Chairman's Address to Shareholders

AGM – 24 November 2008

2008 was a year during which Snowball successfully executed its three core strategic plans that were all focused on significant growth in size, capabilities and reach of the group's businesses.

These three strategic goals were:

- consolidation of the integrated Western Pacific and Outlook businesses, with a focus on operational efficiencies and organic and revenue growth initiatives;
- continued aggressive growth by acquisition, with the goal of increasing geographic reach and service capabilities; and
- the development of further strategic initiatives with affiliates and other third parties, again with a focus on leveraging the Group's advice capabilities and increasing distribution.

Tony will provide a fairly detailed report on the performance of the Group for the 2008 year, as well as some views on progress in the 2009 year against the backdrop of the current market ructions and industry developments. However first I would like to review at a high level a number of the Group's financial and strategic achievements of 2008.

Delivery of strong financial performance

Snowball Group's net profit after tax of $5.9 million for the 2008 financial year was a 25% increase on the 2007 result, and this in an extremely turbulent market. That result is equivalent to fully diluted earnings of 3.84 cents per share. A final fully franked dividend of 2.5 cents per share was paid on 20 October 2008, taking to 3.5 cents the full year's dividend payment, compared with 2.0 cents for the 2007 year.

As I reported in our Annual Report, three key indicators of Snowball's strong financial performance and growth during the 2008 year are:

- operating EBITDA of $10.989 million was a 42% improvement on statutory reported EBITDA for 2007 of $7.729 million;
- organic EBITDA of $10.846 million (as measured against "pro-forma 2007 EBITDA" of $9.420 million) also represents organic growth of 15%, consistent with the company's stated target at the 2007 Annual General Meeting; and
- the company delivered a further reduction in our operating expense ratio, from 64% to 62%, reflecting our stated focus on improving adviser productivity and practice efficiency.

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Strategic growth initiatives

During 2008 Snowball announced five earnings accretive transactions that will deliver more than $700 million in incremental funds under advice, and annualised EBITDA of at least $2 million. The majority of those acquisitions were made or announced in the second half of the year, so the current 2009 financial year will be the first full year to reflect the earnings impact of those acquisitions. Briefly, those initiatives were:

- Towards the end of the first half we announced the acquisition of **IFP**, a financial advice business based in the north-western suburbs of Sydney.
- In February we agreed terms to acquire a right to revenue generated by three well-established Sydney-based financial planning businesses and to acquire a corporate superannuation business in the same area. These arrangements were consummated in April.
- Also in April we announced the acquisition of **Yarra Financial Group**, a financial planning business in Melbourne and that of its “sister” accounting business. The acquisition of the accounting practice was effective 1 June 2008 and the effective date for the financial planning business was 1 August 2008.
- The acquisition of **Mastertek Benefit Consultants**, a specialist corporate superannuation business, was announced in May and was settled 1 July 2008.
- In July we announced an agreement to merge our tax and accounting business unit, **Outlook Tax & Accounting Solutions**, with the NSW-based accounting business **Duncan Dovico**. That transaction was completed earlier this month.

Shortly Tony will provide additional detail on further strategic initiatives that have been progressed in the new financial year.

The acquisitions and strategic initiatives carried out during the 2008 financial year are all important strategic steps towards our continuing growth, both financially as well as in terms of our geographic coverage and depth of services offered to our clients.

In the first quarter of the current financial year we have already seen a deepening of our pipeline of additional acquisition opportunities and we expect that Snowball will again be active on the acquisition front during the course of the year.

On behalf of the Group’s Board I would like to register our thanks to Snowball’s Executive management team for their strong contribution throughout 2008 together with the contribution of each of their teams. The efforts and achievements of 2008 have well positioned the Group to meet and manage the challenges of the current market turmoil. They have also established the Group as a significant, strongly growing and independent player in the financial planning industry at a time when we believe there will be a number of interesting opportunities to participate in further consolidation over the short- to medium- term. We have stated our strong view that further industry consolidation is warranted and our intention that Snowball play a leading role in that consolidation.