

# ASX RELEASE.

## BELL FINANCIAL GROUP

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15 August 2019

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

*Via ASX Online*

### **BELL FINANCIAL GROUP LIMITED – RESULTS FOR ANNOUNCEMENT TO THE MARKET**

In accordance with ASX Listing Rule 4.2A, the following half-year information is enclosed for immediate release:

1. Appendix 4D
2. Interim Financial Report for the half-year ended 30 June 2019.

This information should be read in conjunction with the Annual Report for the year ended 31 December 2018.



**Cindy-Jane Lee**  
General Counsel & 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 its controlled entities

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Current period:	1 January 2019 to 30 June 2019
Previous corresponding period:	1 January 2018 to 30 June 2018

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	<b>Half-year ended 30 June 2019 \$ '000</b>	Half-year ended 30 June 2018 \$ '000	
Revenue from ordinary activities	<b>120,606</b>	99,708	Up 21.0%
Profit from ordinary activities after tax attributable to shareholders	<b>15,926</b>	9,786	Up 62.7%
Net profit for the period attributable to shareholders	<b>15,926</b>	9,786	Up 62.7%

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<b>Dividend (fully franked)</b>	<b>Amount per share</b>	<b>Tax rate for franking credit</b>
2019 Interim dividend (to be paid 29 August 2019)	<b>3.50 cents</b>	<b>30%</b>
2018 Final dividend (paid 20 March 2019)	4.25 cents	30%

#### Interim dividend dates

Ex-dividend date	21 August 2019
Record date	22 August 2019
Payment date	29 August 2019

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Net tangible assets per ordinary share	<b>\$0.20</b>	\$0.22
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#### Additional disclosure requirements

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

This information should be read in conjunction with the 2018 Annual Report of Bell Financial Group Limited and its controlled entities and any public announcements made during the period by Bell Financial Group Limited in accordance with the continuous disclosure requirements under the Corporations Act and the Listing Rules. Additional information required under Listing Rule 4.2A is located in the Condensed Consolidated Interim Financial Report for the half-year ended 30 June 2019 of Bell Financial Group Limited and its controlled entities (**Interim Financial Report**). This information is based on the Interim Financial Report, which has been reviewed by KPMG. The Independent Auditor's Report provided by KPMG is included in the Interim Financial Report.

Bell Financial Group Limited  
ABN 59 083 194 763

Condensed Consolidated Interim Financial Report  
30 June 2019

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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 2018 Annual Report of Bell Financial Group Limited and any public announcements made by 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

## Directors' Report

### For the half-year ended 30 June 2019

The directors of Bell Financial Group Limited (**Bell Financial**) present their report, together with the financial report, on the consolidated entity (**Group**) consisting of Bell Financial and its controlled entities for the half-year ended 30 June 2019.

#### Directors

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

#### Executive Directors

Alastair Provan  
Colin Bell

#### Non-executive Directors

Craig Coleman  
Graham Cubbin  
Brian Wilson AO

All Directors held office for the entire period.

#### Principal activities

Bell Financial is an Australian-based provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients. The Group has over 650 employees, operates across 16 offices in Australia and has offices in New York, London, Hong Kong and Kuala Lumpur.

#### Review and results of operations

The consolidated after tax result attributable to shareholders for the half-year ended 30 June 2019 was a \$15.9 million profit (2018: \$9.8 million profit).

The Company has declared a fully franked interim dividend of 3.5 cents per share (2018: 2.75 cents). The dividend record date is 22 August 2019 and payment is expected to be made on 29 August 2019.

#### Subsequent events

Except as described below, 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, results of those operations, or the state of affairs of the Group in future financial years.

On the 5th August 2019, Bell Potter Capital Limited (a wholly owned subsidiary of Bell Financial Group Limited) completed the acquisition of two structured products, Equity Lever and Geared Equity Investments from Macquarie Bank, along with the associated clients and loan books and a dedicated product and business development team. The acquisition almost doubles the size of Bell Potter Capital's existing loan book. It involves a five year earn-out payment that will be internally funded, and it will make an immediate positive contribution to earnings.

