

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
A.B.N. 54 085 797 735**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2014**

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
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**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

DIRECTORS' REPORT

The Directors of Bell Potter Capital Limited ("the Company") present their report together with the consolidated financial report consisting of Bell Potter Capital Limited and its controlled entities ("the Group") for the half-year ended 30 June 2014 and the auditor's report thereon.

The names of the Company's Directors in office at any time during or since the end of the financial year are set out below. Directors were in office for this entire period unless otherwise stated.

Name:	Position:	Date Appointed:
C M Bell	Chairman	January 1999
D A Provan	Managing Director	December 1993
L M Bell	Director	January 1999
A G Bell	Director	January 1999
R Fell	Director	November 2007
D Davenport	Director	November 2007
C Coleman	Director	November 2007

PRINCIPAL ACTIVITIES

The principal activities of the Company are margin lending and cash deposit businesses.

REVIEW AND RESULTS OF OPERATIONS

The Company commenced its margin lending and cash deposit business in May 2006, and will continue to develop these businesses into the future.

The Group's profit before income tax for the half year was \$1,051,177 (2013: \$1,182,853).

The Company's profit before income tax for the half year was \$1,051,177 (2013: \$1,182,853).

The Group's profit after income tax for the half year was \$735,824 (2013: \$827,997).

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DIVIDENDS

Dividends paid out of retained earnings during the half year to 30 June 2014 were \$2,000,000 (2013: Nil).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the half-year period that in the opinion of the Directors of the Group has 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.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

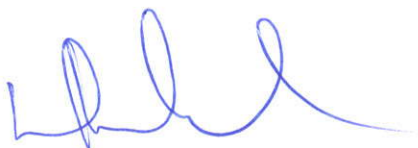
The lead auditor's independence declaration is set out on page 2 and forms part of the Directors' Report for the half-year ended 30 June 2014.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current Directors of the Company, against all liabilities to another person (other than the Company or related parties) 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 the liabilities covered by the insurance, the limit of the indemnity and the amount of the premium paid under the contract.

Since the end of the previous financial year the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Company.

Signed in accordance with a resolution of the Board of Directors.



Dean Davenport
Director

Melbourne
Date: 22nd August 2014



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

To: the directors of Bell Potter Capital Limited

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

22 August 2014



Independent auditor's review report to the members of Bell Potter Capital Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Bell Potter Capital Limited, 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 10 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 half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year 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 half-year 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 half-year 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 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 Potter Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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 half-year financial report of Bell Potter Capital Limited 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 half-year 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

22 August 2014

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

	Consolidated Entity		Parent Entity	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	\$	\$	\$	\$
Finance income	5,654,979	6,254,668	4,004,545	4,926,623
Finance costs	(2,345,823)	(2,990,438)	(1,733,420)	(2,324,586)
Total finance income	3,309,156	3,264,230	2,271,125	2,602,037
Other income	2,265	1,546	1,030,040	662,940
Total revenue	3,311,421	3,265,776	3,301,165	3,264,977
Management fees	(777,829)	(746,077)	(777,829)	(746,077)
Commission paid	(1,052,971)	(909,761)	(1,052,971)	(909,761)
System expenses	(206,286)	(210,073)	(206,286)	(210,073)
Professional expenses	(42,117)	(48,324)	(33,608)	(48,225)
Other expenses	(181,041)	(168,688)	(179,294)	(167,988)
Profit before income tax	1,051,177	1,182,853	1,051,177	1,182,853
Income tax (expense) / benefit	(315,353)	(354,856)	(315,353)	(354,856)
Profit for the year	735,824	827,997	735,824	827,997
Attributable to:				
Equity holders of the Company	735,824	827,997	735,824	827,997
Profit for the year	735,824	827,997	735,824	827,997

The notes on pages 10 to 11 are an integral part of these consolidated financial statements.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

	Consolidated Entity		Parent Entity	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	\$	\$	\$	\$
Profit for the year	735,824	827,997	735,824	827,997
Other comprehensive income				
Changes in fair value of cash flow hedge	13,566	2,636	(9,278)	2,636
Other comprehensive income for the year, net of tax	13,566	2,636	(9,278)	2,636
Total comprehensive income for the year	749,390	830,633	726,546	830,633
Attributable to:				
Equity holders of the company	749,390	830,633	726,546	830,633
Total comprehensive income for the year	749,390	830,633	726,546	830,633

The notes on pages 10 to 11 are an integral part of these consolidated financial statements.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014¹**

