



Bentley
International Limited

NOTICE OF General MEETING

**Time and:
Date of Meeting** 11:00 am
on Wednesday 25 February 2009

Place of Meeting: Westin Hotel Sydney
Meeting Room 4
1 Martin Place
Sydney, New South Wales

IMPORTANT NOTICE

It is recommended that shareholders read this Notice of General Meeting and Explanatory Statement in full. If there is any matter that you do not understand you should contact your financial adviser, stockbroker or solicitor for advice.

The Chairman of the General Meeting will vote open proxies received in favour of all resolutions to be considered at the General Meeting.

Neither ASX Limited nor any of its officers take any responsibility for the contents of this document.

Bentley Corporate Directory

Registered Office

Suite 202, Angela House
30-36 Bay Street
Double Bay, New South Wales 2028

Telephone: (02) 9363 5088
Facsimile: (02) 9363 5488

Directors

Farooq Khan	(Chairman)
Simon K. Cato	(Director)
Christopher B. Ryan	(Director)
Peter P. Simpson	(Director)
John R. Hart	(Alternate for P. Simpson)
Robin J. Dean	(Alternate for C. Ryan)

Company Secretaries

Victor P.H. Ho (Company Secretary)
Stephen J.H. Gethin (Co-Company Secretary)

Stock Exchange

Australian Securities Exchange (ASX)
Sydney, New South Wales

ASX Code: BEL

Chairman's/Secretary's Office

Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia 6000

Telephone (within Australia): 1300 762 678
Telephone: (08) 9214 9757
Facsimile: (08) 9322 1515
Email: info@bel.com.au
Web: www.bel.com.au

Auditors

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
Subiaco, Western Australia 6008

Telephone: (08) 9380 8400
Facsimile: (08) 9380 8499
Web: www.bdo.com.au

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands, Western Australia 6009

Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871
Email: admin@advancedshare.com.au
Web: www.advancedshare.com.au

Independent Expert

Grant Thornton (WA) Financial Services Pty Ltd
Level 1, 10 Kings Park Road
West Perth, Western Australia 6005

Telephone: (08) 9480 2000
Facsimile: (08) 9322 7787
Web: www.grantthornton.com.au

Contents

Notice of General Meeting	2
Explanatory Statement.....	4
1. Background - Proposed Merger with Scarborough Equities Limited	4
2. Independent Directors' recommendations	8
3. Merger Consideration.....	9
4. Assessment of the Merger.....	13
5. About Scarborough	17
6. About Bentley.....	25
7. Profile of Merged Group.....	37
8. How the Merger will be implemented.....	41
9. Taxation implications of the Merger for Bentley Shareholders	44
10. Resolution 1 - Acquire Scarborough shares from Orion.....	45
11. Resolution 2 - Acquire Scarborough Shares from Peter Simpson.....	48
12. Resolution 3 - Adopt New Investment Mandate	50
13. Resolution 4 - Change of name	54
14. Responsibility for statements and opinions	55
15. Further Information	56
16. Dictionary.....	57
17. Time and Place of General Meeting and How to Vote.....	60
Annexure A - Merger Agreement	
Annexure B - Independent Expert's Report	

Notice of General Meeting

Notice is given that a General Meeting of shareholders of Bentley International Limited A.B.N. 87 008 108 218 (**Bentley, BEL or Company**) will be held at the **Westin Hotel Sydney, Meeting Room 4, 1 Martin Place, Sydney, New South Wales** at **11:00 am on Wednesday 25 February 2009**.

Agenda

1. Resolution 1 - Approve acquisition of Scarborough Shares from Orion Equities Limited

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of ASX Listing Rule 10.1 and for all other purposes shareholders approve the Company acquiring the fully-paid ordinary shares in Scarborough Equities Limited (**Scarborough**) from Orion Equities Limited (**Orion**) on the terms set out in the Explanatory Statement, pursuant to the merger between the Company and Scarborough (**Merger**) described in the Explanatory Statement (**Orion Acquisition**).”*

Voting exclusion

The Company will disregard any votes cast on this resolution by:

- Orion Equities Limited;
- Peter Penfold Simpson, Carolynne Denise Simpson, Rochester No 39 Pty Ltd and Barbridge Trust Pty Ltd¹; and
- any associate of any of those persons and companies,

however the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Resolution 2 - Approve acquisition of Scarborough Shares from Peter Simpson Parties

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of ASX Listing Rule 10.1 and for all other purposes, shareholders approve the Company acquiring the fully-paid ordinary shares in Scarborough from Peter Penfold Simpson and his Associates named in the Explanatory Statement (**Peter Simpson Parties**) on the terms set out in the Explanatory Statement pursuant to the Merger (**Simpson Acquisition**).”*

Voting exclusion

The Company will disregard any votes cast on this resolution by:

- Peter Penfold Simpson, Carolynne Denise Simpson, Rochester No 39 Pty Ltd and Barbridge Trust Pty Ltd;
- Orion Equities Limited²; and
- any associate of any of those persons and companies,

however the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

¹ ASX has imposed a requirement for Bentley to disregard any votes cast on this resolution by each of Peter Penfold Simpson, Carolynne Denise Simpson, Rochester No 39 Pty Ltd and Barbridge Trust Pty Ltd and their associates. Bentley has sought a review of that requirement. Bentley will announce the result of the review on ASX. If the application for review is successful, Bentley will not be required to disregard those votes.

² ASX has imposed a requirement for Bentley to disregard any votes cast on this resolution by Orion Equities Limited and its associates. Bentley has sought a review of that requirement. Bentley will announce the result of the review on ASX. If the application for review is successful, Bentley will not be required to disregard those votes.

3. Resolution 3 – Adopt New Investment Mandate

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to implementation of the Merger, the Company adopt the New Investment Mandate set out in the Explanatory Statement with effect from the Merger Completion Date.”

4. Resolution 4 - Change of name

To consider, and if thought fit, to pass the following resolution as a special resolution:

“That, subject to implementation of the Merger, the Company change its name to Bentley Capital Limited, with effect from the day on which the Australian Securities and Investments Commission issues a new certificate of registration.”

Dated: 15 January 2009

By order of the Board,

Stephen Gethin
Co-Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared to assist shareholders of the Company in understanding the business to be put to shareholders for their consideration at the General Meeting of the Company. It is an important document and should be read carefully in its entirety by all shareholders of the Company.

Words and expressions with capitalised first letters terms used in this Explanatory Statement have the meanings given in the Dictionary in Section 16 of this Explanatory Statement and in other convenient places throughout.

1. Background - Proposed Merger with Scarborough Equities Limited

1.1 Merger overview

On 28 November 2008 Bentley and Scarborough Equities Limited A.B.N. 58 061 287 045 (**Scarborough**) entered into a merger implementation agreement (**Merger Agreement**) for the acquisition by Bentley of all the issued share capital of Scarborough (**Merger**). Scarborough is an ASX-listed investment company, which trades under the code SCB.

The purpose of the Merger is to increase Bentley's capital base and broaden its investment mandate to better position it to enhance shareholder value in these challenging economic times.

Under the Merger Agreement, Scarborough agreed, subject to certain conditions, to enter into a scheme of arrangement (**Scheme**) with its ordinary shareholders (**Scarborough Shareholders**). The Scheme requires Scarborough Shareholders' and Court approval. If the Scheme is approved, Scarborough shareholders will be required to transfer all their shares in Scarborough to Bentley. Under the Merger Agreement Bentley will, on certain conditions, acquire those shares and issue Bentley Shares to the former Scarborough Shareholders in return. No cash is payable by Bentley.

Bentley does not require Shareholders' approval for the Merger as a whole. Bentley Shareholders' approval is, however, required for certain aspects of the Merger, the subject of the Resolutions in this Notice of Meeting. As a consequence, if the Resolutions are not passed, the Merger will not proceed. Each Resolution will only come into effect if each of the other Resolutions is passed, and only if the Merger is implemented in accordance with its terms.

Shareholders should consider the advantages and disadvantages of the Merger when considering how to vote on these Resolutions. Information relevant to the Merger generally is contained in Sections 1 to 9 of this Explanatory Statement. Information specific to each Resolution is in Sections 10 to 13.

Bentley Shareholders should consider the advantages and disadvantages of the Merger in the context of their individual financial circumstances, and should seek investment or other professional advice if necessary.

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 to 4.

The remainder of this Section 1 contains an overview of key features of the proposed Merger. Full details are contained in subsequent Sections of this Explanatory Statement.

1.2 Merger terms

The key terms of the Merger are:

- Bentley will acquire all the issued shares in Scarborough in consideration for the issue of shares in Bentley.
- The Merger will be implemented by a Scheme of Arrangement under Chapter 5 of the Corporations Act between Scarborough and the Scarborough Shareholders (Scheme). Under the Scheme Scarborough Shareholders will be required to transfer their Scarborough Shares to Bentley, subject to conditions (referred to below). In consideration for the transfer of the Scarborough Shares to Bentley, Bentley will issue new ordinary, fully-paid shares in Bentley (**New Bentley Shares**) to the Scarborough Shareholders, subject to conditions (also referred to below).
- The number of New Bentley Shares to be issued to each Scarborough Shareholder will be calculated using a formula which values a share in each of Bentley and Scarborough at an amount equal to that company's post-tax, net tangible assets per share (NTA). The valuation will be done as at the Calculation Date (presently anticipated to be 27 February 2009) and will be reviewed by the two companies' respective auditors.
- For example, if the Merger had been implemented with a Calculation Date of 31 December 2008, Bentley's NTA would have been \$0.3780 and Scarborough's NTA would have been \$0.6137³. Bentley would have issued approximately 1.62 Bentley Shares for each Scarborough Share it acquired. Bentley would have issued 32.04 million Bentley Shares as consideration for the acquisition of all 19.74 million Scarborough Shares. There are presently a total of 40.23 million Bentley shares on issue. Post-Merger, the existing Bentley Shareholders would hold 55.67% of the 72.27 million Bentley shares on issue. Section 3.2 contains examples based on some other possible combinations of the two companies' NTAs at the Calculation Date.
- The Bentley Shares to be issued under the Merger will be identical in all respects with existing Bentley Shares currently on issue.
- The Merger is subject to a number of conditions precedent (**Merger Conditions**). If any Merger Condition is not satisfied, the Merger Agreement may be terminated. If the Merger Agreement is terminated, the Merger will not proceed. The most important Merger Conditions are:
 - Bentley Shareholders passing Resolutions 1 to 4 in the Notice of Meeting.
 - The Court approving Scarborough holding a shareholders' meeting to approve the Scheme. *Scarborough has advised that this condition has been satisfied.*
 - Scarborough Shareholders passing a resolution to approve the Scheme by a majority of at least 50% of the Scarborough Shareholders by number of Shareholders voting and by a majority of 75% of the Scarborough Shares that are voted on the resolution.
 - The Court approving the Scheme after (and assuming that) Scarborough Shareholders approve the Scheme.

(The Merger Conditions are further detailed in Section 8.2 and are set out in full in clause 3.1 of the Merger Agreement, which is Annexure A to this Explanatory Statement).

³ The example assumes that the auditor, on his review for the purposes of confirming the net tangible assets of each of Bentley and Scarborough, would have accepted these NTAs (as announced to ASX by each of Bentley and Scarborough) as correct. Under the example the precise number of Bentley shares to be issued for each Scarborough share would be 1.6235.

1.3 Indicative Merger timetable

This table sets out key events that must occur if the Merger is to be completed and the dates on which they are expected to occur.

<i>Event</i>	<i>Date</i>
First Scarborough Court Hearing - to approve Scarborough holding a Shareholders' meeting to approve the Scheme	16 January 2009
Scarborough Shareholders' meeting to vote on the Scheme	20 February 2009
Bentley Shareholders' meeting	25 February 2009
Second Scarborough Court Hearing - to approve the Scheme	27 February 2009
Scheme becomes effective - date for calculating Merger Consideration (Calculation Date)	27 February 2009
Issue of New Bentley Shares to former Scarborough Shareholders (Merger Completion Date)	13 March 2009
Commencement of trading on ASX of New Bentley Shares issued to Scarborough Shareholders on a normal settlement basis	16 March 2009

The above dates are indicative and depend predominantly on circumstances outside Bentley's control. Bentley will announce changes to any dates that affect shareholders' interests to ASX and will post them on its website www.bel.com.au.

1.4 Structure of Bentley post Merger

- All current Bentley directors will remain Bentley directors, and William Johnson (an Executive Director of Scarborough) will join Bentley's Board of Directors following completion of the Merger. Farooq Khan will remain Chairman of Bentley.
- Bentley will manage its investments under the New Investment Mandate proposed by Resolution 3.
- The Merged Group's investment decisions will be carried out by Bentley's Board of Directors. Bentley's Board of Directors may appoint an investment committee to assist with investment decisions. Bentley's Board of Directors may appoint external consultants and advisers to assist in making investment decisions.
- Bentley and Scarborough presently share the same Company Secretarial offices. This arrangement will continue if the Merger is implemented.
- Bentley has one employee, being the Company Secretary. He will remain Bentley Company Secretary following completion of the Merger. The Merged Company will not take over any Scarborough employees.

1.5 Potential Merger advantages

The Independent Directors believe that the Merger will have a number of advantages for Bentley Shareholders, including the following:

- Bentley Shareholders will become shareholders of a single listed investment company with larger net assets of approximately \$27.32 million⁴, (an increase from Bentley's net assets of \$15.21 million⁵) and a larger shareholder base of approximately 2,400 shareholders⁶.
- A reduced Management Expense Ratio as a result of the removal or reduction of duplicate expenses such as ASX listing fees, share registry costs, audit fees, insurance costs, compliance costs and other listed company costs.
- The ability to become involved in larger investments, through the Merged Group having a larger capital base.
- A New Investment Mandate allowing for greater flexibility in investment decisions.
- The possibility that the Merged Group's growth prospects are greater than those of Bentley on a stand-alone basis.
- Potentially greater flexibility in capital raising.
- Potentially improved liquidity of Bentley's shares post Merger.

1.6 Potential disadvantages and risks of the Merger

- The dilution of Bentley Shareholders' interests in Bentley's investments. The interest in Scarborough's investments that the Bentley Shareholders will gain may, however, offset this potential disadvantage.
- The possibility that the Merged Group's growth prospects are lower than those of Bentley on a stand-alone basis, although it is also possible that they will be higher.
- Risks that currently relate to Bentley's and Scarborough's investments which will continue after the Merger.
- The risk of fluctuation of the Merger Consideration with fluctuations in Bentley's and Scarborough's NTAs between the date shareholders vote on the Resolutions and the Calculation Date. At present that period is anticipated to be 2 days, and this risk is therefore small.

⁴ The combined net tangible assets of Bentley and Scarborough as at 31 December 2008 as announced to ASX on 14 January 2009 comprised \$15.21 million for Bentley and \$12.11 million for Scarborough. The example disregards the effect of merger costs.

⁵ This figure is current as at 31 December 2008, the last date for which Bentley has announced financial information to ASX before this Notice of Meeting was printed, commencing 16 January 2009. See Bentley's *NTA Backing and Portfolio Details* announcement to ASX dated 14 January 2009.

⁶ Based on the number of shareholders of Bentley and Scarborough on 15 January 2009.

2. Independent Directors' recommendations

Messrs Farooq Khan, Simon Cato and Christopher Ryan are directors of both Bentley and Scarborough. The other Bentley Director is Mr Peter Simpson. Mr Peter Simpson and his Associates hold shares in Scarborough.

As at 15 January 2009 Mr Farooq Khan held a Relevant Interest (as defined in the Corporations Act) in 11,587,938 shares in Bentley and 5,619,645 shares in Scarborough. This Relevant Interest arises by virtue of the fact that these shares are held by Orion Equities Limited (**Orion**), a company in which Queste Communications Ltd (**Queste**) is a controlling shareholder. Farooq Khan and his associated companies have a deemed relevant interest in shares in which Queste has a relevant interest by reason of having voting power of more than 20% in Queste.

Accordingly Messrs Farooq Khan, Simon Cato, Christopher Ryan and Peter Simpson are not independent directors.

The Independent Directors are Mr John Hart (as alternate director for Mr Peter Simpson) and Mr Robin Dean (as alternate director for Mr Christopher Ryan). The Independent Directors are not directors (or alternate directors) of Scarborough or any of its Related Bodies Corporate and do not hold any Scarborough Shares.

Bentley's decision to execute the Merger Agreement was made exclusively by the Independent Directors.

Scarborough has informed Bentley that its decision to pursue the Merger was not made by any Scarborough Director who is also a Bentley Director.

After considering all aspects of the proposed Merger, as well as the findings of the Independent Expert, the Independent Directors recommend that all Bentley Shareholders⁷ vote in favour of each of Resolutions 1 to 4, for the reasons set out in Sections 4.1 and 4.2. The Independent Expert's report is Annexure B to this Explanatory Statement.

Neither of the Independent Directors holds any Bentley Shares.

⁷ Other than Shareholders whose votes are to be disregarded by reason of voting exclusion statements in Resolutions 1 and 2.

3. Merger Consideration

3.1 Number of Bentley Shares to be issued

If the Merger proceeds, Bentley will issue New Bentley Shares to Scarborough Shareholders (other than Ineligible Overseas Scarborough Shareholders) on the Merger Completion Date. The Merger Completion Date is currently expected to be 13 March 2009. The Number of Shares to be issued is to be determined as at the Calculation Date, presently anticipated to be 27 February 2009.

If the Merger is implemented, each Scarborough Shareholder will be entitled to the number of New Bentley Shares determined in accordance with the following Merger Consideration formula:

$$\text{NBS} = \text{SSH} \times (\text{Scarborough NTA} \div \text{Bentley NTA})$$

where:

- (a) **NBS** means the number of New Bentley Shares to be issued to the Scarborough Shareholder;
- (b) **SSH** means the number of Scarborough Shares held by the Scarborough Shareholder;
- (c) **Scarborough NTA** means the NTA of Scarborough as at the Calculation Date; and
- (d) **Bentley NTA** means the NTA of Bentley as at the Calculation Date.

Scarborough Shareholders' entitlements to New Bentley Shares under the Merger will be rounded up or down to the nearest whole number of New Bentley Shares, with numbers ending in .5 being rounded up.

The NTAs of Bentley and Scarborough will be calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations, to the standard prescribed by Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*.

Bentley's and Scarborough's NTAs will be calculated in accordance with their respective accounting policies and will be reviewed by their respective auditors.

The tables over the page set out examples of different possibilities for the amount of consideration Bentley will be required to give to acquire the Scarborough Shares based on different NTA scenarios.

3.2 Merger Consideration examples based on various NTA values

(1) Number of Bentley Shares to be issued to acquire 1 (one) Scarborough Share.

	BEL NTA	\$0.3480	\$0.3580	\$0.3680	31 December 2008 (unaudited)	31 October 2008 (audit reviewed)	\$0.3980	\$0.4080	\$0.4180
	SCB NTA								
	0.5404	1.5529	1.5095	1.4685	1.4296	1.3928	1.3578	1.3245	1.2928
	0.5604	1.6103	1.5654	1.5228	1.4825	1.4443	1.4080	1.3735	1.3407
	0.5804	1.6678	1.6212	1.5772	1.5354	1.4959	1.4583	1.4225	1.3885
	0.6004	1.7253	1.6771	1.6315	1.5884	1.5474	1.5085	1.4716	1.4364
31 December 2008 (unaudited)	0.6137	1.7635	1.7142	1.6677	1.6235*	1.5817	1.5420	1.5042	1.4682
	0.6204	1.7828	1.7330	1.6859	1.6413	1.5990	1.5588	1.5206	1.4842
31 October 2008 (audit reviewed)	0.6404	1.8402	1.7888	1.7402	1.6942	1.6505**	1.6090	1.5696	1.5321
	0.6604	1.8977	1.8447	1.7946	1.7471	1.7021	1.6593	1.6186	1.5799
	0.6804	1.9552	1.9006	1.8489	1.8000	1.7536	1.7095	1.6676	1.6278
	0.7004	2.0126	1.9564	1.9033	1.8529	1.8052	1.7598	1.7167	1.6756

*This entry shows the results that would have occurred had the Merger been completed with a Calculation Date of 31 December 2008⁸.

** This entry shows the results that would have occurred had the Merger been completed with a Calculation Date of 31 October 2008⁹.

(2) Total Bentley Shares (millions) to be issued to acquire all Scarborough Shares

	BEL NTA	\$0.3480	\$0.3580	\$0.3680	31 December 2008 (unaudited)	31 October 2008 (audit reviewed)	\$0.3980	\$0.4080	\$0.4180
	SCB NTA								
	0.5404	30.65	29.79	28.99	28.22	27.49	26.80	26.14	25.52
	0.5604	31.78	30.90	30.06	29.26	28.51	27.79	27.11	26.46
	0.5804	32.92	32.00	31.13	30.31	29.53	28.78	28.08	27.41
	0.6004	34.05	33.10	32.20	31.35	30.54	29.77	29.05	28.35
31 December 2008 (unaudited)	0.6137	34.81	33.83	32.92	32.04*	31.22	30.44	29.69	28.98
	0.6204	35.19	34.21	33.28	32.40	31.56	30.77	30.01	29.29
31 October 2008 (audit reviewed)	0.6404	36.32	35.31	34.35	33.44	32.58**	31.76	30.98	30.24
	0.6604	37.46	36.41	35.42	34.48	33.60	32.75	31.95	31.18
	0.6804	38.59	37.51	36.49	35.53	34.61	33.74	32.91	32.13
	0.7004	39.72	38.62	37.57	36.57	35.63	34.73	33.88	33.07

*This entry shows the results that would have occurred had the Merger been completed with a Calculation Date of 31 December 2008¹⁰.

** This entry shows the results that would have occurred had the Merger been completed with a Calculation Date of 31 October 2008¹¹.

⁸ The example assumes that each company's auditor, on conducting a review for the purposes of confirming the NTAs of each of Bentley and Scarborough, would have accepted as correct the NTA figures that the relevant company announced to ASX for the period ending on 31 December 2008.

⁹ The NTAs in the example are from each Company's audit-reviewed financial statements for the period ending 31 October 2008. Scarborough supplied Bentley with its audit-reviewed financial statements for the period ending 31 October 2008. Bentley takes no responsibility for Scarborough's figures.

¹⁰ See footnote 8.

¹¹ See footnote 9.

(3) Percentage of Merged Group held by existing Bentley Shareholders post-Merger

	BEL NTA	\$0.3480	\$0.3580	\$0.3680	31 December 2008 (unaudited)	31 October 2008 (audit reviewed)	\$0.3980	\$0.4080	\$0.4180
	SCB NTA								
	0.5404	56.76%	57.45%	58.13%	58.78%	59.41%	60.02%	60.61%	61.19%
	0.5604	55.87%	56.56%	57.24%	57.89%	58.53%	59.15%	59.74%	60.32%
	0.5804	55.00%	55.70%	56.38%	57.04%	57.68%	58.30%	58.90%	59.48%
	0.6004	54.16%	54.86%	55.54%	56.20%	56.85%	57.47%	58.07%	58.66%
31 December 2008 (unaudited)	0.6137	53.62%	54.32%	55.00%	55.67%*	56.31%	56.93%	57.54%	58.13%
	0.6204	53.34%	54.05%	54.73%	55.40%	56.04%	56.67%	57.27%	57.87%
31 October 2008 (audit reviewed)	0.6404	52.56%	53.26%	53.95%	54.61%	55.26%**	55.89%	56.50%	57.09%
	0.6604	51.79%	52.49%	53.18%	53.85%	54.50%	55.13%	55.74%	56.34%
	0.6804	51.04%	51.75%	52.44%	53.11%	53.76%	54.39%	55.00%	55.60%
	0.7004	50.32%	51.03%	51.71%	52.38%	53.03%	53.67%	54.28%	54.88%

*This entry shows the results that would have occurred had the Merger been completed with a Calculation Date of 31 December 2008¹².

** This entry shows the results that would have occurred had the Merger been completed with a Calculation Date of 31 October 2008¹³.

(4) Merger Consideration examples summary

In summary:

- if the Merger had occurred with a Calculation Date of 31 October 2008:
 - Bentley would have issued approximately 1.6505 New Bentley Shares for each Scarborough Share acquired.
 - Bentley would have issued 32.58 million New Bentley Shares in total to acquire all the Scarborough Shares.
 - Pre-Merger Bentley Shareholders would have owned 55.26% of Bentley post-Merger.
- if the Merger had occurred with a Calculation Date of 31 December 2008:
 - Bentley would have issued 1.6235 New Bentley Shares for each Scarborough Share acquired.
 - Bentley would have issued 32.04 million New Bentley Shares in total to acquire all the Scarborough Shares.
 - Pre-Merger Bentley Shareholders would have owned 55.67% of Bentley post-Merger.

Important Note: Shareholders should not draw conclusions as to:

- the likely final number of Bentley Shares to be issued per Scarborough Share acquired
- the likely total number of Shares that Bentley would be required to issue or
- the percentage of the post-Merger Bentley that would be owned by current Bentley Shareholders,

from the above tables. The tables are for illustrative purposes only. The figures for any of those variables as at the actual Calculation Date may not be shown in the tables.

¹² See footnote 8.

¹³ See footnote 9.

3.3 Date and terms of issue of New Bentley Shares

The New Bentley Shares to be issued if the Merger is implemented will be issued on the Merger Completion Date.

Bentley anticipates that the New Bentley Shares to be issued pursuant to the Merger will commence trading on ASX on a normal settlement basis on 16 March 2009, the first Business Day after the expected Merger Completion Date.

Trading in existing Bentley Shares will continue uninterrupted during the Merger, except that ASX may require that those shares be placed in a trading halt on the date of the Scarborough Scheme Meeting.

The New Bentley Shares to be issued as Merger Consideration if the Merger is completed will be fully paid and will rank equally with the existing Bentley Shares on issue as at the Merger Completion Date. The Merger is conditional upon ASX Limited agreeing to the New Bentley shares being quoted on ASX.

Ineligible Overseas Scarborough Shareholders will not receive the New Bentley Shares to which they would otherwise be entitled under the Merger. Instead, those New Bentley Shares will be issued to a nominee who will sell them on ASX and pay the net proceeds to the Ineligible Overseas Scarborough Shareholders.

4. Assessment of the Merger

4.1 Reasons to support the Resolutions

Bentley Shareholders should consider the potential advantages and disadvantages of the proposed Merger in the context of their individual financial and taxation position. They should read this Explanatory Statement in full and seek investment or other professional advice if necessary.

The Independent Directors' recommend that Bentley Shareholders vote for Resolutions 1 to 4. The Independent Directors have considered possible risks and disadvantages of the proposed Merger. The Independent Directors believe that the potential advantages outweigh those factors. The key advantages, risks and disadvantages of the Merger are set out below.

4.2 Advantages

The Merger will result in the creation of a single listed investment company with a larger capital and shareholder base. After the Merger Bentley will be in a financially stronger and more flexible position to pursue opportunities to increase Shareholder value than it would be able to pursue in the absence of the Merger.

(1) Greater net assets

After the Merger Bentley will have Post-tax net tangible assets of approximately \$27.32¹⁴ million - based on the Post-tax net tangible assets of Bentley and Scarborough as at 31 December 2008. This is an increase of \$12.11 million from Bentley's post-tax net tangible assets of \$15.21 million as at that date.

(2) Lower costs and Management Expense Ratio

The Merger is expected to deliver cost savings as a result of eliminating or reducing duplicate costs and achieving cost savings through greater economies of scale as a result of certain fixed costs being allocated over a larger net asset base. This is likely to result in a reduction to the Merged Group's Management Expense Ratio.

Cost savings are expected to be realised from various operational efficiencies including:

- removal or reduction of duplicate ASX, audit, statutory reporting, annual general meeting and shareholder relations costs relating to Scarborough, which will be delisted from ASX following implementation of the Merger; and
- reduction in accounting and administration costs due to the integration of Scarborough into Bentley.

(3) Larger shareholder base

Post Merger Bentley will have a shareholder base of approximately 2,400 shareholders¹⁵.

(4) New Investment Mandate

The New Investment Mandate is expected to give Bentley greater flexibility to pursue value-creating investments than Bentley's current investment objectives. Pursuant to Bentley's current investment objectives, the Company's investments are exclusively in international shares. A sole focus on international shares may no longer be

¹⁴ The combined net tangible assets of Bentley and Scarborough as at 31 December 2008 as announced to ASX on 14 January 2009, comprised of \$15.21 million for Bentley and \$12.11 million for Scarborough. The example disregards the effect of merger costs.

¹⁵ Based on the number of shareholders of Bentley and Scarborough as at 15 January 2009.

appropriate in present market conditions. More details of the reasons for adopting the New Investment Mandate are in Section 12.

(5) Enhanced ability to participate in investments

The Merged Group is expected to have a greater ability to become involved in larger investments due to its larger capital base and potentially more liquid shares.

(6) Greater flexibility in capital raisings

The Merged Group will potentially have greater flexibility to conduct capital raisings, through being more attractive to potential investors as entity with a larger capital base.

(7) Improved liquidity

Shares in the Merged Group will potentially have greater liquidity due to being more widely held and representing an interest in a larger company with better prospects.

4.3 Risks

This Section 4.3 outlines some, but not all, the risks associated with an investment in the Merged Group and Bentley Shares. This Section does not take into account the investment objectives, financial situation, taxation position or particular needs of Bentley Shareholders. As identified in relation to several risks, it is also possible that the relevant circumstance will change in shareholders' favour as a result of the Merger.

(1) Market and share price risks

Bentley Shareholders will be exposed to risks of this kind whether or not the Merger proceeds, although the Merger may affect the way that these risks impact them. The Merger may affect shareholders' exposure to those risks in a negative or a positive way.

(a) Change in risk-return profile of Bentley Shareholders' investment

If the Merger proceeds, the present Bentley Shareholders' interest in Bentley's investments will be reduced, as they will share them with former Scarborough Shareholders who acquire Bentley Shares under the Merger. Bentley Shareholders will, however, gain an interest in Scarborough's investments. This may offset any perceived disadvantage. Based on the two Companies' net tangible assets at 31 December 2008, the present Bentley Shareholders' interest in Scarborough's investments post Merger would be 55.67%. (The final percentage will depend on the NTAs of Bentley and Scarborough as at the Calculation Date, presently anticipated to be 27 February 2009). This change in the underlying investments in which present Bentley Shareholders have an indirect interest may alter the risk/return profile of Bentley Shareholders' investments.

In the absence of a Merger Bentley's investments may achieve a higher rate of return than its investments post Merger. Bentley's investments may, however, achieve a higher rate of return post-Merger than if the Merger does not proceed.

