



PLAN B GROUP HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES
ABN 36 124 951 337

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2008

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Directors' report

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2008 and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Mr B R S Taylor	Director since April 2007
Mr D C de Burgh	Director since April 2007
Mr B J Honey	Director since April 2007
Mr C A Lubich	Director since April 2007
Mr D K Pearce	Director since April 2007

Review of operations

The salient features of the operating results for the half-year ended 31 December 2008 and of the financial position of the Group are discussed below.

Funds under Management, Administration or Advice ("FUMA")

The decline in global investment markets, which had a material impact upon the level of FUMA during the second half of FY2008, gathered further momentum during the half-year and accordingly constrained the overall performance of the Group. FUMA remains the key source of earnings for the Group and amounted to \$1.46b as at 31 December 2008. This represents a decrease of 17.7% as compared to the balance at 30 June 2008.

Funds held and administered within the Plan B platforms decreased by 15.9% on the back of this sharp decline in investment markets during the half-year. Average FUMA held on the Plan B platforms during the six months under review decreased by 10.5% as compared to H2 FY2008, and by 15.7% as compared to H1 FY2008. This decrease in average FUMA is reflected in the resultant decrease in the total revenue of the Group.

The level of gross FUMA inflows has declined as compared to FY2008. Overall withdrawal of funds from the Group's administration platforms also declined as compared to average withdrawals in FY2008. Consequently, a pleasing aspect of the Group's performance during the half-year was that the level of net outflows of FUMA from the Group's platforms was below 0.3% of the opening balance for the period despite weakening general economic conditions and volatile investment markets. This reflects the stability of Plan B's client base.

The PFS Affinity Partner component of on-platform FUMA grew from 6.2% at 30 June 2008 to 8.0% at 31 December 2008 reflecting the continued growth of this business. Funds under advice ("FUA") not held on Plan B's platforms, which generate revenues at a lower rate as compared with funds on Plan B's platforms, decreased from 8.0% of total FUMA at 30 June 2008 to 6.1% of total FUMA at 31 December 2008. This net reduction was due to the termination by the Company of a PFS Affinity partner agreement during the period the impact of which was partially offset by an increase in the FUA of another PFS Affinity partner who completed an acquisition in December 2008.

Operating results

Excluding the impact of the goodwill impairment adjustment discussed in more detail below, net profit after tax ("NPAT") declined by 37.5% as compared to the prior comparative period, and by 22.1% as compared to H2 FY2008. This was in line with the update provided to the market during January 2009. After taking into account the impairment loss recognised, NPAT declined by 51.6% as compared to the prior comparative period, and by 39.7% as compared to H2 FY2008.

Revenue for the period under review decreased by 16.3% over the prior comparative period. The proportion of revenue derived directly as a percentage of month-end FUMA balances represents 91% of total revenue. As anticipated, due to the increasing proportion of revenue earned from the PFS affinity partner segment, the overall average fee rates earned on FUMA have declined marginally as compared with FY2008.

Revenue not derived directly from FUMA increased by 29.5% over the prior comparative period, driven by growth in fee revenue from the Company's insurance and trustee services business units and a revenue contribution from the new finance broking unit.

Directors' report (continued)

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

Review of operations (continued)

Operating results (continued)

In response to declining revenues and the uncertain business outlook, Plan B instituted a company-wide program targeting significant savings in total operating costs in FY2009 as compared to FY2008. Areas of action include:

- Significant reductions in directors' and other senior management fixed and variable remuneration;
- Significant reductions in advisor fixed and variable remuneration;
- Reductions in other areas of discretionary expenses (e.g. travel, accommodation, marketing and communications);
- The deferral of some out-sourced project costs; and
- A general focus on cost containment and productivity improvements in all business units.

Furthermore, staff numbers have decreased by approximately 7% during the half-year under review through natural attrition. Wherever possible and where client service levels are not compromised, the Company has chosen not to replace staff that have left and has reassigned responsibilities amongst remaining staff.

Largely as a result of these measures, employee benefit expenses have declined by 13.8% and total operating expenses, excluding impairment and depreciation, have decreased by 11.2% as compared to the prior comparative period. The full benefit of these initiatives will manifest during the second half of the year. The Company's reduced cost base positions it well to maximise the earnings recovery when markets improve and inorganic growth accelerates.

