BELL POTTER GROUP PTY LIMITED AND CONTROLLED ENTITIES

A.B.N. 59 083 194 763

SPECIAL PURPOSE FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2007

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES

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KPMG

Independent audit report to the Members of Bell Potter Group Pty Limited

We have audited the accompanying financial report, being a special purpose financial report, of Bell Potter Group Pty Limited (the company) and its controlled entities (the economic entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the half year ended on that date, explanatory notes and the directors' declaration set out on pages 3 to 22.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 2 to the financial statements, which form part of the financial report and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 2, are appropriate to meet the needs of members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 2 to the financial statements so as to present a view which is consistent with our understanding of the economic entity's financial position, and of its performance.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting obligations. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion the financial report of Bell Potter Group Pty Limited is in accordance with *the accounting policies stated in note 2*, including:

(a) giving a true and fair view of the economic entity's financial position as at 30 June 2007 and of its performance for the half year ended on that date in accordance with the accounting policies described in Note 2; and

(b) complying with Australian Accounting Standards to the extent described in Note 2.

KPMG

KPMG

Don Pasquariello

Don Pasquariello
Partner

Melbourne

30 October 2007

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

		Economic entity 6 months June 2007 $
Revenue		
Rendering of services		97,767,631
Total revenue		97,767,631
Investing income	6 (a).	1,002,950
Other income	6 (b).	259,113
Employee expenses	6 (f).	(65,586,533)
Depreciation and amortisation expenses		(677,118)
Occupancy expenses		(2,885,881)
Systems expenses		(4,223,206)
Communication expenses		(788,645)
Professional fees expenses		(495,033)
Other expenses from ordinary activities	6 (g).	(3,261,156)
Profit before finance		21,112,123
Finance income	6 (c).	2,648,955
Finance costs	6 (d).	(61,078)
Profit before income tax		23,700,000
Income tax benefit/(expense)		(7,138,985)
Net profit/(loss) for the period		16,561,015

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF RECOGNISED INCOME AND EXPENSE
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Economic entity 6 months June 2007 $
Net income recognised directly in equity	-
Profit for the period	16,561,015
Total recognised income and expense for the period	16,561,015

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
BALANCE SHEET
AS AT PERIOD ENDED 30 JUNE 2007

	Note	Economic entity as at 30 June 2007 $	Economic entity as at 31 Dec 2006 $
CURRENT ASSETS			
Cash and cash equivalents	7.	37,502,119	48,014,925
Trade and other receivables	8.	199,373,384	93,640,746
Financial assets	9.	9,328,902	13,346,086
Prepayments		195,134	595,943
Total current assets		246,399,539	155,597,700
NON-CURRENT ASSETS			
Other financial assets	10.	20,012	20,012
Property, plant and equipment		4,271,585	4,778,200
Deferred tax assets		3,508,069	3,025,371
Intangible assets	11.	3,097,955	3,097,955
Total non-current assets		10,897,621	10,921,538
Total assets		257,297,160	166,519,238
CURRENT LIABILITIES			
Trade and other payables	12.	195,550,096	94,896,722
Interest bearing loans and borrowings	14.	564,549	141,082
Current tax liabilities		3,946,356	2,509,163
Provisions	16.	8,690,996	23,952,177
Total current liabilities		208,751,997	121,499,144
NON CURRENT LIABILITIES			
Trade and other payables	13.	-	894,219
Interest bearing loans and borrowings	15.	530,603	2,030,603
Provisions	17.	1,364,957	4,390,813
Total non-current liabilities		1,895,560	7,315,636
Total liabilities		210,647,557	128,814,779
Net assets		46,649,603	37,704,457
EQUITY			
Contributed equity	18.	41,701,890	39,692,760
Other equity	18.	1,140,000	-
Other reserves	18.	19,186,656	13,390,640
Retained earnings/(losses)		(15,378,943)	(15,378,943)
Total equity		46,649,603	37,704,457

