Plan B Group Holdings Limited
Annual General Meeting

25 November 2008

Chairman and Managing Director Addresses

Chairman – Mr Bryan Taylor

Twenty one years ago, the genesis of Plan B occurred after the event known as the Great Share Market Crash of October 1987. Very quickly, we discovered that the fledgling personal advice industry and the product manufacturers did not serve clients as well as we thought they could and within a few months we had set up a new company that had two main principles:

- Fee for service – where we only ever earn money by serving the client and no money by selling products to them; and
- Independence from product manufacturers.

Over the intervening period, we have enhanced our understanding of what is required to serve today's generation of clients, many of whom are still in the workforce and who have potentially decades of time ahead during which they will depend on the efficacy of their investment approach and their close relationship with their fiduciary adviser.

One of the main reasons that we listed Plan B on the ASX last year was to ensure that we could continue to manage and grow a company that stood aloof from the product manufacturing giants. The destiny of the company and the returns for our clients are entwined. Keeping away from exotic product offers during boom times requires discipline and restraint as well as a belief system. However our methods are proven to provide the close to market returns on which our clients depend if they are to achieve their life goals.

And now, years on from that beginning, we are confronted with a set of circumstances somewhat similar to the Crash that spawned the company.

How has it been for us this time around?

The first thing that I would like to make clear is that Plan B has reviewed every aspect of its investment approach over the last year and again over the last few months. We have tested our views and the science behind our "evidence based investing" and are convinced that our methodologies are structurally sound regardless of the future outcomes in world economics.

We have also considered how our strategies have stood up over this testing period. We can confidently state that while we did not (and in our view, we don't want to) reduce the market risk for our clients; we did keep every asset class well clear of unrewarding risks. None of our funds are frozen and there are no illiquid assets in our short term, medium term or even our long term portfolios. All our Core Portfolios and our Market Portfolios, where most Plan B clients invest their moneys, are transparent and true to label.

Our performances have been at a very high level when compared to peers and in line with expectations when compared to indices. That we can translate this transparency and predictability into the actual results needed by clients suggests that some of our competitors/product manufacturers may have problematic futures with their less than transparent investment philosophies.

Recently, I read the following in one of the industry journals about a super fund that the researchers highly regard….

> "…with investment returns that are routinely among the very best in the industry.
>
> But where the fund really stands out from the crowd is how their pioneering strategy of investing into infrastructure projects like hospitals, airports and tollways, and development capital, rather than focusing on traditional assets, has totally changed the industry paradigm."

(Financial Standard Newsletter Monday, 10 November 2008)

From Plan B's perspective, we have no problem with funds investing in assets such as those lauded above but we have a great difficulty in understanding how real valuations can occur during times of volatility that are suitable for all members whether staying or leaving. We also feel uncomfortable trying to value such assets, both at the time of investment and on a daily basis. The evidence also shows that these assets do not outperform small companies after the risk of illiquidity is taken into account. Meanwhile, some promoters and commentators are currently telling the public how their investments have retained their value regardless of the Credit Panic, but commonsense tells us that cannot be so.

At Plan B, we will remain liquid and transparent. We believe that the market will continue to go up and down, sometime dramatically and the best that we can do for our clients is to efficiently and effectively ensure that they get the best return possible from our risk adjusted asset allocation and pay as little in transaction costs and tax as possible over their lifetimes.

In short, Plan B has come through this last Panic with its strategies intact, but even more so, proven once again.

However, while that covers off what it is that we do for our clients – our reason for being - the fact is that the significant reductions in asset values have changed the business equation. Our board and executive team took decisive action once the Panic took hold and reduced costs at the top end of our business. Management and staff have also combined efforts to make the continuing improvements that will further reduce our costs of operation through the coming years, whilst not harming our ability to continue to grow the company. Our Managing Director, Denys Pearce will elaborate further on this in his address.

Before handing over to Denys, I would also like to mention some developments from a Board perspective.

Pauline Vamos left our Board with effect from 1 July 2008, having earlier been successful in securing the role of CEO of The Association of Super Funds in Australia. Pauline's extensive experience in the financial services industry and specialist skills in strategic compliance, risk management and regulatory issues have been greatly valued by myself and the other directors. We look forward to the difference I am confident she will make to the future role and contribution of this important industry body.

A search process has identified a number of potential new non-executive director candidates. However, in light of the broader environment, it is seen as an opportune time to not to incur the cost of a replacement director and accordingly we will not look to make a new appointment in the short term. This means a greater workload for the remaining board members and I wish to thank them for their continued commitment and willingness to take this on.

In support of this situation we have restructured the activities of two of our Board Committees. The Risk Management and Governance Committee and the Audit Committee will be combined to form a single Audit and Risk Management Committee. This Committee will be chaired by Mr Barry Honey, in whose able hands I am sure it will discharge its combined responsibilities most efficiently and effectively.

I would also like to thank Mr Paul Setchell, for his work in chairing the Audit Committee up to this point. His careful leadership in that role over several years has ensured that committee is well able to assume the additional responsibilities of risk management for the group.

I would now like to hand over to the Managing Director for his address in relation to company performance and future directions.

<u>Managing Director – Mr Denys Pearce</u>

Thank you Bryan.

Reflecting on the actual performance achieved in 2007/08, it really was a year of two halves. In the first half, our successful IPO and listing combined with strong growth in FUMA and successes in the PFS Affinity Partner program to give us great momentum. That momentum carried us well into the second half, but ultimately the poor equity market performance constrained revenues and required management to carefully consider costs and expansionary activity. The effect of this wind down in performance on revenue and profits is able to be seen in the analysis of the two halves of FY2008.

