



BELL IXL INVESTMENTS LIMITED

ACN 113 669 908
ABN 80 113 669 908

SECOND ANNUAL REPORT

30 JUNE 2006

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LETTER FROM THE EXECUTIVE CHAIRMAN

3 October 2006

Dear Shareholder

It is pleasing to report the second consecutive year of profit for your company, albeit modest, with a result of \$79,813 after tax.

The company successfully completed its initial public offer of ordinary shares during the financial year and 2,510,000 shares were issued at 20 cents each. Subsequently, a further 1,290,000 ordinary shares and 30,000 limited voting ordinary shares were placed at 30 cents each thereby increasing the capital of the company by \$396,000.

The market value of the company's investment portfolio at year end was \$1,470,039 and the company's cash balance was \$985,115.

Your company made its first corporate foray during the year by offering to acquire up to 20% of the shares in Betta Stores Limited (NSX: BSZ) which is the operator/franchisor for the Betta Electrical and Chandlers stores throughout Australia. To date, the level of acceptances have been significantly less than we would have hoped. Together with other companies of which I am a director, your company has a voting power of 3.7% in Betta Stores Limited.

The other core investment of the company is Queste Communications Limited (ASX: QUE) which operates as an investment holding company. This investment has been acquired at a significant discount to its underlying value and we continue to assess ways of unlocking this value. Together with other companies of which I am a director, your company has a voting power of approximately 19.9% in Queste Communications Limited.

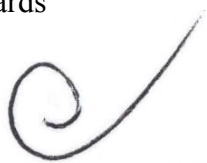
The balance of the investment portfolio is in non-core investments that will be progressively sold and converted into cash over the next three to six months.

The stock market has continued to trade at uncomfortably high levels and there is a shortage of bargain opportunities. These situations will come again as patience is the key. We see no need to invest the company's idle cash just for the sake of it.

A notice setting out details regarding the second Annual General Meeting of the company is enclosed with this document and I look forward to seeing you at the meeting.

Please feel free to call me anytime on (03) 9840 8710.

Kind regards



MASSIMO LIVIO CELLANTE
EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2006.

Directors

The names of directors in office at any time during or since the end of the year are:

- Mr. Massimo Livio Cellante
- Mr. Ramon Jimenez
- Mr. Romano Livio Cellante

Directors have been in office since the start of the financial year to the date of this report.

Company Secretary

Mr. Ramon Jimenez held the position of company secretary at the end of the financial year.

Principal Activities

The principal activity of the company during the financial year was investing and trading in listed equity securities.

There has been no significant change in the nature of the company's activities during the financial year.

Operating Results

The profit of the company after providing for income tax for the year ended 30 June 2006 amounted to \$79,813.

Dividends Paid or Recommended

An interim dividend of one cent per fully paid ordinary share was declared as payable to holders of shares registered on 31 March 2006. The dividend was paid on 21 April 2006.

The directors do not recommend the payment of a final dividend.

Review of Operations

General Activities

The company operates as a strategic investment holding company with a focus on acquiring at a discount and profitably realising strategic shareholdings in publicly listed companies. The company acquired its initial portfolio of investments from a subsidiary of the ultimate parent entity of the company, The Bell IXL Group Limited and an unrelated third party.

BELL IXL INVESTMENTS LIMITED
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DIRECTORS' REPORT

Review of Operations (continued)

Stock Exchange Listing

During the financial year the company completed an initial public share offer and succeeded in raising new capital totalling \$502,000. On 29 August 2005 the company issued 2,510,000 fully paid ordinary shares pursuant to the offer. The company was admitted to the Official List of the Stock Exchange of Newcastle Limited on 6 September 2005 and trading in the shares of the company commenced on 15 September 2005.

New Constitution

At the first Annual General Meeting of the company on 30 November 2005 the shareholders of the company voted unanimously to adopt a new Constitution of the company. The new Constitution has introduced a new class of shares known as limited voting ordinary shares. These shares rank equally with ordinary shares in all respects save that holders of limited voting ordinary shares are only entitled to vote on proposals that affect the rights attached to the limited voting ordinary shares.

Capital Raisings

During the financial year the company succeeded in issuing, in addition to the shares issued under the initial public offer, a total of 1,290,000 fully paid ordinary shares and 30,000 fully paid limited voting ordinary shares for cash and the acquisition of shares in publicly listed companies. All additional shares were issued at 30 cents per share.

Investment Activities

The company has continued to actively manage its portfolio of investments and has engaged in a realisation program with a goal of liquefying all non-core investments in anticipation of significant corporate activity in respect of one or more target companies.

During the year the company reduced its investment in Winpar Holdings Limited with the result that the company is no longer a substantial shareholder in that company.

At present the company holds two core investments:

- Betta Stores Limited (NSX code: BSZ)

On 14 June 2006 the company made an offer to purchase a maximum of 20% of the fully paid ordinary shares of Betta Stores Limited. The offer was open at the end of the financial year and is scheduled to close at 5:00 pm on Thursday 19 October 2006. The company, and its associates, have a voting power of 3.7% in Betta Stores Limited not including acceptances received under the share purchase offer.

BELL IXL INVESTMENTS LIMITED
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DIRECTORS' REPORT

Review of Operations (continued)

- Queste Communications Limited (ASX code: QUE)

The company remains a substantial shareholder in Queste Communications and the company, together with associates, has a voting power of 19.9% in the company.

The company will continue to pursue the acquisition of investments and the successful realisation of those investments for the benefit of shareholders.

