



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

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

**Plan B Group Holdings Limited annual financial report
Directors' report
For the year ended 30 June 2007**

The Directors present their report together with the financial report of Plan B Group Holdings Limited (the Company) and of the Group, being the Company and its subsidiaries, for the financial year ended 30 June 2007 and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

| | |
|-----------------|-------------------------|
| Mr B R S Taylor | Appointed 17 April 2007 |
| Mr D C de Burgh | Appointed 20 April 2007 |
| Mr B J Honey | Appointed 20 April 2007 |
| Mr C A Lubich | Appointed 17 April 2007 |
| Mr D K Pearce | Appointed 17 April 2007 |
| Ms P B Vamos | Appointed 20 April 2007 |

Further details about each director's qualifications, independence status, experience, special responsibilities and other directorships are shown below.

Bryan Taylor – Executive Chairman

Term of office:

Director and Chairman since April 2007. In addition, he is the Chairman (since April 2004) and a Director (since November 2000) of Plan B Wealth Management Ltd, the former legal parent entity of the Plan B Group.

Skills and experience:

Bryan Taylor is the founder of Plan B and has been instrumental in the growth of Plan B's business. Bryan has over 25 years of experience in wealth management and was among the first group of Australian financial planners to complete a Diploma of Financial Planning and to be awarded the designation "Certified Financial Planner" by the International Association for Financial Planning (Australia).

Bryan was succeeded by Denys Pearce as Managing Director in 2004, but has remained involved in guiding the strategic direction of the Company in his role as Chairman and Chief Investment Officer. In his role as the Chairman of the Company's Investment Policy Committee, Bryan is responsible for designing Plan B's core investment portfolios, which enable clients to pool their assets to gain market and administration efficiencies, while still being invested according to their life and risk profiles.

Board Committee membership:

- Chairman of the Investment Policy Committee
- Member of the Nomination and Remuneration Committee

Other directorships and offices (current and recent):

- Director of WASO Holdings Ltd (WA Symphony Orchestra)
- Trustee of the Trinity Theological College in Perth

David de Burgh – Independent Non Executive Director

Term of office:

Director since April 2007. He was also previously a director of Plan B Wealth Management Limited, the former legal parent of the Plan B Group, from April 2004 until June 2007.

Skills and experience:

With a background in company administration, including 13 years experience with a multinational company in Asia and the Americas, David has broad financial management experience and a significant knowledge and understanding of the technical, legal, operational and administration aspects of superannuation and investment funds. David held previous positions in the Group including Financial Controller and Deputy CEO before retiring. He is also Chairman of Plan B Trustees Limited.

Board Committee membership:

- Chairman of the Nomination and Remuneration Committee
- Member of the Governance and Risk Management Committee
- Member of the Investment Policy Committee

Other directorships and offices (current and recent):

- None

**Plan B Group Holdings Limited annual financial report
Directors' report (continued)**

1. Directors (continued)

Barry Honey – Independent Non Executive Director

Term of office:

Director since April 2007

Skills and experience:

Barry has over 30 years experience as a chartered accountant, initially with KPMG and more recently with Honey & Honey Chartered Accountants.

Barry's professional career has focussed on restructuring business entities and addressing financial performance issues in complex business structures. Previously, Barry managed KPMG's advisory section in the successful restructuring of major Australian and South East Asian companies and he has acted on a large number of formal insolvency appointments in Australia. Barry has also been engaged as an expert witness to assist with the provision of expert evidence on complex financial issues.

Through these engagements and also through various board appointments, Barry has developed a deep understanding of corporate governance principles. Barry is also an independent non executive director of Plan B Trustees Limited.

Board Committee membership:

- Member of the Audit Committee

Other directorships and offices (current and recent):

- Director and Deputy Chairman of Churches of Christ Homes & Community Services Incorporated
- Director of Westcare Incorporated
- Honorary Treasurer of the Royal Perth Yacht Club

Craig Lubich – Executive Director

Term of office:

Director since April 2007. In addition, he has also been a Director of Plan B Wealth Management Ltd, the former legal parent entity of the Plan B Group, since August 1991.

Skills and experience:

Craig entered the financial services industry in 1985, joining AMP. Craig co-founded the antecedent of Plan B, Precedent Financial Services (WA) Limited with Bryan Taylor in 1991.

A Certified Financial Planner and the most senior member of the Plan B adviser team, Craig is responsible for the overall design and development of the corporate and private client advisory services currently offered by Plan B. Craig's areas of expertise include financial strategy analysis and portfolio design and implementation.

Board Committee membership:

- Member of the Investment Policy Committee

Other directorships and offices (current and recent):

- None

Denys Pearce – Managing Director

Term of office:

Director since April 2007. In addition, he has also been a Director of Plan B Wealth Management Ltd, the former legal parent entity of the Plan B Group, since May 2004.

Skills and experience:

With over 20 years experience in the financial services industry, most recently as an executive with the Westpac Banking Group, Denys joined Plan B in 1999.

Appointed to the role of Managing Director in 2004, Denys works closely with the Chairman and Directors on strategic issues and is responsible for sustaining a leadership driven environment at Plan B. Denys previously held the position of Chief Operating Officer for Plan B.

He is also a Director of Plan B Trustees Limited.

**Plan B Group Holdings Limited annual financial report
Directors' report (continued)**

1. Directors (continued)

Denys Pearce – Managing Director (continued)

Board Committee membership:

- Member of Governance and Risk Management Committee
- Member of Investment Policy Committee

Other directorships and offices (current and recent):

- Trustee of the Committee for Economic Development of Australia (CEDA) in the Western Australia chapter
- Vice Commodore of the Royal Perth Yacht Club

Pauline Vamos – Independent Non Executive Director

Term of office:

Director since April 2007. In addition, she has also been a Director of Plan B Wealth Management Ltd, the former legal parent entity of the Plan B Group, since June 2004.

Skills and experience:

Pauline is a qualified lawyer and an Associate of the Australasian Compliance Institute. She has over twenty years experience in the financial services industry, in particular financial planning, superannuation, funds management and both life and general insurance. For the six years prior to March 2004, Pauline worked with ASIC and played key roles in relation to managed investments legislation and financial services reform, in particular the Financial Services Reform Act 2001. She has been appointed as Chief Executive Officer of The Association of Superannuation Funds of Australia Limited (ASFA) with effect from early September 2007.

Pauline is also an independent non executive director of Plan B Trustees Limited.

Board Committee membership:

- Chair of the Governance and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Other directorships and offices (current and recent):

- Formerly chair of Australian Ethical Investment Ltd

2. Company Secretary

Mr R D Appleyard – Appointed 17 April 2007. In addition, he has also been the Company Secretary of Plan B Wealth Management Ltd, the former legal parent entity of the Plan B Group, since 1999.

Rob has 20 years experience as a chartered accountant, initially within a large professional firm and subsequently in a number of senior roles in commerce. He joined Plan B in January 1999 and has been closely involved in acquisitions, their integration and development of the business since then. In addition to his role as Company Secretary, he is the head of Group Development and Strategy and in this role assists the Board in the strategic development of Plan B. This includes close involvement in capital raising and finance matters, acquisitions, alliances and other significant projects.

3. Officers who were previously partners of the audit firm

Mr B J Honey, an independent, non executive director of the Company during the financial year was previously a partner of the current audit firm, KPMG, at a time when KPMG undertook the audit of the Group. Mr Honey was not involved in the audit of the Group at any time and retired from KPMG on 30 June 2004.

4. Principal activities

The Company was incorporated on 17 April 2007 and acquired all of the shares in Plan B Wealth Management Ltd via a reverse acquisition through the issue of 57,554,432 ordinary shares to the former shareholders of Plan B Wealth Management Ltd.

The principal activity of the Company during the course of the financial year was to act as the holding company for the Plan B Group. The Plan B Group is a vertically integrated wealth management group with operations in Australia and New Zealand, offering wealth management and administration services to its clients. The Group operates at most points in the wealth management value chain including strategic advice, portfolio administration, investment management, estate planning and insurance.

**Plan B Group Holdings Limited annual financial report
Directors' report (continued)**

5. Directors' meetings

The number of meetings (including meetings of Committees of Directors) and the number of meetings attended by each of the Directors since the incorporation of the Company on 17 April 2007 and the end of the financial year are:

| Director | Board | | Audit Committee | | Governance and Risk Management Committee | | Investment Policy Committee | | Nomination and Remuneration Committee | |
|------------|-------|---|-----------------|---|--|---|-----------------------------|---|---------------------------------------|---|
| | A | B | A | B | A | B | A | B | A | B |
| B Taylor | 3 | 3 | | | | | 1 | 1 | | |
| D de Burgh | 3 | 3 | | | 1 | 1 | 1 | 1 | | |
| B Honey | 3 | 3 | 1 | 1 | | | | | | |
| C Lubich | 3 | 3 | | | | | 1 | 1 | | |
| D Pearce | 3 | 3 | | | 1 | 1 | 1 | 1 | | |
| P Vamos | 3 | 3 | | | 1 | 1 | | | | |

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

6. Operating and financial review

During the course of the financial year ended 30 June 2007 ("FY2007"), the Plan B group of companies undertook a corporate restructuring in preparation for an Initial Public Offering of securities that subsequently took place in July 2007. The restructuring involved the insertion of a new parent entity, Plan B Group Holdings Limited ("PBGH"), between the existing shareholders and the former legal parent entity, Plan B Wealth Management Ltd (formerly Plan B Financial Services Ltd). This was accomplished by an exchange of scrip with 208 PBGH shares being issued for each Plan B Wealth Management Ltd share and resulting in the total issue of 57,554,432 PBGH shares.

The Group's expansion into the New Zealand wealth management marketplace was further secured through the acquisition of Strategic Asset Management Ltd ("SAM") and the business of Rutherford-Rede (Northland). The total consideration paid or payable (\$5.7m) comprised a mixture of new bank debt, shares issued and deferred consideration. The businesses are now integrated into the Group and provide a significant beachhead for further expansion of the Group on the North Island of New Zealand.

Revenue has increased by approximately 24% from \$26.6m in the prior year to \$33.1m for FY2007. This is mostly attributable to the growth in Funds under Administration, Management or Advice ("FUMA") during the year, which lifted by 27.4%, from \$1,377.2m as at 1 July 2006 to \$1,754.3m as at 30 June 2007. The FUMA growth was driven by strong gross inflows of \$319.5m as well as good investment market returns. This FUMA growth was weighted towards the latter months of the year, with the government changes to superannuation impacting on inflows to that sector of the business in the lead up to 30 June 2007. Net superannuation inflows in the June 2007 quarter were 277% higher than in the previous comparable quarter (June 2006) and represented nearly half of the net new business for the Group in FY2007.

Total operating and capital expenditures have been increased in comparison to the prior year levels as a result of the developmental and growth initiatives being pursued. This mostly reflects an increase in the number of employees, from 159 in the prior year to 201 at the end of FY2007, consequently lifting the total employee benefits expense for the year by 28.2%. In addition to staffing for the internal development and growth initiatives, this increase includes the effect of employees in the acquired New Zealand businesses referred to above.

Depreciation and amortisation expense has increased by 43.2% largely as a consequence of the capital expenditures in relation to acquisition and development of the Group's administration software in the prior year. Net financing costs have increased by \$0.2m as a result of the additional borrowings in connection with the aforementioned business acquisitions.

The resulting profit for the year ended 30 June 2007 is \$4.33m, an increase of 3.8% on the prior year result, and earnings per share of 7.6 cents are the same as for the previous year.