**Bell Financial Group Limited**  
**Directors' Report**  
**For the half-year ended 30 June 2019**

**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 2019.

**Rounding of amounts**

Bell Financial is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191* applies. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made on 15 August 2019 in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'A. Provan', with a horizontal line underneath.

**Alastair Provan**  
Acting Chairman & Managing Director  
15 August 2019



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

To the Directors of Bell Financial Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Bell Financial Group Limited for the half-year ended 30 June 2019 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.

A handwritten version of the KPMG logo in blue ink, located to the left of the printed KPMG text.

KPMG

A handwritten signature in blue ink, appearing to read 'Chris Wooden', located above the printed name.

Chris Wooden  
*Partner*

Melbourne

15 August 2019

**Bell Financial Group Limited**  
**Condensed Statement of Profit or Loss**  
For the half-year ended 30 June 2019

	Note	Consolidated half-year ended 30 June	
		2019 \$'000	2018 \$'000
Rendering of services	8.	106,417	91,095
Finance income		8,706	8,889
Investment gains / (losses)		5,097	(555)
Other income		386	279
<b>Total revenue</b>	7.	120,606	99,708
Employee expenses		(71,298)	(60,671)
Depreciation and amortisation expenses	3.	(5,249)	(847)
Occupancy expenses	3.	(1,361)	(5,878)
Systems, communication and ASX expenses		(10,828)	(9,325)
Professional expenses		(1,000)	(1,144)
Finance expenses		(2,981)	(2,440)
Other expenses		(5,338)	(4,679)
<b>Total expenses</b>		(98,055)	(84,984)
<b>Profit / (loss) before income tax</b>		22,551	14,724
Income tax expense		(6,625)	(4,560)
<b>Profit / (loss) for the half-year</b>		15,926	10,164
<b>Attributable to:</b>			
Equity holders of the Company		15,926	9,786
Non-controlling interests		-	378
<b>Profit / (loss) for the half-year</b>		15,926	10,164
<b>Earnings per share:</b>		Cents	Cents
Basic earnings per share (AUD)		5.0	3.7
Diluted earnings per share (AUD)		5.0	3.7

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.



**Bell Financial Group Limited**  
**Condensed Statement of Comprehensive Income**  
**For the half-year ended 30 June 2019**

	<b>Consolidated half-year ended 30 June</b>	
	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>Profit / (loss) for the half-year</b>	15,926	10,164
<b>Other comprehensive income</b>		
<b>Items that may be classified to profit or loss</b>		
Change in fair value of cash flow hedge	(168)	33
Foreign operations – foreign currency translation differences	52	173
<b>Other comprehensive income for the half-year, net of tax</b>	(116)	206
<b>Total comprehensive income for the half-year</b>	15,810	10,370
<b>Attributable to:</b>		
Equity holders of the Company	15,810	9,992
Non-controlling interests	-	378
<b>Total comprehensive income for the half-year</b>	15,810	10,370

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

**Bell Financial Group Limited**  
**Condensed Statement of Financial Position**  
**As at 30 June 2019**

<b>Consolidated</b>			
	<b>Note</b>	<b>30 June 2019 \$'000</b>	<b>31 Dec 2018 \$'000</b>
<b>Assets</b>			
Cash and cash equivalents	9.	340,380	193,622
Trade and other receivables	10.	235,061	120,659
Prepayments		899	960
Financial assets	15.	6,264	1,045
Derivative assets	15.	43	-
Loans and advances	11.	270,291	296,217
Deferred tax assets		5,622	7,624
Right of use assets	3.	26,903	-
Property, plant and equipment		1,097	703
Goodwill	12.	130,413	130,413
Intangible assets		11,400	10,654
<b>Total assets</b>		<b>1,028,373</b>	<b>761,897</b>
<b>Liabilities</b>			
Trade and other payables	13.	350,131	213,190
Deposits and borrowings	14.	402,660	312,441
Current tax liabilities		1,734	162
Derivative liabilities	15.	243	132
Employee benefits		32,779	32,643
Lease liabilities	3.	35,143	-
Deferred tax liabilities		67	-
<b>Total liabilities</b>		<b>822,757</b>	<b>558,568</b>
<b>Net assets</b>		<b>205,616</b>	<b>203,329</b>
<b>Equity</b>			
Contributed equity	17.	204,237	204,237
Other equity		(28,858)	(28,858)
Reserves		(571)	(455)
Retained earnings		30,808	28,405
<b>Total equity attributable to equity holders of the Company</b>		<b>205,616</b>	<b>203,329</b>

