

# ASX RELEASE.

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## BELL FINANCIAL GROUP

22 August 2014

Market Announcements Office  
Australian Securities Exchange

*Via ASX Online*

Dear Sir/Madam

### **Bell Financial Group Limited – Financial results for the half-year ended 30 June 2014**

In accordance with ASX Listing Rule 4.2A, the following documents are attached for release to the market:

1. Appendix 4D (Half-year report)
2. Media Release
3. Condensed Consolidated Interim Financial Report.

This information should be read in conjunction with the Annual Report for the period ended 31 December 2013.

Yours faithfully



**Cindy-Jane Lee**  
Company Secretary

## Appendix 4D (Half-year report)

### Results for announcement to the market

ASX Listing Rule 4.2A

### Bell Financial Group Limited ABN 59 083 194 763 and subsidiaries

Current period:	1 January 2014 to 30 June 2014
Previous corresponding period:	1 January 2013 to 30 June 2013

	Half-year ended 30 June 2014 \$ '000	Half-year ended 30 June 2013 \$ '000	
Revenue from ordinary activities	71,950	76,688	Down 6%
Profit from ordinary activities after tax attributable to shareholders	759	3,313	Down 77%
Net profit for the period attributable to shareholders	759	3,313	Down 77%
<b>Dividend per ordinary share (fully franked)</b>	<b>Amount per share</b>	<b>Paid</b>	
2014 Interim dividend <sup>(1)</sup>	-	-	
2013 Final dividend	1.5 cents	21 Mar 2014	
2013 Interim dividend	1 cent	25 Sep 2013	
Net tangible assets per ordinary shares	\$0.17	\$0.18	

(1) It is not proposed to pay an interim dividend.

### Additional disclosure requirements

Entities over which control gained or lost during the period:	Not applicable
Dividend or distribution reinvestment plans:	Not applicable

Additional Appendix 4D disclosure requirements under the ASX Listing Rules can be found in the attached Condensed Consolidated Interim Financial Report dated 30 June 2014. Commentary on the half-year results is contained in the attached Media Release. This information should be read in conjunction with the 2013 Annual Report and any public announcements made during the period by Bell Financial Group Limited in accordance with the continuous disclosure requirements. This report is based on the Condensed Consolidated Interim Financial Report for the half-year ended 30 June 2014 of Bell Financial Group Limited, which has been reviewed by KPMG. The Independent Auditor's Report provided by KPMG is included in the Condensed Consolidated Interim Financial Report for the half-year ended 30 June 2014.

# ASX RELEASE.

## BELL FINANCIAL GROUP

### MEDIA RELEASE

#### Results for the half year ended 30 June 2014

**Friday, 22 August 2014** – The Bell Financial Group (ASX:BFG) today reported a \$0.76 million net profit after tax for the six months to 30 June 2014. While this is an improvement on the first quarter result reported in May, it is below the \$3.3m net profit recorded for the previous corresponding period (pcp) in 2013. Conditions for the first half of the year remained challenging and despite the market's price recovery from the February lows, turnover for the most part was flat.

Looked at on a quarter by quarter basis the numbers are more encouraging. Profit before tax in the first quarter was \$235k and \$1.53m in the second quarter. Third quarter transactional business continues the improvement and August is currently running at 25% above the year to date daily average.

In contrast Equity Capital Markets were active throughout. Our Corporate division recorded a 17% increase in revenue over the pcp in 2013 and is currently working on a number of transactions which we expect to complete by the end of the year. This combined with the recent across the board pick up in daily transactional activity should result in an improvement in second half earnings.

Our new relationship with Citi has been a success. Our private clients now have access to Citi research and ECM transactions, while Citi has access to our national retail distribution network. We have already participated in a number of transactions together.

We continue to grow our adviser base with a number of highly experienced brokers recently added to the team while, as always, closely monitoring our cost structure.

Bell Direct continues to expand its business, concentrating on the key areas of client acquisition, sponsored holdings, revenue and white label services. Most recently they provided Macquarie Bank with a white label online broking solution adding to the existing white label agreement with HSBC.

Last week Bell Potter Securities and Bell Direct won both "Blue Ribbon Awards" available for the categories Best Full Service Broker and Best Online Broker respectively in the AFR Smart Investor Awards for 2014.