The financial position of the Group continues to be strong. Total assets have increased by 42.2% as compared to the position as at 30 June 2006. Total interest bearing debt has increased by \$2.33m as a result of the use of debt to partially fund the acquisition of the Strategic Asset Management Limited and Rutherford-Rede (Northland). The debt to equity ratio of the Group was 0.73 at 30 June 2007. With the exception of certain immaterial finance leases, subsequent to the end of the year, this debt was fully repaid through the use of proceeds raised through the Initial Public Offering of shares by the Company.

**Plan B Group Holdings Limited annual financial report
Directors' report (continued)**

6. Operating and financial review (continued)

The Group has once again generated strong cash flows from its operating activities, as shown in the statements of cash flows.

7. Changes in state of affairs

As noted in section 6 above, the Group extended its operations in New Zealand. Other than this change, there were no other significant changes in the state of affairs of the Group during the financial year.

8. Dividends

The Company was incorporated on 17 April 2007 and has not paid or declared dividends during the financial year.

After the balance sheet date and following the receipt of a dividend of \$1,100,000 from its subsidiary Plan B Wealth Management Ltd, the Directors have declared a fully franked final dividend of 1 cent per share payable to all shareholders on the register of members on 21 September 2007, payable on 19 October 2007.

Further details of dividends declared by the Group are shown in note 23.

9. Remuneration report

This report outlines the remuneration arrangements for the Company's Directors and Executives. The Company has adopted the exemption available under the Corporations Regulation 2M.6.04 to transfer certain remuneration disclosures required in the financial report under AASB 124 to the Directors' report. Sections 9.1 and 9.2 of the Directors' report have been audited by the Company's external auditors, KPMG.

9.1 Principles used to determine the amount and nature of remuneration - audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group, and include Directors of the Company and other executives. Key management personnel comprise the Directors of the Company and executives for the Company and the Group, including the five most highly remunerated S300A executives.

Remuneration structures are designed to reward employees with a level and mix of remuneration to attract, retain and motivate suitably qualified staff who achieve operational excellence and create value for shareholders. The remuneration structures take into account the capability and experience of key management personnel, the ability of the key management personnel to control the Company's performance and the overall economic profit levels achieved by the Group.

Compensation includes a mix of fixed and variable remuneration and through the application of the Group's economic value added incentive scheme, provides short term and longer term performance based incentives that are aligned with shareholder interests.

Fixed remuneration

Fixed remuneration consists of base salary calculated on a total cost basis and includes employer contributions to superannuation funds and other non cash benefits. The level of base remuneration is reviewed annually taking account of employment market conditions, the individual's performance and the overall performance of the Group. Executive remuneration is also reviewed on promotion. The proportion of total remuneration of executives that is fixed is set after taking into account the level of responsibility of the executive concerned and varies from 59% to 94% of total remuneration.

Variable remuneration

The Group operates an incentive scheme in which all executives and staff participate. The scheme is designed to align the short and longer term interests of executives with those of shareholders. Under this scheme, the economic value added to the Group is calculated by taking into account the net operating profitability of the Group and deducting a charge representing the opportunity cost of all capital employed in the Group. Executives and staff then share in a proportion of the improvement in economic value over and above that reasonably expected by shareholders.

Under this scheme, a portion of the potential annual incentive is carried forward to future years and can be forfeited if economic value subsequently declines. With the exception of G Douglas and B Dove, key management personnel are not unconditionally entitled to this amount and the full balance is "at risk" depending on the future performance of the Group and the continued employment of the executive. In the case of the two executives noted above, the Group provides in full for the portion of the incentive that has vested.

The payment of the incentive to executives and staff is also dependent on them obtaining an acceptable annual performance rating.

**Plan B Group Holdings Limited annual financial report
Directors' report (continued)**

9. Remuneration report (continued)

9.1 Principles used to determine the amount and nature of remuneration – audited (continued)

The terms and conditions of this scheme will be reviewed during the financial year ending 30 June 2008 and recommendations will be made to the Nomination and Remuneration Committee to consider potential changes to the scheme as part of a larger review of the incentive mechanisms employed in the Group. Such changes may involve the introduction of an equity-based incentive plan. Currently, other than the Executive and Advisor Share Acquisition Scheme, the Group does not have any equity-based remuneration arrangements in place.

Other Benefits

M Bateman, J Atkinson, G Haskis and D Newman, who did not previously own shares in the Company, received loans during June 2007 to subscribe for shares in the initial public offer of the Company pursuant to the Executive and Advisor Share Acquisition Scheme. Such loans are interest free for a period of 3 years and thereafter bear interest at a commercial rate, are full-recourse and are repayable no later than 1 July 2015. No amounts have been repaid during the year and the balances are expected to be fully recovered.

Service contracts

The Company has entered into service contracts with each executive director of the Company that are capable of termination with 3 months written notice. In the event of the termination by the Company of the contracts other than in certain specified conditions including misconduct and dishonesty, the Company will pay the executive director the lower of 12 months salary or an amount permitted under both section 200G of the Corporations Act and the ASX Listing Rules.

The service contracts specify the remuneration package and other entitlements that the executive directors are entitled to including participation in current and future executive incentive schemes.

R Appleyard, G Douglas, and B Dove have service contracts which may be terminated with 2 months written notice and J Atkinson has a contract that may be terminated with 4 weeks notice. In the event of the termination by the Company of these contracts, other than in certain specified conditions including misconduct and dishonesty, the Company will pay R Appleyard, G Douglas, and B Dove a sum equivalent to 6 months salary and accrued bonus, and J Atkinson the equivalent of between 9 and 12 months salary and accrued bonuses dependent on certain relocation conditions.

The Company plans to enter into service contracts with all other executive key management personnel.

Role of the Nomination and Remuneration Committee

This Committee is responsible for reviewing and making recommendations where appropriate to the Board on the remuneration of the Managing Director, any other executive director and the Company Secretary, and the level of non executive director remuneration. Other duties of the Nomination and Remuneration Committee include the recruitment, retention, succession planning, performance measurement and termination policies and procedures for non executive directors, the Managing Director, any executive directors and the Company Secretary.

Non executive directors

Total remuneration for all non-executive directors, voted on at the first meeting of shareholders in April 2007, is not to exceed \$450,000 per annum. Fees for non executive directors were approved at the first meeting of the Board held on 20 April 2007 and apply with effect from that date. The non executive directors of the Company receive no portion of their remuneration in the form of variable payments.

Individual non executive director fees were determined by taking into account the workload and responsibilities of each non executive director including Board and Board Committee memberships, Chairs and subsidiary company appointments.

9.2 Directors' and executive officers' remuneration (Group & Company) - audited

For the purposes of this disclosure, the key management personnel for the Group as defined by AASB 124 for 2007 and 2006 are as shown below. In respect of the 2007 financial year, except where indicated, such key management personnel are the same for the Company and the Group. As the Company was only incorporated in April 2007, the information in respect of the 2006 financial year relates to the Group only.

Directors

B Taylor, Executive Chairman
D de Burgh, Non Executive Director
B Honey, Non Executive Director (appointed April 2007)
C Lubich, Executive Director
D Pearce, Managing Director
P Vamos, Non Executive Director

**Plan B Group Holdings Limited annual financial report
Directors' report (continued)**

9. Remuneration report (continued)

9.2 Directors' and executive officers' remuneration (Group & Company) – audited (continued)

Other key management personnel – Company and Group

R Appleyard, Company Secretary and Head of Group Development and Strategy

J Atkinson, Head of Group Marketing and CEO of Strategic Asset Management Limited

G Douglas, Head of Group Risk Management and Assurance

B Dove, Head of Group Support Services

G Haskis, Chief Financial Officer

Other key management personnel – Group only

M Bateman, Chief Operating Officer of Plan B Trustees Ltd (appointed February 2007)

A Fowler, Executive Director of Strategic Asset Management Limited (appointed September 2007)

D Newman, Chief Executive Officer of Partnership Financial Services Pty Ltd

G Reynolds, Non Executive Director of Plan B Trustees Limited

P Setchell, Non Executive Director of Plan B Trustees Limited

Details of the remuneration of each Director of the Company, each of the five named Company executives and relevant Group executives who receive the highest remuneration and other key management personnel are shown in the tables below:

| 2007 Name | Short-term benefits | | | Post employment benefits | | Other long term benefits (\$) | Total (\$) | S300A(1)(e)vi Proportion of remuneration performance related (%) |
|---------------------------------------|---------------------|----------------|---------------------|------------------------------------|----------------------------|-------------------------------|------------------|---|
| | Salary & fees (\$) | Bonus (\$) | Other benefits (\$) | Super-annuation Salary & fees (\$) | Super-annuation Bonus (\$) | | | |
| Directors | | | | | | | | |
| B Taylor | 309,901 | 231,825 | 19,374 | 27,896 | 20,864 | 6,210 | 616,070 | 41% |
| D de Burgh | 42,138 | - | 6,189 | 92,393 | - | - | 140,720 | - |
| B Honey | 14,400 | - | - | 1,296 | - | - | 15,696 | - |
| C Lubich | 287,314 | 122,094 | 23,135 | 12,686 | - | 7,300 | 452,529 | 27% |
| D Pearce | 214,384 | 182,163 | 20,242 | 105,090 | 16,395 | 21,490 | 559,764 | 35% |
| P Vamos | 84,333 | - | - | 44,474 | - | - | 128,807 | - |
| Other key management personnel | | | | | | | | |
| R Appleyard | 150,201 | 103,703 | 7,016 | 29,799 | 10,370 | 11,199 | 312,288 | 37% |
| J Atkinson | 166,584 | 43,601 | 6,882 | 13,163 | 3,924 | 985 | 235,139 | 20% |
| G Douglas | 131,009 | 37,167 | 6,889 | 18,991 | 3,345 | 22,094 | 219,495 | 24% |
| B Dove | 129,993 | 37,577 | 7,016 | 25,007 | 3,382 | 17,852 | 220,827 | 24% |
| G Haskis | 112,756 | 16,729 | 1,433 | 10,148 | 1,506 | 1,452 | 144,024 | 13% |
| M Bateman | 50,769 | - | - | 4,569 | - | 135 | 55,473 | - |
| A Fowler | 157,781 | 11,649 | 32,593 | - | - | - | 202,023 | 6% |
| D Newman | 203,035 | 30,398 | 14,926 | 18,273 | 2,736 | 1,450 | 270,818 | 12% |
| G Reynolds | - | - | - | 54,000 | - | - | 54,000 | - |
| P Setchell | 25,039 | - | - | 62,978 | - | - | 88,017 | - |
| Total - 2007 | 2,079,637 | 816,906 | 145,695 | 520,763 | 62,522 | 90,167 | 3,715,690 | |

Plan B Group Holdings Limited annual financial report
Directors' report (continued)

9. Remuneration report (continued)

9.2 Directors' and executive officers' remuneration (Group & Company) – audited (continued)

| 2006 Name | Short-term benefits | | | Post employment benefits | | Other long term benefits (\$) | Total (\$) | S300A(1)(e)vi Proportion of remuneration performance related (%) |
|---------------------------------------|---------------------|----------------|---------------------|------------------------------------|----------------------------|-------------------------------|------------------|---|
| | Salary & fees (\$) | Bonus (\$) | Other benefits (\$) | Super-annuation Salary & fees (\$) | Super-annuation Bonus (\$) | | | |
| Directors | | | | | | | | |
| B Taylor | 309,954 | 209,308 | 11,625 | 27,896 | - | 6,211 | 564,994 | 37% |
| D de Burgh | 1,410 | - | 11,233 | 83,590 | 9,318 | - | 105,551 | 9% |
| C Lubich | 246,828 | 70,902 | 11,726 | 12,965 | - | 28,502 | 370,923 | 19% |
| D Pearce | 237,861 | 143,322 | 7,031 | 12,139 | - | 2,714 | 403,067 | 36% |
| P Vamos | 85,000 | - | - | - | - | - | 85,000 | - |
| Other key management personnel | | | | | | | | |
| R Appleyard | 137,250 | 71,302 | - | 14,552 | 6,417 | 1,406 | 230,927 | 34% |
| J Atkinson | 38,076 | - | - | 3,427 | - | 145 | 41,648 | - |
| G Douglas | 96,727 | 21,883 | 15,654 | 14,074 | 6,969 | 18,716 | 174,023 | 26% |
| B Dove | 119,266 | 26,653 | - | 15,734 | - | 24,314 | 185,967 | 26% |
| G Haskis | 94,037 | - | - | 8,463 | - | 551 | 103,051 | - |
| G Reynolds | 12,100 | - | - | 37,900 | - | - | 50,000 | - |
| P Setchell | 42,970 | 9,089 | - | 10,742 | 818 | - | 63,619 | 16% |
| Total - 2006 | 1,421,479 | 552,459 | 57,269 | 241,482 | 23,522 | 82,559 | 2,378,770 | |

9.3 Performance related components as a percentage of total remuneration - unaudited

Performance related remuneration consists of payments to key management personnel in terms of the Group's economic value added incentive scheme, and includes any portion of benefit payable in future years for which the executive has a vested right to receive payment. With effect from the financial year ended 30 June 2007, non executive directors do not have a performance related component as part of their remuneration.

