

21 April 2010

ASX Limited  
Company Announcements Office  
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 – Annual General Meeting**

Please find attached the presentation materials that will be addressed by the Chairman and Managing Director of Bell Financial Group Ltd at the Annual General Meeting today.

Yours faithfully



Paul Vine  
Company Secretary

## **CHAIRMAN'S REPORT – AGM, 21 APRIL 2010**

For a business like ours dependent on the volume and value of stock market transactions, there is nothing worse than having a global financial crisis coincide with the first two years of our life as a listed company. As you know that is exactly what happened.

But I'm pleased to report that we have come through this period intact. Our clients, our balance sheet, our P&L, our dividend record and our staff have all made it through in surprisingly good shape. I think that highlights the quality of our business and our ability to manage it through cyclical downturns.

During the year we focused on being a specialist, diversified broking business and stuck to doing the things we know best and do well. Bell Potter and Southern Cross have between them focused on servicing institutional, corporate and private clients in the equity, futures, fixed-income and foreign exchange markets. And because Bell Potter is one of the largest private client brokers in Australia, we are good at raising capital for our corporate clients.

Bell Direct, our 36% owned on-line broking business, provides a totally different service to that provided by either Bell Potter or Southern Cross and we are pleased with what's been achieved in only 2 years. With the exception of Bell Direct, all business units were profitable during the year.

We survived the crisis not only because we are a diversified specialist broker, but also because the Group has no debt (apart from what's in the margin lending book), has independence, has good brand awareness, has a great team and has a strong relationship with our cornerstone investor, UBS.

The improved market underpinned our revenues and profit. Also, in the latter part of the year there was good equity capital market activity and this boosted revenue growth for the Group and especially for Southern Cross.

2009 was Southern Cross' first full year's contribution to Group earnings and that was outstanding. Their strong institutional business was boosted by their new London office which opened for business in March 2009 and has been a success almost from day one.

Because of the improved market conditions, we have notched up an after tax profit of \$27.3 million. Alastair Provan will provide details of how that number is made up.

For the six months ended 31 December 2009 we will pay a dividend of 6 cents per share. So in total for the FY2009 year we will pay out a fully franked dividend of 8 cents per share, equal to 71% of our net profit.

Under the circumstances, I think we have delivered an excellent result for 2009.

But where do we go to from here?

Unfortunately, the biggest drivers of our business - the economy and the market - are beyond our control. The medium term outlook for the developed countries is for relatively modest, below potential economic growth. The Australian scene looks much better given the strength of our banking sector and our trade with China and other developing countries. Against this backdrop, the global and Australian share markets have staged a strong recovery from their worst levels and overall valuations will support further improvement. The bad news is that a mountain of debt still remains and however it is dealt with - whether by default or by repayment with new money - the process will be painful; it will cause temporary shocks and may from time to time put a dent in business and investor confidence.

Looking forward, I think the share markets will be much kinder to investors in the next year than they were in the last two. Therefore it should be a much better business environment for BFG.

Our staff have put in a terrific effort throughout the year. When markets collapse like they did last year our clients suffer most of all. That goes without saying. But there is a lot of pressure on everyone else including our advisers - our front office staff - as well as all our back office people. They all performed exceptionally well and held to our belief in equities as a sound, long term investment asset class and our culture of providing independent advice for our clients. On behalf of the Board, I would like to thank them all and also our shareholders for their contribution and support throughout year.

**BELL FINANCIAL GROUP LTD MANAGING DIRECTOR'S REVIEW OF OPERATIONS – AGM 21 APRIL 2010**

***[Slide 3]***

Thank you Colin and good morning Ladies and Gentlemen.

As you are all aware BFG has a 31 December financial year-end so by now the 2009 financial year performance is pretty historic. However it was an extraordinary 12 months with many highs and lows. The early part of the year was dominated by some of the toughest trading conditions ever experienced in financial markets which thankfully improved steadily over the remainder of the year enabling the company to produce what I think was a remarkable result given the circumstances. I will try to cover a few of the highlights now.

