

ASX ANNOUNCEMENT

19 FEBRUARY 2009

HALF YEAR ENDED 31 DECEMBER 2008

Diversification, acquisitions and cost containment cushion impact of market declines

Highlights
<ul style="list-style-type: none">○ NPAT up 10% to \$2.954m○ EBITDA down 2% to \$4.972m○ Operating costs (excluding acquisitions) reduced by 7%○ EBITDA guidance reaffirmed○ Interim dividend maintained○ Acquisition strategy on track

Despite the challenging investment markets, Snowball has delivered a strong result for the reporting period, as the highlights above illustrate. Snowball's diversified advice business and conservatively positioned investment portfolios, together with its proven acquisition strategy, have stood the Group in good stead.

Results Compared to the Prior Corresponding Period

- Net profit after tax (NPAT) increased by 10% compared to the prior corresponding period (i.e. up from \$2.684 million to \$2.954 million).
- NPAT includes the benefit of a \$0.732 million (\$0.770 million pre-tax) profit on sale of OTAS and the full half year profit contribution from acquisitions made since the prior corresponding period. The result reflects the benefit of judicious cost containment as well as protection from the full effect of market declines due to the Group's diversified business (financial advice, insurance and accounting) and investment portfolios.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased 2% from \$5.079 million in FY08, being the re-classified FY08 EBITDA comparative following the merger of OTAS with Duncan Dovico (as set out in detail in the Appendix 4D and Interim Report), to \$4.972 million. Operating EBITDA (ie. EBITDA, excluding the profit on the OTAS sale) was down 17%, reflecting the fall in revenue due to market declines.
- Snowball's FUA has not suffered to the same extent as the fall in investment markets, due to the diversified nature of its recommended investment portfolios and the additional FUA which has been acquired. By way of illustration, at the end of December 2008 the All Ordinaries index was 43% below its level at the end of the prior year, whereas Snowball's closing FUA at the end of the reporting period of \$3.7 billion was down by only 12%. The Group's FUA will benefit further in the second half of the year from completion of recently announced acquisitions.

- During the reporting period, Snowball responded to market conditions with cost containment measures. Operating costs, excluding expenses relating to acquisitions in the second half of the 2008 financial year, decreased by 7%. Costs inclusive of those associated with acquired businesses were up 2%.
- Earnings per share (excluding amortisation) increased by 2% from 2.29 cents per share to 2.34 cents per share.
- The recoverable amount of intangible assets associated with businesses the Group has previously acquired continue to remain in excess of their carrying value in the Group's consolidated financial statements.

Dividends and Guidance

The Directors are pleased to announce that they have declared an interim fully franked dividend of 1 cent per share to shareholders on the register on 27 March 2009 and to be paid on 30 April 2009. This dividend is equal to the interim dividend paid in respect of the prior corresponding period.

Although the challenging market conditions make it difficult to provide specific guidance for the 2009 fiscal year (FY09), Snowball maintains its guidance provided at the Annual General Meeting in November 2008 that EBITDA for FY09 is expected to be at least 90% of the re-classified result of \$10.818m achieved in FY08. This guidance assumes that average FUA for the remainder of FY09 remains consistent with levels at 31 December 2008 and that the recoverable amount of intangible assets in relation to businesses previously acquired continues to remain in excess of their carrying value in the Group's consolidated financial statements.

Assuming EBITDA guidance (as noted above) is achieved, the Group would be in a financial position to maintain the quantum of its FY08 final dividend in FY09, and this remains the Company's aim. However, in light of the heightened uncertainties in the current economic environment, the Board considers it prudent to reserve its position in relation to the final dividend for FY09 until after finalisation of the Company's full year financial accounts. The Board will then be in a position to make a fully informed decision in respect of the final dividend, having regard to the Group's financial position, as well as existing and forecast market and economic conditions at that time.

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