Financial Position

The net assets of the company increased from \$1,673,437 as at 30 June 2005 to \$2,480,404 at 30 June 2006 with the increase resulting from the following factors:

- The increase in issued capital as a result of the issue of 3,800,000 fully paid ordinary shares and 30,000 fully paid limited voting ordinary shares.
- Profits generated from the successful realisation of investments.

The directors believe that the company is in a very strong and stable financial position.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the company occurred during the financial year:

- The company successfully completed an initial public offer of fully paid ordinary shares and obtained the listing of its securities on the stock market conducted by Stock Exchange of Newcastle Limited.
- The company issued a total of 3,800,000 fully paid ordinary shares and 30,000 fully paid limited voting ordinary shares for cash and the acquisition of shares in publicly listed companies.
- The company fully repaid loans totalling \$98,522 previously due to the ultimate parent entity (\$60,000) and a subsidiary of the ultimate parent entity (\$38,522).
- On 21 April 2006 the company paid an interim dividend of one cent per fully paid ordinary share to holders of shares registered on 31 March 2006.
- On 14 June 2006 the company made an offer to purchase 20% of the fully paid ordinary shares in Betta Stores Limited (NSX code: BSZ).

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DIRECTORS' REPORT

Adoption of Australian Equivalents to IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the financial report of the company has been prepared in accordance with those standards. A reconciliation of adjustments arising on the transition to AIFRS is included in Note 2 to the financial report.

After Balance Date Events

The following significant events affecting the company occurred after balance date:

- The company issued 235,000 fully paid ordinary shares at 30 cents per share in consideration for the acquisition of shares in publicly listed companies.
- The ultimate parent entity completed the first stage of a restructure of its affairs with the result that 7,855,000 fully paid ordinary shares were transferred from the immediate parent entity to the ultimate parent entity. The ultimate parent purchased 150,000 fully paid ordinary shares on-market and then transferred 2,310,000 shares to a third party with the result that the ultimate parent entity was left with a net holding of 5,695,000 fully paid ordinary shares.
- The company reached agreement to issue a total of 1,165,000 fully paid limited voting ordinary shares at 30 cents per share in consideration for the acquisition of shares in publicly listed companies. The shares have not yet been issued as at the date of this report. As part of these transactions for the acquisition of shares in publicly listed companies the company has paid cash consideration of \$200,500.

Except for the matters stated, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future Developments

The company will continue to pursue the acquisition of investments and the successful realisation of those investments for the benefit of shareholders. Further information on likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Issues

The operations of the company are not regulated by any significant environmental regulation under a law of the Commonwealth of Australia or the State of Victoria.

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DIRECTORS' REPORT

Information on Directors

Massimo Livio Cellante

(Age 32)

Qualifications	Bachelor of Commerce (Deakin University)
Experience	Board member since 5 April 2005. A director of the Cellante group of property development and investment companies since 1992.
Interest in securities	7,905,000 fully paid ordinary shares.
Special Responsibilities	Executive Chairman and Managing Director.

Ramon Jimenez

(Age 27)

Qualifications	Member of the Australian Institute of Company Directors. Associate of the Law Institute of Victoria.
Experience	Board member since 5 April 2005. A director of the Landwise Group of companies since 1997.
Interest in securities	7,905,000 fully paid ordinary shares.
Special Responsibilities	Executive Director and Company Secretary

Romano Livio Cellante

(Age 33)

Qualifications	Diploma of Accounting (Swinburne University)
Experience	Board member since 5 April 2005. A director of the Cellante group of property development and investment companies since 1992.
Interest in securities	7,905,000 fully paid ordinary shares.
Special Responsibilities	Non-executive Director.

Remuneration Report

This report details the nature and amount of remuneration for each director of the company, and for the key management personnel receiving the highest remuneration.

Remuneration Policy

Remuneration issues are addressed by the directors. The company has no employees and the executive directors are responsible for managing the affairs of the company.

BELL IXL INVESTMENTS LIMITED
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DIRECTORS' REPORT

Remuneration Report (continued)

Policy for remuneration of executive directors

In view of their significant indirect financial interest in the company the executive directors have elected not to seek remuneration from the company at this time and accordingly the company has not developed a remuneration policy. In the event that the executive directors were to seek remuneration from the company then the company would be obliged to formulate an appropriate remuneration policy. Such a policy would be formulated and voted upon by directors other than those to whom the remuneration would be payable.

Policy for remuneration of non-executive directors

The Constitution of the company requires that shareholder approval be obtained for the payment of remuneration to non-executive directors. No approval has been obtained for the payment of remuneration to non-executive directors and therefore no remuneration is paid.

Performance based remuneration

No performance based remuneration is paid by the company.

Details of remuneration for the year ended 30 June 2006

Details of the remuneration for each director of the company during the year was as follows:

	NAMES OF DIRECTORS					
	M. L. Cellante Executive Chairman and Managing Director		R. Jimenez Executive Director and Company Secretary		R. L. Cellante Non-executive Director	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Salary, Fees and Commissions	-	-	-	-	-	-
Superannuation Contributions	-	-	-	-	-	-
Cash Bonus	-	-	-	-	-	-
Non-Cash Benefits	-	-	-	-	-	-
Options	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
Performance Related (%)	-	-	-	-	-	-

BELL IXL INVESTMENTS LIMITED
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DIRECTORS' REPORT

Remuneration Report (continued)

The company has only two executives, Mr. M. L. Cellante and Mr. R. Jimenez, both of whom are directors of the company. As the executives are directors of the company, remuneration in respect of those executives is disclosed with directors' remuneration above.

