

11 August 2021

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF-YEAR ENDED 30 JUNE 2021

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

1. Appendix 4D
2. Interim Financial Report for the half-year ended 30 June 2021.

This information should be read in conjunction with the Annual Report for the year ended 31 December 2020.

For more information, please contact:
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This announcement was authorised for release by the Board.

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

| | |
|--------------------------------|--------------------------------|
| Current period: | 1 January 2021 to 30 June 2021 |
| Previous corresponding period: | 1 January 2020 to 30 June 2020 |

| | Half-year ended 30 June 2021 \$ '000 | Half-year ended 30 June 2020 \$ '000 | |
|--|--|--|---------|
| Revenue from ordinary activities | 130,516 | 129,550 | Up 0.7% |
| Profit from ordinary activities after tax attributable to shareholders | 16,823 | 16,342 | Up 2.9% |
| Net profit for the period attributable to shareholders | 16,823 | 16,342 | Up 2.9% |

| Dividend (fully franked) | Amount per share | Tax rate for franking credit |
|---|------------------|---------------------------------|
| 2021 Interim dividend (to be paid 26 August 2021) | 4.5 cents | 30% |
| 2020 Final dividend (paid 17 March 2021) | 6.5 cents | 30% |

Interim dividend dates

| | |
|------------------|----------------|
| Ex-dividend date | 18 August 2021 |
| Record date | 19 August 2021 |
| Payment date | 26 August 2021 |

| | | |
|--|--------|--------|
| Net tangible assets per ordinary share | \$0.26 | \$0.22 |
|--|--------|--------|

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 2020 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 2021 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 2021

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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 2020 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 2021

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 2021.

Directors

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

Executive Directors

Alastair Provan

Non-executive Directors

Graham Cubbin

Brian Wilson AO

Christine Feldmanis

Craig Coleman (retired 17 February 2021)

All 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 Group is also a developer of proprietary technology, platforms, products and services for the Australian stockbroking market. With over 760 employees, Bell Financial operates across 14 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 2021 was a \$16.8 million profit (2020: \$16.3 million profit).

The Company has declared a fully franked interim dividend 4.5 cents per share (2020: 4.0 cents). The dividend record date is 19 August 2021 and payment is expected to be made on 26 August 2021.

At the date of issue of this interim financial report, the impact of COVID-19 on Bell Financial Group has not been material. The future impact on global and domestic economies and investment market indices is uncertain and Bell Financial Group continues to monitor this situation.

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, results of those operations, or the state of affairs of the Group in future financial years.

Bell Financial Group Limited
Directors' Report
For the half-year ended 30 June 2021

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 2021.

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 11 August 2021 in accordance with a resolution of the Directors.



Alastair Provan
Executive Chairman
11 August 2021



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 2021 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

Chris Wooden

Partner

Melbourne

11 August 2021

Bell Financial Group Limited
Condensed Consolidated Statement of Profit or Loss
For the half-year ended 30 June 2021

| | Note | Consolidated half-year ended 30 June | |
|--|-------|---|------------------|
| | | 2021 \$'000 | 2020 \$'000 |
| Rendering of services | 7, 8. | 118,604 | 118,240 |
| Finance income | | 10,958 | 14,378 |
| Investment (losses) / gains | 9. | 325 | (3,385) |
| Other income | | 629 | 317 |
| Total revenue | | 130,516 | 129,550 |
| Employee expenses | | (78,598) | (75,970) |
| Depreciation and amortisation expenses | | (5,655) | (5,434) |
| Occupancy expenses | | (1,551) | (1,531) |
| Other Systems and communication expenses | | (5,287) | (5,030) |
| Market information expenses | | (3,509) | (3,542) |
| ASX & Other Clearing expenses | | (3,358) | (3,080) |
| Professional expenses | | (1,522) | (1,579) |
| Finance expenses | | (1,526) | (3,987) |
| Other expenses | | (5,410) | (5,897) |
| Total expenses | | (106,416) | (106,050) |
| Profit before income tax | | 24,100 | 23,500 |
| Income tax expense | | (7,277) | (7,158) |
| Profit for the half-year | | 16,823 | 16,342 |
| Attributable to: | | | |
| Equity holders of the Company | | 16,823 | 16,342 |
| Profit for the half-year | | 16,823 | 16,342 |
| Earnings per share: | | Cents | Cents |
| Basic earnings per share (AUD) | | 5.2 | 5.1 |
| Diluted earnings per share (AUD) | | 5.2 | 5.1 |

The notes on pages 11 to 22 are an integral part of these Condensed Consolidated Interim Financial Statements.

