



Bell IXL Investments Limited

ACN 113 669 908
ABN 80 113 669 908

Seventh Annual Report
30 June 2011

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Corporate Directory

Directors

Massimo Livio Cellante
Ramon Jimenez
Romano Livio Cellante

Company Secretary

Ramon Jimenez

Principal & Registered Office

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

Mailing Address

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Doncaster, Victoria 3108

Contact Details

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Stock Exchange

National Stock Exchange of Australia Limited
Level 2, 117 Scott Street
Newcastle, New South Wales 2300
Ticker symbols:
BXL (ordinary shares)
BXL A (limited voting ordinary shares)

Share Registry

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne, Victoria 3000

Auditor

Grant Thornton Australia Limited
Level 1, 67 Greenhill Road
Wayville, South Australia 5034

Legal Advisers

Pointon Partners
Level 2, 640 Bourke Street
Melbourne, Victoria 3000

Nominated Adviser

Massimo Livio Cellante
Ramon Jimenez

Bankers

Commonwealth Bank of Australia Limited
7-9 The Mall
Lower Templestowe, Victoria 3107

Annual General Meeting

Monday 17 October 2011
11:30am
The Board Room, Beau Monde International
934 Doncaster Road, Doncaster East, Victoria 3109

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

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Bell IXL Investments Limited (ACN 113 669 908)

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Letter from the Executive Chairman

12 September 2011

Dear Shareholder

Bell IXL and its controlled entities made an after tax profit of \$186,541 for the year.

The directors have taken a very cautious approach to investments over the past 12 months or so given the continued market volatility and also the fact that good targets have been few and far between. The company has focussed on selling non-core positions and most of those have now been sold leaving two core investments being Queste Communications Limited (ASX code: QUE) and Botswana Metals Limited (ASX code: BML, BMLO).

Bell IXL is in a very sound position with no debt and a net asset backing of 18.2 cents at year-end.

Unfortunately the market does not see the positives and the company's shares continue to have very poor depth and liquidity.

Regardless of this, the directors remain committed to delivering value for shareholders and our immediate goal is still to identify a sufficiently undervalued target for which a takeover bid can be made thereby accelerating the growth of our asset base.

We are confident that our strategy will begin to reap rewards and thank you for your continued support.

Kind regards



MASSIMO LIVIO CELLANTE
Executive Chairman and Managing Director

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

History

2005

5 April	Bell IXL Investments Limited ("Bell IXL") is incorporated.
20 June	Issues a prospectus seeking to raise \$500,000.
15 September	Lists on the Newcastle Stock Exchange.
23 September	The Bell IXL Group Limited becomes a substantial shareholder with 73.1%.
26 September	Increases its shareholding in Queste Communications Limited to 19.9%.
30 November	New Constitution adopted introducing limited voting ordinary shares.

2006

21 April	Pays maiden dividend of one cent per fully paid ordinary share.
8 May	Ceases to be a substantial shareholder of Winpar Holdings Limited.
20 May	Becomes a substantial shareholder of Chapmans Limited.
14 June	Makes offer to acquire 20% of Betta Stores Limited.
17 September	The Bell IXL Group Limited decreases its shareholding to 48.75%.
20 September	Biloclan Pty Ltd becomes a substantial shareholder with 19.6%.
6 October	Withdraws offer following appointment of Administrator to Betta Stores Limited.
3 November	Sunvest Corporation Limited becomes a substantial shareholder with 5.09%.
8 November	The Bell IXL Group Limited increases its shareholding to 53.84%.
30 November	Dean Pagnin is appointed a non-executive director of the company.
15 December	Newcastle Stock Exchange changes its name to National Stock Exchange.

2007

1 June	Sunvest Corporation Limited increases its shareholding to 5.6%.
21 June	Sunvest Corporation Limited increases its shareholding to 6.28%.
19 September	Sunvest Corporation Limited increases its shareholding to 6.7%.
23 September	Massimo Cellante is nominated to board of Queste Communications Limited.
2 October	Sunvest Corporation Limited increases its shareholding to 6.86%.
	Proposal submitted to restructure Goldlink Incomeplus Limited.
15 October	Sunvest Corporation Limited increases its shareholding to 6.94%.
20 October	The Bell IXL Group Limited increases its shareholding to 55.75%.
31 October	Agrees to be a sub-underwriter in \$20m IPO for Austex Oil Limited.
13 December	Becomes substantial shareholder of Goldlink Incomeplus Limited with 9.83%.

2008

7 January	Increases its shareholding in Queste Communications Limited to 21.64%.
14 January	Decreases its shareholding in Longreach Oil Limited to 16.15%.
23 January	Sunvest Corporation Limited increases its shareholding to 7.49%.
25 January	Increases its shareholding in Goldlink Incomeplus Limited to 11.12%.
5 February	Requisition for Goldlink Incomeplus Limited to remove and replace board with Massimo Cellante, Ramon Jimenez and Anthony Lewis.
22 February	Makes takeover bid for New Opportunity Limited.
24 February	Increases its shareholding in Goldlink Incomeplus Limited to 19.91%.
26 February	Increases its shareholding in Goldlink Incomeplus Limited to 20%.
29 March	Decreases its shareholding in Goldlink Incomeplus Limited to 18.04%.
3 April	Increases its shareholding in Longreach Oil Limited to 17.48%.
4 April	Anthony Lewis is appointed to board of Goldlink Incomeplus Limited
12 May	Sunvest Corporation Limited increases its shareholding to 7.57%.
25 May	Decreases its shareholding in Longreach Oil Limited to 16.17%.
	Becomes a substantial shareholder of Life Therapeutics Limited with 8.75%.
	Requisitions a meeting for Life Therapeutics Limited to remove and replace the board with Massimo Cellante, Ramon Jimenez and Bradley Simpson.
30 May	Requisitions a meeting for Chapmans Limited to remove and replace the board with Massimo Cellante, Ramon Jimenez and Romano Cellante.
6 June	Requisitions a meeting for Longreach Oil Limited to appoint Massimo Cellante and Ramon Jimenez.
7 June	Increases its shareholding in Life Therapeutics Limited to 10.17%.
18 June	Massimo Cellante is appointed a director of Goldlink Incomeplus Limited
9 July	Increases its shareholding in Life Therapeutics Limited to 11.71%.
30 July	Sunvest Corporation Limited increases its shareholding to 7.74%.
26 September	Increases its shareholding in Longreach Oil Limited to 16.72%.
	Increases its shareholding in Life Therapeutics Limited to 12.71%.
11 November	Ceases to be a substantial shareholder of Life Therapeutics Limited.
6 December	Sunvest Corporation Limited increases its shareholding to 8.08%.

2009

11 February	Dean Pagnin resigns as a director of the company.
11 March	Becomes a substantial shareholder of Botswana Metals Limited with 5.88%.
7 August	Increases its shareholding in Botswana Metals Limited to 7.25%.
4 September	Massimo Cellante is appointed a director of Botswana Metals Limited.
25 November	Decreases its shareholding in Longreach Oil Limited to 14.99%.
16 December	Decreases its shareholding in Chapmans Limited to 14%.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

History (continued)

2010

- | | |
|-------------|-----------------------------------------------------------|
| 11 February | Ceases to be a shareholder of Blue Capital Limited. |
| 23 November | Increases its shareholding in Chapmans Limited to 19.62%. |
| 15 December | Ceases to be a shareholder of Longreach Oil Limited. |

2011

- | | |
|-------------|--------------------------------------------------------------------------------------|
| 14 January | Executes an underwriting agreement with Botswana Metals Limited. |
| 17 February | Acquires 3,750,000 ordinary shares and 7,500,000 options in Botswana Metals Limited. |

Bell IXL's announcements can be viewed by clicking on 'Public Announcements' at: <http://www.bellixl.com/inv.htm>

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Investments

Companies where the voting power of the group and associates exceeds 5%	Number of securities held by group		Market value
Botswana Metals Limited (ASX code: BML and BMLO) <i>A base metals exploration company</i> The voting power of Bell IXL and its associates is 7.65% in this company Massimo Cellante is a director of this company (appointed 4 September 2009)	BML	10,589,709	\$857,766
	BMLO	7,500,000	\$300,000
Chapmans Limited (ASX code: CHP) <i>A share, property and venture capital investor</i> The voting power of Bell IXL and its associates was 13.22% in this company	CHP	22,073,031	\$375,242
Queste Communications Limited (ASX code: QUE) <i>An investment holding company</i> The voting power of Bell IXL and its associates is 22.28% in this company	QUE	3,750,319	\$450,038
+ other securities			\$207,559
Total			\$2,190,605
+ cash			\$36,762
= liquid assets			\$2,227,367
+ other assets			\$577,660
- liabilities			\$287,794
= Net assets			\$2,517,233
Parent interest			\$2,517,233
Non-controlling interest			\$6
Net assets per share			18.19 cents

The above data reflects the position as at 30 June 2011.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Directors' Report

The directors present their report together with the financial statements of Bell IXL Investments Limited ("parent entity") and its controlled entities ("consolidated group") for the financial year ended 30 June 2011.

