



Bentley International Limited

FULL YEAR REPORTS

**ASX Appendix 4E Preliminary Final Report
Directors' Report
Auditors' Independence Declaration
Financial Report
Audit Report**

30 June 2005



ASX Code: BEL

Bentley International Limited
A.B.N. 87 008 108 218

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

Registered Office:

c/- White Funds Management Pty Ltd
Level 5, CML Building
14 Martin Place
Sydney New South Wales 2000
T | (02) 8236 7700
F | (02) 9221 1194
W | www.whitefunds.com.au

Share Registry:

Registries Limited
Level 2
28 Margaret Street
Sydney New South Wales 2000
T | (02) 9290 9600
F | (02) 9279 0664
E | registries@registriesltd.com.au
W | www.registriesltd.com.au

Company Secretarial Office:

Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia 6000
Local T | 1300 762 678
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info@bel.com.au

STOCK EXCHANGE

Australian Stock Exchange
Sydney, New South Wales

ASX CODE
BEL

SHARE REGISTRY

Registries Limited
Level 2, 28 Margaret Street
Sydney New South Wales 2000
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664
Email: registries@registriesltd.com.au
Internet: www.registriesltd.com.au

CORPORATE DIRECTORY**BOARD**

Farooq Khan	Chairman
Christopher Ryan	Director
Simon Cato	Director

COMPANY SECRETARY

Victor Ho

REGISTERED OFFICE**AND ACCOUNTING AND ADMINISTRATION**

White Funds Management Pty Ltd
Level 5, CML Building
14 Martin Place
Sydney New South Wales 2000
Telephone: (02) 8236 7700
Facsimile: (02) 9221 1194
Internet: www.whitefunds.com.au

CHAIRMAN'S**AND COMPANY SECRETARIAL OFFICE**

Level 14, The Forrest Centre
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Telephone: (08) 9214 9757
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AUDITORS

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney New South Wales 2000
Telephone: (02) 8266 0000
Facsimile: (02) 8266 9999

INVESTMENT MANAGER

Constellation Capital Management Limited
Level 19, 60 Castlereagh Street
Sydney New South Wales 2000
Telephone: (02) 9231 2833
Telephone: (02) 9231 2844
Email: reception@constellation.com.au
Internet: www.constellation.com.au

CUSTODIAN

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

APPENDIX 4E PRELIMINARY FINAL REPORT

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A

Current Reporting Period: Financial year ended 30 June 2005
 Previous Corresponding Period: Financial year ended 30 June 2004
 Balance Date: 30 June 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	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
Total investment income from ordinary activities	(551)	2,722	(120)	Down
Investment manager's fees	136	8	1600	Up
Custody fees	44	1	4300	Up
Other corporate and administration expenses	353	337	5	Up
Total expenses from ordinary activities	533	346	54	Up
(Loss)/profit from ordinary activities before tax	(1,084)	2,376	(146)	Down
Income tax (benefit) / expense	(369)	443	(183)	Down
(Loss)/profit from ordinary activities after tax attributable to members	(715)	1,933	(137)	Down
Basic and diluted earnings / (loss) per share (cents)	(1.84)	4.97	(139)	Down
Pre-Tax NTA backing per share (cents)	45.1	49.0	(8)	Down
Post-Tax NTA backing per share (cents)	45.1	47.9	(96)	Down

Dividends

The Company paid a fully franked dividend of one cent per share on 27 September 2004 (with 21 September 2004 being the record date for determining entitlements) at a cost of \$389,422.

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

The Company has \$8,790,117 in prior year foreign tax losses and \$4,663,711 available franking credits as at 30 June 2005.

APPENDIX 4E PRELIMINARY FINAL REPORT

Brief Explanation of Results

- (1) On 30 August 2004, the Company fully redeemed its investment in the Vanguard International Shares Index Fund, realising a loss on investment of \$855,803 (against the 30 June 2004 carrying value);
- (2) Constellation Capital Management Limited and National Australia Bank Limited commenced investment management and custodial services respectively for the Company, incurring investment management fees of \$135,878 and custody fees of \$43,889 during the financial year;
- (3) 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.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

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

On 30 August 2004, the Company redeemed its investment in the Vanguard International Shares Index Fund, realising gross proceeds of \$18,314,056. Although 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).