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

**Bell Financial Group Limited**  
**Condensed Statement of Changes in Equity**  
**For the half-year ended 30 June 2019**

Consolidated	Share Capital	Other Equity	Treasury Shares Reserve	Share Based Payments Reserve	Cash Flow Hedge Reserve	Foreign Currency Reserve	Non-Controlling Interests	Retained Earnings	Total Equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Balance at 1 January 2018</b>	167,886	1,806	(1,396)	387	(24)	340	5,826	27,025	201,850
<b>Total comprehensive income</b>									
Profit / (loss) for the half-year	-	-	-	-	-	-	-	10,164	10,164
<b>Other comprehensive income</b>									
Change in fair value of cash flow hedges	-	-	-	-	33	-	-	-	33
Translation of foreign currency reserve	-	-	-	-	-	173	-	-	173
Total other comprehensive income	-	-	-	-	33	173	-	-	206
Total comprehensive income for the half-year	-	-	-	-	33	173	-	10,164	10,370
<b>Transactions with owners, directly in equity</b>									
Transfer of retained earnings	-	-	-	-	-	-	378	(378)	-
Share based payments	-	-	-	19	-	-	-	9	28
Employee share awards exercised	-	-	406	(406)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(14,570)	(14,570)
<b>Balance at 30 June 2018</b>	167,886	1,806	(990)	-	9	513	6,204	22,250	197,678
<b>Balance at 1 January 2019</b>	204,237	(28,858)	(1,312)	264	(75)	668	-	28,405	203,329
<b>Total comprehensive income</b>									
Profit / (loss) for the half-year	-	-	-	-	-	-	-	15,926	15,926
<b>Other comprehensive income</b>									
Change in fair value of cash flow hedges	-	-	-	-	(168)	-	-	-	(168)
Translation of foreign currency reserve	-	-	-	-	-	52	-	-	52
Total other comprehensive income	-	-	-	-	(168)	52	-	-	(116)
Total comprehensive income for the half-year	-	-	-	-	(168)	52	-	15,926	15,810
<b>Transactions with owners, directly in equity</b>									
Transfer of retained earnings	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-
Employee share awards exercised	-	-	255	(255)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(13,523)	(13,523)
<b>Balance at 30 June 2019</b>	204,237	(28,858)	(1,057)	9	(243)	720	-	30,808	205,616

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

**Bell Financial Group Limited**  
**Condensed Statement of Cash Flows**  
For the half-year ended 30 June 2019

	Consolidated half-year ended 30 June	
	2019 \$'000	2018 \$'000
<b>Cash flows from / (used in) operating activities</b>		
Cash receipts from customers and clients	113,612	101,237
Cash paid to suppliers and employees	(110,120)	(99,642)
Net cash from client related receivables and payables	37,725	(1,506)
Cash generated from / (used in) operations <sup>1</sup>	41,217	89
Dividends received	4	7
Interest received	8,735	8,931
Interest paid	(2,163)	(2,440)
Income taxes paid	(2,984)	(6,018)
<b>Net cash from operating activities</b>	<b>44,809</b>	<b>569</b>
<b>Cash flows from / (used in) investing activities</b>		
Net proceeds from sale of investments	141	2,018
Acquisition of property, plant and equipment	(561)	(151)
Acquisition of other investments	(253)	(220)
<b>Net cash from / (used in) investing activities</b>	<b>(673)</b>	<b>1,647</b>
<b>Cash flows from / (used in) financing activities</b>		
Dividends paid	(13,523)	(14,570)
<i>Bell Potter Capital (Margin Lending)</i>		
Deposits / (withdrawals) from client cash balances	36,219	(39,085)
(Drawdown) / repayment of margin loans	25,926	(29,936)
Drawdown / (repayment) of borrowings	54,000	52,000
<b>Net cash from / (used in) financing activities</b>	<b>102,622</b>	<b>(31,591)</b>
Net increase / (decrease) in cash and cash equivalents	146,758	(29,375)
Cash and cash equivalents at 1 January	193,622	197,976
<b>Cash and cash equivalents at 30 June</b>	<b>340,380</b>	<b>168,601</b>

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

1. 'Cash generated from operations' includes Group cash reserves and client balances. Refer to note 9 for further information on cash and cash equivalents.