Bell Financial Group Limited
Condensed Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2021

| | Consolidated half-year ended 30 June | |
|---|---|------------------------|
| | 2021 \$'000 | 2020 \$'000 |
| Profit for the half-year | 16,823 | 16,342 |
| Other comprehensive income | | |
| Items that may be classified to profit or loss | | |
| Change in fair value of cash flow hedge, net of tax | 152 | 49 |
| Foreign operations – foreign currency translation differences, net of tax | 102 | 108 |
| Other comprehensive income for the half-year, net of tax | <u>254</u> | <u>157</u> |
| Total comprehensive income for the half-year | <u>17,077</u> | <u>16,499</u> |
| Attributable to: | | |
| Equity holders of the Company | 17,077 | 16,499 |
| Total comprehensive income for the half-year | <u>17,077</u> | <u>16,499</u> |

The notes on pages 11 to 22 are an integral part of these Condensed Consolidated Interim Financial Statements.

Bell Financial Group Limited
Condensed Consolidated Statement of Financial Position
As at 30 June 2021

| Consolidated | | | |
|---|-------------|--------------------------------|-------------------------------|
| | Note | 30 June 2021 \$'000 | 31 Dec 2020 \$'000 |
| Assets | | | |
| Cash and cash equivalents | 10. | 247,682 | 284,043 |
| Trade and other receivables | 11. | 254,403 | 129,998 |
| Prepayments | | 881 | 1,028 |
| Financial assets at fair value | 16. | 15,338 | 15,645 |
| Derivative assets | 16. | - | 105 |
| Loans and advances | 12. | 514,950 | 469,076 |
| Right of use assets | | 12,774 | 16,122 |
| Deferred tax assets | | 4,618 | 4,140 |
| Property, plant and equipment | | 1,984 | 1,957 |
| Goodwill | 13. | 130,413 | 130,413 |
| Intangible assets | 13. | 13,309 | 13,761 |
| Total assets | | 1,196,352 | 1,066,288 |
| Liabilities | | | |
| Trade and other payables | 14. | 383,177 | 267,785 |
| Deposits and borrowings | 15. | 525,047 | 477,476 |
| Current tax liabilities | | 2,548 | 4,056 |
| Lease liabilities | | 17,871 | 22,357 |
| Derivative liabilities | 16. | 104 | 238 |
| Employee benefits | | 39,935 | 62,935 |
| Provisions | | 500 | 500 |
| Total liabilities | | 969,182 | 835,347 |
| Net assets | | 227,170 | 230,941 |
| Equity | | | |
| Contributed equity | 18. | 204,237 | 204,237 |
| Other equity | | (28,858) | (28,858) |
| Reserves | | 431 | 177 |
| Retained earnings | | 51,360 | 55,385 |
| Total equity attributable to equity holders of the Company | | 227,170 | 230,941 |

The notes on pages 11 to 22 are an integral part of these Condensed Consolidated Interim Financial Statements.

Bell Financial Group Limited
Condensed Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2021

