BEXIL CORP
Form 10QSB/A
August 16, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB/A

(Mark One)

|X| Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2006

|_| Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ___________ to ___________

Commission File Number 001-12233

Bexil Corporation
(Name of small business issuer in its charter)

Maryland	13-3907058
(State of incorporation)	(I.R.S. Employer Identific
11 Hanover Square, New York, New York	10005
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 1-212-785-0400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on whic
Common Stock	American Stock Excha
Rights to Purchase Series A Participating	American Stock Excha

Securities registered pursuant to Section 12(g) of the Act: None

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No|_|.

The number of shares outstanding of the issuer's classes of common equity, as of August 16, 2006: Common Stock, par value $.01 per share - 883,592 shares.

INDEX

2

BEXIL CORPORATION
CONDENSED BALANCE SHEET
June 30, 2006
(Unaudited)

ASSETS	
Current assets:	
Cash and cash equivalents	$
Investment securities, available-for-sale	
	--
Total current assets	
	--
Other assets	
	--
Total assets	$
	==

LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	$
Income taxes payable	$
Total current liabilities	
Commitments and contingencies (Note 10)	
Shareholders' equity	
Common stock, $0.01 par value, 9,900,000 shares authorized, 883,592 shares issued and outstanding	
Series A participating preferred stock, $0.01 par value, 100,000 shares authorized, -0- shares issued and outstanding	
Additional paid-in capital	
Retained earnings	
Total shareholders' equity	
Total liabilities and shareholders' equity	$

See notes to the condensed financial statements.

3

BEXIL CORPORATION
CONDENSED STATEMENTS OF INCOME

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Si 2006
	(Unaudited)	(Unaudited)	(Unaudi
Revenues			
Consulting and other	$ 2,000	$ 40,500	$ 5,00
Dividends and interest	435,827	18,402	571,25
	437,827	58,902	576,25
Expenses			
Compensation and benefits	182,871	135,724	385,56
Professional	91,125	156,238	302,24
General and administrative	26,671	46,419	83,05
	300,667	338,381	770,86
Income (loss) before income taxes and equity in earnings (loss) of York Insurance			

Services Group, Inc.	137,160	(279,479)	(194,60
Income tax benefit	(353,625)	(43,362)	(79,85
Equity in earnings (loss) of York Insurance Services Group, Inc.	(1,805,639)	586,043	(733,74
Gain on sale of York Insurance Services Group, Inc., net of taxes	19,559,053	-	19,559,05
Net income	$ 18,244,199	$ 349,926	$ 18,710,55
Per share net income:			
Basic	$ 20.65	$ 0.40	$ 21.2
Diluted	$ 19.83	$ 0.40	$ 20.2
Average shares outstanding:			
Basic	883,592	879,591	882,00
Diluted	919,848	879,591	922,78

See notes to the condensed financial statements.

BEXIL CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS

Cash flows from operating activities	(
Net income	$
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Gain on sale of York Insurance Services Group, Inc.	(
Equity in loss (earnings) of York Insurance Services Group, Inc.	
Decrease (increase) in deferred taxes	
Non-cash stock compensation	
Accretion of discount on investment security	
Proceeds from sale of York Insurance Services Group, Inc.	
Bonuses and other net transactions costs paid upon consummation of the sale of York Insurance Services Group, Inc.	
Dividend received from York Insurance Services Group, Inc.	
Increase in other assets	
(Decrease)increase in accounts payable and accrued expenses	
Increase (decrease) in income taxes payable	

Net cash provided by operating activities

Cash flows from investing activities

Purchase of investment security (

Net cash used in investing activities (

Cash flows from financing activities
Dividend paid
Proceeds from exercise of common stock options

Net cash used in financing activities

Net (decrease) increase in cash and cash equivalents (

Cash and cash equivalents
Beginning of period

End of period

Supplemental disclosure:
Income taxes paid

See notes to the condensed financial statements.

5

BEXIL CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS
June 30, 2006
(Unaudited)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Organization
Bexil Corporation (the "Company"), a Maryland corporation, is a holding company. From 2002 until April 28, 2006, our primary holding was a fifty percent interest in York Insurance Services Group, Inc. ("York"), an insurance services business process sourcing company. On April 28, 2006, we consummated the sale of our fifty percent interest in York to a newly formed entity controlled by a private equity fund and certain other investors for approximately $39 million in cash. We have 10 employees.