Directors

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



Massimo Livio Cellante BCom (Finance) (Law) *Deakin*
Executive Chairman and Managing Director (Age 36)
Appointed 5 April 2005.

He has over 17 years experience in land development and is a director of numerous private companies in the Cellante group which trace their origins back to 1958. He is in control of the day-to-day activities and operations of the company which predominantly involve identifying and investing in undervalued publicly listed companies. He is experienced in negotiation, investment analysis, capital raisings, capital returns and corporate acquisitions. He was educated at both Carey Baptist Grammar School and Geelong Grammar School.

Interest in shares and options:

6,728,000 ordinary shares and 1,000,000 limited voting ordinary shares in the parent entity.
47,000 ordinary shares in Bell IXL Capital Pty Ltd (formerly Resorts International (Australia) Pty Ltd).

Directorships in other listed entities:

Current director of Botswana Metals Limited (since 4 September 2009), former director of Blue Capital Limited (from 18 June 2008 to 27 March 2009).



Ramon Jimenez MAICD
Executive Director and Company Secretary (Age 32)
Appointed 5 April 2005.

He has over 13 years experience in land development and has been a director of the Landwise Group of companies since 1997. He is an investor in real estate and equity securities. He has experience in administration matters, financial reporting and capital raisings. He was educated at Scotch College in Melbourne.

Interest in shares and options:

6,728,000 ordinary shares and 1,000,000 limited voting ordinary shares in the parent entity.
47,000 ordinary shares in Bell IXL Capital Pty Ltd (formerly Resorts International (Australia) Pty Ltd).



Romano Livio Cellante DipAcc Swinburne
Non-Executive Director (Age 38)
Appointed 5 April 2005.

He has over 18 years experience in land development and is a director of numerous private companies in the Cellante group which trace their origins back to 1958. He is experienced in negotiation, marketing and sales. He was educated at both Carey Baptist Grammar School and Geelong Grammar School.

Interest in shares and options:

6,728,000 ordinary shares and 1,000,000 limited voting ordinary shares in the parent entity.
47,000 ordinary shares in Bell IXL Capital Pty Ltd (formerly Resorts International (Australia) Pty Ltd).

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 consolidated group is investing and trading in listed equity securities. There has been no significant change in the nature of the consolidated group's activities during the financial year.

Operating result

The profit of the consolidated group after providing for income tax for the year ended 30 June 2011 amounted to \$186,541 after allowing for a loss of \$8,610 that was attributable to non-controlling interests in the group.

Dividends paid or recommended

No dividends have been paid or declared for payment during or subsequent to the end of the financial year. The directors do not recommend the payment of a final dividend.

General activities

The consolidated group operates as a strategic investor with a focus on acquiring at a discount and profitably realising strategic shareholdings in publicly listed companies. The parent entity has been admitted to the Official List of the National Stock Exchange of Australia Limited and the securities of the parent entity trade under the ticker symbols BXL and BXLA.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Directors' Report (continued)

Review of operations

The consolidated group has continued to actively manage its portfolio of investments during the year and will continue to pursue the acquisition of investments and the successful realisation of those investments for the benefit of shareholders.

Companies in which the consolidated group held investments during the year include:

- **Botswana Metals Limited (ASX code: BML, BMLO)**
A base metals exploration company focused on projects in Botswana.
Bell IXL has been aggressively buying the stock due to the large levels of cash it holds as well the prospective nature of its nickel tenements. Massimo Cellante is a non-executive director of the company. An additional 3,750,000 shares and 7,500,000 options were acquired during the year.
- **BP plc (LSE code: BP.)**
One of the world's leading international oil and gas companies, providing its customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items.
A small shareholding was acquired during the year through the subsidiary company, Bell IXL Capital Pty Ltd (formerly Resorts International (Australia) Pty Ltd. The shareholding was subsequently transferred to the parent entity.
- **Cardia Bioplastics Limited (ASX codes: CNN)**
Involved in identifying and developing new technology opportunities and mineral exploration.
Bell IXL sold out of this investment during the year.
- **Chapmans Limited (ASX code: CHP)**
Involved in investing through its share trading portfolio and seed capital projects. Its operations comprise investing in property, securities and venture capital financing.
Bell IXL has board aspirations and continues to closely monitor its investment in this stock.
- **Contango Microcap Limited (ASX code: CTN)**
A listed investment company that specialises in investing in microcap companies that are listed on the ASX.
Bell IXL sold out of this investment during the year.
- **E-Pay Asia Limited (ASX code: EPY)**
Principally engaged in the provision of vouchers and online top-ups for various prepaid services in Malaysia, Indonesia, Pakistan and Thailand. The company is organized on a global basis with two main business segments which are prepaid top-up services and software solutions. E-Pay Asia operates in Australia, Asia and United Kingdom.
Bell IXL sold out of this investment during the year.
- **Everest Financial Group Limited (ASX code: EFG)**
Formerly one of Australia's leading absolute return investment managers.
Bell IXL sold out of this investment during the year.
- **Hamilton Securities Limited (NSX codes: HSEA, HSEB, HSEOB)**
Established to provide investors with exposure to distressed debt, equity securities and other illiquid securities.
Bell IXL participated in the initial capital raising given its respect for the company's management.
- **JATOil Limited (ASX code: JAT)**
A producer of renewable energy. The company is focussed initially on developing bio-feedstock and biofuel businesses in Asia and Oceania by cultivating the second generation crop, jatropha curcas. Jatolil is also examining opportunities to establish a portfolio of renewable energy and technology investments.
Bell IXL sold out of this investment during the year.
- **Longreach Oil Limited (ASX code: LGO)**
An oil and gas exploration company with projects in Western Australia and Queensland.
Bell IXL sold out of this investment during the year.
- **Namoi Cotton Co-operative Limited (ASX code: NAM)**
Engaged in cotton processing and marketing organisation. The company has an extensive network of ginning, marketing and logistics operations throughout the cotton growing regions of New South Wales and southern Queensland, while also being represented internationally with an office in Jakarta, Indonesia. As part of its business operations Namoi Cotton owns and operates warehouse facilities in Wee Waa, Warren and Goondiwindi.
Bell IXL sold out of this investment during the year.
- **Neptune Marine Services Limited (ASX code: NMSO)**
A provider of engineered solutions to the global oil and gas, marine and renewable energy industries. Neptune's global presence spans operational centres located in Australia, the UK, USA, Asia and the Middle East.
Bell IXL sold out of this investment during the year.
- **Premium Income Fund (NSX code: PIN)**
A registered managed investment scheme which holds investments in mortgages, equity, debt instruments and cash.
Bell IXL traded units in the fund during the year and retained a small number of units at year end.

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For the year ended 30 June 2011

Directors' Report (continued)

- **Pritchard Equity Limited (NSX codes: PEQA, PEQB, PEQOB, PEQOC)**
A medium and long term investor in both listed and unlisted investments.
Bell IXL participated in the initial capital raising given its respect for the company's management and continues to monitor this investment. A total of 5,625 PEQOB options were not exercised prior to the expiry date and expired worthless.
- **Queste Communications Limited (ASX code: QUE)**
An investment holding company.
Bell IXL is the largest shareholder of this stock. It has continued to trade well below its intrinsic value and we continue to look at ways of unlocking its value.
- **Southern Cross Exploration NL (ASX code: SXX)**
Involved in exploration for gold/other minerals and examination of mineral/metal projects as its core activities. The company also undertakes investments in property, loans, shares and other securities.
Bell IXL has been a keen observer of this company given the fact that it is in the same stable of companies as CHP and LGO. If trading opportunities emerge then we will look at exploiting them given the fact that the intrinsic value of this company appears far greater than the market for its shares. A parcel of 2,500,000 shares was acquired at a favourable price via an off-market transfer.