***[Slide 4]***

***Highlights***

- The Group traded profitably throughout the year with contributions from each of the wholly owned business units.
- Revenue growth and operating results driven by:
  - o A substantial increase in completed ECM mandates on a pcp basis; and
  - o An outstanding first full year's earnings contribution from Southern Cross Equities
- Our Margin Lending book continues to be conservatively managed with average gearing of 28.6% at year-end. Business levels were maintained in a tough retail market environment and there were no bad debts or material write-offs during the period.
- Our Balance Sheet remains strong with no operating debt other than in our Margin Lending business. At year-end we had \$59.8 million in Net Tangible Assets and a strong cash position.

***[Slide 5]***

**Results 2009**

**Revenue**

Group revenue of \$206.7 million for FY2009 was up 17.6% on the previous year.

**Net Profit**

Net profit before tax was up 87% to \$40 million with net profit after tax up 89% on the prior year to \$27.3 million.

**Expenses**

Group overheads were up 5.6% for the period to \$66.3 million, reflecting the first full year inclusion of Southern Cross's expenses.

***[Slide 6]***

**Southern Cross Equities**

- SCE's overall contribution to the Group's 2009 full year earnings was outstanding, and deserves separate mention.
- Full year revenue for SCE was \$62 million with a pre-tax profit contribution of \$26 million.
- The SCE acquisition was completed on 30 September 2008 therefore financial year 2009 represents their first full year earnings contribution to the Group's results.
- SCE's performance was driven by a sharp increase in completed ECM mandates and consistent daily trading volumes.
- SCE opened a London office during the course of the year making a positive contribution almost from Day 1, exceeding all expectations.

***[Slide 7]***

**Equity Capital Markets**

This is perhaps the most significant chart in the presentation.

ECM activity throughout most of 2008 and the early part of 2009 was almost non-existent. However, demand for fresh equity capital to repair damaged balance sheets and fund new capital programmes combined with a recovery in investor risk appetite resulted in a strong increase in ECM transaction flow.

As a result, revenue grew from \$8.8 million in 2008 to \$50.5 million in 2009. While 65% of this revenue was attributable to SCE, it should be noted that 35%, or approximately \$17 million, was generated by Bell Potter Securities representing an almost 100% improvement on their corporate revenue in the previous year.

***[Slide 8]***

**Equities Execution**

Consolidated revenue for financial year 2009 was little changed at \$108.3 million compared to the previous year. Daily trading volumes, particularly for retail clients, while recovering over the course of the year, were flat in the first few months of 2009.

***[Slide 9]***

**Funds Under Management / Funds Under Advice**

FY2009 saw total Funds Under Advice (FUA) increase 46.3% to \$23.7 billion.

The rise in FUA was primarily due to a significant increase in the value of sponsored equity holdings to \$20.5 billion, up from \$13.2 billion the year before. This increase was as a result of improved market valuations as well as an increase in the Group's Funds Under Management (FUM).

FUM increased 6.7% to \$3.2 billion and reflected the lift in value of the underlying assets managed in the Group's in-house investment products which essentially cover our Portfolio Administration Service, Margin Lending, Cash, Superannuation Solutions and Model Portfolios.

These recurring income products represent real growth opportunities for the company going forward.

**[Slide 10]**

## **Overheads / Balance Sheet**

### **Overheads**

Group overheads, excluding commission paid to advisers, were \$66.3 million for financial year 2009, an increase of 5.6% on the previous year. The increase was due to the first full year inclusion of SCE overheads.

On a like for like basis, i.e. excluding Southern Cross, overheads were down 3.8% compared with the 2008 financial year, reflecting our ongoing and proactive approach to cost management.

### **Balance Sheet**

Our Balance Sheet remains strong. Net Tangible Assets as at December 2009 were \$59.8 million. The Group has no operating debt other than the Margin Lending business, we have maintained strong cash reserves and have incurred no material bad debts or write-offs during the period.

We manage our Balance Sheet prudently and deliberately. We believe we hold the appropriate level of cash and cash equivalents to run the business on a day to day basis, meet all our regulatory capital requirements and maintain an appropriate buffer to cater for unexpected market movements and volatility spikes. I think the value of this approach has been demonstrated by the Group's performance throughout the recent extended period of market uncertainty.