The Company was incorporated in 1996 under the laws of the State of Maryland as Bull & Bear U.S. Government Securities Fund, Inc., a non-diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). In October 1996, the Company's predecessor, a series of shares of Bull & Bear Funds II, Inc., an open-end management investment company, transferred its net assets to the Company in exchange for shares of the Company. The Company changed its name to Bexil Corporation in 1999. In 2002, the Company filed an application with the Securities and Exchange Commission (the "SEC") to terminate its registration as an investment company registered under the 1940 Act.

On January 6, 2004, the Company's application with the SEC to terminate its registration as an investment company was granted. As a result, the Company is subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is no longer subject to regulation under the 1940 Act. The Company's shares are listed on the American Stock Exchange.

The information furnished in this report reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results of the period.

Basis of Presentation
The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, which require the use of estimates. Actual results may vary from those estimates. Certain comparative amounts for the prior year have been reclassified to conform to the fiscal year 2006 financial statement presentation. Such reclassifications did not affect total revenues, operating income or net income.

Cash and Cash Equivalents
Investments in money market funds and short-term investments and other marketable securities maturing in 90 days or less are considered to be cash equivalents. At June 30, 2006, the Company held approximately $1,300,000 in a money market fund.

Investment Securities, Available-for-Sale
Investment securities, available-for-sale are carried at fair value. Realized gains and losses are included in investment income based on specific identification. Unrealized gains and losses are recorded net of tax as part of accumulated other comprehensive income until realized.

Income Taxes
The Company's method of accounting for income taxes conforms to the Financial Accounting Standards Board ("FASB")'s Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." This method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting basis and the tax basis of assets and liabilities.

6

Reporting Segment
The Company accounts for its operations in accordance with FASB No. 131, "Disclosures about Segments of an Enterprise and Related Information." No segment disclosures have been made as the Company considers its business activities as a single segment.

Earnings Per Share
Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by applying the treasury stock method where the weighted average number of common shares outstanding is adjusted for the incremental shares attributed to potentially dilutive securities including outstanding exercisable options to purchase common stock during the period. The following table sets forth the computation of basic and diluted earnings per share:

Three Months Ended

	June 30, 2006	June 30, 2005
Numerator for basic and diluted earnings per share:		
Net income	$ 18,244,199	$ 349,926
Denominator for basic earnings per share:		
Weighted-average shares	883,592	879,591
Effect of dilutive securities:		
Employee stock options	36,256	-
Denominator for diluted earnings per share:		
Adjusted weighted average shares and assumed conversion	919,848	879,591
Per share net income:		
Basic	$ 20.65	$ 0.40
Diluted	$ 19.83	$ 0.40

Dilutive securities consisting of stock options were excluded if their effect was anti-dilutive. There were options to purchase 143,000 shares of common stock for the three months and six months ended June 30, 2005, respectively, that were excluded from earnings per share because their effect was anti-dilutive.

2. SALE OF YORK INSURANCE SERVICES GROUP, INC.

On April 27, 2006, the Company's stockholders voted to approve the sale of its fifty percent interest in York to a newly formed entity controlled by a private equity fund and certain other investors; the sale was consummated on April 28, 2006. The Company recognized a gain from the sale of $35,561,915 before taxes. The net gain after taxes of $19,559,053 consists of the cash proceeds paid by the buyer of $38,864,121 plus a consulting fee and expense reimbursement received from York of $138,500 less the Company's carrying value in York of $1,131,478, closing costs of $2,309,228 consisting of employee bonus awards of $1,909,228, and other costs of $400,000, and income taxes of $16,002,862.