Following impairment testing of goodwill as more fully outlined in note 5 to the financial statements, an impairment loss of approximately 5% of the carrying value of the Group's New Zealand cash generating unit ("CGU") has been recognised. This reflects the impact of the decrease in the value of FUMA resulting from the decline in investment markets on the short-term growth assumptions used in determining the value-in-use of the CGU. The directors however remain confident that the potential for future growth in the New Zealand business remains high and that the business will continue to form an important component of the Group's growth strategy.

Earnings per share for the half-year were 1.72 cps.

Financial position and dividend

The Group's financial position remains strong with insignificant levels of interest-bearing debt.

Cash and cash equivalents has declined by approximately \$2.1m as compared to the position at 30 June 2008. This is largely attributable to the settlement of employee benefits in respect of FY2008, the grant of a loan to a PFS Affinity partner as set out in note 4 to the financial statements and the acquisition of fixed assets by the business.

Net assets at 31 December 2008 were largely in line with the position at 30 June 2008.

The Directors have declared a fully franked interim dividend of 1.1 cents per share payable to shareholders on 3 April 2009, as more fully set out in note 6 to the interim financial statements. This represents a payout ratio of 64% and is within the stated dividend policy payout ratio of 50% to 70% of net profit after tax.

Directors' report (continued)

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2008.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of directors:

A handwritten signature in black ink, appearing to be 'B R S Taylor', written in a cursive style.

B R S Taylor
Chairman

Perth
17 February 2009



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Plan B Group Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'D P McComish'.

D P McComish
Partner

Perth
17 February 2009

Consolidated interim income statement

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

		31 Dec 2008	31 Dec 2007
	Note	\$'000	\$'000
Revenue		15,456	18,474
Other income		6	2
Employee benefits expense		(8,933)	(10,367)
Payments to contract advisors		(206)	(289)
Rental and related property costs		(998)	(978)
Professional fees		(857)	(844)
Information technology costs		(370)	(236)
Travel and accommodation costs		(186)	(263)
Depreciation and amortisation expense		(698)	(611)
Impairment of goodwill	5	(377)	-
Other expenses		(1,169)	(1,352)
Results from operating activities		1,668	3,536
Financial income		538	497
Financial expenses		(4)	(40)
Net financing income		534	457
Profit before tax		2,202	3,993
Income tax expense		(911)	(1,324)
Profit for the period		1,291	2,669
Earnings per share:			
Basic and diluted earnings per share (cents)		1.72	3.57

The income statement is to be read in conjunction with the accompanying notes to and forming part of the interim financial statements.

Consolidated interim balance sheet
Plan B Group Holdings Limited interim financial report
As at 31 December 2008

		31 Dec 2008	30 June 2008
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents		12,309	14,404
Trade and other receivables		3,131	3,651
Total current assets		<u>15,440</u>	<u>18,055</u>
Loan receivable	4	475	-
Other receivables		1,254	1,254
Deferred tax assets		591	671
Plant and equipment		2,019	1,713
Intangible assets	5	15,422	15,642
Total non-current assets		<u>19,761</u>	<u>19,280</u>
Total assets		<u>35,201</u>	<u>37,335</u>
Liabilities			
Trade and other payables		1,260	1,262
Interest-bearing loans and borrowings		37	76
Employee benefits		2,154	3,620
Income tax payable		289	719
Provisions		28	56
Total current liabilities		<u>3,768</u>	<u>5,733</u>
Interest-bearing loans and borrowings		43	43
Employee benefits		670	693
Provisions		97	98
Total non-current liabilities		<u>810</u>	<u>834</u>
Total liabilities		<u>4,578</u>	<u>6,567</u>
Net assets		<u>30,623</u>	<u>30,768</u>
Equity			
Issued capital		29,499	29,499
Foreign currency translation reserve		(337)	(700)
Retained income		1,461	1,969
Total equity		<u>30,623</u>	<u>30,768</u>

The balance sheet is to be read in conjunction with the accompanying notes to and forming part of the interim financial statements.