Details of shares and options held by directors

Number of shares held by directors of the company:

	Balance 30/06/2005	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2006
Mr. M. L. Cellante	7,500,000	-	-	405,000	7,905,000
Mr. R. Jimenez	7,500,000	-	-	405,000	7,905,000
Mr. R. L. Cellante	7,500,000	-	-	405,000	7,905,000

The three directors have an indirect interest in 7,855,000 fully paid ordinary shares held by Bell IXL Investments No. 4 Pty. Limited (ACN 108 748 992) and 50,000 fully paid ordinary shares held by Cellante Securities Pty. Limited (ACN 073 202 838).

Number of options held by directors of the company:

	Balance 30/06/2005	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2006
Mr. M. L. Cellante	-	-	-	-	-
Mr. R. Jimenez	-	-	-	-	-
Mr. R. L. Cellante	-	-	-	-	-

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	<i>Directors' Meetings</i>	
	<i>Number eligible to attend</i>	<i>Number attended</i>
Massimo Livio Cellante	11	11
Ramon Jimenez	11	11
Romano Livio Cellante	11	11

Due to the size of the company and the nature of its activities all management issues are considered by the full board of directors.

No committees of directors have been established.

BELL IXL INVESTMENTS LIMITED
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DIRECTORS' REPORT

Options

At the date of this report, the unissued fully paid ordinary shares of the company under option are as follows:

<i>Grant Date</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Number under option</i>
29 August 2005	31 March 2008	\$0.25	500,000

These options were issued to Taylor Collison Limited in connection with an underwriting agreement for the initial public offer of shares.

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Non-Audit Services

The auditors did not provide any non-audit services to the company during the financial year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 12 of the annual report.

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



Director

MR. M. L. CELLANTE

Dated this 3rd day of October 2006.

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF BELL IXL INVESTMENTS LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bell IXL Investments Limited for the year ended 30 June 2006, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J GRAY
Partner

Signed at *Adelaide* this *3* day of *October* 2006

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BELL IXL INVESTMENTS LIMITED
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Net realised gains on trading portfolio	3	48,328	113,444
Unrealised gains on trading portfolio	3	20,826	41,892
Income from trading portfolio	3	37,681	-
Other revenue	3	27,309	22,512
Other expenses	4	<u>(33,759)</u>	<u>(5,521)</u>
Net profit before income tax		100,385	172,327
Income tax expense	5	<u>(20,572)</u>	<u>(48,890)</u>
Net profit after income tax		<u>79,813</u>	<u>123,437</u>
Basic earnings per share (cents per share)	9	0.78	1.59
Diluted earnings per share (cents per share)	9	0.78	1.59

The accompanying notes form part of these financial statements.

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

BALANCE SHEET
AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash assets	10	985,115	775,957
Trade and other receivables	11	25,973	837
Trading portfolio	12	1,470,039	1,023,995
Other	13	-	46,817
<i>TOTAL CURRENT ASSETS</i>		2,481,127	1,847,606
NON-CURRENT ASSETS			
Deferred tax assets	15	68,921	1,650
<i>TOTAL NON-CURRENT ASSETS</i>		68,921	1,650
TOTAL ASSETS		2,550,048	1,849,256
CURRENT LIABILITIES			
Trade and other payables	14	8,070	125,279
Current tax liabilities	15	41,206	37,972
<i>TOTAL CURRENT LIABILITIES</i>		49,276	163,251
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	20,368	12,568
<i>TOTAL NON-CURRENT LIABILITIES</i>		20,368	12,568
TOTAL LIABILITIES		69,644	175,819
<u>NET ASSETS</u>		2,480,404	1,673,437
EQUITY			
Issued capital	16	2,383,754	1,550,000
Retained profits		96,650	123,437
<u>TOTAL EQUITY</u>		2,480,404	1,673,437

The accompanying notes form part of these financial statements.

BELL IXL INVESTMENTS LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 5 April 2005		-	-	-
Shares issued during the period		1,550,000	-	1,550,000
Profit for the period		-	123,437	123,437
BALANCE AT 30 JUNE 2005		<u>1,550,000</u>	<u>123,437</u>	<u>1,673,437</u>
Balance at 1 July 2005		1,550,000	123,437	1,673,437
Shares issued during the period	16	898,000	-	898,000
Profit for the period		-	79,813	79,813
Capital raising costs (net of tax)		(64,246)	-	(64,246)
Dividends paid to shareholders	8	-	(106,600)	(106,600)
BALANCE AT 30 JUNE 2006		<u>2,383,754</u>	<u>96,650</u>	<u>2,480,404</u>

The accompanying notes form part of these financial statements.

BELL IXL INVESTMENTS LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Sale of investments		492,833	757,833
Purchase of investments		(557,843)	(38,010)
Option premium received		-	22,512
Payments to suppliers		(31,424)	(21)
Interest received		15,460	-
Dividends received		15,873	-
Income taxes paid		(37,972)	-
GST refund received		2,166	-
Net cash provided by (used in) operating activities	19(a)	(100,907)	742,314
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash provided by (used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		583,000	-
Initial public offer costs		(67,813)	(26,357)
Proceeds from borrowings		-	60,000
Repayment of borrowings		(98,522)	-
Dividends paid		(106,600)	-
Net cash provided by (used in) financing activities		310,065	33,643
Net increase in cash held		209,158	775,957
Cash at beginning of the financial period		775,957	-
Cash at end of the financial period	10	985,115	775,957

The accompanying notes form part of these financial statements.

BELL IXL INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Bell IXL Investments Limited as an individual entity. Bell IXL Investments Limited is a public company listed on the Stock Exchange of Newcastle Limited, incorporated and domiciled in Australia.