Prior to the sale, the Company's fifty percent interest in York was accounted for using the equity method and, therefore, York's financial results were not consolidated with ours. Summarized unaudited condensed financial information for York for the four month period ended April 30, 2006 and the six months ended June 30, 2005 is as follows:

York Insurance Services Group, Inc. Summarized Condensed Financial Information (Unuadited)	Four Month Period Ended April 30, 2006	J
Revenues	$ 30,345,914	$
Expenses	25,131,225	
Net income (loss)	(1,467,496)	
Working capital	N/A	

Total assets	N/A
Total liabilities	N/A
Shareholder's equity (deficit)	N/A

3. INCENTIVE COMPENSATION PLAN

In 2004, the Company's shareholders approved the adoption of the 2004 Incentive Compensation Plan (the "Plan"), which provides for the granting of a maximum of 175,918 options to purchase common stock to directors, officers and key employees of the Company or its affiliates. The option price per share may not be less than the fair value of such shares on the date the option is granted, and the maximum term of an option may not exceed 5 years. The vesting period is three years of service.

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123(R) "Share-Based Payment" and began recognizing compensation expense for its share-based payments based on the fair value of the awards. Share-based payments include stock option grants under the Plan. SFAS 123(R) requires share-based compensation expense recognized since January 1, 2006, to be based on the following: a) grant date fair value estimated in accordance with the original provisions of SFAS 123 for unvested options granted prior to the adoption date; and b) grant date fair value estimated in accordance with the provisions of SFAS 123(R) for unvested options granted subsequent to the adoption date. Prior to January 1, 2006, the Company accounted for share-based payments using the intrinsic-value-based recognition method prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and SFAS 123, "Accounting for Stock-Based Compensation." As options were granted at an exercise price equal to the market value of the underlying common stock on the date of grant, no stock-based employee compensation cost was reflected in net income prior to adopting SFAS 123(R). As the Company adopted SFAS 123(R) under the modified-prospective-transition, results from prior periods have not been restated. The following table illustrates the effect on net income and earnings per share for the three months and six months ended June 30, 2005 had compensation expense been recognized based upon the estimated fair value on the grant date of the awards, in accordance with SFAS 123.

	Three Months Ended June 30, 2005
Net income - as reported	$ 349,926
Less total employee stock option expense determined under fair value method, net of related tax effects	(20,749)
Pro forma net income	$ 329,177
Earnings per share - Basic:	
As reported	$ 0.40
Pro forma	$ 0.37
Earnings per share - Diluted:	
As reported	$ 0.40
Pro forma	$ 0.37

Under SFAS 123(R) forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate.

The adoption of SFAS 123(R)'s fair value method has resulted in additional share-based expense (a component of compensation expenses and taxes) in the amount of $28,540 and $67,144 related to stock options for the three months and six months ended June 30, 2006, respectively, than if the Company had continued to account for share-based compensation under APB 25. For the three months and six months ended June 30, 2006, this additional share-based compensation lowered pre-tax earnings by $28,540 and $67,144,respectively, lowered net income by $15,697 and $36,929, respectively, and lowered basic earnings per share by $0.02 and $0.04, respectively.

The following schedule shows all options granted, exercised, expired and exchanged under the Company's Stock Option Plan as of December 31, 2005.

Information relating to the options is as follows:

	Shares Under Option	Weighted Average Exercise Price	
Balance, December 31, 2003	-	$ -	$
Granted	147,500	$ 21.47	$
Forfeited	(4,500)	$ 21.59	$
Balance, December 31, 2004	143,000	$ 21.47	$
Granted	8,000	$ 21.19	$
Forfeited	(7,000)	$ 21.59	$
Balance, December 31, 2005	144,000	$ 21.45	$

The Company grants options to purchase common stock to its directors, officers, and key employees of the Company or its affiliates. The option price per share may not be less than the fair market value of such shares on the date the option is granted, and the maximum term of an option may not exceed 5 years. The vesting period is three years of service. Employees have 3 months after the employment relationship ends to exercise all vested options. The fair value of each option grant is separately estimated for each vesting date. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date. The Company has estimated the fair value of all stock option awards as of the date of the grant by applying the Black-Scholes option pricing valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense. The Company did not award any options during the six months ended June 30, 2006.