**ENDS ....**



#### About Bell Financial Group

Bell Financial Group Ltd (ASX:BFG) is a leading Australian full service broking and financial advisory firm with a strong track record of providing high quality, professional advice to private, institutional and corporate investors. Bell has 15 offices covering Australia, Hong Kong and London, and has one of the largest distribution networks in the country. Bell Direct is our 51% owned online broking business.

#### For more information, please contact:

Michael Mullane, Cannings Corporate Communications, +61 2 8284 9993, [mmullane@cannings.net.au](mailto:mmullane@cannings.net.au).

Bell Financial Group Limited  
and its controlled entities  
ABN 59 083 194 763

Condensed Consolidated Interim Financial Report  
30 June 2014

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The interim financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that the interim financial report is read in conjunction with the 2013 Annual Report of Bell Financial Group Limited and any public announcements made by the Bell Financial Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

# Bell Financial Group Limited and its controlled entities

## Directors' Report

The Directors of Bell Financial Group Limited ("Bell Financial" or the "Company") present their report on the Company and its controlled entities (the "consolidated entity" or "Group"), for the half-year ended 30 June 2014.

### Directors

The Directors of the Company during the half-year and until the date of this report are shown below:

#### Executive Directors

Mr C Bell  
Mr A Provan  
Mr C Aitken (appointed 20 March 2014)

#### Non-executive Directors

Mr C Coleman  
Mr G Cubbin  
Mr B Wilson  
Mrs B Shanahan

Directors held office for the entire period unless otherwise stated.

### Principal activities

Bell Financial is an Australian based provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients. The Company has over 600 employees, and operates across 13 offices nationwide and offices based in London and Hong Kong.

### Review and results of operations

The consolidated after tax result attributable to shareholders for the half-year ended 30 June 2014 was a \$0.8 million profit (2013: \$3.3 million profit). A summary of the operations of the Group during the half-year is set out in the attached company announcement.

The Company has not declared any interim dividend (2013 interim dividend: 1.0 cent per share).

## 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 Company 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 2014.

### **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 in accordance with a resolution of the Directors.



**Colin Bell**  
Executive Chairman

21 August 2014



*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 2014 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

Dean M Waters  
*Partner*

Melbourne

21 August 2014

## Condensed consolidated income statement

For the half-year ended 30 June 2014

	Half-year ended 30 June	
	2014	2013
	\$ '000s	\$ '000s
Rendering of services	64,448	71,519
Finance income	6,761	7,469
Investing income	(171)	(474)
Other income	912	174
<b>Total revenue</b>	<b>71,950</b>	<b>78,688</b>
Employee expenses	(48,289)	(50,324)
Depreciation and amortisation expenses	(537)	(605)
Occupancy expenses	(6,627)	(6,537)
Systems and communication expenses	(7,547)	(7,797)
Professional expenses	(1,223)	(1,529)
Finance expenses	(2,144)	(2,857)
Other expenses	(3,822)	(4,045)
<b>Total expenses</b>	<b>(70,189)</b>	<b>(73,694)</b>
<b>Results from operating activities</b>	<b>1,761</b>	<b>4,994</b>
<b>Profit / (loss) before income tax</b>	<b>1,761</b>	<b>4,994</b>
Income tax (expense) / benefit	(1,002)	(1,681)
<b>Profit / (loss) after tax for the period</b>	<b>759</b>	<b>3,313</b>
<b>Attributable to:</b>		
Equity holders of the Company	1,017	3,333
Non-controlling interests	(258)	(20)
<b>Profit / (loss) for the period</b>	<b>759</b>	<b>3,313</b>
<b>Earnings per share:</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.3	1.3
Diluted earnings per share	0.3	1.3

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

# Bell Financial Group Limited and its controlled entities

## Condensed consolidated statement of comprehensive income

For the half-year ended 30 June 2014

	Half-year ended 30 June	
	2014	2013
	\$ '000s	\$ '000s
<b>Profit / (loss) for the period</b>	759	3,313
<b>Other comprehensive income</b>		
Effective portion of changes in fair value of cash flow hedge	13	2
<b>Other comprehensive income for the period, net of tax</b>	13	2
<b>Total comprehensive income for the period</b>	772	3,315
<b>Attributable to:</b>		
Equity holders of the Company	1,030	3,335
Non-controlling interests	(258)	(20)
<b>Total comprehensive income for the period</b>	772	3,315

