

# ASX RELEASE.

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## BELL FINANCIAL GROUP

22 August 2012

### Financial results for the half-year ended 30 June 2012

In accordance with the Listing Rules, please find attached the following materials for immediate release to the market:

1. Appendix 4D – half-year report
2. Media release
3. Condensed Consolidated Interim Financial Report.



Paul Vine  
Company Secretary

# Appendix 4D

## Half-Year Report

Bell Financial Group Ltd  
Half-year ended 30 June 2012

### Listing Rule 4.3A

Company: Bell Financial Group Ltd

ASX Code BFG

Half-Year Ended 30 June 2012

ABN 59 083 194 763

1. The information contained in this report is for the half-year ended 30 June 2012 and the previous corresponding period, 30 June 2011.
2. Statutory Results for Announcement to the market for the Bell Financial Group Ltd Consolidated Group:

			\$ ('000)
Total Revenue from ordinary activities:	down 23.5% to		66,543
Profit / (loss) from ordinary activities after income tax:			(1,826)
Basic earnings per share			(0.7)c
Diluted earnings per share			(0.7)c
<u>Dividends</u>	Amount	Amount per security	Franked amount per security
Interim dividend (declared)	\$0		

4. Brief explanation of any of the figures mentioned above necessary to enable the figures to be understood:

Refer attached Release to Market.

**5. Financial Report**

Refer to Bell Financial Group Ltd's Condensed Interim Financial Report (attached).

**6. Dividends or distribution reinvestment plans**

Dividend or distribution reinvestment plans in operation - not applicable.

The last date(s) for receipt of election notices for the dividend or distribution plans - not applicable.

**7. NTA backing**

	30 June 2012	31 December 2011
Net tangible asset backing per ordinary share	\$0.19	\$0.21

**8. Details of Associate**

Entity name: Third Party Platform Pty Ltd

Percentage holding: 49.8%

**9. Entities over which control has been gained or lost**

None

**10. Commentary on the results for the period**

Refer to Bell Financial Group Ltd Condensed Interim Financial Report attached.

**11. Reviewed accounts**

The accounts have been reviewed and are not subject to qualification.



Paul Vine  
Company Secretary  
22 August 2012

## **MEDIA RELEASE**

**DATE: 22 August 2012**

### **Results for the six months to 30 June 2012**

Bell Financial Group (ASX: BFG) today reported a \$1.8m net loss after tax for the six month period ended 30 June 2012, consistent with earnings guidance issued to the market on 3 July 2012.

The result reflects a 24% reduction in revenues on a previous corresponding period basis, and was mainly attributable to lower daily execution volumes particularly in the Retail business, and fewer completed Equity Capital Markets transactions.

While disappointing, there are a number of positives to be taken from the half:

- The result included approximately \$2m pre-tax in one-off non-recurring expenditure and provisions.
- The Group's Balance Sheet and Cash position remain solid.
- Bell Direct, of which Bell Financial Group is a major shareholder, was selected to provide HSBC Australia with a White Label on-line broking solution. This service went live on 19 June 2012.

The Board has decided it is prudent to not declare an interim ordinary dividend for the period.

ENDS...

#### **About Bell Financial Group**

Bell Financial Group Ltd ([bellfg.com.au](http://bellfg.com.au), ASX: BFG) is a leading Australian full service stock broking and financial advisory firm with a strong track record of providing high quality, professional advice to private, institutional and corporate investors. BFG has 12 offices covering Australia plus one in the UK and has one of the largest distribution networks in the country. The firm's consistent aim is to meet its clients' investment objectives.

**For more information, please contact:**

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Bell Financial Group Ltd  
ABN 59 083 194 763

Condensed Consolidated Interim Financial Report  
30 June 2012

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with Bell Financial Group Ltd's annual report for the year ended 31 December 2011 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Directors' Report

The Directors of Bell Financial Group Ltd ("Bell Financial" or the "Company") present their report, together with the financial statements of the Company and its controlled entities (the "consolidated entity" or "Group") and the auditor's review report thereon, for the half-year ended 30 June 2012.