The financial report of Bell IXL Investments Limited as an individual entity complies with all Australian equivalents to International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

First-time adoption of Australian Equivalents to International Financial Reporting Standards

Bell IXL Investments Limited as an individual entity has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts of the company resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of Bell IXL Investments Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of the transition from previous Australia GAAP to AIFRS have been included in Note 2 to the financial report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

BELL IXL INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies

(a) Financial Assets

Classification of financial assets

Securities, including listed and unlisted shares, are initially brought to account at cost (including any associated transaction costs) and are continuously revalued to fair value. It is the investment policy of the company to constantly pursue opportunities for the successful realisation of investments for the benefit of shareholders. As a consequence all investments are held within a 'trading portfolio'. The company is not a long-term investor and accordingly investments are classified as 'current assets'. In the situation where the company obtains significant influence in the affairs of an entity in which an investment is held then such investment may be classified differently depending on the particular circumstances.

Treatment of realised and unrealised gains and losses

Realised and unrealised gains and losses arising from changes in fair value of investments are included in the Income Statement in the period in which they arise.

Determination of fair value of financial assets

Fair value for the purpose of valuing holdings of securities is determined by reference to market prices prevailing at balance date, predominantly last sale price, where securities are traded on an organised market. Where a security is not so traded, the directors have determined the fair value of the security. An allowance is made for realisation costs where considered appropriate.

Treatment of income received from financial assets

Distributions relating to listed securities are recognised when those securities are quoted on an ex-distribution basis. Distributions relating to unlisted securities are recognised when received.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(b) Income Tax (continued)

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Cash

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the balance sheet.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

BELL IXL INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 1: Statement of Significant Accounting Policies (continued)

Accounting Policies (continued)

(e) Share based payments

Where the company issues shares or other securities for the acquisition of assets or to discharge liabilities the company assesses the fair value of the instruments issued by reference to the market price at which those securities are being traded together with an analysis of the underlying value of the securities. In the case where assets are acquired then the fair value of those assets is assessed by reference to market prices, where possible, or to the underlying value of the assets.

(f) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(g) Initial Public Offer Costs

The costs (net of tax) incurred in the establishment of the company, and the initial public share offer, have been charged directly against equity.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the company.

Key Judgments - Fair value of Financial Assets

Included in financial assets at 30 June 2006 is an amount of \$182,063 being the aggregate value of 1,137,891 fully paid ordinary shares in Betta Stores Limited. At balance date trading in Betta Stores Limited shares had been halted pending the lodgement of financial information with the Stock Exchange of Newcastle Limited. The directors formed the view that it was appropriate, having regard to all the circumstances, to calculate value of the investment held by the company by reference to the last sale price of Betta Stores Limited shares prior to the imposition of the trading halt. The last sale price of Betta Stores Limited shares was less than the average cost per share paid by the company.

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 2: First time adoption of Australian Equivalents to International Financial Reporting Standards

Reconciliation of Equity at 30 June 2005

	Note	Previous AGAAP at 30 June 2005 \$	Effect of transition to AIFRS \$	AIFRS at 30 June 2005 \$
CURRENT ASSETS				
Cash		775,957	-	775,957
Receivables		837	-	837
Financial assets	2(a)	982,103	41,892	1,023,995
Other		46,817	-	46,817
TOTAL CURRENT ASSETS		<u>1,805,714</u>	<u>41,892</u>	<u>1,847,606</u>
NON-CURRENT ASSETS				
Deferred tax assets		1,650	-	1,650
TOTAL NON-CURRENT ASSETS		<u>1,650</u>	<u>-</u>	<u>1,650</u>
TOTAL ASSETS		<u>1,807,364</u>	<u>41,892</u>	<u>1,849,256</u>
CURRENT LIABILITIES				
Payables		125,279	-	125,279
Current tax liabilities		37,972	-	37,972
TOTAL CURRENT LIABILITIES		<u>163,251</u>	<u>-</u>	<u>163,251</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities	2(a)	-	12,568	12,568
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>12,568</u>	<u>12,568</u>
TOTAL LIABILITIES		<u>163,251</u>	<u>12,568</u>	<u>175,819</u>
<u>NET ASSETS</u>		<u>1,644,113</u>	<u>29,324</u>	<u>1,673,437</u>
EQUITY				
Issued capital		1,550,000	-	1,550,000
Retained earnings	2(a)	94,113	29,324	123,437
<u>TOTAL EQUITY</u>		<u>1,644,113</u>	<u>29,324</u>	<u>1,673,437</u>

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 2: First time adoption of Australian Equivalents to International Financial Reporting Standards (continued)

Reconciliation of Profit or Loss for the year ended 30 June 2005

	Note	Previous AGAAP at 30 June 2005 \$	Effect of transition to AIFRS \$	AIFRS at 30 June 2005 \$
Revenue from sale of investments		802,403	(802,403)	-
Cost of investments sold		(688,959)	688,959	-
Gross profit		113,444	(113,444)	-
Net realised gains		-	113,444	113,444
Other revenue		22,512	-	22,512
Other expenses		(5,521)	-	(5,521)
Unrealised gains on investments	2(a)	-	41,892	41,892
Net profit before income tax		130,435	41,892	172,327
Income tax expense	2(a)	(36,322)	(12,568)	(48,890)
Net profit after income tax		94,113	29,324	123,437

(a) The principal impact on the company from the transition from Australian GAAP to Australian equivalents to IFRS is that the investment portfolio is revalued to fair market value continuously with all increments and decrements in value being included in net profit. As a result of this regular revaluation process deferred tax assets and liabilities are recognised in the balance sheet where required.