The key assumptions used in determining the fair value of options granted by applying the Black-Scholes option pricing valuation model in 2005 and a summary of the methodology applied to develop each assumption are as follows:

Expected price volatility	49 - 51%
Risk-free interest rate	4.11 - 4.49%
Weighted average expected lives in years	5
Forfeiture rate	0%
Dividend yield	0%

Expected Price Volatility - The Company estimates the volatility of its common stock at the date of grant based solely on the historical volatility of its common stock. The volatility factor used in the Black-Scholes option valuation model is based on the Company's historical stock prices over the most recent period commensurate with the estimated expected life of the award.

9

Risk-Free Interest Rate - This is the U.S Treasury yield in effect at the time of the grant having a term equal to the expected life of the option. An increase in the risk-free interest rate will increase compensation expense.

Expected Lives - This is the period of time over which the options granted are expected to remain outstanding giving consideration to vesting schedules, historical exercise and forfeiture patterns. The Company uses the simplified method outlined in SEC Staff Accounting Bulletin No. 107 to estimate expected lives for options granted during the period. Options granted have a maximum term of 5 years. An increase in the expected life will increase compensation expense.

Forfeiture Rate - This is the estimated percentage of options granted that are expected to be forfeited or canceled before becoming fully vested. This estimate is based on historical experience. An increase in the forfeiture rate will decrease compensation expense.

Expected Dividend Yield - In 2005 and since the adoption of the Plan the Company had not paid a dividend and at the time the options were granted did not anticipate paying a dividend in the foreseeable future, consequently the dividend yield assumption was zero. However, on December 29, 2005, the Board of Directors authorized a special dividend of $1.00 per share contingent upon the closing of the York sale. The sale closed on April 28, 2006, and the dividend was paid to stockholders on May 31, 2006. The expected dividend yield is based on the Company's current dividend yield and the best estimate of projected dividend yields for future periods within the expected life of the option.

The Company generally issues new shares when options are exercised. A summary of stock option activity since our most recent fiscal year end is as follows:

	Shares Under Option	Weighted Avera Exercise Pric
Balance, December 31, 2005	144,000	$ 21.45
Granted	-	$ -
Exercised	(4,000)	$ 21.59
Balance, June 30, 2006	140,000	$ 21.45

The following table summarized information about stock option outstanding as of June 30, 2006:

Range of Exercise Price	Options Outstanding	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price	Options Exercisable
$ 16.30 - $ 19.50	28,000	3.49	$ 17.04	21,000
$ 21.59 - $ 24.00	112,000	2.86	$ 22.55	83,476
	140,000	2.92	$ 21.45	104,476

At June 30, 2006, the aggregate intrinsic value of all outstanding options was $1,879,503 with a weighted average remaining contractual term of 2.92 years. The total compensation cost related to non-vested awards not yet recognized was $135,096 with an expense recognition period of 3 years.

On February 21, 2006, pursuant to a Post-Effective Amendment filing to a registration statement filed on Form S-8 under the Securities Act of 1933, the Plan was amended to correct a defect in the Plan regarding the circumstances in which a participant may exercise an option after the date the employment of the participant is terminated by the Company other than for cause.

4. 401(k) PLAN

The Company participates in a 401(k) retirement plan for substantially all of its qualified employees. The plan is sponsored by an affiliate of the Company, Winmill & Co. Incorporated ("Winco"). Company matching expense is based upon a percentage of contributions to the plan by eligible employees and are accrued and funded on a current basis. Matching expense for the three months ended June 30, 2006 and 2005 was $2,733 and $5,476, respectively. Matching expense for the six months ended June 30, 2006 and 2005 was $12,782 and $10,952, respectively.

5. INVESTMENT IN SECURITIES

At June 30, 2006, the Company held a U.S.Treasury security classified as available-for-sale with an amortized cost value of $47,256,530 which approximated fair value.

6. INCOME TAXES

The income tax provision (benefit) is comprised of the following:

	Three Months Ended June 30, 2006	2005	200
Current provision:			

Federal	$ 9,400,000	$ -	$ 9,400
State and local	5,113,000	23,275	5,420
Total current provision	14,513,000	23,275	14,820
Deferred provision (benefit):			
Net operating loss and capital losses	1,136,237	(114,693)	1,102
Equity in earnings of York	-	48,056	
Total deferred provision (benefit)	1,136,237	(66,637)	1,102
Total provision for income taxes	$ 15,649,237	$ (43,362)	$ 15,923

The Company utilized net operating carryforwards of $2,363,925 to offset tax expense for the three months ended June 30, 2006.