(b) Share ownership risks

The price at which shares trade on the stock market operated by ASX may fluctuate as a result of a wide variety of factors including:

- economic conditions such as:
 - growth rates;
 - commodity prices;
 - credit availability;

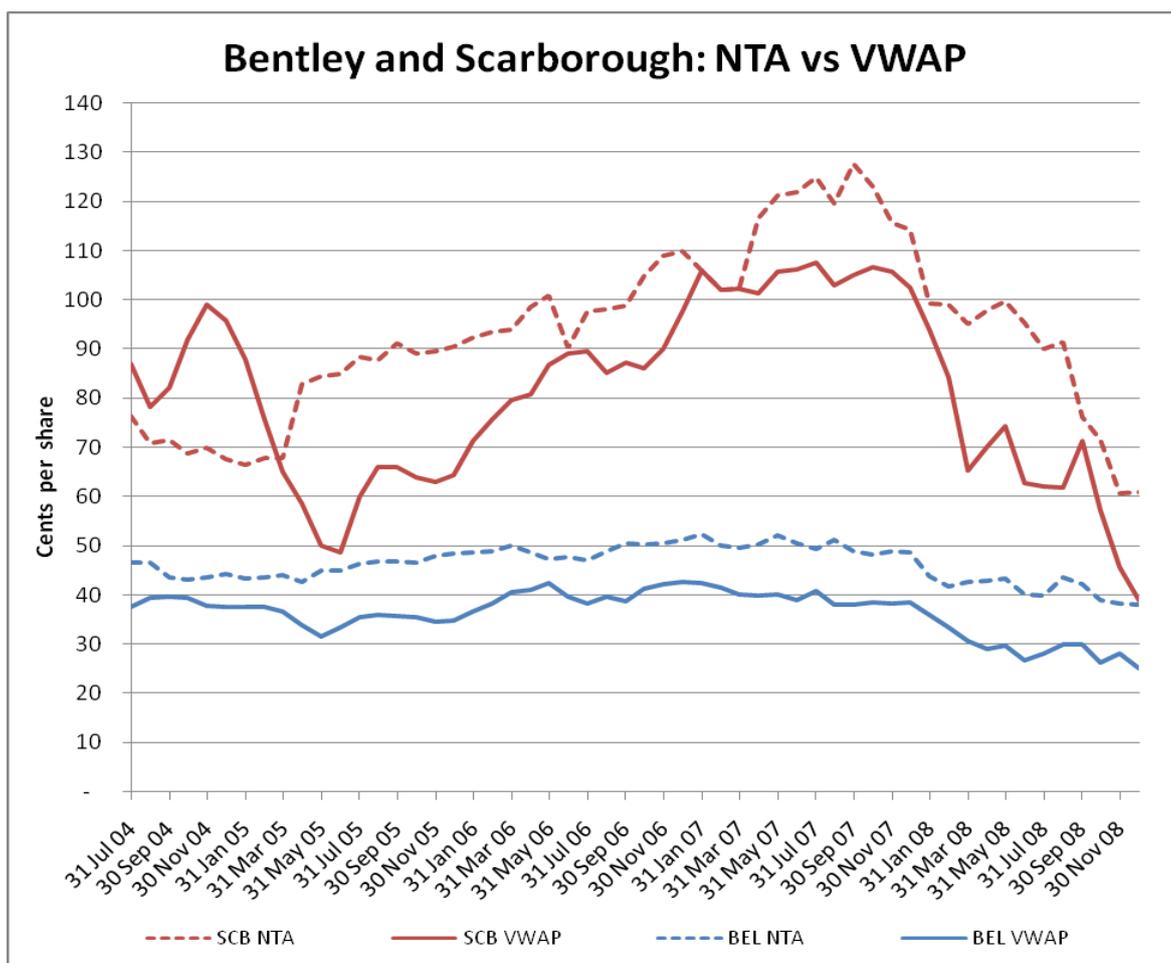
- underlying investment prices;
- inflation and interest rates;
- currency exchange rates;
- employment levels;
- changes in laws;
- consumer and business sentiment;
- market volatility; and
- market participants' attitudes and behaviour.

The way that these factors will affect Bentley's share price may be different depending on whether or not the Merger proceeds. If the Merger proceeds Bentley's share price may be lower than it would have been in the absence of the Merger. Alternatively, it may be higher.

(c) NTA to share price ratio

Shares in investment companies trade at different ratios to their NTA backing. If the Merger proceeds, Bentley's share price to NTA ratio may be lower, or higher, than it would be in the absence of the Merger.

The following chart shows the respective NTA and VWAP values for each of Bentley and Scarborough as at each month-end from July 2004 to December 2008, as each Company has respectively announced to ASX.



“VWAP” means volume weighted average share price.

Conclusions as to likely future NTAs and VWAPs of Bentley or Scarborough should not be drawn from the above chart.

(2) Merger Risks

The Merger involves some risks which are necessarily involved in bringing two companies together in the way proposed here. The key Merger-specific risks are set out below. The Independent Directors believe that these risks are modest and acceptable.

(a) Issue of new Bentley Shares and fluctuation of Merger Consideration

Pursuant to the Merger, Bentley will issue a significant number of Bentley Shares as consideration for the transfer to Bentley of the Scarborough Shares. The NTA of either company, or both companies, may fluctuate between the date of this document and the Calculation Date. Fluctuations in the ratio between the two Companies' NTAs over that period will affect the number of Bentley Shares that Bentley is required to issue to Scarborough Shareholders as Merger Consideration, with the effect that:

- (i) a relative increase in Bentley's NTA compared to Scarborough's will result in Scarborough Shareholders being entitled to a smaller number of Bentley Shares as Merger Consideration than would otherwise be the case.
- (ii) a relative decrease in Bentley's NTA compared to Scarborough's will result in Scarborough Shareholders being entitled to a larger number of Bentley Shares as Merger Consideration than would otherwise be the case.

The tables in Section 3.2 set out examples of the number of Bentley Shares to be issued for each Scarborough Share, the total number of Bentley Shares to be issued to acquire all the Scarborough Shares and the percentage of the post-Merger Bentley that will be owned by present Bentley Shareholders if the Merger is implemented, based on a number of possible NTA values for each of Bentley and Scarborough.

(b) Risk of excess sales of Bentley Shares

There is a risk that the new Bentley Shares which would otherwise have been issued to the Ineligible Overseas Scarborough Shareholders would otherwise have been entitled to will temporarily depress the market price of Bentley shares after Merger completion. The number of New Bentley Shares to be issued in respect of Ineligible Overseas Scarborough Shareholders is expected to be less than .5% of the number of post-Merger Bentley Shares.

Some former Scarborough Shareholders and current Bentley shareholders may seek to sell their Bentley Shares following the Merger. If this occurs it may result in short-term downward pressure on Bentley's share price.

(c) Integration risks

Some mergers are subject to the risk of a clash of cultures between the two companies coming together, resulting in dis-economies of scale rather than synergies. The Directors consider that this risk is unlikely to materialise in this case, due to the substantial overlap in directorships between the two Companies and the fact that they already share company secretarial services, Chairman's offices and accounting systems.

5. About Scarborough

5.1 Background

Scarborough was incorporated in New South Wales in August 1993 and has been listed on ASX since August 1994. Its present ASX code is "SCB".

Scarborough's current principal activity is the management of its funds available for investment. Its funds are principally invested in the FSP Fund.

5.2 Business overview

Scarborough appointed FSP as its investment manager in December 2004. FSP holds an Australian Financial Services Licence to manage the FSP Fund. FSP is a wholesale fund not open to retail investors. The investment management team of the FSP Fund is led by Ronni Chalmers.

FSP is majority owned by FSP Group Pty Ltd, a subsidiary of ING Australia Limited.

As investment manager, FSP invests Scarborough's funds directly in the FSP Fund. The objective of the FSP Fund is to outperform the ASX/S&P 200 Accumulation Index over the medium term. FSP has advised Scarborough that its target is to have at least 75% of the FSP Fund invested in securities from the ASX/S&P 200 Index. The balance of the Fund's investments are in securities drawn from the ASX/S&P 200 Index. The FSP Fund's performance is benchmarked against the ASX/S&P 200 Accumulation Index.

Scarborough's net assets comprise:

Net Assets	31 Dec 2008 (unaudited) \$m		31 Oct 2008 (reviewed) \$m		30 Jun 2008 (audited) \$m		30 Jun 2007 (audited) \$m	
Investment in the FSP Fund	11.90	98.3%	12.46	98.6%	16.74	89.2%	19.48	79.4%
Other listed investments	-		-	-	-	-	4.31	17.6%
Provision for income tax	-		0.10		(0.32)		(2.44)	
Net cash on deposit / other assets / provisions	0.21	1.7%	0.08	1.4%	2.34 ^(a)	10.8%	3.18	3.0%
TOTAL NET ASSETS	12.11	100%	12.64	100%	18.76	100%	24.53	100%

Note:

(a) Includes \$1.85 million pending investment into the FSP Fund as at 30 June 2008 (which was invested on 1 July 2008).

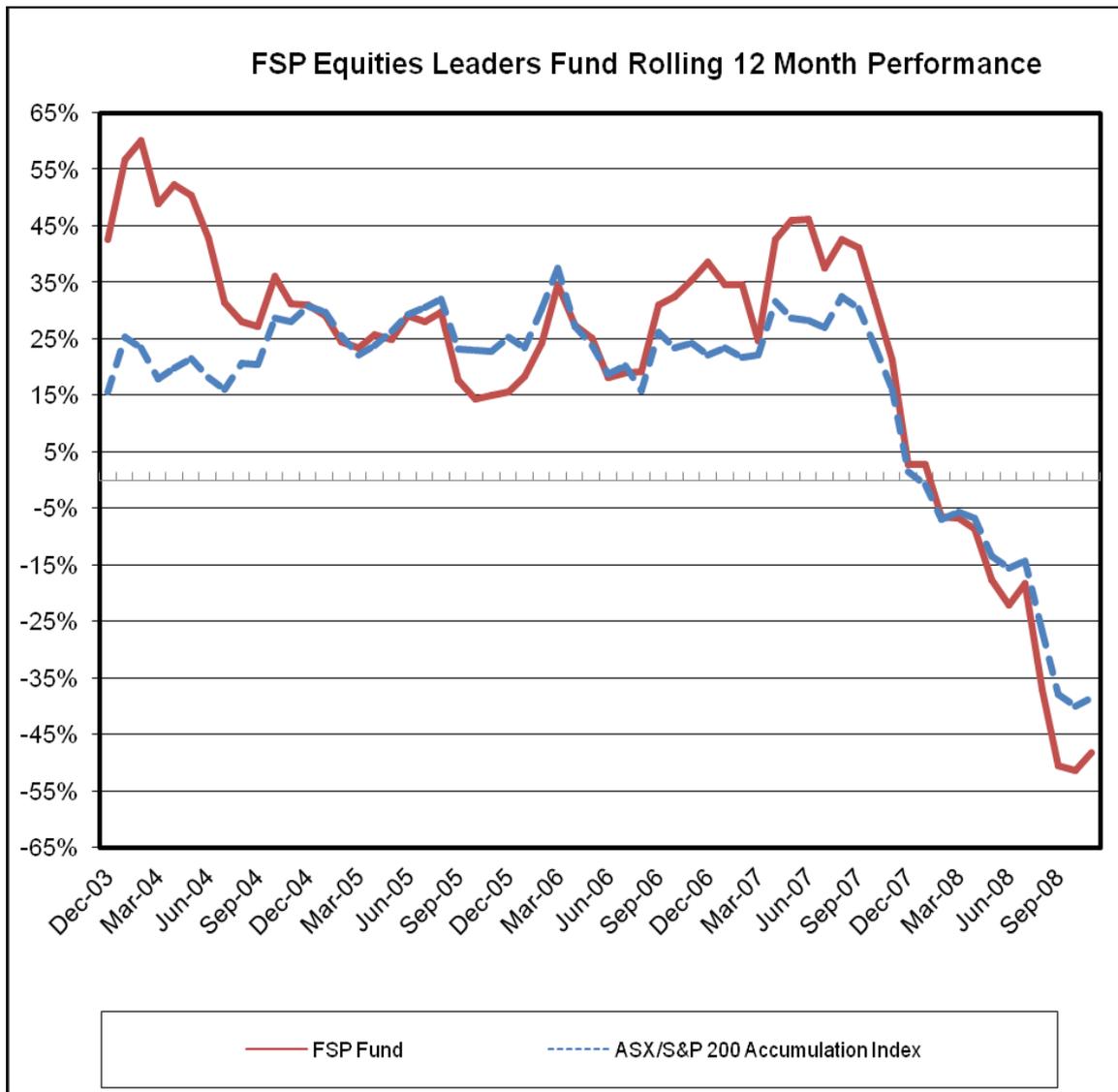
As at 31 December 2008:

- The equity weighting was 76.2% (30 June 2008: 92%);
- 97.1% of the equity portfolio was invested in companies contained within the S&P/ASX 200 index (31 October 2008: 96.1%; 30 June 2008: 86.4%) with the balance of 2.9% invested in companies outside of the S&P/ASX 200 index (31 October 2008: 3.9%; 30 June 2008: 13.6%);
- The equity portfolio contained 43 holdings (31 October 2008: 60 holdings; 30 June 2008: 110 holdings).

The FSP Fund's performance compared with that of the benchmark ASX/S&P 200 Accumulation Index is summarised in the table and chart below:

Returns To: 31/12/2008	1mth (%)	3mths (%)	6mths (%)	1yr (%)	2yrs (% p.a.)	3yrs (% p.a.)	Since Inception (% p.a.)
FSP Fund	2.7%	-19.7%	-35.5%	-48.2%	-20.7%	-5.2%	7.9%
ASX / S&P 200 Accumulation Index	-0.3%	-18.3%	-26.8%	-38.4%	-15.5%	-3.9%	5.9%

(Source: FSP Equities Management Limited)



(Source: FSP Equities Management Limited)

Notes:

- The above graph shows the net annual return of the FSP Fund over the preceding 12 months for each month, compared with that of the benchmark ASX/S&P 200 Accumulation Index.
- The information in the table is historical and the past performance of the FSP Equities Leaders Fund is not a reliable predictor of the future performance of such fund; FSP has not made any representation to Scarborough that it will achieve any specific future rate of return on the FSP Fund.

The FSP Fund's top 20 securities holdings and sector weights as at 31 December 2008 and 31 October 2008 are set out below:

Top 20 Holdings		Fund Weight		Sector Weights	Fund Weight	
ASX Code	Security	31 Dec	31 Oct		31 Dec	31 Oct
BHP	BHP Billiton Limited	13.1%	10.8%	Materials	24.6%	22.2%
WBC	Westpac Banking Corporation	8.4%	9.2%	Financials(ex-Property)	17.8%	16.6%
WOW	Woolworths Limited	5.8%	3.6%	Industrials	1.6%	3.0%
WPL	Woodside Petroleum Limited	5.7%	6.2%	Energy	14.8%	17.4%
NCM	Newcrest Mining Limited	4.5%	2.6%	Consumer Staples	11.5%	10.4%
LGL	Lihir Gold Limited	4.4%	2.7%	Consumer Discretionary	3.7%	4.8%
ORG	Origin Energy Limited	3.7%	2.8%	Health Care	1.5%	2.7%
QBE	QBE Insurance Group Limited	3.3%	-	Utilities	0.0%	0.1%
MTS	Metcash Limited	2.5%	2.2%	Telecommunication Services	0.7%	0.8%
STO	Santos Ltd	2.4%	2.0%	Information Technology	0.0%	0.3%
CCL	Coca-Cola Amatil Limited	2.3%	1.6%	Property Trusts	0.0%	0.0%
BEN	Bendigo Bank Ltd	1.8%	2.0%	Cash/Hybrids/Fixed Interest	23.8%	21.7%
CBA	Commonwealth Bank of Australia	1.6%	2.1%	Total	100.0%	100.0%
SGX	Sino Gold Limited	1.4%	1.0%			
AXA	AXA Asia Pacific Holdings Limited	1.4%	1.1%			
JBH	JB Hi-fi Limited	1.3%	1.2%			
BOQ	Bank of Queensland Limited	1.3%	1.7%			
HSP	Healthscope Limited	1.3%	1.2%			
OSH	Oil Search Limited	1.2%	1.1%			
TOL	Toll Holdings Limited	0.8%	0.8%			

The payment of management fees to FSP occurs through the deduction by the manager of monies invested by Scarborough in the FSP Fund. The value of Scarborough's investment in the FSP Fund is therefore net of fees payable to the manager from time to time. Scarborough has negotiated a variable fee structure that represents a favourable rebate to the normal fees charged by the FSP Fund.

5.3 Key financial statistics

Set out below are some key financial statistics in relation to Scarborough extracted from the audited financial statements presented in accordance with AIFRS for the financial years ended 30 June 2007 and 30 June 2008, the auditor reviewed financial statements for the financial period ended 31 October 2008.

Financial period/year ended	31 October 2008 (auditor reviewed)	30 June 2008 (audited)	30 June 2007 (audited)
Total revenue (\$ million)	0.020	1.021	8.386
Earnings before interest and tax (\$ million)	(6.539)	(7.008)	7.707
Profit/(Loss) before tax (\$ million)	(6.538)	(6.978)	7.753
Net profit/(loss) attributable to members of Scarborough (\$ million)	(6.123)	(5.598)	6.252
Net profit/(loss) before significant items (\$ million)	(6.123)	(5.598)	6.252
Basic earnings/(loss) per Ordinary Share (€)	(31.02)	(28.50)	32.40
Dividend per Ordinary Share (€)	-	2.60	4.80
Net assets (after tax) (\$ million)	12.640	18.764	24.531
Total Ordinary Shares on issue	19,737,896	19,737,896	19,399,671
NTA backing per share (pre-tax) (€)	63.55	96.68	139.01
NTA backing per share (post-tax) (€)	64.04	95.06	126.45

5.4 Directors

The Scarborough Directors are Farooq Khan (Chairman), William M. Johnson, Simon K. Cato (Non-Executive Director) and Christopher B. Ryan (Non-Executive Director). The curriculum vitae of each of Messrs Khan, Cato and Ryan are set out in Section 6.5 - Bentley's Board of Directors.

The proposed new Bentley Director is, William M. Johnson, currently a Scarborough Director. His curriculum vitae is set out below.

William M. Johnson	— Executive Director
<i>Appointed</i>	— 29 November 2004
<i>Qualifications</i>	— MA (Oxon), MBA
<i>Experience</i>	— Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. As Regional Director Asia Pacific for Telecom New Zealand Ltd, Mr Johnson was responsible for identifying, evaluating and implementing investment strategies that included start-up technology ventures, a technology focussed venture capital fund and strategic investments and acquisitions in Asia and Australia. As Executive Director of ASX listed investment company Orion Equities Limited, Mr Johnson has been actively involved in the strategic analysis of a diverse range of business and investment opportunities and the execution of a number of corporate transactions. Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution.
<i>Other current directorships in listed entities</i>	— (1) Strike Resources Limited (since 14 July 2006) (2) Orion Equities Limited (since 28 February 2003)
<i>Former directorships in other listed entities in past 3 years</i>	— (1) Drillsearch Energy Limited (24 October 2006 to 11 August 2008) (2) Altera Capital Limited (18 October 2005 to 8 August 2006) (3) Sofcom Limited (18 October 2005 to 19 March 2008)

The remaining Scarborough Director is Mr Alan C. Winduss. His curriculum vitae is set out below. There is no current proposal for Mr Winduss to have any role in Bentley after the Merger.

Alan C. Winduss	Alternate Non-Executive 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>Other current directorships in listed entities</i>	— Current Chairman of - (1) IC2 Global Limited (since August 2008) Current Director of - (1) United Overseas Australia Ltd (since 5 December 1990) (2) Advanced Share Registry Services Limited (since 22 August 2007) (3) Alloy Steel International Inc, listed United States of America (since 1 September 2000) (4) UOA Real Estate Investment Trust, listed Bursa Malaysia (since 29 December 2005)

5.5 Scarborough's financial information

(1) Overview

This Section 5.5 sets out certain summary historical consolidated financial information in relation to Scarborough. Scarborough's summary historical income statement and balance sheet are contained in Section 4.5 of the Independent Expert's Report, in Annexure B to this Explanatory Statement.

The summary historical financial information in this Explanatory Statement (including in the Independent Expert's Report) has been extracted from Scarborough's audited financial statements for the full year ended 30 June 2008 and auditor-reviewed financial statements for the financial period ended 31 October 2008. The Scarborough summary historical financial information does not take account of the effects of the Merger.

Scarborough has consolidated the following controlled entities:

- RIPL Investments Pty Limited ABN 58 096 139 374 (**RIPL**), a wholly owned subsidiary of Scarborough; and
- HTH Trading Pty Limited ABN 60 105 905 904, a wholly owned subsidiary of RIPL.

Copies of the Scarborough annual report for the year ended 30 June 2008 from which the following historical financial information was extracted can be found on Scarborough's website at www.scarboroughequities.com.au. The report contains details of Scarborough's accounting policies.

Some key Scarborough financial information is set out below, commencing on the next page.

(2) Summary historical statement of cash flows

	\$m	4 MTHS ENDED 31 Oct 2008 Auditor reviewed AIFRS	FULL YEAR ENDED 30 Jun 2008 Audited AIFRS	FULL YEAR ENDED 30 Jun 2007 Audited AIFRS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		406,741	26,180	106,643
Payments to suppliers and employees		(141,896)	(307,772)	(666,410)
Interest received		1,177	11,544	4,721
Interest paid			(247)	(87)
Income taxes paid			(601,965)	(695,940)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		266,022	(872,260)	(1,251,073)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for:				
Unit trust investment - FSP Equities Leaders Fund		(387,572)	(1,850,000)	-
Equity investment			(588,607)	-
Plant and equipment			(893)	(1,694)
Proceeds from sale/ redemption of:				
Shares in controlled entities			1,500,000	1,950,000
Units in FSP Equities Leaders Fund		100,000	1,968,289	
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(287,572)	1,028,789	1,948,306
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid			(170,283)	(648,027)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		-	(170,283)	(648,027)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(21,550)	(13,754)	49,206
Cash and cash equivalents at the beginning of the year		123,751	137,505	88,299
Effect of exchange rate changes on cash				
		102,201	123,751	137,505

Scarborough's summary historical income statement and balance sheet are contained in Section 4.5 of the Independent Expert's Report, in Annexure B to this Explanatory Statement.

(3) **Material changes in Scarborough's financial position since last published accounts (30 June 2008)**

During July 2008, \$1.85 million pending investment into the FSP Fund (recorded as Other Current Assets on the balance sheet) as at 30 June 2008 was invested into the FSP Fund.

Scarborough's investment in the FSP Fund as at 30 June 2008 was \$16.74 million. The investment in the FSP Fund as at 31 October 2008 (auditor reviewed) was \$12.46 million and as at 31 December 2008 (unaudited) was \$11.90 million.

Current and deferred tax liabilities as at 30 June 2008 were \$0.09 million. Current and deferred tax liabilities as at 31 October (auditor reviewed) were nil and as at 31 December (unaudited) were nil.

Except as set out in this Section and elsewhere in this Explanatory Statement, there has been no material change in Scarborough's financial position since 30 June 2008, the date of the last balance sheet laid before Scarborough in general meeting or sent to Scarborough Shareholders.

5.6 Prior year tax losses

Scarborough did not have any carried forward tax losses as at 30 June 2008.

5.7 Franking credits

As at 13 January 2009, Scarborough has a credit balance of \$1,355,851 in its franking account. This provides Scarborough with the capacity to pay fully franked dividends totalling \$3,163,652 from future net profit earnings. Scarborough's franking credits will be retained within the company as a stand alone entity following completion of the Merger and will be available in relation to dividends distributed to Bentley, which will be the sole shareholder in Scarborough after the Merger is implemented.

5.8 Recent Scarborough Share price performance

The following table sets out various historical closing prices for Scarborough Shares on ASX:

Date	Scarborough Share Price
Closing price on 12 January 2009 (being the last day on which a trade occurred prior to this Explanatory Statement being printed commencing on 16 January 2009)	\$0.365
Highest recorded sale price in the three months to 15 January 2009	\$0.63 on 16 October 2008
Lowest recorded sale price in the three months to 15 January 2009	\$0.36 on 17 December 2008
Closing price on 27 November 2008 (being the Business Day prior to the announcement of the Merger)	\$0.43

Source: IRESS

5.9 Capital structure of Scarborough

As at 15 January 2009, there were a total of 19,737,896 Scarborough Shares on issue, held by 1,250 shareholders.

Scarborough has no other type of securities on issue.

5.10 Scarborough substantial Shareholders

Scarborough's substantial ordinary shareholders, based on substantial shareholding notices received by Scarborough as at 15 January 2009, are as set out below.

NAME	NUMBER OF SCARBOROUGH SHARES HELD	% OF ISSUED SCARBOROUGH SHARES HELD
Orion Equities Limited	5,619,645	28.471
Rochester No 39 Pty Ltd	3,615,502	
Mr Peter Penfold Simpson & Mrs Carolynne Denise Simpson <Simpson Family Super A/C>	119,182	
Barbridge Trust Pty Ltd <PSFT A/C>	185,075	
	Sub-total	3,919,759
Island Arch Pty Ltd <Barnett Investment A/C>	1,402,382	19.859
Mr Michael David Barnett <Barnett Super Fund A/C>	1,400,000	
	Sub-total	2,802,382
		14.198

5.11 Continuously disclosing entity

As a company listed on ASX and a “disclosing entity” under the Corporations Act, Scarborough is subject to regular reporting and disclosure obligations. Broadly, these require Scarborough to announce price sensitive information as soon as it becomes aware of it, subject to exceptions for certain confidential information. Scarborough’s recent announcements are available from Scarborough’s website at www.scarboroughequities.com.au or from ASX on its website www.asx.com.au. Scarborough has informed Bentley that further announcements concerning developments at Scarborough will continue to be made available on this website after the date of this Explanatory Statement. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

The following documents can be accessed through Scarborough’s website at www.scarboroughequities.com.au.

- a copy of Scarborough’s consolidated financial statements for the year ended 30 June 2008;
- a copy of Scarborough’s Constitution; and
- any continuous disclosure notices given by Scarborough after the lodgement with ASIC of the last directors’ and financial reports (on 27 August 2008) and before lodgement of Scarborough’s Scheme Booklet with ASIC.

6. About Bentley

This Section contains key information about Bentley that Shareholders may need to assist them understand how Bentley would fit into the Merged Group.

6.1 History

Bentley listed on ASX in October 1986 as an investment company. Its shares trade under the ASX Code BEL.

Bentley has no controlled entities.

Since admission to ASX in 1986, Bentley's principal investment objective has been and is to invest in equity securities listed on the world's major stock markets.

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

- (1) 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. Constellation's mandate has continued on a month to month basis after May 2006 in accordance with the terms therein. Constellation is owned 50% by interests associated with Constellation's management and 50% by Qantas Superannuation Limited as trustee for the Qantas Superannuation Plan. Management fees are calculated on a base fee of \$69,000 per annum plus a variable fee of 0.5% per annum of the portfolio value up to \$15 million and a 0.4% per annum of the portfolio value in excess of \$15 million. No performance fees are payable to Constellation; and
- (2) National Australia Bank Limited (**NAB**) as custodian (appointed 20 August 2004 for an initial 2 year term). NAB's custodial services have continued on a quarterly basis after August 2006 in accordance with the terms of its appointment.

6.2 Share price performance

Prices of Bentley Shares in the past 3 months

Date	Bentley Share Price
Closing price on 15 January 2009 (being the last day on which a trade occurred prior to this Explanatory Statement being printed commencing on 16 January 2009)	\$0.23
Highest recorded sale price in the three months to 15 January 2009	\$0.32 on 11 November 2008
Lowest recorded sale price in the three months to 15 January 2009	\$0.23 on 7, 12, 14 and 15 January 2009
Closing price on 21 November 2008 (being the last day on which a trade occurred on ASX in Bentley Shares before the announcement of the Merger)	\$0.26

Source: IRESS

6.3 Business overview

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

Net Assets	31 Dec 2008 (unaudited) \$m		31 Oct 2008 (reviewed) \$m		30 Jun 2008 (audited) \$m		30 Jun 2007 (audited) \$m	
International equities	\$4.56m	30%	\$4.94m	32%	\$15.85m	93.29%	\$19.80m	98.80%
Provision for income tax	-		-		\$0.90m		-	
Net cash on deposit / other assets / provisions		70%		68%		6.71%		1.20%
	\$10.65m		\$10.67m		\$0.24m		\$0.30m	
TOTAL NET ASSETS	\$15.21m	100%	\$15.61m	100%	\$16.99m	100%	\$20.10m	100%

On 10 October 2008, the Bentley Directors instructed Constellation to realise 70% of the Bentley's investment portfolio into cash and convert any sale proceeds denominated in foreign currencies into Australian dollars. The Bentley Directors undertook this realisation in light of the recent significant decline and uncertainty in world stock markets and the recent significant depreciation in the Australian dollar.

Immediately prior to this realisation, Bentley's investment portfolio had a value of approximately \$16.16 million, comprising 300 securities listed on 11 stock markets.

Immediately after this realisation (which was completed on 13 October 2008), Bentley's investment portfolio had a value of approximately \$5.267 million, comprising 273 securities listed on 11 stock markets.

The value of the realisation as at the date of sale totalled approximately A\$11.2 million but, as a consequence of adverse foreign exchange rate movements, the proceeds of sale received at settlement were approximately \$10.6 million. The difference (approximately \$0.6 million) was recognised as a foreign exchange loss.

As at 31 October 2008 (the date of Bentley's latest auditor-reviewed accounts), Bentley had:

- (i) approximately A\$10.5 million invested in term deposits with Australian banks and approximately \$0.2 million held as cash at call; and
- (ii) approximately A\$4.95 million invested in its investment portfolio.