| Consolidated | Share Capital | Other Equity | Treasury Shares Reserve | Share Based Payments Reserve | Cash Flow Hedge Reserve | Foreign Currency Reserve | Retained Earnings | Total Equity |
|---|----------------------|---------------------|--------------------------------|-------------------------------------|--------------------------------|---------------------------------|--------------------------|---------------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Balance at 31 December 2019 / 1 January 2020 | 204,237 | (28,858) | 291 | 9 | (380) | 771 | 35,234 | 211,304 |
| Total comprehensive income | | | | | | | | |
| Profit / (loss) for the half-year | - | - | - | - | - | - | 16,342 | 16,342 |
| Other comprehensive income | | | | | | | | |
| Change in fair value of cash flow hedges | - | - | - | - | 49 | - | - | 49 |
| Translation of foreign currency reserve | - | - | - | - | - | 108 | - | 108 |
| Total other comprehensive income | - | - | - | - | 49 | 108 | - | 157 |
| Total comprehensive income for the half-year | - | - | - | - | 49 | 108 | 16,342 | 16,499 |
| Transactions with owners, directly in equity | | | | | | | | |
| Transfer of retained earnings | - | - | - | - | - | - | - | - |
| Share based payments | - | - | - | - | - | - | - | - |
| Employee share awards exercised | - | - | 26 | - | - | - | - | 26 |
| Dividends | - | - | - | - | - | - | (14,433) | (14,433) |
| Balance at 30 June 2020 | 204,237 | (28,858) | 317 | 9 | (331) | 879 | 37,143 | 213,396 |
| Balance at 31 December 2020 / 1 January 2021 | 204,237 | (28,858) | - | - | (238) | 415 | 55,385 | 230,941 |
| Total comprehensive income | | | | | | | | |
| Profit / (loss) for the half-year | - | - | - | - | - | - | 16,823 | 16,823 |
| Other comprehensive income | | | | | | | | |
| Change in fair value of cash flow hedges | - | - | - | - | 152 | - | - | 152 |
| Translation of foreign currency reserve | - | - | - | - | - | 102 | - | 102 |
| Total other comprehensive income | - | - | - | - | 152 | 102 | - | 254 |
| Total comprehensive income for the half-year | - | - | - | - | 152 | 102 | 16,823 | 17,077 |
| Transactions with owners, directly in equity | | | | | | | | |
| Transfer of retained earnings | - | - | - | - | - | - | - | - |
| Share based payments | - | - | - | - | - | - | - | - |
| Employee share awards exercised | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | (20,848) | (20,848) |
| Balance at 30 June 2021 | 204,237 | (28,858) | - | - | (86) | 517 | 51,360 | 227,170 |

The notes on pages 11 to 22 are an integral part of these Condensed Consolidated Interim Financial Statements.

Bell Financial Group Limited
Condensed Consolidated Statement of Cash Flows
For the half-year ended 30 June 2021

| | Consolidated half-year ended 30 June | |
|---|---|------------------------|
| | 2021 \$'000 | 2020 \$'000 |
| Cash flows from / (used in) operating activities | | |
| Cash receipts from customers and clients | 125,798 | 127,130 |
| Cash paid to suppliers and employees | (134,069) | (97,129) |
| Net cash from client related receivables and payables | (4,052) | 34,346 |
| Cash generated from / (used in) operations ¹ | (12,323) | 64,347 |
| Dividends received | 1 | 12 |
| Interest received | 11,003 | 14,433 |
| Interest paid | (1,526) | (3,987) |
| Income taxes paid | (9,263) | (8,924) |
| Net cash (used in) / from operating activities | (12,108) | 65,881 |
| Cash flows from / (used in) investing activities | | |
| Net proceeds from sale of investments | 7,260 | 945 |
| Acquisition of property, plant and equipment | (442) | (737) |
| Acquisition of other investments | (7,391) | (3,197) |
| Net cash (used in) investing activities | (573) | (2,989) |
| Cash flows from / (used in) financing activities | | |
| Dividends paid | (20,848) | (14,433) |
| Payment of lease liabilities | (5,278) | (4,976) |
| <i>Bell Potter Capital (Margin Lending)</i> | | |
| Deposits / (withdrawals) from client cash balances | 29,571 | 89,477 |
| (Drawdown) / repayment of margin loans | (45,125) | 98,463 |
| Drawdown / (repayment) of borrowings | 18,000 | (177,000) |
| Net cash (used in) financing activities | (23,680) | (8,469) |
| Net increase / (decrease) in cash and cash equivalents | (36,361) | 54,423 |
| Cash and cash equivalents at 1 January | 284,043 | 195,137 |
| Cash and cash equivalents at 30 June | 247,682 | 249,560 |

The notes on pages 11 to 22 are an integral part of these Condensed Consolidated Interim Financial Statements.

1. 'Cash generated from operations' includes Group cash reserves and client balances. Refer to note 10 for further information on cash and cash equivalents.

Bell Financial Group Limited

Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 30 June 2021

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 2020 is available upon request from the Company’s registered office at Level 29, 101 Collins Street, Melbourne or at 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 2020 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 11 August 2021.

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.

3. Significant accounting policies

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 2020, except for the below.

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, configuration or customisation costs in a cloud computing arrangement. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed. As at reporting date, the Group’s preliminary analysis indicates that the impact is not material to this condensed consolidated interim financial report.