### **Dividend**

As Colin has already mentioned, for the six months ended 31 December 2009 we declared a fully franked dividend of 6 cents per share. The total dividend for FY2009 was 8 cents per share fully franked which represents 71% of our net profit and is consistent with our dividend payout policy.

***[Slide 11]***

**The Current Year**

As I already mentioned we are a 31 December balance date, so our financial year runs from 1 January – 31 December. Accordingly we are a little more than one-quarter into the new year with three-quarters left to run.

The Group continues to trade profitably across all wholly owned divisions. Pleasingly, in our Products & Services area our Funds Under Management and Funds Under Advice have benefited from solid net inflows and higher share market prices. Our Portfolio Administration Service (PAS) platform continues to perform well, our Super Solutions product has experienced strong growth, and our Cash and Margin Lending division, Bell Potter Capital, has benefited from improved credit market stability and pricing.

Growth in recurring revenue from our core product suite is a key focus for us.

While the Group's trading performance has slowed from the levels achieved in the last quarter of Financial Year 2009, importantly on a previous corresponding period (pcp) basis we are well ahead of where we were at this time last year.

***[Slide 12]***

**Business Priorities**

Our priorities remain the same.

- Clients
- Cost Control
- Growth

**Clients**

Our number one priority as always is our clients. We aim to offer the best possible advice, products and services to meet their needs. In doing so we believe we will not only preserve but increase our revenue base, our market share, and maximize shareholder value.



## **Cost Control**

As part of our standard business model we continuously monitor and manage our cost structure. Having said that, we are never afraid to spend and have always invested in people, systems and infrastructure as a pre-requisite to remaining competitive and dynamic in an increasingly crowded industry.

## **Growth**

We are committed to the ongoing growth and expansion of the business whether organic or through acquisition. Staff retention and attracting new high quality people in all areas of the business is critical. Equally, we constantly look for opportunities to make strategic acquisitions that are earnings accretive, fit within our business model and add value for shareholders.

Our business model remains sound. It has been subjected to extreme market pressure over the last 18 months but continues to produce solid results and has the group well positioned for the future and most importantly for future growth. As always our focus remains the same, our clients, our staff (who do a fantastic job), revenue growth, cost control, and a sensible business growth strategy supported by a strong financial base.

Thank you for your attendance this morning and I now hand you back to Colin.