Corporate matters

Corporate matters of interest include:

- **Capital raisings**
The consolidated group did not raise any new capital during the period.
- **Controlled entity - Bell IXL Capital Pty Ltd (formerly Resorts International (Australia) Pty Ltd)**
During the year the directors considered the future operation of Bell IXL Capital Pty Ltd ("BXC") given recent trading losses incurred by the company. It was decided that the controlled entity retained insufficient capital to function independently as an investor. At the time it was also anticipated that BXC might receive an assignment of the management rights of an ASX listed entity and for these reasons it was considered desirable to restructure the company. A restructure plan was then implemented involving the following steps:
 - BXC had disposed of its listed investments, with the exception of shares in BP plc (LSE: BP.) prior to the restructure. The remaining investment in BP plc (LSE: BP.) was sold to the parent entity at market value.
 - BXC gave notice of its intention to effect a capital reduction.
 - BXC made loans to its shareholders equal to the amounts they would receive under the capital reduction less interest.
 - The name of the company was changed to Bell IXL Capital Pty Ltd.
 - Once the requisite notice period had passed, and the shareholders of BXC had given their approval, BXC effected the capital reduction and set off the reduction proceeds against the loans and interest owing to BXC by its shareholders.

The parent entity holds 50% of the issued capital of BXC. Entities associated with Mr. M. L. Cellante, Mr. R. L. Cellante and Mr. R. Jimenez (all directors of the company) hold the other 50% of the issued capital of BXC. It is proposed that the parent entity will acquire the outstanding shares in BXC for a nominal consideration.
- **Controlled entity - Fortina Pty Ltd**
The directors determined that the controlled entity, Fortina Pty Ltd, was surplus to the needs of the group and application was made to ASIC for the deregistration of the company. The company was dissolved on 17 August 2011.
- **Merger discussions**
During the year discussions were entered into with a number of companies listed on the ASX with a view to negotiating a merger to be accomplished by a reverse takeover of the parent entity. The rationale for entering into these discussions is to consummate a transaction that will increase the capital available for investment activities whilst at the same time obtaining greater liquidity for shareholders of the parent entity by exchanging their shares in the parent entity for shares in a company listed on the ASX. The parent entity has not yet reached an agreement for the implementation of such a transaction but will keep the market fully informed.

Financial position

The net assets of the consolidated group as at 30 June 2011 increased to \$2,517,233 (2010: \$2,347,702) resulting from the following:

- The consolidated group generating an after tax profit of \$186,541 for the year to 30 June 2011 that includes the revaluation of the investment portfolio.
- A subsidiary company undertook a capital reduction that resulted in \$17,010 being distributed to shareholders outside the consolidated group with a consequent reduction in the net assets of the consolidated group.

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

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Directors' Report (continued)

Significant changes in the state of affairs

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

- The consolidated group generated an after tax profit for the year of \$186,541.
- The value of the investment portfolio of the group increased by \$269,280 as a result of the acquisition and disposal of investments and the revaluation of the portfolio to market value at year end.

After balance date events

The following significant events occurred after balance date:

- There has been a significant level of volatility in world stock markets after balance date due to a number of factors such as economic weakness in the United States and Europe. Australian markets have also been affected. If an investment portfolio identical to that held by the company on 30 June 2011 were to be re-valued using prevailing market prices on 2 September 2011 then the value of the portfolio would be \$75,740 less than the value as at 30 June 2011.
- The controlled entity, Fortina Pty Ltd, was deregistered on 17 August 2011.

Except as stated above 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 consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Future developments, prospects and business strategies

To further improve the profit of the consolidated group and maximise shareholder wealth, the following developments are intended to be implemented in the near future:

- The group will continue to pursue the acquisition of investments and the successful realisation of those investments.
- The group is a significant shareholder in a number of listed companies. The directors believe that obtaining representation on the board of directors of such companies will be of benefit to the company and therefore the group will be seeking representation on the board of directors of a number of companies.
- The directors will continue to pursue negotiations for a merger between the group and a company listed on the ASX market with the twin objectives being to increase funds available for investment whilst at the same time providing a more liquid market for the shares in the parent entity held by shareholders.

The directors are continuously examining opportunities to improve the profit of the group and maximise shareholder wealth.

Environmental issues

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

Audited remuneration report

This report details the nature and amount of remuneration for each director of the group, and for the executives receiving the highest remuneration.

Remuneration policy

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

The Constitution of the parent entity 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 group.

Key management personnel remuneration policy

The parent entity pays each executive director \$100,000 per annum plus superannuation. No remuneration is presently paid to non-executive directors.

Bell IXL Capital Pty Ltd (formerly Resorts International (Australia) Pty Ltd) pays each director \$5,000 per annum.

The employment terms and conditions relating to executive directors of the parent entity are formalised in executive service agreements. The service agreements continue indefinitely unless terminated by the company or the executive upon the giving of three months notice of termination where the termination is without cause. Shorter notice periods apply if the termination of the agreement is for cause. The parent entity may pay salary for the notice period in lieu of giving notice of termination. No other termination benefits are payable save and except the payment of any accrued leave entitlements.

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For the year ended 30 June 2011

Directors' Report (continued)

The remuneration payable to executive directors was determined having regard to remuneration paid by similar sized companies to persons providing equivalent services. Executive directors receive only a base salary together with superannuation guarantee contributions required by the government. No other retirement benefits are payable. It is considered that the remuneration payable to the executive directors has been conservatively fixed having regard to the time and effort that the said directors devote to the company. The directors will review the remuneration payable to executive directors as required to take into account any change in the nature or scale of the activities of the group and its financial performance and having due regard to remuneration paid by comparable companies for comparable services.

All employees receive annual leave and long service leave benefits as mandated by relevant legislation.

Key management personnel remuneration

2011	M.L. Cellante	R. Jimenez	R.L. Cellante
Short-term benefits	\$	\$	\$
Salary, fees and leave	82,122	82,122	-
Short-term cash profit-sharing and other bonuses	25,000	25,000	-
Post-employment benefits			
Superannuation	8,769	8,769	-
Long-term benefits			
Long service leave	-	-	-
TOTAL	115,891	115,891	-
Performance related (%)	-	-	-
Not performance related (%)	100	100	-
2010	M.L. Cellante	R. Jimenez	R.L. Cellante
Short-term benefits	\$	\$	\$
Salary, fees and leave	59,192	59,192	-
Post-employment benefits			
Superannuation	4,783	4,783	-
Long-term benefits			
Long service leave	4,914	4,914	-
TOTAL	68,889	68,889	-
Performance related (%)	-	-	-
Not performance related (%)	100	100	-

Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance based as part of their remuneration package.

Options/rights granted as remuneration

No options or rights were issued as part of remuneration for the year ended 30 June 2011. No shares were issued during the year on the exercise of compensation options or rights.

Meetings of directors

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

	Number eligible to attend	Number attended
Massimo Livio Cellante	4	4
Ramon Jimenez	4	4
Romano Livio Cellante	4	4

Due to the size of the consolidated group and the nature of its activities all management issues are considered by the full board of directors. No committees of directors have been established.

The directors meet informally on a regular basis to review the operations and affairs of the group and to discuss plans and strategies for the development of the company.

The directors also transact business by way of circular resolutions.

Options

At the date of this report, there are no unissued fully paid ordinary shares, or limited voting ordinary shares, of the parent entity or any member of the consolidated group under option.

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For the year ended 30 June 2011

Directors' Report (continued)

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 consolidated group.

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of a member of the consolidated group or intervene in any proceedings to which a group member is a party for the purpose of taking responsibility on behalf of the group member for all or any part of those proceedings. No member of the group was a party to any such proceedings during the year.

Non-audit services

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

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 15 of this Annual Report.

Signed on behalf of the board of the parent entity in accordance with a resolution of the directors.



MASSIMO LIVIO CELLANTE

Executive Chairman and Managing Director

Melbourne, 12 September 2011.



Grant Thornton

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Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

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W www.grantthornton.com.au

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 2011, 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

J L Humphrey
J L Humphrey
Partner

Adelaide, 12 September 2011

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Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Corporate Governance Statement

This statement outlines the main corporate governance practices of Bell IXL that have been in place throughout the year.

Board of directors

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.

Continuous disclosure and shareholder communication

The company secretary has been nominated as the person responsible for communications with the NSX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the NSX listing rules.