Note 3: Revenue	Note	2006 \$	2005 \$
Operating activities			
- Net realised gains from trading portfolio		48,328	113,444
- Net unrealised gains from trading portfolio		20,826	41,892
- Option premium received		-	22,512
- Dividends received		37,681	-
- Interest received		27,309	-
		134,144	177,848

BELL IXL INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 4: Profit	Note	2006 \$	2005 \$
Net profit before income tax has been determined after:			
Expenses			
- Legal fees		9,762	-
- Other expenses		23,997	5,521
		<u>33,759</u>	<u>5,521</u>
 Note 5: Income Tax Expense			
(a) The components of tax expense comprise:			
Current tax		12,041	36,322
Deferred tax		8,531	12,568
		<u>20,572</u>	<u>48,890</u>
(b) The prima facie tax on net profit before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on net profit before income tax at 30%.		30,115	51,699
Add:			
Tax effect of:			
- Other non-allowable items		1,650	-
- Revaluation of shares not subject to income tax		15,441	-
Less:			
Tax effect of:			
- Capital raising costs		(18,355)	(2,809)
- Withholding tax credits		(8,279)	-
Income tax attributable to entity		<u>20,572</u>	<u>48,890</u>

Note 6: Key Management Personnel Compensation

This note details the nature and amount of remuneration for each director of the company, and for the key management personnel receiving the highest remuneration.

Remuneration Policy

Remuneration issues are addressed by the directors. The company has no employees and the executive directors are responsible for managing the affairs of the company.

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 6: Key Management Personnel Compensation (continued)

Policy for remuneration of executive directors

In view of their significant indirect financial interest in the company the executive directors have elected not to seek remuneration from the company at this time and accordingly the company has not developed a remuneration policy. In the event that the executive directors were to seek remuneration from the company then the company would be obliged to formulate an appropriate remuneration policy. Such a policy would be formulated and voted upon by directors other than those to whom the remuneration would be payable.

Policy for remuneration of non-executive directors

The Constitution of the company requires that shareholder approval be obtained for the payment of remuneration to non-executive directors. No approval has been obtained for the payment of remuneration to non-executive directors and therefore no remuneration is paid.

Performance based remuneration

No performance based remuneration is paid by the company.

Details of remuneration for the year ended 30 June 2006

Details of the remuneration for each director of the company during the year was as follows:

	NAMES OF DIRECTORS					
	M. L. Cellante		R. Jimenez		R. L. Cellante	
	Executive Chairman and Managing Director		Executive Director and Company Secretary		Non-executive Director	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Salary, Fees and Commissions	-	-	-	-	-	-
Superannuation Contributions	-	-	-	-	-	-
Cash Bonus	-	-	-	-	-	-
Non-Cash Benefits	-	-	-	-	-	-
Options	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
Performance Related (%)	-	-	-	-	-	-

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 6: Key Management Personnel Compensation (continued)

The company has only two executives, Mr. M. L. Cellante and Mr. R. Jimenez, both of whom are directors of the company. As the executives are directors of the company, remuneration in respect of those executives is disclosed with directors' remuneration above.

Details of shares and options held by directors

Number of shares held by directors of the company:

	Balance 30/06/2005	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2006
Mr. M. L. Cellante	7,500,000	-	-	405,000	7,905,000
Mr. R. Jimenez	7,500,000	-	-	405,000	7,905,000
Mr. R. L. Cellante	7,500,000	-	-	405,000	7,905,000

The three directors have an indirect interest in 7,855,000 fully paid ordinary shares held by Bell IXL Investments No. 4 Pty. Limited (ACN 108 748 992) and 50,000 fully paid ordinary shares held by Cellante Securities Pty. Limited (ACN 073 202 838).

Number of options held by directors of the company:

	Balance 30/06/2005	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2006
Mr. M. L. Cellante	-	-	-	-	-
Mr. R. Jimenez	-	-	-	-	-
Mr. R. L. Cellante	-	-	-	-	-

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 7: Auditors' Remuneration	Note	2006 \$	2005 \$
Remuneration of the auditor of the Company for:			
- Auditing or reviewing the financial report		9,900	5,500
- Other services		-	5,225
		<u>9,900</u>	<u>10,725</u>

Note 8: Dividends

(a) Dividends Paid

Interim fully franked dividend of one cent (2005: nil) per fully paid ordinary share franked at the tax rate of 30%.

<u>106,600</u>	<u>-</u>
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(b) Dividends Declared

No further dividends have been declared.

(c) Franking Account

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax.

<u>44,796</u>	<u>37,972</u>
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Note 9: Earnings per Share

Earnings used in calculation of basic EPS	79,813	123,437
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Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS.	10,215,644	7,750,000
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Weighted average number of ordinary shares outstanding during the period used in calculation of diluted EPS.	10,215,644	7,750,000
--	------------	-----------

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share:

- Options outstanding	500,000	-
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BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 10: Cash Assets	Note	2006 \$	2005 \$
Cash at bank and on hand		19,655	775,957
Deposits at call		965,460	-
		<u>985,115</u>	<u>775,957</u>

Cash at bank and on hand yields no interest. Deposits at call yield interest at an effective rate of 5.50% (2005: nil) The credit risk exposure of the company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

Reconciliation of Cash

Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash	<u>985,115</u>	<u>775,957</u>
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Note 11: Trade and other receivables

CURRENT

Interest accrued on deposits	11,849	-
Outstanding settlements - sale of securities	13,250	-
Other debtors	874	837
	<u>25,973</u>	<u>837</u>

Receivables are non-interest bearing and unsecured. The credit risk exposure of the company in relation to receivables is the carrying amount.