### Directors

The Directors of the Company at any time during or since the end of the half-year and up to the date of signing this report are:

#### Executive Directors

Mr C Bell  
Mr A Provan

#### Non-executive Directors

Mr C Coleman  
Mr G Cubbin  
Mr M Spry – resigned 5 June 2012  
Mr B Wilson  
Mrs B Shanahan – appointed 5 June 2012

Apart from that disclosed above, all Directors held office throughout the period ended 30 June 2012.

### Principal activities

Bell Financial is an Australian based provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients. Operating across 12 offices nationwide and an office based in London, Bell Financial has over 630 employees, including more than 320 experienced advisers, serving over 125,000 active clients with funds under advice of over \$20 billion.

### Review and results of operations

The consolidated after tax result attributable to members for the half-year ended 30 June 2012 was a \$1.8 million loss (2011: \$6.3 million profit). A summary of the operations of the Group during the half-year is set out in the attached company announcement.

## Directors' Report (continued)

### **Matters subsequent to the end of the financial half-year**

No matters or circumstances have arisen since the end of the half-year period that in the opinion of the Directors of the Group have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **Indemnification and insurance of Directors**

The Company has agreed to indemnify the current Directors against all liabilities to another person (other than the Company or related entity) that may arise from their position as Directors of the Company, except where the liabilities arise out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of liabilities covered by the insurance, the limit of the indemnity and the amount of the premium paid under the contract.

### **Lead auditor's independence declaration**

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the half-year ended 30 June 2012.

### **Rounding of amounts**

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 January 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors.



**Colin Bell**  
Executive Chairman

22 August 2012





*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Bell Financial Group Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A blue ink signature, appearing to be 'D Waters', written over a horizontal line.

Dean Waters  
Partner

Melbourne

22 August 2012

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

## Condensed consolidated income statement

For the half-year ended 30 June 2012

	Half-year ended 30 June	
	2012	2011
	\$ '000s	\$ '000s
Rendering of services	57,568	81,569
Finance income	8,573	10,190
Investing income	(35)	(5,073)
Other income	437	334
<b>Total revenue</b>	<b>66,543</b>	<b>87,020</b>
Employee expenses	(43,214)	(52,989)
Depreciation and amortisation expenses	(770)	(616)
Occupancy expenses	(7,684)	(5,059)
Systems and communication expenses	(7,213)	(7,031)
Professional expenses	(1,492)	(1,479)
Finance expenses	(4,188)	(4,969)
Other expenses	(4,360)	(5,001)
<b>Total expenses</b>	<b>(68,921)</b>	<b>(77,144)</b>
<b>Results from operating activities</b>	<b>(2,378)</b>	<b>9,876</b>
Share of profit / (loss) of equity accounted investments (net of income tax)	(344)	(538)
<b>Profit / (loss) before income tax</b>	<b>(2,722)</b>	<b>9,338</b>
Income tax (expense) / benefit	896	(2,999)
<b>Profit / (loss) after tax for the period</b>	<b>(1,826)</b>	<b>6,339</b>
<b>Attributable to:</b>		
Equity holders of the Company	(1,826)	6,339
<b>Profit / (loss) for the period</b>	<b>(1,826)</b>	<b>6,339</b>
<b>Earnings per share:</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.7)	2.5
Diluted earnings per share	(0.7)	2.4

The notes on pages 11 to 18 are an integral part of these consolidated interim financial statements.

## Condensed consolidated statement of comprehensive income

For the half-year ended 30 June 2012

	Half-year ended 30 June	
	2012	2011
	\$ '000s	\$ '000s
<b>Profit / (loss) for the period</b>	(1,826)	6,339
<b>Other comprehensive income</b>		
Effective portion of changes in fair value of cash flow hedge	200	(90)
<b>Other comprehensive income for the period, net of tax</b>	200	(90)
<b>Total comprehensive income for the period</b>	(1,626)	6,249
<b>Attributable to:</b>		
Equity holders of the Company	(1,626)	6,249
<b>Total comprehensive income for the period</b>	(1,626)	6,249

The notes on pages 11 to 18 are an integral part of these consolidated interim financial statements.

