

2 July 2009

Company Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**Paul Vine**  
Company Secretary

Phone: 03 9235 1961  
Fax: 03 9235 1850

Dear Sir or Madam

**Bell Financial Group Ltd - Southern Cross Equities Limited**

I enclose a media release issued today in relation to proposed amendments to the terms of the acquisition by Bell Financial Group Ltd of Southern Cross Equities Limited.

Yours faithfully



Paul Vine  
Company Secretary

# Media Release

Date: 2 July 2009

## **Bell Financial Group and Southern Cross Equities vendors agree to vary price and terms for acquisition of Southern Cross Equities.**

Bell Financial Group Ltd (BFG) today announced it has signed an agreement with the vendors of Southern Cross Equities Limited (SCE) varying the terms of the acquisition by BFG of SCE, which was completed in September 2008.

Bell Potter Securities (BPS) and SCE are 100% owned by BFG. Together they have 320 advisers across 13 offices nationally, as well as an SCE office in London. BPS is one of Australia's largest private client broking operations, whilst SCE is one of the country's most successful stockbroking and emerging investment groups with a strong base of corporate, institutional and high net worth clients.

The total consideration payable for SCE is 50% BFG shares and 50% cash, payable in four instalments over three years, with the first instalment (\$18.2 million in cash and 14.6 million Ordinary BFG shares issued at \$1.25) having been paid on completion of the acquisition in 2008. Future instalments are subject to SCE achieving certain performance benchmarks over time.

The acquisition involved terms in relation to the commissions available for payment to SCE advisers, research and corporate employees being capped at 40% of SCE revenues generated. BFG and the SCE vendors have agreed to vary the total commission potentially payable by SCE, providing SCE with a model that is very attractive for the hiring of further experienced staff, to the mutual benefit of BFG and the SCE vendors. BFG and SCE are also confident that the amended agreement is in the long-term interests of the Group, creating an attractive model for the hiring and retention of key people for the future growth of the Group.

The consideration for the amendment to the commission arrangements is the reduction in the maximum total potential purchase price payable by BFG for SCE from \$145.8 million to \$114.8 million. This reduction is reflected in a reduction in potential cash and share based earn out payments over the next three years. The total potential future payments subject to the performance benchmarks are \$39.2 million in cash and 31.3 million BFG shares.

These arrangements operate from 1 July 2009 and are not retrospective. The revenue earn out hurdles do not change and need to be met before any future payments are paid.

BFG Executive Chairman Colin Bell said, "Our acquisition of Southern Cross has been an unqualified success. BFG has gained access to a new customer base, an expanded product offering and a fine research department.

“As markets improve I am confident that we will continue to benefit from having put these two very good businesses together. These changes make sense for both BFG and the SCE vendors and we are confident that they will be beneficial for all involved,” Mr. Bell said.

Southern Cross Executive Chairman Brent Potts said the logic of the changes to the deal were compelling, “We are confident that the incremental potential of this revised agreement will appeal to talented people who are attracted to the idea of working for an independent, Australian owned operation that will allow them to maximise their potential.

“As we said last year, broking houses are shedding staff but we will be hiring!

Amending the terms of the acquisition is subject to the approval of BFG’s shareholders and is expected to be completed by the end of August 2009. BFG expects to dispatch its Notice of Meeting in relation to the shareholder approvals as soon as practicable.

ENDS...

**About Bell Financial Group** ([www.bellfg.com.au](http://www.bellfg.com.au), ASX: BFG) wholly owns Bell Potter Securities Limited (BPS), Bell Potter Capital Limited and Southern Cross Equities Limited (SCE) and has a 36% stake in online broker Bell Direct. BFG is one of Australia’s leading full service stockbroking and financial advisory firms with a strong track record of providing high quality, professional advice to private, institutional and corporate investors. The business has 320 private client advisers, 13 offices nationally and one of the largest distribution networks in the country. BPS also incorporates Bell FX, the foreign exchange business ([www.bellfx.com.au](http://www.bellfx.com.au)) and Bell Commodities, the commodities and futures business ([www.bellcommodities.com.au](http://www.bellcommodities.com.au)), purchased as part of the BFG listing in December 2007. UBS, one of the world’s largest investment banks, owns 17.4% of Bell Financial Group and provides access to first-class research and equity capital market flows.

**About Southern Cross Equities** ([www.sceq.com.au](http://www.sceq.com.au)) is one of Australia’s leading independent wholesale stockbrokers and emerging investment groups delivering tailored services to corporations, institutions and high net worth clients.

**For further information, contact:**

**Bell Financial Group**

*Colin Davidson  
Director, Product and Marketing  
02 9255 7467  
0405 424 220  
cdavidson@bellpotter.com.au*

**Southern Cross Equities**

*Brent Potts  
Executive Chairman  
02 9231 0880  
brentp@sceq.com.au*

**Bell Financial Group**

*Alexis Harrison  
Manager, Marketing and Communications  
03 9235 1852  
aharrison@bellpotter.com.au*