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements**  
**For the half-year ended 30 June 2019**

**1. Reporting entity**

Bell Financial Group Limited (“Bell Financial” or the “Company”) is domiciled in Australia. The address of the Company’s registered office is Level 29, 101 Collins Street, Melbourne, VIC. The Consolidated Financial Statements of the Company comprise the Company, and its controlled entities (the “Group” or “Consolidated Entity”).

The Annual Report of Bell Financial Group Limited for the year ended 31 December 2018 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 2018 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 15 August 2019.

Bell Financial is an entity to which *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instruments 2016/191* applies. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2018 comparative amounts for rendering of services revenue and employee expenses have been restated by \$1,435,000 in order to present the amounts on a consistent basis with the way they are presented in 2019. There is no impact on the 2018 profit after tax or equity.

**3. Significant accounting policies**

Except as described below, the accounting policies applied by the Group in the condensed 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 2018.

**AASB 16 Leases**

The Group has initially adopted AASB 16 *Leases* from 1 January 2019.

AASB 16 Leases introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 Leases replaces existing leases guidance including AASB 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease.

The Group has a number of property leases. At transitional date 1 January 2019, a right of use asset of \$31m was recorded as an asset, with a corresponding lease liability of \$39.7m. There was a reduction in trade & other payables of \$8.6m.

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements (continued)**  
**For the half-year ended 30 June 2019**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the incremental borrowing rate determined by the Group. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made.

***Impacts for the period***

As a result of initially applying AASB 16, in relation to the leases that were previously classified as operating leases, the Group recognised \$27m of right-of-use assets (including investment property) and \$35m of lease liabilities as at 30 June 2019.

Also in relation to those leases under AASB 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ending 30 June 2019, the Group recognised \$4.2m of depreciation charges and \$0.8m of interest costs from these leases.

**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 2018. During the period, management reviewed estimates in respect of:

- Recovery of deferred tax assets;
- Impairment of loans and advances;
- Long service leave provisions;
- Legal provisions;
- Intangible assets; and
- Impairment of goodwill.

**Impairment of goodwill**

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill is allocated to the Retail and Wholesale segment which represents the lowest level at which it is monitored for internal management purposes.

The recoverable amount of the business to which each goodwill component is allocated to a cash-generating unit is estimated based on its value in use and is determined by discounting the future cash flows generated from continuing use. At 30 June 2019, goodwill allocated to the cash-generating units was \$57.5 million for Retail and \$72.9 million for the Wholesale segment.

There were no indicators of impairment for the half-year ended 30 June 2019.

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements (continued)**  
**For the half-year ended 30 June 2019**

*Key assumptions used in discounted cash flow projections*

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 assumptions used for the consolidated financial report as at and for the year ended 31 December 2018 remain applicable to the interim period.

**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 2018.

**6. Determination of fair value**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined and disclosed based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*Investments in equity*

The fair values of financial assets at fair value through profit or loss are determined with reference to the quoted bid price, or if unquoted determined using a valuation model at reporting date.

*Derivatives*

The fair value of interest rate swaps is based on a mark-to-market model with reference to prevailing fixed and floating interest rates. These quotes are tested for reasonableness by discounting estimated future cash flows based on term to maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of currency swaps is determined using quoted forward exchange rates at the reporting date and present value calculations based on high quality yield curves in the respective currencies.

The fair value of options is determined using the Black Scholes option-pricing model.

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements (continued)**  
For the half-year ended 30 June 2019

**7. Segment Reporting**

Business segments

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 services, margin lending and deposits; and
- Wholesale – equities and corporate fee income.