It is the goal of the company to ensure that shareholders are always in a position to assess the stewardship of the directors which 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 National Stock Exchange of Australia Limited at <http://www.nsx.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.

Board committees

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.

Share trading guidelines

Directors are encouraged to have a personal financial interest in Bell IXL by acquiring and holding shares on a long term basis. The buying or selling of shares in Bell IXL is not permitted by any director or any officer of the company or their associates when that person is in possession of price sensitive information not available to the market in relation to those shares. Apart from that, the directors and their associates may buy or sell shares in Bell IXL at any time during the year.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Consolidated Statement of Comprehensive Income

	Note	2011 \$	2010 \$
Revenue			
Net realised gains from financial assets	2	-	-
Net unrealised gains from financial assets	2	993,741	165,252
Income from trading portfolio	2	195	-
Other revenue	2	26,439	13,971
		<u>1,020,375</u>	<u>179,223</u>
Expenses			
Net realised losses from financial assets	3	(380,646)	(119,630)
Net unrealised losses from financial assets	3	-	-
Share of loss of associated company accounted for using the equity method	3	-	(100)
Impairment of assets	3	(2,390)	(2,635)
Finance charges	3	(448)	(283)
Employee benefits expense	3	(240,577)	(137,778)
Other expenses	3	(121,785)	(91,569)
		<u>(745,846)</u>	<u>(351,995)</u>
Net profit/(loss) before income tax		<u>274,529</u>	<u>(172,772)</u>
Income tax (expense)/benefit	4	(87,988)	111,193
Net profit/(loss) after income tax		<u>186,541</u>	<u>(61,579)</u>
Other comprehensive income, net of tax		-	-
Total comprehensive income		<u>186,541</u>	<u>(61,579)</u>
Total comprehensive income is attributed to:			
Members of the parent entity		195,151	(50,439)
Non-controlling interest		(8,610)	(11,140)
		<u>186,541</u>	<u>(61,579)</u>
Basic earnings per share (cents per share)	8	1.41	(0.36)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Consolidated Statement of Financial Position

	Note	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	9	36,762	155,220
Trade and other receivables	10	65,473	41,383
Other financial assets	11	2,190,605	1,921,325
Total current assets		2,292,840	2,117,928
Non-current assets			
Investments accounted for using the equity method	12	-	-
Investments in controlled entities	13	-	-
Deferred tax assets	17	509,583	430,111
Property, plant and equipment	14	2,604	3,207
Total non-current assets		512,187	433,318
Total assets		2,805,027	2,551,246
Current liabilities			
Trade and other payables	15	49,097	139,714
Borrowings	16	-	1,674
Current tax liabilities	17	-	-
Short-term provisions	18	19,562	10,480
Total current liabilities		68,659	151,868
Non-current liabilities			
Deferred tax liabilities	17	199,479	32,020
Other long-term provisions	18	19,656	19,656
Total non-current liabilities		219,135	51,676
Total liabilities		287,794	203,544
Net assets		2,517,233	2,347,702
Equity			
Issued capital	19	3,059,654	3,059,654
Retained profits		(542,427)	(737,578)
Parent interest		2,517,227	2,322,076
Non-controlling interest		6	25,626
Total equity		2,517,233	2,347,702

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Consolidated Statement of Changes in Equity

	Issued capital \$	Retained profits \$	Non- controlling Interest \$	TOTAL \$
Balance at 1 July 2009	3,059,654	(687,139)	-	2,372,515
Recognition of non-controlling interest	-	-	36,766	36,766
Total comprehensive income	-	(50,439)	(11,140)	(61,579)
Balance at 30 June 2010	3,059,654	(737,578)	25,626	2,347,702
Balance at 1 July 2010	3,059,654	(737,578)	25,626	2,347,702
Return of capital	-	-	(17,010)	(17,010)
Total comprehensive income	-	195,151	(8,610)	186,541
Balance at 30 June 2011	3,059,654	(542,427)	6	2,517,233

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Consolidated Statement of Cash Flows

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Sale of investments		947,853	691,660
Purchase of investments		(774,203)	(984,573)
Payments to suppliers/employees/sundry		(361,817)	(227,432)
Receipts from customers/employees/sundry		41,840	17,586
Interest received		7,249	12,742
Dividends received		870	-
Income taxes refunded		39,062	-
Income taxes paid		(2,406)	(36,557)
GST refund received		2	13
Net cash from operating activities	24a	(101,550)	(526,561)
Cash flows from investing activities			
Payment for subsidiary, net of cash acquired		-	(30,952)
Net cash from investing activities		-	(30,952)
Cash flows from financing activities			
Capital returned by controlled entity to shareholders outside the group (net of interest)		(16,908)	-
Net cash from financing activities		(16,908)	-
Net increase (decrease) in cash held		(118,458)	(557,513)
Cash at start of year		155,220	712,733
Cash at end of year	9	36,762	155,220

The cash flow statement is to be read in conjunction with the notes to the financial statements.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements

This financial report comprises the consolidated financial statements and notes of Bell IXL Investments Limited and controlled entities as a consolidated group ("consolidated group" or "group"). Bell IXL Investments Limited is a company limited by shares, incorporated and domiciled in Australia.

1. Statement of significant accounting policies

Basis of Preparation

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

Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Bell IXL Investments Limited at the end of the reporting period. A controlled entity is any entity over which Bell IXL Investments Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 13 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie: parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at the acquisition date. All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

b. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or the sale of the asset (ie: trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value.

It is the investment policy of the group to actively pursue opportunities for the successful realisation of investments for the benefit of shareholders. The group is not a long-term investor. Accordingly all equity investments and equity derivatives held by the group are classified at 'fair value through profit or loss' as they are held for trading for the purpose of short-term profit taking. If a 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.

Any change in the carrying value of such investments is included in profit or loss.

The group does not designate any interests in subsidiaries or associates as being subject to the requirement of accounting standards specifically applicable to financial instruments.

Fair value

Fair value represents the amount for which an asset could be exchanged between knowledgeable, willing parties.

Fair value of listed securities is determined by reference to market prices prevailing at the reporting date, predominantly the last sale price, where securities are traded on an organised market.

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Instruments used as consideration for acquisition of assets

Where the group issues financial instruments for the acquisition of assets or to discharge liabilities the group assesses the fair value of the instruments issued by reference to the market price at which those securities are being traded and/or by an assessment of the fair value of the instruments. The fair value of the acquired assets is assessed by reference to market prices, where possible, or by the application of valuation techniques.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

c. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of securities is recognised upon the formation of a binding contract for the sale of the securities with a creditworthy counterparty (ie: a participant of a recognised securities exchange).

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All dividends and distributions are recognised as revenue when the right to receive the dividend has been established. For listed securities, dividends are recognised when the securities are quoted on an ex-distribution/ex-dividend basis. In the case of unlisted companies, the distributions and dividends are recognised when they are received.

Revenue items that arise outside the ordinary operations of the company are classified as 'Other revenue'. Such amounts are generally recognised on receipt.

All revenue is stated net of the amount of goods and services tax (GST).

d. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or subsequently enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e. 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 statement of financial position.

f. 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.

g. Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year. When the group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

h. Investments in associates

Associate companies are companies in which the group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of net assets of the associate company. In addition the group's share of the profit or loss of the associate company is included in the group's profit or loss.

The carrying amount of the investment includes any goodwill relating to the associate. Any excess of the group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit and loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the group and the associate are eliminated to the extent of the relation to the group's investment in the associate.

When the reporting dates of the group and the associate are different, the associate prepares, for the group's use, financial statements as of the same date as the financial statements of the group with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

When the group's share of losses in an associate equals or exceeds its interest in the associate, the group discontinues

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the group will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the group's investments in associates are shown at Note 12.

i. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

j. Property, plant and equipment

Plant and equipment is measured on the cost basis.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

Depreciation rates range from 7.5% to 22.5%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

k. Impairment of assets

At the end of each reporting period, the group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l. Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

m. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow or economic benefits will result and that outflow can be reliably measured.

n. Borrowing costs

Borrowing costs are recognised in income in the period in which they are incurred.

o. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

p. 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 within the group.

Key judgments

Deferred tax assets have been recognised relating to carried forward revenue losses, based on current tax rates. Utilisation of the tax losses requires the realisation of assessable income in subsequent years and the ability to satisfy certain tests at the time the losses are recouped. The directors have considered the situation and are confident that the group will be able to utilise the tax losses in the future.

q. Recently issued accounting standards to be applied in future reporting periods

The accounting standards that have not been early adopted for the year ended 30 June 2011, but will be applicable to the consolidated group in future reporting periods, are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods, however they have been considered insignificant to the

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

consolidated group.