In early September 2004, the Company transferred \$17,425,000 of cash funds to its custodian for management by 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.

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).

Please also refer to the attached Directors' Report and financial statements and notes for further information on a review of the Company's operations and the financial position and performance of the Company for the year ended 30 June 2005.

Please also refer to the attached Annual Portfolio Report of the Investment Manager, Constellation Capital Management Limited, for information concerning the investment portfolio of the Company.

APPENDIX 4E PRELIMINARY FINAL REPORT

STATUS OF AUDIT

This Preliminary Final Report is based on accounts to which one of the following applies:

- The accounts have been audited.
- The accounts are in the process of being audited or subject to review.
- The accounts have been subject to review.
- The accounts have not been audited or reviewed.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review

Not Applicable

ANNUAL GENERAL MEETING

The Company's Annual General Meeting is expected to be held in Sydney, New South Wales, in October 2005, at a location, date and time still to be determined by the Board.

The Notice of Annual General Meeting and 2005 Annual Report is expected to be despatched to shareholders in September 2005.

For and on behalf of the Directors,



Date: 29 August 2005

Victor Ho
Company Secretary

Local Call: 1300 762 678
Telephone: (08) 9214 9757
Email: vho@bel.com.au

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
Pre-tax NTA Backing per share (cents)	45.1	49.0
Less: Provision for tax on unrealised gains	-	(450)
Net tangible assets (after tax on unrealised gains)	17,544	18,648
Post-tax NTA Backing per share (cents)	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

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

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

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 — Formerly Chairman and Managing Director of:

- (1) Central Exchange Limited (4 October 1999 to 4 July 2003).
-

DIRECTORS' REPORT

Christopher B. Ryan – Non-Executive Director

Appointed – 5 February 2004

Qualifications – BEcon (UWA), MBA (UNSW)

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

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

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

DIRECTORS' REPORT

COMPANY SECRETARY

Victor P. H. Ho — Company Secretary

Appointed — Since 5 February 2004

Qualifications — BCom, LLB (UWA)

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

Relevant interest in shares — 15,945 ordinary shares

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

- (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:

Name of Director	Meetings Attended	Maximum Possible Meetings
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 ⁽¹⁾	-	1,655 ⁽²⁾	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

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 15. 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.

DIRECTORS' REPORT

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 PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
Investment income			
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
Total investment income from ordinary activities		(551)	2,722
Expenses			
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
Total expenses from ordinary activities		533	346
Profit/(loss) from ordinary activities before income tax expense		(1,084)	2,376
Income tax expense/(benefit)	12(a)	(369)	443
Profit/(loss) from ordinary activities after income tax expense		(715)	1,933
Net profit/(loss) attributable to members of Bentley International Limited		(715)	1,933
Total revenues, expenses & valuation adjustments attributable to members of Bentley International Limited recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with owners as owners		(715)	1,933
		Cents	Cents
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
Cash flows from operating activities			
Dividends received		486	91
Interest received		18	177
Other income received		4	37
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)
Net cash (outflow)/inflow from operating activities	17(a)	<u>(4)</u>	<u>8</u>
Cash flows from investing activities			
Purchase of plant and equipment		-	(9)
Proceeds from sale of investments		18,327	-
Purchase of investments		(17,089)	(3,719)
Net cash inflow/(outflow) from investment activities		<u>1,238</u>	<u>(3,728)</u>
Cash flows from financing activities			
Dividends paid		(389)	-
Net cash outflow from financing activities		<u>(389)</u>	<u>-</u>
Net increase/(decrease) in cash held			
Cash at the beginning of the financial year		19	3,739
Effect of exchange rate changes on cash		(106)	-
Cash at the end of the financial year	17(b)	<u>758</u>	<u>19</u>
Non-cash financing activities	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**

	2005 \$'000	2004 \$'000
2 Investments		
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.		
	2005 \$'000	2004 \$'000
3 Receivables		
Current		
Accrued interest and dividends	20	-
	<u>20</u>	<u>-</u>
4 Tax assets		
Non-current		
Future income tax benefit	7	7
	<u>7</u>	<u>7</u>
The future income tax benefit is made up of timing differences.		
5 Other		
Current		
Prepayments	7	24
	<u>7</u>	<u>24</u>
6 Property, plant & equipment		
At cost	9	9
Less: Accumulated depreciation	(2)	-
	<u>7</u>	<u>9</u>
7 Payables		
Current		
Trade creditors	80	75
	<u>80</u>	<u>75</u>