The performance related component of the total remuneration of key management personnel who were eligible to receive a performance payment in the financial years ended 30 June 2007 and 30 June 2006 is shown in section 9.2 above. The full amount of this performance based remuneration has vested to the key management personnel.

10. Events subsequent to reporting date

Subsequent to the end of the financial year, the Company issued and allotted 17,400,000 ordinary shares for \$1 per share, and was admitted to the Australian Stock Exchange on 12 July 2007. The proceeds from the issue of shares, after taking into account issue costs of \$1,769,000, have been utilised to initially repay group debt of \$9,437,000. The balance of the proceeds are available to the Group to pursue acquisition and other growth activities.

There has not arisen in the interval between the end of the financial year and the date of this report, any other 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.

11. Likely developments

The Directors intend to maintain the current strategy of providing vertically integrated wealth management services and to grow the business through acquisition, organic growth and affinity partnerships.

**Plan B Group Holdings Limited annual financial report
Directors' report (continued)**

12. Directors' interests

The relevant interest of each director in shares issued by the Company, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

| Director | Number of shares held |
|-----------------|------------------------------|
| B Taylor | 18,277,456 |
| D de Burgh | 1,352,000 |
| B Honey | - |
| C Lubich | 11,573,420 |
| D Pearce | 1,949,000 |
| P Vamos | 10,000 |

13. Indemnification and insurance of officers

Indemnification

The Company has entered into Deeds of Access, Indemnity and Insurance with each of the Directors of the Plan B Group. The liabilities indemnified include damages awarded in respect of negligence or breach of statutory duty, except where arising from conduct involving a lack of good faith, and reasonable legal costs and expenses incurred in defending proceedings.

Insurance premiums

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contracts.

14. Non audit services

During the year KPMG, the Company auditor, has performed certain other services in addition to their statutory duties.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 8 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with, and does not compromise, the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 8 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

15. Environmental regulation and performance

The Group's operations are not regulated by any significant environmental regulations.

16. Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 46 and forms part of the Directors' report for the year ended 30 June 2007.

**Plan B Group Holdings Limited annual financial report
Directors' report (continued)**

17. 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.

Dated at Perth this 28th day of August 2007

Signed in accordance with a resolution of Directors:

A handwritten signature in black ink, consisting of a large capital letter 'B' followed by a vertical line and a cursive flourish.

B R S Taylor
Executive Chairman

Plan B Group Holdings Limited annual financial report

Income statements

For the year ended 30 June 2007

| | | Consolidated | | Parent entity |
|--|-------------|---------------------|---------------------|----------------------|
| | Note | 2007 | 2006 | 2007 |
| | | \$'000 | \$'000 | \$'000 |
| Revenue | 6 | 33,067 | 26,612 | - |
| Other income | 7 | 26 | 1 | - |
| Employee benefits expense | | (18,382) | (14,335) | - |
| Payments to contract advisors | | (616) | (80) | - |
| Rental and related property costs | | (1,599) | (1,211) | - |
| Professional fees | | (1,353) | (1,158) | - |
| Information technology costs | | (532) | (636) | - |
| Travel and accommodation costs | | (488) | (347) | - |
| Depreciation and amortisation expense | | (1,054) | (736) | - |
| Other expenses | | (2,554) | (2,054) | - |
| Results from operating activities | | <u>6,515</u> | <u>6,056</u> | - |
| Financial income | 9 | 495 | 504 | - |
| Financial expenses | 9 | (700) | (503) | - |
| Net financing (costs) / income | | <u>(205)</u> | <u>1</u> | - |
| Share of losses of associates | 14 | (73) | (70) | - |
| Profit before tax | | <u>6,237</u> | <u>5,987</u> | - |
| Income tax expense | 10 | (1,904) | (1,812) | - |
| Profit for the year | | <u><u>4,333</u></u> | <u><u>4,175</u></u> | - |
| Earnings per share: | | | | |
| Basic and diluted earnings per share (cents) | 24 | <u><u>7.59</u></u> | <u><u>7.58</u></u> | |

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

Plan B Group Holdings Limited annual financial report

Balance sheets

As at 30 June 2007

| | | Consolidated | | Parent entity |
|---|------|---------------|---------------|---------------|
| | Note | 2007 | 2006 | 2007 |
| | | \$'000 | \$'000 | \$'000 |
| Assets | | | | |
| Cash and cash equivalents | 11 | 6,732 | 7,900 | 50 |
| Trade and other receivables | 12 | 4,752 | 2,822 | 1,109 |
| Total current assets | | <u>11,484</u> | <u>10,722</u> | <u>1,159</u> |
| Investments | 13 | - | - | 57,554 |
| Investments accounted for using the equity method | 14 | - | 787 | - |
| Other receivables | 12 | 1,415 | - | 1,415 |
| Deferred tax assets | 15 | 565 | 398 | 205 |
| Plant and equipment | 16 | 1,740 | 1,251 | - |
| Intangible assets | 17 | 16,941 | 9,470 | - |
| Total non-current assets | | <u>20,661</u> | <u>11,906</u> | <u>59,174</u> |
| Total assets | | <u>32,145</u> | <u>22,628</u> | <u>60,333</u> |
| Liabilities | | | | |
| Trade and other payables | 18 | 4,154 | 1,772 | 2,308 |
| Interest-bearing loans and borrowings | 19 | 9,520 | 1,289 | - |
| Employee benefits | 20 | 3,736 | 2,815 | - |
| Income tax payable | 15 | 471 | 313 | 471 |
| Provisions | 21 | 56 | 1,356 | - |
| Total current liabilities | | <u>17,937</u> | <u>7,545</u> | <u>2,779</u> |
| Interest-bearing loans and borrowings | 19 | 119 | 6,025 | - |
| Employee benefits | 20 | 928 | 995 | - |
| Provisions | 21 | 42 | 98 | - |
| Total non-current liabilities | | <u>1,089</u> | <u>7,118</u> | <u>-</u> |
| Total liabilities | | <u>19,026</u> | <u>14,663</u> | <u>2,779</u> |
| Net assets | | <u>13,119</u> | <u>7,965</u> | <u>57,554</u> |
| Equity | | | | |
| Issued capital | 22 | 13,421 | 10,761 | 57,554 |
| Foreign currency translation reserve | | 290 | (121) | - |
| Accumulated losses | | (592) | (2,675) | - |
| Total equity | | <u>13,119</u> | <u>7,965</u> | <u>57,554</u> |

The balance sheets are to be read in conjunction with the accompanying notes to and forming part of the financial statements.

Plan B Group Holdings Limited annual financial report
Statements of changes in equity
For the year ended 30 June 2007

| | | Foreign currency translation reserve | Accumu- lated losses | Total equity | |
|--|------|---|----------------------------|-----------------|---------------|
| | Note | Issued capital \$'000 | \$'000 | \$'000 | |
| Consolidated | | | | | |
| Opening balance at 1 July 2005 | | 10,761 | - | (4,900) | 5,861 |
| Profit for the year | | - | - | 4,175 | 4,175 |
| Foreign currency translation differences | | - | (121) | - | (121) |
| Total recognised income and expense for the year | | - | (121) | 4,175 | 4,054 |
| Dividends paid | 23 | - | - | (1,950) | (1,950) |
| Closing balance at 30 June 2006 | | <u>10,761</u> | <u>(121)</u> | <u>(2,675)</u> | <u>7,965</u> |
| Opening balance at 1 July 2006 | | 10,761 | (121) | (2,675) | 7,965 |
| Profit for the year | | - | - | 4,333 | 4,333 |
| Foreign currency translation differences | | - | 411 | - | 411 |
| Total recognised income and expense for the year | | - | 411 | 4,333 | 4,744 |
| Issue of ordinary shares | 22 | 2,660 | - | - | 2,660 |
| Dividends paid | 23 | - | - | (2,250) | (2,250) |
| Closing balance at 30 June 2007 | | <u>13,421</u> | <u>290</u> | <u>(592)</u> | <u>13,119</u> |

| | | Issued capital \$'000 | Retained income \$'000 | Total equity \$'000 |
|---|--|-----------------------------|------------------------------|---------------------------|
| Parent Entity | | | | |
| Opening balance at 17 April 2007 | | - | - | - |
| Profit for the year - total recognised income and expense for the year | | - | - | - |
| Issue of ordinary shares | | 57,554 | - | 57,554 |
| Dividends paid | | - | - | - |
| Closing balance at 30 June 2007 | | <u>57,554</u> | <u>-</u> | <u>57,554</u> |

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

Plan B Group Holdings Limited annual financial report
Statements of cash flows
For the year ended 30 June 2007

| | | Consolidated | | Parent entity |
|--|-------------|---------------------|---------------------|----------------------|
| | | 2007 | 2006 | 2007 |
| | Note | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | |
| Cash receipts in the course of operations | | 36,764 | 28,082 | 50 |
| Cash payments in the course of operations | | (28,976) | (21,050) | - |
| Interest received | | 495 | 466 | - |
| Income tax paid | | (1,658) | (2,335) | - |
| Interest paid | | (700) | (503) | - |
| Net cash from operating activities | 28a | <u>5,925</u> | <u>4,660</u> | <u>50</u> |
| Cash flows from investing activities | | | | |
| Acquisition of plant and equipment | | (944) | (556) | - |
| Acquisition of intangible assets | | (950) | (927) | - |
| Acquisition of subsidiary | | (1,617) | - | - |
| Acquisition of business operation | | (1,070) | - | - |
| Acquisition of investment | | - | (949) | - |
| Movement in other loans advanced | | - | 66 | - |
| Proceeds from the sale of investments | | 29 | - | - |
| Net cash from investing activities | | <u>(4,552)</u> | <u>(2,366)</u> | <u>-</u> |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | | 3,588 | 949 | - |
| Repayment of borrowings | | (1,596) | (1,500) | - |
| Repayment of lease liabilities | | (68) | (121) | - |
| Equity raising costs | | (899) | - | - |
| Dividend paid | | (3,550) | (1,513) | - |
| Net cash from financing activities | | <u>(2,525)</u> | <u>(2,185)</u> | <u>-</u> |
| Net (decrease) / increase in cash and cash equivalents | | (1,152) | 109 | 50 |
| Cash and cash equivalents at 1 July | | 7,900 | 7,791 | - |
| Effect of exchange rate fluctuations on cash held | | (16) | - | - |
| Cash and cash equivalents at 30 June | 11 | <u><u>6,732</u></u> | <u><u>7,900</u></u> | <u><u>50</u></u> |

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

Plan B Group Holdings Limited annual financial report
Contents of the notes to the financial statements
For the year ended 30 June 2007

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Plan B Group Holdings Limited annual financial report

Notes to the financial statements

For the year ended 30 June 2007

1. Basis of presentation

Plan B Group Holdings Limited ("the Company" or "the parent entity") is a company domiciled in Australia. The financial report includes separate financial statements for the Company as an individual entity and the consolidated entity consisting of Plan B Wealth Management Limited, as the accounting parent, and its deemed subsidiaries (together referred to as the "Group" or "consolidated entity").