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 2020. 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

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

4. Estimates (continued)

- Impairment of goodwill
- Financial assets

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 Retail, Institutional, Technology and Platforms, and Products and Services which represents the 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 2021, goodwill allocated to the cash-generating units was \$22.6 million for Retail, \$31.4 million for Institutional, \$39.2 million for Technology & Platforms and \$37.2 million for Product & Services segment.

There were no indicators of impairment for the half-year ended 30 June 2021.

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 2020.

At the date of issue of this interim financial report, the impact of COVID-19 on Bell Financial Group has not been material. The future impact on global and domestic economies and investment market indices is uncertain and Bell Financial Group continues to monitor this situation.

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.

Share based payments

The fair value of employee stock options is determined using the Black Scholes model. Measurement inputs include share price, exercise price, volatility, weighted average expected life of the instrument, expected dividends and risk free interest rate. Service and nonmarket conditions are not taken into account in determining fair value.

Financial assets and loans at fair value through profit or loss

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

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

6. Determination of fair value (continued)

Determination of fair value for loans is based on the option value used to mitigate the risk on the limited recourse margin loans and the interest rate implicit in the loan.

7. Segment Reporting

Business segments

The segments have been reallocated in the current year and are reported below consistent with internal reporting provided to the chief decision makers:

- Technology & Platforms - Proprietary technology and platforms including online broking and Third Party Clearing.
- Products & Services : Margin lending, Cash, Portfolio Administration and Superannuation Solutions products and services
- Retail Broking division – traditional retail client broking (Retail client focus),
- Institutional Broking division – traditional wholesale client broking (Institutional and Wholesale client focus).

| | Technology & Platforms | Products & Services | Retail | Institutional | Consolidated |
|---------------------------------|---------------------------------------|------------------------------------|----------------|----------------------|---------------------|
| 30 June 2021 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue from operations | 12,353 | 11,575 | 65,081 | 29,595 | 118,604 |
| Profit after tax | 2,088 | 5,291 | 3,195 | 6,249 | 16,823 |
| Segment assets | 193,268 | 599,463 | 335,257 | 68,364 | 1,196,352 |
| Total assets | 193,268 | 599,463 | 335,257 | 68,364 | 1,196,352 |
| Segment liabilities | 120,123 | 550,193 | 281,472 | 17,394 | 969,182 |
| Total liabilities | 120,123 | 550,193 | 281,472 | 17,394 | 969,182 |
| Other segment details | | | | | |
| Finance income | 34 | 10,625 | 299 | - | 10,958 |
| Finance expense | (22) | (1,034) | (417) | (53) | (1,526) |
| Depreciation / amortisation | (1,246) | (81) | (3,627) | (701) | (5,655) |
| | Technology & Platforms | Products & Services | Retail | Institutional | Consolidated |
| 30 June 2020¹ | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue from operations | 11,379 | 10,780 | 65,008 | 31,073 | 118,240 |
| Profit after tax | 2,318 | 4,804 | 3,572 | 5,648 | 16,342 |
| Segment assets | 165,273 | 541,388 | 365,343 | 64,273 | 1,136,277 |
| Total assets | 165,273 | 541,388 | 365,343 | 64,273 | 1,136,277 |
| Segment liabilities | 101,090 | 493,707 | 312,964 | 15,120 | 922,881 |
| Total liabilities | 101,090 | 493,707 | 312,964 | 15,120 | 922,881 |
| Other segment details | | | | | |
| Finance revenue | 83 | 13,586 | 709 | - | 14,378 |
| Finance expense | (13) | (3,295) | (590) | (89) | (3,987) |
| Depreciation / amortisation | (941) | (78) | (3,673) | (742) | (5,434) |

1. 2020 comparative amounts have been restated.

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

7. Segment Reporting (continued)

Geographical segments

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

8. Revenue

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

In the following table, revenue is disaggregated by major products and service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments in note 7.

| | Technology & Platforms | | Products & Services | | Retail | | Institutional | | Consolidated | |
|----------------------------------|------------------------|----------------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Brokerage | 11,715 | 10,855 | 100 | 68 | 50,474 | 54,400 | 5,043 | 5,858 | 67,332 | 71,181 |
| Fee income | 83 | 10 | - | - | 14,547 | 10,193 | 24,334 | 25,037 | 38,964 | 35,240 |
| Portfolio administration revenue | - | - | 11,099 | 9,668 | - | - | - | - | 11,099 | 9,668 |
| Other | 555 | 514 | 376 | 1,044 | 60 | 415 | 218 | 178 | 1,209 | 2,151 |
| | <u>12,353</u> | <u>11,379</u> | <u>11,575</u> | <u>10,780</u> | <u>65,081</u> | <u>65,008</u> | <u>29,595</u> | <u>31,073</u> | <u>118,604</u> | <u>118,240</u> |