Note 12: Trading portfolio

CURRENT

Listed investments, at market value:

- Shares	<u>1,470,039</u>	<u>1,023,995</u>
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Note 13: Other

CURRENT

Prepayments	<u>-</u>	<u>46,861</u>
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BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 14: Trade and other payables	Note	2006 \$	2005 \$
CURRENT			
Unsecured liabilities			
Trade payables		8,070	26,757
Amounts payable to:			
- ultimate parent entity		-	60,000
- subsidiary of ultimate parent entity		-	38,522
		<u>8,070</u>	<u>125,279</u>

Note 15: Tax

(a) Liabilities

CURRENT

Income Tax	<u>41,206</u>	<u>37,972</u>
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NON-CURRENT

Deferred tax liability comprises:

- Deferred income tax on unrealised gains	<u>20,368</u>	<u>12,568</u>
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(b) Assets

NON-CURRENT

Deferred tax assets comprise:

- Accrued expenses	1,650	1,650
- Transaction costs on equity issue	22,026	-
- Deferred income tax on unrealised losses	45,245	-
	<u>68,921</u>	<u>1,650</u>

Note 16: Issued capital

11,550,000 fully paid ordinary shares (2005: 7,750,000)	16(a)	2,374,754	1,550,000
30,000 fully paid limited voting ordinary shares (2005: nil)	16(b)	9,000	-
		<u>2,383,754</u>	<u>1,550,000</u>

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 16: Issued capital (continued)	Note	2006 \$	2005 \$
(a) Ordinary Shares		Number	\$
At the beginning of the reporting period		7,750,000	1,550,000
Shares issued during the period:			
- 29 August 2005 - initial public offer		2,510,000	502,000
- 13 December 2005 - placement		170,000	51,000
- 28 February 2006 - placement		230,000	69,000
- 16 March 2006 - placement		120,000	36,000
- 29 March 2006 - placement		500,000	150,000
- 31 March 2006 - placement		100,000	30,000
- 9 June 2006 - placement		170,000	51,000
Capital raising costs (net of tax)		-	(64,246)
At the end of the reporting period		<u>11,550,000</u>	<u>2,374,754</u>
Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At meetings of shareholders each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.			
(b) Limited Voting Ordinary Shares		Number	\$
At the beginning of the reporting period		-	-
Shares issued during the period:			
- 9 June 2006 - placement		<u>30,000</u>	<u>9,000</u>
At the end of the reporting period		<u>30,000</u>	<u>9,000</u>
Limited voting ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At meetings of shareholders each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Holders of limited voting ordinary shares may only vote on proposals that affect the rights attached to the limited voting ordinary shares.			

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 16: Issued capital (continued)	Note	2006 \$	2005 \$
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(c) Options

On 29 August 2005 the company issued 500,000 options to acquire fully paid ordinary shares in the company with an expiry date of 31 March 2008 to Taylor Collison Limited in connection with an underwriting agreement for the initial public offer of shares. The exercise price is \$0.25 per option. The fair value of these options at the date of issue calculated using the Black-Sholes valuation methodology was \$nil. At balance date there were 500,000 unissued ordinary shares for which options were outstanding.

Note 17: Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

On 14 June 2006 the company made an offer to purchase up to 7,746,294 fully paid ordinary shares in Betta Stores Limited ("Betta") a company listed on the Newcastle Stock Exchange. The company has offered 18 cents in cash plus one fully paid ordinary share in the capital of the company for every three shares in Betta. The offer will close at 5:00 pm on Thursday 19 October 2006. To date the company has received valid acceptances of the offer in respect of 229,125 shares in Betta and as a result the company will pay \$13,747.50 and issue 76,375 fully paid ordinary shares to the accepting shareholders. If the offer was to be fully accepted then the company would be required to pay a further \$451,030.14 and issue an additional 2,505,723 fully paid ordinary shares to the accepting shareholders. The company believes that it is unlikely that any further significant acceptances will be received. It is the view of the company that the contingent liability arising under the offer is wholly offset by the value of the shares to be acquired under the offer.

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 18: Segment Reporting	Note	2006 \$	2005 \$
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The company operates solely in one business and geographical segment being the acquisition and realisation of listed investments in Australia.

Note 19: Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Net profit after income tax

Net profit after income tax	79,813	123,437
Non-cash flows in net profit after income tax		
- Sale of investments	457,791	(44,570)
- Purchase of investments	(534,656)	650,949
- Dividend reinvestment	(10,504)	-
- Unrealised gains on investments	(20,826)	(41,892)
Changes in assets and liabilities:		
- Increase in receivables	(25,135)	-
- Increase in income taxes payable	3,234	37,972
- Increase in deferred tax liabilities	7,800	12,568
- (Increase) in deferred tax assets	(39,737)	(1,650)
- Increase in accounts payable	(18,687)	5,500
Cash flow from operations	<u>(100,907)</u>	<u>742,314</u>

Note 20: Share Based Payments

During the year the company issued a total of 1,020,000 fully paid ordinary shares and 30,000 fully paid limited voting ordinary shares as consideration or part consideration for the acquisition by the company of shares issued by publicly listed companies. All such shares were issued at a deemed issue price of 30 cents per share. In issuing the shares the company has had regard to current market prices for the securities of the company together with the underlying value of those securities. The company is of the view that the assets acquired represent fair value for the shares that were issued.

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 21: Events After the Balance Sheet Date	Note	2006 \$	2005 \$
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The following significant events affecting the company occurred after balance date:

- The company issued 235,000 fully paid ordinary shares at 30 cents per share in consideration for the acquisition of listed shares.
- The ultimate parent entity completed the first stage of a restructure of its affairs with the result that 7,855,000 fully paid ordinary shares were transferred from the immediate parent entity to the ultimate parent entity. The ultimate parent purchased 150,000 fully paid ordinary shares on-market and then transferred 2,310,000 shares to a third party with the result that the ultimate parent entity was left with a net holding of 5,695,000 fully paid ordinary shares.
- The company reached agreement to issue a total of 1,165,000 fully paid limited voting ordinary shares at 30 cents per share in consideration for the acquisition of shares in publicly listed companies. The shares have not yet been issued as at the date of this report. As part of these transactions for the acquisition of shares in publicly listed companies the company has paid cash consideration of \$200,500.

