BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES

A.B.N. 59 083 194 763

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2006

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES

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Directors' Report

The directors present their report together with the financial report of Bell Potter Group Pty Limited ("the Company") and the consolidated financial report of the economic entity, being the Company and its controlled entities, for the year ended 31 December 2006 and the auditor's report thereon.

Directors in office as at 31 December 2006 were:

C M Bell -Chairman
D A Provan - Managing Director
L M Bell
A G Bell
H Robertson
L A McFayden
P I Burrows

DIRECTORS

The names of the directors of the Company in office during the year and until the date of this report are disclosed in Note 28.

PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the financial year is stockbroking. There have been no significant changes in the nature of this activity during the year.

REVIEW AND RESULTS OF OPERATIONS

The economic entity's operating profit before income tax for the year was $15,576,794 (2005: $28,733,688).

The economic entity made a profit after tax for the year ended 31 December 2006 of $10,765,574 (2005: $20,030,015).

DIVIDENDS

Dividends paid out of distributable profit reserve during the financial year were $20,000,000 (2005: $5,390,000). Detailed disclosure at Note 8.

	Cents per share	Total amount	Franked/ unfranked	Date of payment
Declared and paid during the year 2006				
Final 2005 ordinary	17.3	20,000,000	Franked	3rd April 2006

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors, or the fixed salary of a full time employee of the Company as shown in note 28) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

LIKELY DEVELOPMENTS

The economic entity will continue to pursue its business strategy to become the leading independent stockbroker in Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS.

In the opinion of the directors there were no significant changes in the state of affairs of the economic entity that occurred during the financial year under review.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The economic entity is not subject to any particular or significant environmental regulation.

OPTIONS

No options over shares in the economic entity have been granted during the financial year and there were no options outstanding at the end of the financial year.

LEAD AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3 and forms part of this report.

AUDITOR APPOINTMENT

William Buck resigned as auditors effective 23rd August 2006. KPMG was appointed as auditor as of that date.

DIRECTORS' MEETINGS

During the financial year the following directors' meeting were held. Attendances were as follows:-

	Number eligible to attend	Number attended
L M Bell	4	4
A G Bell	4	4
C M Bell	4	4
D A Provan	4	4
H Robertson	4	4
L A McFayden	4	4
P I Burrows	4	4

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND AUDITORS

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 arises 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.

Lenny Bell

L Bell
Director

Melbourne 30th March 2007

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

To: the directors of Bell Potter Group Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2006 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Don Pasquariello

Don Pasquariello
Partner

Melbourne

30 March 2007

KPMG

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

Scope

We have audited the financial report of Bell Potter Group Pty Limited ("the Company") and its controlled entities (the "Consolidated Entity") for the financial year ended 31 December 2006, consisting of the income statements, statements of recognised income and expense, balance sheets, statements of cash flows, accompanying notes, and the directors' declaration set out on pages 5 to 26. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Bell Potter Group Pty Limited is in accordance with:

a) the Corporations Act 2001, including:

    i. giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 December 2006 and of their performance for the financial year ended on that date; and

    ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

Don Pasquariello

Don Pasquariello
Partner

Melbourne

30 March 2007

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		$	$	$	$
Revenue					
Rendering of services		174,199,157	145,191,920	-	-
Total revenue		174,199,157	145,191,920	-	-
Investing income	6 (a).	403,964	426,141	20,000,000	5,390,000
Other income	6 (b).	597,426	952,343	395,997	-
Employee expenses	6 (f).	(138,897,509)	(96,810,731)	-	-
Depreciation and amortisation expenses	14.	(1,612,664)	(1,584,011)	(14,113)	(169,356)
Occupancy expenses		(4,783,924)	(4,958,116)	-	-
Systems expenses		(8,266,104)	(7,283,376)	-	-
Communication expenses		(1,704,574)	(1,406,582)	-	-
Professional fees expenses		(1,412,326)	(1,493,769)	(10,000)	(386,561)
Other expenses from ordinary activities	6 (g).	(7,470,483)	(8,171,446)	(380,201)	(624,412)
Profit before finance		11,052,963	24,862,373	19,991,683	4,209,671
Finance income	6 (c).	4,676,740	4,198,057	266	2,783
Finance costs	6 (d).	(152,909)	(326,742)	(127,044)	(243,060)
Profit before income tax		15,576,794	28,733,688	19,864,905	3,969,394
Income tax benefit/(expense)	7.	(4,811,220)	(8,703,673)	176,084	246,082
Net profit/(loss) for the year		10,765,574	20,030,015	20,040,989	4,215,476

The income statements is to be read in conjunction with the notes to the financial statements set out on pages 9 - 25.