		Consolidated Entity		Parent Entity	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
		\$	\$	\$	\$
ASSETS					
Cash and cash equivalents		4,111,583	38,390,211	4,076,284	38,351,750
Trade and other receivables		3,786,126	1,086,275	71,241,252	50,701,487
Prepayments		131,822	158,070	131,822	158,070
Loans and advances	5	180,453,137	171,695,623	106,595,741	91,535,884
Investment in Controlled Entities		-	-	20,102	20,102
TOTAL ASSETS		188,482,668	211,330,179	182,065,201	180,767,293
LIABILITIES					
Trade and other payables		7,059,719	3,008,461	5,642,252	2,170,041
Deposits and other borrowings	6	174,913,870	200,548,463	169,913,870	170,823,997
Derivatives		31,518	45,084	29,950	20,672
Provisions		185,000	185,000	185,000	185,000
TOTAL LIABILITIES		182,190,107	203,787,008	175,771,072	173,199,710
NET ASSETS		6,292,561	7,543,171	6,294,129	7,567,583
EQUITY					
Contributed equity		3,000,000	3,000,000	3,000,000	3,000,000
Cash flow hedge reserve		(31,518)	(45,084)	(29,950)	(20,672)
Retained earnings		3,324,079	4,588,255	3,324,079	4,588,255
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		6,292,561	7,543,171	6,294,129	7,567,583

The notes on pages 10 to 11 are an integral part of these consolidated financial statements.

1. The presentation format of the Condensed Consolidated Statement of Financial Position has been changed to order of liquidity. See note 2 for additional disclosures.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

	Share Capital \$	Cash Flow Hedge Reserve \$	Retained Earnings \$	Total Equity \$
Consolidated Entity:				
Balance at 1 January 2013	3,000,000	(58,319)	2,700,844	5,642,525
Total comprehensive income				
Profit for the year	-	-	827,997	827,997
Other comprehensive income				
Changes in fair value of cash flow hedge	-	2,636	-	2,636
Total other comprehensive income	-	2,636	-	2,636
Total comprehensive income for the year	-	2,636	827,997	830,633
Transactions with owners, directly in equity				
Dividends	-	-	-	-
Balance at 30 June 2013	3,000,000	(55,683)	3,528,841	6,473,158
Balance at 1 January 2014	3,000,000	(45,084)	4,588,255	7,543,171
Total comprehensive income				
Profit for the year	-	-	735,824	735,824
Other comprehensive income				
Changes in fair value of cash flow hedge	-	13,566	-	13,566
Total other comprehensive income	-	13,566	-	13,566
Total comprehensive income for the year	-	13,566	735,824	749,390
Transactions with owners, directly in equity				
Dividends	-	-	(2,000,000)	(2,000,000)
Balance at 30 June 2014	3,000,000	(31,518)	3,324,079	6,292,561
Parent Entity:				
Balance at 1 January 2013	3,000,000	(58,319)	2,700,844	5,642,525
Total comprehensive income				
Profit for the year	-	-	827,997	827,997
Other comprehensive income				
Changes in fair value of cash flow hedge	-	2,636	-	2,636
Total other comprehensive income	-	2,636	-	2,636
Total comprehensive income for the year	-	2,636	827,997	830,633
Transactions with owners, directly in equity				
Dividends	-	-	-	-
Balance at 30 June 2013	3,000,000	(55,683)	3,528,841	6,473,158
Balance at 1 January 2014	3,000,000	(20,672)	4,588,255	7,567,583
Total comprehensive income				
Profit for the year	-	-	735,824	735,824
Other comprehensive income				
Changes in fair value of cash flow hedge	-	(9,278)	-	(9,278)
Total other comprehensive income	-	(9,278)	-	(9,278)
Total comprehensive income for the year	-	(9,278)	735,824	726,546
Transactions with owners, directly in equity				
Dividends	-	-	(2,000,000)	(2,000,000)
Balance at 30 June 2014	3,000,000	(29,950)	3,324,079	6,294,129

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

	Consolidated Entity		Parent Entity	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	\$	\$	\$	\$
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Cash receipts in the course of operations	2,265	3,774	79,734	58,803
Cash payments in the course of operations	(11,944,931)	(11,965,010)	(35,066,451)	(10,879,812)
Interest received	7,241,541	7,412,029	4,888,783	5,608,394
Interest paid	(2,405,330)	(2,999,615)	(1,729,825)	(2,333,764)
Net cash flows from operating activities	(7,106,455)	(7,548,822)	(31,827,759)	(7,546,379)
CASH FLOW FROM INVESTING ACTIVITIES				
Payment for investments	-	-	-	-
Net Cash Flows provided by Investing Activities	-	-	-	-
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Repayment of intercompany borrowings	(447,707)	(402,899)	(447,707)	(402,899)
Cash Advance Facility repayment	(24,724,466)	-	-	-
Dividend Paid	(2,000,000)	-	(2,000,000)	-
Net cash flows from / (used in) financing activities	(27,172,173)	(402,899)	(2,447,707)	(402,899)
NET INCREASE / (DECREASE) IN CASH HELD	(34,278,628)	(7,951,721)	(34,275,466)	(7,949,278)
Cash and cash equivalents at 1 January	38,390,211	44,265,301	38,351,750	44,216,738
CASH AND CASH EQUIVALENTS AT 30 JUNE	4,111,583	36,313,580	4,076,284	36,267,460

The notes on pages 10 to 11 are an integral part of these consolidated financial statements.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

Bell Potter Capital Limited (the "Company") is domiciled in Australia. The address of the Company's registered office is Level 29, 101 Collins Street, Melbourne, VIC. The condensed consolidated interim financial statements of the Company comprise of the Company and its subsidiaries (the "Group" or "Consolidated Entity") for the half year ended 30 June 2014 and auditor's report thereon.