The financial report was authorised for issue on 3 October 2006 by the board of directors.

Note 22: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless stated.

Transactions with related parties:

(i) Ultimate parent entity

Non-interest bearing loan received from The Bell IXL Group Limited repayable at call.

- 60,000

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 22: Related Party Transactions (continued)	Note	2006 \$	2005 \$
Sub-underwriting by The Bell IXL Group Limited of the initial public share offer. The company did not pay a sub-underwriting fee to The Bell IXL Group Limited but the ultimate parent entity received a sub-underwriting fee from Taylor Collison Limited.		-	-
Non-interest bearing loan repaid to The Bell IXL Group Limited		60,000	-
(ii) Subsidiaries of ultimate parent entity			
Acquisition of investment portfolio from Bell IXL Nominees Pty. Limited.		-	1,531,669
Acquisition of shares in Winpar Holdings Limited from Bell IXL Nominees Pty. Limited.		-	6,853
Unpaid purchase consideration owing to Bell IXL Nominees Pty. Limited payable at call.		-	38,522
Issue of 7,500,000 fully paid ordinary shares in the capital of the company to Bell IXL Investments No. 4 Pty. Limited for cash and the acquisition of investments.		-	1,500,000
Provision by Bell IXL Management Pty. Limited of office facilities to the company.		-	-
Non-interest bearing loan repaid to Bell IXL Nominees Pty. Limited.		38,522	

Note 23: Company Details

The registered office and principal place of business of the company is situated at:

Bell IXL Investments Limited
Level 2, 651-653 Doncaster Road
Doncaster, Victoria 3108

The immediate parent entity of the company is Bell IXL Investments No. 4 Pty. Limited (ACN 108 748 992) a company incorporated and domiciled in Australia.

The ultimate parent entity of the company is The Bell IXL Group Limited (ACN 106 304 714) a company incorporated and domiciled in Australia.

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 24: Financial Risk Management	Note	2006 \$	2005 \$
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The financial instruments held by the company consist mainly of deposits with banks and publicly listed shares issued by Australian companies. The risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or the income generated from it will fluctuate as a result of changes in market interest rates. The company is vulnerable to movements in interest rates as its deposits earn interest at floating rates. The company has no interest bearing debt obligations.

(b) Liquidity risk

Liquidity risk is the risk that an entity will have difficulty in meeting its financial liabilities. The company is not vulnerable to liquidity risk as it carefully monitors its cash-flow requirements and ensures that it has access to sufficient funds to meet its obligations. In addition a large part of the assets of the company comprise listed shares which can be sold to raise funds if necessary.

(c) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company manages its credit risk by ensuring that surplus funds are only deposited with, or invested in, parties with a high degree of creditworthiness such as Australian banks.

(d) Price Risk

Price risk is that the fair value or future cash flows of a financial instrument fluctuate because of changes in market price. The company is subject to price risk by virtue of the fact that its principal activity is to invest in securities that are freely traded on organised markets and hence the market price of the securities can fluctuate.

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

Note 25: Preliminary Final Report	Note	2006 \$	2005 \$
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On 14 September 2006 the company released its Preliminary Final Report for the year ended 30 June 2006 to Stock Exchange of Newcastle Limited. It has been discovered that certain figures in the report were incorrect and as a result the reported after tax profit of the company was understated by \$7,974. As a result the carrying value of investments and receivables was understated by a total of \$7,974 with a resultant effect on the total assets, net assets and total equity stated in the report.

Note 26: Change in Accounting Policy

The following Australian Accounting Standards have been issued or amended and apply to the company but are not yet effective. They have not been adopted in this financial report.

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application Date of Standard	Application Date for Company
2005-1	AASB 139	No change to policy required. No impact.	1 January 2006	1 July 2006
2005-4	AASB 139 AASB 132 AASB 1 AASB 1023 AASB 1038	No change to policy required. No impact.	1 January 2006	1 July 2006
2005-5	AASB 1 AASB 139	No change to policy required. No impact.	1 January 2006	1 July 2006
2005-10	AASB 132 AASB 101 AASB 114 AASB 117 AASB 133 AASB 139 AASB 1 AASB 4 AASB 1023 AASB 1038	No change to policy required. No impact.	1 January 2007	1 July 2007
New Standard	AASB 7	No change to policy required. No impact.	1 January 2006	1 July 2006

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 35, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company.
2. The Executive Chairman and Managing Director (being the person who performs the chief executive function) and the Company Secretary (being the person who performs the chief financial officer function) have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

MR. M. L. CELLANTE

Dated this 3rd day of October, 2006.

INDEPENDENT AUDIT REPORT

TO MEMBERS OF BELL IXL INVESTMENTS LIMITED

Scope and summary of our role

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Bell IXL Investments Limited, for the year ended 30 June 2006.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

The auditor's role and work

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We read the other information in the annual report to determine whether it contained any material inconsistencies with the financial report.

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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Bell IXL Investments Limited:

- gives a true and fair view of the financial position of Bell IXL Investments Limited at 30 June 2006, and of their performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J GRAY
Partner

Signed at *Adelaide* this *3* day of *October* 2006

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

ADDITIONAL INFORMATION FOR LISTED COMPANIES

The following information, current as at 28 September 2006, is disclosed pursuant to the Listing Rules of Stock Exchange of Newcastle Limited.