The following details relate to Bentley's investment portfolio as at 31 December 2008:

Returns To:	1mth	3mths	6mths	1yr	2yrs	3yrs	Incep*
31/12/2008	(%)	(%)	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
Gross Portfolio	-3.7	-7.6	-1.6	-18.4	-8.2	-2.0	2.5
MSCI ex Australia	-3.6	-11.2	-7.9	-24.5	-14.0	-6.1	0.1
Net Funds Flow, \$ '000	0	-10,645	-10,745	-11,195	-12,445	-13,595	-13,795

* Inception Date for performance: 30 September 2004

Source: Constellation Capital Management Limited

Top 20 Holdings in Bentley's investment portfolio - 31 December 2008

Stocks	% Portfolio	Sector exposures	Country
Procter & Gamble	2.6%	Household Goods & Home Construction	United States
Exxon Mobil	2.5%	Oil & Gas Producers	United States
Microsoft	2.5%	Software & Computer Services	United States
Koninklij	2.0%	Food Producers & Processors	Netherlands
Southern	2.0%	Electricity	United States
Johnson & Johnson	1.9%	Pharmaceuticals & Biotechnology	United States
International Bus. Mach.	1.8%	Software & Computer Services	United States
Nestle 'R'	1.5%	Food Producers & Processors	Switzerland
Vodafone Group	1.4%	Mobile Telecommunications	United Kingdom
General Electric	1.3%	General Industrials	United States
Novartis 'R'	1.3%	Pharmaceuticals & Biotechnology	Switzerland
Hewlett-Packard	1.2%	Technology Hardware & Equipment	United States
Cisco Systems	1.2%	Technology Hardware & Equipment	United States
GlaxoSmithKline	1.2%	Pharmaceuticals & Biotechnology	United Kingdom
Nintendo	1.1%	Leisure Goods	Japan
Intel	1.1%	Technology Hardware & Equipment	United States
Pfizer	1.1%	Pharmaceuticals & Biotechnology	United States
Chevron	1.1%	Oil & Gas Producers	United States
China Mobile	1.1%	Mobile Telecommunications	China
Philip Morris Intl.	1.0%	Tobacco	United States
Total	30.90%		

Source: Constellation Capital Management Limited

Industry Sector Weightings in Equities Portfolio - 31 December 2008

SECTOR EXPOSURES	% of Portfolio
Aero & Defence	3.1%
Automobiles & Parts	3.2%
Chemicals	2.4%
Electricity	8.8%
Electronic & Electric Equip	2.0%
Equity Instruments	0.2%
Fixed Line Telecoms	2.8%
Food Prod & Processors	5.7%
Forestry & Paper	0.0%
Gas, Water & Multiutilities	0.0%
General Industrials	3.6%
Health Equip & Services	1.5%
Household Goods	3.3%
Industrial Engineering	3.9%
Leisure Goods	2.1%
Life Insurance	1.5%
Media	3.7%
Mobile Telecoms	4.2%
Nonequity Instruments	0.0%
Non-life Insurance	0.4%
Oil & Gas Prod'n	9.1%
Oil & Gas Services	1.1%
Personal Goods	2.1%
Pharma & Biotech	11.8%
Software & Comp Svcs	7.1%
Tech Hardware & Equipment	10.8%
Tobacco	2.3%
Alternative Energy	0.0%
Beverages	0.0%
Construction & Materials	0.0%
Financial Services	0.0%
Food & Drug Retailers	0.5%
General Retailers	0.0%
Industrial Metals & Mining	0.0%
Industrial Transportation	0.0%
Support Services	0.0%
Travel & Leisure	0.0%
Sub-Total Equities Portfolio	97.2%
Cash (within Portfolio)	2.8%
TOTAL PORTFOLIO	100.0%

Source: Constellation

Regional Exposures in Equities Portfolio - 31 December 2008

CURRENCY EXPOSURES	% of Portfolio
Canada	2.5%
United States	52.7%
sub-total North America	55.1%
Euro:	
France	4.8%
Germany	4.5%
Netherlands	3.3%
Sweden	1.4%
Switzerland	3.9%
sub-total Europe ex UK	18.0%
United Kingdom	8.9%
Japan	11.1%
Hong Kong	2.8%
Taiwan	1.3%
sub-total Asia ex Japan	4.0%
Sub-Total Equities Portfolio	97.2%
Cash (within Portfolio)	2.8%
TOTAL PORTFOLIO	100%

6.4 Key financial statistics

Set out below are some key financial statistics in relation to Bentley extracted from the audited financial statements presented in accordance with AIFRS for the financial years ended 30 June 2007 and 30 June 2008 and the auditor reviewed financial statements for the financial period ended 31 October 2008.

Financial period/year ended	31 October 2008 (auditor reviewed)	30 June 2008 (audited)	30 June 2007 (audited)
Total revenue (\$ million)	2.557	0.454	3.507
Earnings/ (Loss) before interest and tax (\$ million)	(0.483)	(3.817)	1.346
Profit/ (Loss) before tax (\$ million)	(0.477)	(3.801)	1.357
Net profit/ (loss) attributable to members of Bentley (\$ million)	(1.378)	(2.899)	1.351
Net profit/ (loss) before significant items (\$ million)	(1.378)	(2.899)	1.351
Basic earnings/ (loss) per share (¢)	(3.42)	(7.23)	3.41
Ordinary Dividend per share (¢)	-	1.00	2.00
Net assets (after tax) (\$ million)	15.609	16.987	20.100
Total ordinary shares on issue	40,234,143	40,234,143	39,728,303
NTA backing per share (pre-tax) (¢)	38.80	39.98	50.59
NTA backing per share (post-tax) (¢)	38.80	42.22	50.59

6.5 Bentley's Board of Directors

The Bentley Directors currently comprise the following persons.

Farooq Khan	– Chairman
<i>Appointed</i>	– Director since 2 December 2003; Chairman since 10 February 2004
<i>Qualifications</i>	– BJuris, LLB. (UWA)
<i>Experience</i>	– Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Other current directorships in listed entities</i>	– Current Chairman and Managing Director of: <ol style="list-style-type: none"> (1) Queste Communications Ltd (since 10 March 1998) Current Chairman of: <ol style="list-style-type: none"> (2) Scarborough Equities Limited (since 29 November 2004) (3) Orion Equities Limited (since 23 October 2006) Current Executive Director of: <ol style="list-style-type: none"> (4) Strike Resources Limited (since 3 September 1999) (5) Alara Resources Limited (since 18 May 2007) Current Non-Executive Director of: <ol style="list-style-type: none"> (6) Interstaff Recruitment Limited (since 27 April 2006)

Peter P. Simpson – Non-Executive Director	
<i>Appointed</i>	– 6 September 2005
<i>Qualifications</i>	– Ass.Dip.Bus, F.A.I.M., F.C.D.I.
<i>Experience</i>	– Mr Simpson has substantial business and commercial experience. Mr. Simpson is Executive Chairman of Bridge Finance Australia Pty Ltd, which has broad interests including horticulture, publishing and in the IT sector. Mr Simpson is also Chairman of listed oil and gas junior company, Drillsearch Energy Limited and Eudunda Farmers' Limited, an unlisted property and supermarket group. Mr Simpson has substantial interests in two private investment companies and is also a director and shareholder in Wirra Wirra Vineyards in South Australia.
<i>Other current directorships in listed entities</i>	– Current Chairman of: (1) Drillsearch Energy Limited (since 24 October 2006). Current Director of: (2) Circumpacific Energy Corporation (Listed on TSX) (since 22 November 2007)
Simon K. Cato – Non-Executive Director	
<i>Appointed</i>	– 5 February 2004
<i>Qualifications</i>	– B.A. (SYD)
<i>Experience</i>	– Mr Cato has had over 25 years capital markets experience in broking and regulatory roles and as a director of listed companies. He initially was employed by the ASX in Sydney and in Perth. Over the last 17 years he has been an executive director and/or responsible executive of three stockbroking firms and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker he has also been involved in the underwriting of a number of IPO's and has been through the process of IPO listings in the dual role of broker and director. Currently he holds a number of executive and non executive roles with listed companies in Australia.
<i>Other current directorships in listed entities</i>	– Current Chairman of: (1) Convergent Minerals Limited (since 25 July 2006) (2) Advanced Share Registry Services Limited (since 22 August 2007) Current Director of: (3) Greenland Minerals and Energy Lid (since 21 February 2006) (4) Scarborough Equities Limited (since 29 November 2004) (5) Queste Communications Ltd (since 6 February 2008)
<i>Former directorships in other listed entities in past 3 years</i>	– (1) Altera Capital Limited (8 January 2004 to 8 August 2006) (2) Elemental Minerals Limited (19 February 2004 to 5 July 2006) (3) Medusa Mining Limited (5 February 2002 to 13 April 2006) (4) Sofcom Limited (8 January 2004 to 19 March 2008)

Christopher B. Ryan – Non-Executive Director

<i>Appointed</i>	– 5 February 2004
<i>Qualifications</i>	– BEcon (UWA), MBA (UNSW)
<i>Experience</i>	– 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.
<i>Other current directorships in listed entities</i>	– Current Chairman of: (1) Blue Ensign Technologies Limited (since 22 August 2002) (2) Circumpacific Energy Corporation (Listed on TSX) (since 22 November 2007) Current Director of: (3) Scarborough Equities Limited (since 29 November 2004)
<i>Former directorships in other listed entities in past 3 years</i>	– (1) Golden Cross Resources Limited (25 March 2003 to 2 July 2008) (2) Volant Petroleum Limited (11 December 2003 to 23 May 2006)

John R. Hart – Alternate Non-Executive Director for Peter P. Simpson

<i>Appointed</i>	– 19 November 2008
<i>Qualifications</i>	– Bc.EC. FCA
<i>Experience</i>	– Mr Hart has over 27 years experience in the accounting industry. Mr Hart is a Fellow of the Institute of Chartered Accountants and a Partner of Ferrier Hodgson (SA) specialising in Corporate Advisory and Corporate Recovery. Mr Hart is both a Registered and Official Liquidator and a member of the Insolvency Practitioners Association of Australia. Mr Hart is a non executive director of Berren Asset Management Limited which is the responsible entity of the publically listed International Wine Investment Fund. Mr Hart is also director and advisor to a number of private companies.
<i>Other current directorships in listed entities</i>	– Berren Asset Management Ltd as Responsible Entity of the International Wine Investment Fund (IWI) (since 16 May 2008)

Robin J. Dean – Alternate Non-Executive Director for Christopher B. Ryan

<i>Appointed</i>	– 19 November 2008
<i>Qualifications</i>	– BEcon (UWA)
<i>Experience</i>	– Mr Dean has a background in corporate banking and project finance over 25 years with Westpac and BankWest. In this roll he was involved in the development of numerous successful resources projects across a range of commodities including gold, copper, coal, oil and gas and was at the leading edge of developing risk management strategies for new resource projects. He is also experienced in fund raising, mergers and acquisitions and company restructures. Mr Dean has also managed public listed companies being formerly the managing director of the ASX listed companies St Barbara Mines Limited and Structural Monitoring Systems plc.
<i>Other current directorships in listed entities</i>	– Current Non Executive Director of: (1) Structural Monitoring Systems plc (SMN) (since 28 August 2003) (2) Structural Monitoring Systems Limited (since 29 November 1999)

6.6 Potential investment and acquisition activities

Bentley has considered opportunities for growth and, in so doing, from time to time, has discussions regarding possible investment, consolidation and acquisition opportunities with third parties. There are no discussions presently being undertaken which are sufficiently

advanced to a stage that Bentley considers that a reasonable person would expect, if they were disclosed to the market, would have a material effect on the price or value of Bentley Shares.

6.7 Historical financial information

(1) Overview

This Section 6.7 sets out summary historical financial information in relation to Bentley. The summary historical financial information has been extracted from Bentley's audited financial statements for the full year ended 30 June 2008 and auditor-reviewed financial statements for the financial period ended 31 October 2008.

(2) Summary of historical income statement

	\$m	4 MTHS ENDED	FULL YEAR ENDED	FULL YEAR ENDED
		31 OCT 08	31 JUN 08	30 JUN 07
Basis of preparation		Auditor Reviewed AIFRS	Audited AIFRS	AIFRS
Revenue		144,956	435,989	445,119
Other income				
- Realised gain on financial assets at fair value through profit or loss		-	10,421	3,053,242
- Reversal of prior year diminution of investments		2,412,376	-	-
- Other		(89)	7,388	8,730
Total revenue		2,557,243	453,798	3,507,091
Expenses				
Investment expenses				
- Realised loss on financial assets at fair value through profit or loss		(2,166,755)	-	-
- Unrealised losses on financial assets at fair value through profit or loss		-	(3,631,830)	(1,311,183)
- Foreign exchange losses		(669,778)	(11,827)	(14,888)
- Withholding tax		(13,514)	(52,690)	(55,701)
Occupancy expenses		(10,600)	(19,404)	(24,544)
Finance expenses		(314)	(651)	(484)
Borrowing cost		(2)	(1)	(2)
Corporate expenses		(68,858)	(239,380)	(395,550)
Administration expenses		(103,963)	(299,326)	(348,118)
Profit/(Loss) before income tax expense		(476,541)	(3,801,311)	1,356,621
Income tax benefit/(expense)		(901,403)	902,772	(5,439)
Profit/(Loss) for the period		(1,377,944)	(2,898,539)	1,351,182
Profit/(Loss) attributable to the members of Bentley		(1,377,944)	(2,898,539)	1,351,182
Basic earnings/(loss) per share (¢)		(3.42)	(7.23)	3.41

Bentley incurred a net loss during the 2008 financial year of \$3.801 million (pre tax) and \$2.899 million (post tax) compared with a net profit of \$1.357 million (pre tax) and \$1.351 million (post tax) earned in the 2007 financial year. This was principally as a result of nil net gains on financial assets (2007: \$1.742 million) and a \$3.621 million net loss on financial assets (2007: \$nil).

(3) Summary historical balance sheet

Basis of preparation	4 MTHS ENDED	FULL YEAR ENDED	FULL YEAR ENDED
	31 OCT 08	31 JUN 08	30 JUN 07
	Auditor Reviewed AIFRS	Audited AIFRS	AIFRS
CURRENT ASSETS			
Cash and cash equivalents	10,672,239	333,566	761,486
Financial assets at fair value through Profit and Loss	4,943,852	15,851,257	19,797,040
Trade and other receivables	75,724	37,680	-
Other	23,662	-	-
TOTAL CURRENT ASSETS	15,715,477	16,222,503	20,558,526
NON CURRENT ASSETS			
Property, plant and equipment	3,958	4,457	6,163
Deferred tax asset	24,692	912,991	187,015
TOTAL NON CURRENT ASSETS	28,650	917,448	193,178
TOTAL ASSETS	15,744,127	17,139,951	20,751,704
CURRENT LIABILITIES			
Trade and other payables	110,159	141,143	464,472
TOTAL CURRENT LIABILITIES	110,159	141,143	464,472
NON CURRENT LIABILITIES			
Deferred tax liabilities	24,692	11,588	187,015
TOTAL NON CURRENT LIABILITIES	24,692	11,588	187,015
TOTAL LIABILITIES	134,851	152,731	651,487
NET ASSETS	15,609,276	16,987,220	20,100,217
EQUITY			
Issued Capital	18,178,191	18,178,191	17,995,366
Accumulated losses	(2,568,915)	(1,190,971)	2,104,851
TOTAL EQUITY	15,609,276	16,987,220	20,100,217
Total ordinary shares on issue	40,234,143	40,234,143	39,728,303
NTA backing per share (pre-tax) (¢)	38.80	39.98	50.59
NTA backing per share (post-tax) (¢)	38.80	42.22	50.59

(4) Summary historical statement of cash flows

	4 MTHS ENDED	FULL YEAR ENDED	FULL YEAR ENDED
	31 OCT 08	31 JUN 08	30 JUN 07
Basis of preparation	Auditor Reviewed AIFRS	Audited AIFRS	AIFRS
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received	100,944	102,119	742,973
Interest received	5,967	15,768	10,755
Other income received	-	7,388	8,730
Investment manager's fees paid	(52,954)	(174,873)	(132,268)
Other expenses paid	(197,133)	(495,700)	(663,271)
Interest paid	(2)	(1)	(2)
Income tax refunded (paid)	(1,397)	19,896	(18,615)
Proceeds from sale of investments	11,174,198	296,770	16,315,800
Cost of investment purchases	(21,172)	(10,070)	(15,179,535)
NET CASH INFLOW FROM OPERATING ACTIVITIES	11,008,451	(238,703)	1,084,567
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-	(604)	(1,694)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	-	(604)	(1,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	-	(214,458)	(634,874)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	-	(214,458)	(634,874)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	11,008,451	(453,765)	447,999
Cash and cash equivalents at the beginning of the year	333,566	761,486	366,757
Effect of exchange rate changes on cash	(669,778)	25,845	(53,270)
	<u>10,672,239</u>	<u>333,566</u>	<u>761,486</u>

(5) Material changes in Bentley's financial position since last published accounts (30 June 2008)

During October 2008, Bentley realised approximately 70% of its investment portfolio and realised a gain (net of reversal of prior year provision for diminution in value of share investments) on sale of \$0.25 million and incurred a \$0.67 million foreign exchange loss (attributable to movements in foreign currency exchange rates between the sale and settlement dates).

Bentley's investment portfolio as at 30 June 2008 was \$15.85 million. The investment portfolio as at 31 October 2008 (auditor reviewed) was \$4.94 million and as at 31 December 2008 (unaudited) was \$4.56 million.

Cash at bank as at 30 June 2008 was \$0.334 million. Cash at bank (on deposit and at call) as at 31 October 2008 (auditor reviewed) was \$10.67 million and as at 31 December 2008 (unaudited) was \$10.73 million.

Except as set out in this Section and elsewhere in this Explanatory Statement, there has been no material change in Bentley's financial position since 30 June 2008, the date of the last balance sheet laid before Bentley in general meeting or sent to Bentley Shareholders.

6.8 Bentley's Prior Year Tax Losses

As at 30 June 2008, Bentley had prior year foreign tax losses of \$6.553 million. As a consequence of recent changes to taxation legislation, foreign losses will no longer be distinguished from domestic losses such that they can now be used to offset both future foreign and domestic income. Bentley (as a stand alone entity following completion of the Merger) will be entitled to claim its prior year tax losses against future income subject to certain transitional restrictions and compliance with conditions for deductibility imposed by tax legislation, including passing the "continuity of ownership" or "same business" tests (Loss Tests).

6.9 Bentley's Franking Credits

As at 13 January 2009, Bentley has a credit balance of \$3,973.639 in its franking account. This provides Bentley with the capacity to pay fully franked dividends totalling \$9,271,824 from future net profit earnings. Bentley's franking credits will be retained within the company as a stand alone entity following implementation of the Merger and will be available in relation to dividends distributed to Bentley Shareholders.

6.10 Bentley's capital structure

As at 15 January 2009, Bentley had a total of 40,234,143 fully paid ordinary shares on issue, held by 1,186 shareholders.

Bentley has no other securities on issue.

6.11 Dividends

Bentley's objective is to provide a regular and stable dividend payment to shareholders after the announcement of its half year and full year operating results. These results are normally announced in February and August each year and Bentley endeavours to announce its dividend payments at this time. Bentley intends to distribute annually to shareholders at least 50% of the available net profits arising from the dividend, interest and other income it receives from its investments and the realised and unrealised gains on its investments, to the extent permitted by law and subject to prudent business practices. Dividends will be franked to the extent that available franking credits permit and in accordance with the stated objective of providing 2 dividend payments a year.

Bentley also has a dividend reinvestment plan (DRP) which allows shareholders, at their election, to automatically invest some or all of their dividend income into additional Bentley Shares. As there are no transaction costs incurred, the dividend reinvestment plan provides Bentley Shareholders with an economical and convenient way to purchase additional Bentley Shares.

The table below sets out Bentley's dividend history over the last five years.

Dividend Rate per share	Record Date	Payment Date	Franking	Total Dividends Paid	DRP Issue Price
One cent	24 September 2007	28 September 2007	100%	\$397,283	\$0.3615
One cent	1 March 2007	8 March 2007	100%	\$397,283	N/A
One cent	29 August 2006	31 August 2006	100%	\$393,049	\$0.367
One cent	11 April 2006	26 April 2006	100%	\$389,422	\$0.396
One cent	21 September 2004	27 September 2004	100%	\$389,422	N/A

Further details of Bentley's dividend policy and the proposed dividend policy of the Merged Group going forward are set out in Section 7.8.

6.12 Bentley Substantial Shareholders

Bentley's substantial ordinary shareholders, based on substantial shareholding notices received as at 13 January 2009, are as set out below.

Name	Number of Bentley Shares held	% of issued Bentley Shares held
Orion Equities Limited	11,587,938	28.801
Bellwether Investments Pty Ltd* <York Street A/C>	3,299,856	10.002%
Michael Craig	674,023	
Robert James Craig	50,000	
Subtotal	4,023,879	

*The shareholdings of Bellwether and Messrs Craig are treated as a single shareholding due to the relationship between them.

6.13 Bentley' intentions if no Merger

Bentley's Board of Directors does not currently intend to make any major changes to Bentley's business if the Merger does not proceed.

6.14 Agreements or arrangements with Directors

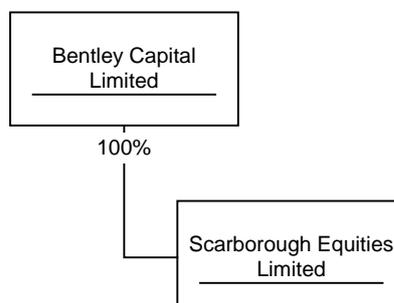
Other than as set out below, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Merger.

Bentley has agreed to appoint William Johnson (being the only director of Scarborough who is not a director of Bentley) as a director of Bentley following completion of the Merger, if that occurs.

7. Profile of Merged Group

7.1 Overview of Merged Group

The Merged Group will comprise the following entities:



Scarborough has two inactive subsidiaries - RIPL Investments Pty Limited and HTH Trading Pty Limited.

If the Merger is implemented, Scarborough will apply to ASX to cease quotation of Scarborough Shares on ASX.

7.2 Merger benefits

The Merged Group will potentially enjoy advantages compared to Bentley as it currently exists. These benefits are summarised in Section 1.5 and set out in detail in Section 4.2.

7.3 New Investment Mandate

The Merged Group will have a New Investment Mandate. The New Investment Mandate and the benefits of adopting it are set out in Section 12.

7.4 Board and management of the Merged Group

The board of the Merged Group will comprise the current Bentley directors (Messrs Farooq Khan, Simon Cato, Peter Simpson and Christopher Ryan) and current Scarborough Director, Mr William Johnson. The experience and qualifications of the current Bentley Board members and of Mr Johnson are set out in Sections 6.5 and 5.4 respectively.

The Company Secretary of Bentley is Mr Victor Ho. He will remain in his position following implementation of the Merger.

It is expected that Messrs Farooq Khan and William Johnson will be Executive Directors of the Merged Group following implementation of the Merger and, together with Mr Victor Ho, will comprise the executive management team.

7.5 Bentley's intentions

This Section sets out Bentley's intentions if the Merger is implemented, regarding:

- continuing the business of Scarborough as part of the Merged Group and any major changes to the business of Scarborough including any redeployment of the fixed assets of Scarborough; and
- the future employment of the present employee of Scarborough.

These statements of intention are based on the information concerning Scarborough, its business and the general business environment which is known to Bentley as at the date of

this Explanatory Statement and are statements of Bentley's current intentions which may change as new information becomes available or circumstances change.

(1) Ownership structure of Bentley post-Merger

Following the completion of the Merger, if it is assumed that there is no change to the NTA of each company from their unaudited NTAs as at 31 December 2008, Bentley would be owned approximately 55.67% by current Bentley Shareholders and approximately 44.33% by current Scarborough Shareholders. The final percentages will be based on the respective NTAs of each company as at the Calculation Date, currently expected to be 27 February 2009.

Based on substantial shareholding notices received by Bentley and Scarborough as at 13 January 2009 the Substantial Shareholders of Bentley after the Merger would be as set out in the table below, based on the assumptions below:

- existing shareholders named in the table do not acquire or dispose of any shares.
- other persons not named in the table do not acquire sufficient shares to become Substantial Shareholders.
- no change to the NTAs of either company occurs from the unaudited figure for 31 December 2008.

Name	Illustrative Number of New Bentley Shares held	Illustrative % of issued Bentley Shares held
Orion Equities Limited	20,711,432	28.65%
Peter Simpson Parties	8,145,985	11.27%
Island Arch Pty Ltd <Barnett Investment A/C> and Mr Michael David Barnett <Barnett Super Fund A/C>	4,459,667	6.29%
Bellwether Investments Pty Ltd <York Street A/C>, Mr Robert James Craig and Mr Michael Craig	4,023,879	5.57%

(2) Continuing the business of Bentley and Scarborough

(a) Name of Merged Group

If Resolution 4 is approved Bentley will change its name to Bentley Capital Limited.

(b) Directors

Bentley intends to retain its existing Directors and appoint Mr William Johnson as an additional director. Apart from Mr Alan Winduss (who is an alternate director for Simon Cato) Mr William Johnson is the only director of Scarborough who is not also a Bentley Director.

(c) Investment managers

Bentley's present intention in relation to Bentley (post-Merger) is for:

- (i) Constellation to continue to manage the Bentley investment portfolio in international securities;
- (ii) Bentley's cash holdings (of approximately \$10.6 million as at 13 January 2009) to continue to be invested in term deposits with Australian banks; and
- (iii) FSP to continue to manage Scarborough's funds in the FSP Fund.

Under the New Investment Mandate, it is proposed that after the Merger Bentley's investment decisions will be carried out by the Bentley Board and/or an investment committee of the Bentley Board (in conjunction with external consultants and advisers where appropriate). The investment committee is expected to comprise the Executive Directors (Messrs Farooq Khan and William Johnson) and the Company Secretary (Mr Victor Ho).

(d) Chairman's and Company Secretarial head office

It is currently anticipated that the treasury and secretarial functions currently performed by Scarborough will be integrated into Bentley. Both Bentley and Scarborough currently share the same Chairman's and Company Secretarial office and this will not change following completion of the Merger.

(3) Future employment of Merged Group's employees

Bentley has one employee (other than Directors), being the Company Secretary, who will remain in this position immediately following completion of the Merger.

7.6 Capital management policy

Following the Merger, the Bentley's Directors will continue to consider opportunities to increase the Bentley's investment portfolio size to raise its profile in the general investment community and generate further economies of scale.

There are a number of reasons why Bentley should increase its asset base, including:

- given the relatively high and fixed nature of costs associated with maintaining an ASX listing, it is important to achieve economies of scale by increasing the size of the listed entity so that these costs are amortised across a larger asset base; and
- a larger asset base is potentially more attractive to institutional investors and may increase liquidity in the market for the Bentley's shares.

The expansion of the Bentley's capital base may occur through a variety of methods including the issue of equity capital or mergers (through schemes or takeovers) with, or acquisitions of, other listed investment companies or managed funds.

7.7 Impact on earnings per share

A number of factors will influence the earnings per share of Bentley Shares following the completion of the Merger including:

- the number of Bentley Shares that will be issued as Merger Consideration, which will be based on the respective NTAs of Bentley and Scarborough as at the Calculation Date;
- the performance of Bentley's investment funds post Merger; and
- the timing and magnitude of cost savings realised.

7.8 Dividend policy

Bentley's present intention following completion of the Merger is to maintain its current dividend policy. Bentley's dividend policy and recent dividend history is discussed in Section 6.11. In future years, the dividend policy will be a decision for the Bentley Directors at the time and will reflect a range of factors. No assurance can be given as to the timing, extent and payment of dividends of the Merged Group, or the level of franking, as they are dependent on profitability and funding requirements and the general financial position of the Merged Group, which in turn may be affected by general economic conditions and specific conditions affecting trading at the time.

7.9 Prospects for the Merged Group

The operation and financial performance of Bentley and Scarborough (as stand alone entities) within the Merged Group are subject to various risks some of which are summarised in this Explanatory Statement and which may be beyond the control of the Merged Group. As a result, the actual results of the Merged Group's operations and earnings following completion of the Merger and the actual advantages of the Merger may differ from those that are anticipated or may not be achieved.

7.10 Pro forma financial information

(1) Introduction

The Independent Expert's Report in Annexure B to this Explanatory Statement contains (in Section 5.2 of that report) a pro forma balance sheet for the Merged Group as at 31 October 2008.

The pro forma balance sheet for the Merged Group is derived by aggregating the separate line items for Bentley and Scarborough as if the Merger had been implemented on 31 October 2008.

The pro forma financial information has been presented in abbreviated form. It does not contain all the disclosures usually provided in an annual report prepared in accordance with the Corporations Act. In particular, it does not include all of the notes to, and forming part of, the financial statements of Bentley and Scarborough.

The pro forma financial information is for illustrative purposes only. If the Merger had occurred in the past, the Merged Group's financial position and operating results would be likely to have been different from that presented in the pro forma financial information.

(2) No pro forma forecast financial information

Bentley has determined not to include forecast financial information with respect to the Merged Group because it believes that it would not be possible to do so with a sufficient degree of reliability or this to be of assistance to shareholders.

The performance of the Merged Group in any period is influenced by a number of factors that cannot be predicted with a high level of confidence and are outside the control of the Merged Group. Certain of these risk factors are set out in Section 4.3

8. How the Merger will be implemented

8.1 Scheme implementation by Scarborough

Scarborough has advised that it will be seeking an order from the Court that it convene the Scarborough Scheme Meeting to be held on 20 February 2009 at 10:00am (Sydney time) for the purpose of Scarborough Shareholders voting on whether to approve the Scheme.

Any order of the Court for Scarborough to convene the Scarborough Scheme Meeting if made, is not an endorsement by the Court of the Merger.

On the date ordered by the Court, the Scarborough Shareholders will vote at the Scarborough Scheme Meeting.

If:

- (1) the Scheme Resolution is approved by the requisite majorities at the Scarborough Scheme Meeting; and
- (2) the Merger Conditions have each been satisfied or, if applicable, waived in accordance with the Merger Agreement,

then Scarborough will apply to the Court for orders approving the Scheme. Scarborough has advised Bentley that, if Scarborough Shareholders vote in favour of the Scheme with the required majorities, the Court hearing to approve the Scheme will be held on 27 February 2009.

8.2 Merger Conditions

The obligations of Bentley and Scarborough to complete the Merger are subject to the Merger Conditions. If any Merger Condition is not satisfied or waived the Merger Agreement may be terminated and, if that occurs, the Merger will not proceed. The Merger Conditions are set out in clause 3.1 of the Merger Agreement (a copy of which is in Annexure A). The key Merger Conditions are:

- (1) Completion of due diligence by each of Bentley and Scarborough on the other which is satisfactory to that party, by 5:00pm on 17 December 2008. *This condition has been satisfied.*
- (2) All Regulatory Approvals are obtained or deemed obtained and not withdrawn by 5.00pm on the date before the Second Scarborough Court Date.
- (3) Scarborough Shareholders approve the Scheme at the Scarborough Scheme Meeting by the requisite majorities under the Corporations Act.
- (4) Bentley obtaining, before 5.00pm on the day before the Second Scarborough Court Date, any shareholder approvals required in order to prepare for and implement the Merger. (The only Bentley Shareholders' approvals required are those in Resolutions 1 to 4 in the Notice of Meeting).
- (5) The Bentley Shares to be issued pursuant to the Merger being approved for official quotation by ASX by 5.00pm on the day before the Second Scarborough Court Date.
- (6) Scarborough obtaining Court Approval to the Scheme either unconditionally or on conditions that are customary or usual. (The Court has a discretion whether to approve the Scheme, even if the Scheme is approved by the requisite majorities at the Scarborough Scheme Meeting).
- (7) No Bentley Material Adverse Change having occurred between the date of the Merger Agreement and 5.00pm on the day before the Second Scarborough Court Date.
- (8) No Scarborough Material Adverse Change having occurred between the date of the Merger Agreement and 5.00pm on the day before the Second Scarborough Court Date.