9. Investment (losses) / gains

| | Consolidated | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Dividends received | 1 | 12 |
| Profit / (loss) on financial assets held at fair value through profit or loss - Shares in listed corporations and Unlisted options held in listed corporations | 1,871 | (688) |
| Profit / (loss) on financial assets held at fair value through profit or loss - Geared equity investments ¹ | (1,547) | (2,709) |
| | <u>325</u> | <u>(3,385)</u> |

¹ The fair value is based on the option value used to mitigate the risk on the limited recourse margin loans and the interest rate implicit in the loan.

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

10. Cash and cash equivalents

| | Consolidated | |
|---|---------------------|----------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Group cash reserves¹ | | |
| Cash on hand | 13 | 12 |
| Cash at bank | 95,489 | 139,639 |
| | <u>95,502</u> | <u>139,651</u> |
| Margin lending cash | | |
| Cash at bank | 11,032 | 7,208 |
| | <u>11,032</u> | <u>7,208</u> |
| Client cash | | |
| Cash at bank (Trust account) | 68,880 | 44,807 |
| Cash at bank (Segregated account) | 72,268 | 92,377 |
| | <u>141,148</u> | <u>137,184</u> |
| Cash and cash equivalents in the Statement of Cash Flows | <u>247,682</u> | <u>284,043</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 14).

| ¹ Group Cash – summary of key movements | 2021 |
|---|----------------------|
| | \$'000 |
| Group cash - 1 January | 139,651 |
| Cash profit | |
| Cash Revenue | 130,152 |
| Less Cash Expenses | |
| Employee expenses | (102,246) |
| Occupancy expenses | (7,295) |
| Systems and communications | (5,287) |
| Market information expenses | (3,509) |
| ASX & Other clearing expenses | (3,358) |
| Professional expenses | (1,522) |
| Finance expenses | (1,060) |
| Other expenses | (5,410) |
| Total expenses | <u>(129,687)</u> |
| Net Cash operating profit | 465 |
| Balance Sheet | |
| Tax instalments paid | (9,263) |
| Dividends paid | (20,848) |
| Clearing house deposits paid | (5,904) |
| Financial asset purchases (net) | (131) |
| Acquisition of property, plant and equipment | (442) |
| General working capital movement | (8,026) |
| Group cash balance - 30 June 2021 | <u>95,502</u> |

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

11. Trade and other receivables

| | Consolidated | |
|---|---------------------|----------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Trade debtors | 184,960 | 82,027 |
| Less: provision for impairment | - | - |
| | <u>184,960</u> | <u>82,027</u> |
| Clearing house deposits | 15,113 | 9,159 |
| Segregated deposits with clearing brokers | 49,202 | 34,267 |
| Less: provision for impairment | - | - |
| | <u>64,315</u> | <u>43,426</u> |
| Sundry debtors | 5,128 | 4,545 |
| | <u>254,403</u> | <u>129,998</u> |

No impairment allowance in respect of trades and other receivables noted at 30 June 2021 (2020: Nil). There are no amounts in arrears or past due.

12. Loans and advances

| | Consolidated | |
|---|---------------------|----------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Margin Loans measured at amortised cost | 407,713 | 408,928 |
| Margin Loans measured at fair value through profit and loss | 107,237 | 60,148 |
| | <u>514,950</u> | <u>469,076</u> |

Loans and advances are repayable on demand. There were no impaired, past due or renegotiated loans at 30 June 2021 (2020: nil).