(a) Consolidated Financial Statements

IFRS 10: "Consolidated Financial Statements" was issued by the IASB in May 2011 and replaces both the existing IAS 27: "Consolidated and Separate Financial Statements" and SIC 12: "Consolidation - Special Purpose Entities". This new standard revises the definition of control and related application guidance so that a single control model can be applied to all entities. This standard will apply to the consolidated group from 1 July 2013 and it is believed there will be insignificant impact for the consolidated group.

(b) Joint Arrangements

IFRS 11: "Joint Arrangements" was also issued by the IASB in May 2011 and provides for a more realistic reflection of joint arrangements by focussing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is applicable from 1 July 2013, with early adoption permitted. Management is assessing the impact on the consolidated group but at this stage it is believed there will be insignificant impact on the consolidated group.

(c) Disclosure of Interests in Other Entities

IFRS 12: "Disclosure of Interests in Other Entities" was issued by the IASB in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable from 1 July 2013 and management is currently assessing the impacts of the standard, which will be limited to disclosure impacts only. There have also been consequential amendments to IAS 28: "Investment in Associates" as a result of the above new standard. These amendments are applicable from 1 July 2013 and at this stage it is believed there will be no impact on the consolidated group.

(d) Fair Value Measurement

IFRS 13: "Fair Value Measurement" was issued by the IASB in May 2011 and provides a precise definition of a fair value, is a single source of fair value measurement and prescribes disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will apply to the consolidated group from 1 July 2013 and at this stage it is believed there will be no impact on the consolidated group.

(e) Other

In addition to the above recently issued accounting standards that are applicable in future years, we note the following new accounting standards that are applicable in future years:

- AASB 124: "Related Party Disclosures";
- AASB 2009-12: "Amendments to Australian Accounting Standards";
- AASB 2010-4: "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project";
- AASB 2010-5: "Amendments to Australian Accounting Standards";
- AASB 2010-8: "Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets"; and
- AASB 2011-4: "Amendments to Australian Accounting Standards to Remove Individual Key management Personnel Disclosure Requirements".

It is not expected that these accounting standards will materially impact the financial results of the consolidated group upon adoption.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

		2011 \$	2010 \$
2. Revenue	Note		
Net realised gains from financial assets		-	-
Net unrealised gains from financial assets		993,741	165,252
Dividends received		195	-
Interest received and/or receivable		10,528	10,579
Other revenue		15,911	3,392
		<u>1,020,375</u>	<u>179,223</u>
3. Expenses			
Net realised losses from financial assets		380,646	119,630
Net unrealised losses from financial assets		-	-
Impairment of assets:			
- external parties		47	545
- associated companies	26	2,343	2,090
Share of loss of associated company accounted for using the equity method		-	100
Finance charges:			
- external parties		448	283
Employee benefits expense		240,577	137,778
Other expenses		121,785	91,569
		<u>745,846</u>	<u>351,995</u>
4. Income tax expense			
a. The components of tax expense comprise:			
- current tax		7,326	(60,760)
- deferred tax		80,662	(27,431)
- under provision for tax in prior period		-	-
- over provision for tax in prior period		-	(23,002)
		<u>87,988</u>	<u>(111,193)</u>
b. The prima facie tax on net profit before income tax is reconciled to the income tax as follows:			
Net profit/(loss)		274,529	(172,772)
Prima facie tax payable on net profit/(loss) before income tax at 30%.		82,359	(51,832)
Add:			
Tax effect of:			
- movements in deferred tax assets/liabilities		5,629	-
Less:			
Tax effect of:			
- other deductible expenses		-	(36,359)
- over provision for tax in prior period		-	(23,002)
Income tax attributable to entity		<u>87,988</u>	<u>(111,193)</u>

5. Key management personnel compensation

a. Names and positions held of company key management personnel in office at any time during the financial year are:

Key management person	Position
Mr. M. L. Cellante	Executive Chairman and Managing Director
Mr. R. Jimenez	Executive Director and Company Secretary
Mr. R. L. Cellante	Non-executive Director

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each key management person for the year ended 30 June 2011 and the year ended 30 June 2010.

The totals of remuneration paid to key management personnel are as follows:

	2011 \$	2010 \$
Short-term employee benefits	214,244	118,384
Post-employment benefits	17,538	9,566
Other long-term benefits	-	9,828
Termination benefits	-	-
Share based payments	-	-
	<u>231,782</u>	<u>137,778</u>

b. Options and rights holdings

There were no options or rights held by key management personnel at the end of, or at any time during, the financial year. No options were granted to key management personnel as compensation and no such options were exercised during the year.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

c. Shareholdings

Number of shares held by key management personnel

	M.L. Cellante	R. Jimenez	R.L. Cellante
30 June 2011			
Balance at beginning of the year	7,728,000	7,728,000	7,728,000
Granted as remuneration during the year	-	-	-
Issued on exercise of options during the year	-	-	-
Other changes during the year	-	-	-
Balance at end of the year	7,728,000*	7,728,000*	7,728,000*
30 June 2010			
Balance at beginning of the year	7,698,000	7,698,000	7,698,000
Granted as remuneration during the year	-	-	-
Issued on exercise of options during the year	-	-	-
Other changes during the year	30,000	30,000	30,000
Balance at end of the year	7,728,000*	7,728,000*	7,728,000*

* Indirect interest.

d. Other transactions

There have been no other transactions involving equity instruments other than those disclosed in the tables above. For details of other transactions with key management personnel, refer to Note 26 of these financial statements.

	2011 \$	2010 \$
6. Auditors' remuneration		
Remuneration of the auditor for:		
- auditing or reviewing the financial report	21,010	20,900
	<u>21,010</u>	<u>20,900</u>

7. Dividends

a. Dividends

No dividends have been paid or declared.

b. Franking account

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

-	-
<u>112,789</u>	<u>84,500</u>

8. Earnings per shares

Earnings used in calculation of basic EPS
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS.

There are no dilutive securities on issue.

195,151	(50,439)
<u>13,833,000</u>	<u>13,833,000</u>

9. Cash and cash equivalents

Cash at bank and on hand
Deposits at call
Cash management trust

14,066	85,212
22,696	70,000
-	8
<u>36,762</u>	<u>155,220</u>

Cash at bank and on hand yields no interest. At the end of the period, deposits at call yielded interest at the rate of 4.50% per annum (2010: 4.25% per annum). The credit risk exposure of the company in relation to cash is the carrying amount and any accrued unpaid interest.

Reconciliation of cash

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

Cash assets	<u>36,762</u>	<u>155,220</u>
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10. Trade and other receivables

Note

CURRENT

Trade receivables		5,950	-
Interest accrued on deposits		896	1,163
Sundry receivables		100	38,638
Other amounts receivable from:			
- external parties		5,371	5,324
- associated companies	26	9,917	7,574
- key management personnel related entities	26	58,527	1,582
<u>Less</u> provision for impairment		<u>(15,288)</u>	<u>(12,898)</u>
		<u>65,473</u>	<u>41,383</u>

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For the year ended 30 June 2011

Notes to the Financial Statements (continued)

Receivables are generally non-interest bearing and unsecured. A loan of \$55,000 to an entity related to key management personnel bears interest at the rate of 10% per annum. The credit risk exposure of the company in relation to receivables is the carrying amount. Trade and other receivables were not past due as at 30 June 2011 or 30 June 2010.

	2011 \$	2010 \$
11. Other financial assets		
CURRENT		
Financial assets at fair value through profit or loss		
- Australian listed shares held for trading	1,890,549	1,854,129
- Australian listed options held for trading	300,056	67,196
	2,190,605	1,921,325

Shares and options held for trading are traded for the purpose of short-term profit taking. Changes in fair value are included in profit or loss.

Information regarding key investments held by the company is set out in Note 28 to these financial statements.