- (9) No Prescribed Occurrence having occurred between the date of the Merger Agreement and 5.00pm on the day before the Second Scarborough Court Date. "Prescribed Occurrence" is defined in the Merger Agreement. In summary, the key Prescribed Occurrences are either of the Companies:
- (a) buying back any of its shares;
 - (b) issuing shares or convertible debt securities or granting options;
 - (c) acquiring or disposing of assets with a value exceeding \$100,000, outside the ordinary course of its activities;
 - (d) receiving notification of material legal proceedings against it;
 - (e) granting an encumbrance over any substantial part of its assets outside the ordinary course of its activities;
 - (f) is ordered by a court or resolves that it be wound up or liquidated;
 - (g) having a liquidator, provisional liquidator, administrator or receiver appointed to it or to a substantial part of its property;
 - (h) becoming unable to pay its debts when they fall due; or
 - (i) declaring, paying or distributing any dividend, bonus or other share of its profits or assets.
- (10) An independent expert appointed by Scarborough giving a report to Scarborough that in its opinion the Scheme is in the best interests of Scarborough Shareholders and that expert does not change its conclusion or withdraw its report prior to 5.00pm on the day before the Second Scarborough Court Date. *Scarborough has informed Bentley that the required report has been given.*
- (11) An Independent Expert appointed by Bentley giving a report to Bentley that each of the acquisitions referred to in Resolutions 1 and 2 are reasonable to the Bentley Shareholders whose votes are not to be disregarded on the relevant Resolution pursuant to the Listing Rules and the report is not withdrawn by 5:00pm on the day before the Bentley meeting the subject of this Explanatory Statement. *The required report has been given and is in Annexure B to this Explanatory Statement.*
- (12) The representations and warranties of each of Bentley and Scarborough set out in the Merger Agreement are and remain materially true and correct until 5.00pm on the day before the Second Scarborough Court Date.

8.3 Non fulfilment of Merger Conditions

Either Bentley or Scarborough may terminate the Merger Agreement by written notice to the other party at any time before the Second Scarborough Court Date if a Merger Condition that is for the benefit of that party has not been fulfilled or waived under the Merger Agreement by 5.00 pm on the day before the Second Scarborough Court Date. The Merger will lapse and not proceed further if it has not taken effect on or before 30 June 2009 or such later date as the two companies may agree.

8.4 Status of Merger Conditions

As at the date of this Explanatory Statement, Bentley is not aware of any circumstances which would cause the Merger Conditions not to be satisfied. Under the Merger Agreement Scarborough is required to Notify Bentley immediately if it becomes aware of any circumstances which would cause the Merger Conditions not to be satisfied.

8.5 Termination

Either Bentley or Scarborough may terminate the Merger Agreement by written notice to the other party at any time before the Second Scarborough Court Date if the other party:

- breaches a representation or warranty given by it in the Merger Agreement; or
- commits a material breach that is the subject of a notice of intention to terminate by the innocent party (**Breach Notice**), and the party in breach does not remedy the breach by the earlier of the date 5 Business Days after the Breach Notice or 5.00pm on the day prior to the Second Scarborough Court Date.

8.6 If the Merger does not proceed

If the Merger is not concluded there will be no change to the status quo of either Company, other than:

- changes occurring in the ordinary course; and
- Bentley will have incurred transaction costs and expenses incurred in relation to the proposed Merger. (This will be the case whether or not the Merger proceeds.)

Bentley will not be liable to pay any money to Scarborough and will not receive any money from Scarborough if the Merger does not proceed.

9. Taxation implications of the Merger for Bentley Shareholders

9.1 Overview

This Section 9 contains a general description, based on Australian law in effect as at the date of this Explanatory Statement, of the Australian capital gains tax implications for Australian-resident and non-residents (for tax purposes) Bentley Shareholders if the Merger is implemented.

9.2 Income tax and capital gains tax

It is expected that there should be no direct Australian income tax (including capital gains tax) implications for Bentley Shareholders as they will not receive any proceeds in relation to the Merger nor will the Merger constitute a disposal of their shares.

9.3 Stamp duty

As Bentley Shareholders do not acquire or dispose of any shares themselves under the Merger, they will pay no stamp duty in respect of the Merger.

10. Resolution 1 – Acquire Scarborough shares from Orion

10.1 Reasons for seeking approval

Resolution 1 seeks approval for the acquisition of Scarborough shares from Orion Equities Limited, as part of the acquisition of all Scarborough Shares under the Merger. The terms of the Merger are summarised in Section 1.2 and are set out in full in the Merger Agreement in Annexure A to this Explanatory Statement.

Under ASX listing rule 10.1 the Company requires Shareholders' approval to acquire a Substantial Asset from a Related Party. A Related Party includes a Shareholder who holds a relevant interest in at least 10% of the total votes attaching to Bentley's voting Shares.

As at 15 January 2009, Orion held 11,587,938 shares in Bentley, representing 28.8% of Bentley's issued shares. Orion is therefore a Related Party of Bentley.

An asset is a Substantial Asset for the purposes of the ASX Listing Rules if its value is 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the listing rules.

As at 15 January 2009, Orion held 5,619,645 Scarborough Shares, representing 28.47% of Scarborough's issued shares. As at 31 December 2008 Scarborough's post-tax net tangible assets were \$12.11 million¹⁶. Valuing Orion's Scarborough Shares on the same basis as that interest would be valued under the Merger, its interest in Scarborough would be worth \$3.45 million as at 31 December 2008. The value of Bentley's Equity Interests at that date was \$15.21 million. Five percent (5%) of that amount is \$0.76 million. The value of Orion's interest in Scarborough therefore considerably exceeds 5% of the value of Bentley's Equity Interests. Orion's shareholding in Scarborough is therefore a Substantial Asset.

The proposed consideration for the acquisition of Scarborough Shares from Orion is the issue of New Bentley shares. The number of New Bentley shares to be issued will be determined by applying the Merger Consideration formula set out in Section 3.1.

It is not possible to state precisely how many New Bentley Shares would be issued to Orion if this Resolution is approved and the Merger is implemented, because the date on which Bentley's and Scarborough's NTAs must be considered (Calculation Date) is in the future. That date is presently anticipated to be 27 February 2009.

By way of example, if it is assumed that the Merger occurred with a Calculation Date of 31 December 2008, Orion would be issued with 8,942,553 New Bentley Shares, based on the following calculation:

$$\text{NBS} = 5,619,645^{17} \times (0.6137^{18} \div 0.3780^{19})$$

$$\text{NBS} = 5,619,645 \times 1.6235^{20}$$

$$\text{NBS} = 9,123,494$$

The anticipated date for the issue of the New Bentley Shares to Orion is 13 March 2008.

¹⁶ According to Scarborough's Net Tangible Asset Backing Report released to ASX for 31 December 2008, the last date before the date this Explanatory Statement was printed (commencing 16 January 2009) for which Scarborough has publicly announced its NTA.

¹⁷ Number of Scarborough Shares held by Orion at 31 December 2008.

¹⁸ Scarborough's unaudited NTA at 31 December 2008.

¹⁹ Bentley's unaudited NTA at 31 December 2008.

²⁰ The figure is shown rounded to 4 decimal places here for convenience only. The actual (unrounded) ratio of BEL to SCB shares may be used in the actual Merger Consideration calculation to arrive at the final NBS figure.

No funds will be raised from the Share issue, because the consideration for the issue is the transfer of Orion's Scarborough Shares to Bentley.

10.2 Independent Directors' recommendation

Messrs Farooq Khan, Simon Cato and Christopher Ryan are directors of both Bentley and Scarborough. The other Bentley Director is Mr Peter Simpson. Mr Peter Simpson and his Associates hold shares in Scarborough.

As at 15 January 2009 Mr Farooq Khan held a Relevant Interest (as defined in the Corporations Act) in 11,587,938 shares in Bentley and 5,619,645 shares in Scarborough. This Relevant Interest arises by virtue of the fact that these shares are held by Orion Equities Limited (OEQ), a company in which Queste Communications Ltd (QUE) is a controlling shareholder. Farooq Khan and his associated companies have a deemed relevant interest in shares in which QUE has a relevant interest by reason of having voting power of more than 20% in QUE.

Accordingly Messrs Farooq Khan, Simon Cato, Christopher Ryan and Peter Simpson are not independent directors.

The Independent Directors are Mr John Hart (as alternate director for Mr Peter Simpson) and Mr Robin Dean (as alternate director for Mr Christopher Ryan). The Independent Directors are not directors (or alternate directors) of Scarborough or any of its Related Bodies Corporate and do not hold any Scarborough Shares.

Each of the Independent Directors recommends that Bentley Shareholders votes in favour of Resolution 1.

The Independent Directors have formed their conclusions and made their recommendation based on the matters outlined in this Explanatory Statement. The independent Directors believe that there are significant positive reasons for Bentley Shareholders to vote in favour of Resolution 1, in particular:

- the fact that passage of the Resolution is required for the Merger to proceed;
- each of the Independent Directors believes that the Merger is the best available option for Bentley Shareholders to improve the value of their investment;
- the advantages of the Merger for Bentley Shareholders, set out in Section 4.2, particularly:
 - the advantages of the creation of a single listed investment company with larger net tangible assets of approximately \$27.32²¹ million and a larger shareholder base of approximately 2,400 shareholders.
 - the potential for the Merged Companies to reduce their Management Expense Ratio due to the removal or reduction of duplicate listed company expenses.
 - the adoption of a more flexible investment mandate covering both strategic and portfolio investments in Australia and overseas.
- the disadvantages and risks of the Merger set out in Section 4.3. The Independent Directors consider that the advantages of the proposed Merger outweigh any potential disadvantages and risks.
- the Independent Expert's Report to the effect that the proposed acquisition is fair and reasonable to the Bentley Shareholders other than Orion and its Associates.

²¹ The combined unaudited net tangible assets of Bentley and Scarborough as at 31 December 2008 as announced to ASX on 14 January 2009, comprised of \$15.21 million for Bentley and \$12.11 million for Scarborough, disregarding the effect of merger costs.

The Independent Directors have assessed the Merger against the option of Bentley's remaining independent of Scarborough. While Bentley's shareholder value may increase under this strategy, in their opinion, the Merger with Scarborough is a logical strategic combination and puts the Company in a stronger and more flexible position to increase shareholder value than retaining the status quo.

Each of the Directors other than the Independent Directors is either a director of or a shareholder in Scarborough. Those Directors therefore have an interest, in their capacity as Scarborough stakeholders, in Scarborough completing the Merger. As a consequence they do not consider themselves justified in making a recommendation.

The Independent Directors do not hold any Bentley Shares or Scarborough Shares as at the date of this Explanatory Statement.

10.3 Independent Expert's Report

Bentley's Independent Directors commissioned Grant Thornton (WA) Financial Services Pty Ltd to give an opinion on whether the acquisition the subject of Resolution 1 is fair and reasonable to the Bentley Shareholders other than Orion Equities Limited and its Associates.

The Independent Expert has concluded that the acquisition the subject of Resolution 1 is fair and reasonable to the current Bentley Shareholders other than Orion Equities Limited and its Associates.

Bentley Shareholders should read the Independent Expert's Report in full. The Independent Expert's Report was despatched to Shareholders with this Notice of Meeting and Explanatory Statement.

11. Resolution 2 – Acquire Scarborough Shares from Peter Simpson

11.1 Reasons for seeking approval – acquisition of Scarborough Shares

Resolution 2 seeks approval for the acquisition of Scarborough shares from Mr Peter Penfold Simpson, Mrs Carolynne Denise Simpson, Rochester No 39 Pty Ltd and Barbridge Trust Pty Ltd, as part of the acquisition of all Scarborough Shares under the Merger. These Scarborough Shareholders are, together, referred to as the "Peter Simpson Parties".

Under ASX Listing Rule 10.1 the Company requires Shareholders' approval to acquire a Substantial Asset from a Related Party. A Related Party includes a director and his Associates. Mr Peter Simpson is a director of Bentley. Mrs Carolynne Simpson is Mr Peter Simpson's wife. Rochester No 39 Pty Ltd and Barbridge Trust Pty Ltd are companies associated with Mr Peter Simpson. All the Peter Simpson Parties (other than Mr Peter Simpson) are Associates of Mr Peter Simpson.

An asset is a Substantial Asset for the purposes of the ASX Listing Rules if its value is 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the listing rules.

As at 15 January 2009 the Peter Simpson Parties held the Scarborough Shares listed below:

Rochester No 39 Pty Ltd	3,615,502
Mr Peter Penfold Simpson & Mrs Carolynne Denise Simpson <Simpson Family Super A/C>	119,182
Barbridge Trust Pty Ltd <PSFT A/C>	<u>185,075</u>
	3,919,759

This represents 19.86% of Scarborough's issued capital of 19,737,896 shares.

As at 31 December 2008 Scarborough had post-tax net tangible assets of \$12.11 million²². Valuing the Peter Simpson Parties' Scarborough Shares on the same basis as that interest would be valued under the Merger, their interest in Scarborough would be worth \$2.40 million as at 31 December 2008. The value of Bentley's Equity Interests at that date was \$15.21 million. Five percent (5%) of that amount is \$0.76 million. The value of the Peter Simpson Parties' interest in Scarborough therefore considerably exceeds 5% of the value of Bentley's Equity Interests. The Peter Simpson Parties' shareholding in Scarborough is therefore a Substantial Asset.

The proposed consideration for the acquisition of Scarborough Shares from the Peter Simpson Parties is the issue of Bentley shares. The number of New Bentley shares to be issued will be determined by applying the Merger Consideration formula in Section 3.1.

It is not possible to state precisely how many New Bentley Shares would be issued to the Peter Simpson Parties if Resolution 2 is passed, because the date on which Bentley's and Scarborough's NTAs must be considered (Calculation Date) is in the future. That date is presently anticipated to be 27 February 2009.

²² According to Scarborough's NTA report released to ASX for 31 December 2008, the last date before the date this Explanatory Statement was printed (commencing 16 January 2009) for which Scarborough has publicly announced its NTA.

By way of example, if it is assumed that the Merger occurred with a Calculation Date of 31 December 2008, the Peter Simpson Parties would be issued with 6,237,521 New Bentley Shares based on the following calculation:

$$\text{NBS} = 3,919,759^{23} \times (0.6137^{24} \div 0.3780^{25})$$

$$\text{NBS} = 3,919,759 \times 1.6235^{26}$$

$$\text{NBS} = 6,363,729$$

The anticipated date for the issue of the New Bentley Shares to the Peter Simpson Parties is 13 March 2008.

No funds would be raised from the issue, because the consideration for the issue is the transfer of the Peter Simpson Parties' Scarborough Shares to Bentley.

11.2 Independent Directors' recommendation

Each of the Independent Directors recommends that Bentley Shareholders vote in favour of Resolution 2, for the same reasons that they recommended that Shareholders vote in favour of Resolution 1. Those reasons are set out in Section 10.2.

11.3 Independent Expert's Report

Bentley's Independent Directors commissioned Grant Thornton (WA) Financial Services Pty Ltd to give an opinion on whether the acquisition the subject of Resolution 2 is fair and reasonable to the Bentley Shareholders other than the Peter Simpson Parties and their Associates.

The Independent Expert has concluded that the acquisition the subject of Resolution 2 is fair and reasonable to the Bentley Shareholders other than the Peter Simpson Parties and their Associates.

Bentley Shareholders should read the Independent Expert's Report in full. The Independent Expert's Report is in Annexure B to this Explanatory Statement.

²³ Number of Scarborough Shares held by the Peter Simpson Parties at 15 January 2009.

²⁴ Scarborough's unaudited NTA at 31 December 2008.

²⁵ Bentley's unaudited NTA at 31 December 2008.

²⁶ The figure is shown rounded to 4 decimal places here for convenience only. The actual (unrounded) ratio of BEL to SCB shares may be used in the actual Merger Consideration calculation to arrive at the final NBS figure.

12. Resolution 3 – Adopt New Investment Mandate

12.1 Existing investment objectives

Bentley's existing investment objectives were first adopted 1986. Bentley's 1986 IPO prospectus states:

"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 investment 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."

Bentley's current investment portfolio is held pursuant to those objectives.

12.2 Proposed New Investment Mandate

These are the terms of the proposed new Investment Mandate:

1. INVESTMENT OBJECTIVES

The Investment Objectives of Bentley are to:

- Achieve a high real rate of return over the medium term, ideally comprising both income and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular income stream for shareholders in the form of franked dividends.

2. INVESTMENT STRATEGY

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

- Strategic Investments; and
- Non-strategic Investments.

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

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

(a) Strategic Investments

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

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

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

(b) Non-Strategic Investments

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

3. PORTFOLIO ALLOCATION

In executing its Investment Strategy, Bentley may, from time to time, hold a high proportion of net assets in cash, preferring to be patient and selective rather than filling its investment portfolio with mediocre or underperforming investments for the sake of becoming “fully-invested”.

Bentley will not be limited to the principles of broad diversification; in other words, Bentley may invest a significant proportion of funds in any single investment that represents an exceptional opportunity.

4. INVESTMENTS

Investments may be made by Bentley in Australia and overseas and into any underlying industry, business or sector, in accordance with Bentley's stated Investment Objectives and Strategies.

In pursuit of the Investment Objectives and execution of the Investment Strategies outlined above, Bentley will have absolute discretion in applying its equity and any debt funds to a universe or range of potential investments in assets, businesses, securities, hybrid securities, cash, bills of exchange, other negotiable investments, debentures and other investments and structures.

5. MANAGEMENT OF INVESTMENTS

Bentley's investment decisions will be carried out by Bentley's board of directors and or an Investment Committee (in conjunction with external consultants and advisers where appropriate). If it believes that it is in the best interests of Bentley, Bentley's board of directors may chose to delegate part or all of the responsibility for making investment decisions to an investment manager, subject to the investment manager having appropriate capabilities, experience and the necessary Australian Financial Services licences(s).

12.3 Reasons for change

Approval of the New Investment Mandate by Bentley Shareholders is a condition precedent to the Merger. Bentley is not otherwise required to seek Shareholders' approval for the adoption of the New Investment Mandate. Bentley has, however, previously announced that it will seek Shareholder's approval for a new investment mandate.

Due to recent dramatic changes in world equity markets the Directors consider that a principal focus on international shares is no longer appropriate for the Company. Section 6.3 details Bentley's first major step in moving away from its existing investment objectives by way of instructing its investment manager to convert 70% of the Company's investment portfolio into cash.

A substantial number of listed entities are currently trading at prices well below their net tangible asset backing. A prudent investor may consider that some entities in this category constitute good value, on the expectation that their share prices will ultimately return to a more historical relationship to their asset backing. The expected timeframe for such recovery, and whether it is likely to occur at all, will vary between entities. Some entities in this category may show prospects of recovering in a sufficiently short time as to render them suitable candidates for investments. Other potential investment targets include:

- Businesses in strong cash positions with opportunities to acquire undervalued assets from more highly geared players in their industries; and
- Countercyclical businesses that are able to benefit from current economic conditions.

Some investments of those kinds may prove to be attractive targets for portfolio style investments under the proposed New Investment Mandate.

The Directors also consider, however, that possibilities may exist to unlock value from certain companies with underperforming share prices by making strategic investments in them. A strategic investment is an investment of sufficient size to give Bentley influence over the company's management. This may include securing board representation. The Directors consider there may be opportunities to unlock value in strategic investment targets by influencing management to pursue mergers, capital raisings, acquisitions, returns of capital or new activities.

A wide range of asset classes, including international shares, underperformed during calendar 2008. It is expected that various asset classes will move towards recovering value at different rates. The new Investment Mandate will allow Bentley the flexibility to pursue investments that show the greatest prospects for delivering capital growth and income to shareholders.

The Directors will keep the potential performance of various financial instruments and other investment classes under review in order to place shareholders funds where they will attract the best returns.

As at 31 December 2008 Scarborough had \$11.90 million invested in the FSP Fund. The FSP Fund's investments had an equity weighting of 76.2% at that date. Of that equity, 97.1% was invested in companies within the S&P/ASX 200 Index²⁷.

Bentley's current investment objectives would not encompass the Merged Group having such a weighting in Australian shares. The New Investment Mandate would accommodate the Merged Group holding Scarborough's existing portfolio.

The proposed Bentley Board of Directors after the Merger (comprised of the existing Bentley Directors and Scarborough Director, Mr William Johnson) have experience in serving as directors of investment companies which focus solely on portfolio style (non-strategic) investments. They also have experience in managing listed companies which run active businesses in a range of industries. The proposed post-Merger Bentley Directors are well qualified to oversee Bentley's implementation of the New Investment Mandate.

12.4 Independent Directors' recommendation

Each of the Independent Directors recommends that Bentley Shareholders vote in favour of Resolution 3 for the above reasons.

Each of the Directors other than the Independent Directors does not consider themselves justified in making a recommendation due to the circumstances leading to their being considered non-independent directors.

The Independent Directors do not hold any Bentley Shares as at the date of this Explanatory Statement.

12.5 Date of effect

Resolution 3 is conditional upon the other aspects of the Merger being successfully completed. If the other aspects of the Merger are not successfully completed the New Investment Mandate will not take effect. If Resolution 3 is passed and the other aspects of the Merger are successfully completed the New Investment mandate will take effect upon the Merger Completion Date. The Merger Completion Date is the tenth Business Day after the date on which an office copy of the Court order approving the Scheme under Section 411(4) (b) of the

²⁷ Source: Scarborough announcement to ASX dated 14 January 2009.

Corporations Act is lodged with ASIC. At present Bentley anticipates that the Merger Completion Date will be 13 March 2009.

Bentley will advise Shareholders via the ASX announcements platform and its website at www.bel.com.au of any change to this likely date.

13. Resolution 4 – Change of name

13.1 Reasons for proposed change

Under the Company's constitution a special resolution is required to change the Company's name. A special resolution is only passed if at least 75% of all the votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

It is common practice for a company which acquires all the issued capital in another company in a merger to change its name, where both parties are of approximately equal status. As at 31 December 2008 Bentley had net tangible assets of \$15.21 million and Scarborough had net tangible assets of \$12.11 million²⁸. Adoption of a new name is intended to signify that the Merger is not simply a takeover of one company by the other, but that the Merger results in the creation of a new business.

The Independent Directors considered possible alternative names. It did not appear that any combination of the names of Bentley and Scarborough would have the required degree of appeal post Merger. Therefore they decided to retain the name Bentley, but to change the word "International" to "Capital". This reflects Bentley's proposed New Investment Mandate post Merger. To date, the Company has focused primarily on investments in international shares. Shareholders are also voting, under Resolution 3, on the adoption of a New Investment Mandate. If the New Investment Mandate is adopted, Bentley will be able to pursue a wide range of investments of both an international and a domestic character. The proposed new name reflects this new focus.

13.2 Independent Directors' recommendation

Each of the Independent Directors recommends that Bentley Shareholders vote in favour of Resolution 4 for the above reasons.

Each of the Directors other than the Independent Directors does not consider themselves justified in making a recommendation due to the circumstances leading to their being considered non-independent directors.

The Independent Directors do not hold any Bentley Shares as at the date of this Explanatory Statement.

13.3 Date of effect

Resolution 4 is conditional upon the other aspects of the Merger being successfully completed. If the other aspects of the Merger are not successfully completed the change of name will not take effect. If Resolution 4 is passed and the other aspects of the Merger are successfully completed, the change of name will take effect as soon as possible following the Merger, once the Australian Securities and Investments Commission has issued a new certification of registration.

The Merger Completion Date is the tenth Business Day after the date on which an office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC. At present Bentley anticipates that the Merger Completion Date will be 13 March 2009. Bentley will advise Shareholders via the ASX announcements platform of any change to this likely date.

²⁸ Based on Bentley's and Scarborough's unaudited NTAs as at 31 December 2008 as announced to ASX on 14 January 2009.

14. Responsibility for statements and opinions

The information concerning Bentley and the intentions, views and opinions of Bentley and its Directors contained in this Explanatory Statement (**Bentley Information**) has been prepared by Bentley and its Directors and is the responsibility of Bentley. Scarborough and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of the Bentley Information.

The information in this Explanatory Statement concerning Scarborough (**Scarborough Information**) is extracted from publicly available information about Scarborough and from information provided by Scarborough pursuant to Bentley's due diligence investigation on Scarborough under the Merger Agreement. Bentley and its directors, officers and advisers do not take any responsibility for the accuracy of Scarborough Information.

Certain statements in this Explanatory Statement relate to the future. Such statements are generally based on known and unknown risks, uncertainties, assumptions and other important factors that may cause the actual results, performance or achievements of Bentley, Scarborough, or the Merged Group to be materially different from the results, performance or achievements expressed or implied by such statements. The operation and financial performance of Bentley and Scarborough are subject to various risks including but not limited to those risks summarised in this Explanatory Statement and which may be beyond the control of Bentley or Scarborough. As a result, the actual results of Bentley's operations and earnings following completion of the Merger and the actual advantages of the Merger may differ from those that are anticipated or may not be achieved.

Statements as to future matters in this Explanatory Statement reflect views held and information available at the date of this Explanatory Statement. Bentley and Scarborough and their respective directors make no representation and give no assurance or guarantee that the occurrence of the events or the achievement of results expressed or implied in such statements will actually occur. You are cautioned not to place undue reliance on any forward looking statement. Subject to any continuing obligations under applicable law or any relevant listing rule, Bentley and Scarborough expressly disclaim any obligation to give any updates or revisions to any forward looking statements to reflect any change in expectations after the date of this Explanatory Statement or any change in events, conditions or circumstances on which any such statement is based.

15. Further Information

Further information about Bentley (including its 2008 and prior year's annual reports) is available at its website www.bel.com.au or by telephoning 1300 762 678 (within Australia) or +61 (08) 9214 9757 (outside Australia).

Further information about Scarborough (including its 2008 and prior year's annual reports) is available at its website www.scarboroughequities.com.au or by telephoning 1300 762 678 (within Australia) or +61 (08) 9214 9717 (outside Australia).

16. Dictionary

In this Explanatory Statement the following words have the following meaning unless the context requires a different meaning:

AIFRS means Australian International Financial Reporting Standards.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given by section 12 of the Corporations Act.

ASX means the financial market known as the Australian Securities Exchange operated by ASX Limited ABN 98 008 624 691.

Bentley means Bentley International Limited ABN 87 008 108 218.

Bentley Material Adverse Change means any one or more matters, events or circumstances other than those required to be done or procured by Bentley pursuant to the Merger Agreement which have or are reasonably likely to have a material adverse impact (in the reasonable opinion of the Scarborough Board of Directors) on Bentley, the nature of its assets or its business.

Bentley Shareholder means each person who is registered as the holder of Bentley Shares from time to time.

Bentley Share means a fully-paid, ordinary share of Bentley.

Business Day means has the meaning given in the Listing Rules.

Calculation Date means 5:00 pm (Perth time) on the Effective Date.

Constellation means Constellation Capital Management Limited ABN 95 090 128 055.

Corporations Act means the Corporations Act 2001 (Cth).

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by Bentley and Scarborough.

Court Approval means the approval by the Court of the Scheme, in accordance with section 411(4)(b) of the Corporations Act.

Effective means when used in relation to the Scheme, the coming into effect, under section 411(1) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Equity Interests has the meaning given in the ASX Listing Rules.

Explanatory Statement means this document dated 15 January 2009.

FSP means FSP Equities Management Limited ABN 12 098 327 809.

FSP Fund means the FSP Equities Leaders Fund.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.

Independent Directors means each of Mr John R. Hart (as alternate director for Mr Peter P. Simpson) and Mr Robin J. Dean (as alternate director for Mr Christopher B. Ryan)

Independent Expert means Grant Thornton (WA) Financial Services Pty Ltd (ABN 92 064 260 260).

Independent Expert's Report means the report prepared by the Independent Expert despatched with this Notice of Meeting and Explanatory Statement.

Ineligible Overseas Scarborough Shareholder means a Scarborough Shareholder whose address as shown in Scarborough's register of members as at the Scheme Record Date is in a place other than Australia, its external territories or New Zealand, unless Bentley and Scarborough each agree in writing.

Listing Rules means the official listing rules of the ASX.

Management Expense Ratio means the ratio of management expenses to net assets.

Merged Group means Bentley and its Subsidiaries following completion of the Merger (when Scarborough and its Subsidiaries will be Subsidiaries of Bentley).

Merger means the merger of Bentley and Scarborough pursuant to the Merger Agreement and the Scheme.

Merger Agreement means the Merger Agreement between Bentley and Scarborough dated 28 November 2008, a copy of which is in Annexure A to this Explanatory Statement.

Merger Completion Date means the tenth Business Day after the Effective Date, or such other date as may be agreed by Bentley and Scarborough.

Merger Conditions means the conditions to the completion of the Merger, which are summarised in Section 8.2 and set out in full in clause 3 of the Merger Agreement.

Merger Consideration means the Post-Merger Bentley Shares to which Scarborough Shareholders will be entitled as consideration for the transfer of their Scarborough Shares to Bentley pursuant to the Merger, which will consist of the number of Post-Merger Bentley Shares determined in accordance with the following formula:

$$\text{NBS} = \text{SSH} \times (\text{Scarborough NTA} \div \text{Bentley NTA})$$

where:

- (a) **NBS** means the number of Post-Merger Bentley Shares to which the Scarborough Shareholder is entitled;
- (b) **SSH** means the number of Scarborough Shares held by the Scarborough Shareholder as at the Record Date;
- (c) **Scarborough NTA** means the NTA of Scarborough as at the Calculation Date; and
- (d) **Bentley NTA** means the NTA of Bentley as at the Calculation Date.

New Bentley Shares means Bentley Shares to be issued to Scarborough Shareholders as the Merger Consideration.

New Investment Mandate means the investment mandate to be adopted by the Merged Group upon completion of the Merger, as outlined in Section 12.2.

NTA means the post-tax net tangible asset backing of Bentley or Scarborough (as the context requires) per Bentley Share or (as the case may be) per Scarborough Share, calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations, as certified in writing by the auditors of Bentley or (as the case may be) Scarborough, to the standard prescribed by Auditing Standard on Review Engagements ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity.

Orion means Orion Equities Limited ABN 77 000 742 843.

Regulatory Approval means any ASIC, ASX or other Government Agency consent or approval necessary to implement the Merger, other than the Court Approval.

Regulatory Authority means ASIC, ASX, the Takeovers Panel (as defined by the Corporations Act) or any Government Agency.

Related Party means has the same meaning as is given in the ASX Listing Rules.

Relevant Interest means has the meaning given in sections 608 and 609 of the Corporations Act.

Scarborough means Scarborough Equities Limited ABN 58 061 284 045.

Scarborough Material Adverse Change means any one or more matters, events or circumstances other than those required to be done or procured by Scarborough pursuant to the Merger Agreement which have or are reasonably likely to have a material adverse impact (in the reasonable opinion of the Bentley Board) on Scarborough, the nature of its assets or its business.

Scarborough Shareholder means each person who is registered as a holder of one or more Scarborough Shares from time to time.

Scarborough Share means a fully-paid, ordinary share of Scarborough.

Scarborough Share Registry means Advanced Share Registry Services of 150 Stirling Highway, Nedlands, Western Australia.

Scarborough Scheme Meeting means the meeting of Scarborough Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act which, it is anticipated at the date of this Explanatory Statement, will be held on 20 February 2009.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Scarborough and the Scarborough Shareholders pursuant to which each of the Scarborough Shares held by the Scarborough Shareholders as at the Scheme Record Date will be transferred to Bentley in consideration for the Merger Consideration.

Scheme Record Date means 5.00pm (Perth time) on the fifth Business Day after the Effective Date (or such other date as may be agreed in writing by Bentley and Scarborough).

Second Scarborough Court Date means the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme is heard.

Subsidiary has the meaning given in section 46 of the Corporations Act.

Substantial Asset has the meaning given in the ASX Listing Rules.

VWAP means volume weighted average price.