The consolidated annual financial statements were approved by the Board of Directors on 28 August 2007. As Plan B Group Holdings Limited, the new legal parent entity, was incorporated on 17 April 2007, no comparatives for the parent entity are reported. The results of the parent entity are from 17 April 2007 to 30 June 2007.

(a) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of

- ◆ available-for-sale financial assets;
- ◆ certain financial assets and financial liabilities carried at fair value through the income statement; and
- ◆ derivative financial instruments

(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 financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

The consolidated entity has elected to early adopt the following accounting standards and amendments:

- ◆ AASB 101 *Presentation of Financial Statements* (October 2006)
- ◆ AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED151 and other amendments* (April 2007)
- ◆ AASB 123 *Borrowing Costs* (June 2007)
- ◆ AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* (June 2007)
- ◆ AASB 2007-7 *Amendments to Australian Accounting Standards (AASBs 1,2,4,5,107 and 128)* (June 2007)

Plan B Group Holdings Limited annual financial report

Notes to the financial statements

For the year ended 30 June 2007

2. Significant accounting policies (continued)

In the prior year the Group adopted AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* in accordance with the transitional rules of AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standard*. The adoption of AASB 132 and AASB 139 had no impact upon the opening balances at 1 July 2005.

AASB 7 *Financial instruments: Disclosures* is effective for financial periods beginning on or after 1 January 2007. As the parent entity's first financial period commenced after this date, it has adopted AASB 7 in the current financial period. The consolidated entity has not chosen to early adopt this statement.

(a) Basis of consolidation

Reverse acquisition accounting

Under AIFRS, the formation of the Plan B Group Holdings Limited Group has been accounted for as a business combination. In applying the requirements of AASB 3 *Business Combinations* to the Group:

- ◆ Plan B Group Holdings Limited is the legal parent of the Group and presents consolidated financial information; and
- ◆ Plan B Wealth Management Limited, which is neither the legal parent nor legal acquirer, is deemed to be the accounting parent of the Group.

This reflects the requirements of AASB 3 that in situations where a new company acquires an existing company or group, an existing entity shall be deemed to be the acquirer. This transaction does not result in the creation of any fair value adjustments or goodwill upon consolidation. This is commonly referred to as a reverse acquisition. The impact on equity of treating the formation of the Group as a reverse acquisition is discussed in note 22.

The consolidated financial information incorporates the assets and liabilities of all entities deemed to be acquired by Plan B Wealth Management Limited, including Plan B Group Holdings Limited, and the results of these entities for the period from which those entities are accounted for as being acquired by Plan B Wealth Management Limited. The assets and liabilities of the entities acquired by Plan B Wealth Management Limited were recorded at fair value while the assets and liabilities of Plan B Wealth Management Limited were recorded at their book value. The impact of all transactions between the entities in the Group is eliminated in full.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's financial statements, investments in subsidiaries are carried at their cost of acquisition less impairment losses.

Associates

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements includes the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

In the Company's financial statements, investments in associates are carried at their cost of acquisition less impairment losses.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associates or, if not consumed or sold by the associate, when the Group's interest in such entities is disposed of.

Plan B Group Holdings Limited annual financial report

Notes to the financial statements

For the year ended 30 June 2007

2. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on retranslation are recognised directly in a separate component of equity. In respect of all foreign operations, any differences that have arisen after 1 July 2004, the date of transition to AIFRS, are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the income statement.

(c) Plant and equipment

Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the asset. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Subsequent costs

The cost of replacing part of such an item of plant and equipment is recognised in the carrying value of the item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- ◆ Office equipment 2 - 10 years (2006: 2 - 7 years)
- ◆ Computer software 2 - 7 years (2006: 2 - 7 years)
- ◆ Leased plant 2 - 6 years (2006: 2 - 6 years)

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(d) Intangible assets

(i) *Goodwill*

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures.

Business combinations prior to 1 July 2003

As part of its transition to AASBs, the Group elected to restate only those business combinations that occurred on or after 1 July 2003. In respect of acquisitions prior to 1 July 2003, goodwill represents the amount recognised under the Group's previous accounting framework, Australian GAAP.

Business combinations since 1 July 2003

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the associate. Negative goodwill arising on acquisition is recognised directly in profit or loss.

Plan B Group Holdings Limited annual financial report

Notes to the financial statements

For the year ended 30 June 2007

2. Significant accounting policies (continued)

(d) Intangible assets (continued)

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date that they are available for use.

The estimated useful lives in the current and comparative periods are as follows:

- ◆ Software: 5 - 7 years (2006: 5 - 7 years)
- ◆ Capitalised product development costs: 10 years

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

(f) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses. The fair value of non current receivables is stated initially at amortised cost and subsequently remeasured using the effective interest rate method.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(h) Investments

Investments in controlled entities that are acquired by the Company are stated at cost less impairment losses.

(i) Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Plan B Group Holdings Limited annual financial report

Notes to the financial statements

For the year ended 30 June 2007

2. Significant accounting policies (continued)

(i) Impairment (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Receivables and other financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statements.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets impairment losses, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists or that there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost and are remeasured using the effective interest rate method over the period of the borrowing.

(k) Employee benefits

Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, bonus and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. Such liabilities are determined on an undiscounted basis with reference to the remuneration that the Group expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax. Other benefits not payable within 12 months are discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating the terms of the Group's obligations.

Plan B Group Holdings Limited annual financial report

Notes to the financial statements

For the year ended 30 June 2007

2. Significant accounting policies (continued)

(k) Employee benefits (continued)

Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

Executive and advisor share acquisition scheme

In terms of this scheme, eligible employees can apply to the Company to receive a full recourse loan to enable the employee to subscribe for shares, up to a maximum of 1,500,000 shares in total, under the Company's initial public offer. The key terms of the loans made available to participants in the scheme are as follows:

- ♦ interest free for 3 years and thereafter on commercial terms unless determined by the Board;
- ♦ full-recourse and repayable no later than the end of the term (1 July 2015), or termination of employment or engagement;
- ♦ with approval of the Board, loans to participants may be repaid at any time but must, unless the Board otherwise determines, be repaid on the earliest of the occurrence of a default event in relation to the participant (such as bankruptcy), the sale of the shares by the participant, or 1 July 2015; and
- ♦ all Shares acquired pursuant to the scheme will be subject to voluntary escrow (including the application of a holding lock and prohibition on any encumbrance over the Shares) until repayment of the relevant loan.

The interest free period as provided under the scheme is treated as a share-based payment under the requirements of AASB 2 and is recognised in the income statement in accordance with the associated service period.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(l) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation that can be estimated reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Trade and other payables

Trade and other payables are stated at their amortised cost.

(n) Revenue

Revenue from provision of financial planning, management, trustee and consultancy services is recognised in the income statement at the time the service is provided. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the costs incurred or to be incurred cannot be measured reliably.

(o) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(p) Finance income and expenses

Net financing income or expenses comprise interest payable on borrowings calculated using the effective interest method, dividends on redeemable preference shares, interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Plan B Group Holdings Limited annual financial report

Notes to the financial statements

For the year ended 30 June 2007

2. Significant accounting policies (continued)

(p) Finance income and expenses (continued)

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

(q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Plan B Group Holdings Limited.

The current and deferred tax amounts for the tax-consolidated group are allocated among the entities in the group using a "group allocation method" approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of assets and liabilities in the entities in the group and their tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised as amounts payable to or receivable from other entities in the tax-consolidated group in conjunction with any tax funding arrangements. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement that sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to or from the head entity equal to the current tax liability or asset assumed by the head entity and any tax-loss deferred tax assets assumed by the head entity, resulting in the head entity recognising an inter-entity receivable or payable equal in amount to the tax liability or asset assumed. The inter-entity receivables or payables are at call.

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For the year ended 30 June 2007

2. Significant accounting policies (continued)

(q) Income tax (continued)

Nature of tax funding arrangements and tax sharing arrangements (continued)

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligations to make payment for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

(r) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the balance sheets. Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

(s) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Cash flows

The Group statement of cash flows excludes the impact of cash flows associated with the buy back of units from New Zealand investors in a scheme where a subsidiary company is the Responsible Entity. Such cash flows are offset as they are on behalf of investors and reflect the activities of the investors and not the Group.

(v) New Standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial adoption. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- ♦ AASB 7 *Financial Instruments: Disclosure* (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require additional disclosures with respect to the Group's financial instruments and share capital. As noted previously, the Parent Entity has however adopted AASB 7 in the current period as outlined in note 2.
- ♦ AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

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2. Significant accounting policies (continued)

(u) New Standards and interpretations not yet adopted (continued)

- ◆ AASB 8 *Operating Segments* replaces the presentation requirements of segment reporting in AASB 114 *Segment Reporting*. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.
- ◆ AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment of Assets*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments*. This standard is only expected to impact disclosures contained within the financial report.

The following standards, amendments to standards and interpretations are available for early adoption at 30 June 2007 are not currently relevant to the Group:

- ◆ Interpretation 10 *Interim Financial Reporting and Impairment*.
- ◆ Interpretation 11 *AASB 2 Share-based Payments - Group and Treasury Share Transactions*.
- ◆ AASB 2007-1 *Amendments to Australian Accounting Standards arising from Interpretation 11*.
- ◆ Interpretation 12 *Service Concession Arrangements*.
- ◆ AASB 2007-2 *Amendments to Australian Accounting Standards arising from Interpretation 12, and amends references to "UIG Interpretation" to interpretations*.
- ◆ AASB 2007-5 *Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)*.

3. Critical accounting estimates and judgements

The Directors have considered the development, selection and disclosure of the consolidated entity's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The consolidated entity assesses whether goodwill is impaired at least annually in accordance with its accounting policy as described in note 2(i). These calculations involve an estimation of the recoverable amount of the cash-generating unit to which the goodwill is allocated.

Fair value in business combinations

The Group accounts for business combinations using the purchase method of accounting. This method requires the application of fair values for both the consideration given and the assets and liabilities acquired. The calculation of fair values is based on estimates and judgements including future cash flows, revenue streams and value-in-use calculations.

4. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments with the primary format being business segments.

Business segments

The Group comprises 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 support, administration and investment management services to independent financial advisory practices.

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

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4. Segment reporting (continued)

The PFS affinity partner program segment is not separately reported in these financial statements as, for the year ended 30 June 2007, it constitutes less than 10% of the Group's revenue, its operating results and its net assets.

Geographic segments

The Group operates in two geographic segments, being Australia and New Zealand.