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

13. Goodwill and intangible assets

| | Goodwill | Consolidated Identifiable intangibles | Total |
|---|-----------------|--|---------------|
| | \$'000 | \$'000 | \$'000 |
| Cost | | | |
| Balance at 1 January 2020 | 130,413 | 20,630 | 151,043 |
| Acquisitions - internally developed | - | 3,335 | 3,335 |
| Balance at 31 December 2020 | 130,413 | 23,965 | 154,378 |
| Balance at 1 January 2021 | 130,413 | 23,965 | 154,378 |
| Acquisitions - internally developed | - | 648 | 648 |
| Balance at 30 June 2021 | 130,413 | 24,613 | 155,026 |
| Accumulated amortisation and impairment losses | | | |
| Balance at 1 January 2020 | - | (8,133) | (8,133) |
| Amortisation | - | (2,071) | (2,071) |
| Balance at 31 December 2020 | - | (10,204) | (10,204) |
| Balance at 1 January 2021 | - | (10,204) | (10,204) |
| Amortisation | - | (1,100) | (1,100) |
| Balance at 30 June 2021 | - | (11,304) | 11,304 |
| Carrying amount | | | |
| At 1 January 2020 | 130,413 | 12,497 | 142,910 |
| At 31 December 2020 | 130,413 | 13,761 | 144,174 |
| At 30 June 2021 | 130,413 | 13,309 | 143,722 |

14. Trade and other payables

| | Consolidated | |
|-------------------------------|---------------------|---------------|
| | 2021 | 2020 |
| | \$'000 | \$'000 |
| Settlement obligations | 228,171 | 112,710 |
| Sundry creditors and accruals | 20,126 | 18,553 |
| Segregated client liabilities | 134,880 | 136,522 |
| | 383,177 | 267,785 |

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

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

15. Deposits and borrowings

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

| | Consolidated | |
|------------------------------------|------------------------------|------------------------------|
| | 2021 \$'000 | 2020 \$'000 |
| Deposits ¹ | 1,155 | 615 |
| Bell Financial Trust ² | 465,892 | 436,861 |
| Cash advance facility ³ | 58,000 | 40,000 |
| | 525,047 | 477,476 |

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

2 Represents funds held on behalf of Bell Potter Capital in the Bell Financial Trust which are held at call.

3 Represents drawn funds from the Bell Potter Capital cash advance facility of \$100m (2020: \$100m).

Terms and debt repayment schedule

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

| Consolidated | 2021 | 2020 | 2021 | | 2020 | |
|-----------------------|--|-------------|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| | Average effective interest rate | | Face value \$'000 | Carrying amount \$'000 | Face value \$'000 | Carrying amount \$'000 |
| Cash advance facility | 0.51% | 1.35% | 58,000 | 58,000 | 40,000 | 40,000 |
| Deposits | 0.11% | 0.18% | 1,155 | 1,155 | 615 | 615 |
| Bell Financial Trust | 0.11% | 0.18% | 465,892 | 465,892 | 436,861 | 436,861 |
| | | | 525,047 | 525,047 | 477,476 | 477,476 |

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements
For the half-year ended 30 June 2021

16. 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 2021 | Note | Carrying Amount | | | | Fair Value | | | | |
|---|------|-----------------------------|--------------------------------------|--------------------------|-----------------------------------|----------------|--------------|---------------|----------------------|----------------|
| | | Designated at fair value | Fair value hedging instruments | Loans and receivables | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 ¹ | Total |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets measured at fair value | | | | | | | | | | |
| Equity securities / unlisted options | | 15,338 | - | - | - | 15,338 | 2,116 | 13,222 | - | 15,338 |
| Loans and advances | 12. | - | - | 107,237 | - | 107,237 | - | - | 107,237 | 107,237 |
| | | <u>15,338</u> | <u>-</u> | <u>107,237</u> | <u>-</u> | <u>122,575</u> | <u>2,116</u> | <u>13,222</u> | <u>107,237</u> | <u>122,575</u> |
| Financial assets not measured at fair value | | | | | | | | | | |
| Trade and other receivables | 11. | - | - | 254,403 | - | 254,403 | - | - | - | - |
| Cash and cash equivalents | 10. | - | - | 247,682 | - | 247,682 | - | - | - | - |
| Loans and advances | 12. | - | - | 407,713 | - | 407,713 | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>909,798</u> | <u>-</u> | <u>909,798</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities measured at fair value | | | | | | | | | | |
| Interest rate swaps used for hedging | | - | 86 | - | - | 86 | - | 86 | - | 86 |
| Foreign currency swap | | 18 | - | - | - | 18 | - | 18 | - | 18 |
| | | <u>18</u> | <u>86</u> | <u>-</u> | <u>-</u> | <u>104</u> | <u>-</u> | <u>104</u> | <u>-</u> | <u>104</u> |
| Financial liabilities not measured at fair value | | | | | | | | | | |
| Trade and other payables | 14. | - | - | - | 379,665 | 379,665 | - | - | - | - |
| Deposits and borrowings | 15. | - | - | - | 525,047 | 525,047 | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>904,712</u> | <u>904,712</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

1. Loans and advances measured at fair value increased from \$60,148,000 at 31 December 2020 to \$107,237,000 at 30 June 2021 due to net new/repaid loans of \$46,339,000 with the remaining movement due to net fair value changes.