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

	2005	2004
	\$'000	\$'000
8 Tax liabilities		
Current		
Provision for Income Tax	49	-
Non-current		
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>

	2005		2004	
	No. Shares	\$'000	No. Shares	\$'000
9 Contributed Equity				
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

	2005	2004
	\$'000	\$'000
Unrealised profits and losses reserve		
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>
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
Specified Directors			
Farooq Khan	7,669,323	2,039,597	9,708,920
Christopher Ryan	-	-	-
Simon Cato	-	-	-
Specified Executives			
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
Financial assets				
Cash assets	4.98	758	-	758
Investments		-	16,880	16,880
Receivables			20	20
Other		-	7	7
		758	16,907	17,665
Financial liabilities				
Payables		-	80	80
Net financial assets		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
Financial assets				
Cash assets	4.5	19	-	19
Unlisted Index Fund		-	19,114	19,114
Other		-	24	24
		19	19,138	19,157
Financial liabilities				
Payables		-	75	75
Net financial assets		19	19,063	19,082

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

17 Statement of cash flows	2005	2004
	\$'000	\$'000
(a) Reconciliation of net profit/(loss) from ordinary activities after income tax to net cash utilised in operating activities		
(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 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>(4)</u>	<u>8</u>
(b) Components of cash		
Cash at bank	<u>758</u>	<u>19</u>
(c) Non-cash financing activity		
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
Investment income			
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
Total investment income from ordinary activities	(551)	54	(497)
Expenses			
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
Total expenses from ordinary activities	533	-	533
Profit/(loss) from ordinary activities before income tax	(1,084)	54	(1,030)
Income tax expense/(benefit)	-	16	(369)
Profit/(loss) from ordinary activities after income tax expense	(715)	38	(677)
Net profit/(loss) attributable to members of Bentley International Limited	(715)	38	(677)
Total revenues, expenses & valuation adjustments attributable to members of Bentley International Limited recognised directly in equity	(701)	38	(677)
Total changes in equity other than those resulting from transactions with owners as owners	(701)	38	(677)

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
Investments	16,880	54	16,934
Current assets			
Cash assets	758		758
Receivables	20		20
Current tax assets	-		-
Other	7		7
Total current assets	785		785
Non-current assets			
Property, plant and equipment	7		7
Deferred tax assets	7	(16)	(9)
Total non-current assets	14		14
Total assets	17,679	38	17,717
Current liabilities			
Payables	80		80
Provision for income tax	49		49
Total current liabilities	129		129
Non-current liabilities			
Deferred tax liabilities	6		6
Total non-current liabilities	6		6
Total liabilities	135		135
Net assets	17,544	38	17,582
Equity			
Contributed equity	23,004		23,004
Reserves	-		-
Accumulated losses	(5,460)	38	(5,422)
Total equity	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 AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement methods.

(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.

(c) Statement of Cash Flows

On transition to AIFRS cashflows arising from purchase and sale of securities held for trading purposes will be required to be disclosed as operating cash flows as they arise predominantly from activities comprising the main revenue producing activity of the Company. This differs from the existing policy of the Company which was to disclose these cash flows as investing in line with industry practice under AGAAP.

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
Total Equity under AGAAP	17,544
Transaction costs	59
Change from last sale to bid pricing for financial assets	(5)
Tax	(16)
Total Equity under AIFRS	<u>17,582</u>

Reconciliation of net profit

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

DIRECTORS' DECLARATION

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 17 to 35, 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

BENTLEY INTERNATIONAL LIMITED

ANNUAL PORTFOLIO REPORT

30 June 2005

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.