Annual General Meeting

**Bell**  
**Financial**  
**Group**

21 April 2010

Annual General Meeting

Bell  
Financial  
Group

Colin Bell

Annual General Meeting

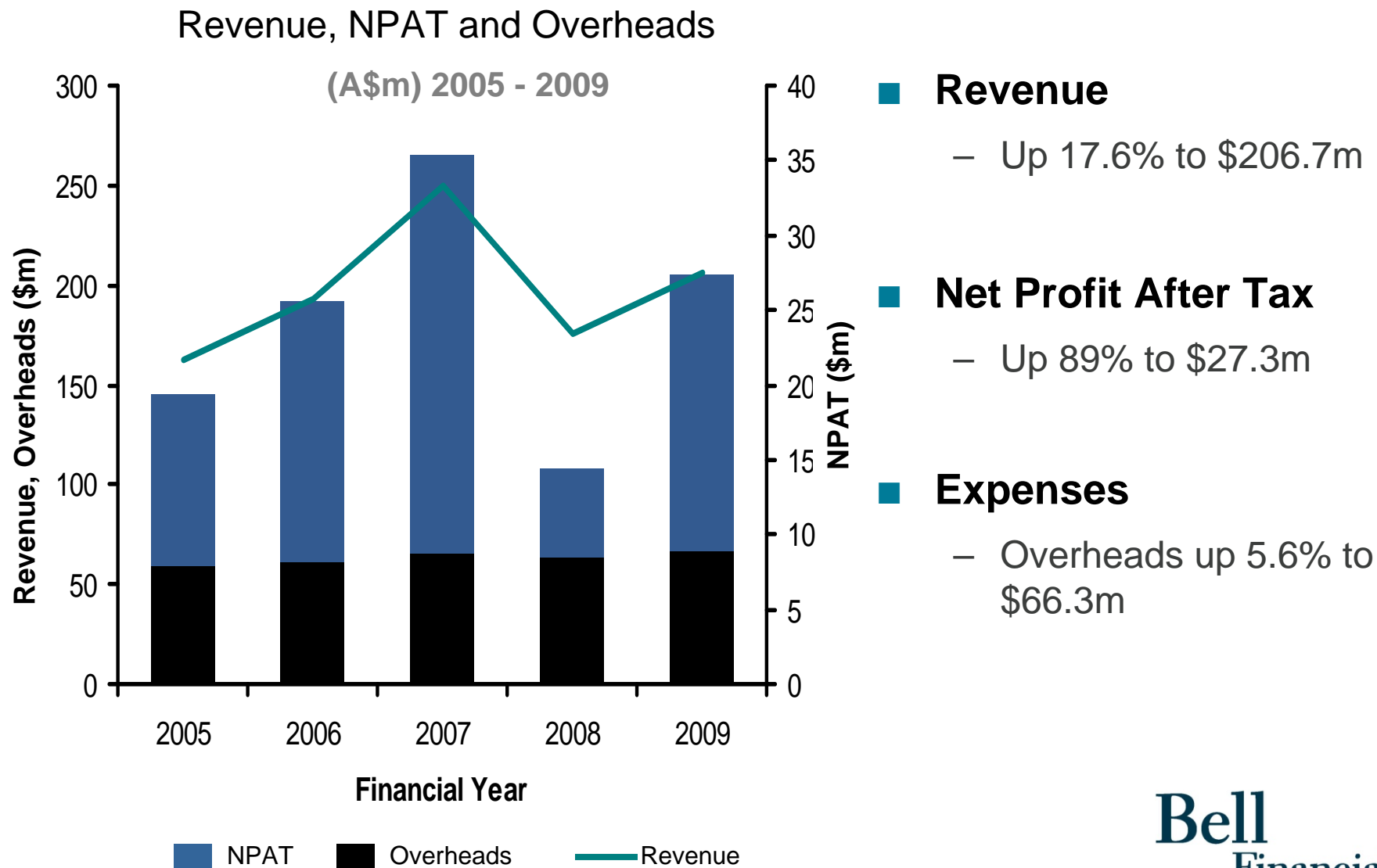
Bell  
Financial  
Group

Alastair Provan

# Highlights

- **Traded profitably throughout the year**
- **Revenue growth and operating results driven by:**
  - A substantial increase in completed ECM mandates
  - An outstanding first full year's earnings contribution from Southern Cross Equities
- **Margin Lending business levels were maintained and there were no material bad debts or write offs**
- **Balance Sheet remains strong with no debt other than in our Margin Lending business**