7. RELATED PARTIES

Certain officers of the Company also serve as officers and/or directors of Winco, Tuxis Corporation ("Tuxis"), and their affiliates (collectively with Bexil, the "Affiliates"). At June 30, 2006, Winco's wholly owned subsidiary, Investor Service Center, Inc., owned 222,644 shares of the Company and 234,665 shares of Tuxis, or 25% and 24%, respectively, of the outstanding common stock. Winco's wholly owned subsidiary, Midas Management Corporation ("MMC"), acts as "master" payer of compensation and benefits of Affiliate employees.

Rent expense of jointly used office space and overhead expense for various jointly used administrative and support functions incurred by Winco are allocated to the Company and the Affiliates. The Company incurred allocated rent and overhead costs of $24,999 and $24,000 for the three months ended June 30, 2006 and 2005, respectively, and $49,998 and $48,000 for the six months ended June 30, 2006 and 2005, respectively.

The Company earned fees of $102,000 and $40,500 from York for consulting services and for service on York's board of directors for the three months ended June 30, 2006 and 2005, respectively, and $105,000 and $92,500 for the six months ended June 30, 2006 and 2005, respectively.

On December 22, 2005, the Company entered into an expense sharing agreement with York and the other fifty percent stockholder of York for interest and other expenses related to a bank loan obtained by and for use by York. The expense sharing agreement had a limited duration of approximately six months and effectively ended upon the closing of the York sale transaction on April 28, 2006. The loan was for $15,000,000 bearing interest at LIBOR plus 1.5%. The Company paid 50% of the interest expense and two-thirds of other agreed upon expenses under the expense sharing agreement. The Company has incurred expenses of approximately $168,000 and $281,000 related to the expense sharing agreement for the three months and six months ended June 30, 2006, respectively.

On April 28, 2006, pursuant to the authorization of the Governance, Compensation, and Nominating Committee of the Board of Directors, the Company paid employee bonuses of approximately $1.9 million upon the consummation of the sale of its interest in York.

8. DIVIDEND

On December 29, 2005, the Company's Board of Directors authorized a special dividend to stockholders of $1.00 per share of the common stock contingent upon the closing of the sale of the Company's interest in York. The special dividend of $883,592 was paid on May 31, 2006 to stockholders of record on May 15, 2006.

9. STOCKHOLDER RIGHTS PLAN

The Board of Directors has adopted a stockholder rights plan. To implement the rights plan, the Board of Directors declared a dividend distribution of one right for each outstanding share of Bexil common stock, par value $.01 per share, to holders of record of the shares of common stock at the close of business on November 21, 2005. Each right entitles the registered holder to purchase from Bexil one one-thousandth of a share of preferred stock, par value $.01 per share. The rights were distributed as a non-taxable dividend and will expire on November 21, 2015. The rights are evidenced by the underlying Bexil common stock, and no separate preferred stock purchase rights certificates were distributed. The rights to acquire preferred stock will become exercisable only if a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock. If a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock, each holder of a right, except the acquirer, will be entitled, subject to Bexil's right to redeem or exchange the right, to exercise, at an exercise price of $67.50, the right for one one-thousandth of a share of Bexil's newly-created Series A Participating Preferred Stock, or the number of shares of Bexil common stock equal to the holder's number of rights multiplied by the exercise price and divided by 50% of the market price of Bexil's common stock on the date of the occurrence of such an event. Bexil's Board of Directors may terminate the rights plan at any time or redeem the rights, for $0.01 per right, at any time before a person acquires 10% or more of Bexil's common stock.

On November 10, 2005, the Board of Directors authorized the reclassification of 100,000 unissued shares of common stock of the Company (from among the 10,000,000 shares of common stock, $0.01 par value, of the Company which are authorized) into 100,000 shares of Series A Participating Preferred Stock, par value $0.01 per share, of the Company.

10. COMMITMENTS AND CONTINGENCIES

At June 30, 2006, there were no contingent obligations or events occurring that could reasonably be expected to have a material adverse impact on the Company's financial statements.

