

Thursday, 20 November 2008

# MARKET ANNOUNCEMENT

## Company Update

### Proposed Merger Discussions

Scarborough Equities Limited (Scarborough) and Bentley International Limited (Bentley) are pleased to announce that they are in discussions to merge the two listed investment companies (LIC's) under a scheme of arrangement.

Both Scarborough and Bentley are relatively small players in an industry dominated by much larger LIC's. The merger of these companies will create a single LIC with a larger capital and shareholder base.

The merged group will have:

- (a) Net Tangible Assets (NTA) of approximately \$30 million (after tax) (based on the after tax NTA of Scarborough of \$14.14 million and Bentley of \$15.64 million as at 31 October 2008<sup>1</sup>);
- (b) approximately 2,442 shareholders (based on the shareholders of Scarborough of 1,254 and Bentley of 1,188 as at 18 November 2008);
- (c) a reduced management expense ratio (MER) as a result of the removal of duplication of expenses such as ASX listing fees, share registry fees, auditing fees, compliance costs and other public listed company costs;
- (d) potentially greater flexibility in capital raising;
- (e) potentially improved liquidity; and
- (f) a flexible investment mandate (subject to shareholder approval).

Scarborough and Bentley are currently in discussions in relation to the terms of the proposed merger.

It is anticipated that the merger consideration formula will be based on the post-tax NTA positions of Scarborough and Bentley.

Shareholder and Court approvals will be required for the proposed merger. Independent Expert's Reports on the proposed merger transaction will also be commissioned by each company.

<sup>1</sup>

Refer [Scarborough's ASX announcement of 14 November 2008 entitled "Net Tangible Asset Backing as at 31 October 2008"](#) and [Bentley's ASX announcement of 14 November 2008 entitled "NTA and Portfolio Details as at 31 October 2008"](#)

ABN 58 061 287 045

#### Registered Office:

Suite 202, Angela House  
30-36 Bay Street  
Double Bay New South Wales 2028  
T | (02) 9363 5088  
F | (02) 9363 5488  
E | [info@scarboroughequities.com.au](mailto:info@scarboroughequities.com.au)  
W | [www.scarboroughequities.com.au](http://www.scarboroughequities.com.au)

ASX Code: SCB



#### Company Secretarial Office:

Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth, Western Australia 6000  
Local T | 1300 762 678  
T | (08) 9214 9717  
F | (08) 9322 1515  
E | [info@scarboroughequities.com.au](mailto:info@scarboroughequities.com.au)

Scarborough and Bentley will provide more details about the proposed merger if and when a merger implementation agreement (which will set out the terms under which both companies have agreed to proceed with the merger by way of a scheme of arrangement) is executed.

### About Bentley International Limited (ASX Code: BEL)

Since admission to ASX in 1986 as an LIC, the principal investment objective of Bentley is to invest in equity securities listed on the world's major stock markets.

Bentley's asset weighting (as % Net Assets) are:

	31 October 2008	30 June 2008	30 June 2007
International Equities	32%	98.9%	98.8%
Cash (net other assets)	68%	1.1%	1.2%
<b>TOTAL</b>	100%	100%	100%

On 10 October 2008, the Bentley Board instructed the company's investment manager, Constellation Capital Management Limited (**Constellation**), to convert 70% of the company's investment portfolio to cash and repatriate the sale proceeds into Australian dollars. Bentley has invested its cash funds in term deposits with Australian banks pending the completion of the Board's previously announced intention to review its investment strategy<sup>2</sup>.

Bentley's Directors are Farooq Khan (Chairman), Peter Simpson (Non-Executive Director), Simon Cato (Non-Executive Director), Christopher Ryan (Non-Executive Director), John Hart (as Alternate Director of Mr Simpson) and Robin Dean (as Alternate Director of Mr Ryan).

Please refer to Bentley's website for further information: [www.bel.com.au](http://www.bel.com.au)

<sup>2</sup> Refer [Bentley's ASX announcement dated 15 October 2008 and entitled "Investment Portfolio Update"](#)

## Alternate Director Appointment

The following Alternate Director appointment has been made by the Company:

<b>Alan C. Winduss</b>	-	Alternate Director for Simon Cato
<i>Appointed</i>	-	19 November 2008
<i>Qualifications and Experience</i>	-	Mr Winduss is a director of Winduss & Associates Pty Ltd, Chartered Accountants, and has been involved in professional accounting in public practice for over 25 years, specialising in corporate management, finance, capital raising, restructuring and corporate governance matters including ASX and ASIC compliance. He has extensive experience in advising companies operating in the mining exploration sector. He is a non-executive director of Singapore and ASX listed United Overseas Australia Ltd, a non-executive director of ASX listed Advanced Share Registry Services Ltd, an executive director of Alloy Steel International Inc listed on the OTCBB in USA and a non-executive director of Bursa Malaysia listed UOA Real Estate Investment Trust Bhd. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Taxation Institute of Australia, an Associate Fellow of the Australian Institute of Management and a registered company auditor.
<i>Relevant Interest shares</i>	-	None
<i>Special responsibilities</i>	-	None
<i>Other current directorships in listed entities</i>	-	<p><i>Current Chairman of -</i></p> <p>(1) IC2 Global Limited (since August 2008)</p> <p><i>Current Director of -</i></p> <p>(1) United Overseas Australia Ltd (since 5 December 1990)</p> <p>(2) Advanced Share Registry Services Limited (since 22 August 2007)</p> <p>(3) Alloy Steel International Inc, listed United States of America (since 1 September 2000)</p> <p>(4) UOA Real Estate Investment Trust, listed Bursa Malaysia (since 29 December 2005)</p>

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### For further information:

William Johnson  
 Director  
 T | 1300 762 678  
 E | wjohnson@scarboroughequities.com.au

Christopher Ryan  
 Director  
 T | (02) 9363 5088  
 E | c.ryan@westchester.com.au