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 2014<sup>1</sup>

	Note	30 June 2014 \$ '000	31 Dec 2013 \$ '000
<b>Assets</b>			
Cash and cash equivalents	7.	113,371	146,298
Trade and other receivables		133,503	72,720
Prepayments		629	673
Financial assets		367	976
Loans and advances	8.	180,453	171,696
Deferred tax assets		9,943	9,761
Property, plant and equipment		1,534	1,725
Goodwill	9.	130,413	130,413
Intangible assets		2,423	2,366
<b>Total assets</b>		<b>572,636</b>	<b>536,628</b>
<b>Liabilities</b>			
Trade and other payables	10.	210,881	144,227
Deposits and borrowings	11.	166,914	192,548
Current tax liabilities		1,435	1,919
Derivative liability		32	45
Employee benefits		15,334	17,336
Provisions		750	450
<b>Total Liabilities</b>		<b>395,346</b>	<b>356,525</b>
<b>Net assets</b>		<b>177,290</b>	<b>180,103</b>
<b>Equity</b>			
Contributed equity	13.	164,284	164,284
Other Equity		1,806	1,806
Reserves		(332)	(612)
Non-controlling interests		4,056	4,314
Retained earnings		7,476	10,311
<b>Total equity attributable to equity holders of the Company</b>		<b>177,290</b>	<b>180,103</b>

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

<sup>1</sup> The presentation format of the condensed consolidated statement of financial position has been changed to order of liquidity. See note 3 for additional disclosures.

**Condensed consolidated statement of changes in equity  
For the half-year ended 30 June 2014**

	Share capital \$ '000	Treasury shares reserve \$ '000	Share based payments reserve \$ '000	Cash flow hedge reserve \$ '000	Retained earnings \$ '000	Non Controlling \$ '000	Other Equity \$ '000	Total equity \$ '000
<b>Balance at 1 January 2013</b>	164,284	(1,434)	607	(58)	6,087	3,947	2,764	176,197
<b>Total comprehensive income</b>								
Profit / (loss) for the period	-	-	-	-	3,313	-	-	3,313
<b>Other comprehensive income</b>								
Change in fair value of cash flow hedge	-	-	-	2	-	-	-	2
Total other comprehensive income	-	-	-	2	-	-	-	2
Total comprehensive income for the period	-	-	-	2	3,313	-	-	3,315
<b>Transactions with owners, directly in equity</b>								
Share based payments	-	-	299	-	-	-	-	299
Purchase of treasury shares	-	(373)	-	-	-	-	-	(373)
Transfer of retained earnings	-	-	-	-	20	(20)	-	-
Increase / (Decrease) in Non-controlling interests	-	-	-	-	-	378	-	378
Increase/ (Decrease) in Other Equity	-	-	-	-	-	-	(959)	(959)
<b>Balance at 30 June 2013</b>	164,284	(1,807)	906	(56)	9,420	4,305	1,805	178,857
<b>Balance at 1 January 2014</b>	164,284	(1,686)	1,119	(45)	10,311	4,314	1,806	180,103
<b>Total comprehensive income</b>								
Profit / (loss) for the period	-	-	-	-	759	-	-	759
<b>Other comprehensive income</b>								
Change in fair value of cash flow hedge	-	-	-	13	-	-	-	13
Total other comprehensive income	-	-	-	13	-	-	-	13
Total comprehensive income for the period	-	-	-	13	759	-	-	772
<b>Transactions with owners, directly in equity</b>								
Share based payments	-	-	267	-	-	-	-	267
Purchase of treasury shares	-	-	-	-	-	-	-	-
Transfer of retained earnings	-	-	-	-	258	(258)	-	-
Employee share awards exercised	-	70	(70)	-	-	-	-	-
Increase/ (Decrease) in Other Equity	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(3,852)	-	-	(3,852)
<b>Balance at 30 June 2014</b>	164,284	(1,616)	1,316	(32)	7,476	4,056	1,806	177,290