17. Time and Place of General Meeting and How to Vote

Venue

The General Meeting of the shareholders of Bentley International Limited will be held at:

Westin Hotel Sydney	Commencing	11:00 am
Meeting Room 4		Wednesday, 25 February
1 Martin Place		2009
Sydney, New South Wales		

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.

Voting in Person

To vote in person, attend the General Meeting on the date and at the venue set out above.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of General Meeting as soon as possible and return it to the Company Secretarial office, either:

- by facsimile to (08) 9322 1515; or
- by mail to Bentley International Limited, Reply Paid 83399, Perth WA 6000; or
- by delivery to Bentley International Limited, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth WA 6000

so that it is received **not later than 11:00 am (AEDT) on Monday 23 February 2009**.

Bodies corporate

A body corporate may appoint an individual as its authorised corporate representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. A properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the General Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.

Powers of Attorney

A person appearing as Power of Attorney for a shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

Voting Entitlement

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the General Meeting all Shares in the Company will be taken to be held by the persons who held them as registered Shareholders at 5:00pm (Perth time/7:00pm Sydney time) on Monday, 23 February 2009 (**Voting Entitlement Time**). Subject to the voting exclusions noted (if any), all holders of Shares in the Company as at the Voting Entitlement Time will be entitled to vote at the General Meeting.

Annexure A - Merger Agreement

[Conformed copy – unexecuted]

Dated 28 November 2008

Merger implementation agreement

Parties

Scarborough Equities Limited
ACN 061 287 045

Bentley International Limited
ACN 008 108 218

Contents

1.	Definitions and interpretation	1
2.	Scheme	9
3.	Conditions precedent	12
4.	Termination.....	19
5.	Representations warranties and undertakings	20
6.	Goods and Services Tax.....	22
7.	Confidentiality Deed.....	22
8.	General.....	23
9.	Waiver	23
10.	Costs and outlays	24
11.	Notices.....	24
12.	Governing law and jurisdiction	25
13.	Execution of counterparts	26
	Schedule 1 – Bentley Board following implementation of Scheme	27
	Schedule 2 – New Investment Mandate	28

Agreement dated 28 November 2008

Parties **Scarborough Equities Limited** ACN 061 287 045
of Suite 202, 30-36 Bay Street, Double Bay, New South Wales,
2028 (**Scarborough**)

Bentley International Limited ACN 008 108 218
of Level 14, The Forrest Centre, 221 St Georges Terrace, Perth,
Western Australia, 6000
(**Bentley**)

Introduction

- A.** Scarborough and Bentley are each listed on the ASX.
- B.** The parties have considered the proposal that both companies merge by way of a scheme of arrangement under Part 5.1 of the Corporations Act.
- C.** The Scarborough Board and the Bentley Board having determined that they consider that the Scheme is in the best interests of each party's respective shareholders, the parties have agreed in good faith to implement the Scheme on and subject to the terms and conditions of this Agreement.

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this Agreement:

- (1) **Adviser** means a lawyer, accountant, banker, financier or other professional adviser, engaged or consulted by a party;
- (2) **Agreement** means this document (having been executed as an agreement) including any schedule or annexure to it;
- (3) **ASIC** means Australian Securities and Investments Commission;
- (4) **Associate** has the meaning given by section 12 of the Corporations Act;
- (5) **ASX** means ASX Limited operating as Australian Securities Exchange;

- (6) **Bentley Board** means the board of directors of Bentley, excluding any director who is also a director of Scarborough (but not excluding any alternate director appointed by any such director where that alternate director is not a director or alternate director of Scarborough);
- (7) **Bentley Expert Report** means the report of the Independent Expert appointed by Bentley to provide a report as part of the Bentley Notice of Meeting;
- (8) **Bentley Indemnified Party** means Bentley, each of its Subsidiaries and their respective directors, employees and Advisers;
- (9) **Bentley Information** means information regarding Bentley provided by or on behalf of Bentley for inclusion in the Scheme Documents;
- (10) **Bentley Material Adverse Change** means any one or more matters, events or circumstances other than those required to be done or procured by Bentley pursuant to this Agreement which have or are reasonably likely to have a material adverse impact (in the reasonable opinion of the Scarborough Board) on Bentley, the nature of its assets or its business;
- (11) **Bentley Notice of Meeting** means a notice of extraordinary general meeting of Bentley Shareholders to consider the items of business outlined in clause 3.1(11), and accompanying explanatory statement, including the Bentley Expert Report;
- (12) **Business Day** means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;
- (13) **Calculation Date** means 5:00 pm on the Effective Date;
- (14) **Confidentiality Deed** means the confidentiality deed in respect of the Scheme executed by the parties on or about 27 November 2008;
- (15) **Corporations Act** means the *Corporations Act 2001* (Cth);
- (16) **Court** means the Federal Court of Australia;
- (17) **Court Approval** means the approval by the Court of the Scheme, in accordance with section 411(4)(b) of the Corporations Act;
- (18) **Dividend Prescribed Occurrence** means a party declaring, paying or distributing any dividend, bonus or other share of its profits or assets;

- (19) **Due Diligence** means (as the context requires) the due diligence investigations:
- (a) into Scarborough to be conducted by Bentley and its Advisers; and
 - (b) into Bentley to be conducted by Scarborough and its Advisers;
- (20) **Due Diligence Date** means 5:00 pm on 17 December 2008;
- (21) **Due Diligence Material** means (as the context requires) the written and electronic material provided or disclosed by or on behalf of:
- (a) Bentley or its Subsidiaries to Scarborough or its Advisers in respect of Due Diligence: or
 - (b) Scarborough or its Subsidiaries to Bentley or its Advisers in respect of Due Diligence;
- (22) **Effective Date** means the date on which an office copy of the orders of the Court approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC;
- (23) **End Date** means the later of:
- (a) the Implementation Date; and
 - (b) 30 June 2009;
- (24) **Government Agency** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state;
- (25) **GST** means goods and services tax;
- (26) **GST Law** means *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* and includes other GST related legislation and regulations under the legislation;
- (27) **Implementation Date** means the tenth Business Day after the Effective Date, or such other date as may be agreed by the parties;
- (28) **Independent Expert** means an appropriately qualified independent person who, in the reasonable opinion of Scarborough or Bentley (as the case may be), is qualified to prepare the Scarborough Expert Report or (as the case may be) the Bentley Expert Report;

- (29) **Ineligible Overseas Shareholder** means a Scarborough Participant whose address as shown in Scarborough's register of members as at the Record Date is in a place other than Australia or its external territories or New Zealand, unless Scarborough and Bentley each agree in writing;
- (30) **Inside Information** has the meaning given in section 1042A of the Corporations Act;
- (31) **Listing Rules** means the official listing rules of ASX;
- (32) **Loss** includes any damage, loss, cost, liability including:
- (a) a present, prospective or contingent liability or expense; and
 - (b) legal costs including all costs actually payable to legal representatives (whether or not under a costs agreement) and other expenses incurred in connection with a demand, action, arbitration or other proceeding (including mediation, compromise, out of court settlement or appeal);
- (33) **New Investment Mandate** means the proposed investment mandate of Bentley immediately following the Implementation Date as outlined in Schedule 2;
- (34) **Notice** has the meaning given in clause 11;
- (35) **NTA** means the post-tax net tangible asset backing of Bentley or Scarborough (as the context requires) per Bentley Share or (as the case may be) Scarborough Share calculated in accordance with the Corporations Act, Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations, as certified in writing by the auditors of Bentley or (as the case may be) Scarborough, to the standard prescribed by Auditing Standard on Review Engagements ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity";
- (36) **Prescribed Occurrence** means, other than as required by this Agreement or the Scheme, any of the following (except to the extent agreed in writing between the parties):
- (a) a party converting all or any of its shares into a larger or smaller number of shares;
 - (b) a party or its Subsidiary resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
 - (c) a party or its Subsidiary:
 - (i) entering into a buy-back agreement; or

- (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) a party or its Subsidiary issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than pursuant to an existing dividend reinvestment plan;
- (e) a party or its Subsidiary issuing or agreeing to issue, securities convertible into shares or debt securities;
- (f) a party or its Subsidiary making any change to its constitution;
- (g) a party or its Subsidiary:
 - (i) acquiring or disposing of;
 - (ii) agreeing to acquire or dispose of; or
 - (iii) offering, proposing, announcing a bid or tendering for,

any business, assets, entity or undertaking, the value of which exceeds \$100,000 otherwise than in the ordinary course of its activities (and otherwise than the sale for cash of securities held by such party or such Subsidiary in a transaction on arm's length terms), or that otherwise constitutes:
 - (iv) in respect of Bentley, a Bentley Material Adverse Change; or
 - (v) in respect of Scarborough, a Scarborough Material Adverse Change;
- (h) a party or its Subsidiary being notified of Material Proceedings against it or its Subsidiary;
- (i) a party or its Subsidiary creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than:
 - (i) in the ordinary course of business; and
 - (ii) a lien or other encumbrance which arises by operation of law or legislation securing an obligation that is not yet due;
- (j) a party or its Subsidiary resolving that it be wound up or liquidated;
- (k) a liquidator or provisional liquidator of a party or its Subsidiary being appointed;

- (l) the Court making an order for the winding up of a party or its Subsidiary;
 - (m) an administrator of a party or its Subsidiary being appointed under the Corporations Act;
 - (n) a party or its Subsidiary being deregistered as a company or otherwise dissolved;
 - (o) a party or its Subsidiary executing a deed of company arrangement;
 - (p) a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of a party or its Subsidiary;
 - (q) a party or its Subsidiary ceasing, or threatening to cease, to carry on business;
 - (r) a party or its Subsidiary being or becoming unable to pay its debts when they fall due; or
 - (s) a Dividend Prescribed Occurrence occurring.
- (37) **Record Date** means 5.00 pm on the day that is 5 Business Days after the Effective Date;
- (38) **Regulatory Approvals** means any ASIC, ASX or other Government Agency consent or approval necessary to implement the Scheme, other than the Court Approval;
- (39) **Regulatory Authority** means ASIC, ASX, the Takeovers Panel or any Government Agency;
- (40) **Scarborough Board** means the board of directors of Scarborough, excluding any director who is also a director of Bentley (but not excluding any alternate director appointed by any such director where that alternate director is not a director or alternate director of Bentley);
- (41) **Scarborough Expert Report** means the report of the Independent Expert appointed by Scarborough to provide a report as part of the Scheme Documents, which must state whether the Scheme is in the best interests of the Scarborough Shareholders;
- (42) **Scarborough Indemnified Party** means Scarborough, each of its Subsidiaries and their respective directors, employees and Advisers;

- (43) **Scarborough Material Adverse Change** means any one or more matters, events or circumstances other than those required to be done or procured by Scarborough pursuant to this Agreement which have or are reasonably likely to have a material adverse impact (in the reasonable opinion of the Bentley Board) on Scarborough, the nature of its assets or its business;
- (44) **Scarborough Participants** means each person (other than Bentley) who is recorded in Scarborough's register of members as the holder of one or more Scarborough Shares as at 5.00 pm on the Record Date;
- (45) **Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act described in Recital B, between Scarborough and the Scarborough Participants pursuant to which each of the Scarborough Shares held by the Scarborough Participants will be transferred to Bentley in consideration for the Scheme Consideration, in such form as may be agreed between the parties (and subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by the parties) to be implemented as set out in clause 2.2;
- (46) **Scheme Consideration** means the Bentley Shares to be issued to the Scarborough Participants as consideration for the implementation of the Scheme, which will consist of the number of new Bentley Shares to be issued to each Scarborough Participant, determined in accordance with the following formula:

$$\mathbf{NBS = SSH \times (Scarborough\ NTA \div Bentley\ NTA)}$$

where:

- (a) **NBS** means the number of new Bentley Shares to be issued to the Scarborough Participant;
- (b) **SSH** means the number of Scarborough Shares held by the Scarborough Participant as at the Record Date;
- (c) **Scarborough NTA** means the NTA of Scarborough as at the Calculation Date; and
- (d) **Bentley NTA** means the NTA of Bentley as at the Calculation Date;
- (47) **Scheme Documents** means the scheme booklet and explanatory statement in respect of the Scheme, to be provided (subject to the Court's approval) to the Scarborough Participants as required by the Corporations Act, and in compliance with relevant ASIC Regulatory Guides and the ASX Listing Rules, together with the Scarborough Expert Report;

- (48) **Second Court Date** means the first day on which an application made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme is heard;
- (49) **Share** means a fully paid ordinary share in the capital of Scarborough or Bentley as the context requires;
- (50) **Shareholder** mean a person who is registered as a holder of Shares;
- (51) **Statutory Provision** has the meaning given in clause 1.2(1)(f);
- (52) **Subsidiary** has the meaning given in section 9 of the Corporations Act; and
- (53) **Takeovers Panel** means the Panel as defined by the Corporations Act.

1.2 Interpretation

- (1) In this Agreement, unless a contrary intention appears, reference to:
 - (a) a document (including this Agreement) is to the document as amended, supplemented, novated or replaced, except to the extent prohibited by this Agreement or that other document, and includes any recitals, schedules and annexures to that document;
 - (b) one gender includes the others;
 - (c) the singular includes the plural and the plural includes the singular;
 - (d) a person includes a body corporate;
 - (e) a party includes the party's executors, administrators, successors and permitted assigns;
 - (f) a statute, regulation or provision of a statute or regulation (**Statutory Provision**) includes:
 - (i) that Statutory Provision as amended or re-enacted;
 - (ii) a statute, regulation or provision enacted in replacement of that Statutory Provision; and
 - (iii) another regulation or other statutory instrument made or issued under that Statutory Provision; and
 - (g) money is to Australian dollars, unless otherwise stated.
- (2) "Including" and similar expressions are not words of limitation.

- (3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (4) Headings and any table of contents are for convenience only and do not form part of this Agreement or affect its interpretation.
- (5) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.
- (6) Unless a contrary intention appears, a reference to any time is a reference to that time in Perth, Western Australia.
- (7) An obligation, representation or warranty in favour of more than 1 person is for the benefit of them separately and jointly.

2. Scheme

2.1 Undertaking the Scheme

- (1) Subject to:
 - (a) the conditions precedent set out in clause 2.3; and
 - (b) compliance with their respective obligations and duties under the Confidentiality Deed, all applicable laws and the proper performance by each party's directors of their fiduciary duties,

the parties agree to implement the Scheme on the terms set out in this Agreement.
- (2) The parties acknowledge that upon completion of the Scheme in the manner contemplated by this Agreement, Bentley will hold all Shares in Scarborough, and the Scarborough Participants will become Shareholders of Bentley.
- (3) For the avoidance of doubt and subject to clause 4.3, the parties agree and acknowledge that they are bound by the terms of this Agreement from the date of this Agreement until the End Date.

2.2 Nature of the Scheme

The parties have agreed the principal terms and conditions of the Scheme and the obligations of the parties in respect of the Scheme, which are as follows:

- (1) upon execution of this Agreement, Bentley and Scarborough must publicly propose (by means of a joint announcement to the ASX in a form to be agreed between the parties) that Bentley and Scarborough will pursue and implement the Scheme;

- (2) Scarborough (in consultation with, and with all assistance reasonably required from, Bentley) must prepare the Scheme Documents including instructing the Independent Expert appointed by Scarborough to prepare the Scarborough Expert Report for inclusion in the Scheme Documents;
- (3) Bentley (in consultation with, and with all assistance reasonably required from, Scarborough) must prepare the Bentley Notice of Meeting which must comply with any requirements of the Corporations Act, relevant ASIC Regulatory Guides, the Listing Rules and any Regulatory Authority, including instructing the Independent Expert appointed by Bentley to prepare the Bentley Expert Report for inclusion in the Bentley Notice of Meeting;
- (4) prior to dispatch of the Scheme Documents, Bentley must execute a deed poll in favour of the Scarborough Participants in a form approved by Scarborough for inclusion in the Scheme Documents under which Bentley agrees to acquire the Scarborough Shares under the Scheme on terms consistent with this agreement and covenants in favour of the Scarborough Participants to perform its obligations under this Agreement and the Scheme;
- (5) Scarborough will lodge a copy of the Scheme Documents with ASIC at least 14 days prior to the hearing by the Court in respect of the application referred to in clause 2.2(6) below;
- (6) Scarborough will prepare all documents necessary for the Court proceedings and apply to the Court for an order to convene a meeting of Shareholders of Scarborough under section 411(1) of the Corporations Act;
- (7) Upon the Court making an order that the meeting be convened:
 - (a) Scarborough must:
 - (i) convene that meeting in accordance with the Court's orders;
 - (ii) lodge all documents with Regulatory Authorities as required (including requesting ASIC to register the explanatory statement included in the Scheme Documents in accordance with section 412(6) of the Corporations Act); and
 - (iii) dispatch a copy of the Scheme Documents to each Scarborough Shareholder and to all other persons entitled to receive the Scheme Documents; and
 - (b) Bentley must convene the extraordinary general meeting of Bentley Shareholders as contemplated by the Bentley Notice of Meeting, and must dispatch a copy of the Bentley Notice of Meeting to each Bentley Shareholder and to all other persons entitled to receive it; and

- (8) if:
- (a) all the conditions precedent set out in clause 3.1 have been satisfied or waived in accordance with this Agreement; and
 - (b) Scarborough lodges an office copy of the Court orders with ASIC in accordance with section 411(10) of the Corporations Act (which it must do if Court approval is given),

then:

- (c) as soon as reasonably practicable following the Record Date, Scarborough must determine who are the Scarborough Participants and give Bentley details of the names, registered addresses and holdings of Scarborough Shares held by each Scarborough Participant; and
- (d) on the Implementation Date:
 - (i) subject to clauses 2.3 to 2.5 Bentley will issue to the Scarborough Participants the Scheme Consideration;
 - (ii) all Shares held by each of the Scarborough Participants will be transferred to Bentley and Scarborough will ensure that its share register is updated to reflect such transfer;
 - (iii) the persons nominated by Scarborough will be appointed to the board of directors of Bentley, so that the composition of the Bentley board will be as set out in Schedule 1; and
 - (iv) Scarborough will change its name to a name that does not include the words "Scarborough" and Bentley will change its name to "Bentley Capital Limited".

2.3 Fractional entitlements

Subject to clause 2.5, any entitlement of a Scarborough Participant to a fraction of a Bentley Share:

- (1) which is 0.5 or greater will be rounded up to the nearest whole number of Bentley Shares; and
- (2) which is less than 0.5 will be rounded down to the nearest whole number of Bentley Shares.

2.4 Treatment of Ineligible Overseas Shareholders

Bentley will issue the Bentley Shares to which an Ineligible Overseas Shareholder would otherwise become entitled under the Scheme to a nominee appointed by Bentley who will sell those Bentley Shares (together with the Bentley Shares to which all other such Ineligible Overseas Shareholders would otherwise become entitled under the Scheme) and pay to that Ineligible Overseas Shareholder the amount determined in accordance with the Scheme in respect of the sale of those Bentley Shares.

2.5 Share splitting

If Bentley or Scarborough reasonably believes that a Scarborough Participant has, on or before the Record Date, dealt with Scarborough Shares (including splitting or dividing a holding) since the date of this Agreement in an attempt to obtain an advantage by reference to the rounding which would, but for this clause, apply in the calculation of that Scarborough Participant's entitlement to the Scheme Consideration, then any resulting fractional entitlements will be aggregated and such aggregate entitlement rounded in accordance with clause 2.3.

3. Conditions precedent

3.1 Conditions Precedent to implementation of Scheme

The obligations of both Scarborough and Bentley under this Agreement are (to the extent and in the manner set out in clause 3.2) subject to the satisfaction or waiver (in accordance with clause 3.3) of the following conditions precedent:

- (1) completion of any Due Diligence by Scarborough by the Due Diligence Date which is to be satisfactory to Scarborough in its absolute discretion;
- (2) completion of any Due Diligence by Bentley by the Due Diligence Date which is to be satisfactory to Bentley in its absolute discretion;
- (3) the Independent Expert appointed by Scarborough concludes in the Scarborough Expert Report that the Scheme is in the best interests of the Scarborough Shareholders and that Independent Expert does not change its conclusion or withdraw its Scarborough Expert Report prior to 5.00pm on the day before the Second Court Date;
- (4) all Regulatory Approvals (including a statement from ASIC under section 411(17)(b) of the Corporations Act which Scarborough must request ASIC provide) are obtained or deemed obtained and not withdrawn by 5.00pm on the day before the Second Court Date;

- (5) No Bentley Material Adverse Change having occurred between the date of this Agreement and 5.00pm on the day before the Second Court Date;
- (6) No Scarborough Material Adverse Change having occurred between the date of this Agreement and 5.00pm on the day before the Second Court Date;
- (7) No Prescribed Occurrence having occurred in respect of Bentley between the date of this Agreement and 5.00pm on the day before the Second Court Date, other than as required or contemplated by this Agreement or the Scheme;
- (8) No Prescribed Occurrence having occurred in respect of Scarborough between the date of this Agreement and 5.00pm on the day before the Second Court Date, other than as required or contemplated by this Agreement or the Scheme;
- (9) The representations and warranties of Bentley set out in this agreement that are qualified as to materiality are true and correct, and the representations and warranties of Bentley set out in this agreement that are not so qualified shall be true and correct in all material respects, in each case as of the date of this Agreement and as of 5.00pm on the day before the Second Court Date as though made on and as of that time except to the extent any such representation or warranty expressly relates to an earlier date (in which case, as of that date);
- (10) The representations and warranties of Scarborough set out in this agreement that are qualified as to materiality are true and correct, and the representations and warranties of Scarborough set out in this agreement that are not so qualified shall be true and correct in all material respects, in each case as of the date of this Agreement and as of 5.00pm on the day before the Second Court Date as though made on and as of that time except to the extent any such representation or warranty expressly relates to an earlier date (in which case, as of that date);
- (11) Bentley obtaining, before 5.00pm on the day before the Second Court Date, any shareholder approvals required in order to prepare for and implement the Scheme including:
 - (a) approval under Listing Rule 10.1 for Bentley's acquisition pursuant to the Scheme of the Scarborough Shares held by Orion Equities Limited ABN 77 000 742 843;
 - (b) approval under Listing Rule 10.1 for Bentley's acquisition pursuant to the Scheme of the Scarborough Shares held by Mr Peter Simpson and his Associates;
 - (c) if required by ASX, approval under Listing Rule 11.1 in respect of the acquisition of the Scarborough Shares pursuant to the Scheme;
 - (d) approval to adopt the New Investment Mandate; and

- (e) approval for the change of Bentley's name to "Bentley Capital Limited";
- (12) the Scarborough Shareholders approve the Scheme at the meeting convened in accordance with clause 2.2(7) by the majority required by section 411(4)(a)(ii) of the Corporations Act;
- (13) the new Bentley Shares to be issued pursuant to the Scheme being approved for official quotation by ASX by 5.00pm on the day before the Second Court Date with such approval being subject only to customary conditions (if any) and to the Scheme becoming effective;
- (14) Court Approval being given either unconditionally or on conditions that are customary or usual;
- (15) no Regulatory Authority or court of competent jurisdiction successfully opposes the Scheme or makes orders preventing the Scheme from proceeding, which order is in effect at 5.00pm on the day before the Second Court Date; and
- (16) the Independent Expert appointed by Bentley concludes in the Bentley Expert Report that each of the acquisitions referred to in clauses 3.1(11)(a) and (b) are reasonable to the Bentley Shareholders whose votes are not to be disregarded on the relevant resolution pursuant to the Listing Rules, and the Independent Expert does not change its conclusion or withdraw its Bentley Report prior to 5.00pm on the day before the general meeting the subject of the Bentley Notice of Meeting.

3.2 Obligations affected by conditions precedent

- (1) The obligations of Bentley under clause 2.2(8) are subject to the satisfaction, or waiver in accordance with this Agreement, of each of the conditions precedent in clause 3.1 that are, pursuant to clause 3.3, for Bentley's benefit (either alone or together with Scarborough).
- (2) The obligations of Scarborough under clause 2.2(8) are subject to satisfaction of each of the conditions precedent in clause 3.1 that are, pursuant to clause 3.3, for Scarborough's benefit (either alone or together with Bentley).

3.3 Benefit of conditions precedent

The obligations of the parties with respect to the Conditions Precedent will be that:

- (1) to the extent within their control, each of the parties must use its best endeavours to satisfy the conditions precedent set out in clauses 3.1(1) to (4) and 3.1(11) to (16) is satisfied as soon as practicable after the date of this Agreement and by the times set out in those clauses;

- (2) Scarborough must use its best endeavours to procure that each of the conditions precedent in clauses 3.1(6) and (8) continue to be satisfied at all times until 5.00pm on the day before the Second Court Date and that the condition precedent set out in clause 3.1(10) is satisfied at the times set out in that clause;
- (3) Bentley must use its best endeavours to procure that each of the conditions precedent in clauses 3.1(5) and (7) continue to be satisfied at all times until 5.00pm on the day before the Second Court Date and that the condition precedent set out in clause 3.1(9) is satisfied at the times set out in that clause;
- (4) Scarborough alone has the benefit of the conditions precedent in clauses 3.1(1), 3.1(3), 3.1(5), 3.1(7) and 3.1(9) and any breach or non-fulfilment of those conditions may be relied upon only by Scarborough which may at any time and from time to time in its sole discretion waive the breach or non-fulfilment;
- (5) Bentley alone has the benefit of the conditions precedent in clauses 3.1(2), 3.1(6), 3.1(8), 3.1(10) and 3.1(16), and any breach or non-fulfilment of those conditions may be relied upon only by Bentley which may at any time and from time to time in its sole discretion waive the breach or non-fulfilment; and
- (6) the conditions precedent in clauses 3.1(4), 3.1(11), 3.1(12), 3.1(13), 3.1(14) and 3.1(15) are for the benefit of each party and any breach or non-fulfilment of those conditions can only be waived with the written consent of each party (other than the conditions precedent in clauses 3.1(11), 3.1(12), 3.1(13) and 3.1(14), which cannot be waived).

3.4 Certain notices

- (1) If, prior to 5.00pm on the day before the Second Court Date, any event, matter or circumstance (including a Prescribed Occurrence) occurs that will prevent a condition precedent being satisfied, Scarborough or Bentley, as the case may be, will immediately give written notice of that event, matter or circumstance to the other party. Scarborough or Bentley (as the case may be) will, prior to the date specified in clause 3.1 for satisfaction of the relevant condition, give written notice to the other as to whether or not it waives the breach or non-fulfilment of any condition of this Agreement resulting from the occurrence of that event, specifying the condition in question. A waiver of such breach or non-fulfilment of any condition of this agreement will not constitute:
 - (a) a waiver of breach or non-fulfilment of any other condition of this agreement resulting from the same event; or
 - (b) a waiver of breach or non-fulfilment of that condition resulting from any other event.

- (2) Scarborough or Bentley (as the case may be) must promptly advise the other party orally and in writing of any change or event causing, or which, insofar as can reasonably be foreseen, would cause:
- (a) a breach of any of the conditions precedent in clause 3.1;
 - (b) a representation or warranty set out in this agreement to be false;
 - (c) a Prescribed Occurrence;
 - (d) a Scarborough Material Adverse Change; or
 - (e) a Bentley Material Adverse Change.

3.5 Consultation on failure of condition precedent

- (1) If:
- (a) there is a breach or non-fulfilment of a condition precedent contained in clause 3.1 which is not waived in accordance with clause 3.3 by the date specified in clause 3.1 for satisfaction of that condition precedent;
 - (b) there is an act, failure to act, event or occurrence which will prevent a condition precedent contained in clause 3.1 being satisfied by the time or date specified in clause 3.1 for its satisfaction (and the breach or non-fulfilment of the condition precedent which would otherwise occur has not already been waived in accordance with clause 3.3); or
 - (c) the Effective Date has not occurred by the End Date,
- the parties will consult in good faith:
- (d) with a view to determining whether the Scheme may proceed by way of alternative means or methods;
 - (e) to extend the date for satisfaction of the relevant condition precedent;
 - (f) to change the date of the application to be made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties; or
 - (g) to extend the End Date.

- (2) If:
- (a) the parties are unable to reach agreement under clause 3.5(1) within the period expiring on the earlier of:
 - (i) the date falling ten Business Days after the relevant date;
 - (ii) 5.00pm on the day before the Second Court Date;
 - (iii) the End Date; or
 - (iv) the date falling five Business Days after either party gives notice to the other of the event described in 3.5(1); or
 - (b) there has been a breach or non-fulfilment of a condition as a result of a deliberate action or omission of either party,

then unless the breach or non-fulfilment (or the breach or non-fulfilment which would otherwise occur) of the relevant condition is waived in accordance with clause 3.3, the party which (either alone or together with the other party) has the benefit of the relevant condition pursuant to clause 3.3 may terminate this agreement without any liability to the other party by reason of that termination unless the breach or non-fulfilment (or the relevant act, failure to act, event or occurrence) or the failure of the Effective Date to occur (as the case may be) arises out of any antecedent breach of this agreement by that party.

3.6 Pre-implementation steps

Without limiting clauses 2 and 3.3(1) to (3):

(1) **Due Diligence**

Following a request from either party or its Advisers (**Requesting Party**), the other party must in good faith, and using its best endeavours, promptly and without delay provide to, or make available to the Requesting Party and its Advisers:

- (a) all material the Requesting Party or its Advisers request in connection with the Due Diligence to be conducted by the Requesting Party;
- (b) all information relating to the other party or its Subsidiaries that the Requesting Party determines in good faith and acting reasonably to be relevant or material to the Requesting Party in relation to the implementation of the Scheme including without limitation in respect of preparation of the Scheme Documents and the Bentley Notice of Meeting; and

- (c) reasonable access to the business premises and records of the other party during business hours, to enable the Requesting Party and its Advisers to conduct its Due Diligence.

(2) **Regulatory Approvals**

The parties must together use best endeavours to seek all necessary Regulatory Approvals for the Scheme at the earliest possible opportunity.

(3) **Scheme Documents**

- (a) Scarborough must in consultation with Bentley, prepare the Scheme Documents:

- (i) which must comply with any requirements of the Corporations Act, relevant ASIC Regulatory Guides, the Listing Rules and any Regulatory Authority; and
- (ii) the costs of which will be borne by the parties equally, regardless of whether the Scheme is ultimately completed or not.

- (b) Bentley must provide the Bentley Information to Scarborough in reasonable time and in a suitable form, and providing such assistance as Scarborough may reasonably require in order to adapt such information for inclusion in the Scheme Documents in accordance with this agreement and provide to Scarborough any further or new information which may arise after the Scheme Documents have been dispatched until the Second Court Date which may be necessary to ensure that the Bentley Information authorised by Bentley for inclusion in the Scheme Documents does not contain any material statement which is false or misleading (whether by omission or otherwise). Bentley will provide all such information in good faith and on the understanding that Scarborough and its directors and officers will rely on that information for the purposes of considering and approving the Scheme Documents before they are despatched and the proposal and implementation of the Scheme in accordance with the Corporations Act.