<b>30 June 2019</b>	<b>Retail \$'000</b>	<b>Wholesale \$'000</b>	<b>Consolidated \$'000</b>
Revenue from operations	83,642	36,964	120,606
Profit / (loss) after tax	6,687	9,239	15,926
Segment assets	935,114	93,259	1,028,373
<b>Total assets</b>	<b>935,114</b>	<b>93,259</b>	<b>1,028,373</b>
Segment liabilities	811,155	11,602	822,757
<b>Total liabilities</b>	<b>811,155</b>	<b>11,602</b>	<b>822,757</b>
<b>Other segment details</b>			
Interest revenue	8,706	-	8,706
Interest expense	(2,866)	(115)	(2,981)
Depreciation / amortisation	(4,454)	(795)	(5,249)
<b>30 June 2018</b>	<b>Retail \$'000</b>	<b>Wholesale \$'000</b>	<b>Consolidated \$'000</b>
Revenue from operations	81,111	18,597	99,708
Profit / (loss) after tax	7,291	2,873	10,164
Segment assets	763,868	79,357	843,225
<b>Total assets</b>	<b>763,868</b>	<b>79,357</b>	<b>843,225</b>
Segment liabilities	641,634	3,913	645,547
<b>Total liabilities</b>	<b>641,634</b>	<b>3,913</b>	<b>645,547</b>
<b>Other segment details</b>			
Interest revenue	8,889	-	8,889
Interest expense	(2,440)	-	(2,440)
Depreciation / amortisation	(824)	(23)	(847)

**Geographical segments**

The Group operates predominantly within Australia and has offices in New York, London and Hong Kong.



**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements (continued)**  
For the half-year ended 30 June 2019

**8. Revenue**

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by major products and service lines.

30 June	Retail		Wholesale		Consolidated	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Brokerage	49,489	49,400	9,729	9,825	59,218	59,225
Fee income	14,324	12,061	21,656	8,980	35,980	21,041
Portfolio administration fees	8,910	8,520	-	-	8,910	8,520
Other <sup>1</sup>	1,817	1,941	492	368	2,309	2,309
	<u>74,540</u>	<u>71,922</u>	<u>31,877</u>	<u>19,173</u>	<u>106,417</u>	<u>91,095</u>

1. 2018 comparative amounts have been restated. Refer to note 2 for further information.

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements (continued)**  
For the half-year ended 30 June 2019

**9. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Group cash reserves<sup>1</sup></b>		
Cash on hand	13	14
Cash at bank	77,105	86,942
	<u>77,118</u>	<u>86,956</u>
<b>Margin lending cash</b>		
Cash at bank and short-term deposits	137,579	19,585
	<u>137,579</u>	<u>19,585</u>
<b>Client cash</b>		
Cash at bank (Trust account)	71,475	33,512
Segregated cash at bank (client)	54,208	53,569
	<u>125,683</u>	<u>87,081</u>
<b>Cash and cash equivalents in the Statement of Cash Flows</b>	<u>340,380</u>	<u>193,622</u>

Cash on hand and at bank earns interest at floating rates based on daily bank deposit rates.

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

Segregated cash and Trust bank balances are client funds, and are not available for general use by the Group. A corresponding liability is recognised within trade and other payables (note 13).

<b>1 Group cash – key movement summary</b>	<b>\$'000</b>
Group cash balance - 1 January 2019	<b>86,956</b>
Total Cash Revenues	117,633
Less Cash Expenses	
Employee expenses	(72,783)
Occupancy expenses	(6,809)
Systems, communications and ASX expenses	(10,828)
Professional expenses	(1,000)
Finance expenses	(2,163)
Other expenses	(5,338)
Total Cash Expenses	<u>(98,921)</u>
Net Group operating cash flows	18,712
<b>Balance Sheet</b>	
Tax instalments paid	(2,984)
Dividend paid	(13,523)
Clearing house deposits lodged	(11,169)
Financial asset sales (net)	(112)
General working capital movement	(762)
	<u>77,118</u>
Group cash balance - 30 June 2019	<u>77,118</u>

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements (continued)**  
For the half-year ended 30 June 2019

**10. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade debtors	195,925	77,187
Less: provision for impairment	(80)	-
	<u>195,845</u>	<u>77,187</u>
Clearing house deposits	15,826	4,715
Segregated deposits with clearing brokers	18,266	32,275
Less: provision for impairment	-	-
	<u>34,092</u>	<u>36,990</u>
Sundry debtors	5,124	6,482
	<u>235,061</u>	<u>120,659</u>

Trade debtors are predominantly ASX settlement obligations that are normally settled on 2-day terms.