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		$	$	$	$
Net income recognised directly in equity		-	-	-	-
Profit for the year		10,765,574	20,030,015	20,040,989	4,215,476
Total recognised income and expense for the year		10,765,574	20,030,015	20,040,989	4,215,476

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 9 to 25.

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
BALANCE SHEETS
AS AT YEAR ENDED 31 DECEMBER 2006

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	9.	48,014,925	39,946,847	3,178	14,166
Trade and other receivables	10.	93,640,746	64,025,672	23,867,105	30,893,065
Financial assets	11.	13,346,086	5,577,329	-	-
Prepayments		595,943	474,011	-	-
Total current assets		155,597,700	110,023,859	23,870,283	30,907,231
NON-CURRENT ASSETS					
Financial assets	12.	-	5,651,485	81,576,321	26,835,090
Other financial assets	13.	20,012	30,012	-	10,000
Property, plant and equipment	14.	4,778,200	4,611,446	671,685	14,113
Deferred tax assets	7.	3,025,371	2,426,034	594,740	423,065
Intangible assets	15.	3,097,955	3,097,955	-	-
Total non-current assets		10,921,538	15,816,932	82,842,746	27,282,268
Total assets		166,519,238	125,840,791	106,713,029	58,189,499
CURRENT LIABILITIES					
Trade and other payables	16.	94,896,722	58,405,415	1,788,636	1,308,315
Interest bearing loans and borrowings	18.	141,082	18,801	141,082	18,801
Current tax liabilities		2,509,163	6,713,884	2,509,163	6,712,903
Provisions	20.	23,952,177	4,764,729	950,000	650,776
Total current liabilities		121,499,144	69,902,829	5,388,881	8,690,795
NON CURRENT LIABILITIES					
Trade and other payables	17.	894,219	2,682,658	894,219	2,682,658
Interest bearing loans and borrowings	19.	2,030,603	3,500,000	2,030,603	3,500,000
Provisions	21.	4,390,813	2,816,420	300,960	-
Total non-current liabilities		7,315,636	8,999,078	3,225,782	6,182,658
Total liabilities		128,814,779	78,901,907	8,614,663	14,873,453
Net assets		37,704,457	46,938,884	98,098,366	43,316,046
EQUITY					
Contributed equity	22.	39,692,760	39,692,760	39,692,760	39,692,760
Other reserves	22.	13,390,640	22,625,067	74,028,050	19,245,730
Retained earnings/(losses)		(15,378,943)	(15,378,943)	(15,622,444)	(15,622,444)
Total equity		37,704,457	46,938,884	98,098,366	43,316,046

The balance sheets is to be read in conjunction with the notes to the financial statements set out on pages 9 - 25.

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		173,990,960	175,878,933	-	-
Cash payments in the course of operations		(132,484,907)	(170,016,954)	201,985	(184,597)
Income taxes paid		(9,615,267)	(123,423)	(9,615,003)	(121,919)
Dividend received		-	-	20,000,000	5,390,000
Interest received		4,851,784	3,574,893	266	6,200
Interest paid		(152,909)	(326,742)	(127,044)	(243,060)
Net cash flows from/(used in) operating activities	23.	36,589,662	8,986,707	10,460,204	4,846,624
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for Property plant & equipment		(1,940,595)	(2,422,003)	(671,685)	-
Proceeds for sale of investments		-	-	10,100	-
Proceeds from disposal of property, plant & equipment		111,966	30,406	-	-
Payments for investments		(7,997,015)	(8,549,390)	-	-
Proceeds from sale of investments		6,236,008	626,093	-	-
Net cash flows from/(used in) investing activities		(3,589,636)	(10,314,894)	(661,585)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Intercompany loans advanced/(repaid)		(1,796,393)	(3,703,934)	11,537,509	2,700,333
Dividends paid		(20,000,000)	(5,390,000)	(20,000,000)	(5,390,000)
Repayments of Borrowings		(3,135,555)	(2,216,034)	(1,347,116)	(2,216,035)
Proceeds from issue of shares		-	2,571,349	-	-
Net cash flows from/(used in) financing activities		(24,931,948)	(8,738,619)	(9,809,607)	(4,905,702)
Net increase/(decrease) in cash held		8,068,078	(10,066,806)	(10,988)	(59,078)
Cash at the beginning of the financial year		39,946,847	50,013,653	14,166	73,243
Cash at the end of the financial year	9.	48,014,925	39,946,847	3,178	14,166

The statements of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 9 - 25.

1. CORPORATE INFORMATION

The financial report of Bell Potter Group Pty Limited ("the Company") and its controlled entity ("the economic entity") for the year ending 31 December 2006 was authorised for issue in accordance with a resolution for the directors on 30th March 2007.