# Results 2009

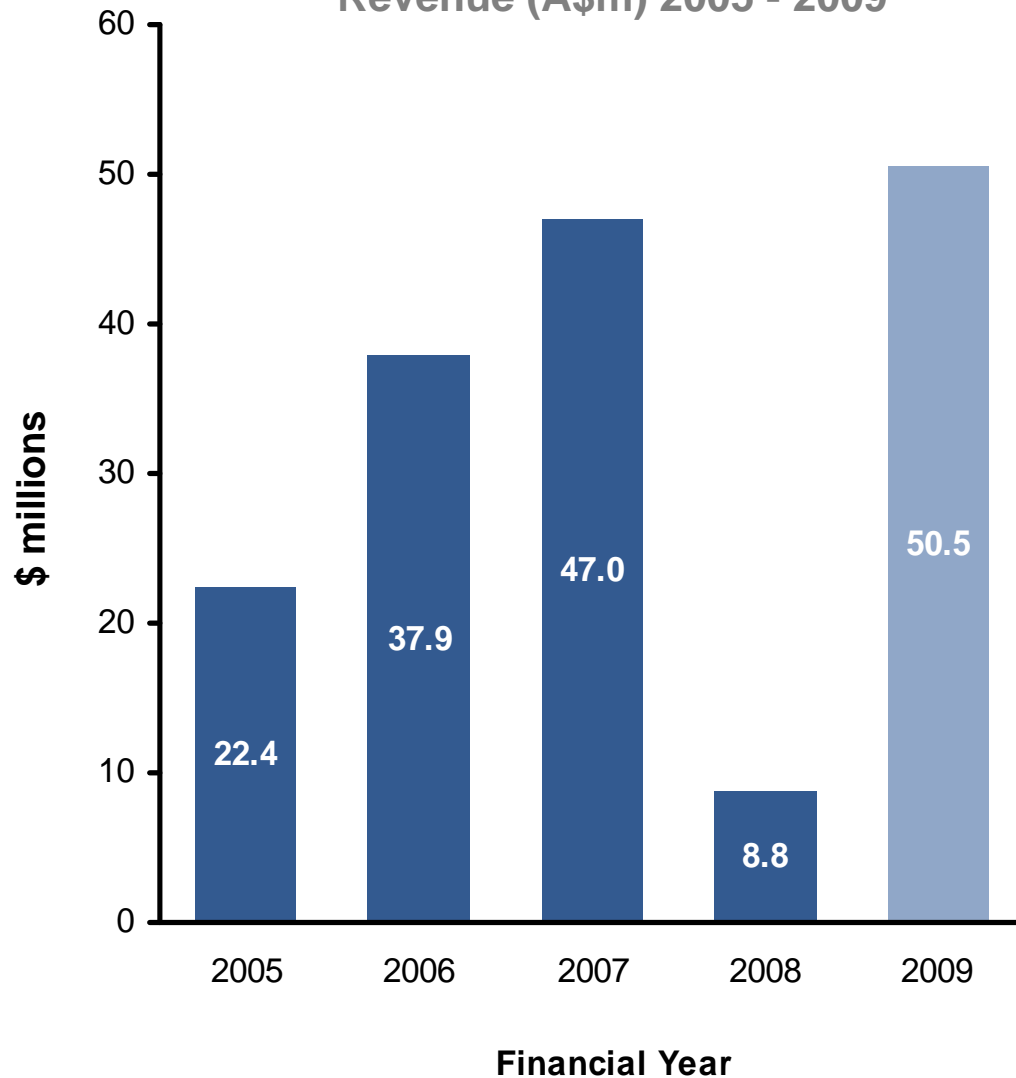


# Southern Cross Equities

- **Full Year revenue of \$62 million**
- **Profit before tax contribution of \$26 million**
- **Sharp increase in ECM mandates**
- **London office opened**