**11. Loans and advances**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Margin lending	270,291	296,217
	<u>270,291</u>	<u>296,217</u>

Loans and advances are repayable on demand. There were no impaired, past due or renegotiated loans at 30 June 2019 (2018: nil).

There is significant turnover in loans and advances. Based on historical experience the Group's expectation is all but approximately 2% of loans may be realised in the next 12 months (2018: 8%), with the balance being realised after 12 months.

**12. Goodwill**

	<b>Consolidated</b>
	<b>\$'000</b>
Balance at 1 July 2018	130,413
Impairment	-
Balance at 31 December 2018	<u>130,413</u>
Balance at 1 January 2019	130,413
Impairment	-
Balance at 30 June 2019	<u>130,413</u>

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements (continued)**  
For the half-year ended 30 June 2019

**13. Trade and other payables**

	<b>Consolidated</b>	
	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Settlement obligations	242,102	92,842
Sundry creditors and accruals	15,435	20,948
Segregated client liabilities	92,594	99,400
	<b>350,131</b>	<b>213,190</b>

Settlement obligations are non-interest bearing and are normally settled on 2-day terms. Sundry creditors are normally settled on 60-day terms.

**14. Deposits and borrowings**

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

	<b>Consolidated</b>	
	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Deposits (cash account) <sup>1</sup>	264	1,644
Bell Cash Trust <sup>2</sup>	312,396	274,797
Cash advance facility <sup>3</sup>	90,000	36,000
	<b>402,660</b>	<b>312,441</b>

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

2 Represents client funds held in the Bell Cash Trust which are held at call.

3 Represents drawn funds from available Bell Potter Capital banking facility of \$250m (2018:\$100m).

**Terms and debt repayment schedule**

Terms and conditions of outstanding deposits and borrowings were as follows:

<b>Consolidated</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>		<b>2018</b>	
	<b>Average effective interest rate</b>		<b>Face value</b>	<b>Carrying amount</b>	<b>Face value</b>	<b>Face value</b>
Cash advance facility	2.52%	2.66%	90,000	90,000	36,000	36,000
Deposits (cash account)	0.87%	1.08%	264	264	1,644	1,644
Bell Cash Trust	0.87%	1.08%	312,396	312,396	274,797	274,797
			<b>402,660</b>	<b>402,660</b>	<b>312,441</b>	<b>312,441</b>

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements**  
For the half-year ended 30 June 2019

**15. Financial Instruments**

**Fair value measurements**

**a. Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

30 JUNE 2019	Note	Carrying Amount				Total	Fair Value			Total	
		Designated at fair value	Fair value hedging instruments	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3		
		\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000		
<b>Financial assets measured at fair value</b>											
		Equity securities / unlisted options	6,264	-	-	-	6,264	2,188	4,076	-	6,264
		Foreign currency swap	-	43	-	-	43	-	43	-	43
			6,264	43	-	-	6,307	2,188	4,119	-	6,307
<b>Financial assets not measured at fair value</b>											
	10.	Trade and other receivables	-	-	235,061	-	235,061	-	-	-	-
	9.	Cash and cash equivalents	-	-	340,380	-	340,380	-	-	-	-
	11.	Loans and advances	-	-	270,291	-	270,291	-	-	-	-
			-	-	845,732	-	845,732	-	-	-	-
<b>Financial liabilities measured at fair value</b>											
		Interest rate swaps used for hedging	-	243	-	-	243	-	243	-	243
			-	243	-	-	243	-	243	-	243
<b>Financial liabilities not measured at fair value</b>											
	13.	Trade and other payables	-	-	-	350,131	350,131	-	-	-	-
	14.	Deposits and borrowings	-	-	-	402,660	402,660	-	-	-	-
			-	-	-	752,791	752,791	-	-	-	-

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements (continued)**  
For the half-year ended 30 June 2019