Bell Potter Group Pty Limited and controlled entities 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 is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, issued by the Australian Accounting Standard Board (AASB). International Financial Reporting Standards form the basis of Australian Accounting Standards adopted by AASB. The financial report of the Company and economic entity also comply with IFRSs and interpretations adopted by the International Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for fair value through profit or loss, which have been measured at fair value.

The financial report is presented in Australian dollars.

(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 31 December 2006, but have not been applied in preparing the Company'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 Company'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, which has becomes mandatory for the Company's 2007 financial report, is not expected to have any impact on the financial report.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(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.

(d) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists where the Company 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.

In the Company's financial statements, investment in subsidiaries are carried at fair value.

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 Company 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

(k) Leases

Lease payments in terms of which the economic entity , where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax

Income tax on the profit and loss for the year 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 profit and loss)

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.

(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 31 December 2006, a provision has been accrued to reflect the estimated entitlements of the scheme participants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Group'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 Company. 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.

Impairment of non-financial assets other than goodwill

The Company assesses impairment of all assets 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. Depreciation charges are included in note 14.

Phantom Share Provision

As 31 December 2006, a provision has been accrued to reflect the estimated entitlements of scheme participants, based on future profitability.

Legal Provision

As at 31 December 2006, a provision has been accrued to reflect potential claims.

4. SEGMENT INFORMATION

The Company and controlled entities operates predominantly in the stockbroking industry in Australia.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The economic entities principal financial instruments comprise listed securities, term deposits and cash.

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

The main risks arising from the economic entities 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		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
(a) Investing income				
Dividends received	52,800	83,060	20,000,000	5,390,000
Profit on trading securities	128,970	164,204	-	-
House Unrealised profit & loss on listed securities	268,670	178,877	-	-
	403,964	426,141	20,000,000	5,390,000
(b) Other income				
Bad debts recovered	22,000	34,500	-	-
Sundry income	575,426	917,843	395,997	-
	597,426	952,343	395,997	-
(c) Finance income				
Bank interest received	3,641,492	3,268,896	266	2,783
Interest received or receivable from related parties	1,035,248	929,161	-	-
	4,676,740	4,198,057	266	2,783
(d) Finance costs				
Bank interest expense	(149,846)	(326,742)	(127,044)	(243,060)
Interest paid or payable from related parties	(3,063)	-	-	-
	(152,909)	(326,742)	(127,044)	(243,060)
(e) Lease payments included in income statement				
Included in other expenses:				
Operating lease	(899,755)	(1,516,298)	-	-
Included in occupancy expenses:				
Rental leases	(4,042,603)	(4,179,275)	-	-
	(4,942,358)	(5,695,573)	-	-
(f) Employee benefit expense				
Wages and salaries	(122,020,738)	(85,272,222)	-	-
Superannuation	(8,932,418)	(5,364,535)	-	-
Payroll tax	(6,222,103)	(4,559,802)	-	-
Other costs	(1,722,250)	(1,614,172)	-	-
	(138,897,509)	(96,810,731)	-	-
(g) Other expenses from ordinary activities				
Debt forgiveness	-	-	-	(575,599)
Legal Provision	(343,557)	-	(343,557)	-
Other expenses	(7,126,926)	(8,171,466)	(36,644)	(48,813)
	(7,470,483)	(8,171,466)	(380,201)	(624,412)

7. INCOME TAX

Major components of income tax expense for the years ended 31 December 2006 and 2005 are:

	Economic Entity		Parent Entity	
Income Statement	2006	2005	2006	2005
	$	$	$	$
Current income tax				
Current income tax charge	5,424,313	9,727,517	9,347	(137,579)
Adjustments in respect of current income tax of previous years	(13,756)	7,423	(13,756)	7,423
Deferred income tax				
Relating to origination and reversal of temporary differences	(599,337)	(1,031,267)	(171,675)	(115,926)
Income tax expense reported in income statement	4,811,220	8,703,673	(176,084)	(246,082)

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 31 December 2006 and 2005 is as follows:

Accounting profit before income tax	15,576,794	28,733,688	19,864,905	3,969,394
At the statutory income tax rate of 30% (2005: 30%)	4,673,038	8,620,107	5,959,472	1,190,818
Adjustments in respect of current income tax of previous years	(13,756)	7,420	(13,756)	7,420
Revenue/expenditure not allowable for income tax purposes	151,938	76,146	(6,121,799)	(1,444,320)
Income tax expense reported in income tax statement	4,811,220	8,703,673	(176,084)	(246,082)

	Balance sheet	
	2006	2005
Economic Entity	$	$
Deferred income tax assets comprises		
Difference in depreciation from book to tax	572,024	540,676
Employee benefits	2,115,642	1,602,870
Sundry	337,705	282,488
Gross deferred income tax assets	3,025,371	2,426,034
Deferred income tax charge		
Parent Entity		
Deferred income tax assets comprises		
Difference in depreciation from book to tax	219,452	227,833
Provision for Legal Claims	-	195,232
Sundry	375,288	-
Gross deferred income tax assets	594,740	423,065
Deferred income tax charge		

Tax consolidation

Bell Potter Group Limited and it's 100% owed subsidiaries are a tax consolidated group.