12. Investments accounted for using the equity method

Investments are held in the following associated companies:

Name	Activity	Country	Shares	Ownership		Carrying amount of investment	
				2011 %	2010 %	2011 \$	2010 \$
Unlisted:							
Tramcar Restaurant Company Limited	Hospitality	Australia	Ord	30.00	30.00	-	-
						-	-

a. Movements during the year in equity accounted investments in associated companies

Balance at beginning of the financial year	-	100
Add:		
- new investments during the year	-	-
Less:		
- share of loss of associated companies	-	(100)
- disposals/transfers to trading portfolio during the year	-	-
Balance at end of the financial year	-	-

b. Summarised presentation of aggregate assets, liabilities and performance of associate

Current assets	-	33
Non-current assets	4	4
Total assets	4	37
Current liabilities	14,223	12,011
Non-current liabilities	-	-
Total liabilities	14,223	12,011
Net assets	(14,219)	(11,974)
Revenues	-	-
Profit/(loss) after income tax of associate	(2,245)	(2,446)

c. The company has significant influence over the associate Tramcar Restaurant Company Limited by virtue of its ability to control 30.00% of the voting shares of the associate. Mr. R. Jimenez, a director of the company, is also a director of Tramcar Restaurant Company Limited. Significant influence was obtained upon the acquisition of the shares on 8 May 2009.

d. Tramcar Restaurant Company Limited reported a loss of \$2,245 for the financial period ended 30 June 2011 (2010: loss of \$2,446). The share of the loss attributable to the parent entity is \$674 (2010: \$734). The parent entity has previously recognised its share of the losses of Tramcar Restaurant Company Limited to the extent of the carrying value of the investment in that company, namely \$100. No further share of the losses has been recognised. The cumulative unrecognised share of the losses of Tramcar Restaurant Company Limited is \$1,308 as at 30 June 2011.

e. The summarised presentation of the financial position and performance of the associate included in the previous annual report of the company was derived from draft financial information. On completion of the accounts of the associate for the year ended 30 June 2010 it was noted that some of the values were different from those included in the annual report of the company. The information has been corrected above. The values reported last year, which have now changed, were current liabilities \$11,426, net assets \$(11,389), profit/(loss) \$(1,861), loss attributable to the parent entity \$558 and unrecognised share of the loss for the period ended 30 June 2010 \$458.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

		2011 \$	2010 \$
13. Investments in controlled entities	Note		
Unlisted investments at cost			
- shares	13a	-	-

a. Controlled entities consolidated

	Country of incorporation and operation	Principal activity	Percentage Owned (%) [*]	
			2011	2010
Subsidiaries of Bell IXL Investments Limited:				
Bell IXL Funds Manager Pty Ltd	Australia	Dormant	100	100
Fortina Pty Ltd	Australia	Dormant	100	100
Bell IXL Capital Pty Ltd (formerly Resorts International (Australia) Pty Ltd)	Australia	Investment	50	50

^{*} Percentage of voting power is in proportion to ownership

b. Controlled entity - Bell IXL Capital Pty Ltd (formerly Resorts International (Australia) Pty Ltd)

During the year the directors considered the future operation of Bell IXL Capital Pty Ltd ("BXC") given recent trading losses incurred by the company. It was decided that the controlled entity retained insufficient capital to function independently as an investor. At the time it was also anticipated that BXC might receive an assignment of the management rights of an ASX listed entity and for these reasons it was considered desirable to restructure the company. A restructure plan was then implemented involving the following steps:

- BXC had disposed of its listed investments, with the exception of shares in BP plc (LSE: BP.) prior to the restructure. The remaining investment in BP plc (LSE: BP.) was sold to the parent entity at market value.
- BXC gave notice of its intention to effect a capital reduction.
- BXC made loans to its shareholders equal to the amounts they would receive under the capital reduction less interest.
- The name of the company was changed to Bell IXL Capital Pty Ltd.
- Once the requisite notice period had passed, and the shareholders of BXC had given their approval, BXC effected the capital reduction and set off the reduction proceeds against the loans and interest owing to BXC by its shareholders.

The parent entity holds 50% of the issued capital of BXC. Entities associated with Mr. M. L. Cellante, Mr. R. L. Cellante and Mr. R. Jimenez (all directors of the company) hold the other 50% of the issued capital of BXC. It is proposed that the parent entity will acquire the outstanding shares in BXC for a nominal consideration.

Notwithstanding the fact that the parent entity holds only 50% of the issued capital of BXC, the parent entity has determined that it is in a position to exercise control over BXC.

c. Controlled Entity – Fortina Pty Ltd

The directors determined that the controlled entity, Fortina Pty Ltd, was surplus to the needs of the group and application was made to ASIC for the deregistration of the company. The company was dissolved on 17 August 2011.

	2011 \$	2010 \$
14. Property, plant and equipment		
Office furniture and equipment:		
- at cost	5,000	5,000
- accumulated depreciation	(2,396)	(1,793)
	<u>2,604</u>	<u>3,207</u>

a. Movements in Carrying Amounts

Movements in the carrying amounts of property, plant and equipment between the beginning and the end of the financial year.

Opening balance	3,207	3,958
- depreciation	(603)	(751)
Closing balance	<u>2,604</u>	<u>3,207</u>

15. Trade and other payables

CURRENT

Unsecured liabilities

Trade payables	2,267	109,090
Accrued expenses	29,167	20,083
Sundry payables	17,663	10,541
	<u>49,097</u>	<u>139,714</u>

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

	Note	2011 \$	2010 \$
16. Borrowings			
CURRENT			
Unsecured liabilities			
Corporate credit cards		-	1,674
17. Tax			
a. Liabilities			
CURRENT			
Income tax payable		-	-
NON-CURRENT			
Deferred tax liability comprises:			
- deferred income tax on unrealised gains		199,479	32,020
b. Assets			
NON-CURRENT			
Deferred tax assets comprise:			
- accrued expenses		3,300	3,300
- transaction costs		2,117	4,234
- unrealised losses		132,221	262,687
- impairment provision		12,422	7,500
- leave provisions		11,765	9,011
- tax losses carried forward		347,758	143,379
		509,583	430,111
18. Provisions			
CURRENT			
Short-term provisions:			
- annual leave		19,562	10,480
NON-CURRENT			
Other long-term provisions:			
- long service leave		19,656	19,656
19. Issued capital			
12,015,000 fully paid ordinary shares			
(2010: 12,015,000)	19a	2,514,254	2,514,254
1,818,000 fully paid limited voting ordinary shares (2010: 1,818,000)	19b	545,400	545,400
		3,059,654	3,059,654
a. Ordinary shares			
Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At meetings 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			
Limited voting ordinary shares have the same rights as ordinary shares save and except that holders of limited voting ordinary shares may only vote on proposals that affect the rights attached to the limited voting ordinary shares.			
c. Options			
At 30 June 2011 there were no unissued ordinary shares, or limited voting ordinary shares, for which options were outstanding.			
d. Capital management			
Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern. The debt and capital of the group includes ordinary share capital and financial liabilities supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the capital of the group by assessing the financial risks of the company and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. The nature of the business of the group requires flexibility and precludes the adoption of a fixed strategy to control the level of debt. Gearing ratios for the year ended 30 June 2011 and 30 June 2010 are as follows:			
Total borrowings		-	1,674
Less cash and cash equivalents		(36,762)	(155,220)
Net debt		(36,762)	(153,546)
Total equity		2,517,233	2,347,702
Total capital		2,480,471	2,194,156
Gearing ratio		N/A%	N/A%

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

	2011 \$	2010 \$
20. Capital and leasing commitments		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable - minimum lease payments		
- not later than 12 months	23,113	22,332
- between 12 months and 5 years	5,827	28,941
	28,940	51,273

The property lease is a non-cancellable lease the term of which ends in September 2012. The lease can be extended at the option of the parent entity for a further term of two years. Rent is payable monthly in advance. The rent increases annually by 3.5% per year subject to a market review. The lease allows for subletting of lease areas with the approval of the landlord.

21. Contingent liabilities

The group does not have any material contingent liabilities or commitments for expenditure at 30 June 2011.

22. Segment reporting

For management purposes, the consolidated group is organised into one main operating segment and which undertakes investment activities. All the activities of the consolidated group are interrelated and interdependent and all significant operating decisions are based upon the analysis of the consolidated group as a single segment. The financial results from this segment are equivalent to the financial results of the consolidated group as a whole. The group has investment exposures (financial assets) in different countries as set out in the following table.