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of clients. Segment assets are based on the geographic location of the assets.

| | Australia | | New Zealand | | Consolidated | |
|---------------------------------|-----------|--------|-------------|--------|--------------|--------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue from external customers | 30,189 | 26,216 | 2,878 | 396 | 33,067 | 26,612 |
| Segment assets | 24,009 | 21,841 | 8,136 | 787 | 32,145 | 22,628 |
| Capital expenditure | 1,249 | 2,167 | 118 | 949 | 1,367 | 3,116 |

5. Business combinations

During the year, the Group undertook two business combinations as follows:

- Acquisition of the balance of the equity of Strategic Asset Management Limited; and
- Acquisition of the business of Rutherford-Rede (Northland).

Acquisition of the balance of the equity of Strategic Asset Management Limited

On 1 September 2006, the Group increased its interest in Strategic Asset Management Limited from 25% to 100%. Strategic Asset Management Limited is a New Zealand company that provides wealth management services to clients. The purchase consideration can be summarised as follows:

| | |
|---|---------------------|
| | \$'000 |
| Fair value of shares issued | 2,471 |
| Cash consideration paid | 1,171 |
| Transaction costs | 15 |
| Total purchase consideration | <u>3,657</u> |
| Carrying value of investment in associate at 31 August 2007 | 746 |
| Fair value of net identifiable asset deficiency acquired | <u>705</u> |
| Goodwill | <u><u>5,108</u></u> |

As part of the consideration paid, Plan B Wealth Management Limited, which was both the legal and accounting parent entity of the Group at the time of acquisition, issued 11,034 ordinary shares. This represents an equivalent number of 2,295,072 shares in Plan B Group Holdings Limited based on an exchange ratio of 208:1. These shares were valued on an earnings basis taking account of projected earnings and an earnings multiple based on published information from similar organisations.

| | |
|--|---------------------|
| The acquisition had the following effect on the Group's assets and liabilities on acquisition: | \$'000 |
| Plant & equipment | 79 |
| Trade and other receivables | 248 |
| Interest-bearing liabilities | (401) |
| Trade and other payables | (1,386) |
| Related party loans receivable | 15 |
| Net identifiable assets and liabilities | <u>(1,445)</u> |
| Goodwill on consolidation | <u>5,108</u> |
| Net assets acquired | <u><u>3,663</u></u> |

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5. Business combinations (continued)

The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

The goodwill recognised on the acquisition is attributable to the competencies of the acquired business' workforce, synergies expected to be achieved from integrating the company into the Group's existing wealth management business and from the Group establishing a presence in the New Zealand market.

If the acquisition had occurred on 1 July 2006, management estimates that the consolidated revenue would have been \$33,424,000 and consolidated profit for the period would have been \$4,114,000 .

Acquisition of the business of Rutherford-Rede (Northland)

On 30 September 2006, the Group purchased the wealth management and insurance broking business of Rutherford-Rede (Northland). The purchase consideration can be summarised as follows:

| | \$'000 |
|--|---------------------|
| Fair value of shares issued | 188 |
| Cash consideration paid | 1,067 |
| Deferred cash payments due | 843 |
| Transaction costs | 3 |
| Total purchase consideration | <u>2,101</u> |
| Fair value of net identifiable assets acquired | - |
| Goodwill | <u><u>2,101</u></u> |

As part of the consideration paid, Plan B Wealth Management Limited, which was both the legal and accounting parent entity of the Group at the time of acquisition, issued 843 ordinary shares. This represents an equivalent number of 175,344 shares in Plan B Group Holdings Limited based on an exchange ratio of 208:1. These shares were valued on an earnings basis taking account of projected earnings and an earnings multiple based on published information from similar organisations.

No identifiable assets or liabilities were acquired.

The goodwill recognised on the acquisition is attributable to the competencies of the acquired business' workforce and synergies expected to be achieved from integrating the company into the Group's existing wealth management business.

It is impractical for management to estimate the impact on the consolidated revenue and profit for the year had the acquisition occurred on 1 July 2006.

| | Consolidated | | Parent entity |
|---|---------------------|---------------|----------------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| 6. Revenue | | | |
| Recurring fees from funds under administration, management and advice | 30,904 | 24,638 | - |
| Other revenue from services rendered | 2,163 | 1,974 | - |
| | <u>33,067</u> | <u>26,612</u> | <u>-</u> |
| 7. Other income | | | |
| Gain on disposal of investment | 29 | - | - |
| Net loss on disposal of plant and equipment | (8) | - | - |
| Sundry income | 5 | 1 | - |
| | <u>26</u> | <u>1</u> | <u>-</u> |

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| | Consolidated | | Parent entity |
|---|----------------|----------------|---------------|
| | 2007 | 2006 | 2007 |
| | \$ | \$ | \$ |
| 8. Auditor's remuneration | | | |
| Audit services | | | |
| Auditors of the Group | | | |
| <i>KPMG Australia</i> | | | |
| - audit and review of financial reports | 83,330 | 61,570 | 39,000 |
| - other regulatory audit services | 23,242 | 21,520 | - |
| - audit and review of financial reports and other regulatory audit services for entities for which the Group is trustee or responsible entity | 357,598 | 269,110 | - |
| | <u>464,170</u> | <u>352,200</u> | <u>39,000</u> |
| <i>KPMG New Zealand</i> | | | |
| - audit and review of financial reports | 13,397 | - | - |
| Total fees payable to KPMG | <u>477,567</u> | <u>352,200</u> | <u>39,000</u> |
| <i>Other auditors</i> | | | |
| - audit and review of financial reports and other regulatory audit services for entities for which the Group is responsible entity | 4,644 | 5,000 | - |
| | <u>482,211</u> | <u>357,200</u> | <u>39,000</u> |
| Other services | | | |
| <i>KPMG Australia:</i> | | | |
| - other assurance services | 73,660 | 88,788 | - |
| - taxation services | 177,065 | 184,030 | - |
| - other | - | 20,909 | - |
| <i>KPMG New Zealand:</i> | | | |
| - taxation services | 31,619 | 17,756 | - |
| <i>KPMG related practices:</i> | | | |
| - investigating accountant's report | 290,000 | - | - |
| | <u>572,344</u> | <u>311,483</u> | <u>-</u> |

The fees incurred by the Company and the Group are borne by a controlled entity Plan B Administration Pty Ltd.

| | Consolidated | | Parent entity |
|---|--------------|--------------|---------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| 9. Finance income and expense | | | |
| Interest income | 495 | 466 | - |
| Net gain on foreign currency transactions | - | 38 | - |
| Finance Income | <u>495</u> | <u>504</u> | <u>-</u> |
| Interest expense | <u>(700)</u> | <u>(503)</u> | <u>-</u> |
| Net finance income and expense | <u>(205)</u> | <u>1</u> | <u>-</u> |

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| | Consolidated 2007 \$'000 | 2006 \$'000 | Parent entity 2007 \$'000 |
|--|--------------------------------|----------------|---------------------------------|
| 10. Income tax expense | | | |
| Recognised in the income statement: | | | |
| Current tax expense | | | |
| Current year | 1,940 | 1,613 | - |
| Adjustments for prior years | (73) | (57) | - |
| | <u>1,867</u> | <u>1,556</u> | <u>-</u> |
| Deferred tax expense | | | |
| Origination and reversal of temporary differences | 37 | 256 | - |
| Total income tax expenses in income statement | <u>1,904</u> | <u>1,812</u> | <u>-</u> |
| Numerical reconciliation between tax expense and pre-tax profit | | | |
| Profit before income tax | 6,237 | 5,987 | - |
| Income tax using the domestic corporation tax rate of 30% (2006: 30%) | 1,871 | 1,796 | - |
| Increase in income tax expense due to: | | | |
| Non-deductible expenses | 52 | 52 | - |
| Share of loss of associates | 22 | 21 | - |
| Current year losses in subsidiary for which no deferred tax asset recognised | 32 | - | - |
| Over provided in prior years | (73) | (57) | - |
| Income tax expense on pre-tax net profit | <u>1,904</u> | <u>1,812</u> | <u>-</u> |
| Income tax recognised directly in equity: | | | |
| Share issue costs | <u>256</u> | <u>-</u> | <u>256</u> |
| 11. Cash and cash equivalents | | | |
| Bank balances | <u>6,732</u> | <u>7,900</u> | <u>50</u> |
| The effective interest rate on bank balances for 2007 was 6.4% (2006:5.8%). | | | |
| 12. Trade and other receivables | | | |
| Current | | | |
| Receivables due from related funds and schemes (refer note 29) | 2,450 | 1,926 | - |
| Receivable due from equity-accounted investee (refer note 29) | - | 33 | - |
| Receivables due from Group companies (refer note 29) | - | - | 381 |
| Prepayments | 354 | 186 | - |
| Equity raising costs, net of tax (refer note (a) below) | 643 | - | 643 |
| Other receivables | 1,305 | 677 | 85 |
| | <u>4,752</u> | <u>2,822</u> | <u>1,109</u> |
| Non-current | | | |
| Loans to staff (refer note (b) below) | 1,244 | - | 1,244 |
| Other receivables | 171 | - | 171 |
| | <u>1,415</u> | <u>-</u> | <u>1,415</u> |

(a) Equity raising costs represent those amounts paid by the Group to date in connection with the initial public offer by the Company which was concluded in July 2007 (refer note 31). These equity raising costs, net of tax, have been debited directly to equity following the issue of shares in July 2007.

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12. Trade and other receivables (continued)

(b) These loans were made in June 2007 pursuant to the Executive and Advisor Share Acquisition Scheme in order for these members of staff to subscribe for ordinary shares in the Company. Such loans are interest free for a period of 3 years and thereafter bear interest at a commercial rate, are full-recourse and are repayable no later than 1 July 2015. Refer to note 29 for details of loans made to key management personnel. In calculating the fair value of the loans, a discount rate of 6.45% has been used.

| | Consolidated | | Parent entity |
|---|--------------|------------|---------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| 13. Investments | | | |
| Non-current | | | |
| Investments in controlled entities at cost (<i>refer note 30</i>) | - | - | 57,554 |
| Investments in associates (<i>refer note 14</i>) | - | 787 | - |
| | <u>-</u> | <u>787</u> | <u>-</u> |
| | <u>-</u> | <u>787</u> | <u>57,554</u> |

14. Investments accounted for using the equity method

Investments in associates

The Group accounts for investments in associates using the equity method. On 31 August 2006, it disposed of its interest in fi360 (Australasia) Ltd for a profit of \$29,000. Furthermore, on the same date it increased its investment in Strategic Asset Management Limited from 24.9% to 100%, and consequently started to account for this investment as a subsidiary. Information relating to equity accounted investees in respect of the current year up to the date when they ceased to be associates and in respect of the prior year is as follows:

| Name | Principal activities | Country | Reporting date | Ownership | |
|--------------------------------|--|-------------|----------------|-----------|-------|
| | | | | 2007 | 2006 |
| Strategic Asset Management Ltd | Provision of financial planning advice | New Zealand | 30 June | 100% | 24.9% |
| fi360 (Australasia) Ltd | Provision of fiduciary training services | New Zealand | 30 June | - | 24.9% |

| | Revenues | Loss | Share of | Total | Total | Net assets | Share of |
|--------------------------------|--------------|------------|------------|--------------|-------------|--------------|-------------|
| | (100%) | (100%) | associates | assets | liabilities | as reported | associate's |
| | | | net loss | (100%) | (100%) | by | net assets |
| | | | loss | | | associates | equity |
| | | | recognised | | | (100%) | accounted |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2007 | | | | | | | |
| Strategic Asset Management Ltd | 357 | 292 | 73 | - | - | - | - |
| fi360 (Australasia) Ltd | 47 | 49 | - | - | - | - | - |
| | <u>404</u> | <u>341</u> | <u>73</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2006 | | | | | | | |
| Strategic Asset Management Ltd | 1,171 | 281 | 70 | 1,837 | 609 | 1,228 | 787 |
| fi360 (Australasia) Ltd | 221 | 112 | - | 61 | 169 | (108) | - |
| | <u>1,392</u> | <u>393</u> | <u>70</u> | <u>1,898</u> | <u>778</u> | <u>1,120</u> | <u>787</u> |