## Condensed consolidated statement of financial position

As at 30 June 2012

	Note	As at 30 June 2012 \$ '000	As at 31 Dec 2011 \$ '000
<b>Assets</b>			
Cash and cash equivalents	7.	95,071	109,933
Trade and other receivables		106,902	52,411
Loans and advances	8.	144,679	138,498
Financial assets		2,514	2,088
Prepayments		551	542
<b>Total current assets</b>		<b>349,717</b>	<b>303,472</b>
Investments in equity accounted investees		12,395	11,068
Deferred tax assets		3,095	2,298
Property, plant and equipment		2,622	3,111
Goodwill	9.	118,819	118,819
Intangible assets		1,595	1,741
<b>Total non-current assets</b>		<b>138,526</b>	<b>137,037</b>
<b>Total assets</b>		<b>488,243</b>	<b>440,509</b>
<b>Liabilities</b>			
Trade and other payables	10.	134,942	72,351
Deposits and borrowings	11.	171,798	182,402
Current tax liabilities		197	1,020
Derivative liability		28	228
Employee benefits		7,825	6,670
Provisions		750	750
<b>Total current liabilities</b>		<b>315,540</b>	<b>263,421</b>
Deferred tax liability		13	3
Employee benefits		2,543	2,444
<b>Total non-current liabilities</b>		<b>2,556</b>	<b>2,447</b>
<b>Total liabilities</b>		<b>318,096</b>	<b>265,868</b>
<b>Net assets</b>		<b>170,147</b>	<b>174,641</b>
<b>Equity</b>			
Contributed equity		164,284	164,284
Reserves		21,242	25,736
Retained earnings / (losses)		(15,379)	(15,379)
<b>Total equity attributable to equity holders of the Company</b>		<b>170,147</b>	<b>174,641</b>

The notes on pages 11 to 18 are an integral part of these consolidated interim financial statements.

Condensed consolidated statement of changes in equity  
For the half-year ended 30 June 2012

	Share capital \$ '000	Treasury shares reserve \$ '000	Share based payments reserve \$ '000	Distributable profits reserve \$ '000	Cash flow hedge reserve \$ '000	Retained earnings \$ '000	Total equity \$ '000
<b>Balance at 1 January 2011</b>	157,666	-	-	34,062	(8)	(15,379)	176,341
<b>Total comprehensive income</b>							
Profit / (loss) for the period	-	-	-	-	-	6,339	6,339
<b>Other comprehensive income</b>							
Change in fair value of cash flow hedge	-	-	-	-	(90)	-	(90)
Total other comprehensive income	-	-	-	-	(90)	-	(90)
Total comprehensive income for the period	-	-	-	-	(90)	6,339	6,249
<b>Transactions with owners, directly in equity</b>							
Transfer of retained earnings	-	-	-	6,339	-	(6,339)	-
Dividends	-	-	-	(10,106)	-	-	(10,106)
<b>Balance at 30 June 2011</b>	157,666	-	-	30,295	(98)	(15,379)	172,484
<b>Balance at 1 January 2012</b>	164,284	(863)	-	26,827	(228)	(15,379)	174,641
<b>Total comprehensive income</b>							
Profit / (loss) for the period	-	-	-	-	-	(1,826)	(1,826)
<b>Other comprehensive income</b>							
Change in fair value of cash flow hedge	-	-	-	-	200	-	200
Total other comprehensive income	-	-	-	-	200	-	200
Total comprehensive income for the period	-	-	-	-	200	(1,826)	(1,626)
<b>Transactions with owners, directly in equity</b>							
Transfer of retained earnings	-	-	-	(1,826)	-	1,826	-
Share based payments	-	-	539	-	-	-	539
Purchase of treasury shares	-	(811)	-	-	-	-	(811)
Employee share awards exercised	-	120	(120)	-	-	-	-
Dividends	-	-	-	(2,596)	-	-	(2,596)
<b>Balance at 30 June 2012</b>	164,284	(1,554)	419	22,405	(28)	(15,379)	170,147

The notes on pages 11 to 18 are an integral part of these consolidated interim financial statements