8. DIVIDENDS PAID

	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Declared and paid during the year	$	$	$	$
Fully franked dividend paid from the distributable profit reserve	20,000,000	5,390,000	20,000,000	5,390,000
	20,000,000	5,390,000	20,000,000	5,390,000

Franking credit balance

Franking credits available for the subsequent financial year are:

- franking account balance at the end of the financial year at 30% (2005: 30%)	1,211,406	166,719	1,211,406	166,719
- franking credit that will arise from the payment of income tax payable at the end of the financial year.	2,509,163	6,713,884	2,509,163	6,712,903
	3,720,569	6,880,603	3,720,569	6,879,622

The tax rate at which dividends have been franked is 30% (2005: 30%)

9. CASH AND CASH EQUIVALENTS

Cash on hand	5,421	6,052	-	-
Cash at bank	11,359,621	4,597,291	3,178	14,166
Cash at bank - Trust account	18,553,418	15,910,676	-	-
Short-term deposits	18,096,465	19,432,828	-	-
	48,014,925	39,946,847	3,178	14,166

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

Short-term deposit matures vary between 1 month and 3 month duration.

Trust bank account is not available for use.

10. TRADE AND OTHER RECEIVABLES

Trade debtors	69,564,784	42,331,894	-	-
Less provision for doubtful debts	(73,767)	(209,118)	-	-
Due from related entities	21,560,829	19,764,336	23,867,105	30,893,065
Sundry debtors	2,588,900	2,138,560	-	-
Carrying amount of trade and other receivables*	93,640,746	64,025,672	23,867,105	30,893,065

* 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.

For terms and conditions relating to related parties refer to note 26.

11. FINANCIAL ASSET (Fair-value through Income Statement)

At fair value:				
Shares - listed	2,425,931	5,502,701	-	-
Shares - unlisted	-	74,628	-	-
Unit - Managed Investment Schemes	10,920,155	-	-	-
	13,346,086	5,577,329	-	-

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

12. FINANCIAL ASSETS (NON-CURRENT)

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
At fair value:				
Unit - Managed Investment Schemes	-	5,651,485	-	-
Investment in controlled entities at fair value	-	-	81,576,321	26,835,090
	-	5,651,485	81,576,321	26,835,090

Financial assets consist of investments in managed investment schemes and therefore has no fixed maturity date or coupon rate.

13. OTHER FINANCIAL ASSETS

Investment - other	20,012	30,012	-	10,000
	20,012	30,012	-	10,000

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

14. PROPERTY, PLANT & EQUIPMENT

Economic Entity	Furniture and fittings	Office equipment	Leasehold improvements	Total
	$	$	$	$
Year ending 31 December 2006				
At 1 January 2006				
net of accumulated depreciation	801,929	1,849,401	1,960,116	4,611,446
Additions	141,328	935,210	864,057	1,940,595
Disposals	(42,647)	(118,156)	(374)	(161,177)
Revaluations	-	-	-	-
Depreciation charge for the year	(165,014)	(781,441)	(666,209)	(1,612,664)
As 31 December 2006				
net of accumulated depreciation	735,596	1,885,014	2,157,590	4,778,200
At 1 January 2006				
Cost	1,706,546	5,229,002	4,937,707	11,873,255
Accumulated depreciation	(904,617)	(3,379,601)	(2,977,591)	(7,261,809)
Net carrying amount	801,929	1,849,401	1,960,116	4,611,446
At 31 December 2006				
Cost	1,703,180	5,795,407	4,952,206	12,450,793
Accumulated depreciation	(967,584)	(3,910,393)	(2,794,616)	(7,672,594)
Net carrying amount	735,596	1,885,014	2,157,590	4,778,200