On January 11, 2006, the staff of the Market Regulation Department of the National Association of Securities Dealers ("NASD") on behalf of the American Stock Exchange ("AMEX") commenced a review of trading in the Company's common stock surrounding the December 27, 2005, announcement that the Company had entered into an agreement to sell its fifty percent interest in York. In connection with this review, the NASD requested that the Company provide certain information regarding the events that preceded the corporate disclosure. Pursuant to Section 132(e) of the AMEX Company Guide, a listed company is required to furnish such information, as the AMEX shall reasonably request. Failure to comply may subject a listed company to suspend dealings in its securities or removal from listing pursuant to AMEX Company Guide Section 1003.

This inquiry should not be construed as an indication that the NASD has determined that any violations of AMEX rules or Federal Securities laws have occurred, or as a reflection upon the merits of the securities involved or upon any person who effected transactions in such securities. The Company provided the NASD with all of the information requested on March 29, 2006. The NASD has not communicated any findings to the Company at this time.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Information

Information or statements provided by or on behalf of the Company from time to time, including those within this Quarterly Report on Form 10-QSB/A, may contain certain "forward-looking information", including information relating to anticipated growth in revenues or earnings per share, anticipated changes in the amount and composition of assets under management, anticipated expense levels, and expectations regarding financial market conditions. The Company cautions readers that any forward-looking information provided by or on behalf of the Company is not a guarantee of future performance and that actual results may differ materially from those in forward-looking information as a result of various factors, including, but not limited to, those discussed below. Further, such forward-looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

Certain written and oral statements made or incorporated by reference from time to time by the Company in this report, other reports, filings with the SEC, press releases, conferences, or otherwise, contain "forward looking information" and are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward-looking statements may be identified, without limitation, by the use of such words as "anticipates", "estimates", "expects", "intends", "plans", "predicts", "projects", "believes", or words or phrases of similar meaning. Forward-looking statements include risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In addition to other factors and matters discussed elsewhere herein, some of the important facts that could cause actual results to differ materially from those discussed in the forward-looking statements include the following: No businesses to acquire or develop have been identified by the Company at this time. We have no plans to dissolve and liquidate the Company. The Company cannot predict what changes to its present business or operations would result from the sale of the York shares. We may decide to use most of the proceeds from the sale to start up and develop a business or to explore other alternatives, such as an acquisition of or business combination with, another entity or entities. At this time our Board of Directors has not made any decision to pursue any of these options. The risks included above are not exhaustive.

Other sections of this report may include reference to the additional factors, which could adversely impact the Company's business and financial performance.

Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors, nor can it assess the impact of known risk factors on the Company business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The Company undertakes no obligation to revise or publicly release the results of any revisions to forward-looking statements or to identify any new risk factors, which may arise. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual future results.

Investors should also be aware that while the Company does, from time to time, communicate with securities analysts, it is against the Company's policy to disclose to them any material, non-public information. Accordingly, investors should not assume that the Company agrees with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, the Company has a policy against issuing or confirming financial forecasts or projections issued by others. Thus, to the extent that the reports issued by securities analysts contain any projections, forecasts, or opinions, such reports are not the responsibility of the Company.

Overview

Bexil Corporation, a Maryland corporation (the "Company"), is a holding company. We have 10 employees, none of whom are full time.

The Company was incorporated in 1996 under the laws of the State of Maryland as Bull & Bear U.S. Government Securities Fund, Inc., a non-diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). In October 1996, the Company's predecessor, a series of shares of Bull & Bear Funds II, Inc., an open-end management investment company, transferred its net assets to the Company in exchange for shares of the Company. The Company changed its name to Bexil Corporation in 1999. In 2002, the Company filed an application with the Securities and Exchange Commission (the "SEC") to terminate its registration as an investment company registered under the 1940 Act.

On January 6, 2004, the Company's application with the SEC to terminate its registration as an investment company was granted. As a result, the Company is subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is no longer subject to regulation under the 1940 Act. The Company's shares are listed on the American Stock Exchange.