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| | Consolidated | |
|--|--------------|-----------|
| | 2007 | 2006 |
| | \$'000 | \$'000 |
| 14. Investments accounted for using the equity method (continued) | | |
| Results of associates | | |
| Share of associates loss before tax | 88 | 98 |
| Share of associates income tax expense | - | - |
| Share of associates net profit | 88 | 98 |
| Adjustment for unrecognised losses | (15) | (28) |
| | <u>73</u> | <u>70</u> |

The consolidated entity did not recognise losses relating to fi360 (Australasia) Ltd totalling \$12,000 (2006:\$28,000) as it had no obligation in respect of these losses.

| | \$'000 | \$'000 |
|---|----------|-----------|
| Commitments | | |
| Share of associates expenditure commitments contracted but not provided for or payable: | | |
| Within one year | - | 23 |
| One year or later and no later than five years | - | 17 |
| | <u>-</u> | <u>40</u> |

15. Tax assets and liabilities

Current tax liabilities

The current tax liability for the consolidated entity of \$471,000 (2006: \$313,000) and for the Company of \$471,000 (2006: \$Nil) represents the amount of income taxes payable in respect of current and prior financial periods. In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax asset or liability initially recognised by the members in the tax-consolidated group.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses of \$109,000 in a subsidiary company because it is not probable that the Group can utilise the benefits there from.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| Consolidated | Assets | | Liabilities | | Net | |
|--------------------------------|--------------|------------|--------------|--------------|------------|------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Plant and equipment | 5 | 3 | - | - | 5 | 3 |
| Employee benefits | 704 | 585 | - | - | 704 | 585 |
| Provisions | 88 | 163 | - | - | 88 | 163 |
| Intangibles | - | - | (437) | (344) | (437) | (344) |
| Share issue costs | 205 | - | - | - | 205 | - |
| Other items | 17 | - | (17) | (9) | - | (9) |
| Tax (assets) / liabilities | <u>1,019</u> | <u>751</u> | <u>(454)</u> | <u>(353)</u> | <u>565</u> | <u>398</u> |
| Set-off of tax | (454) | (353) | 454 | 353 | - | - |
| Net tax (assets) / liabilities | <u>565</u> | <u>398</u> | <u>-</u> | <u>-</u> | <u>565</u> | <u>398</u> |
| Parent entity | | | | | | |
| Share issue costs | <u>205</u> | | <u>-</u> | | <u>205</u> | |

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16. Plant and equipment

| | Consolidated | | | Total \$'000 |
|--|-------------------------------|--------------------------------|----------------------------|-----------------|
| | Office equipment \$'000 | Computer software \$'000 | Leased assets \$'000 | |
| <i>Cost</i> | | | | |
| Balance at 1 July 2005 | 1,680 | 1,459 | 661 | 3,800 |
| Acquisitions | 388 | 168 | 49 | 605 |
| Disposals | - | - | - | - |
| Balance at 30 June 2006 | <u>2,068</u> | <u>1,627</u> | <u>710</u> | <u>4,405</u> |
| Balance at 1 July 2006 | 2,068 | 1,627 | 710 | 4,405 |
| Acquisitions through business combinations (<i>refer note 5</i>) | 79 | - | - | 79 |
| Other acquisitions | 724 | 220 | 29 | 973 |
| Disposals | (282) | (11) | (36) | (329) |
| Effects of movements in exchange rates | 3 | - | - | 3 |
| Balance at 30 June 2007 | <u>2,592</u> | <u>1,836</u> | <u>703</u> | <u>5,131</u> |
| <i>Depreciation</i> | | | | |
| Balance at 1 July 2005 | 1,073 | 1,321 | 316 | 2,710 |
| Depreciation charge for the year | 234 | 113 | 97 | 444 |
| Disposals | - | - | - | - |
| Balance at 30 June 2006 | <u>1,307</u> | <u>1,434</u> | <u>413</u> | <u>3,154</u> |
| Balance at 1 July 2006 | 1,307 | 1,434 | 413 | 3,154 |
| Depreciation charge for the year | 346 | 142 | 68 | 556 |
| Disposals | (274) | (11) | (36) | (321) |
| Effects of movements in exchange rates | 2 | - | - | 2 |
| Balance at 30 June 2007 | <u>1,381</u> | <u>1,565</u> | <u>445</u> | <u>3,391</u> |
| <i>Carrying amounts</i> | | | | |
| At 1 July 2005 | <u>607</u> | <u>138</u> | <u>345</u> | <u>1,090</u> |
| At 30 June 2006 | <u>761</u> | <u>193</u> | <u>297</u> | <u>1,251</u> |
| At 1 July 2006 | <u>761</u> | <u>193</u> | <u>297</u> | <u>1,251</u> |
| At 30 June 2007 | <u>1,211</u> | <u>271</u> | <u>258</u> | <u>1,740</u> |

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17. Intangible assets

| | Consolidated | | | Total \$'000 |
|--|--------------------|--------------------------------|----------------------------------|-----------------|
| | Goodwill \$'000 | Computer software \$'000 | Product development \$'000 | |
| <i>Cost</i> | | | | |
| Balance at 1 July 2005 | 6,666 | 2,055 | - | 8,721 |
| Acquisitions | - | 1,562 | - | 1,562 |
| Balance at 30 June 2006 | <u>6,666</u> | <u>3,617</u> | <u>-</u> | <u>10,283</u> |
| Balance at 1 July 2006 | 6,666 | 3,617 | - | 10,283 |
| Acquisitions through business combinations | 7,210 | - | - | 7,210 |
| Other acquisitions | - | 185 | 130 | 315 |
| Effect of movement in exchange rate | 445 | - | - | 445 |
| Balance at 30 June 2007 | <u>14,321</u> | <u>3,802</u> | <u>130</u> | <u>18,253</u> |
| <i>Amortisation</i> | | | | |
| Balance at 1 July 2005 | - | 521 | - | 521 |
| Amortisation charge for the year | - | 292 | - | 292 |
| Balance at 30 June 2006 | <u>-</u> | <u>813</u> | <u>-</u> | <u>813</u> |
| Balance at 1 July 2006 | - | 813 | - | 813 |
| Amortisation charge for the year | - | 497 | 2 | 499 |
| Balance at 30 June 2007 | <u>-</u> | <u>1,310</u> | <u>2</u> | <u>1,312</u> |
| <i>Carrying amounts</i> | | | | |
| At 1 July 2005 | <u>6,666</u> | <u>1,534</u> | <u>-</u> | <u>8,200</u> |
| At 30 June 2006 | <u>6,666</u> | <u>2,804</u> | <u>-</u> | <u>9,470</u> |
| At 1 July 2006 | <u>6,666</u> | <u>2,804</u> | <u>-</u> | <u>9,470</u> |
| At 30 June 2007 | <u>14,321</u> | <u>2,492</u> | <u>128</u> | <u>16,941</u> |

Impairment testing for cash generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate amount of goodwill allocated to each unit is as follows:

| | Consolidated | | Parent entity |
|------------------------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 |
| Australian wealth management unit | 6,429 | 6,429 | - |
| New Zealand wealth management unit | 7,655 | - | - |
| Trustee services unit | 237 | 237 | - |
| | <u>14,321</u> | <u>6,666</u> | <u>-</u> |

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17. Intangible assets (continued)

The recoverable amount of the cash generating units was based on their value in use, and in all cases the recoverable amount is greater than the carrying value of the unit. Consequently, no impairment loss has been recognised.

The value in use was determined by discounting the future cash flows generated from the continuing use of the unit. Further information in respect of the two significant cash generating units is disclosed below. Due to the fact that the portion of goodwill allocated to the Trustee Services unit is not significant, no further disclosure in respect of that cash generating unit is made here.

Australian wealth management unit

Cash flows were projected based on the actual operating results for the current financial year, and the directors' detailed forecasts for the 2008 financial year. Such forecasts take account of the level of funds under management and advice ("FUMA"), historical long term rates of return on such FUMA, projections of net new inflows of FUMA, expected fee rates and detailed expense estimates by expense type. The estimated 2008 cash flows have been projected for a further period of 9 years.

A pre-tax discount rate of 7.5% has been applied to such future cash flows.

As the value in use determined by applying these assumptions significantly exceeds the carrying value of this cash generating unit, the impairment assessment in respect of this cash generating unit is not considered sensitive to changes in these assumptions.

New Zealand wealth management unit

Cash flows were projected based on the actual operating results for the current financial year, and the directors' detailed forecasts for the 2008 financial year. 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 and detailed expense estimates by expense type. The estimated 2008 cash flows have been projected for a further period of 9 years.

A pre-tax discount rate of 7.5% has been applied to such future cash flows.

The above estimates of the value in use of the unit are sensitive to changes in the discount rate applied and decreases in the levels of growth in FUMA.

| | Consolidated | | Parent entity |
|--|---------------------|---------------|----------------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| 18. Trade and other payables | | | |
| Current | | | |
| Payables due to related parties (<i>refer note 29</i>) | - | - | 808 |
| Amounts due in respect of loans granted to employees (<i>refer note below</i>) | 1,500 | - | 1,500 |
| Other payables | 2,405 | 1,333 | - |
| Accrued expenses | 249 | 439 | - |
| | <u>4,154</u> | <u>1,772</u> | <u>2,308</u> |

The proceeds of loans advanced to staff under the Executive and Advisor Share Acquisition Scheme (*refer note 12*) were retained by the Company on behalf of the recipients of the loans and applied against the issue and allotment of shares to the participants in the scheme during July 2007.

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19. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the consolidated entity's interest-bearing loans and borrowings. For more information about the consolidated entity's exposure to interest rate risk, refer note 25.

| | Consolidated | | Parent entity |
|--------------------------------|--------------|--------------|---------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| Current liabilities | | | |
| Secured bank loans | 9,437 | 1,200 | - |
| Lease liability | 83 | 89 | - |
| | <u>9,520</u> | <u>1,289</u> | <u>-</u> |
| Non-current liabilities | | | |
| Secured bank loans | - | 5,848 | - |
| Lease liability | 119 | 177 | - |
| | <u>119</u> | <u>6,025</u> | <u>-</u> |

| | Currency | Nominal interest rate | Consolidated | | | |
|---------------------------|----------|-----------------------|--------------|-----------------|--------------|-----------------|
| | | | 30 June 2007 | | 30 June 2006 | |
| | | | Face Value | Carrying Amount | Face Value | Carrying Amount |
| | | | | | | |
| | | | \$'000 | \$'000 | \$'000 | \$'000 |
| Secured loan 1 - BankWest | AUD | 7.37% | 400 | 400 | 1,600 | 1,600 |
| Secured loan 2 - BankWest | AUD | 6.87% | 4,500 | 4,500 | 4,500 | 4,500 |
| Secured loan 3 - BankWest | AUD | 7.37% | 4,537 | 4,537 | 948 | 948 |

Whilst these loans had differing contractual repayment terms, they were repaid in full on 17 July 2007 from proceeds of an issue of shares undertaken in July 2007 (refer note 32).