	For the period ended 30/06/2011			As at 30/06/2011	
Country	Realised gains/(losses) from financial assets	Unrealised gains/(losses) from financial assets	Income from financial assets	Market value of financial assets	Portfolio %
Australia	(380,646)	995,276	-	2,170,468	99.08
United Kingdom	-	(1,535)	195	20,137	0.92
TOTAL	(380,646)	993,741	195	2,190,605	100.00

	For the period ended 30/06/2010			As at 30/06/2010	
Country	Realised gains/(losses) from financial assets	Unrealised gains/(losses) from financial assets	Income from financial assets	Market value of financial assets	Portfolio %
Australia	(119,630)	165,252	-	1,921,325	100.00
United Kingdom	-	-	-	-	-
TOTAL	(119,630)	165,252	-	1,921,325	100.00

Investments representing more than 5% of the investment portfolio are listed in Note 28d.

23. Share based payments

The group did not make any share based payments during the year.

24. Cash flow information

a. Reconciliation of cash flow from operations with net profit after income tax

Net profit/(loss) after income tax	185,541	(61,579)
Non-cash flows in net profit after income tax:		
- unrealised (gains)/losses on investments	-	(165,252)
- depreciation	603	751
- business combination adjustment	-	(3,349)
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(24,090)	1,513
- net movement in investments	(269,280)	(275,580)
- increase/(decrease) in income taxes payable	-	(61,291)
- increase/(decrease) in deferred tax liabilities	167,459	-
- (increase)/decrease in deferred tax assets	(79,472)	(90,385)
- increase/(decrease) in accounts payable	(90,916)	128,611
- increase/(decrease) in provisions	8,605	-
Cash flow from operations	(101,550)	(526,561)

b. Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the year.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

25. Events after the balance sheet date

The following significant events occurred after balance date:

- There has been a significant level of volatility in world stock markets after balance date due to a number of factors such as economic weakness in the United States and Europe. Australian markets have also been affected. If an investment portfolio identical to that held by the company on 30 June 2011 were to be re-valued using prevailing market prices on 2 September 2011 then the value of the portfolio would be \$75,740 less than the value as at 30 June 2011.
- The controlled entity, Fortina Pty Ltd, was deregistered on 17 August 2011.

26. 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. The parent entity is Bell IXL Investments Limited ("BXL").

Transactions with related parties:	2011 \$	2010 \$
a. Controlled Entities:		
<i>Bell IXL Capital Pty Ltd ("BXC"):</i>		
- Loans received by BXL from BXC	16,908	-
- Interest paid by BXL to BXC	102	-
- Capital reduction received by BXL from BXC (set off against loan)	17,010	-
- Impairment of assets by BXL related to BXC (parent entity only)	16,407	-
- Purchase of listed securities by BXL from BXC	22,325	-
b. Associated Companies:		
<i>Tramcar Restaurant Company Limited ("TRC"):</i>		
- Loans/payments made by BXL to/for TRC	2,343	2,090
- Impairment of assets by BXL related to TRC	2,343	2,090
- Debt owing by TRC to BXL at year end (fully impaired)	9,917	7,574
c. Key Management Personnel Related Entities:		
<i>Resorts International Pty Ltd ("REI"):</i>		
- Loans made by BXL to REI (interest bearing at 10% per annum)	55,000	-
- Interest earned by BXL from REI	3,527	-
- Loan principal and interest owing by REI to BXL at year end	58,527	-
<i>Botswana Metals Limited ("BML"):</i>		
- Purchase by BXL of listed securities issued by BML	300,000	36,963
- Sale by BXL of listed securities issued by BML	-	28
- Underwriting fee received by BXL from BML	15,000	-
<i>Monvale Investments Pty Ltd ("MON"):</i>		
- Loans received by MON from BXC	5,636	-
- Interest paid by MON to BXC	34	-
- Capital reduction received by MON from BXC (set off against loan)	5,670	-
<i>Productofam Holdings Pty Ltd ("PRH"):</i>		
- Loans received by PRH from BXC	5,636	-
- Interest paid by PRH to BXC	34	-
- Capital reduction received by PRH from BXC (set off against loan)	5,670	-
<i>Kintara Nominees Pty Ltd ("KIN"):</i>		
- Loans received by KIN from BXC	5,636	-
- Interest paid by KIN to BXC	34	-
- Capital reduction received by KIN from BXC (set off against loan)	5,670	-
<i>Expenses and reimbursements:</i>		
- In addition to the above, key management personnel and their related entities have paid expenses of BXL and are reimbursed for such expenses and vice versa. The amounts are not material. No interest has been paid or received in respect of such reimbursements. The sum of \$Nil (2010: \$1,582) was due to the parent entity from key management personnel or their related parties at year end in respect of expenses yet to be reimbursed.		
<i>Key Management Personnel Remuneration:</i>		
- Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of Key Management Personnel.		

d. Description of associations with related parties

- Mr. M. L. Cellante is a director of Botswana Metals Limited (appointed 4 September 2009). The parent entity is a substantial shareholder of Botswana Metals Limited.
- Mr. R. Jimenez is a director of Tramcar Restaurant Company Limited. The parent entity owns 30% of the issued capital of Tramcar Restaurant Company Limited.
- Mr. M. L. Cellante, Mr. R. Jimenez and Mr. R. L. Cellante are directors of Resorts International Pty Ltd and each of them has an indirect interest in that company.
- Bell IXL Capital Pty Ltd ("BXC") is controlled by the parent entity. The parent entity owns 50% of the issued capital of BXC. Mr. M. L. Cellante and Mr. R. Jimenez are directors of BXC and each of Mr. M. L. Cellante, Mr. R. Jimenez and Mr. R. L. Cellante each have an indirect interest in that company through their respective entities Monvale Investments Pty Ltd, Productofam Holdings Pty Ltd and Kintara Nominees Pty Ltd.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

27. Company details

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

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

28. Financial risk management

The financial instruments held by the consolidated group consist mainly of deposits with banks and listed shares issued by Australian companies. The risks the consolidated group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and market 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 consolidated group is vulnerable to movements in interest rates as its deposits earn interest at floating rates. Interest rates payable on borrowed funds may be fixed or variable. The consolidated group had no outstanding interest bearing borrowings as at 30 June 2011.

b. Liquidity risk

Liquidity risk is the risk that an entity will have difficulty in meeting its financial liabilities. The consolidated group 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 consolidated group 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 consolidated group 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. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. By its nature the consolidated group invests a substantial proportion of its assets in listed securities. The consolidated group is subject to market risk as such securities are not risk free (ie: the market price of these securities can and does fluctuate). A general fall in market prices of 5% and 10%, if spread equally over all listed investments held by the consolidated group, would lead to a reduction in the shareholders funds of the consolidated group of \$109,530 and \$219,060 respectively (before tax). The consolidated group seeks to minimise market risk by ensuring that it is not, in the opinion of management, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and relevant market sectors are reviewed regularly and risk can be managed by reducing exposure where appropriate. The consolidated group does not have a set minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The listed investments of the consolidated group by sector are as follows:

	2011	2010
Sector	%	%
Asset management and custody banks	3.08	3.55
Capital goods	-	3.90
Diversified financials	17.13	26.72
Diversified real estate investment trusts	0.15	-
Energy	-	17.56
Food, beverage and tobacco	-	1.37
Materials	58.17	19.98
Oil and gas	0.92	-
Software and services	-	2.73
Telecommunications	20.55	24.19
	100.00	100.00

Listed investments representing over five per cent of the total value of listed investments held by the consolidated group were as follows:

	2011	2010
Company Name	%	%
Botswana Metals Limited (ASX code: BML)	52.85	16.73
Chapmans Limited (ASX code: CHP)	17.13	17.61
Contango Microcap Limited (ASX code: CTN)	-	7.66
Longreach Oil Limited (ASX code: LGO)	-	11.68
Queste Communications Limited (ASX code: QUE)	20.55	24.20
Southern Cross Exploration NL (ASX code: SXX)	5.32	-
	95.85	77.88
Others	4.15	22.12
	100.00	100.00

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Notes to the Financial Statements (continued)

e. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate fair value are summarised in the table below.