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

		Economic entity 6 months June 2007 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations		3,870,088
Cash payments in the course of operations		(989,522)
Income taxes paid		(6,184,492)
Interest received		2,750,371
Interest paid		(61,079)
Net cash flows from/(used in) operating activities	19.	(614,634)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Property, plant & equipment		(279,213)
Proceeds from disposal of property, plant & equipment		108,709
Payments for investments		(2,079,496)
Proceeds from sale of investments		7,072,030
Net cash flows from/(used in) investing activities		4,822,030
CASH FLOWS FROM FINANCING ACTIVITIES		
Intercompany loans advanced/(repaid)		(3,993,580)
Dividends paid		(10,765,000)
Repayments of Borrowings		(1,970,752)
Proceeds from issue of shares		2,009,130
Net cash flows from/(used in) financing activities		(14,720,202)
Net increase/(decrease) in cash held		(10,512,806)
Cash at the beginning of the period		48,014,925
Cash at the end of the period	7.	37,502,119

1. CORPORATE INFORMATION

Bell Potter Group Pty Limited and controlled entities (the economic entity) are companies limited by shares, incorporated in Australia.

The principal activity of the economic entity during the financial year was stockbroking, operating on the Australian Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(a) Statement of Compliance

The financial report of the economic entity has been drawn up as a special purpose financial report for the distribution to the directors.

The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of all applicable Australian Accounting Standards (Including the Australian Accounting Interpretations) (AASBs) adopted by the Australian Accounting Standards Board. The report does not include comparative amounts for the Income Statement, Cash Flow Statement and Statement of Recognised Income and Expense, therefore not fulfilling the disclosure requirements in accordance with AASB101 Presentation of Financial Statements.

The report also does not include the disclosure requirements of the following pronouncements having material effect:

- AASB124 Related Party Disclosure
- AASB127 Consolidated and Separate Financial Statements
- AASB132 Financial Instruments: Disclosures and Presentation

The financial report is presented in Australian dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation

New Standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are available for early adoption at 30 June 2007, but have not been applied in preparing the economic entity's financial statements:

* AASB 101 Presentation of Financial Statements (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance on Illustrative Financial Statement Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

* AASB 7 Financial Instruments: Disclosures (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the economic entity's financial instruments and share capital.

* AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosures and Presentations, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per share, AASB 139 Financial Instruments: Recognition and Measurements, AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the financial report.

* Interpretation 9 Reassessment of Embedded Derivatives require that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. Interpretation 9 is not expected to have any impact on the financial report.

(c) Statement of Cash Flows

The Statement of Cash Flows is prepared on the basis of net cash flows in relation to settlement of trades. This is consistent with the entity's revenue recognition policy whereby the entity acts as an agent and receives and pays funds on behalf of its clients, however only recognises as revenue, the entity's entitlement to brokerage commission.

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of 3 months or less.

It is important to note that the balance sheet discloses trade debtors and payables that represent net client accounts being the accumulation of gross trading.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by Bell Potter Group Pty Limited (the parent entity). Control exists where the parent entity has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases.

Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the economic entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue can be recognised.

Rendering of services

Revenue is recognised by the entity on an accruals basis as and when services have been provided net of the amount of goods and services tax (GST). Exchange of goods or services of the same nature and value without any cash consideration are not recognised as revenues. Provision is made for uncollectible debts arising from such services.

Interest income
Interest income is recognised as it accrues using the effective interest method.

Dividend income
Dividends are bought to account when received.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

Property, plant and equipment is included at cost less accumulated depreciation and any impairment in value. All property, plant and equipment is depreciated over its estimated useful life, commencing from the time assets are held ready for use.

Items of property, plant and equipment are depreciated/amortised using the reducing balance method over their estimated useful lives.

The depreciation rates for each class of asset are as follows:

Leasehold improvements	25%
Office Equipment	25 - 40%
Furniture and fittings	20%

(h) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the costs of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at costs less accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount is impaired.

(i) Impairment assessment

At each reporting date, the economic entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Income Statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the economic entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Interest-bearing loans and borrowings

All loans and borrowings are recognised at cost, being the fair value of the consideration received net of issues costs associated with the borrowings.

After initial recognition interest bearing loans and deposits are subsequently measured at amortised cost using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

Lease payments where all the risks and benefits remain with the lessor, are classified by the economic entity as operating leases.