Bank overdraft:

The consolidated entity is able to access a multi-option facility provided by the Bank of Western Australia Ltd ("BankWest"). The facilities provides the consolidated entity with an overdraft of up to \$200,000, no part of which is utilised at either 30 June 2007 or 30 June 2006.

Bank guarantee facility:

The consolidated entity has arranged for bank guarantees of \$60,000 to be issued by BankWest on its behalf.

Finance leases:

Finance lease liabilities of the Group are payable as follows:

| | Min. lease payments | | | Min. lease payments | | |
|----------------------------|---------------------|---------------|----------------|---------------------|---------------|----------------|
| | 2007 | Interest 2007 | Principal 2007 | 2006 | Interest 2006 | Principal 2006 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Less than one year | 96 | 13 | 83 | 105 | 16 | 89 |
| Between one and five years | 127 | 8 | 119 | 193 | 17 | 176 |
| | <u>223</u> | <u>21</u> | <u>202</u> | <u>298</u> | <u>33</u> | <u>265</u> |

The Parent Entity has no finance lease liabilities.

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19. Interest-bearing loans and borrowings (continued)

Security provided:

The consolidated entity has given a registered fixed and floating charge over its assets and undertakings, excluding assets applied to meet minimum net tangible asset requirements in a subsidiary company as determined by the Australian Prudential Regulation Authority, to BankWest in connection with the \$11,787,275 (2006: \$10,299,000) multi-option banking facility made available to the Group.

| | Consolidated | | Parent entity |
|------------------------------------|---------------------|---------------|----------------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| 20. Employee benefits | | | |
| Current | | | |
| Liability for annual leave | 931 | 611 | - |
| Liability for long service leave | 553 | 346 | - |
| Other short-term employee benefits | 2,252 | 1,858 | - |
| | <u>3,736</u> | <u>2,815</u> | <u>-</u> |
| Non-current | | | |
| Liability for long-service leave | 511 | 551 | - |
| Other long-term employee benefits | 417 | 444 | - |
| Total employee benefits | <u>928</u> | <u>995</u> | <u>-</u> |
| 21. Provisions | | | |
| Lease incentives | | | |
| Balance at beginning of the year | 154 | 210 | - |
| Provision made during the year | - | - | - |
| Provisions used during the year | (56) | (56) | - |
| Balance at end of the year | <u>98</u> | <u>154</u> | <u>-</u> |
| Dividend payable | | | |
| Balance at beginning of the year | 1,300 | 863 | - |
| Provision made during the year | 2,250 | 1,300 | - |
| Provisions used during the year | (3,550) | (863) | - |
| Balance at end of the year | <u>-</u> | <u>1,300</u> | <u>-</u> |
| Total | <u>98</u> | <u>1,454</u> | <u>-</u> |
| Current | 56 | 1,356 | - |
| Non current | 42 | 98 | - |
| | <u>98</u> | <u>1,454</u> | <u>-</u> |

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| | Consolidated | | Parent entity |
|----------------------------------|---------------------|----------------------|----------------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| 22. Issued capital | | | |
| Ordinary shares | <u>13,421</u> | <u>10,761</u> | <u>57,554</u> |
| | Consolidated | Parent entity | |
| | \$'000 | \$'000 | |
| <i>Movements during the year</i> | | | |
| Opening balance - 1 July 2005 | 10,761 | | |
| Movements for the year | - | | |
| Closing balance - 30 June 2006 | <u>10,761</u> | | |
| Opening balance - 1 July 2006 | 10,761 | | - |
| Issue of shares | <u>2,660</u> | | <u>57,554</u> |
| Closing balance - 30 June 2007 | <u>13,421</u> | | <u>57,554</u> |

Issued capital in the consolidated financial statements comprises the issued share capital of Plan B Wealth Management Limited (formerly Plan B Financial Services Limited) as the deemed acquiring company under the principles of reverse acquisition accounting (Refer note 2(a)). Shares issued by Plan B Wealth Management Limited during the year relates to the value of shares issued in respect of business combinations undertaken during the year. (refer note 5)

The legal parent, Plan B Group Holdings Limited, issued 57,554,432 shares in relation to the acquisition of 276,704 shares in Plan B Wealth Management Limited based on an exchange ratio of 208:1.

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Holders of ordinary shares in the Company are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

23. Dividends

Recognised amounts:

| | Cents per share | Total \$'000 | Date of payment |
|--|------------------------|---------------------|------------------------|
| 2007 | | | |
| Interim 2007 - fully franked at 30% tax rate | 1.1 | 650 | 12 Dec 2006 |
| Interim 2007 - fully franked at 30% tax rate | 2.8 | <u>1,600</u> | 16 Apr 2007 |
| | | <u>2,250</u> | |
| 2006 | | | |
| Interim 2006 - fully franked at 30% tax rate | 1.2 | 650 | 6 Dec 2005 |
| Final 2006 - fully franked at 30% tax rate | 2.4 | <u>1,300</u> | 4 July 2006 |
| | | <u>1,950</u> | |

The above-listed dividends were declared and paid by Plan B Wealth Management Ltd before its acquisition by Plan B Group Holdings Limited on 17 April 2007. The dividend rate per share has been based on an equivalent number of shares in Plan B Group Holdings Limited using an exchange ratio of 208 shares for each share issued by Plan B Wealth Management Ltd.

Unrecognised amounts:

| | Cents per share | Total \$'000 | Date payable |
|--|------------------------|---------------------|---------------------|
| 2007 | | | |
| Final 2007 - fully franked at 30% tax rate | 1 | 749 | 19 October 2007 |

Following the receipt of a dividend of \$1,100,000 from its subsidiary, the Directors of Plan B Group Holdings Limited declared a fully franked final dividend on 28 August 2007 of 1 cent per share payable to all shareholders on the register of members on 21 September 2007, payable on 19 October 2007.

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23. Dividends (continued)

Dividend franking account

| | Consolidated | |
|--|---------------------|---------------|
| | 2007 | 2006 |
| | \$'000 | \$'000 |
| Franking account balance | 6,916 | 5,877 |
| Impact on franking account balance of unrecognised dividends | <u>(321)</u> | <u>-</u> |

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the current tax liability
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end
- (c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

24. Earnings per share

The calculation of basic and diluted earnings per share at 30 June 2007 was based on the profit attributable to ordinary shareholders of \$4,333,000 (2006: \$4,175,000) and a weighted average number of ordinary shares outstanding of 57,121,000 (2006: 55,084,000).

Weighted average number of ordinary shares

Plan B Group Holdings Limited was incorporated on 17 April 2007 and acquired a 100% interest in Plan B Wealth Management Ltd on that date by the issue of 208 ordinary shares for each 1 share held in Plan B Wealth Management Ltd. As stated in note 2(a), for accounting purposes the parent of the Group is Plan B Wealth Management Ltd. However, for purposes of calculating the weighted average number of shares, the number of shares on issue by the legal parent Plan B Group Holdings Limited has been used. In respect of the period before incorporation, the weighted number of shares on issue by Plan B Wealth Management Ltd has been converted to equivalent shares in Plan B Group Holdings Limited by applying the stated exchange ratio of 208:1. The weighted average number of shares has been calculated as follows:

| | Consolidated | |
|---|---------------------|----------------|
| | 2007 | 2006 |
| | No.'000 | No.'000 |
| Issued shares at 1 July | 55,084 | 55,084 |
| Effect of shares issued | 2,037 | - |
| Weighted average number of ordinary shares at 30 June | <u>57,121</u> | <u>55,084</u> |

Diluted earnings per share is equivalent to basic earnings per share as the Company has no instruments on issue that will lead to a dilution of earnings.

25. Financial instruments

Exposure to interest rate, credit and currency risk arise in the normal course of the Group and Company's business.

Interest rate risk

In respect of income-earning financial assets and interest-bearing financial liabilities, the following tables indicate their effective interest rates at balance sheet date and the periods in which they reprice.

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25. Financial instruments (continued)

Interest rate risk (continued)

| Consolidated 2007 | Note | Effective | Total | 6 months | Fixed |
|---------------------------|------|---------------|----------------|----------------|--------------|
| | | Interest Rate | | or less | rate |
| | | % | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents | 11 | 6.4% | 6,732 | 6,732 | - |
| Secured bank loans | 19 | 7.4% | (9,437) | (9,437) | - |
| Finance lease liabilities | 19 | 6.9% | (202) | - | (202) |
| Bank overdrafts | | 11.4% | - | - | - |
| | | | <u>(2,907)</u> | <u>(2,705)</u> | <u>(202)</u> |

| 2006 | Note | Effective | Total | 6 months | Fixed |
|---------------------------|------|---------------|------------|------------|--------------|
| | | Interest Rate | | or less | rate |
| | | % | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents | 11 | 5.8% | 7,900 | 7,900 | - |
| Loan to associate | 29 | 7.3% | 33 | - | 33 |
| Secured bank loans | 19 | 7.1% | (7,049) | (7,049) | - |
| Finance lease liabilities | 19 | 7.3% | (265) | - | (265) |
| Bank overdrafts | | 10.9% | - | - | - |
| | | | <u>619</u> | <u>851</u> | <u>(232)</u> |

All other financial assets and liabilities are non-interest bearing.

Company

The Company's cash balance at year end bears interest at a variable rate of 6.4%, and reprices on a daily basis. All other financial assets and liabilities are non-interest bearing.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The risk of loss is provided for in the carrying value of financial assets. The total credit risk of assets is therefore limited to the amount carried on the balance sheet.

The Company and the Group does not have significant credit risk exposure to any single counterparty or group of counterparties. The majority of the Group's trade receivables are collected on a monthly basis through Funds or Schemes for which a Group company is the Trustee or Responsible Entity.

Foreign currency risk

The Group is exposed to foreign currency risk through its investment in a New Zealand subsidiary, and the consequent generation of foreign currency denominated earnings. Such net earnings currently comprise a small portion of the Group's total net earnings.

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| | Consolidated 2007 | 2006 | Parent entity 2007 |
|--|----------------------|---------------------|-----------------------|
| | \$'000 | \$'000 | \$'000 |
| 28. Notes to the statements of cash flows | | | |
| 28a. Reconciliation of cash flows from operating activities | | | |
| Profit for the year | 4,333 | 4,175 | - |
| <i>Adjustment for:</i> | | | |
| Loss on disposal of plant & equipment | 8 | - | - |
| Depreciation & amortisation | 1,054 | 736 | - |
| Gain on disposal of investment | (29) | - | - |
| Foreign exchange gain | - | (38) | - |
| Share of loss of associates | 73 | 70 | - |
| Income tax expenses | 1,904 | 1,812 | - |
| Operating profit before changes in working capital and provisions | <u>7,343</u> | <u>6,755</u> | <u>-</u> |
| Increase in receivables | (990) | (434) | - |
| Increase in payables | 1,286 | 114 | 50 |
| (Decrease) / increase in provisions | (56) | 560 | - |
| | <u>7,583</u> | <u>6,995</u> | <u>50</u> |
| Income tax paid | (1,658) | (2,335) | - |
| Net cash from operating activities | <u><u>5,925</u></u> | <u><u>4,660</u></u> | <u><u>50</u></u> |

28b. Non cash financing and investing activities

During the financial year ended 30 June 2007, the Group issued shares with a fair value of \$2,660,000 (refer note 22) as part of the acquisition of Strategic Asset Management Limited and Rutherford-Rede (Northland) as set out in note 5. Furthermore, \$871,000 of the consideration due in respect of Rutherford Rede (Northland) has not been paid to the vendors of that business as at 30 June 2007 under a deferred consideration agreement. These transactions are not reflected in the statements of cash flows.