Consolidated interim statement of changes in equity

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

		Foreign currency		
	Issued capital	translation reserve	Retained income	Total equity
Note	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2007	13,421	290	(592)	13,119
Profit for the half-year	-	-	2,669	2,669
Foreign currency translation differences	-	(232)	-	(232)
Total recognised income and expense for the half-year	-	(232)	2,669	2,437
Issue of ordinary shares	16,122	-	-	16,122
Dividends paid	-	-	(750)	(750)
Closing balance at 31 December 2007	29,543	58	1,327	30,928
Opening balance at 1 July 2008	29,499	(700)	1,969	30,768
Profit for the half-year	-	-	1,291	1,291
Foreign currency translation differences	-	363	-	363
Total recognised income and expense for the half-year	-	363	1,291	1,654
Dividends paid	6	-	(1,799)	(1,799)
Closing balance at 31 December 2008	29,499	(337)	1,461	30,623

The statement of changes in equity is to be read in conjunction with the accompanying notes to and forming part of the interim financial statements.

Consolidated interim statement of cash flows

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	18,057	21,378
Cash payments in the course of operations	(16,301)	(18,319)
Interest received	500	456
Income tax paid	(1,261)	(1,041)
Interest paid	(4)	(40)
Net cash from operating activities	<u>991</u>	<u>2,434</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(713)	(523)
Acquisition of intangible assets	(59)	(65)
Deferred consideration paid	-	(918)
Loan receivable	4 (475)	-
Net cash from investing activities	<u>(1,247)</u>	<u>(1,506)</u>
Cash flows from financing activities		
Repayment of borrowings	-	(9,437)
Repayment of lease liabilities	(40)	(42)
Proceeds from the issue of share capital	-	17,400
Executive and advisor share acquisition scheme loans	-	(1,330)
Equity raising costs	-	(888)
Dividend paid	(1,799)	(750)
Net cash from financing activities	<u>(1,839)</u>	<u>4,953</u>
Net (decrease) / increase in cash and cash equivalents	(2,095)	5,881
Cash and cash equivalents at 1 July	<u>14,404</u>	<u>6,732</u>
Cash and cash equivalents at 31 December	<u>12,309</u>	<u>12,613</u>

The statement of cash flows is to be read in conjunction with the accompanying notes to and forming part of the interim financial statements.

Condensed notes to the consolidated interim financial statements

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

1. Basis of presentation

Plan B Group Holdings Limited ("the Company") is a company domiciled in Australia and is the legal parent entity of the Group. The consolidated interim financial statements are those of the consolidated entity, comprising Plan B Wealth Management Limited (the accounting parent entity) and its deemed subsidiaries (together referred to as the "Group") and the Group's interests in associates.

The consolidated interim financial report for the half-year ended 31 December 2008 was approved by the Board of Directors on 17 February 2009.

(a) Statement of compliance

The consolidated interim financial report is a general purpose financial report that has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2008. It is also recommended that this report be considered together with any public announcements made by the Group during the half-year ended 31 December 2008 and up to the date of this report in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention.

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the members of the Group.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

In preparing this consolidated interim financial report the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

2. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated report as at and for the year ended 30 June 2008.

3. Segment reporting

Business segments are the Group's primary format for segment reporting and comprise the following main business segments:

- ♦ Integrated wealth management services: This segment includes the provision of integrated strategic wealth management advice, portfolio administration and investment management services to clients.
- ♦ PFS affinity partner program: This segment provides practice support, portfolio administration and investment management services to independent financial advisory businesses.

Other operations include the provision of trust management and custodial services and estate planning and administration services.

The PFS affinity partner program segment is not separately reported in these financial statements as, for the half-year ended 31 December 2008, it constitutes less than 10% of the Group's revenue, its operating results and its net assets.

Condensed notes to the consolidated interim financial statements (continued)

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

4. Loan receivable

During the period, the Company extended a loan facility of approximately \$900,000 to a PFS Affinity Partner to assist that Partner with the acquisition of a financial planning business. The first drawdown against the loan occurred in December 2008.

The loan is secured by a registered fixed and floating charge against the assets of the PFS Affinity Partner and a personal guarantee from the principal of the PFS Affinity Partner. The loan bears interest at a variable rate linked to the bank bill rate and at 31 December 2008 was 5.5%. Repayments consist of interest only for the first 2 years until December 2010 and thereafter both capital and interest. The loan expires on 1 December 2015.