Economic Entity	Furniture and fittings	Office Equipment	Leasehold Improvements	Total
	$	$	$	$
Year ending 31 December 2005				
At 1 January 2005				
net of accumulated depreciation	804,814	1,068,186	2,112,446	3,985,446
Additions	420,432	1,452,977	551,474	2,424,883
Disposals	(88,600)	(97,035)	(29,237)	(214,872)
Revaluations	-	-	-	-
Depreciation charge for the year	(334,717)	(574,727)	(674,567)	(1,584,011)
At 31 December 2005				
net of accumulated depreciation	801,929	1,849,401	1,960,116	4,611,446
At 1 January 2005				
Cost	3,308,938	7,295,600	4,497,287	15,101,825
Accumulated depreciation	(2,504,124)	(6,227,414)	(2,384,841)	(11,116,379)
Net carrying amount	804,814	1,068,186	2,112,446	3,985,446
At 31 December 2005				
Cost	3,411,406	7,501,002	4,937,707	15,850,115
Accumulated depreciation	(2,609,477)	(5,651,601)	(2,977,591)	(11,238,669)
Net carrying amount	801,929	1,849,401	1,960,116	4,611,446

14. PROPERTY, PLANT & EQUIPMENT (continued)

Parent Entity	Office equipment	Leasehold improvements	Total
	$	$	$
Year ending 31 December 2006			
At 1 January 2006			
net of accumulated depreciation	-	14,113	14,113
Additions	671,685	-	671,685
Disposals	-	-	-
Revaluations	-	-	-
Depreciation charge for the year	-	(14,113)	(14,113)
As 31 December 2006			
net of accumulated depreciation	671,685	-	671,685
At 1 January 2006			
Cost	-	846,780	846,780
Accumulated depreciation	-	(832,667)	(832,667)
Net carrying amount	-	14,113	14,113
At 31 December 2006			
Cost	671,685	-	671,685
Accumulated depreciation	-	-	0
Net carrying amount	671,685	-	671,685

Parent Entity	Office Equipment	Leasehold Improvements	Total
	$	$	$
Year ending 31 December 2005			
At 1 January 2005			
net of accumulated depreciation	-	183,469	183,469
Additions	-	-	-
Disposals	-	-	-
Revaluations	-	-	-
Depreciation charge for the year	-	(169,356)	(169,356)
At 31 December 2005			
net of accumulated depreciation	-	14,113	14,113
At 1 January 2005			
Cost	-	846,780	846,780
Accumulated depreciation	-	(663,311)	(663,311)
Net carrying amount	-	183,469	183,469
At 31 December 2005			
Cost	-	846,780	846,780
Accumulated depreciation	-	(832,667)	(832,667)
Net carrying amount	-	14,113	14,113

15. INTANGIBLE ASSETS

	Economic Entity		Parent
	Goodwill	Total	Total
Year ending 31 December 2006	$	$	$
At 1 January 2006	3,097,955	3,097,955	-
Amortisation/impairment	-	-	-
At 31 December 2006	3,097,955	3,097,955	-
At 1 January 2006			
Cost (gross carrying amount)	3,097,955	3,097,953	-
Accumulated amortisation/impairment	-	-	-
Net carrying amount	3,097,955	3,097,953	-
At 31 December 2006			
Cost (gross carrying amount)	3,097,955	3,097,953	-
Accumulated amortisation/impairment	-	-	-
Net carrying amount	3,097,955	3,097,953	-

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

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
16. TRADE AND OTHER PAYABLES (CURRENT)	$	$	$	$
Settlement obligations	75,074,083	49,004,723	-	-
Sundry creditors and accruals	18,034,101	8,324,027	-	8,000
Securities oversold	-	182,435	-	-
Due to related entities	100	12	198	406,097
Other Borrowings - unsecured (i)	1,788,438	894,218	1,788,438	894,218
Carrying amount of trade and other receivables*	94,896,722	58,405,415	1,788,636	1,308,315

* 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.

For terms and conditions relating to related parties refer to note 26.

17. TRADE AND OTHER PAYABLES (NON-CURRENT)

Other Borrowings - unsecured (i)	894,219	2,682,658	894,219	2,682,658

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

18. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

Hire purchase loan	141,082	18,801	141,082	18,801
	141,082	18,801	141,082	18,801

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

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

Hire purchase loan	530,603	-	530,603	-
Bank Bills	1,500,000	3,500,000	1,500,000	3,500,000
	2,030,603	3,500,000	2,030,603	3,500,000

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

20. PROVISIONS - CURRENT

Make good provision	-	180,000	-	-
Legal provision	950,000	650,776	950,000	650,776
Annual leave	1,590,169	1,470,820	-	-
Employment costs	21,412,008	2,463,133	-	-
	23,952,177	4,764,729	950,000	650,776

21. PROVISIONS - NON-CURRENT

Long service leave	802,087	713,228	-	-
Employee costs	3,588,726	2,103,192	300,960	-
	4,390,813	2,816,420	300,960	-