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

16. Financial Instruments (continued)

| 31 DECEMBER 2020 | 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 ¹ | |
| | | \$'000 | \$'000 | \$'000 | \$'000 | | \$'000 | \$'000 | \$'000 | |
| Financial assets measured at fair value | | | | | | | | | | |
| | | 15,645 | - | - | - | 15,645 | 3,931 | 11,714 | - | 15,645 |
| | | 105 | - | - | - | 105 | - | 105 | - | 105 |
| | 12. | - | - | 60,148 | - | 60,148 | - | - | 60,148 | 60,148 |
| | | <u>15,750</u> | <u>-</u> | <u>60,148</u> | <u>-</u> | <u>75,898</u> | <u>3,931</u> | <u>11,819</u> | <u>60,148</u> | <u>75,898</u> |
| Financial assets not measured at fair value | | | | | | | | | | |
| | 11. | - | - | 129,998 | - | 129,998 | - | - | - | - |
| | 10. | - | - | 284,043 | - | 284,043 | - | - | - | - |
| | 12. | - | - | 408,928 | - | 408,928 | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>822,969</u> | <u>-</u> | <u>822,969</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities measured at fair value | | | | | | | | | | |
| | | - | 238 | - | - | 238 | - | 238 | - | 238 |
| | | <u>-</u> | <u>238</u> | <u>-</u> | <u>-</u> | <u>238</u> | <u>-</u> | <u>238</u> | <u>-</u> | <u>238</u> |
| Financial liabilities not measured at fair value | | | | | | | | | | |
| | 14. | - | - | - | 263,847 | 263,847 | - | - | - | - |
| | 15. | - | - | - | 477,476 | 477,476 | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>741,323</u> | <u>741,323</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

1. Loans and advances measured at fair value decreased from \$145,969,000 at 31 December 2019 to \$60,148,000 at 31 December 2020 due to net new/repaid loans of \$86,019,000 with the remaining movement due to net fair value changes.

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements (continued)
For the half-year ended 30 June 2021

16. Financial Instruments (continued)

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.

Level 3 - Loans and advances – the fair value is based on the option value used to mitigate the risk on the limited recourse margin loans and the interest rate implicit in the loan.

Bell Financial Group Limited
Notes to the Condensed Consolidated Interim Financial Statements
For the half-year ended 30 June 2021

17. Dividends

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

| Dividend | Per share | Total \$'000 | Fully Franked | Date of payment |
|-----------------------|------------------|-------------------------|--------------------------|------------------------|
| 2021 | | | | |
| Final 2020 ordinary | 6.5 cents | 20,848 | Yes | 17 March 2021 |
| 2020 | | | | |
| Final 2019 ordinary | 4.5 cents | 14,433 | Yes | 18 March 2020 |
| Interim 2020 ordinary | 4.0 cents | 12,830 | Yes | 27 August 2020 |

Dividends declared by the Group to shareholders after the reporting date were as follows. These dividends have not been recognised as liabilities as at 30 June 2021:

| Dividend | Per share | Total \$'000 | Fully Franked | Date of payment |
|-----------------------|------------------|-------------------------|--------------------------|------------------------|
| 2021 | | | | |
| Interim 2021 ordinary | 4.5 cents | 14,433 | Yes | 26 August 2021 |

18. Contributed equity

The authorised capital of the Group is \$204,236,590 (2020: \$204,236,590) representing 320,743,948 (2020: 320,743,948) fully paid ordinary shares. There were no shares issued during the period.

19. 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, results of those operations, or the state of affairs of the Group in future financial years.

20. Related parties

There have been no significant changes to the arrangements with related parties. Refer to the full 2020 Annual Report for details.

21. 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 22, 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 2021 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
Executive Chairman
11 August 2021



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 does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 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 2021;
- 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 21 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.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 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*.

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.

KPMG

Chris Wooden

Partner

Melbourne

11 August 2021