5. Intangible assets

	\$'000	\$'000
<i>Carrying value of intangible assets</i>		
Goodwill	13,416	13,423
Computer software	1,898	2,104
Product development	108	115
	<u>15,422</u>	<u>15,642</u>
<i>Analysis of movement in carrying value of goodwill</i>		
Balance at beginning of period	13,423	14,321
Effect of movement in foreign currency	370	(898)
Impairment	(377)	-
Balance at end of period	<u>13,416</u>	<u>13,423</u>

Impairment testing for cash generating units containing goodwill

For the purposes of impairment testing, goodwill before impairment loss has been allocated to the following cash generating units ("CGU's"):

Australian wealth management unit	6,429	6,429
New Zealand business unit	7,127	6,757
Trustee services unit	237	237
	<u>13,793</u>	<u>13,423</u>

In terms of its accounting policy in respect of goodwill, the Company performs its annual impairment testing at 30 June each year with the most recent impairment testing being done as at 30 June 2008. However, as a result of the significant decline in investment markets during the period under review, and the consequent impact on Funds under Management, Administration or Advice ("FUMA") and on revenue, additional impairment testing has been carried out as at 31 December 2008.

The recoverable amounts of the CGU's have been determined based on value-in-use calculations which discount the estimated future cash flows expected to be generated from the respective CGU's.

In the case of the Australian wealth management and the Trustee services units, the estimated cash flows for the first year of the analysis are based on management's latest internal reforecasts for the 2009 financial year. In the case of the New Zealand business unit, a detailed 12 month cash flow projection for calendar 2009 has been compiled by management for purposes of the impairment review. Such forecasts take account of the level of FUMA, historical long term rates of return on such FUMA, projections of net new inflows of FUMA, expected fee rates, other revenues and detailed expense estimates by expense type. The estimated year 1 cash flows have been projected for a further period of 4 years, taking account of management's expectations. A long term growth rate of 3.5% (30 June 2008: 5%) has been applied to determine the terminal value of the CGU's.

A pre-tax discount rate of 13.7% (30 June 2008: 13.5%) has been applied to such future cash flows.

Condensed notes to the consolidated interim financial statements (continued)

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

5. Intangible assets (continued)

Impairment testing for cash generating units containing goodwill (continued)

As a result of the impairment testing, an impairment loss of \$377,000 has been recognised in respect the New Zealand CGU. This adjustment to the carrying value of the CGU reflects the impact of the decrease in the value of FUMA resulting from the decline in investment markets on the short-term growth assumptions used in determining the value-in-use of the CGU. It was previously disclosed in note 16 to the annual financial statements as at 30 June 2008 that the value-in-use of the CGU was particularly sensitive to a decline in the short-term growth assumptions used in the calculation.

In the case of the Australian wealth management and Trustee services CGU's, management's assessment of the value-in-use of the CGU's sufficiently exceeds the carrying value of these CGU's such that significant changes to assumptions used to determine their value-in-use will not result in impairment.

In respect of the New Zealand CGU, the estimates of the value-in-use of the unit continue to be sensitive to changes in the discount rate applied and to decreases in the levels of growth in revenue associated with estimated FUMA balances.

Furthermore, the carrying value of the goodwill allocated to the New Zealand CGU is also influenced by changes in the exchange rate between the New Zealand and Australian dollar. At reporting date, the exchange rate was 1.20 New Zealand dollars to 1 Australian dollar.

6. Dividends

Recognised amounts:

2009

Final 2008 - fully franked at 30% tax rate

Cents per share	Total \$'000	Date of payment
2.4	1,799	3 October 2008

2008

Final 2007 - fully franked at 30% tax rate

1.0	750	19 October 2007
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Unrecognised amounts:

2009

Interim 2009 - fully franked at 30% tax rate

1.1	824	3 April 2009
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Following the receipt of a dividend of \$1,700,000 from its subsidiary, the Directors of Plan B Group Holdings Limited declared a fully franked interim dividend on 17 February 2009 of 1.1 cents per share payable to all shareholders on the register of members on 13 March 2009, payable on 3 April 2009.

7. Related parties

There have been no significant changes to related party transactions as disclosed in the last annual financial report.

8. Subsequent events

There has not arisen in the interval between the end of the half-year and the date of this report, any item, transaction or event of a material nature likely in the opinion of the directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Directors' declaration

Plan B Group Holdings Limited interim financial report

For the half-year ended 31 December 2008

In the opinion of the directors of Plan B Group Holdings Limited:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to be 'BRS Taylor', written in a cursive style.

B R S Taylor
Chairman

Perth
17 February 2009



Independent auditor's review report to the members of Plan B Group Holdings Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Plan B Group Holdings Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 8 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Plan B Group Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Plan B Group Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

D P McComish
Partner

Perth
17 February 2009