

1 September 2008

Company Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

**Paul Vine**  
Company Secretary

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Dear Sir or Madam

**Bell Financial Group Ltd increases its stake in Bell Direct**

I enclose a media release issued today in relation to Bell Financial Group Ltd increasing its stake in the online broking business, Bell Direct, from 25% to 36%.

Yours faithfully



Paul Vine  
Company Secretary

# Media Release

Date: 1<sup>st</sup> September 2008

## **Bell Financial Group (BFG) increases stake in Bell Direct.**

Bell Financial Group Ltd (ASX: BFG) today announced it had increased its stake in Bell Direct, the online broker, from 25% to 36%. The additional holding was acquired via an issue of new Bell Direct shares for which the consideration was cash.

Bell Direct was successfully launched in November 2007 and subsequently achieved its first milestone, namely a robust and stable platform with 100% uptime since launch. After its first nine months in operation Bell Direct has attracted over 7,000 clients.

In May 2008, Bell Direct appointed Arnie Selvarajah, as its first CEO. In considering the CEO's growth plans for Bell Direct and with the ASX proposing to lift brokers' core liquidity requirements, the Bell Direct Board saw the need to increase the business's capital via a rights issue. BFG participated in the issue pro rata to its existing shareholding in Bell Direct and took up some shortfall shares, contributing a total of \$6 million and lifting its stake in Bell Direct to 36%.

This contribution of additional capital in Bell Direct was made by BFG on the basis that BFG's existing call option to acquire additional shares in Bell Direct, which was summarised in BFG's IPO Prospectus in November 2007, was renegotiated.

Under the renegotiated call option arrangements, BFG now has a call option to purchase all remaining Bell Direct shares it does not own, taking its holding to 100%. The exercise price of the new call option is to be satisfied by BFG issuing new shares and values all of Bell Direct's existing share capital at \$70 million, which is the same valuation used in the existing call option. BFG's right to exercise the new call option has been extended by 12 months from the current exercise date to 31 January 2011. The new call option is subject to shareholder approval, which BFG will seek at the appropriate time in accordance with Corporations Act and ASX Listing Rule requirements and prior to the exercise of the option. BFG is under no obligation to exercise the new call option and any decision whether or not to exercise the new call option will be made by BFG's independent non-executive Directors at the relevant time.

BFG Executive Chairman, Colin Bell said the decision to boost the group's stake in Bell Direct reflected its confidence in the online share trading company.

"Moving to increase our shareholding in Bell Direct reflects our confidence in the management team, the business model and, importantly, the results the business has generated in a relatively short period of operation."

"Current market conditions have presented us with a good opportunity to ramp up our marketing and introduce new products," Bell said.

Commenting on the boost in BFG's stake, Bell Direct chief executive officer Arnie Selvarajah said the move was a vote of confidence from BFG.

“The change is a positive one for Bell Direct as it paves the way for us to leverage the strong stockbroking heritage that resides within the Group. The additional capital will allow Bell Direct to accelerate its marketing efforts in the retail segment and to bring forward its entry into the wholesale segment.

“With an advanced technology platform and standards of customer service that are best in market, plus a suite of new products soon to be launched, Bell Direct will continue as a innovator in online trading,” Selvarajah said.

ENDS...

**For further information, contact:**

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**About Bell Financial Group**

Bell Financial Group Ltd ([www.bellfg.com.au](http://www.bellfg.com.au), ASX: BFG) wholly owns Bell Potter Securities (BPS), one of Australia’s leading full service stock broking and financial advisory firms with a strong track record of providing high quality, professional advice to private, institutional and corporate investors. BPS has 290 private client advisers, 12 offices nationally and one of the largest distribution networks in the country. Its consistent objective is to meets its clients’ investments needs. In order to do so, BPS has focused on establishing a large, loyal and experienced national network of client advisers, whom BPS supports with quality products, research, robust operating systems, a well-recognised brand and an experienced management team.

**About Bell Direct**

Bell Direct ([www.belldirect.com.au](http://www.belldirect.com.au)) is the newest, most user-friendly and cost-effective online share trading resource available to investors in Australia. Providing a raft of major innovations, including the lowest cost-per-trade ever offered by an online broker at just \$15, Bell Direct was developed by the same pioneering team that created Australia’s very first online share brokerage, Sanford Securities, over a decade ago. What makes Bell Direct unique is its world-class, proprietary technology designed specifically for an enhanced customer experience and value proposition, which competitors cannot match. Bell Direct is independent and Australian-owned with the backing of Bell Financial Group Ltd, the ASX-listed parent of one of Australia’s largest and most respected private client stockbroking firms, Bell Potter Securities.