(a) Movements in provisions

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:

	Make good provision	Legal provision
Economic Entity	$	$
At 1 January 2006	180,000	650,776
Arising during the year	-	299,224
Utilised	(180,000)	-
At 31 December 2006	-	950,000
Current 2006	-	950,000
Non-Current 2006	-	-
	-	950,000

21. PROVISIONS - NON-CURRENT (continued)

	Make good provision	Legal provision
	$	$
Current 2005	180,000	650,776
Non-Current 2005	-	-
	180,000	650,776

	Legal provision
Parent Entity	$
At 1 January 2006	650,776
Arising during the year	299,224
Utilised	-
At 31 December 2006	950,000
Current 2006	950,000
Non-Current 2006	-
	950,000
Current 2005	650,776
Non-Current 2005	-
	650,776

Make good provision

A provision is recognised for the estimated make good costs associated with leased premises.

Employee entitlements

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

For terms and conditions relating to employee benefits refer to note 30.

Legal provision

A provision is recognised for any potential legal claims.

		Economic Entity		Parent Entity	
22. CONTRIBUTED EQUITY		2006	2005	2006	2005
		$	$	$	$
Ordinary shares					
100 fully paid - voting	B Class	68	68	68	68
105,482,114 fully paid - non voting	A Class	39,692,692	39,692,692	39,692,692	39,692,692
		39,692,760	39,692,760	39,692,760	39,692,760

There were no movement in contributed equity during the year.

Other Reserves

Economic Entity	Distributable profit reserve	Total
	$	$
At 31 December 2005	22,625,067	22,625,067
Transfer 2006 retained earnings	10,765,574	10,765,574
Dividends Paid	(20,000,000)	(20,000,000)
At 31 December 2006	13,390,641	13,390,641

22. CONTRIBUTED EQUITY (continued)

Parent Entity	Investment revaluation reserve	Distributable profit reserve	Total
	$	$	$
At 31 December 2005	13,544,190	5,701,540	19,245,730
Transfer 2006 retained earnings	-	20,040,989	20,040,989
Dividend paid	-	(20,000,000)	(20,000,000)
Revaluation of investments	54,741,331	-	54,741,331
At 31 December 2006	68,285,521	5,742,529	74,028,050

Nature and purpose of reserves

Distributable profit reserve

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

Investment revaluation reserve

Investment revaluation reserve is used to record the increments and decrements in the fair value of available for sale investments.

23. CASH FLOW STATEMENT RECONCILIATION

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
Profit from ordinary activities after tax	10,765,574	20,030,015	20,040,989	4,215,476
Adjustments for:				
Provision for doubtful debts	6,711	116,048	-	-
Loss on disposal of fixed assets	49,211	181,586	-	-
Depreciation of property, plant and equipment	1,612,664	1,584,011	14,113	169,356
Debt Forgiveness	-	-	(395,997)	575,599
Net gain on sale of investments	(128,970)	(164,204)	-	-
Unrealised gain on investments	(222,194)	(154,700)	-	-
Changes in assets and liabilities:				
(Increase)/decrease current receivables	(27,820,390)	7,266,167	(5,423,668)	(9,865,096)
(Increase)/decrease other current assets	(121,932)	159,315	-	3,418
(Increase)/decrease deferred tax assets	(599,337)	1,875,047	(171,675)	2,790,388
Increase/(decrease) payables	36,491,206	(21,862,720)	-	-
Increase/(decrease) current tax liabilities	(4,204,721)	6,705,206	(4,203,740)	6,706,707
Increase/(decrease) current provisions	19,187,448	(10,335,325)	600,184	250,776
Increase/(decrease) non-current provisions	1,574,393	3,586,261	-	-
Net cash for operating activities	36,589,662	8,986,707	10,460,206	4,846,624

Reconciliation of cash

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

Cash on hand	5,421	6,052	-	-
Cash at bank	11,359,621	4,597,291	3,178	14,166
Cash at bank - Trust account	18,553,418	15,910,676	-	-
Short-term deposits	18,096,465	19,432,828	-	-
	48,014,925	39,946,847	3,178	14,166

24. FINANCIAL INSTRUMENTS

Fair value:
All financial assets and liabilities have been recognised at the balance date at values which approximate net fair values.

Interest rate risk:
The following table sets out the financial instruments exposed to interest rate risk.

