMES LAWRENCE HADLEY & MRS MARIA MARLENA HADLEY <HADLEY FAMILY SUPERFUND A/C>	250,000	0.642
12	INVIA CUSTODIAN PTY LIMITED <PROTEA A/C>	250,000	0.642
13	PENSON HOLDINGS PTY LTD	238,770	0.613
14	RBC GLOBAL SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	200,000	0.514
15	JOHN SCOTT BELL	200,000	0.514
16	MR PETER VINCENT LISTON	192,659	0.495
17	MS JAN ELIZABETH BURNETT-MCKEOWN	182,970	0.470
18	MRS LEANNE MAREE ROCKEFELLER	182,650	0.469
19	MR DAVID JAMES HADLEY & MS RITA DUNCAN <HADLEY/DUNCAN S/F A/C>	182,089	0.468
20	PANATON PTY LTD	179,715	0.461
<b>TOTAL</b>		<b>16,071,463</b>	<b>41.27%</b>

\* Substantial shareholder

**Bentley International Limited**

ABN 87 008 108 218

(formerly Bentley Equities Limited and BT Global Asset Management Limited)

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