# Equity Capital Markets

Equity Capital Markets  
Revenue (A\$m) 2005 - 2009

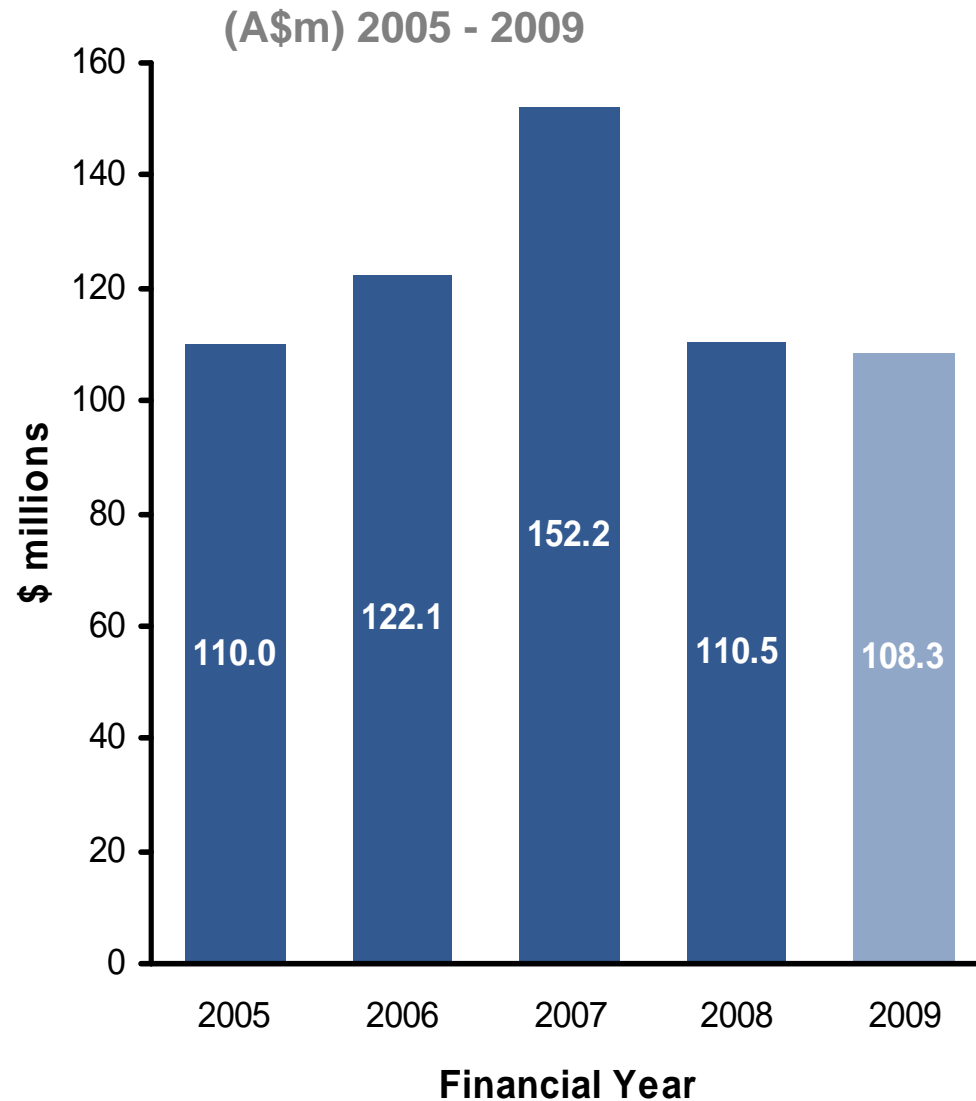


## ■ Revenue

- Up to \$50.5m from \$8.8m
- 65% from SCE
- 35% (\$17m) from BPS



# Equities Execution



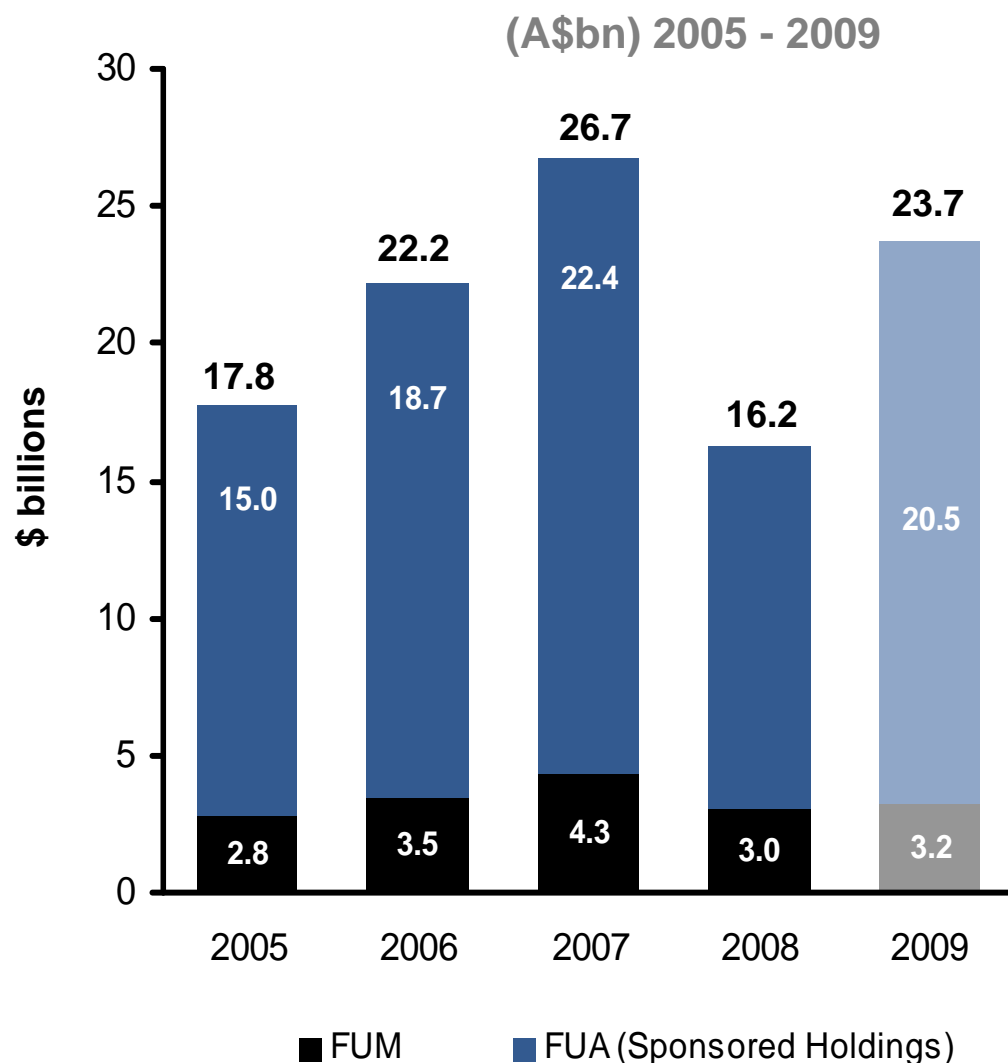
## ■ Revenue

- Little changed at \$108.3m

## ■ Transaction Volumes

- Flat in the first few months of 2009
- Progressively recovered throughout the remainder of the year

# Funds Under Management / Advice



## Funds Under Management (FUM)

- Internal and external managed products and investment services

## Funds Under Advice (FUA)

- FUM + Sponsored Holdings

# Overheads / Balance Sheet

<b>Overheads</b>	\$ millions	Change* %
------------------	-------------	-----------

Group Overheads	66.3 <sup>^</sup>	+ 5.6
-----------------	-------------------	-------

## **Balance Sheet**

As at 31 December 2009

\$ millions

Net Tangible Assets	59.8
---------------------	------

Cash or Cash Equivalents	104.7
--------------------------	-------

Borrowings <sup>#</sup>	Nil
-------------------------	-----

## **Dividends**

Cents per share

Total Dividend for FY 2009 (fully franked)	8
--	---

(Equivalent to 71% of NPAT)

\*On corresponding preceding FY period: 12 months to 31 December 2009