From 2002 until April 28, 2006, Bexil's primary holding was its fifty percent interest in privately held York Insurance Services Group, Inc. ("York"). York is an insurance services business process outsourcing company. Since the 1930's, York (through predecessor companies) has served as both an independent adjustment company and third party administrator providing comprehensive claims, data, and risk related services to insurance companies, self-insureds, and intermediaries throughout the United States. York's business units include the program management, licensed private investigation, recovery, environmental consulting, retail logistics and large/complex loss adjusting.

The Company's fifty percent interest in York was accounted for using the equity method and, therefore, York's financial results were not consolidated with ours.

On April 28, 2006, the Company consummated the sale of its fifty percent interest in York to a newly formed entity controlled by a private equity fund and certain other investors for approximately $39 million in cash and realized a gain before income taxes of approximately $36 million.

Operations after the Sale of York Shares

The Company is seeking to acquire and/or develop one or more businesses. There are no limits on the types of businesses or fields in which the Company may devote its assets. No businesses to acquire or develop have been identified by the Company at this time. We have no plans to dissolve and liquidate the Company. We may decide to use most of the proceeds from the sale to start up and develop a business or to explore other alternatives, such as an acquisition of or business combination with, another entity or entities. At this time our Board of Directors has not made any decision to pursue any of these options.

Liquidity and Capital Resources

At June 30, 2006, the Company had positive working capital of $34,241,575, total assets of $48,692,701, no long-term debt, and shareholders' equity of $34,251,431.

Management knows of no contingencies that are reasonably likely to result in a material decrease in the Company's liquidity or that are likely to materially adversely affect the Company's capital resources.

Results of Operations

Revenue. Revenue increased approximately $379,000 and $454,000 for the three months and six months ended June 30, 2006, respectively, compared to 2005, mainly due to an increase in dividend and interest income. Cash balances increased over the same period due to the proceeds from the sale of York on April 28, 2006 and to dividends received from York in 2005.

Expenses. Total expenses decreased approximately $38,000 and increased approximately $257,000 for the three months and six months ended June 30, 2006, respectively, compared to 2005.

Compensation and benefits increased approximately $47,000 and $138,000 for the three months and six months ended June 30, 2006, respectively, compared to 2005. The Company recognized approximately $29,000 and $67,000 in compensation expense for unvested stock options due to the adoption of SFAS 123(R) for the three months and six months ended June 30, 2006, respectively. Compensation also increased due to an increase in jointly used administrative and support functions incurred by Winco and allocated to the Company.

Professional expenses decreased approximately $65,000 for the three months ended June 30, 2006, compared to 2005. In 2005, the Company's auditing fees increased due to a change in auditors in the second quarter. Professional expenses increased approximately $130,000 for the six months ended June 30, 2006, compared to 2005. This was due to an increase in audit, legal, and the York expense sharing agreement leading up to the sale of York.

York. The Company recognized a loss in the earnings of York of approximately $1,806,000 and $734,000 for the three months and six months ended June 30, 2006, respectively. This was attributable to expenses incurred by York leading up to the sale transaction. The Company consummated the sale of its fifty percent interest in York in April 2006 and realized a net after-tax gain of approximately $20,000,000. The net after-tax gain consisted of proceeds of approximately $39,000,000 less the Company's carrying value in York of approximately $1,100,000, closing costs including employee bonus awards of approximately $2,200,000, and income taxes of approximately $16,000,000.

Net income was $18,710,552 or $20.28 per share on a diluted basis for the six months ended June 30, 2006 compared to net income of $820,413 or $0.93 per share on a diluted basis for the six months ended June 30, 2005.

Item 3. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and

that such information is accumulated and communicated to the Company's management, including its President and Chief Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company has carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer along with the Company's Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, management, including the Company's President and Chief Executive Officer along with the Company's Principal Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of June 30, 2006.

However, on August 14, 2006, the Company inadvertently filed its Quarterly Report on Form 10-QSB for the quarter ended June 30, 2006 (the "Report") before all pending edits and reviews were completed. Because the edits and review procedures had not been completed and further changes in the financial statements were necessitated because of such reviews, the Company's Chief Financial Officer determined that the Company's financial statements for the quarter ended June 30, 2006 as filed should not be relied upon. On August 16, 2006, an amended Quarterly Report on Form 10-QSB/A was filed to correct certain errors in the Quarterly Report on Form 10-QSB which was filed on August 14, 2006. The circumstances surrounding the inadvertent filing and a description of the edits which had not been completed are described in the Company's Current Report on Form 8-K dated August 16, 2006, which was filed with the SEC on the same date.