24. FINANCIAL INSTRUMENTS (continued)

Economic Entity	Note	Weighted average effective interest rate	Floating interest rate	Non Interest bearing	Total Amount
			$	$	$
2006 Financial assets					
Cash	9.	5.60%	48,009,504	5,421	48,014,925
Receivables	10.	5.80%	21,539,030	72,101,716	93,640,746
Investments	11, 12, 13.	-	-	13,366,098	13,366,098
Prepayments		-	-	595,943	595,943
			69,548,534	86,069,177	155,617,712
2005 Financial assets					
Cash	9.	5.25%	39,940,795	6,052	39,946,847
Receivables	10.	5.50%	19,764,336	44,261,336	64,025,672
Investments	11, 12, 13.	-	-	11,258,826	11,258,826
Prepayments		-	-	474,011	474,011
			59,705,131	56,000,225	115,705,356
2006 Financial liabilities					
Payables	16, 17.	5.80%	100	95,790,841	95,790,941
Interest bearing loans and borrowings	18, 19.	7.74%	2,171,685	-	2,171,685
Provisions	20, 21.	-	-	28,342,990	28,342,990
			2,171,785	124,133,831	126,305,616
2005 Financial liabilities					
Payables	16, 17.	5.50%	12	61,088,061	61,088,073
Interest bearing loans and borrowings	18, 19.	5.84%	3,518,801	-	3,518,801
Provisions	20, 21.	-	-	7,581,149	7,581,149
			3,518,813	68,669,210	72,188,023

Parent Entity	Note	Weighted average effective interest rate	Floating interest rate	Non Interest bearing	Total Amount
			$	$	$
2006 Financial assets					
Cash	9.	5.60%	3,178	-	3,178
Receivables	10.	5.80%	3,088,145	20,778,960	23,867,105
Investments	11, 12, 13.	-	-	81,576,321	81,576,321
Prepayments		-	-	-	-
			3,091,323	102,355,281	105,446,604
2005 Financial assets					
Cash	9.	5.25%	14,166	-	14,166
Receivables	10.	5.50%	3,088,145	27,804,921	30,893,066
Investments	11, 12, 13.	-	-	26,845,090	26,845,090
Prepayments		-	-	-	-
			3,102,311	54,650,011	57,752,322

24. FINANCIAL INSTRUMENTS (continued)

Parent Entity	Note	Weighted average effective interest rate	Floating interest rate	Non Interest bearing	Total Amount
			$	$	$
2006 Financial liabilities					
Payables	16, 17.	-	-	2,682,855	2,682,855
Interest bearing loans and borrowings	18, 19.	7.74%	2,171,685	-	2,171,685
Provisions	20, 21.	-	-	1,250,960	1,250,960
			2,171,685	3,933,815	6,105,499
2005 Financial liabilities					
Payables	16, 17.	-	-	3,990,973	3,990,973
Interest bearing loans and borrowings	18, 19.	5.84%	3,518,801	-	3,518,801
Provisions	20, 21.	-	-	650,776	650,776
			3,518,801	4,641,749	8,160,550

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - economic entity as lessee

The economic entity enters into commercial property leases for it's office accommodation.

These leases have an average life of between 1 month and 10 years.	Economic Entity 2006	Economic Entity 2005	Parent Entity 2006	Parent Entity 2005
Future minimum rentals payable under the non-cancellable operating leases as at 31 December are as follows:	$	$	$	$
Not later than one year	4,010,691	3,363,451	-	-
Later than one year but not later than five years	15,336,977	14,625,017	-	-
Later than five years	15,052,684	19,438,737	-	-
	34,400,352	37,427,205	-	-

26. RELATED PARTIES DISCLOSURE

The consolidated financial statements include the financial statements of Bell Potter Group Pty Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2006	% Equity Interest 2005	Investment 2006	Investment 2005
Bell Potter Securities Limited	Australia	100	100	81,503,273	26,761,693
Bell Potter Financial Planning Limited	Australia	100	100	63,046	63,295
Bell First Pacific Limited	Australia	100	100	1	1
Bell Potter Investments Pty Limited	Australia	100	100	10,001	10,001
Bell Potter Finance Pty Limited	Australia	-	100	-	100
				81,576,321	26,835,090

Bell Potter Finance Pty Limited was sold during the year to Bell Commodities Ltd. No profit was made on this sale.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at year end, refer to note 10 and 16).

Economic Entity		Amounts owed to related parties	Amounts owed by related parties	Interest receivable	Management Fee
Ultimate parent company					
Bell Commodities	2005	-	18,498,539	866,916	-
Limited	2006	-	21,527,431	998,414	-

Loan owed by Bell Commodities Limited is secured by 1,627,280 Challenger Financial Services Group shares. Interest received is at normal commercial rates.