	Quoted market price (Level 1) \$	Valuation technique: market observable inputs (Level 2) \$	Valuation technique: non-market observable inputs (Level 3) \$	Total \$
Consolidated group - year ended 30 June 2011				
Financial assets				
- at fair value through profit and loss	2,190,605	-	-	2,190,605
Financial liabilities	-	-	-	-

Consolidated group - year ended 30 June 2010

Financial assets				
- at fair value through profit and loss	1,921,325	-	-	1,921,325
Financial liabilities	-	-	-	-

	2011 \$	2010 \$
29. Parent entity information		
Assets		
Current assets	2,292,808	2,072,317
Non-current assets	512,207	459,429
Total assets	2,805,015	2,531,746
Liabilities		
Current liabilities	68,658	150,204
Non-current liabilities	219,135	51,676
Total liabilities	287,793	201,880
Equity		
Issued capital	3,059,654	3,059,654
Retained profits/(losses)	(542,432)	(729,788)
Total equity	2,517,222	2,329,866
Financial performance		
Profit/(loss) for the year after tax	187,355	(42,649)
Other comprehensive income	-	-
Total comprehensive income	187,355	(42,649)

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Directors' Declaration

The directors of Bell IXL Investments Limited (ACN 113 669 908) declare that:

1. The financial statements and notes, as set out on pages 17 to 34, are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards; and
 - b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the consolidated group.
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.

Signed on behalf of the board in accordance with a resolution of the directors.



MASSIMO LIVIO CELLANTE
Executive Chairman and Managing Director

Melbourne, 12 September 2011.

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W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELL IXL INVESTMENTS LIMITED

Report on the financial report

We have audited the accompanying financial report of Bell IXL Investments Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Director of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Bell IXL Investments Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 12 and 13 of the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Bell IXL Investments Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J L. Humphrey
Partner

Adelaide, 12 September 2011

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Investment Model

The investment objectives of the consolidated group are to:

- Apply a disciplined approach to investing;
- Achieve above average returns;
- Pay regular franked dividends; and
- Preserve the capital of the consolidated group.

The objectives are achieved by:

- Diversifying risk and return by directing investments in to investment streams.
 - Fixed Interest (0 - 50%)
 - Low risk.
 - Bank deposits and other liquid assets.
 - Preserve capital, interest income and cash flow.
 - Core Portfolio (0 - 50%)
 - Low to medium risk.
 - Diversified portfolio of shares.
 - Capital growth, dividend income and cash flow.
 - Special Situations (0 - 75%)
 - Medium to high risk.
 - Strategic investments in asset and other special situations which can be acquired at significant discounts to underlying value.
 - Board representation is sought.
 - High value capital growth.
- Acquiring investments at a discount.
- Seeking to obtain significant influence in the operations of those entities.
- Investing to achieve absolute returns.

The process employed by the consolidated group is to:

- Identify undervalued situations - companies with little or no debt and easily identifiable assets including cash, listed securities and property.
- Identify trigger events - action that unlocks hidden value of investments including takeovers, asset sales, capital returns and capital raisings.
- Quantify downside risk and upside potential and compare.
- Make investment decision and maintain asset allocations.

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

NSX Additional Information

Additional information required by the National Stock Exchange of Australia Limited. This information is current as at 31 August 2011.

a. Statement of shareholdings

Registered holder	No.	Fully Paid	No.	Limited Voting	%Held
Biloclan Pty Ltd		2,310,000			16.70
Kintara Nominees Pty Ltd		2,241,000			16.20
Monvale Investments Pty Ltd		2,241,000			16.20
Productofoam Holdings Pty Ltd		1,716,000			12.41
Sunvest Corporation Limited		1,010,000			7.30
Resorts International Pty Ltd				1,000,000	7.23
Productofoam Holdings Pty Ltd		500,000			3.61
Longreach Oil Limited				380,000	2.75
Mr Simon Javor		290,000			2.10
Bonds & Securities (Trading) Pty Ltd				273,000	1.97
Mr Michael Damian Murphy & Mr Luke Gerard Murphy		255,000			1.84
Mr Keith William Seabrook & Mrs Sylvia June Seabrook		250,000			1.81
Longreach Oil Limited		215,000			1.55
Miss Licia Nunzia Buccheri		200,000			1.45
Southern Cross Exploration NL				165,000	1.19
Mrs Josephine Cellante		151,100			1.09
PEQ Nominees Pty Ltd		100,000			0.72
Mr Pat Lamanna		100,000			0.72
Vince Lamanna		100,000			0.72
Chapmans Limited		50,000			0.36
Mr Douglas Gary Spencer & Mrs Angelique Rumbold		50,000			0.36
Monvale Investments Pty Ltd		30,000			0.22
Jawlea Investments Pty Ltd		30,000			0.22
Bonds & Securities (Trading) Pty Ltd		27,000			0.20
Total of 20 largest shareholders	20	11,866,100	4	1,818,000	98.92
10,001 to 29,999	4	83,900			0.61
5,001 to 10,000	6	60,000			0.43
1,001 to 5,000	1	5,000			0.04
1 to 1,000	0	0			0.00
Total	31	12,015,000	4	1,818,000	100.00
Number of unmarketable parcels	0		0		

b. 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.

c. Comparative Financial Information

	2007	2008	2009	2010	2011
Gross revenue (\$)	664,874	322,909	1,051,137	179,223	1,020,375
Net profit/(loss) before tax (\$)	424,782	(849,282)	(605,773)	(172,772)	274,529
Total assets (\$)	3,498,966	6,863,552	2,455,464	2,551,246	2,805,027
Total liabilities (\$)	(290,941)	(4,034,173)	(82,949)	(203,544)	(287,794)
Shareholders funds - group (\$)	3,208,025	2,829,379	2,372,515	2,347,702	2,517,233
Financial data - parent entity					
After tax earnings p/share (cents)	1.96	(4.21)	(3.30)	(0.36)	1.41
Dividends p/share (cents)	-	-	-	-	-
Net assets p/share (cents)	24.34	20.45	17.15	16.79	18.19
Price earnings ratio (x)	9.44	-	-	-	4.96

Bell IXL Investments Limited (ACN 113 669 908)

For the year ended 30 June 2011

Why was the name 'Bell IXL' chosen?

In 1839, Alexander Lang Elder founded **Elders** in South Australia as a trading company and commission agent for wool and other agricultural products for sale back to Britain.

In 1888, **Goldsbrough Mort and Company** was founded as a wool trader.

In 1891, Henry Jones established **H. Jones & Company** in Hobart and in 1895 the company purchased a building in Melbourne and commenced the manufacture of jams and spreads. **Henry Jones IXL** was formed as a limited liability company in 1903 with the IXL brand being Henry's personal motto - 'I excel in everything I do'.

By 1962, **Elders** was known as **Elder Smith & Co.** and merged with **Goldsbrough Mort and Company** to become **Elder Smith Goldsbrough Mort**.

In 1970, Robert Holmes à Court acquired a controlling interest in the then smallest public company on the lists **The Western Australian Worsted & Woollen Mills** and used it to embark on a string of acquisitions including **Bell Brothers** which was a well known West Australian transport and contracting group. The name of the company was subsequently changed to **The Bell Group** and became his flagship company and in time he would become one of the world's most feared corporate raiders as he was an accomplished corporate strategist

In 1972, **Henry Jones IXL** became the target of Melbourne businessman John Elliott who organized a consortium of investors to acquire control.

In 1981, **The Bell Group** made a takeover bid for **Elder Smith Goldsbrough Mort** which by then was a major shareholder in **Henry Jones IXL**. A complex agreement was reached which saw **Carlton & United Breweries** acquire control of **Henry Jones IXL** by buying out **The Bell Group** to form a new company called **Elders IXL** with John Elliott and his management team assuming management control.

In 1983, **The Bell Group** bought control of Perth mining equipment company **Wigmores**, renamed it **Bell Resources** and then used it to make an astonishing takeover bid for Australia's then largest company **Broken Hill Proprietary ("BHP")**. **Bell Resources** made successive bids for **BHP** which saw its holding reach 28% by early 1986.

In April 1986, **Elders IXL** entered the market for **BHP** shares and snapped up 20% in what was then the world's biggest one day market raid. By September of that year both Robert Holmes à Court and John Elliott were invited to join the board of **BHP**.

In October 1987, world stock markets crashed including Australia and this forced Robert Holmes à Court into a massive asset sell off in an attempt to salvage his position and thereby foiling any plans for control of **BHP**.

Had the stock market crash not occurred, it is quite conceivable that **Bell Resources** would have bid for **Elders IXL** to deliver control of **BHP** and that the combined entity would have been named '**Bell IXL**'!

On 15 September 2005, **Bell IXL** was listed on the NSX as a strategic investment holding company which under the direction of Massimo Cellante and Ramon Jimenez focuses on acquiring at a discount and profitably realising strategic shareholdings in publicly listed companies.