## Condensed consolidated statement of cash flows

**For the half-year ended 30 June 2014**

	<b>Half-year ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$ '000s</b>	<b>\$ '000s</b>
<b>Cash flows from / (used in) operating activities</b>		
Cash receipts from customers	135,501	185,704
Cash paid to suppliers and employees	(133,493)	(159,512)
Cash generated from / (used in) operations <sup>1</sup>	2,008	26,192
Dividends received	-	-
Interest received	6,779	7,469
Interest paid	(2,144)	(2,857)
Income taxes paid	(1,668)	(1,390)
<b>Net cash from / (used in) operating activities</b>	<b>4,975</b>	<b>29,414</b>
<b>Cash flows from / (used in) investing activities</b>		
Net proceeds from sale of listed investments	520	220
Acquisition of other investments	(78)	-
Sale of property, plant and equipment	2	-
Acquisition of property, plant and equipment	(103)	(110)
<b>Net cash from / (used in) investing activities</b>	<b>341</b>	<b>110</b>
<b>Cash flows from / (used in) financing activities</b>		
Dividends paid	(3,852)	-
On market share purchases	-	(373)
<i>Bell Potter Capital (Margin Lending)</i>		
Deposits / (withdrawals) from cash accounts	(910)	4,694
(Drawdown) / repayment of margin loans	(8,757)	(14,785)
Drawdown / (repayment) of borrowings	(24,724)	-
<b>Net cash from / (used in) financing activities</b>	<b>(38,243)</b>	<b>(10,464)</b>
Net increase / (decrease) in cash and cash equivalents	(32,927)	19,060
Cash and cash equivalents at 1 January	146,298	107,719
<b>Cash and cash equivalents at 30 June</b>	<b>113,371</b>	<b>126,779</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.

# Bell Financial Group Limited and its controlled entities

## 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 controlled entities (the "Group" or "Consolidated Entity") and the Group's interest in associates.

The Annual Report of Bell Financial Group Limited for the year ended 31 December 2013 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 2013 Annual Report and 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 21 August 2014.

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 2013.

During 2014, management have elected to disclose the Statement of Financial Position in order of liquidity in accordance with Paragraph 60 of Accounting Standards *AASB 101 Presentation of Financial Statements*. The Directors believe the presentation of the Statement of Financial Position in order of liquidity provides information that is reliable and is consistent with the manner in which the broader financial services industry reports. As a consequence, the comparative period (2013) has been represented to be consistent with the current year order of liquidity.

## 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 expenses. 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 2013. 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 2014, 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 2014, goodwill allocated to the retail segment was \$57.5m and \$72.9 million 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 11.0% 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 7 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 from current levels.

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. Using the mid-point range above, if brokerage and corporate fee revenue and communication and systems expenses (which are volume based) decreases by approximately 8% for retail or 17% for wholesale from the estimated amounts, the estimated recoverable amounts would be equal to the carrying amounts. If the discount rate increases to 17% for retail or 19.5% for wholesale, the estimated recoverable amounts would be equal to the carrying amounts. Further, if the terminal value multiple decreased to approximately 4.6 times for retail or 3.9 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 2013.

## 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 30 June 2013. 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

<b>30 June 2014</b>	<b>Retail \$ '000</b>	<b>Wholesale \$ '000</b>	<b>Consolidated \$ '000</b>
Revenue from operations	60,120	11,830	71,950
Profit / (loss) after tax	1,257	(498)	759
Segment assets	492,497	80,139	572,636
<b>Total assets</b>	<b>492,497</b>	<b>80,139</b>	<b>572,636</b>
Segment liabilities	392,807	2,539	395,346
<b>Total liabilities</b>	<b>392,807</b>	<b>2,539</b>	<b>395,346</b>
<b>Other segment details</b>			
Finance income	6,761	-	6,761
Finance expenses	(2,144)	-	(2,144)
Depreciation / amortisation	(508)	(29)	(537)

<b>30 June 2013</b>	<b>Retail \$ '000</b>	<b>Wholesale \$ '000</b>	<b>Consolidated \$ '000</b>
Revenue from operations	63,051	15,637	78,688
Profit / (loss) after tax	1,896	1,417	3,313
Segment assets	512,282	80,370	592,652
<b>Total assets</b>	<b>512,282</b>	<b>80,370</b>	<b>592,652</b>
Segment liabilities	411,284	2,511	413,795
<b>Total liabilities</b>	<b>411,284</b>	<b>2,511</b>	<b>413,795</b>
<b>Other segment details</b>			
Finance income	7,469	-	7,469
Finance expenses	(2,857)	-	(2,857)
Depreciation / amortisation	(577)	(28)	(605)