26. RELATED PARTIES DISCLOSURE (continued)

Economic Entity		Amounts owed to related parties	Amounts owed by related parties	Interest receivable	Management Fee
Other related entities of ultimate parent company		$	$	$	$
Bell Asset Management	2005	-	15,218	8,915	-
Ltd	2006	-	10,599	31	-
Bell Asset Management	2005	-	-	882	-
USA Inc	2006	-	-	3,554	-
Bell Securities	2005	-	-	29,826	-
Limited	2006		-	(3,063)	-
Bell Potter Funds	2005	-	1,250,578	22,622	-
Management Limited	2006	-	1,000	33,249	-
Bell Potter Capital	2005	-	-	-	-
Limited	2006	-	21,799	-	-
BPC Custody	2005	-	-	-	-
Pty Limited	2006	(100)	-	-	-

Amounts owed by related parties is unsecured. Interest received is at normal commercial rates.

Parent Entity

Other entities of the wholly owned group

Bell Potter Securities	2005	-	27,753,481	-	-
Limited	2006	-	20,728,617	-	-
Bell Potter Financial	2005	-	1,109	-	-
Planning Limited	2006	(198)	-	-	-
Challenger First Pacific	2005	(211,767)	-	-	-
Management Limited	2006	-	-	-	-
Challenger First Pacific	2005	(194,230)	-	-	-
Limited	2006	-	-	-	-
Bell Potter Investments	2005	-	50,343	-	-
Pty Limited	2006	-	50,343	-	-
Bell Potter Finance	2005	(100)	-	-	-
Pty Limited	2006	-	-	-	-

Amounts owed by related parties is unsecured. The loan is interest free. The Company has an subordinated loan attracting a 6.5% rate of interest (2005: 6.5%). However interest receivable of the subordinated loan was waived by the Company for financial period.

Ultimate parent company

Bell Commodities	2005	-	3,088,145	-	-
Limited	2006	-	3,088,145	-	-

Loan owed by Bell Commodities Limited is secured by 1,627,280 Challenger Financial Services Group shares.

27. AUDITORS REMUNERATION

	Economic Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
Amounts owed to KPMG (2005: William Buck) for:				
An audit of the financial report of the company	120,500	57,480	10,000	8,000
Other services in relation to the company				
- audit required by regulators	11,500	9,520	-	-
	132,000	67,000	10,000	8,000

28. REMUNERATION OF DIRECTORS

(a) The directors of Bell Potter Group Pty Limited during the financial period and to the date of this report were:

C M Bell	March 1989	Director and Chief Executive Officer
D A Provan	December 1993	Managing Director
L M Bell	March 1989	Director
A G Bell	March 1989	Director
H. Robertson	December 2004	Director
L A McFayden	July 2005	Director
P I Burrows	August 2005	Director

(b) Compensation of Key Management Personal

	2006 $	2005 $
Short-term employee benefits	27,663,864	6,838,300
Long-term employee benefits	554,471	-
Post employee benefit	405,035	168,171
	28,623,370	7,006,471

29. FINANCING ARRANGEMENTS

	Economic Entity		Parent Entity	
	2006 $	2005 $	2006 $	2005 $
The company has access to the following lines of credit:				
Indemnity/Guarantee facility	1,280,000	1,280,000	-	-
Clean Credit Facility	26,000,000	26,000,000	-	-
Funds Deemed Clear Facility	15,000,000	15,000,000	-	-
Bank overdraft/bill discount facility	6,000,000	6,000,000	6,000,000	6,000,000
Hire purchase/lease facility	650,000	650,000	650,000	650,000
Cash advance facility	72,000	72,000	-	-
Facilities utilised at balance date:				
Bank overdraft/bill discount facility	1,500,000	3,500,000	1,500,000	3,500,000
Cash advance facility	-	-	-	-
Hire purchase/lease facility	671,685	18,801	671,685	234,835
Indemnity/Guarantee Facility	1,099,308	558,989	-	-

30. EMPLOYEE BENEFITS

The present value of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	5.5%	5.5%	-	-
Discount rate	6.4%	6.4%	-	-
Settlement term (years)	10	10	-	-
Number of employees				
Total number of employees at year end	602	590	-	-

31. CONTINGENT LIABILITIES

Bell Potter Group Pty Limited has agreed to indemnify companies within the economic entity, in the event that any contingent liability results in a loss.

BELL POTTER GROUP PTY LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2006

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 are in accordance with the Corporations Act 2001, including;

   (i) giving a true and fair view of the financial position of the Company and economic entity as at 31 December 2006 and of their performance as represented by the results of their operations and their cash flows for the year ended on that date; and

   (ii) complying with Accounting Standards and Corporations Regulations 2001; and

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

On behalf of the Board

L Bell
Director

Melbourne 30th March 2007