29. Related parties

Key management personnel disclosure

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Non-executive directors of the Company: D de Burgh, B Honey (appointed April 2007) and P Vamos

Executive directors of the Company: B Taylor, C Lubich and D Pearce

Non-executive directors of a subsidiary: G Reynolds and P Setchell

Other KMP: R Appleyard, J Atkinson (appointed April 2006), M Bateman (appointed February 2007), G Douglas, B Dove, A Fowler (appointed September 2006), G Haskis and D Newman (appointed July 2006)

The Group's compensation framework aims to reward key management personnel with a mix of compensation appropriate to their level in the organisation and incorporates a significant weighting towards variable ("at risk") pay linked to performance. The key management personnel compensation included in "employee benefits expense" in the income statement is as follows:

| | Consolidated 2007 | 2006 | Parent entity 2007 |
|--|-------------------------|-------------------------|-----------------------|
| | \$ | \$ | \$ |
| Key management personnel compensation | | | |
| Short-term employee benefits | 3,042,238 | 2,031,207 | 455,178 |
| Other long term benefits | 90,167 | 82,559 | 13,623 |
| Post-employment benefits | 583,285 | 265,004 | 82,142 |
| Termination benefits | - | - | - |
| | <u><u>3,715,690</u></u> | <u><u>2,378,770</u></u> | <u><u>550,943</u></u> |

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29. Related parties (continued)

The key management personnel receive no compensation in relation to the management of the Company. The compensation disclosed above represents an allocation of the key management personnel's estimated compensation from the Group in relation to the Company.

As there is no direct intercompany charge or allocation of the KMP's compensation to the Company, the calculation is based on an estimate of an allocation of time.

Short term employee benefits

Includes wages, salaries, paid annual leave, bonuses and non-monetary benefits for employees. Non-monetary compensation includes the cost of car parking and fringe benefits tax.

Long term employee benefits

Includes long service leave and other long term benefits not included in other categories elsewhere that are not payable wholly within twelve months after the end of the period.

Post employment benefits

Includes contributions to superannuation and includes any allocations made by way of salary sacrifice by key management personnel.

Termination benefits

Includes severance payments made on termination of employment (excluding any payment in lieu of notice).

Individual directors and executives compensation disclosure

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by the Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the remuneration report included in section 9 of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests at year-end.

Loans to key management personnel and their related parties

No loans have been made to directors or their related parties. Loans made to other key management personnel or their related parties at any time during the reporting period are as follows:

| | Balance 1 July 2006 \$ | Balance 30 June 2007 \$ | Interest paid and payable \$ | Highest balance in period \$ |
|---|---|--|---|---|
| M Bateman | - | 80,000 | - | 80,000 |
| J Atkinson | - | 150,000 | - | 150,000 |
| G Haskis | - | 150,000 | - | 150,000 |
| D Newman | - | 150,000 | - | 150,000 |
| Total for all key management personnel and their related parties | - | 530,000 | - | 530,000 |

There were no loans outstanding to key management personnel and their related parties at 30 June 2006.

These loans were made in June 2007 pursuant to the Executive and Advisor Share Acquisition Scheme in order for the executives to subscribe for ordinary shares in the Company. Such loans are interest free for a period of 3 years and thereafter bear interest at a commercial rate, are full-recourse and are repayable no later than 1 July 2015. No amounts have been repaid during the year and the balances are expected to be fully recovered.

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29. Related parties (continued)

Movement in shares held

| | Held at July 2005 | 1 Movement for the year | Held at 30 June 2006 | Shares issued in relation to business combination | Held at 30 June 2007 |
|-------------------|----------------------|----------------------------|----------------------------|---|----------------------------|
| Directors | | | | | |
| B Taylor | 26,677,456 | - | 26,677,456 | - | 26,677,456 |
| D de Burgh | 1,352,000 | - | 1,352,000 | - | 1,352,000 |
| C Lubich | 15,581,488 | - | 15,581,488 | - | 15,581,488 |
| D Pearce | 1,352,000 | - | 1,352,000 | - | 1,352,000 |
| Executives | | | | | |
| R Appleyard | 676,000 | - | 676,000 | - | 676,000 |
| G Douglas | 275,600 | - | 275,600 | - | 275,600 |
| B Dove | 275,600 | - | 275,600 | - | 275,600 |
| A Fowler | - | - | - | 1,721,200 | 1,721,200 |
| P Setchell | 275,600 | - | 275,600 | - | 275,600 |

Plan B Group Holdings Limited was incorporated on 17 April 2007 and acquired a 100% interest in Plan B Wealth Management Ltd on that date by the issue of 208 ordinary shares for each 1 share held in Plan B Wealth Management Ltd. For purposes of disclosing movement in shares held by key management personnel, the number of shares in issue by Plan B Group Holdings Limited has been used. In respect of the period before incorporation, the number of shares in issue by Plan B Wealth Management Ltd has been converted to equivalent shares in Plan B Group Holdings Limited by applying the stated exchange ratio of 208:1.

| | 2007 | 2006 |
|--|-------------------|------------------|
| | \$ | \$ |
| <i>Key management personnel financial product information</i> | | |
| Aggregate balance of superannuation and other investments of key management personnel and their related parties in funds and schemes where a Group company acts as the trustee or responsible entity | <u>12,909,019</u> | <u>7,229,709</u> |

Key management personnel have invested in Group products at the same discounted fee rates on rates available to all Plan B Group staff.

The aggregate balance of superannuation and other investments of directors and their related parties in such funds and schemes is as follows:

| | | |
|------------|-----------|-----------|
| B Taylor | 2,656,226 | 535,944 |
| D de Burgh | 2,323,060 | 1,901,504 |
| B Honey | - | - |
| C Lubich | 1,407,615 | 247,561 |
| D Pearce | 2,750,896 | 1,589,893 |
| P Vamos | 622,667 | 385,351 |

Transactions with related parties of key management personnel

The Group is a Corporate sponsor of the West Australian Symphony Orchestra (WASO), of which Mr Taylor is a director of WASO Holdings Ltd. Payments under this sponsorship arrangement for the year were \$58,791 (2006: \$54,917).

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29. Related parties (continued)

Non-key management disclosures

Identity of related parties

The Company has a related party relationship with its subsidiaries (see note 30), its former associates (see note 14), its key management personnel and with certain superannuation funds and managed investment schemes for which a subsidiary acts as the trustee or responsible entity.

| | Consolidated | | Parent entity |
|--------------------------------------|--------------|--------|---------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| <i>Direct subsidiaries</i> | | | |
| <i>Net receivables / (payables):</i> | | | |
| Plan B Wealth Management Ltd | | | (41) |

This amount is interest free, unsecured and repayable on demand.

Indirect subsidiaries

| | | | |
|--|--|--|-------|
| <i>Net receivables / (payables):</i> | | | |
| Plan B Trustees Limited | | | 379 |
| Plan B Administration Pty Ltd | | | (738) |
| Plan B Insurance Brokers Pty Ltd | | | (11) |
| Partnership Financial Services Pty Ltd | | | 3 |
| Precedent Nominees Pty Ltd | | | (17) |

Receivables and payables with subsidiaries are interest free, unsecured and are repayable on demand.

Associates

Transactions with associates

| | | | |
|--|---|-----|---|
| Net interest received / (paid): Strategic Asset Management Limited | 1 | (5) | - |
|--|---|-----|---|

Loans:

| | | | |
|------------------------------------|---|----|---|
| Strategic Asset Management Limited | - | 33 | - |
|------------------------------------|---|----|---|

The loan bore interest at 7.3%, was unsecured and was repayable on demand.

Related Superannuation Funds and Managed Investment Schemes

Plan B Trustees Limited acts as the Trustee for the Lifetime Superannuation Fund, the Plan B Superannuation Fund, the Integral Superannuation Fund, the Plan B Eligible Rollover Fund and the Plan B Charitable Foundation. It also acts as the Responsible Entity for the Lifetime Investment Service, the Plan B Common Fund (Corporate), the Plan B Common Fund (Call), Profile 45, Profile 55, Profile 65, Profile 75, Profile 85, Profile 95, Profile Fixed Interest, Profile Australian Shares, Profile International Shares, Profile International Shares (Hedged) and the Integral Investment Service.

| | Consolidated | | Parent entity |
|--|--------------|--------|---------------|
| | 2007 | 2006 | 2007 |
| | \$'000 | \$'000 | \$'000 |
| <i>Transactions with funds and schemes</i> | | | |
| Fee income | 22,732 | 19,326 | - |
| <i>Amounts receivable from funds and schemes</i> | | | |
| Receivables | 2,450 | 1,926 | - |

Plan B Group Holdings Limited annual financial report
Notes to the financial statements
For the year ended 30 June 2007

| 30. Group entities | Country of incorporation | Ownership Interest | |
|---|-----------------------------|-----------------------|------|
| | | 2007 | 2006 |
| Parent entity | | % | % |
| Plan B Group Holdings Limited | Australia | | |
| Direct subsidiaries | | | |
| Plan B Wealth Management Ltd | Australia | 100 | |
| Indirect subsidiaries | | | |
| Plan B Trustees Limited | Australia | 100 | 100 |
| Plan B Administration Pty Ltd | Australia | 100 | 100 |
| Plan B Insurance Brokers Pty Ltd | Australia | 100 | 100 |
| Partnership Financial Services Pty Ltd | Australia | 100 | 100 |
| Precedent Nominees (WA) Pty Ltd | Australia | 100 | 100 |
| Fiduciary Analytics (Australasia) Pty Ltd | Australia | 100 | 100 |
| FI360 Pty Ltd | Australia | 100 | 100 |
| Strategic Asset Management Limited | New Zealand | 100 | 25 |

31. Commitments

The Group has agreed to utilise the fiduciary support services of fi360 (Australasia) Limited, a former Group associate company. It is expected that the value of such services during the 2008 financial year will not be less than \$91,000.

32. Subsequent events

Subsequent to the end of the financial year, the Company issued and allotted 17,400,000 ordinary shares at \$1 per share, and was admitted to the Australian Stock Exchange on 12 July 2007. The proceeds from the issue of shares, after taking into account issue costs of \$1,769,000, have been utilised to initially repay Group debt of \$9,437,000. The balance of the proceeds are available to the Group to pursue acquisition and other growth activities.

There has not arisen in the interval between the end of the financial year and the date of this report, any other 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.

Plan B Group Holdings Limited annual financial report

Directors' declaration

For the year ended 30 June 2007

1. In the opinion of the directors of Plan B Group Holdings Limited (the "Company"):

(a) the financial statements, notes and additional remuneration disclosures contained in the section 9.1 and 9.2 of the Directors' report designated as audited are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's and of the Group's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial statements also comply with International Financial Reporting Standards.

2. There are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2007.

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
Executive Chairman

Perth
28 August 2007



**Lead Auditor's Independence Declaration under Section 307C of the Corporation 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 audit for the year ended 30 June 2007, there have been:

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

KPMG

D P McComish
Partner

Perth
28 August 2007



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

Report on the financial report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Plan B Group Holdings Limited (the Company), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in sections 9.1 and 9.2 of the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the Company are responsible for the preparation and fair presentation of the 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 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. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group and Company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and



the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with Australian Accounting Standard AASB 124.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of Plan B Group Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Auditor's opinion on AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in sections 9.1 and 9.2 of the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

KPMG

D P McComish
Partner

Perth
28 August 2007