## Notes to the condensed consolidated interim financial statements

### 7. Cash and cash equivalents

	30 June	31 December
	2014	2013
	\$'000	\$'000
<b>Group Cash Reserves</b>		
Cash on hand	13	13
Cash at bank	12,970	40,426
Short-term deposits	11,275	11,106
	<u>24,258</u>	<u>51,545</u>
<b>Margin Lending Cash</b>		
Cash at bank and short-term deposits	-	22,866
	<u>-</u>	<u>22,866</u>
<b>Client Cash</b>		
Cash at bank (Trust account)	75,971	60,236
Segregated cash at bank (client)	13,142	11,651
	<u>89,113</u>	<u>71,887</u>
<b>Cash and cash equivalents in the statement of cash flows</b>	<u>113,371</u>	<u>146,298</u>

The reduction in Group Cash Reserves (Cash at bank) from \$40.4m at 31 December to \$12.97m at 30 June was primarily due to higher than normal short term client funding, payment of the final 2013 dividend, and payment of accrued 31 December employee entitlements.

The reduction in Margin Lending Cash at bank was due to surplus cash balances in the Margin Lending business at 31 December which have since been reduced by increased funding for the loan book and repayment of the borrowing facility.

The Margin Lending business has a \$100m borrowing facility available of which \$5m was drawn at 30 June (31 December 2013: \$29.7m drawn).

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 2014 \$ '000s	31 December 2013 \$ '000s
Margin Lending	180,453	171,696
	<u>180,453</u>	<u>171,696</u>

Loans and advances are repayable on demand. There were no impaired, past due or renegotiated loans at 30 June 2014 (2013: nil).

There is significant turnover in loans and advances. Based on historical experience the Group's expectation is all but approximately 13% of loans may be realised in the next 12 months (2013: 3%), with the balance being realised after 12 months.

### 9. Goodwill

#### Cost and carrying amount

	\$ '000s
Balance at 1 July 2013	130,413
Impairment	-
Balance at 31 December 2013	<u>130,413</u>
Balance at 1 January 2014	130,413
Impairment	-
Balance at 30 June 2014	<u>130,413</u>

## Notes to the condensed consolidated interim financial statements

### 10. Trade and other payables

	30 June 2014 \$ '000s	31 December 2013 \$ '000s
Settlement obligations <sup>1</sup>	125,768	66,558
Sundry creditors and accruals <sup>2</sup>	11,834	10,796
Segregated client liabilities	73,279	66,693
	<u>210,881</u>	<u>144,227</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 2014 \$ '000s	31 December 2013 \$ '000s
Deposits <sup>1</sup>	161,914	162,824
Cash advance facility <sup>2</sup>	5,000	29,724
	<u>166,914</u>	<u>192,548</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 \$100 million.

### Terms and debt repayment schedule

	Av. effective interest rate	Year of maturity	Face value 2014 \$ '000	Carrying amount 2014 \$ '000	Face value 2013 \$ '000	Carrying amount 2013 \$ '000
Deposits	1.79%	2014	161,914	161,914	162,824	162,824
Cash advance facility	3.18%	2014	5,000	5,000	29,724	29,724
			<u>166,914</u>	<u>166,914</u>	<u>192,548</u>	<u>192,548</u>

## Bell Financial Group Limited and its controlled entities

### 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>2014</b>		<b>\$ '000</b>		
Final 2013 ordinary	1.5	3,852	Franked	21 March 2014
<b>2013</b>				
Final 2012 ordinary	-	-	-	-

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

#### 13. Contributed equity

The authorised capital of the Group is \$164,283,700 representing 259,623,049 fully paid ordinary shares. There were no shares issued during the period.

#### 14. 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.

#### 15. Related parties

There have been no significant changes to the arrangements with related parties. Refer to the full 2013 Annual Report for details.

#### 16. 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 2014 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.

This declaration is made in accordance with a resolution of the Directors.



**Colin Bell**  
Executive Chairman

Sydney  
21 August 2014



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

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

We have reviewed the accompanying half-year financial report of Bell Financial Group Ltd, which comprises the condensed consolidated statements of financial position as at 30 June 2014, condensed consolidated income statements and condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the half-year ended on that date, notes 1 to 16 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 half-year 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 internal 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 2014 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 2014 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

Dean M Waters  
*Partner*

Melbourne

21 August 2014