Changes in Internal Controls

The Company has adopted the following administrative procedural control to help preclude repetition of the error that occurred on August 14, 2006, with respect to the inadvertent SEC filing. As such, no SEC filings by the Company shall be transmitted until the staff person EDGARizing the document has 1) obtained the signed and dated authorization from the Company's Controller that the EDGAR document has been reviewed and agrees to the source document, and 2) obtained the signed and dated authorization to file the EDGAR document from either the Chief Executive Officer or the Chief Financial Officer of the Company, or their delegatee. Based on the implementation of such procedural controls, management, including the Company's President and Chief Executive Officer along with the Company's Principal Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of August 16, 2006.

There has been no change, other than those noted above, during the Company's fiscal quarter ended June 30, 2006, in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

During the second quarter of the 2006 fiscal year, a Special Meeting of Stockholders (the "Special Meeting") of the Company was held on April 27, 2006 for the following purposes: 1) to authorize and approve the sale of all 500 shares of York Insurance Services Group, Inc. common stock owned by the Company to York Insurance Acquisition, Inc. for approximately $38,864,000, pursuant to the Stock Purchase Agreement, dated as of December 23, 2005, by and among the Company, York Insurance Holdings, Inc. and York Insurance Acquisition, Inc.; and 2) to consider and vote upon the adjournment of the Special Meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of proposal one.

With regard to the proposal to authorize and approve the sale of all 500 shares of York Insurance Services Group, Inc. common stock owned by the Company to York Insurance Acquisition, Inc. for approximately $38,864,000, pursuant to the Stock Purchase Agreement, dated as of December 23, 2005, by and among the Company, York Insurance Holdings, Inc. and York Insurance Acquisition, Inc., 455,402 shares were voted in favor of the proposal, 131,315 shares were voted against, and 5,291 shares were voted to abstain.

With regard to the proposal to consider and vote upon the adjournment of the Special Meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of proposal one, 430,985 shares were voted in favor of the proposal, 99,584 shares were voted against, and 61,439 shares were voted to abstain.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

1. Current Report on Form 8-K dated April 3, 2006 containing the press release disclosing the Company's operating results for the year ended December 31, 2005.

2. Current Report on Form 8-K dated April 28, 2006 containing the press release disclosing the consummation of the sale of the Company's fifty percent interest in York Insurance Services Group, Inc. and the payment of a special dividend.
3. Current Report on Form 8-K dated May 2, 2006 containing the press release disclosing the Company's acquisition parameters.
4. Current report on Form 8-K dated May 17, 2006 containing the press release disclosing the Company's operating results for the first quarter ended March 31, 2006.

17

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BEXIL CORPORATION

Dated: August 16, 2006

By : /s/Thomas O'Malley

Thomas O'Malley
Chief Financial Officer,
Chief Accounting Officer

18

Certification - Exchange Act Rules 13a-14 and 15d-14

I, Thomas B. Winmill, certify that:

1. I have reviewed this quarterly report on Form 10-QSB/A of Bexil Corporation ("small business issuer");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [omitted in accordance with SEC Release Nos. 33-8238 and 34-47986];

c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Thomas B. Winmill
Chief Executive Officer
Date: August 16, 2006

Certification - Exchange Act Rules 13a-14 and 15d-14

I, Thomas O'Malley, certify that:

1. I have reviewed this quarterly report on Form 10-QSB/A of Bexil Corporation ("small business issuer");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [omitted in accordance with SEC Release Nos. 33-8238 and 34-47986];

c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Thomas O'Malley
Chief Financial Officer
Date: August 16, 2006

20

CEO CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bexil Corporation on Form 10-QSB/A for the period ended June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas B. Winmill, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas B. Winmill
Thomas B. Winmill
Chief Executive Officer

August 16, 2006

21

CFO CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bexil Corporation on Form 10-QSB/A for the period ended June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas O'Malley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Thomas O'Malley
Thomas O'Malley
Chief Financial Officer
August 16, 2006

22