## Condensed consolidated statement of cash flows

For the half-year ended 30 June 2012

	Half-year ended 30 June	
	2012 \$ '000s	2011 \$ '000s
<b>Cash flows from / (used in) operating activities</b>		
Cash receipts from customers	124,261	62,250
Cash paid to suppliers and employees	(120,377)	(72,897)
Cash generated from / (used in) operations <sup>1</sup>	3,884	(10,647)
Dividends received	21	77
Interest received	8,634	10,198
Interest paid	(4,188)	(4,969)
Income taxes paid	(714)	(5,499)
<b>Net cash from / (used in) operating activities</b>	<b>7,637</b>	<b>(10,840)</b>
<b>Cash flows from / (used in) investing activities</b>		
Net proceeds from sale of listed investments	-	7,920
Acquisition of other investments	(2,174)	(637)
Acquisition of property, plant and equipment	(133)	(712)
<b>Net cash from / (used in) investing activities</b>	<b>(2,307)</b>	<b>6,571</b>
<b>Cash flows from / (used in) financing activities</b>		
Dividends paid	(2,596)	(10,106)
On market share purchases	(811)	-
<i>Bell Potter Capital (Margin Lending)</i>		
Deposits	(20,604)	(19,273)
Loans	(6,181)	13,778
Drawdown / (repayment) of borrowings	10,000	(15,083)
<b>Net cash from / (used in) financing activities</b>	<b>(20,192)</b>	<b>(30,684)</b>
Net decrease in cash and cash equivalents	(14,862)	(34,953)
Cash and cash equivalents at 1 January	109,933	126,674
<b>Cash and cash equivalents at 30 June</b>	<b>95,071</b>	<b>91,721</b>

The notes on pages 11 to 18 are an integral part of these consolidated interim financial statements.

1 'Cash generated from operations' relates to Group cash reserves and client cash balances. Refer to note 7 for further information on cash and cash equivalents.

## Notes to the condensed consolidated interim financial statements

### 1. Reporting entity

Bell Financial Group Ltd (the “Company” or “Bell Financial”) is domiciled in Australia. The consolidated financial statements of the Company comprise the Company and its subsidiaries (the “Group” or “Consolidated Entity”) and the Group’s interest in associates.

The consolidated annual financial report of the Group as at and for the year ended 31 December 2011 is available upon request from the Company’s registered office at Level 29, 101 Collins Street, Melbourne or at [www.bellfg.com.au](http://www.bellfg.com.au).

### 2. Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 December 2011 along with any public announcements made by the company during the interim reporting period.

This condensed consolidated interim financial report was approved by the Board of Directors on 22 August 2012.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### 3. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are consistent with those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2011.

## Notes to the condensed consolidated interim financial statements

### 4. Estimates

The preparation of the condensed consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2011. During the period, management reviewed estimates in respect of:

- recoverability of deferred taxes;
- impairment of loans and advances;
- impairment of goodwill and intangibles;
- legal provisions; and
- long service leave provisions.

### Impairment of goodwill

Goodwill is tested for impairment annually at 31 December, or more frequently if events or changes in circumstances indicate that it might be impaired. At 30 June 2012, an indication of potential impairment was identified, as the carrying amount of the net assets was greater than the market capitalisation of the Group and therefore testing was conducted.

#### *Impairment testing*

The recoverable amount of the business to which each goodwill component is allocated is estimated based on its value in use and is determined by discounting the future cash flows generated from continuing use. At 30 June 2012, goodwill allocated to the retail segment was \$49.8 million and \$69.0 for the wholesale segment, which represent the lowest level at which it is monitored for internal management purposes.

#### *Assumptions*

The assumptions used for determining the recoverable amount are based on past experience and expectations for the future. Projected cash flows for each group of cash-generating units are discounted using an appropriate discount rate and a terminal value multiple is applied.

The following assumptions have been used in determining the recoverable amount of the retail and wholesale segments:

Discount rates:	A range of discount rates was used with 12.0% being the mid-point of the range. The discount rate is a post-tax measure based on the risk-free rate, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific business.
Terminal value multiple:	A range of terminal value multiples was used with 10 times representing the midpoint of the range. The multiples were applied to extrapolate the discounted future maintainable after-tax cash flows beyond the five year forecast period.