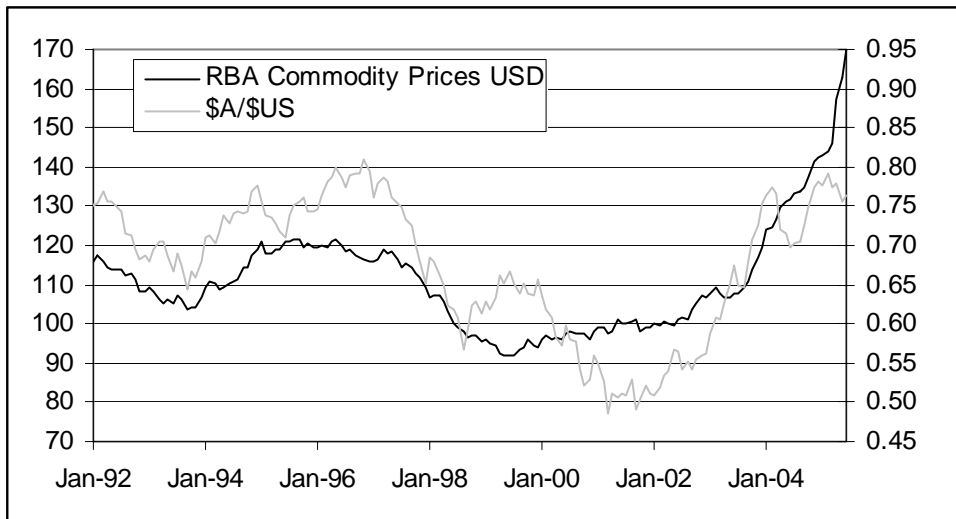
BENTLEY INTERNATIONAL LIMITED

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

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

BENTLEY INTERNATIONAL LIMITED
HOMEGLOBAL™ PORTFOLIO

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

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 stockmarkets.

BENTLEY INTERNATIONAL LIMITED
HOMEGLOBAL™ PORTFOLIO

TOP 20 HOLDINGS AS AT 30 JUN '05

Stock	Sector	Wgt (%)
MICROSOFT	Software & Computer Services	2.7
EXXON MOBIL	Oil & Gas	2.3
INTEL	Information Technology Hardware	1.6
JOHNSON & JOHNSON	Pharmaceuticals & Biotechnology	1.6
BP PLC	Oil & Gas	1.5
ALTRIA GROUP	Tobacco	1.4
INTL.BUS.MACH.	Software & Computer Services	1.3
CISCO SYSTEMS	Information Technology Hardware	1.3
PROCTER & GAMBLE	Personal Care & Household Products	1.3
NOVARTIS R	Pharmaceuticals & Biotechnology	1.3
ENCANA	Oil & Gas	1.3
GLAXOSMITHKLINE	Pharmaceuticals & Biotechnology	1.2
VODAFONE GROUP	Telecommunication Services	1.2
TOTAL	Oil & Gas	1.0
DELL	Information Technology Hardware	1.0
ERICSSON B	Information Technology Hardware	1.0
ROCHE HOLDING GSH.	Pharmaceuticals & Biotechnology	1.0
TOYOTA MOTOR	Automobiles & Parts	0.9
ROYAL DUTCH PTL.	Oil & Gas	0.9
NESTLE R	Food Producers & Processors	0.8