Bell Potter Capital Limited is a company limited by shares, incorporated in Australia.

The principal activities of the Company are margin lending and cash deposit businesses.

1 STATEMENT OF COMPLIANCE

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

The 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 2013.

The condensed consolidated interim financial report was approved by the Board of Directors on 22 August 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

Other than described below 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.

3 ESTIMATES

The preparation of the condensed consolidated interim financial reports 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 judgments 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 reassessed estimates in respect of:

Impairment of loans and advances

The Company assesses impairment of all loans at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. In the Directors' opinion, no such impairment exists beyond that provided at 30 June 2014.

4 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.

5 LOANS AND ADVANCES

	Consolidated Entity		Parent Entity	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	\$	\$	\$	\$
Margin Lending	180,453,137	171,695,623	106,595,741	91,535,884
	<u>180,453,137</u>	<u>171,695,623</u>	<u>106,595,741</u>	<u>91,535,884</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.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

6 DEPOSITS AND OTHER BORROWINGS

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

	Consolidated Entity		Parent Entity	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	\$	\$	\$	\$
Deposits (Cash Account)	161,913,870	162,823,997	161,913,870	162,823,997
Subordinated Debt - Bell Financial Group Ltd ¹	8,000,000	8,000,000	8,000,000	8,000,000
Cash advance facility ²	5,000,000	29,724,466	-	-
	<u>174,913,870</u>	<u>200,548,463</u>	<u>169,913,870</u>	<u>170,823,997</u>

¹ Represents drawn funds from available subordinated debt facility of \$15 million.

² Represents drawn funds from available cash advance facility of \$100 million.

Terms and debt repayment schedule

	2013	2014	Year of Maturity	30 June 2014		31 December 2013	
	Effective Interest Rate	Effective Interest Rate		Face Value	Carrying Amount	Face Value	Carrying Amount
Consolidated:							
Deposits (Cash Account)	1.80%	1.79%	2014	161,913,870	161,913,870	162,823,997	162,823,997
Subordinated Debt	3.74%	3.67%	2014	8,000,000	8,000,000	8,000,000	8,000,000
Cash advance facility	3.03%	3.18%	2014	5,000,000	5,000,000	29,724,466	29,724,466
				<u>174,913,870</u>	<u>174,913,870</u>	<u>200,548,463</u>	<u>200,548,463</u>
	2013	2014	Year of Maturity	30 June 2014		31 December 2013	
	Effective Interest Rate	Effective Interest Rate		Face Value	Carrying Amount	Face Value	Carrying Amount
Parent:							
Deposits (Cash Account)	1.80%	1.79%	2014	161,913,870	161,913,870	162,823,997	162,823,997
Subordinated Debt	3.74%	3.67%	2014	8,000,000	8,000,000	8,000,000	8,000,000
				<u>169,913,870</u>	<u>169,913,870</u>	<u>170,823,997</u>	<u>170,823,997</u>

7 DIVIDENDS

Dividends declared and paid by the Group and Company during the half year were \$2,000,000 (2013: Nil).

Declared and paid during the year	Cents per Share	Total Amount \$	Franked / Unfranked	Date of Payment
Group				
2014 Dividend	0.67	2,000,000	Franked	27 March 2014
Company				
2014 Dividend	0.67	2,000,000	Franked	27 March 2014

8 RELATED PARTY DISCLOSURE

There have been no significant changes to the arrangements with related parties. Refer to the full 2013 annual financial report for details.

9 CONTINGENCIES

The Directors are of the opinion that provisions are not 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.

10 SUBSEQUENT EVENTS

There were no significant events from 30 June 2014 to the date of this report.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

Directors' Declaration

In the opinion of the Directors of Bell Potter Capital Limited ("the Company"):

- (a) the condensed financial statements and notes set out on pages 5 to 11, are in accordance with the Corporations Act 2001, including;
 - (i) giving a true and fair view of the Company's and Group's financial position as at 30 June 2014 and of their performance, for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standards (AASB 134) and the Corporations Regulations 2001; and
- (b) 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 Melbourne this 22nd day of August 2014.

Signed in accordance with a resolution of the Directors:

A handwritten signature in blue ink, appearing to be 'D Davenport', with a long horizontal stroke extending to the right.

Dean Davenport
Director