(a) Distribution of Shareholders - Ordinary Shares

The distribution of the fully paid ordinary shares of the company is as follows:

Range	Number of shareholders	Number of shares	% of issued capital
1 - 1,000	0	0	0.00
1,001 - 5,000	1	5,000	0.04
5,001 - 10,000	22	216,100	1.83
10,001 - 100,000	20	978,900	8.31
100,001 and over	9	10,585,000	89.82
	<u>52</u>	<u>11,785,000</u>	<u>100.00</u>

The number of shareholders holding less than a marketable parcel is nil.

(b) Distribution of Shareholders - Limited Voting Ordinary Shares

The distribution of the fully paid ordinary shares of the company is as follows:

Range	Number of shareholders	Number of shares	% of issued capital
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	1	30,000	100.00
100,001 and over	0	0	0.00
	<u>1</u>	<u>30,000</u>	<u>100.00</u>

The number of shareholders holding less than a marketable parcel is nil.

(c) Substantial Shareholders

The names of the substantial shareholders that have given notice to the company under section 671B of the *Corporations Act 2001* are as follows:

Name	Number of shares
The Bell IXL Group Limited and its associates	5,745,000
Biloclan Pty. Limited	2,310,000

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

ADDITIONAL INFORMATION FOR LISTED COMPANIES (CONTINUED)

(d) Voting Rights

At meetings of shareholders each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Holders of limited voting ordinary shares may only vote on proposals that affect the rights attached to limited voting ordinary shares.

(e) 10 Largest Shareholders - Fully Paid Ordinary Shares

Name	Number of shares	% of issued capital
The Bell IXL Group Limited	5,695,000	48.32
Biloclan Pty Limited	2,310,000	19.60
Longreach Oil Limited	635,000	5.39
White Sand Investments Pty Ltd	560,000	4.75
BBX Holdings Limited	500,000	4.24
Mr Simon Javor	290,000	2.46
Mr K. W. Seabrook & Mrs S. J. Seabrook	250,000	2.12
Miss Licia Nunzia Buccheri	200,000	1.70
Mrs Josephine Cellante	145,000	1.23
Mr Pat Lamanna	100,000	0.85
	<u>10,685,000</u>	<u>90.67</u>

(f) 10 Largest Shareholders - Limited Voting Ordinary Shares

Name	Number of shares	% of issued capital
Longreach Oil Limited	30,000	100.00
	<u>30,000</u>	<u>100.00</u>

(h) Comparative Financial Information

	2006 \$	2005 \$
Net profit before tax	100,385	172,327
Tax	(20,572)	(48,890)
Net profit after tax	<u>79,813</u>	<u>123,437</u>
Current assets	2,481,127	1,847,606
Current liabilities	(49,276)	(163,251)
Non-current assets	68,921	1,650
Non-current liabilities	(20,368)	(12,568)
Shareholders equity	<u>2,480,404</u>	<u>1,673,437</u>

BELL IXL INVESTMENTS LIMITED
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ADDITIONAL INFORMATION FOR LISTED COMPANIES (CONTINUED)

(f) Corporate Governance Statement

The board of directors of the company has the responsibility for ensuring that the company is properly managed so that the interests of shareholders are protected and enhanced. The directors strive to ensure disclosure and reporting obligations are complied with in a timely manner and conflicts of interest are avoided.

The board sets strategic aims for the company, reviews the direction of the company and gives or withholds approval for all significant business transactions.

Day-to-day operation and administration of the company has been delegated to the managing director.

Directors are encouraged to seek independent professional advice in the event of any doubt regarding any matter arising in the course of their duties.

Under the Constitution of the company directors are periodically required to retire by rotation and seek re-election by the shareholders of the company.

It is the goal of the company to ensure that shareholders are always in a position to assess the stewardship of the directors. This is achieved through distribution to the shareholders of the annual report of the company. In addition, the company regularly releases public announcements and these announcements are accessible through the Internet at the web site operated by Stock Exchange of Newcastle Limited at <http://www.newsx.com.au/>. The company maintains its own web site which can be accessed at <http://www.bellixl.com/>.

The Annual General Meeting of the company provides an opportunity for shareholders to ask questions of the directors and the auditor. The company will hold informal discussions following the Annual General Meeting where shareholders will have the opportunity to meet and communicate with the directors on a casual basis.

BELL IXL INVESTMENTS LIMITED
(ACN 113 669 908)

CORPORATE DIRECTORY

Directors	Massimo Livio Cellante Ramon Jimenez Romano Livio Cellante
Company Secretary	Ramon Jimenez
Registered Office and Principal Place of Business	Level 2 651-653 Doncaster Road Doncaster, Victoria 3108 Telephone: (03) 9840 8788 Facsimile: (03) 9840 0088 E-mail: info@bellixl.com Internet: http://www.bellixl.com/
Mailing Address	PO Box 111 Doncaster, Victoria 3108
Share Registry	Link Market Services Limited Level 4 333 Collins Street Melbourne, Victoria 3000
Auditor	Grant Thornton Level 1 67 Greenhill Road Wayville, South Australia 5034
Legal Advisers	Pointon Partners Level 2 640 Bourke Street Melbourne, Victoria 3000
Nominated Adviser	Taylor Collison Limited Level 2 12 Pirie Street Adelaide, South Australia 5000
Bankers	Commonwealth Bank of Australia 7-9 The Mall Lower Templestowe, Victoria 3107
Stock Exchange	Stock Exchange of Newcastle Limited Ground Floor 384 Hunter Street Newcastle, New South Wales 2300 Ticker symbols: BXL (ordinary shares) BXLA (limited voting ordinary shares)