Notwithstanding the challenging conditions, Plan B achieved:

- Net inflows of new client funds throughout the year
- An increase in overall FUMA, revenues and Net Profit After Tax
- Dividend payments to shareholders in excess of the prospectus forecast

The decline in world stock markets and the re-pricing of risk in global credit markets in the past 12 months has been extraordinary. The media has happily fed the resulting anxiety amongst investors – as Peter Goldsworthy recently described the media in an article in The Weekend Australian:

> "…the Daily Breathlessness that feeds our panic and our anger, and feeds off them, for our media gives us exactly what we want…"

(The Weekend Australian, Review, Nov 15-16, pg 2)

In response, my address today is largely directed to one of the themes of the 2007 AGM address, the sustainability of the company.

We identified in the Prospectus that the number one specific risk factor for the Company was declining share markets and the number one general risk factor was stock market fluctuations. We have certainly seen an abundance of both of these over the past 12 months!

So we have to accept that the key drivers of current business performance are market and investor sentiment. Whilst there is nothing we can do about the first, there is a whole lot we can do - and are doing - with clients to prevent the second causing emotional/irrational responses. As the chairman of the giant US mutual fund group Vanguard recently said when addressing the annual conference of the Association of Superannuation Funds of Australia in Auckland:

> *"It would be a tragedy if all investors – young savers just starting out or those near retirement – abandoned the long-term benefits of investing in equities because of recent experience."*

So a lot of effort is being made by our advisors to help our clients put recent events into perspective, to maintain their long-term focus, and to tune out from the daily tirade of ill-informed and speculative comment that is carried to them via the print and electronic media, and well-intentioned colleagues and friends.

Plan B has three areas of focus in respect of clients and prospective clients:

- Protecting revenue streams via enhanced communication with clients;
- Encouraging prospective clients to see this as an opportunity to minimise the tax consequences of exiting less robust investment structures and products; and
- Encouraging existing clients to see this as a buying opportunity. Whilst anxious, our clients remain committed to their long term investment horizon and thus engagement in the market. Withdrawals in the first 4 months of this financial year are up just 3.7% compared to the average during the previous financial year. Overall net new inflows onto platform in the 1st four months of FY2009 remain positive.

We believe these are appropriate areas of focus in our role as trusted advisers and investment fiduciaries for our clients and will preserve one of the key assets of the Company - our loyal and stable client base.

Plan B's FUMA and revenue is not immune to the deflation in asset values that has occurred since the markets peaked in late 2007, however we do have some in-built protection:

- Our clients are well educated, not excessively leveraged into the market, and are engaged in a trusting relationship with their advisors and the Company;

- We have a very robust investment philosophy – based on the essential foundations of transparency, liquidity and continuous mark to market of all assets. For example our cash investments are highly liquid, high quality and invested with an Authorised Deposit-taking Institution (ADI) rated A+, with zero (0%) exposure to structured products, junk-bonds or failed institutions; and

- The growth in our Partnership Financial Services affinity partner distribution channel – on platform FUMA was up 14.25% during the quarter ended 30 September 2008.

When we look at a macro picture, it appears that Plan B's FUMA is holding up better than the overall industry. Using data sourced from DEXX&R for the 12 months to September 30 2008:

- Total Retail & Wholesale FUMA across Australia was down 17.4% whereas Plan B's on platform FUMA was down just 12%;

- Total Personal Superannuation FUMA was down 18.6% whereas Plan B's superannuation funds were down just 13.5%; and

- Total Retail Investment FUMA was down 21.5% whereas Plan B's investment funds were down just 12%.

(Source: DEXX&R Digest's "Analysis Market Share (Leading Indicator) - September 2008" released 6 November)

Given the volatile and unpredictable nature of investment markets, management's focus is not on what we can't control, but what we can, in particular reducing expenses. Although around 70% of our non staff costs are largely fixed in the short to medium term - including items such as audit fees, APRA levies and other regulatory and government charges, insurances, IT costs and accommodation – we have a company-wide program in place targeting significant savings in total operating costs in FY2009 compared to FY2008. Areas of action thus far include:

- Significant reductions in Directors' and other senior management fixed and variable remuneration;

- Significant reductions in advisor fixed and variable remuneration;

- Reductions in other areas of discretionary expenses (eg. travel, accommodation, marketing and communications);

- The deferral of some out-sourced project costs; and

- A general focus on cost containment and productivity improvements in all business units.

The full benefits of these initiatives will take some time to manifest completely. The Company's reduced cost base positions it well to maximise the earnings recovery when markets improve and inorganic growth accelerates.

No one knows how long or how deep the current market downturn will be. Clearly Plan B's FUMA and revenue have been adversely affected, with profitability also impacted, commensurate with the declines in investment markets. However nothing has transpired in the past 12 months that our business systems and investment philosophy were not intended to endure. Your Directors remain confident this will continue to be the case. Non-organic growth opportunities still exist and management continues to progress several opportunities in Australia and New Zealand towards fruition. Plan B's investment platform is scalable and the Board is confident of increased earnings with future growth in FUMA. The Company's balance sheet and cash flows remain strong.

I summary, Plan B is still resourced and positioned for growth. Whilst the rate of progress has been arrested due to the current market turmoil, we remain focused, patient and committed to our clients and shareholders alike. I reiterate my comments in the 2008 Annual Report: "I have every confidence that in the medium to long term shareholders will look back on this period during which the foundations for our significant future success were built with sound and strategic intent."

Perth, WA
25 November 2008