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(l) Income tax

Income tax on Income Statement for the period comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Effective 1st January 2003, Bell Potter Group Pty Limited elected to apply the tax consolidation legislation. In accordance with UIG 1052, all current tax amounts relating to the economic entity have been assumed by the head entity of the tax consolidated group, Bell Potter Group Pty Limited. Deferred tax amounts in relation to temporary differences are allocated as if each entity continued to be a taxable entity in its own right.

(m) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as financial assets and are measured at fair value as set out below.

Financial assets (at fair value through the Income Statement)

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit and loss. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

For investments actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Dividends are brought to account when received or declared.

For investments where there is no quoted market price and a reliable estimate of fair value is not available the security is recorded at the lower of cost and recoverable amount, being a directors' valuation, by reference to the current market value of another instrument which is substantially the same. Dividends are brought to account when declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

Wages, salaries and annual leave

The provisions for entitlements to wages, salaries and annual leave represent the amounts which the economic entity has a present obligation to pay resulting from employees' services provided up to balance date.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' service provided up to balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and experience with staff departures. Related on-costs have also been included in the liability.

Phantom Equity

In January 2005, a Phantom Equity Scheme was established whereby key employees were given the opportunity to participate in a share of the future profitability of the economic entity. At 30 June 2007, a provision has been accrued to reflect the estimated entitlements of the scheme participants.

(o) Trade and other receivables

Trade Debtors

Trade debtors to be settled within 3 trading days are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

Term Debtors

Term debtors are carried at the amount due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(p) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the parent entity or economic entity. Trade accounts payable are normally settled within 60 days.

(q) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the economic entity's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the economic entity. All judgements, estimates made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as managements considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Classification of and valuation of investments

The economic entity has classified investments in listed securities as 'Financial assets (Fair value through the Income Statement). Investments and movements in fair value are recognised directly in Income Statement. The fair value of listed shares has been determined by reference to published price quotations in an active market.

Impairment of non-financial assets other than goodwill

Impairment of all assets are assessed at each reporting date by evaluating conditions specific to the economic entity and to the particular asset that may lead to impairment.

(ii) Significant accounting estimates and assumptions

Long service leave provisions

As outlined at 2 (n), the liability for long service leave is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of a liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experiences as well as manufacturers warranties (for plant and equipment). In addition, the conditions of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Phantom Share Provision

As 30 June 2007, a provision has been accrued to reflect the estimated entitlements of scheme participants, based on future profitability.

Legal Provision

As at 30 June 2007, a provision has been accrued to reflect potential claims.

4. SEGMENT INFORMATION

The economic entity operates predominantly in the stockbroking industry in Australia.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The economic entity's principal financial instruments comprise listed securities, term deposits and cash.

The economic entity's has various other financial instruments such as trade debtors, trade creditors and other, which arise directly from its operations.

The main risks arising from the economic entity's financial instruments are interest rate risk and credit risk.

Interest rate risk:

All instruments are subject to the risk that future changes in market conditions may make an instrument less valuable. As trading instruments are recognised at market value, changes in market value directly affect reported income in each period. Market risk in the balance sheet includes interest rate risk. Interest rate risk arises from the potential for change in interest rates to have an adverse effect on the net earnings of the economic entity.

Credit risk:

The credit risk to the economic entity on financial assets which have been recognised on the balance sheet is the carrying amount, net of any provisions for doubtful debts.

In relation to client debtors, the economic entities credit risk concentration is minimised as transactions are settled on a delivery versus payment basis with a settlement regime of trade day plus three days.

Security arrangements:

The ANZ Bank has a Registered Mortgage Debenture over the assets and undertaking of Bell Potter Group Pty Limited.