## Notes to the condensed consolidated interim financial statements

### Impairment of goodwill (continued)

#### *Assumptions (continued)*

Brokerage revenue:	An overall improvement in average brokerage revenue from current levels in both the wholesale and retail businesses.
Corporate fee income:	An overall improvement in corporate fee income as market conditions improve.

The values assigned to the key assumptions represent management's best future assessment for the stock broking industry and the business and are based on both external sources and internal sources (historical data).

#### *Results*

The results of impairment testing performed did not result in any impairment being identified.

#### *Sensitivity analysis*

The recoverable amounts for the retail and wholesale segments exceed the carrying values. The recoverable amounts are sensitive to several key assumptions and a change in these assumptions could cause the carrying amounts to exceed the recoverable amounts. If brokerage and corporate fee revenue decreases by approximately 5% for retail or 20% for wholesale from the estimated amounts, the estimated recoverable amounts would be equal to the carrying amounts. If the discount rate increases to 16.5% for retail or 23.5% for wholesale, the estimated recoverable amounts would be equal to the carrying amounts. Further, if the terminal value multiple decreased to approximately 7.7 times for retail or 5.0 times for wholesale, the estimated recoverable amounts would be equal to the carrying amounts.

### 5. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 31 December 2011.

# Notes to the condensed consolidated interim financial statements

## 6. Segment reporting

In order to more closely align with how operating results are regularly reviewed and assessed, the operating segments were changed from 1 January 2012. Comparative segment information has been restated accordingly.

The segments reported below are consistent with internal reporting provided to the chief decision makers:

- Retail – equities, futures, foreign exchange, corporate fee income, portfolio administration, margin lending and deposits
- Wholesale – equities and corporate fee income

30 June 2012	Retail \$ '000	Wholesale \$ '000	Other \$'000	Consolidated \$ '000
Revenue from operations	53,294	13,249	-	66,543
Profit / (loss) after tax	(2,948)	1,122	-	(1,826)
Segment assets	399,699	76,149	-	475,848
Investment in associates	-	-	12,395	12,395
<b>Total assets</b>	<b>399,699</b>	<b>76,149</b>	<b>12,395</b>	<b>488,243</b>
Segment liabilities	316,881	1,215	-	318,096
<b>Total liabilities</b>	<b>316,881</b>	<b>1,215</b>	<b>-</b>	<b>318,096</b>
<b>Other segment details</b>				
Finance income	8,573	-	-	8,573
Finance expenses	(4,188)	-	-	(4,188)
Depreciation / amortisation	(645)	(125)	-	(770)
Share of net losses of associates	-	-	(344)	(344)

30 June 2011	Retail \$ '000	Wholesale \$ '000	Other \$'000	Consolidated \$ '000
Revenue from operations	70,576	16,444	-	87,020
Profit / (loss) after tax	4,858	1,481	-	6,339
Segment assets	385,294	87,736	-	473,030
Investment in associates	-	-	10,511	10,511
<b>Total assets</b>	<b>385,294</b>	<b>87,736</b>	<b>10,511</b>	<b>483,541</b>
Segment liabilities	304,546	6,511	-	311,057
<b>Total liabilities</b>	<b>304,546</b>	<b>6,511</b>	<b>-</b>	<b>311,057</b>
<b>Other segment details</b>				
Finance income	10,190	-	-	10,190
Finance expenses	(4,969)	-	-	(4,969)
Depreciation / amortisation	(525)	(91)	-	(616)
Share of net losses of associates	-	-	(538)	(538)

## Notes to the condensed consolidated interim financial statements

### 7. Cash and cash equivalents

	30 June	31 December
	2012	2011
	\$000	\$000
Cash on hand	9	9
Cash at bank	21,705	23,082
Short-term deposits	10,548	15,372
	<u>32,262</u>	<u>38,463</u>
<b>Margin Lending Cash</b>		
Cash at bank and short-term deposits	30,236	45,452
	<u>30,236</u>	<u>45,452</u>
<b>Client Cash</b>		
Cash at bank (Trust account)	19,963	17,744
Segregated cash at bank (client)	12,610	8,274
	<u>32,573</u>	<u>26,018</u>
<b>Cash and cash equivalents in the statement of cash flows</b>	<u>95,071</u>	<u>109,933</u>

Cash on hand, Cash at bank and Short-term deposits represent Group cash reserves.

