

SNOWBALL GROUP LIMITED
ABN 81 006 490 259
ASX: SNO

GUIDANCE UPDATE AND FURTHER MERGER ACTIVITY

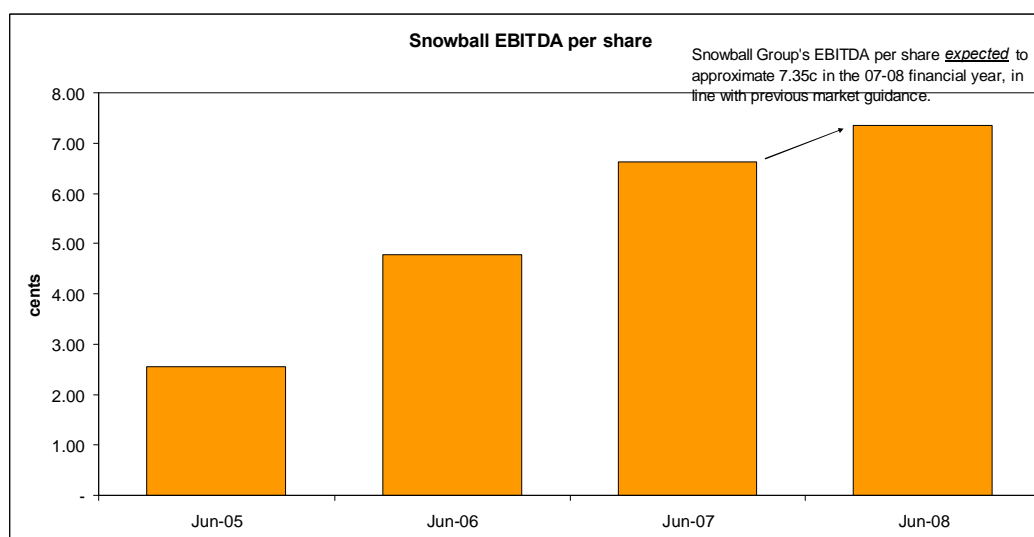
Profit Guidance¹

Snowball is pleased to confirm that it expects its EBITDA² result for the financial year ended 30 June 2008 will be approximately \$11.0m. That result would be approximately \$3.27m and 42.3% better than the reported EBITDA result of \$7.73m for the financial year ended 30 June 2007.

The above result will also mean that, notwithstanding the increased volatility in investment markets during the year, the Company will have delivered year-on-year organic EBITDA growth of 15% relative to the pro-forma³ result in 2007, consistent with market guidance originally provided at the Company's Annual General Meeting on 28 November 2007. The balance of the uplift in EBITDA can be attributed to acquisitions completed during the 07-08 year.

Snowball's EBITDA per share has grown steadily over the last four years, as the graph below illustrates. From the 04-05 financial year to the year ending 30 June 2008, basic EBITDA per share will have grown from 2.56 cents per share to 7.35 cents per share.

Snowball Group's EBITDA per share continues to climb



Note: Jun 07 year based on pro-forma results (ie. assuming Outlook and WPKG were merged as at 1 July 2006).

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Snowball's funds under advice stood at \$4.07 billion as at 30 June 2008 and will be further boosted by \$0.5 billion following the transition of Yarra Financial Planning and Mastertek Benefit Consultants in July and August (refer ~~the~~ Merger & Acquisitions Update section below).

Snowball's annual results for the 07-08 financial year will be released to the market on or about 28 August 2008. The release will include details regarding the final make-up of the full year result for 07-08.

Merger & Acquisition Update – Accounting Business Merger

Snowball is also pleased to announce the merger of its accounting business **Outlook Tax & Accounting Solutions (OTAS)** with **Duncan Dovico (DD)**, a NSW based accounting business. Effective 1 July 2008, the two accounting businesses will be consolidated under the one practice.

Under the merger:

- The merged practice will operate as one, providing comprehensive accounting services, including audit, tax, self-managed superannuation, and business consulting advice, targeting small to medium enterprises and high net worth individuals.
- The merged practice's accounting services will extend to a broader range of Snowball customers, including its NSW clients, particularly in relation to self-managed superannuation funds.
- The merged practice will exclusively refer financial planning, insurance and wealth management opportunities to Snowball's financial planning business, augmenting Snowball's existing flow of financial planning leads from SMEs, high net worth individuals, self-managed super funds and affinity partners such as corporates, credit unions and industry funds.
- The merged practice will administer around 550 self-managed superannuation funds, which continue to be a fast growing sector of the superannuation industry.

The merged practice will selectively identify and pursue opportunities to add other practices or accounting principals to the merged entity that contribute to national operating capability, and which are culturally compatible. It will also provide wider career opportunities for OTAS and DD staff.

Snowball will own around one-third of the merged accounting business, which will have annual turnover approaching \$10 million.

The OTAS/DD merger follows a number of acquisitions and licensing arrangements completed by Snowball in the last six months, including:

- Yarra Financial Group (financial planning) and Yarra Consulting Group (accounting)
- IFP (financial planning)
- Three financial planning practices operating together in North Sydney, alongside a licensing arrangement with North Sydney based Cambrian, a specialist corporate superannuation business
- Mastertek Benefit Consultants, a specialist corporate superannuation business.

¹ Profit guidance is based on unaudited financial information.

² Earnings before interest, tax, depreciation and amortisation.

³ Assumes that Outlook Financial Solutions and Western Pacific Financial Group were merged as at 1 July 2006.

These acquisitions demonstrate Snowball's ability to attract a broad range of advisers and financial services related businesses to the Group.

Snowball is committed to continuing its proven merger and acquisition strategy. The Group is currently pursuing a number of acquisition opportunities, in the style of previous acquisitions in both its Outlook and Western Pacific channels.

Looking Forward: Diversification, Corporate Super and Resilience

Snowball's recent acquisitions in the corporate superannuation segment of the market, and now the OTAS/ DD merger, highlight the diversified nature of Snowball's advice activities and the increasing resilience of its revenue streams against the backdrop of poor market conditions.

Snowball now advises employers and their employees in relation to approximately \$850 million of corporate superannuation funds. Around 33% of Snowball's overall new investment flows originate from corporate superannuation funds advised by Snowball, including mandated superannuation contributions within those funds, as well as voluntary contributions from fund members. Continuing to grow the Group's corporate superannuation business is a key focus of the Group this financial year as the preserved nature of superannuation, coupled with the diversified portfolios utilised by Snowball on behalf of its clients, tends to reduce the impact of negative customer sentiment during volatile markets.

Snowball remains largely debt free (with \$1.1m of net borrowings as at 30 June 2008 and a gearing ratio of only 2%) and has recently secured a further facility to fund acquisitions.

Overall, Snowball is well placed to continue the pursuit of its strategy to grow both organically and inorganically, both under current market conditions and as conditions improve over time.

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