- (c) As soon as reasonably practicable after receipt from Scarborough of the draft of the Scheme Documents proposed to be lodged with ASIC in accordance with clause 2.2(5), either:

- (i) confirm in writing to Scarborough that the Bentley Information in the form and context in which it appears in the Scheme Documents is not misleading or deceptive in any material respect and does not contain any material omission and is in a form appropriate for despatch to Scarborough

Shareholders (subject to the approval of the Court);
or

- (ii) provide to Scarborough the changes reasonably required to ensure that the Bentley Information in the form and context in which it appears in the Scheme Documents is not misleading or deceptive and does not contain any material omission and is in a form appropriate for despatch to Scarborough Shareholders (subject to the approval of the Court).

(4) Conduct of business

From the date of this Agreement up to and including the End Date, both parties must (and they must procure that each of their Subsidiaries must) conduct their respective businesses in the ordinary course of business and make all reasonable efforts to preserve their relationships with customers, suppliers, licensors, licensees and others.

(5) Mutual cooperation obligations of parties

Subject to the terms and conditions of this Agreement, each of the parties must cooperate and provide assistance to each other (which includes providing to each other any information reasonably requested) in good faith and otherwise use all reasonable endeavours to give effect to this Agreement.

3.7 No insider trading

Despite anything else in this Agreement if a party acquires Inside Information concerning the other party under or in connection with the performance of this Agreement the first mentioned party must comply with section 1043A of the Corporations Act in relation to that Inside Information.

4. Termination

4.1 Right to terminate

Without prejudice to any other rights of termination under this Agreement, this Agreement may be terminated in accordance with clause 4.2 at any time prior to the Second Court Date:

- (1) by either Scarborough or Bentley if the other is in material breach of this Agreement and if, where the breach is capable of rectification prior to 5.00pm on the day prior to the Second Court Date, the party not in breach has given written notice to the other setting out the relevant circumstances and stating an intention to terminate, and the breach has not been rectified within 5 Business Days or within the period ending on 5.00pm on the day prior to the Second Court Date (whichever is the shorter period);

- (2) by either Scarborough or Bentley in accordance with clause 3.5(2);
- (3) by Scarborough if there is a breach by Bentley of a representation or warranty given by Bentley in clause 5.2; or
- (4) by Bentley if there is a breach by Scarborough of a representation or warranty given by Scarborough in clause 5.1.

4.2 Notice of termination

- (1) This Agreement may only be terminated in accordance with this clause 4 by the party seeking to terminate sending a notice to the other in accordance with this clause 4.2.
- (2) The notice must specify the subclause or subclauses of clause 4.1 (and, if relevant, the particular condition precedent in clause 3.1) that the party seeking to terminate is relying on to terminate the Agreement.

4.3 Effect of termination

If either party terminates this Agreement pursuant to clause 4.2, except to the extent that the termination results from a wilful breach by either party of its obligations under this Agreement, this Agreement becomes void and has no effect, without any liability or obligation on the part of either party other than the provisions of clauses 5, 7, 10 and 12, which will each remain in force after termination.

5. Representations warranties and undertakings

5.1 Scarborough's representations and warranties

Scarborough represents and warrants to Bentley on the date of this Agreement and on the Second Court Date that:

- (1) the execution and delivery of this Agreement has been properly authorised by all necessary corporate action of Scarborough;
- (2) Scarborough has full corporate power to execute and deliver this Agreement and to consummate and perform or cause to be performed its obligations under this Agreement;
- (3) this Agreement does not conflict with or result in a breach of or default under any provision of Scarborough's constitution or any material term or provision of any other agreement, writ, order, injunction, judgment, law, rule or regulation to which it is a party or subject to which it is bound; and
- (4) all Due Diligence Material provided to Bentley and its Advisers before or after the date of this Agreement is materially accurate.

5.2 Bentley's representations and warranties

Bentley represents and warrants to Scarborough:

- (1) on the date of this agreement and on the Second Court Date that:
 - (a) the execution and delivery of this Agreement has been properly authorised by all necessary corporate action of Bentley;
 - (b) Bentley has full corporate power to execute and deliver this Agreement and to consummate and perform or cause to be performed its obligations under this Agreement;
 - (c) this Agreement does not conflict with or result in a breach of or default under any provision of Bentley's constitution or any material term or provision of any other agreement, writ, order, injunction, judgment, law, rule or regulation to which it is a party or subject to which it is bound; and
 - (d) all Due Diligence Material provided to Scarborough and its Advisers is materially accurate; and
- (2) on the date the Scheme Documents are despatched to Scarborough Shareholders, the Bentley Information that is contained in the Scheme Documents does not contain any statement which is false, misleading or deceptive including by way of material omission from that statement.

5.3 Scarborough's indemnity

Scarborough agrees with Bentley (on Bentley's own behalf and separately as trustee or nominee for each of the other Bentley Indemnified Parties) to indemnify and keep indemnified each of the Bentley Indemnified Parties against all Loss arising directly or indirectly as a result of or in connection with any breach of any of the representations and warranties in clause 5.1.

5.4 Bentley's indemnity

Bentley agrees with Scarborough (on Scarborough's own behalf and separately as trustee or nominee for each of the other Scarborough Indemnified Parties) to indemnify and keep indemnified each of the Scarborough Indemnified Parties against all Loss arising directly or indirectly as a result of or in connection with any breach of any of the representations and warranties in clause 5.2.

5.5 Survival of obligations

Each representation and warranty in clauses 5.1 and 5.2 and each indemnity in clauses 5.3 and 5.4:

- (1) is severable;
- (2) is a continuing obligation;

- (3) survives the termination of this Agreement; and
- (4) is given with the intention that liability under it is not confined to breaches which are discovered before the date of termination of this Agreement.

5.6 Release of officers and directors

Subject to section 199A of the Corporations Act, no officer or director of either Scarborough or Bentley is liable for anything done or purported to be done in connection with the Scheme or any transaction contemplated by this Agreement in good faith, but nothing in this clause 5.6 excludes any liability that may arise from wilful misconduct or negligence on the part of the officer or director. Each of Scarborough and Bentley receives and holds the benefit of this release for its officers and directors, as trustee or agent for them.

6. Goods and Services Tax

6.1 Exclusive of GST

All payments and other consideration paid or payable under this Agreement are exclusive of any GST payable under the GST Law.

6.2 Taxable Supply

- (1) Unless otherwise agreed, if GST is imposed on any supply under this Agreement, the recipient must pay to the supplier, in addition to any consideration payable or to be provided by the recipient under this Agreement for the supply, an additional amount calculated by multiplying the prevailing GST rate by the consideration for the relevant supply payable, or to be provided, by the recipient under any other provision of this Agreement.
- (2) The additional consideration is payable at the same time and in the same manner as the consideration to which it relates but only if the supplier has first provided to the recipient a tax invoice which separately identifies the GST.

6.3 Definitions

In this clause 6, except for defined terms in this Agreement, all expressions which are defined in the GST Law have the same meaning as in the GST Law.

7. Confidentiality Deed

The parties acknowledge and agree that notwithstanding any provision of this Agreement, they remain bound by the Confidentiality Deed until that deed is terminated in accordance with its terms.

8. General

8.1 Further assurance

Each party must promptly do all things (including executing and if necessary delivering all documents) necessary or desirable to give full effect to this Agreement.

8.2 Severability

If anything in this Agreement is unenforceable, illegal or void then it is severed and the rest of this Agreement remains in force.

8.3 Effect of Agreement

This Agreement supersedes any prior agreement or understanding on anything connected with that subject matter. However, the parties agree that they remain bound by the Confidentiality Deed.

8.4 Amendments

This Agreement may only be varied by a document signed by or on behalf of each of the parties.

8.5 Assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other party.

9. Waiver

9.1 No waiver

- (1) A party's failure or delay to exercise a power or right does not operate as a waiver of that power or right.
- (2) The exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right.

9.2 Effective waiver

- (1) A waiver is not effective unless it is in writing.
- (2) Waiver of a power or right is effective only in respect of the specific instance to which it relates and for the specific purpose for which it is given.

10. Costs and outlays

10.1 Costs

Except as otherwise provided in this Agreement, each party must pay its own costs and outlays in connection with the negotiation, preparation and execution and performance of this Agreement and the proposed, attempted or actual implementation of this Agreement and the Scheme.

10.2 Stamp duty

Bentley must pay all stamp duty and other government imposts payable in connection with the implementation of the Scheme, or the execution, performance, and the proposed, attempted or actual implementation of this Agreement and all other documents and matters referred to in this Agreement when due.

11. Notices

11.1 Writing

A notice or other communication connected with this Agreement (**Notice**) has no legal effect unless it is in writing.

11.2 Method of giving Notices

In addition to any other method of service provided by law, the Notice may be:

- (1) sent by prepaid post to the address of the addressee set out in clause 11.3 or as subsequently notified in accordance with this clause;
- (2) sent by facsimile to the facsimile number of the addressee; or
- (3) delivered at the address of the addressee set out in clause 11.3 or as subsequently notified in accordance with this clause.

11.3 Details for Notices

The details of each party for the giving of notices are:

- (1) in respect of Scarborough:

Address: Suite 202, 30-36 Bay Street, Double Bay, New South Wales, 2028

Attention: Victor Ho, Company Secretary

Facsimile: (02) 9363 5488

(2) in respect of Bentley:

Address: Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia, 6000

Attention: Stephen Gethin, Company Secretary

Facsimile: (08) 9322 1515

11.4 Deemed delivery and receipt

If the Notice is sent or delivered in a manner provided by clause 11.2, it must be treated as given to and received by the party to which it is addressed:

- (1) if sent by post, on the second Business Day (at the address to which it is posted) after posting;
- (2) if sent by facsimile before 5.00pm on a Business Day at the place of receipt, on the day it is sent and otherwise on the next Business Day at the place of receipt; or
- (3) if otherwise delivered before 5.00pm on a Business Day at the place of delivery, upon delivery, and otherwise on the next Business Day at the place of delivery.

11.5 Delivery of facsimiles

Despite clause 11.4(2):

- (1) a facsimile is not treated as given or received unless at the end of the transmission the sender's facsimile machine issues a report confirming the transmission of the number of pages in the Notice; and
- (2) a facsimile is not treated as given or received if it is not received in full and in legible form and the addressee notifies the sender of that fact within 3 hours after the transmission ends or by 5:00 pm on the Business Day on which it would otherwise be treated as given and received, whichever is later.

12. Governing law and jurisdiction

12.1 Governing law

The law of New South Wales governs this Agreement.

12.2 Jurisdiction

The parties submit to the non-exclusive jurisdiction of the courts of New South Wales and of the Commonwealth of Australia.

13. Execution of counterparts

- (1) This Agreement may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same agreement.
- (2) This Agreement is binding on the parties on the exchange of counterparts. A copy of a counterpart sent by facsimile machine must be treated as an original counterpart.

Executed as an agreement.

Executed by **Scarborough Equities Limited** ACN 061 287 045 in accordance with section 127 of the *Corporations Act 2001*:

.....
Director

.....
Director

WILLIAM JOHNSON

ALAN WINDUSS

.....
Name of director
(BLOCK LETTERS)

.....
Name of director
(BLOCK LETTERS)

Executed by **Bentley International Limited** ACN 008 108 218 in accordance with section 127 of the *Corporations Act 2001*:

.....
Director

.....
Director

JOHN HART

ROBIN DEAN

.....
Name of director
(BLOCK LETTERS)

.....
Name of director
(BLOCK LETTERS)

Schedule 1 – Bentley Board following implementation of Scheme

Following implementation of the Scheme, the Bentley Board will comprise:

1. Farooq Khan
2. William Matthew Johnson
3. Simon Kenneth Cato
4. Peter Penfold Simpson
5. Christopher Bruce Ryan

Schedule 2– New Investment Mandate

Following implementation of the Scheme, the investment mandate of Bentley will be:

INVESTMENT MANDATE

1. INVESTMENT OBJECTIVES

The Investment Objectives of Bentley are to:

- Achieve a high real rate of return over the medium term, ideally comprising both income and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular income stream for shareholders in the form of franked dividends.

2. INVESTMENT STRATEGY

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

- Strategic Investments; and
- Non-strategic Investments.

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

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

(a) Strategic Investments

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

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

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

(b) Non-Strategic Investments

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

3. PORTFOLIO ALLOCATION

In executing its Investment Strategy, Bentley may, from time to time, hold a high proportion of net assets in cash, preferring to be patient and selective rather than filling its investment portfolio with mediocre or underperforming investments for the sake of becoming "fully-invested".

Bentley will not be limited to the principles of broad diversification; in other words, Bentley may invest a significant proportion of funds in any single investment that represents an exceptional opportunity.

4. INVESTMENTS

Investments may be made by Bentley in Australia and overseas and into any underlying industry, business or sector, in accordance with Bentley's stated Investment Objectives and Strategies.

In pursuit of the Investment Objectives and execution of the Investment Strategies outlined above, Bentley will have absolute discretion in applying its equity and any debt funds to a universe or range of potential investments in assets, businesses, securities, hybrid securities, cash, bills of exchange, other negotiable investments, debentures and other investments and structures.

5. MANAGEMENT OF INVESTMENTS

Bentley's investment decisions will be carried out by Bentley's board of directors and or an Investment Committee (in conjunction with external consultants and advisers where appropriate).

If it believes that it is in the best interests of Bentley, Bentley's board of directors may chose to delegate part or all of the responsibility for making investment decisions to an investment manager, subject to the investment manager having appropriate capabilities, experience and the necessary Australian Financial Services licences(s).

Annexure B - Independent Expert's Report



Grant Thornton

The Directors
Bentley International Limited
Level 14, The Forrest Centre
221 St Georges Terrace
PERTH WA 6000

24 December 2008

**Grant Thornton (WA)
Financial Services Pty Ltd**
ABN: 92 064 260 260
AFSL: 259864
Level 1, 10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.granthornton.com.au

Dear Sirs,

Independent Expert's Report and Financial Services Guide

Introduction

On 28 November 2008, Bentley International Limited ("Bentley" or the "Company") and Scarborough Equities Limited ("Scarborough") jointly announced a proposal to merge Bentley and Scarborough by way of scheme of arrangement under Section 411 of the Corporations Act 2001 (the "Proposed Merger" or "Proposed Scheme"). A Merger Implementation Agreement ("MIA") was entered into by Bentley and Scarborough on 28 November 2008.

Under the terms of the Proposed Scheme, Bentley will acquire 100% of Scarborough and shareholders of Scarborough will exchange their shares in Scarborough in consideration for the issue to them of new shares in Bentley. As a result, Scarborough will become a wholly-owned subsidiary of Bentley and Bentley will remain a public company listed on the ASX Limited ("ASX").

Bentley is a listed investment company ("LIC") on the ASX. Bentley's investment portfolio is currently managed by Constellation Capital Management Limited ("Constellation").

Scarborough is also a LIC on the ASX. Scarborough's investment funds are managed by an independent investment manager, FSP Equities Management Limited ("FSP").

Purpose of the report

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party or a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the total votes attached to the voting securities), without approval of the shareholders of the company.

An asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

Orion Equities Limited (“Orion”) holds approximately 28.8% of the issued shares of Bentley as at 22 December 2008. Orion also holds approximately 28.5% of the issued shares of Scarborough as at 22 December 2008. For the purposes of ASX Listing Rule 10.1, Orion is a substantial holder of Bentley with a holding of approximately 28.8% of Bentley’s total issued capital. Bentley’s acquisition of Scarborough shares held by Orion under the Proposed Scheme would trigger the requirement for shareholder approval under ASX Listing Rule 10.1.

Mr Peter Simpson is a Director of Bentley and he and his associates hold approximately 19.9% of the total issued shares of Scarborough as at 22 December 2008. Bentley’s acquisition of Scarborough shares held by Mr Peter Simpson and his associates under the Proposed Scheme would trigger the requirement for shareholder approval under ASX Listing Rule 10.1.

As set out above, the acquisition of Scarborough shares from Orion (the “Orion Acquisition”) and from Mr Peter Simpson (the “Simpson Acquisition”) (collectively the “Proposed Transactions”) require shareholder approval for the purpose of ASX Listing Rule 10.1.

The Directors of Bentley have engaged Grant Thornton (WA) Financial Services Pty Ltd (“Grant Thornton”) to prepare an Independent Expert’s Report (“Report”) to express an opinion as to whether the Orion Acquisition and the Simpson Acquisition are fair and reasonable to the non-associated shareholders of Bentley. To arrive at our opinion, we have had to effectively report on the merits or otherwise of the Proposed Scheme as a whole and our report is provided on this basis.

Our report is to be read in conjunction with Resolution 1 and Resolution 2 of the Notice of General Meeting and Explanatory Statement (“Notice of Meeting”) dated 9 January 2009 in which this report is included, and is prepared for the exclusive purpose of assisting the non-associated shareholders of Bentley in their consideration of the Proposed Transactions referred to above.

Summary of Opinion

Grant Thornton has concluded that, as outlined in Resolution 1 of Bentley’s Notice of Meeting, the proposed acquisition of Scarborough shares from Orion, is fair and reasonable to the non-associated shareholders of Bentley.

Grant Thornton has concluded that, as outlined in Resolution 2 of Bentley’s Notice of Meeting, the proposed acquisition of Scarborough shares from Mr Peter Simpson and his associates, is fair and reasonable to the non-associated shareholders of Bentley.

In this regard, we note that:

- In determining the fairness and reasonableness of the Proposed Transactions pursuant to Resolution 1 and Resolution 2, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) under its Regulatory Guide 111. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price or consideration and the value of the securities subject to the offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).
- Regulatory Guide 111 states that in all cases, where an acquisition of shares by way of an allotment is to be approved by shareholders, a report by an independent expert should be

presented stating whether or not the proposal is fair and reasonable, having regard to the interest of shareholders other than the proposed allottees (namely Orion, Mr Peter Simpson and his associates, collectively the “Associated Parties”).

- Accordingly, our report relating to Resolution 1 and Resolution 2 is concerned with the fairness and reasonableness of the Proposed Transactions with respect to the existing shareholders of Bentley who are not associated with the Associated Parties (“Non-Associated Shareholders”).
- The opinion expressed above is to be read in conjunction with the more detailed analysis and comments made in this Report.

Fairness of the Proposed Scheme and Proposed Transactions

We set out below a comparison between our assessment of the value of the consideration, being new shares in Bentley being offered to Scarborough shareholders, and value of a Scarborough share to be acquired, in order to assess whether the Proposed Scheme and therefore the Proposed Transactions are fair to the non-associated shareholders of the Company:

Assessment of fairness	Low \$	High \$
Value of Scarborough share	0.54	0.56
Value of the Consideration Offered	0.50	0.52
Difference	0.04	0.04

Source: Calculations

As the value of the Scarborough shares is higher than the Consideration Offered, we conclude that the Proposed Scheme and therefore the Proposed Transactions are fair to the non-associated shareholders of Bentley under RG 111.

Accordingly, in the opinion of Grant Thornton, the Proposed Transactions are fair to the non-associated shareholders of Bentley.

Prior to reaching our final conclusion stated above, we have also considered a number of qualitative factors.

Reasonableness of the Proposed Scheme and Proposed Transactions

Under the Regulatory Guide 111 issued by ASIC, if the offer is fair, it is also reasonable. On this basis, in our opinion the Proposed Transactions are reasonable. However, we have summarised some of the factors that may be relevant to the non-associated shareholders of Bentley in considering the reasonableness of the Proposed Transactions:

Increase in the overall size of Bentley

The merger of Bentley and Scarborough will increase the net assets of Bentley post merger. Based on the audited accounts as at 30 June 2008, the net assets of Bentley will increase from approximately \$17.0 million to \$35.8 million post merger. This increase in size and profile may enhance the attractiveness of Bentley shares to investors and which may result in greater liquidity of trade in its shares. Further, the larger entity may allow the Company to expand its investment portfolio and also enhance its ability to raise future debt and equity finance.

Change in investment mandate

Currently Bentley's investment mandate requires it to invest in international equities, compared to Scarborough's mandate of investing principally in Australian equities. We are advised by the directors of Bentley that the Company, upon merger, will not only broaden its investment mandate but provide new investment opportunities. A larger diversified investment portfolio may offer greater flexibility, larger investment opportunities and reduced investment risk that may ultimately increase profits. Further, the broader investment mandate may also attract investors to invest in Bentley.

Economies of scale

As both Bentley and Scarborough are companies listed on the ASX and have similar business operations they will also have similar costs of operations. The integration of the investment portfolios currently held by the two entities is expected to reduce costs which are currently duplicated, such as ASX listing fees, share registry costs, audit fees, compliance costs and other public listed company costs. The directors of Bentley have advised that they estimate a cost of saving of approximately \$200,000 per annum.

Increase of the Intellectual Capital of the new entity

As a result of the Proposed Merger, the intellectual assets of Bentley may increase by combining skills and expertise in undertaking the operations of the merged entity. This may enhance the ability of the new entity to achieve its investment objectives and targets.

Change in the Investment Profile

If the Proposed Scheme is accepted, the investment risks faced by the investors of the previous entities will be largely diversified as Scarborough invests principally in Australian equities while Bentley invests only in International equities.

However, as Bentley will cease to be a specialised investor in international equities and the Company may lose its attraction to current and future Bentley investors who desire such a specialised investment profile. This change in the investment profile of the Company may be seen as a disadvantage to some investors.

No Brokerage or Commission

Should the Proposed Scheme be passed and consummated Bentley will approximately double in size in relation to its net assets, without incurring any brokerage fees or commissions. By comparison, if the Company were to raise funds from a share issue it may incur significant capital raising costs, and there is no certainty that it would be able to raise funds to the same level as would result from merging the net assets of Scarborough.

Likelihood of a superior offer

We are advised by the directors of the Company that there are no other known superior offers at the date of this report. If the Proposed Merger is not passed and consummated the opportunities and advantages as described in this report to the Bentley shareholders will not become available and the directors advise there is not likely to be an alternate merger.

Dilution of Control of Non-Associated Shareholders

Should the Proposed Merger be completed the non-associated shareholders of Bentley will effectively have their voting powers reduced from 66.8% to 37.1% as they will be diluted by the issue of new Bentley shares to the shareholders of Scarborough. As such, the ability of the existing non-associated shareholders of Bentley to influence decisions will be reduced accordingly. However, given all shareholders may have common objectives then presumably all shareholders will benefit from decisions that are intended to increase share prices or generate future profits.

Share Sell Off

Any Bentley or Scarborough shareholders that disapprove of the Proposed Merger may sell large parcels of share holdings in Bentley, which may result a decrease in the Bentley share price.

Utilisation of accumulated tax losses

As at the date of our report, Bentley has accumulated tax losses carried forward to be offset against future taxable income. We have been advised by Bentley that both Bentley and Scarborough have considered the impact of the Proposed Merger, and believe that these losses would be available to Bentley post merger. The ongoing deductibility of these accumulated tax losses will be subject to satisfaction of the Continuity of Ownership Test (“COT”) or, if the COT is not satisfied, the Same Business Test (“SBT”).

Other matters

Grant Thornton has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is included in Appendix B of this report.

The decision as to whether or not to approve Resolution 1 and Resolution 2 are matters for each shareholder of Bentley based on their own views of value of Bentley and expectations about future market conditions, Bentley’s performance, risk profile and investment strategy. If the shareholders are in doubt about the action they should take in relation to Resolution 1 and Resolution 2, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON (WA) FINANCIAL SERVICES PTY LTD
(Australian Financial Services Licence No. 259864)



PATRICK WARR
Director



CHRIS PARKINSON
Director

Enclosure

CONTENTS

1. OUTLINE OF THE SCHEME	9
1.1 The Proposed Scheme.....	9
1.2 Implications of the Proposed Scheme	10
2. SCOPE OF THE REPORT	13
2.1 Purpose.....	13
2.2 Basis of assessment.....	14
3. PROFILE OF BENTLEY.....	16
3.1 Overview	16
3.2 Investment philosophy.....	16
3.3 Management of the investment portfolio.....	16
3.4 Investment portfolio.....	17
3.5 Proposed new investment mandate	17
3.6 Financial information	18
3.6.1 Income statement	18
3.6.2 Balance Sheet	19
3.7 Capital structure	20
3.8 Share price performance	21
4. PROFILE OF SCARBOROUGH	22
4.1 Overview	22
4.2 Investment philosophy.....	22
4.3 Management of the investment portfolio.....	22
4.4 Investment portfolio.....	23
4.5 Financial information	23
4.5.1 Income statement	23
4.5.2 Balance Sheet	24
4.6 Capital structure	25
4.7 Share price performance	26
5. PROFILE OF BENTLEY POST PROPOSED SCHEME.....	27
5.1 Bentley's intentions.....	27
5.2 Pro forma balance sheet	28
5.3 Capital structure	29
6. VALUATION METHODOLOGY.....	30
6.1 Available methodologies.....	30
6.2 Selected methodology - Scarborough.....	30
6.3 Selected methodology - Value of the consideration offered	31
7. VALUATION OF SCARBOROUGH	32
7.1 Summary of balance sheet	32
7.2 Investment portfolio.....	33
7.3 Other assets and liabilities.....	33
7.4 Other adjustments	34
7.5 Summary of valuation - Scarborough.....	34
7.6 Cross check to recent share market prices	35
8. VALUATION OF CONSIDERATION OFFERED	36
8.1 Summary of balance sheet	36
8.2 Investment portfolio.....	37

8.3	Other assets and liabilities.....	37
8.4	Other adjustments	37
8.5	Valuation of 100% of Bentley.....	38
8.6	Cross check to recent share market prices	38
8.7	Summary of valuation – Consideration Offered	39
9.	EVALUATION OF THE PROPOSED SCHEME	40
9.1	Fairness of the Proposed Scheme and Proposed Transactions.....	40
9.2	Reasonableness of the Proposed Scheme and Proposed Transactions	40
10.	SOURCES OF INFORMATION, DISCLAIMER AND CONSENTS	43
10.1	Sources of Information.....	43
10.2	Qualifications and independence.....	43
10.3	Limitations and reliance on information.....	44
10.4	Consents.....	44
	APPENDIX A – VALUATION METHODOLOGIES	
	APPENDIX B – FINANCIAL SERVICES GUIDE	
	APPENDIX C – GLOSSARY	

1. OUTLINE OF THE SCHEME

1.1 The Proposed Scheme

On 28 November 2008, Bentley and Scarborough jointly announced a proposal to merge Bentley and Scarborough by way of scheme of arrangement under Section 411 of the Corporations Act 2001. A MIA was entered into by Bentley and Scarborough on 28 November 2008.

Under the scheme, Bentley will acquire 100% of Scarborough and each Scarborough shareholder at the Record Date (being the 5th Business Day after the date that the Court orders approving the Proposed Scheme take effect) will receive shares in Bentley. The number of shares will be based on the post-tax Net Tangible Asset backing (“NTA”) of Bentley and Scarborough. As a result, Scarborough will become a wholly-owned subsidiary of Bentley and Bentley will remain a public company listed on the ASX.

The MIA provides a scheme consideration formula (“Scheme Formula”) that provides Scarborough shareholders will receive new shares in Bentley based on the following formula and rounded to the nearest whole share:

$$\text{NBS} = \text{SSH} \times \frac{\text{Scarborough NTA}}{\text{Bentley NTA}}$$

where:

NBS means the number of New Bentley Shares to be issued to the eligible Scarborough shareholder;

SSH means the number of Scarborough Shares held by the eligible Scarborough shareholder as at the Scheme Record Date;

Scarborough NTA means the post-tax NTA backing of Scarborough per Scarborough Share as at the Calculation Date; and

Bentley NTA means the post-tax NTA backing of Bentley per Bentley Share as at the as at the Calculation Date.

(The Calculation Date is 5pm on the date on which the court order approving the Proposed Scheme is lodged with ASIC)

Source: Merger Implementation Agreement

By way of example, using the audit reviewed 31 October 2008 NTA backings as announced to the ASX, Scarborough shareholders would receive 1.6505 new shares in Bentley in exchange for every Scarborough share held as set out below.

	Bentley	Scarborough
	‘000	‘000
NTA as at 31 October 2008	15,609	12,640
Shares on issue	40,234	19,738
NTA backing per share	0.3880	0.6404

Source: Auditor reviewed management accounts as at 31 October 2008

The MIA includes the following conditions precedent to implementation of the Proposed Scheme:

- completion of any due diligence by Scarborough to be satisfactory to Scarborough in its absolute discretion;
- completion of any due diligence by Bentley to be satisfactory to Bentley in its absolute discretion;
- the Independent Expert for Scarborough concludes that the Proposed Scheme is in the best interests of Scarborough shareholders;
- Scarborough shareholders vote in favour of the Proposed Scheme with the majorities required under the Corporations Act;
- Bentley obtaining shareholders approvals in relation to Bentley's acquisition pursuant to the Proposed Scheme of the Scarborough shares held by Orion, Mr Peter Simpson and his associates, to adopt the new investment mandate and for the change of Bentley's name to Bentley Capital Limited;
- the new Bentley shares to be issued pursuant to the Proposed Scheme being approved for official quotation by ASX;
- court approval being given to Scarborough's participation in the Proposed Scheme; and
- the Independent Expert for Bentley concluding that the Proposed Transactions are reasonable to the Bentley shareholders other than Orion, Mr Peter Simpson and his associates.

Further information is contained in the Explanatory Statement to the Notice of Meeting.

1.2 Implications of the Proposed Scheme

As at 22 December 2008, there were 40,234,143 fully paid ordinary shares on issue in Bentley. The top 10 shareholders held 55.89% of the issued capital and were as follows:

	NO. OF FULLY PAID SHARES	% OF ISSUED FULLY PAID SHARES
Orion Equities Limited	11,587,938	28.80
Bellwether Investments Pty Ltd	3,299,856	8.20
Mr Peter Simpson and his associates	1,782,256	4.43
ANZ Nominees Limited	1,775,746	4.41
John Robert Dillon	1,100,045	2.73
UBS Nominees Pty Ltd	807,569	2.00
Michael Craig and Robert James Craig	724,023	1.80
Patjen Pty Limited	557,441	1.39
Nendar Pty Ltd	452,658	1.13
James Lawrence Hadley & Maria Marlena Hadley	400,500	1.00
Other investors	17,746,111	44.11
Total Shares on Issue	<u>40,234,143</u>	<u>100.00</u>

Source: Management of Bentley

As at 22 December 2008, Mr Peter Simpson and his associates held 1,782,256 ordinary shares in Bentley, which is approximately 4.43% of the total issued shares, and Orion held 11,587,938 ordinary shares in Bentley, which is approximately 28.8% of the total issued shares.

As at 22 December 2008, there were 19,737,896 fully paid ordinary shares on issue in Scarborough. The top 10 shareholders held 70.59% of the issued capital and were as follows:

	NO. OF FULLY PAID SHARES	% OF ISSUED FULLY PAID SHARES
Orion Equities Limited	5,619,645	28.47
Mr Peter Simpson and his associates	3,919,759	19.86
Michael David Barnett and Island Arch Pty Ltd	2,802,382	14.20
ANZ Nominees Limited	950,877	4.82
Sanperez Pty Ltd	139,267	0.71
ADC (Investment) Pty Ltd	117,000	0.59
Donald Gordon & Gwenneth Edna MacKenzie	102,653	0.52
Colin Bruce Ferabend	100,000	0.51
Alistair Donald Cook	98,389	0.50
McCue Family Holdings Pty Ltd	80,129	0.41
Other investors	5,807,795	29.41
Total Shares on Issue	19,737,896	100.00

Source: Management of Bentley

As at 22 December 2008, Mr Peter Simpson and his associates held 3,919,759 ordinary shares in Scarborough, which is approximately 19.86% of the total issued shares, and Orion held 5,619,645 ordinary shares in Scarborough, which is approximately 28.47% of the total issued shares.