<sup>^</sup> Excluding commissions paid to advisers

<sup>#</sup>With the exception of Bell Potter Capital borrowings associated with the Margin Lending book

# The Current Year: YTD March 2010

- **The Group continues to trade profitably across all divisions**
- **Funds Under Management and Funds Under Advice have benefited from solid net inflows and higher equity market prices**
- **Growth in recurring revenue from our core product suite is a key focus**
- **Year to date profit is ahead of the comparative 2009 period**

# Business Priorities

- **Clients**
- **Cost control**
- **Growth**

Annual General Meeting

---

Bell  
Financial  
Group

Ordinary Business

Annual General Meeting

---

**Bell**  
**Financial**  
**Group**

## Resolution 1

Election of Directors:

Election of Brian Wilson, Non-Executive  
Director

# Resolution 1

- **Election of Director - Mr Brian Wilson**

**FOR: 135,168,768**

**AGAINST: 10,750**

**OPEN: 637,853**

**Open in favour of the Chairman: 524,116**



Annual General Meeting

---

Bell  
Financial  
Group

## Resolution 2

Adoption of the Remuneration Report

# Resolution 2

## ■ Adoption of Remuneration Report

**FOR: 131,574,197**

**AGAINST: 3,549,121**

**OPEN: 660,353**

**Open in favour of the Chairman: 548,616**