Cash on hand and at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods of between 60 days and 180 days.

Segregated cash and Trust bank balances earn interest at floating rates based on daily bank rates.

## Notes to the condensed consolidated interim financial statements

### 8. Loans and advances

The following loans and advances were held during the period:

	30 June 2012 \$ '000s	31 December 2011 \$ '000s
<b>Current</b>		
Margin Lending	144,679	138,498
	<u>144,679</u>	<u>138,498</u>

There were no impaired, past due or renegotiated loans at 30 June 2012 (2011: nil).

### 9. Goodwill

#### Cost and carrying amount

	\$ '000s
Balance at 1 July 2011	118,819
Impairment	-
Balance at 31 December 2011	<u>118,819</u>
Balance at 1 January 2012	118,819
Impairment	-
Balance at 30 June 2012	<u>118,819</u>

## Notes to the condensed consolidated interim financial statements

### 10. Trade and other payables

	30 June 2012 \$ '000s	31 December 2011 \$ '000s
<b>Current</b>		
Settlement obligations <sup>1</sup>	87,003	30,907
Sundry creditors and accruals <sup>2</sup>	11,186	6,872
Segregated client liabilities	36,753	34,572
	<u>134,942</u>	<u>72,351</u>

1 'Settlements obligations' are non-interest bearing and are normally settled on 3-day terms.

2 'Sundry creditors' are normally settled on 60-day terms.

### 11. Deposits and borrowings

This note provides information about the contractual terms of the Group's interest-bearing deposits and borrowings.

	30 June 2012 \$ '000s	31 December 2011 \$ '000s
<b>Current</b>		
Deposits <sup>1</sup>	161,798	182,402
Cash advance facility <sup>2</sup>	10,000	-
	<u>171,798</u>	<u>182,402</u>

1 Deposits relate to Margin Lending / Cash Account business (Bell Potter Capital) which are largely at call.

2 Represents drawn funds from available cash advance facility of \$150 million.

### Terms and debt repayment schedule

	Nominal interest rate	Year of maturity	Face value 2012 \$ '000	Carrying amount 2012 \$ '000	Face value 2011 \$ '000	Carrying amount 2011 \$ '000
Deposits	3.09%	At call	161,798	161,798	182,402	182,402
Cash advance facility	4.41%	2012	10,000	10,000	-	-
			<u>171,798</u>	<u>171,798</u>	<u>182,402</u>	<u>182,402</u>

## Notes to the condensed consolidated interim financial statements

### 12. Dividends

Dividends paid or declared by the Group to shareholders during the period were as follows:

	Cents per share	Total amount	Franked / unfranked	Date of payment
<b>2012</b>		<b>\$ '000</b>		
Final 2011 ordinary	1.0	2,596	Franked	23 March 2012
<b>2011</b>				
Interim 2011 ordinary	2.0	5,053	Franked	23 September 2011

All dividends are fully franked based on 30% tax rate.

### 13. Subsequent events

No matters or circumstances have arisen since the end of the half-year period that in the opinion of the Directors of the Group have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### 14. Related parties

There have been no significant changes to the arrangements with related parties. Refer to the full 2011 Annual Financial report for details.

### 15. Commitments and contingencies

The Directors are of the opinion that apart from that already provided for in the financial statements, no further provisions are required in respect of any matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

## Directors' declaration

In the opinion of the Directors of Bell Financial Group Ltd ("the Company"):

1. the financial statements and notes set out on pages 6 to 18, are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 22<sup>nd</sup> day of August 2012.

Signed in accordance with a resolution of the Directors.



**Colin Bell**  
Executive Chairman



## **Independent auditor's review report to the members of Bell Financial Group Ltd**

### **Report on the financial report**

We have reviewed the accompanying interim financial report of Bell Financial Group Ltd, which comprises the condensed consolidated statement of financial position as at 30 June 2012, condensed consolidated income statement and condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

#### *Directors' responsibility for the interim financial report*

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2012 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Bell Financial Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.





*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Bell Financial Group Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in blue ink, appearing to be 'D Waters', written over a horizontal line.

Dean Waters  
*Partner*

Melbourne

22 August 2012