Assuming the Proposed Scheme is implemented and the number of new Bentley shares to be issued is based on the audit reviewed Post-Tax NTA backing of Bentley and Scarborough as at 31 October 2008, the share structure of the enlarged Bentley would be as follows:

Bentley Number of shares	Pre scheme share structure number	%	Post scheme share structure number	%
Orion Equities Ltd	11,587,938	28.8	20,863,162	28.7
Mr Peter Simpson and his associates	1,782,256	4.4	8,251,818	11.3
Other Bentley shareholders	26,863,949	66.8	26,863,949	36.9
Other Scarborough shareholders	-	-	16,832,611	23.1
Total	40,234,143	100.0	72,811,540	100.0

Source: Calculations

Assuming the Proposed Scheme had been implemented with a Calculation Date of 31 October 2008 and Scarborough became a wholly owned subsidiary of Bentley, the unaudited Consolidated Pro Forma Balance Sheet of Bentley, Scarborough and the merged entity as at that date are set out below:

Balance Sheet	Bentley	Scarborough	Bentley – Post Merger
	\$	\$	\$
Current assets			
Cash and cash equivalents	10,672,239	102,201	10,774,440
Financial assets at fair value through profit and loss	4,943,852	-	4,943,852
Trade and other receivables	75,724	19,143	94,867
Current tax asset	-	96,415	96,415
Other	23,662	-	23,662
Total current assets	15,715,477	217,759	15,933,236
Non- current assets			
Financial assets at fair value through profit and loss	-	12,457,063	12,457,063
Property, plant and equipment	3,958	6,314	10,272
Deferred tax asset	24,692	-	24,692
Total non-current assets	28,650	12,463,377	12,492,027
Total assets	15,744,127	12,681,136	28,425,263
Current liabilities			
Trade and other payables	110,159	40,781	150,940
Total current liabilities	110,159	40,781	150,940
Non- current liabilities			
Deferred tax liabilities	24,692	-	24,692
Total non-current liabilities	24,692	-	24,692
Total liabilities	134,851	40,781	175,632
Net assets	15,609,276	12,640,355	28,249,631

Notes: The pro-forma consolidation above is for illustrative purposes only and is not in accordance with Australian Accounting Standards. In particular we note that no adjustments have been made to account for costs incurred by Bentley and Scarborough in relation to the Proposed Transaction. We note that such costs may be permitted to be capitalised under AASB 3: Business Combinations however subsequent to the merger the Company's accounting policies would require an assessment to be made as to whether the asset created by any such capitalisation would be required to be impaired under AASB136: Impairment of Assets.

Source: Bentley and Scarborough's management accounts and calculations

In this example, based on NTA Backing report of Bentley and Scarborough as at 31 October 2008, the scheme consideration formula provides the Scarborough shareholders would have received approximately 1.6505 new shares in Bentley for every Scarborough share held. Bentley would therefore have issued a total of 32,577,397 new Bentley shares.

2. SCOPE OF THE REPORT

2.1 Purpose

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party or a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the total votes attached to the voting securities), without approval of the shareholders of the company.

An asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

Orion holds approximately 28.8% of the issued shares of Bentley as at 22 December 2008. Orion also holds approximately 28.5% of the issued shares of Scarborough as at 22 December 2008. For the purposes of ASX Listing Rule 10.1, Orion is a substantial holder of Bentley with a holding of approximately 28.8% of Bentley's total issued capital. Bentley's acquisition of Scarborough shares held by Orion under the Proposed Scheme would trigger the requirement for shareholder approval under Listing Rule 10.1.

Mr Peter Simpson is a Director of Bentley and he and his associates hold approximately 19.9% of the total issued shares of Scarborough as at 22 December 2008. Bentley's acquisition of Scarborough shares held by Mr Peter Simpson and his associates under the Proposed Scheme would trigger the requirement for shareholder approval under Listing Rule 10.1.

As set out above, the consummation of the acquisition of Scarborough shares from Orion and Mr Peter Simpson therefore each requires shareholder approval for the purpose of ASX Listing Rule 10.1.

The Directors of Bentley have engaged Grant Thornton to prepare an Independent Expert's Report to express an opinion as to whether the Orion Acquisition and the Simpson Acquisition are fair and reasonable to the non-associated shareholders of Bentley. To arrive at our opinion, we have had to effectively report on the merits or otherwise of the Proposed Scheme as a whole and our report is provided on this basis.

Our report is to be read in conjunction with Resolution 1 and Resolution 2 of the Notice of Meeting dated 9 January 2009 in which this report is included, and is prepared for the exclusive purpose of assisting the shareholders of Bentley, other than Orion, Mr Peter Simpson and his associates, in their consideration of the Proposed Transactions referred to above.

This report should not be used for any other purpose.

Grant Thornton consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting to be sent to the shareholders of Bentley. Neither the whole nor part of this Report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton as to the form and content in which it appears.

Prior to accepting this engagement, Grant Thornton considered its independence with respect to the Offer with reference to Regulatory Guide 112: *Independence of expert's reports* ("RG112") issued by ASIC. In our opinion, Grant Thornton is independent of Bentley, its Directors and all other parties involved in the Offer.

Grant Thornton has no involvement with, or interest in, the outcome of the Offer other than the preparation of this report. Grant Thornton is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the outcome of the Proposed Transactions.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact to the non-associated shareholders of Bentley as a whole. We have not considered the potential impact of the Proposed Transactions on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transactions on individuals.

The decision as to whether or not to approve the Proposed Transactions is a matter for each shareholder of Bentley based on their own views of the value of Bentley and expectations about future market conditions, Bentley's performance, risk profile and investment strategy. If shareholders are in doubt about the action they should take in relation to the Proposed Transactions, they should seek their own professional advice.

2.2 Basis of assessment

The Corporations Act does not define the meaning of "fair and reasonable". In preparing this report, Grant Thornton has considered relevant regulatory guides issued by ASIC, with particular reference to Regulatory Guide 111: *Content of expert reports* ("RG 111"), which states, inter alia, that:

- an offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company;
- an offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:
 - the offeror's pre-existing entitlement, if any, in the shares of the target company;
 - other significant shareholding blocks in the target company;
 - the liquidity of the market in the target company's securities;

- taxation losses, cash flow or other benefits through achieving 100% ownership of the target company;
- any special value of the target company to the offer, such as particular technology and the potential to write off outstanding loans from the target company;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative offeror and likelihood of an alternative offer being made.

In arriving at our opinion, Grant Thornton has determined whether the Proposed Scheme, and therefore the Proposed Transactions, are fair to the Bentley Shareholders by comparing the fair market value range of Bentley Shares, on a control basis, with the value of the consideration offered, being 1.6505 Bentley Shares for each Scarborough Share as at 31 October 2008 (refer to section 1.1 of this Report).

In considering whether the Proposed Scheme is reasonable, we have considered a number of factors, including:

- whether the Proposed Scheme is fair;
- the likelihood of an alternative offer;
- increased size, equity market presence and liquidity; and
- increased diversification in underlying stocks.

3. PROFILE OF BENTLEY

3.1 Overview

Bentley is a LIC listed on ASX in October 1986. Bentley invests in securities listed on the world's sharemarkets (excluding Australia).

3.2 Investment philosophy

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's strategy is to 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.

3.3 Management of the investment portfolio

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

- 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. Constellation's investment management mandate has continued on a month to month basis after May 2006 in accordance with the terms therein; and
- National Australia Bank Limited ("NAB") (appointed 20 August 2004 for an initial 2 year term) as custodian. NAB's custodial services mandate has continued on a quarterly basis after August 2006 in accordance with the terms therein.

On 18 October 2007, the Company announced that the Board would seek to negotiate a renewal of Constellation's appointment as investment manager under a different investment strategy or seek the appointment of another appropriate investment manager to manage or internally manage the Company's funds in accordance with the Company's current investment mandate/objective to invest in international securities.

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

3.4 Investment portfolio

We have summarised below the industry sectors which Bentley has invested in as at 30 November 2008:

Sector Exposures %	Portfolio
Pharmaceutical and biotechnology	11.3
Tech hardware and equipment	10.8
Oil and gas production	9.6
Electricity	9.0
Software and computer services	7.2
Food production and processors	5.5
Mobile telecommunications	4.2
Industrial engineering	3.7
Media	3.6
Household goods	3.6
Automobile and parts	3.3
Aero and defence	3.1
General industrials	2.9
Fixed line telecommunications	2.8
Electronic and electric equipment	2.7
Tobacco	2.3
Chemicals	2.3
Personal goods	2.1
Leisure goods	2.1
Health equipment and services	1.7
Life insurance	1.5
Oil and gas services	1.2
Food & Drug Retailers	0.5
Non-life insurance	0.4
Equity instruments	0.2
Other	0.0
Cash	2.4
TOTAL	100.0

Source: Bentley's NTA and Portfolio Details as at 30 November 2008

3.5 Proposed new investment mandate

As part of the Proposed Scheme Bentley proposes to adopt a new investment mandate. The following is a summary of that mandate provided by Bentley's management:

"Bentley's Investment Objectives are to:

- Achieve a high real rate of return over the medium term, ideally comprising both income and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular income stream for shareholders in the form of franked dividends.

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

- Strategic Investments, being investments in which it can reasonably expect to exert a degree of influence, including board representation; and
- Non-strategic Investments, being investments where Bentley sees other potential for generating positive returns in which the Company will not take an active management role.

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

3.6 Financial information

3.6.1 Income statement

The historical financial performance of Bentley for the period from FY06 to FY08 is set out in the table below:

	FY06 \$	FY07 \$	FY08 \$
Revenue	428,569	445,119	435,989
Other income	2,404,141	1,750,789	7,388
Total revenue	2,832,710	2,195,908	443,377
Expenses			
Investment expenses			
- Net loss on financial assets at fair value through profit and loss	-	-	(3,621,409)
- Foreign exchange losses	-	(14,888)	(11,827)
- Withholding tax	(50,719)	(55,701)	(52,690)
Occupancy expenses	(70,995)	(24,544)	(19,404)
Finance expenses	(741)	(484)	(651)
Borrowing cost	(19)	(2)	(1)
Corporate expenses	(260,499)	(395,550)	(239,380)
Administration expenses	(358,006)	(348,118)	(299,326)
Profit/(loss) before income tax	2,091,731	1,356,621	(3,801,311)
Income tax benefit/(expense)	(5,713)	(5,439)	902,772
Net profit/(loss) after tax	2,086,018	1,351,182	(2,898,539)

Source: Bentley 2007 and 2008 Annual Reports

3.6.2 Balance Sheet

The balance sheet of Bentley as at 30 June 2007, 30 June 2008 and 31 October 2008 (audit reviewed) is set out in the table below:

Balance Sheet	As at 30-Jun-07 Audited \$	As at 30-Jun-08 Audited \$	As at 31-Oct-08 Reviewed \$
Current assets			
Cash and cash equivalents	761,486	333,566	10,672,239
Financial assets at fair value through profit and loss	19,797,040	15,851,257	4,943,852
Trade and other receivables	-	37,680	75,724
Other			23,662
Total current assets	20,558,526	16,222,503	15,715,477
Non- current assets			
Financial assets at fair value through profit and loss	-	-	-
Property, plant and equipment	6,163	4,457	3,958
Deferred tax asset	187,015	912,991	24,692
Total non-current assets	193,178	917,448	28,650
Total assets	20,751,704	17,139,951	15,744,127
Current liabilities			
Trade and other payables	464,472	141,143	110,159
Total current liabilities	464,472	141,143	110,159
Non- current liabilities			
Deferred tax liabilities	187,015	11,588	24,692
Total non-current liabilities	187,015	11,588	24,692
Total liabilities	651,487	152,731	134,851
Net assets	20,100,217	16,987,220	15,609,276

Source: Bentley 2007 and 2008 Annual Reports and auditor reviewed accounts of Bentley as at 31 October 2008

3.7 Capital structure

As at 22 December 2008, there were 40,234,143 fully paid ordinary shares on issue in Bentley.

The top 10 shareholders as at 22 December 2008 held 55.89% of the issued capital and were as follows:

	NO. OF FULLY PAID SHARES	% OF ISSUED FULLY PAID SHARES
Orion Equities Limited	11,587,938	28.80
Bellwether Investments Pty Ltd	3,299,856	8.20
Mr Peter Simpson and his associates	1,782,256	4.43
ANZ Nominees Limited	1,775,746	4.41
John Robert Dillon	1,100,045	2.73
UBS Nominees Pty Ltd	807,569	2.00
Michael Craig and Robert James Craig	724,023	1.80
Patjen Pty Limited	557,441	1.39
Nendar Pty Ltd	452,658	1.13
James Lawrence Hadley & Maria Marlena Hadley	400,500	1.00
Other investors	17,746,111	44.11
Total Shares on Issue	40,234,143	100.00

Source: Management of Bentley

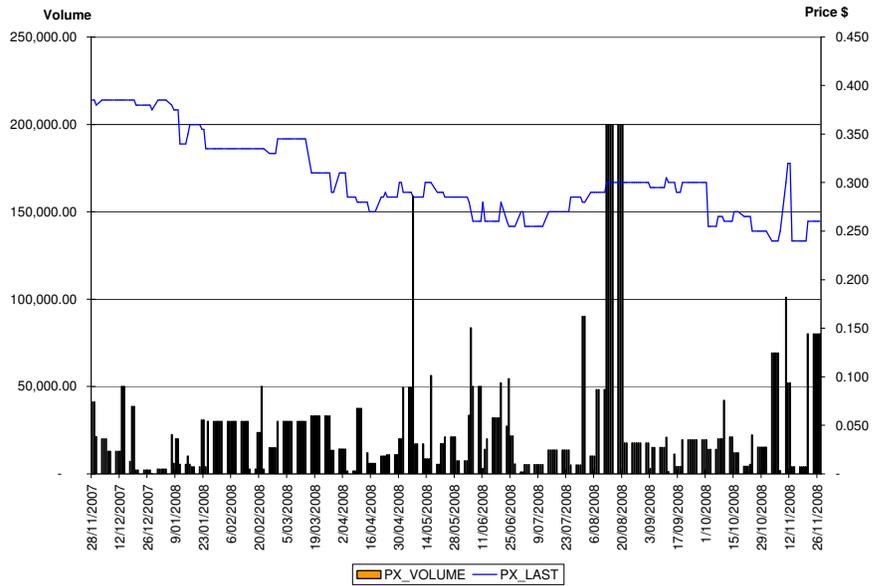
The spread of Bentley shareholders as at 22 December 2008 is set out below:

	Number of shareholders	Number of shares	% of total issued shares
1 – 1,000	124	49,428	0.123
1,001 – 5,000	350	1,044,087	2.595
5,001 – 10,000	235	1,793,618	4.458
10,001 – 100,000	439	11,829,477	29.402
100,001 and over	38	25,517,533	63.423
Total	1,186	40,234,143	100.000

Source: Management of Bentley

3.8 Share price performance

Set out below is the share price history of Bentley and volume. The history is set out for a one year period to 27 November 2008, the last trading date prior to announcement of the Proposed Merger on 28 November 2008:



Source: Bloomberg

We note that Bentley's share price as at 22 December 2008 was \$0.25, and the 52 week high share price was \$0.385 and 52 week low share price was \$0.24 during the period 28 November 2007 to 27 November 2008.

4. PROFILE OF SCARBOROUGH

4.1 Overview

Scarborough is an Australian public company listed on the ASX in 1994. It was formerly known as Rivkin Financial Services Limited. Scarborough's principal activity is the management of funds available for investment and operates solely in Australia.

4.2 Investment philosophy

Scarborough's funds are principally invested in the FSP Equities Leaders Fund ("FSP Fund").

The FSP Fund that Scarborough has invested into is based on the philosophy that equity markets can display inefficient pricing in the short term that can allow an active investment style to benefit and ultimately outperform its relevant benchmark.

4.3 Management of the investment portfolio

FSP Equities Management Limited ("FSP") was appointed manager in December 2004.

As Investment Manager, FSP invests Scarborough's funds directly in its FSP Fund. The objective of the fund is to outperform the ASX/S&P 200 Accumulation Index over the medium term and FSP advises that it targets at least 75% of the investments of FSP Fund in securities from the ASX/S&P 200 index. The balance of the fund's investments is in securities drawn from outside the ASX/S&P 200 index. The performance of the fund is benchmarked against the ASX/S&P 200 Accumulation Index.

Some of the key terms of the Investment Management Agreement ("IMA") dated 9 December 2004 with FSP are as follows:

- FSP is to invest and manage Scarborough's investment portfolio in the FSP Fund; and
- The management fees normally payable by participants in the FSP Fund is 1% per annum base management fee and a performance fee of 20% of the performance of the fund in excess of the S&P/ASX 200 Accumulation Index benchmark. The Board has negotiated a variable fee structure that represents a favourable structure compared to the normal fees charged by the FSP Fund, whilst still providing a material incentive to the Investment Manager for investment out performance of the benchmark.

The IMA expired on 9 December 2006 and FSP's mandate has continued on a month to month basis in accordance with the terms therein.

4.4 Investment portfolio

We have summarised below the industry sectors which Scarborough has invested in as at 30 November 2008:

Sector Exposures %	Portfolio
Materials	22.1
Energy	15.9
Financials (ex property)	14.1
Consumer staples	10.7
Consumer discretionary	3.1
Healthcare	2.6
Industrials	2.3
Telecommunications services	0.8
Utilities	0.1
Cash/hybrids/fixed interests	28.3
TOTAL	100.0

Source: Scarborough's NTA and Portfolio Details as at 30 November 2008

4.5 Financial information

4.5.1 Income statement

The historical financial performance of Scarborough for the period from FY06 to FY08 is set out in the table below:

	FY06	FY07	FY08
	\$	\$	\$
Revenue	306,115	4,999,240	399,138
Other income	6,588,788	3,386,420	26,650
Total revenue	6,894,903	8,385,660	425,788
Expenses			
Investment expenses			
- Net loss on financial assets at fair value through profit and loss	-	-	(6,942,050)
Costs of investments sold/redeemed	(1,382,863)	-	-
Occupancy expenses	(51,852)	(27,683)	(22,560)
Finance expenses	(1,507)	(823)	(1,058)
Borrowing cost	(13)	(87)	(247)
Corporate expenses	(47,288)	(201,199)	(45,663)
Administration expenses	(379,687)	(402,598)	(392,176)
Profit/(loss) before income tax	5,031,693	7,753,270	(6,977,966)
Income tax benefit/(expense)	(1,476,299)	(1,501,748)	1,380,410
Net profit/(loss) after tax	3,555,394	6,251,552	(5,597,556)

Source: Scarborough 2007 and 2008 Annual Reports

4.5.2 Balance Sheet

The balance sheet of Scarborough as at 30 June 2007, 30 June 2008 and 31 October 2008 (audit reviewed) is set out in the table below:

Balance Sheet	As at 30-Jun-07 Audited \$	As at 30-Jun-08 Audited \$	As at 31-Oct-08 Reviewed \$
Current assets			
Cash and cash equivalents	137,505	123,751	102,201
Financial assets at fair value through profit and loss	4,310,500	-	-
Trade and other receivables	3,057,786	422,818	19,143
Current tax assets	-	-	96,415
Other	43,656	1,850,000	-
Total current assets	7,549,447	2,396,569	217,759
Non- current assets			
Financial assets at fair value through profit and loss	19,481,642	16,736,652	12,457,063
Property, plant and equipment	8,052	6,828	6,314
Deferred tax asset	11,283	15,639	-
Total non-current assets	19,500,977	16,759,119	12,681,138
Total assets	27,050,424	19,155,688	12,584,721
Current liabilities			
Trade and other payables	71,512	58,037	40,781
Current tax liabilities	77,518	227,000	-
Total current liabilities	149,030	285,037	40,781
Non- current liabilities			
Deferred tax liabilities	2,370,023	107,119	-
Total non-current liabilities	2,370,023	107,119	-
Total liabilities	2,519,053	392,156	40,781
Net assets	24,531,371	18,763,532	12,640,355

Source: Scarborough 2007 and 2008 Annual Reports and auditor reviewed accounts of Scarborough as at 31 October 2008

4.6 Capital structure

As at 22 December 2008, there were 19,737,896 fully paid ordinary shares on issue in Scarborough.

The top 10 shareholders as at 22 December 2008 held 70.59% of the issued capital and were as follows:

	NO. OF FULLY PAID SHARES	% OF ISSUED FULLY PAID SHARES
Orion Equities Limited	5,619,645	28.47
Mr Peter Simpson and his associates	3,919,759	19.86
Michael David Barnett and Island Arch Pty Ltd	2,802,382	14.20
ANZ Nominees Limited	950,877	4.82
Sanperez Pty Ltd	139,267	0.71
ADC (Investment) Pty Ltd	117,000	0.59
Donald Gordon & Gwenneth Edna MacKenzie	102,653	0.52
Colin Bruce Ferabend	100,000	0.51
Alistair Donald Cook	98,389	0.50
McCue Family Holdings Pty Ltd	80,129	0.41
Other investors	5,807,795	29.41
Total Shares on Issue	<u>19,737,896</u>	<u>100.00</u>

Source: Management of Bentley

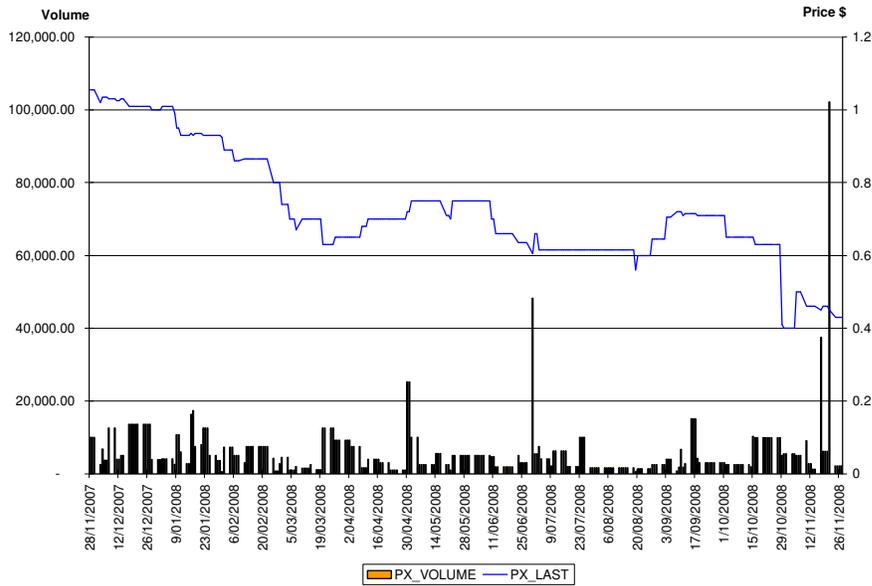
The spread of Scarborough shareholders as at 22 December 2008 is set out below:

	Number of shareholders	Number of shares	% of total issued shares
1 – 1,000	247	127,514	0.646
1,001 – 5,000	729	1,970,883	9.985
5,001 – 10,000	158	1,149,060	5.822
10,001 – 100,000	106	2,838,856	14.383
100,001 and over	10	13,651,583	69.164
Total	<u>1250</u>	<u>19,737,896</u>	<u>100.000</u>

Source: Scarborough's FY2008 Annual Report

4.7 Share price performance

Set out below is the share price history of Scarborough and volume. The history is set out for a one year period to 27 November 2008, the last trading date prior to announcement of the Proposed Merger on 28 November 2008:



Source: Bloomberg

We note that Scarborough's share price as at 22 December 2008 was \$0.36 and the 52 week high share price was \$1.055 and 52 week low share price was \$0.40 during the period 28 November 2007 to 27 November 2008.

5. PROFILE OF BENTLEY POST PROPOSED SCHEME

5.1 Bentley's intentions

If Bentley acquires 100% of the total issued capital of Scarborough, Bentley intends to:

- arrange for Scarborough to be delisted from the ASX;
- offer Mr William Matthew Johnson (currently a director of Scarborough) a position on the board of Bentley;
- adopt a new investment mandate in relation to the investment portfolio of Bentley post the Proposed Scheme; and
- to change the name of Bentley to Bentley Capital Limited.

The extent to which Bentley will be able to implement the above intentions will be subject to:

- the law and ASX Listing Rules, in particular in relation to related party transactions and conflicts of interest;
- the legal obligations of the directors of Bentley to act for proper purpose and in the best interests of Bentley shareholders as a whole;
- Scarborough shareholders approval of the Proposed Scheme;
- Bentley shareholders approval of the Proposed Transactions;
- satisfactory completion of due diligence by both Bentley and Scarborough;
- no material adverse changes having occurred to Bentley and Scarborough;
- approval being received for quotation on ASX of the new Bentley shares to be issued under the Proposed Scheme; and
- Court approval to Scarborough's participation in the Proposed Scheme.

5.2 Pro forma balance sheet

Assuming the Proposed Scheme had been implemented with a Calculation Date of 31 October 2008 and Scarborough became a wholly owned subsidiary of Bentley, the unaudited Consolidated Pro Forma Balance Sheet of Bentley, Scarborough and the merged entity as at that date are set out below:

Balance Sheet	Bentley	Scarborough	Bentley – Post Merger
	\$	\$	\$
Current assets			
Cash and cash equivalents	10,672,239	102,201	10,774,440
Financial assets at fair value through profit and loss	4,943,852	-	4,943,852
Trade and other receivables	75,724	19,143	94,867
Current tax asset	-	96,415	96,415
Other	23,662	-	23,662
Total current assets	15,715,477	217,759	15,933,236
Non- current assets			
Financial assets at fair value through profit and loss	-	12,457,063	12,457,063
Property, plant and equipment	3,958	6,314	10,272
Deferred tax asset	24,692	-	24,692
Total non-current assets	28,650	12,463,377	12,492,027
Total assets	15,744,127	12,681,136	28,425,263
Current liabilities			
Trade and other payables	110,159	40,781	150,940
Total current liabilities	110,159	40,781	150,940
Non- current liabilities			
Deferred tax liabilities	24,692	-	24,692
Total non-current liabilities	24,692	-	24,692
Total liabilities	134,851	40,781	175,632
Net assets	15,609,276	12,640,355	28,249,631

Notes: The pro-forma consolidation above is for illustrative purposes only and is not in accordance with Australian Accounting Standards. In particular we note that no adjustments have been made to account for costs incurred by Bentley and Scarborough in relation to the Proposed Transaction. We note that such costs may be permitted to be capitalised under AASB 3: Business Combinations however subsequent to the merger the Company's accounting policies would require an assessment to be made as to whether the asset created by any such capitalisation would be required to be impaired under AASB136: Impairment of Assets.

Source: Bentley and Scarborough's management accounts and calculations

In this example, based on NTA Backing report of Bentley and Scarborough as at 31 October 2008, the scheme consideration formula provides the Scarborough shareholders would have received approximately 1.6505 new shares in Bentley for every Scarborough share held. Bentley would therefore have issued a total of 32,577,397 new Bentley shares.

5.3 Capital structure

If the Proposed Scheme is successful, Bentley will own 100% of Scarborough. The following table illustrates the potential number of Bentley shares to be issued as consideration for the Scarborough shares acquired based on Post-Tax Net Asset Backing as at 31 October 2008 and total number of Bentley shares post the Proposed Scheme:

Bentley	Post scheme share structure number	% held by existing Bentley Shareholders
Existing number of Bentley shares	40,234,143	100.0%
Total number of Scarborough shares on issue	19,737,896	
Exchange ratio (as at 31 October 2008)	1.6505	
Number of Bentley shares to be issued	32,577,397	
Total number of Bentley shares post transaction	72,811,540	55.3%

Source: Calculations

Note: The calculations are based on the example ratio of 1.6505 as per the audit reviewed figures for 31 October 2008

Following the completion of the Proposed Merger the existing Bentley shareholders will effectively have their voting powers reduced to approximately 55.3%, if it is assume that there is no change between the audit reviewed figures for 31 October 2008 and the Calculation Date.

6. VALUATION METHODOLOGY

The underlying value of 100% of Scarborough and the Consideration Offered has been derived on a fair market value basis, which is typically defined as:

“The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm’s length.”

Fair market value does not incorporate any special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

6.1 Available methodologies

RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- the discounted cash flow (“DCF”) method;
- the capitalisation of earnings method;
- orderly realisation of assets;
- the quoted price of listed securities; and
- amount a potential acquirer may be prepared to pay for the business.

We have outlined these methodologies in Appendix A to this report.

6.2 Selected methodology - Scarborough

We note that the key business and operations of Scarborough is the holding of listed shares. Accordingly, we have adopted the net realisable assets approach to value 100% of the issued capital in Scarborough for the purpose of this report. When applying the net realisable assets approach, the resulting value represents 100% value of the company and includes a premium of control as required by RG 111.

For the purpose of this report, we have based our valuation on the 31 October 2008 share market prices of the investment portfolio and the most recent financial position of Scarborough made available to us, being the financial position as at 31 October 2008. We note that the balance sheet of Scarborough as at 31 October 2008 have been reviewed by an auditor.

In addition, we have adjusted the net realisable value by deducting the capitalised value of administration costs. The administration costs include the ongoing costs associated with the management of the investment portfolio and general administration expenses. However, we have deducted from our assessment potential savings of administration and listing costs expected to result from Bentley owning 100% of Scarborough.

Consequently, the fair market value of Scarborough has been assessed by aggregating:

- the fair value of Scarborough's investment portfolio;
- the realisable value of other assets;
- deducting liabilities;
- deducting capitalised value of administration expenses; and
- added to it the relevant value to reflect potential savings of administration expenses as a result of Bentley owning 100% of Scarborough.

6.3 Selected methodology - Value of the consideration offered

When considering the value of the Consideration Offered, we note that if the Proposed Scheme is successful:

- Scarborough Shareholders will be receiving Bentley Shares based on the Scheme Formula. However, the profile of the enlarged Bentley will differ from that of Bentley currently;
- Bentley will own 100% of Scarborough; and
- Bentley will be able to exercise control over Scarborough, including its business affairs.

As Bentley will own 100% of Scarborough if the Proposed Scheme is successful, we have assessed the value of the Consideration Offered according to the scenario that Scarborough becomes a wholly owned subsidiary of Bentley and delisted.

Accordingly, the value of the Consideration Offered has been assessed by aggregating:

- the fair value of Bentley's investment portfolio;
- the realisable value of other assets;
- deducting liabilities; and
- deducting capitalised value of administration expenses.