TOP 10 PERFORMERS - 9 months to 30 JUN '05

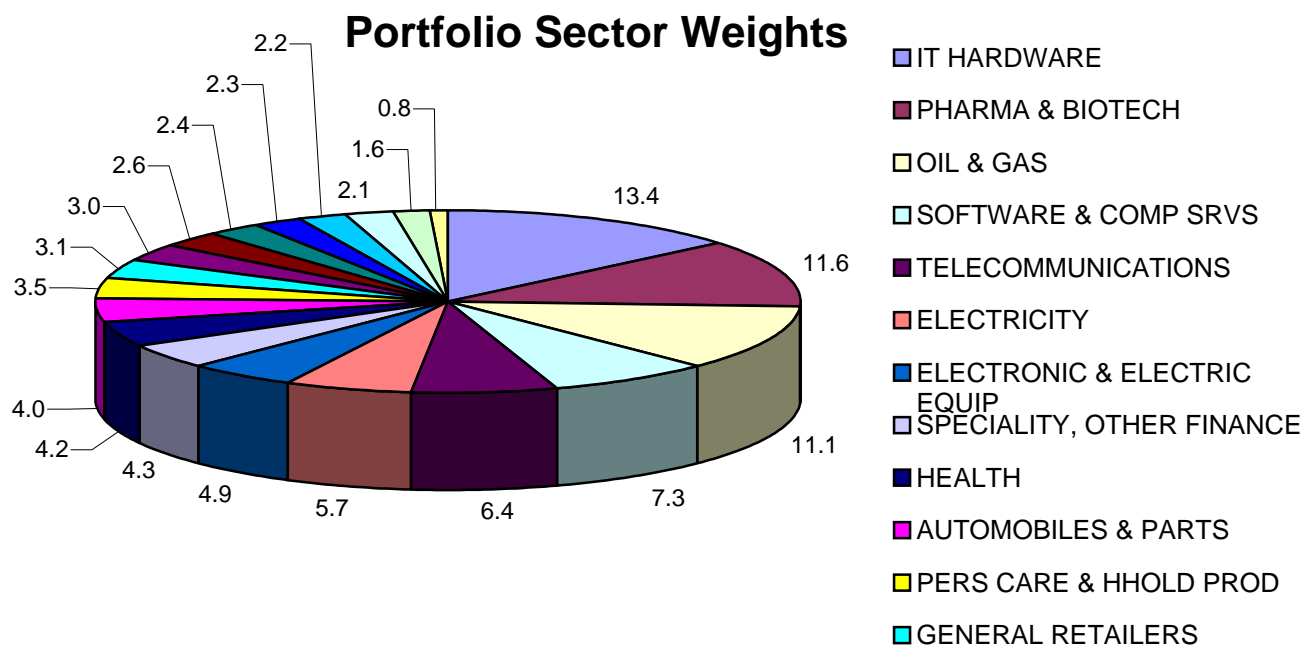
Stock	Sector	Return (%)	
		Local	A\$
ABERCROMBIE & FITCH	General Retailers	119.7	108.7
APPLE COM	Information Technology Hardware	90.0	80.5
TXU	Electricity	77.5	68.7
ENCANA	Oil & Gas	66.5	63.5
AETNA	Health	65.8	57.6
EDISON INTL.	Electricity	56.3	48.5
GENENTECH	Pharmaceuticals & Biotechnology	53.1	45.5
CORNING	Information Technology Hardware	50.0	42.5
HCA	Health	49.9	42.5
PUB.SER.ENTER.GP.	Electricity	47.5	40.2

BOTTOM 10 PERFORMERS - 9 months to 30 JUN '05

Stock	Sector	Return (%)	
		Local	A\$
HARLEY-DAVIDSON	Automobiles & Parts	-15.9	-20.1
GENERAL MOTORS	Automobiles & Parts	-16.5	-20.7
SYMANTEC	Software & Computer Services	-20.8	-24.7
LEXMARK INTL.GP.A	Information Technology Hardware	-22.8	-26.7
NORTEL NETWORKS	Information Technology Hardware	-25.5	-26.8
FORD MOTOR	Automobiles & Parts	-25.2	-28.9
BIOMET IN	Health	-26.1	-29.8
EBAY	General Retailers	-28.2	-31.8
BOSTON SC	Health	-32.0	-35.4
IDEL PHAR	Pharmaceuticals & Biotechnology	-43.7	-46.5

BENTLEY INTERNATIONAL LIMITED
HOMEGLOBAL™ PORTFOLIO

SECTOR EXPOSURES (%) 30 Jun 2005	PORTFOLIO
IT HARDWARE	13.4
PHARMA & BIOTECH	11.6
OIL & GAS	11.1
SOFTWARE & COMP SRVS	7.3
TELECOMMUNICATIONS	6.4
ELECTRICITY	5.7
ELECTRONIC & ELECTRIC EQUIP	4.9
SPECIALITY, OTHER FINANCE	4.3
HEALTH	4.2
AUTOMOBILES & PARTS	4.0
PERS CARE & HHOLD PROD	3.5
GENERAL RETAILERS	3.1
AERO & DEFENCE	3.0
FOOD PROD & PROCESSORS	2.6
CHEMICALS	2.4
ENGINEERING & MACHINERY	2.3
TOBACCO	2.2
INSURANCE	2.1
HHOLD GOODS & TEXTILES	1.6
DIVERSIFIED INDUSTRIALS	0.8
CASH	3.5
TOTAL	100.0



BENTLEY INTERNATIONAL LIMITED
HOMEGLOBAL™ PORTFOLIO

REGIONAL EXPOSURES (%) 30 Jun 2005	PORTFOLIO
Asia (ex Japan)	2.9
JAPAN	10.7
Europe (ex UK)	16.4
UNITED KINGDOM	8.8
North America	57.7
Other	-
Cash	3.5
TOTAL	100.0

Portfolio Region Weights