6. REVENUE AND EXPENSES

		Economic entity June 2007 $
(a)	**Investing income**	
	Dividends received	27,600
	Profit on trading securities	702,630
	House unrealised profit / loss	272,720
		1,002,950
(b)	**Other income**	
	Bad debts recovered	-
	Sundry income	259,113
		259,113
(c)	**Finance income**	
	Bank interest received	2,055,787
	Interest received or receivable from related parties	593,168
		2,648,955
(d)	**Finance costs**	
	Bank interest expense	(61,078)
	Interest paid or payable from related parties	-
		(61,078)
(e)	**Lease payments included in income statement**	
	Included in other expenses:	
	Operating lease	(104,004)
	Included in occupancy expenses:	
	Rental leases	(2,490,449)
		(2,594,453)
(f)	**Employee benefit expense**	
	Wages and salaries	(57,609,211)
	Superannuation	(4,281,555)
	Payroll tax	(2,838,308)
	Other costs	(857,459)
		(65,586,533)
(g)	**Other expenses from ordinary activities**	
	Legal Provision	(98,243)
	Other expenses	(3,162,913)
		(3,261,156)

	Economic entity	
	June 2007	Dec 2006
7. CASH AND CASH EQUIVALENTS	$	$
Cash on hand	5,221	5,421
Cash at bank	13,682,948	29,456,086
Cash at bank - Trust account	23,813,949	18,553,418
	37,502,119	48,014,925

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

Trust bank account is not available for use.

8. TRADE AND OTHER RECEIVABLES

Trade debtors	171,078,115	69,564,784
Less provision for doubtful debts	(340,829)	(73,767)
Due from related entities	26,694,497	21,560,829
Sundry debtors	1,941,602	2,588,900
Carrying amount of trade and other receivables*	199,373,384	93,640,746

* The carrying amount disclosed above is a reasonable approximation of fair value

Trade debtors are non-interest bearing and are on 3 day terms. Sundry debtors are non-interest bearing and have an average term of 30 days.

9. FINANCIAL ASSETS (Fair-value through Income Statement)

At fair value:		
Shares - listed	3,702,487	2,425,931
Shares - unlisted	-	-
Unit - managed investment schemes	5,626,415	10,920,155
	9,328,902	13,346,086

Financial assets consist of investment in ordinary shares and managed investment schemes therefore have no fixed maturity date or coupon rate.

	Economic entity	
	June 2007	Dec 2006
10. OTHER FINANCIAL ASSETS	$	$
Investment - other	20,012	20,012
	20,012	20,012

Other financial assets are consist of investments in memberships and therefore has no fixed maturity date.

11. INTANGIBLE ASSETS	Economic entity	
	Goodwill	Total
Period ended 30 June 2007	$	$
At 1 January 2007	3,097,955	3,097,955
Amortisation/impairment	-	-
At 30 June 2007	3,097,955	3,097,955
At 1 January 2007		
Cost (gross carrying amount)	3,097,955	3,097,955
Accumulated amortisation/impairment	-	-
Net carrying amount	3,097,955	3,097,955
At 30 June 2007		
Cost (gross carrying amount)	3,097,955	3,097,955
Accumulated amortisation/impairment	-	-
Net carrying amount	3,097,955	3,097,955

Goodwill was acquired through the purchase of Challenger First Pacific Limited and its subsidiaries on 31st January 2003.

	Economic entity	
	June 2007	Dec 2006
12. TRADE AND OTHER PAYABLES (CURRENT)	$	$
Settlement obligations	172,849,377	75,074,083
Sundry creditors and accruals	20,912,182	18,034,101
Securities oversold	-	-
Due to related entities	100	100
Other Borrowings - unsecured (i)	1,788,438	1,788,438
Carrying amount of trade and other receivables*	195,550,096	94,896,722

* The carrying amount disclosed above is a reasonable approximation of fair value

Settlement obligations are non-interest bearing are normally settled on 3 day terms. Sundry creditors are non-interest bearing and are normally settled on 60-day terms. Securities oversold are settled within 3 days.

13. TRADE AND OTHER PAYABLES (NON-CURRENT)

Other Borrowings - unsecured (i)	-	894,219

(i) Other borrowings - unsecured loan repayable MS Argus Pty Ltd. Loan repayments commenced on the 1st September 2006 in equal quarterly instalments.

14. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

Hire purchase loan	64,549	141,082
Bank Bills	500,000	-
	564,549	141,082

Hire purchase loan is secured by a Registered Mortgage Debenture over the assets of Bell Potter Group Pty Limited.

15. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)

Hire purchase loan	530,603	530,603
Bank Bills	-	1,500,000
	530,603	2,030,603

The bank bill and hire purchase loan are secured by a Registered Mortgage Debenture over the assets of Bell Potter Group Pty Limited.

16. PROVISIONS - CURRENT

Legal provision	950,000	950,000
Annual leave	1,517,822	1,590,169
Employment costs	6,223,174	21,412,008
	8,690,996	23,952,177

	Economic entity June 2007	Economic entity Dec 2006
17. PROVISIONS - NON-CURRENT	$	$
Long service leave	1,063,997	802,087
Employee costs	300,960	3,588,726
	1,364,957	4,390,813

Employee entitlements

A provision is recognised for employee entitlements such as annual leave and long service leave.

Legal provision

A provision is recognised for any potential legal claims.

18. CONTRIBUTED EQUITY

Ordinary shares

		June 2007	Dec 2006
100 fully paid - voting	B Class	68	68
107,564,114 fully paid - non voting	A Class	41,701,822	39,692,692
		41,701,890	39,692,760

Movements in ordinary share capital

	June 2007	Dec 2006
Contributed equity at beginning of year (105,482,214 shares)	39,692,760	37,121,412
Non-voting ordinary shares issued during the year (2,082,000 shares)	2,009,130	2,571,348
Contributed equity at end of year (107,564,214 shares)	41,701,890	39,692,760

Movement in share classes	**Class A**	**Class B**
Contributed equity at beginning of year	39,692,692	68
Non-voting ordinary shares issued during the year	2,009,130	-
Contributed equity at end of year	41,701,822	68

Other equity

The balance of $1,140,000 represents 1,000,000 non-voting ordinary shares granted but not issued at 30 June 2007.

Other Reserves

Economic Entity	**Distributable profit reserve**	**Total**
	$	$
At 31 December 2006	13,390,641	13,390,641
Transfer YTD June 2007 retained earnings	16,561,015	16,561,015
Dividends Paid	(10,765,000)	(10,765,000)
At 30 June 2007	19,186,656	19,186,656

Distributable profit reserve

The distributable profit reserve details profits that are distributable as dividends.

	Economic entity June 2007
19. CASH FLOW STATEMENT RECONCILIATION	**$**
Profit from ordinary activities after tax	16,561,015
Adjustments for:	
Provision for doubtful debts	272,711
Loss on disposal of fixed assets	-
Depreciation of property, plant and equipment	677,118
Net gain on sale of investments	(702,630)
Unrealised gain on investments	(272,720)
Changes in assets and liabilities:	
(Increase)/decrease current receivables	(100,871,678)
(Increase)/decrease other current assets	400,808
(Increase)/decrease deferred tax assets	(482,698)
Increase/(decrease) payables	100,653,287
Increase/(decrease) current tax liabilities	1,437,191
Increase/(decrease) current provisions	(15,261,180)
Increase/(decrease) non-current provisions	(3,025,858)
Net cash from operating activities	(614,634)

Reconciliation of cash

For the purpose of the Statement of Cash Flow, cash and cash equivalents comprise the following:

Cash on hand	5,221
Cash at bank	13,682,948
Cash at bank - Trust account	23,813,949
	37,502,119

20. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - economic entity as lessee

The economic entity enters into commercial property leases for its office accommodation.

These leases have an average life of between 1 month and 10 years.

	Economic entity	
	June 2007	**Dec 2006**
Future minimum rentals payable under the non-cancellable operating leases as at 30 June are as follows:	**$**	**$**
Not later than one year	4,641,456	4,010,691
Later than one year but not later than five years	18,094,583	15,336,977
Later than five years	12,278,197	15,052,684
	35,014,236	34,400,352

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE SIX MONTHS ENDED 30 JUNE 2007

In accordance with a resolution of the directors of Bell Potter Group Pty Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes;

  (i) give a true and fair view of the financial position of the economic entity as at 30 June 2007 and of its performance as represented by the results of their operations and their cash flows for the period ended on that date; and

  (ii) complying with Accounting Standards as set out in note 2(a)

(b) there are reasonable grounds to believe that the economic entity will be able to pay their debts as and when they become due and payable.

On behalf of the Board

Lewis Bell

L Bell
Director

Melbourne 30th October 2007