7. VALUATION OF SCARBOROUGH

7.1 Summary of balance sheet

As discussed in Section 6.2 of this report, we have used the balance sheet of Scarborough as at 31 October 2008 as a base to our valuation. Summarised below is the balance sheet of Scarborough as at 30 June 2008 (being the latest audited balance sheet of Scarborough) and 31 October 2008 (reviewed):

Scarborough Equities Limited Balance Sheet	As at 30-Jun-2008 Audited \$	As at 31-Oct-2008 Reviewed \$
Current assets		
Cash and cash equivalents	123,751	102,201
Trade and other receivables	422,818	19,143
Current tax assets	-	96,415
Other	1,850,000	-
Total current assets	2,396,569	217,759
Non- current assets		
Financial assets at fair value through profit and loss	16,736,652	12,457,063
Property, plant and equipment	6,828	6,314
Deferred tax asset	15,639	-
Total non-current assets	16,759,119	12,463,377
Total assets	19,155,688	12,681,138
Current liabilities		
Trade and other payables	58,037	40,781
Current tax liabilities	227,000	-
Total current liabilities	285,037	40,781
Non- current liabilities		
Deferred tax liabilities	107,119	-
Total non-current liabilities	107,119	-
Total liabilities	392,156	40,781
Net assets	18,763,532	12,640,355
Equity		
Issued capital	17,542,708	17,542,708
Retained profits/(Accumulated losses)	1,220,824	(4,902,353)
Total equity	18,763,532	12,640,355

Source: Scarborough's FY2008 annual report and auditor reviewed 31 October 2008 management accounts

7.2 Investment portfolio

'Financial assets at fair value through profit and loss' represent listed securities held by Scarborough principally for the purpose of selling in the short term or if so designated by the management of Scarborough.

We note that Scarborough's investment as at 31 October 2008 is solely in FSP Equities Leaders Fund ("FSP Fund") managed by Scarborough's investment manager, FSP Equities Management Limited ("FSP"). Scarborough's investment in FSP Fund is measured at fair value at month end. The fair value of listed securities in FSP Fund are measured at bid price (where available) and last sale price (where bid price is not available) at month end and excludes disposal costs. The fair value of Scarborough's investment in the FSP Fund is valued at the unit price at month end published by FSP and such unit price reflects the net tangible asset backing of FSP Fund and no buy/sell spread or exit fees are charged to Scarborough.

We note that since early 2008 the performance of the Australian stock market has been volatile, especially since September 2008. Accordingly, the recent share market prices (including the VWAPs adopted for our valuation) may be affected by a number of short-term factors including:

- market speculation;
- monetary and other policies implemented by the Reserve Bank of Australia and the Commonwealth Government in light of the volatility of the stock market and the general economy; and
- the performance of overseas markets.

Despite the above factors, Grant Thornton believes that using the recent share market prices to assess the fair value of the investment portfolio is relevant for the purpose of this report as they reflect the current value of Scarborough. We further note that the Consideration Offered comprises Bentley Shares which we have valued using a similar approach.

Based on Scarborough's net tangible asset backing report as at 31 October 2008, it is our opinion that the fair value of Scarborough's investment portfolio is in the order of \$12.46 million as at 31 October 2008.

7.3 Other assets and liabilities

Other assets and liabilities have been valued based on their net book value as at 31 October 2008. The following table summaries the balances of other assets and liabilities as at 31 October 2008:

Scarborough Equities Limited	\$
Other assets and liabilities	
Cash and cash equivalents	102,201
Trade and other receivables	19,143
Plant and equipment	6,314
Current tax assets	96,415
Trade and other payables	(40,781)
	<u>183,292</u>

Source: Audit review management accounts as at 31 October 2008

7.4 Other adjustments

a) Capitalised value of administrative expenses

For the purpose of the valuation, we have deducted from the net realisable asset value of Scarborough the capitalised value of the ongoing administrative expenses for Scarborough on a stand alone basis.

We have been advised by the management of Bentley, the ongoing administrative expenses of Scarborough are estimated to be in the order of \$500,000 (\$350,000 after tax) per annum, which we have capitalised the after tax amount using a price earnings multiple in the range of 8 to 9 times.

b) Potential savings of administration expenses

If the Proposed Merger is consummated, Scarborough will become a wholly-owned subsidiary of Bentley, the investment portfolio of Bentley and Scarborough can be integrated, which could lead to savings in relation to the management of the portfolio, removal of the listing costs associate with Scarborough, and a reduction in other administration expenses.

We have been advised by the management of Bentley that the estimated potential savings could be in the order of \$200,000 (\$140,000 after tax) per annum. For the purpose of assessing the value of the Consideration Offered, we have capitalised the cost savings at the after tax amount using a price earnings multiple of 8 to 9 times.

c) Franking credits

We note that Scarborough has accumulated franking credits as part of their operation as a LIC.

Given the uncertainty over the timing and value of franking credits that may be realised to Scarborough shareholders, and in particular foreign shareholders, we have not ascribed any value to the franking credits held by Scarborough.

7.5 Summary of valuation - Scarborough

Scarborough Equities Limited	Low \$'000	High \$'000
Fair value of investment portfolio	12,457	12,457
Other assets net of liabilities	183	183
Capitalised value of administrative expenses	(3,150)	(2,800)
Capitalised savings in administrative expenses	1,120	1,260
Value of 100% of Scarborough	10,610	11,100
Number of shares on issue	19,737,896	19,737,896
Value per share (inclusive of control premium)	\$0.54	\$0.56

7.6 Cross check to recent share market prices

We have considered the reasonableness of our valuation by comparing our assessment of the value of Scarborough shares to the recent share market prices of Scarborough.

Set out below is an analysis of share market prices and volume of trading in Scarborough in the 12 month period to the last trading date prior to announcement of the Proposed Merger on 28 November 2008:

Period prior to announcement	Closing share price - high (\$)	Closing share price - low (\$)	VWAP (\$)	Cumulative volume	As a % of issued shares
1 week	0.450	0.450	0.46	110,876	0.56%
1 month	0.630	0.410	0.46	235,860	1.19%
3 month	0.720	0.410	0.56	462,100	2.34%
6 month	0.750	0.410	0.60	735,790	3.73%
12 month	1.055	0.410	0.73	1,546,207	7.83%

Source: Bloomberg

In relation to the above we note that:

- LICs often trade at a discount to their reported NTA after tax; and
- There has been considerable volatility in share prices over the last 12 months.

Based on the above, we consider that our assessed value of Scarborough on a standalone basis (prior to adjustment for estimated cost savings) is consistent with the VWAP over the last 12 months.

8. VALUATION OF CONSIDERATION OFFERED

8.1 Summary of balance sheet

As discussed in Section 6.3 of this report, we have used the balance sheet of Bentley as at 31 October 2008 as a base to our valuation. Summarised below is the balance sheet of Bentley as at 30 June 2008 (being the latest audited balance sheet of Bentley) and 31 October 2008 (reviewed):

Bentley International Limited Balance Sheet	As at 30-Jun-2008 Audited \$	As at 31-Oct-2008 Reviewed \$
Current assets		
Cash and cash equivalents	333,566	10,672,239
Financial assets at fair value through profit and loss	215,851,257	4,943,852
Trade and other receivables	37,680	75,724
Other	-	23,662
Total current assets	16,222,503	15,715,477
Non- current assets		
Property, plant and equipment	4,457	3,958
Deferred tax asset	912,991	24,692
Total non-current assets	917,448	28,650
Total assets	17,139,951	15,744,127
Current liabilities		
Trade and other payables	141,143	110,159
Total current liabilities	141,143	110,159
Non- current liabilities		
Deferred tax liabilities	11,588	24,692
Total non-current liabilities	11,588	24,692
Total liabilities	152,731	134,851
Net assets	16,987,220	15,609,276
Equity		
Issued capital	18,178,191	18,178,191
Retained profits/(Accumulated losses)	(1,190,971)	(2,568,915)
Total equity	16,987,220	15,609,276

Source: Bentley's annual report and 31 October 2008 management accounts

8.2 Investment portfolio

We note that the carrying value of the investment portfolio as at 31 October 2008 represents the fair value of the investment portfolio as at that date. When estimating the fair value of the investment portfolio of Bentley, we have used the information of the portfolio as provided in Bentley's net asset backing and portfolio details report as at 31 October 2008. We also note that on 10 October 2008 Bentley's board has instructed Constellation to liquidate 70% of the portfolio and withdrew \$10,645,000 on 17 and 20 October 2008.

8.3 Other assets and liabilities

Other assets and liabilities have been valued based on their net book value as at 31 October 2008. The following table summaries the balances of other assets and liabilities as at 31 October 2008:

Bentley International Limited	\$
Other assets and liabilities	
Cash and cash equivalents	10,672,239
Trade and other receivables	75,724
Other assets	23,662
Plant and equipment	3,958
Deferred tax asset	24,692
Trade and other payables	(110,159)
Deferred tax liabilities	(24,692)
	10,665,424

Source: Audit review management accounts as at 31 October 2008

8.4 Other adjustments

a) Capitalised value of administrative expenses

For the purpose of the valuation, we have deducted from the net realisable asset value of Bentley the capitalised value of the ongoing administrative expenses for Bentley on a stand alone basis.

We have been advised by the management of Bentley, that the ongoing administrative expenses of Bentley are estimated to be in the order of \$650,000 (\$455,000 after tax) per annum, which we have capitalised the after tax amount using a price earnings multiple in the range of 8 to 9 times.

b) Franking credits

We note that Bentley has accumulated franking credit of \$3,972,242 as at 30 June 2008 as part of their operation as Listed Investment Company.

Given the uncertainty over the timing and value of franking credits that may be realised to Bentley shareholders, and in particular foreign shareholders, we have not ascribed any value to the franking credits held by Bentley.

8.5 Valuation of 100% of Bentley

The valuation of Bentley is set out in the table below:

Bentley International Limited	Low \$'000	High \$'000
Fair value of investment portfolio	4,944	4,944
Other assets net of liabilities	10,665	10,665
Capitalised administrative expenses	(4,095)	(3,640)
Value of 100% of Bentley on a stand alone basis	11,514	11,969
Number of shares on issue	40,234,143	40,234,143
Value per share	\$0.29	\$0.30

8.6 Cross check to recent share market prices

We have considered the reasonableness of our valuation by comparing our assessment of the value of Bentley shares to the recent share market prices of Bentley.

Set out below is an analysis of share market prices and volume for Bentley in the 12 month period to the last trading date prior to announcement of the Proposed Merger on 28 November 2008:

Period prior to announcement	Closing share price - high (\$)	Closing share price - low (\$)	VWAP (\$)	Cumulative volume	As a % of issued shares
1 week	0.260	0.260	0.26	400,000	0.99%
1 month	0.320	0.240	0.27	968,114	2.41%
3 month	0.320	0.240	0.27	1,631,894	4.06%
6 month	0.320	0.240	0.28	4,330,505	10.76%
12 month	0.385	0.240	0.30	7,066,010	17.56%

Source: Bloomberg

In relation to the above we note that:

- LICs often trade at a discount to their reported NTA after tax; and
- There has been considerable volatility in share prices over the last 12 months.

Based on the above, we considered that our assessed value of Bentley on a standalone basis is consistent with the VWAP over the last 12 months.

8.7 Summary of valuation – Consideration Offered

The valuation of the Consideration Offered is set out in the table below:

Bentley – post transaction	Low \$'000	High \$'000
Value of Bentley on a standalone basis	11,514	11,969
Value of 100% of Scarborough	10,610	11,100
Value of enlarged Bentley	22,124	23,069
Number of Bentley shares post transaction	72,811,540	72,811,540
Value per Bentley share post transaction	0.30	0.32
Conversion ratio (as at 31 October 2008)	1.6505	1.6505
Equivalent value of Scarborough share	\$0.50	\$0.52

Source: Calculations

9. EVALUATION OF THE PROPOSED SCHEME

9.1 Fairness of the Proposed Scheme and Proposed Transactions

We set out below a comparison between our assessment of the value of the consideration, being new shares in Bentley being offered to Scarborough shareholders, and value of a Scarborough share to be acquired, in order to assess whether the Proposed Scheme and therefore the Proposed Transactions are fair to the non-associated shareholders of the Company:

Assessment of fairness	Low \$	High \$
Value of Scarborough share	0.54	0.56
Value of the Consideration Offered	0.50	0.52
Difference	0.04	0.04

Source: Calculations

As the value of the Scarborough shares is higher than the Consideration Offered, we conclude that the Proposed Scheme and therefore the Proposed Transactions are fair to the non-associated shareholders of Bentley under RG 111.

Accordingly, in the opinion of Grant Thornton, the Proposed Transactions are fair to the non-associated shareholders of Bentley.

Prior to reaching our final conclusion stated above, we have also considered a number of qualitative factors.

9.2 Reasonableness of the Proposed Scheme and Proposed Transactions

Under the Regulatory Guide 111 issued by ASIC, if the offer is fair, it is also reasonable. On this basis, in our opinion the Proposed Transactions are reasonable. However, we have summarised some of the factors that may be relevant to the non-associated shareholders of Bentley in considering the reasonableness of the Proposed Transactions:

Increase in the overall size of Bentley

The merger of Bentley and Scarborough will increase the net assets of Bentley post merger. Based on the audited accounts as at 30 June 2008, the net assets of Bentley will increase from approximately \$17.0 million to \$35.8 million post merger. This increase in size and profile may enhance the attractiveness of Bentley shares to investors and which may result in greater liquidity of trade in its shares. Further, the larger entity may allow the Company to expand its investment portfolio and also enhance its ability to raise future debt and equity finance.

Change in investment mandate

Currently Bentley's investment mandate requires it to invest in international equities, compared to Scarborough's mandate of investing principally in Australian equities. We are advised by the directors of Bentley that the Company, upon merger, will not only broaden its investment mandate but provide new investment opportunities. A larger diversified investment portfolio may offer greater

flexibility, larger investment opportunities and reduced investment risk that may ultimately increase profits. Further, the broader investment mandate may also attract investors to invest in Bentley.

Economies of scale

As both Bentley and Scarborough are companies listed on the ASX and have similar business operations they will also have similar costs of operations. The integration of the investment portfolios currently held by the two entities is expected to reduce costs which are currently duplicated, such as ASX listing fees, share registry costs, audit fees, compliance costs and other public listed company costs. The directors of Bentley have advised that they estimate a cost of saving of approximately \$200,000 per annum.

Increase of the Intellectual Capital of the new entity

As a result of the Proposed Merger, the intellectual assets of Bentley may increase by combining skills and expertise in undertaking the operations of the merged entity. This may enhance the ability of the new entity to achieve its investment objectives and targets.

Change in the Investment Profile

If the Proposed Scheme is accepted, the investment risks faced by the investors of the previous entities will be largely diversified as Scarborough invests principally in Australian equities while Bentley invests only in International equities.

However, as Bentley will cease to be a specialised investor in international equities and the Company may lose its attraction to current and future Bentley investors who desire such a specialised investment profile. This change in the investment profile of the Company may be seen as a disadvantage to some investors.

No Brokerage or Commission

Should the Proposed Scheme be passed and consummated Bentley will approximately double in size in relation to its net assets, without incurring any brokerage fees or commissions. By comparison, if the Company were to raise funds from a share issue it may incur significant capital raising costs, and there is no certainty that it would be able to raise funds to the same level as would result from merging the net assets of Scarborough.

Likelihood of a superior offer

We are advised by the directors of the Company that there are no other known superior offers at the date of this report. If the Proposed Merger is not passed and consummated the opportunities and advantages as described in this report to the Bentley shareholders will not become available and the directors advise there is not likely to be an alternate merger.

Dilution of Control of Non-Associated Shareholders

Should the Proposed Merger be completed the non-associated shareholders of Bentley will effectively have their voting powers reduced from 66.8% to 37.1% as they will be diluted by the issue of new Bentley shares to the shareholders of Scarborough. As such, the ability of the existing non-associated shareholders of Bentley to influence decisions will be reduced accordingly. However,

given all shareholders may have common objectives then presumably all shareholders will benefit from decisions that are intended to increase share prices or generate future profits.

Share Sell Off

Any Bentley or Scarborough shareholders that disapprove of the Proposed Merger may sell large parcels of share holdings in Bentley, which may result a decrease in the Bentley share price.

Utilisation of accumulated tax losses

As at the date of our report, Bentley has accumulated tax losses carried forward to be offset against taxable income. We have been advised by Bentley that both Bentley and Scarborough have considered the impact of the Proposed Merger, and believe that these losses would be available to Bentley post merger. The ongoing deductibility of these accumulated tax losses will be subject to satisfaction of the COT or, if the COT is not satisfied, the SBT.

10. SOURCES OF INFORMATION, DISCLAIMER AND CONSENTS

10.1 Sources of Information

In preparing this report Grant Thornton has used various sources of information, including:

- Draft Notice of General Meeting and draft Explanatory Memorandum dated 9 January 2009;
- Discussions with management and directors of Bentley;
- Bentley's audited financial report for the year ended 30 June 2008;
- Bentley's reviewed management accounts for the period ended 31 October 2008;
- Scarborough's audited financial report for the year ended 30 June 2008;
- Scarborough's reviewed management accounts for the period ended 31 October 2008;
- Bentley's internet website;
- Scarborough's internet website;
- Bentley and Scarborough share prices and other information sourced from Bloomberg;
- Company information sourced from company website and marketing brochure;
- Releases and announcements by Bentley and Scarborough on the ASX; and
- Other publicly available information.

10.2 Qualifications and independence

Grant Thornton (WA) Financial Services Pty Ltd holds Australian Financial Service Licence number 259864 under the Corporations Act 2001 and its authorised representatives are qualified to provide this Report

Grant Thornton provides a full range of corporate finance services and has advised on takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton considered its independence with respect to Bentley and all other parties involved in the Proposed Transactions with reference to the ASIC Regulatory Guide 112 "Independence of expert" We concluded that there are no conflicts of interest with respect to Bentley, its shareholders and other parties involved in the Proposed Transactions.

Grant Thornton and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Bentley (and associated entities) or Scarborough (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transactions.

Grant Thornton has no involvement with, or interest in the outcome of the Proposed Transactions, other than the preparation of this Report.

Grant Thornton will receive a fee based on commercial rates for the preparation of this Report. This fee is not contingent on the outcome of the Proposed Transactions. Grant Thornton's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton will receive no other benefit for the preparation of this report.

10.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton has prepared this report on the basis of financial and other information provided by Bentley and publicly available information. Grant Thornton has considered and relied upon this information. Grant Thornton has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton has evaluated the information provided to it by Bentley and other experts through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of Bentley.

This report has been prepared to assist the independent directors of Bentley in advising Bentley's shareholders in relation to the Proposed Transactions. This Report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton's opinion as to whether the Proposed Transactions are fair and reasonable to the non-associated shareholders of Bentley.

Bentley has indemnified Grant Thornton, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by Bentley's engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by Bentley, which Bentley knew or should have known to be false and/or reliance on information, which was material information Bentley had in its possession and which Bentley knew or should have known to be material and which Bentley did not provide to Grant Thornton. Bentley will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

10.4 Consents

Grant Thornton consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting to be sent to the shareholders of Bentley. Neither the whole nor part of this Report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton as to the form and content in which it appears.

APPENDIX A

VALUATION METHODOLOGIES

ASIC Regulatory Guide 111 provides guidance on the methodologies that an independent expert should consider when valuing a company, assets or securities for the purposes of forming an opinion as to the fairness of the Proposed Transactions pursuant to the Corporations Act.

The valuation methods are:

- the discounted cash flow method (“DCF”);
- the capitalisation of earnings method;
- comparable transactions;
- net asset backing;
- amount distributable to shareholders on orderly realisation of assets; and
- the market value of listed securities.

1. Discounted cash flow method

An analysis of the net present value of projected cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

2. Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company’s business and excludes any abnormal or “one off” profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

3. Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

4. Net asset backing / orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

5. Market value of listed securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

APPENDIX B

FINANCIAL SERVICES GUIDE

1. Grant Thornton (WA) Financial Services Pty Ltd

Grant Thornton (WA) Financial Services Pty Ltd (“Grant Thornton”) carries on a business at Level 1, 10 Kings Park Road, West Perth WA 6005. Grant Thornton holds Australian Financial Services Licence No 259864 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton has been engaged by Bentley International Limited (“Bentley” or the “Company”) to provide general financial product advice in the form of an independent expert’s report (“Report”) in relation to the proposed acquisition of Scarborough Equities Limited (“Scarborough”) shares held by Orion, Mr Peter Simpson and his associates under the Proposed Scheme. The Report is included in the Company’s Notice of Extraordinary General Meeting.

2. Financial Services Guide

This Financial Services Guide (“FSG”) has been prepared in accordance with the Corporations Act 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3. General Financial Product Advice

In our Report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton does not accept instructions in relation to securities from retail clients. Grant Thornton provides no financial services in relation to securities directly to retail clients and receives no remuneration from retail clients for financial services in relation to securities. Grant Thornton does not provide any personal retail financial product advice directly to retail investors in relation to securities nor does it provide market-related advice directly to retail investors in relation to securities.

4. Remuneration

When providing the Report, Grant Thornton’s client is Bentley. Grant Thornton receives its remuneration from Bentley. In respect of the Report, Grant Thornton will receive from Bentley a fee based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the Report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton, or any of the directors or employees of Grant Thornton or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of the Report.

5. Independence

Grant Thornton is required to be independent of Bentley in order to provide a Report. The guidelines for independence in the preparation of the Reports are set out in Regulatory Guide 112 “Independence of expert” issued by the Australian Securities and Investments Commission. The following information in relation to the independence of Grant Thornton is stated below.

Grant Thornton and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Bentley (and associated entities), Orion (and associated entities) or Mr Peter Simpson (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transactions.

In February 2007, Grant Thornton was appointed by Bentley as an Independent Expert in relation to a previous merger proposed between Bentley and Scarborough which did not proceed.

Grant Thornton has no involvement with, or interest in the outcome of the Proposed Transactions, other than the preparation of this report.

Grant Thornton will receive a fixed fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transactions. Grant Thornton’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton will receive no other benefit for the preparation of this report.

Grant Thornton considers itself to be independent in terms of Regulatory Guide 112 “Independence of expert” issued by the ASIC.

6. Complaints Process

Grant Thornton has an internal complaint handling mechanisms and is a member of the Financial Industry Complaints Services’ Complaints Handling Tribunal, No F-3986. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with the complaint can be referred to the Financial Industry Complaints Service who can be contacted at:

PO Box 570 – West Perth, WA 6872
Telephone: 08 9480 2000

Grant Thornton is only responsible for the Report and this FSG. Complaints or questions about the Notice of General Meeting should not be directed to Grant Thornton, which is not responsible for that document. Grant Thornton will not respond in any way that might involve any provision of financial product advice to any retail investor.

APPENDIX C

GLOSSARY

\$ or A\$	Australian Dollar
AASB	Australian Accounting Standard Board
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bentley	Bentley International Limited
Constellation	Constellation Capital Management Limited
Corporations Act	Corporations Act 2001
SBT	Same Business Test
COT	Continuity of Ownership Test
DCF	Discounted Cash Flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMH	Efficient Market Hypothesis
FSP	FSP Equities Management Limited
FSP Fund	FSP Equities Leaders Fund
FY	Financial year
Grant Thornton	Grant Thornton (WA) Financial Services Pty Ltd
NPAT	Net profit after tax
NPV	Net Present Value
NTA	Net Tangible Asset
Orion	Orion Equities Limited
PE	Period Ended
RG 74	ASIC Regulatory Guide 74 “Acquisitions agreed to by shareholders”
RG 111	ASIC Regulatory Guide 111 “Content of expert reports”
RG 112	ASIC Regulatory Guide 112 “Independence of expert’s reports”
Scarborough	Scarborough Equities Limited
VWAP	Volume Weighted Average share Price
WACC	Weighted Average Cost of Capital

PROXY FORM

Bentley International Limited

A.B.N. 87 008 108 218

Website: www.bel.com.au

PLEASE RETURN TO:
The Company Secretary
Bentley International Limited
Level 14, The Forrest Centre
221 St Georges Terrace, Perth WA 6000
Local Call: 1300 762 678 or Enquiries: (08) 9214 9757
Email: info@bel.com.au
Facsimile: (08) 9322 1515

Mark this box with an 'X' if you want to make any changes to your address details (see reverse) [Issuer Sponsored Holders Only]

{Name1}
{Name2}
{Name3}
{Name4}
{Name5}
{Name6}

Our Reference: BEL / {SUB-REGISTER} / {HOLDERID}
Shareholding as at 20 January 2009: {UNITS}
Current TFN Status: {TFN_PROVIDED}
Current Dividend Payment Status: {BANK_ACC_PROVIDED}
Current Election to Receive Hard Copy Annual Report:
{ANNUAL_REP}

A. Appointment of Proxy

I/We being a member/s of Bentley International Limited and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with an "X")

(If you have appointed the Chairman of the Meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of a particular resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote all Chairman's Open Proxies in favour of all resolutions. If you do not mark this box and have not directed your proxy how to vote, the Chairman will not cast your votes and they will not be counted in calculating the required majority if a poll is called on a resolution.)

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the General Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Bentley International Limited to be held at the **Westin Hotel Sydney, Meeting Room 4, 1 Martin Place, Sydney, New South Wales at 11:00 am on Wednesday, 25 February 2009** and at any adjournment of such General Meeting.

B. Voting directions to your proxy - please mark to indicate your directions

RESOLUTIONS	For	Against	Abstain *
1. Approve acquisition of Scarborough Equities Limited shares from Orion Equities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approve acquisition of Scarborough Equities Limited shares from Peter Simpson Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Adopt New Investment Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Change of name to Bentley Capital Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

C. Change of Address and Annual Report Elections (see notes 1 and 2 overleaf)

- Mark this box with an 'X' if you want to make any changes to your address details
- Mark this box with an 'X' if you wish to receive a printed Annual Report by post
- Mark this box with an 'X' if you wish to receive an electronic Annual Report by email and specify your email address below

ANNEXURE TO PROXY FORM - INSTRUCTIONS FOR COMPLETING

1. Change of Address

Your pre-printed name and address is as it appears on the share register of Bentley International Limited. If this information is incorrect, please mark the box at **Section C** of the Proxy Form and make the correction at the top of the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Annual Report Elections

The Australian Government has introduced legislation changing the default option for receiving annual reports. Companies are no longer required to mail out printed annual reports to shareholders. Instead, shareholders can now make an election as follows:

- (a) make a written request for a hard copy annual report to be mailed to you; or
- (b) make a written request for an electronic copy of the annual report to be emailed to you.

If you wish to update your annual report elections, please complete **Section C** of the Proxy Form.

3. Completion of a Proxy Form will not prevent individual shareholders from attending the General Meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the General Meeting.

4. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.

5. A proxy need not be a shareholder of the Company.

6. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a poll and that your shares are not to be counted in computing the required majority on a poll.

7. If a representative of a company shareholder is to attend the General Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the General Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.

8. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or certified copy) of an appropriate Power of Attorney should be produced for admission to the General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

9. Signing Instructions

You must sign this form as follows in the spaces provided in **Section D**:

- | | |
|---------------------------|---|
| Individual: | Where the holding is in one name, the holder must sign. |
| Joint Holding: | Where the holding is in more than one name, all of the shareholders should sign. |
| Power of Attorney: | If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form. |
| Companies: | Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person.
If the company (pursuant to section 204A of the <i>Corporations Act</i> 2001) does not have a Company Secretary, a Sole Director can also sign alone.
Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

10. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below **not later than 11:00 am (AEDT) on Monday, 23 February 2009** (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged:

- by posting, delivery or facsimile to the Company's Company Secretarial office below:

Bentley International Limited
Level 14, The Forrest Centre
221 St Georges Terrace
Perth WA 6000

Bentley International Limited
Reply Paid 83399
Perth WA 6000

Facsimile: (08) 9322 1515



15 January 2009

Dear Shareholder,

Notice of shareholders' meeting: proposed acquisition of Scarborough Equities Limited

On 28 November 2008 Bentley International Limited (**Bentley**) entered an agreement to merge with Scarborough Equities Limited (**Scarborough**), another listed investment company, by acquiring all the shares in Scarborough (**Merger**).

The Merger is subject to certain conditions, including Bentley shareholders passing the resolutions in the enclosed Notice of Meeting.

Reasons for Merger

Bentley and Scarborough are relatively small participants in an industry dominated by larger players. The proposed Merger will:

- Potentially give Bentley a greater ability to raise capital due to an increased asset and shareholder base
- Potentially improve the liquidity of Bentley shares, for similar reasons
- Reduce Bentley's management expense ratio by reducing the two companies' combined expenses and allocating them across a larger net asset pool and
- Give Bentley a more flexible investment mandate.

The Independent Directors believe that the Merger will place Bentley in a stronger position to enhance shareholder value in these challenging economic times.

Merger terms

Under the proposed Merger Bentley will acquire all the issued shares in Scarborough in return for the issue of Bentley shares. The Scarborough shares to be acquired, and the Bentley shares to be issued, will be valued on a net tangible assets per share basis. Bentley will not pay any cash for the acquisition.

The proposed Merger completion date is 13 March 2009. The proposed date for valuing the shares in the two companies is 27 February 2009. If the Merger is successful the number of Bentley shareholders will increase from approximately 1190 to 2400.

www.bel.com.au

Registered Office:
Suite 202, Angela House
30-36 Bay Street
Double Bay New South Wales 2028

T | (02) 9363 5088
F | (02) 9363 5488

ASX Code: BEL
A.B.N. 87 008 108 218



Company Secretarial Office:
Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000
Local T | 1300 762 678
T | (08) 9214 9757
F | (08) 9322 1515
E | info@bel.com.au

Letter from Bentley Independent Directors

The Merger is subject to a number of conditions. The key conditions are:

- Bentley shareholders passing the resolutions in the Notice of Meeting enclosed with this letter
- Scarborough shareholders approving the Merger and
- A Court approving Scarborough's involvement in the Merger.

The Bentley shareholders' meeting

As the passage of the resolutions in the Notice of Meeting is required to enable the Merger to proceed, shareholders should consider the advantages and disadvantages of the proposed Merger when considering how to vote on those resolutions.

The meeting to vote on the resolutions will be held at 11:00 am (Sydney time) on Wednesday, 25 February 2009 at The Westin Hotel, 1 Martin Place, Sydney, New South Wales.

Bentley shareholders should vote at the meeting either by attending in person or by completing and returning the enclosed Proxy Form by the time stated on it.

Detailed information about the Merger and the resolutions is contained in the Explanatory Statement enclosed with this letter. The Independent Directors recommend that shareholders read that Statement.

Independent Directors' recommendation

The Independent Directors each recommend that Shareholders vote in favour of the resolutions in the Notice of Meeting for the reasons in this letter and in the Explanatory Statement.

The Independent Directors commissioned Grant Thornton (WA) Financial Services Pty Ltd as an Independent Expert to report on the transactions the subject of resolutions 1 and 2. The Independent Expert concluded that those transactions are fair and reasonable to shareholders. The Independent Expert's Report is annexed to the Explanatory Statement. The Independent Directors recommend that shareholders read that Report.

Further information

If you require any further information, please email info@bel.com.au, call the Shareholder Information Line on 1300 762 678 (within Australia) or +61 8 9214 9757 (outside Australia) or consult your legal, financial or other professional adviser.

Your Independent Directors,

Robin J. Dean



Director (Alternate for Christopher B. Ryan)

John R. Hart



Director (Alternate for Peter P. Simpson)