31 DECEMBER 2018	Note	Carrying Amount				Total	Fair Value			Total
		Designated at fair value	Fair value hedging instruments	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial assets measured at fair value</b>										
Equity securities / unlisted options		1,045	-	-	-	1,045	555	490	-	1,045
		<u>1,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,045</u>	<u>555</u>	<u>490</u>	<u>-</u>	<u>1,045</u>
<b>Financial assets not measured at fair value</b>										
Trade and other receivables	10.	-	-	120,659	-	120,659	-	-	-	-
Cash and cash equivalents	9.	-	-	193,622	-	193,622	-	-	-	-
Loans and advances	11.	-	-	296,217	-	296,217	-	-	-	-
		<u>-</u>	<u>-</u>	<u>610,498</u>	<u>-</u>	<u>610,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities measured at fair value</b>										
Interest rate swaps used for hedging		-	75	-	-	75	-	75	-	75
Foreign currency swap		-	57	-	-	57	-	57	-	57
		<u>-</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>132</u>
<b>Financial liabilities not measured at fair value</b>										
Trade and other payables	13.	-	-	-	201,726	201,726	-	-	-	-
Deposits and borrowings	14.	-	-	-	312,441	312,441	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>514,167</u>	<u>514,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**b. Accounting classifications and fair values**

The following shows the valuation techniques used in measuring level 1, 2 and 3 values, as well as the significant unobservable inputs used.

Level 1 - Equity securities - the valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Unlisted options - the valuation technique uses observable inputs. The observable inputs include strike price, expiry date and market price. The valuation is based on Black Scholes model.

Level 2 - Interest rate swaps - the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Level 2 - Currency swaps - the fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high quality yield curves in the respective currencies.

**Bell Financial Group Limited**  
**Notes to the Condensed Interim Financial Statements**  
**For the half-year ended 30 June 2019**

**16. Dividends**

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

<b>Dividend</b>	<b>Per share</b>	<b>Total \$'000</b>	<b>Fully Franked</b>	<b>Date of payment</b>
<b>2019</b>				
Final 2018 ordinary	4.25 cents	13,523	Yes	20 March 2019
<b>2018</b>				
Final 2017 ordinary	5.50 cents	14,570	Yes	21 March 2018
Interim 2018 ordinary	2.75 cents	8,742	Yes	29 August 2018

**17. Contributed equity**

The authorised capital of the Group is \$204,236,590 (2018: \$204,236,590) representing 320,743,948 (2018: 320,743,948) fully paid ordinary shares. There were no shares issued during the period.

**18. Subsequent events**

Except as described below, 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, results of those operations, or the state of affairs of the Group in future financial years.

On the 5th August 2019, Bell Potter Capital Limited (a wholly owned subsidiary of Bell Financial Group Limited) completed the acquisition of two structured products, Equity Lever and Geared Equity Investments from Macquarie Bank, along with the associated clients and loan books and a dedicated product and business development team. The acquisition almost doubles the size of Bell Potter Capital's existing loan book. It involves a five year earn-out payment that will be internally funded, and it will make an immediate positive contribution to earnings.

**19. Related parties**

There have been no significant changes to the arrangements with related parties. Refer to the full 2018 Annual Report for details.

**20. 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.

## Bell Financial Group Limited Directors' Declaration

In the opinion of the Directors of Bell Financial Group Limited (**Bell Financial**):

1. the condensed consolidated interim financial statements and notes set out on pages 6 to 21, 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 2019 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 Bell Financial will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**Alastair Provan**  
Acting Chairman & Managing Director  
15 August 2019





# Independent Auditor's Review Report

To the shareholders of Bell Financial Group Limited

## Report on the Condensed Consolidated Interim Financial Report

### Conclusion

We have reviewed the accompanying **Condensed Consolidated Interim Financial Report** of Bell Financial Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report of Bell Financial Group Limited 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 2019 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Consolidated Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 30 June 2019;
- Condensed consolidated statement of profit or loss, Condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Bell Financial Group Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

### Responsibilities of the Directors for the Condensed Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Interim Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Condensed Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Consolidated 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 Condensed Consolidated 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 2019 and its performance for the half-year 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 Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Condensed Consolidated 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.

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

The KPMG logo is written in a stylized, blue, handwritten font.

KPMG

A blue handwritten signature, appearing to read 'Chris Wooden', is written over a light blue circular stamp.

Chris Wooden

Partner

Melbourne

15 August 2019