

**Professional Investment Holdings Limited  
and its controlled entities  
ACN 074 949 429**

**31 December 2009  
Consolidated Interim Financial Report**

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This consolidated interim financial report should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2009.

## Professional Investment Holdings Limited and its controlled entities

### Directors' report

The directors present their report together with the consolidated financial report for the six months ended 31 December 2009 and the review report thereon.

#### Directors

The directors of the Company at any time during or since the end of the interim period are:

#### Name

##### Non-executive

Stephen Murphy	Director and chairman since 26/07/1996
Kenneth Butler	Appointed: 26/07/1996
Christopher Castles	Appointed: 24/12/1999
Anthony Mulligan	Resigned: 20/10/2009
Stephen Trist	Resigned: 29/09/2009
Benjamin Weinglass	Resigned: 30/09/2009
Elizabeth Flynn	Resigned: 13/07/2009
Gregory Whimp	Appointed: 11/01/2009

##### Executive

Robert Bennetts	Director and Chief Executive Officer since 26/07/1996
Grahame Evans	Appointed: 15/11/2006

#### Review of operations

A summary of the consolidated revenues and results are set out below:

<i>In AUD</i>		Half-year Dec 2009 \$	Half-year Dec 2008 \$
Total gross revenue		111,866,430	116,624,127
Profit/(loss) before provisions, impairment and taxation		1,535,131	(1,225,185)
Net provisions raised/(recovered) during the period	16	4,323,234	(230,680)
Impairment expense/(recovery)		220,747	(1,010,761)
Profit/(loss) before taxation		(3,008,850)	16,256
Loss after taxation		(3,403,415)	(766,634)
Profit attributable to outside equity holders		614,919	660,069
Net loss attributable to members		(4,018,334)	(1,426,703)

The consolidated entity provides authorised representatives with the support that they require in order to provide their clients with financial planning and investment advice.

# Professional Investment Holdings Limited and its controlled entities

## Directors' report

### **Significant changes in state of affairs**

There have been no significant changes in the state of affairs of the consolidated entity during the interim period, other than as discussed above.

### **Subsequent events**

Except as described below, there were no events that materially affected the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, subsequent to the interim balance sheet date.

On the 18<sup>th</sup> February 2010 the directors of the Company proposed to acquire the issued shares of Ventura Investment Management Limited, not owned by the Company, in return for the issue of shares in the Company. This offer is currently under consideration by the independent directors of Ventura Investment Management Limited.

### **Lead auditor's independence declaration under Section 307c of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 18 and forms part of the directors' report for the six months ended 31 December 2009.

Signed in accordance with a resolution of the directors:

Dated at Bundall this 12<sup>th</sup> day of March 2010



Kenneth Butler  
Director

Professional Investment Holdings Limited and its controlled entities  
Consolidated interim statement of comprehensive income  
For the six months ended 31 December 2009

<i>In AUD</i>	Note	31 Dec 2009 \$	31 Dec 2008 \$
Advice revenue & product margins received		106,111,163	109,828,639
Advice revenue fees paid		(83,202,193)	(87,765,246)
<b>Net advice revenue</b>		<b>22,908,970</b>	<b>22,063,393</b>
Wholesale clients & service fees revenue		446,701	444,727
Retail & wholesale asset fees		1,144,713	965,895
Recoveries		645,313	660,195
Rent revenue		1,715,298	832,721
Gain on sale of controlled entity		455,474	-
Foreign exchange gains/(losses)		(307,982)	1,057,931
Audit fees – auditors of the Company		(290,849)	(185,698)
Audit fees – other auditors		(90,622)	(92,308)
Client claims	16	(4,323,234)	230,680
Communication expenses		(268,487)	(320,214)
Computer expenses		(328,749)	(216,653)
Conference expenses		(442,002)	(1,386,815)
Depreciation & amortization		(814,943)	(962,949)
Director fees & expenses		(192,504)	(256,365)
Employee benefits & expenses		(11,645,772)	(13,841,865)
Entertainment		(113,055)	(162,939)
Insurance		(1,932,140)	(1,237,129)
Impairment (expense)/reversal		(220,747)	1,010,761
License, subscription & registration expense		(556,772)	(286,146)
Marketing & promotion		(663,409)	(874,634)
Management fee		(419,338)	(47,758)
Overseas expense		(25,224)	(71,131)
Other expenses		(539,920)	(86,281)
Printing, stationery & postage		(284,617)	(433,674)
Professional & consulting fees		(2,294,294)	(2,161,529)
Property costs		(3,336,860)	(3,044,405)
Share option expense		(11,520)	(11,527)
Travel & accommodation		(612,212)	(789,072)
<b>Results from operating activities</b>		<b>(2,398,783)</b>	<b>797,211</b>
Dividend income		149	20,291
Finance income		1,312,896	1,542,287
Distribution income reinvested		34,723	-
Interest, bank charges & borrowing expenses		(1,957,835)	(2,343,533)
<b>Net financing expense</b>		<b>(610,067)</b>	<b>(780,955)</b>
Share of losses of associates		-	-
<b>Profit/(loss) before tax</b>		<b>(3,008,850)</b>	<b>16,256</b>
Income tax expense		(394,565)	(782,890)
<b>Loss after tax for the period</b>		<b>(3,403,415)</b>	<b>(766,634)</b>

The condensed notes on pages 10 to 14 are an integral part of these consolidated interim financial statements.

Professional Investment Holdings Limited and its controlled entities  
 Consolidated interim statement of comprehensive income (continued)  
 For the six months ended 31 December 2009

*In AUD*

	Note	31 Dec 2009 \$	31 Dec 2008 \$
<b>Other comprehensive income</b>			
Foreign currency translation differences for foreign operations		(395,923)	1,853,395
Change in fair value of investments		174,398	(362,919)
Change in fair value of investments transferred to profit or loss		49,987	362,919
<b>Other comprehensive income/(loss) for the period</b>		<b>(171,538)</b>	<b>1,853,395</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(3,574,953)</b>	<b>1,086,761</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		(4,018,334)	(1,426,703)
Minority interest		614,919	660,069
<b>Profit / (loss) for the period</b>		<b>(3,403,415)</b>	<b>(766,634)</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the company		(4,358,697)	264,517
Minority interest		783,744	822,244
<b>Total comprehensive income/(loss) for the period</b>		<b>(3,574,953)</b>	<b>1,086,761</b>

The condensed notes on pages 10 to 14 are an integral part of these consolidated interim financial statements.

# Professional Investment Holdings Limited and its controlled entities

## Consolidated interim statement of changes in equity

For the six months ended 31 December 2009

<i>In AUD</i>	Share capital	Foreign currency translation reserve	Fair value reserve	Share option reserve	Retained earnings	Total	Minority interest	TOTAL
Balance at 1 July 2008	37,187,173	(1,023,644)	(33,889)	126,593	10,436,488	46,692,721	6,567,172	53,259,893
Total comprehensive income for the period	-	-	-	-	(1,426,703)	(1,426,703)	660,069	(766,634)
Profit/(loss) for the period	-	-	-	-	-	-	-	-
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	1,691,220	-	-	-	1,691,220	162,175	1,853,395
Net change in fair value of available for sale assets	-	-	-	-	-	-	-	-
Total other comprehensive income	-	1,691,220	-	-	-	1,691,220	162,175	1,853,395
Total comprehensive income for the period	-	1,691,220	-	-	(1,426,703)	264,517	822,244	1,086,761
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-
Dividends to equity owners	-	-	-	-	-	-	-	-
Redemption of shares	(342,036)	-	-	-	-	(342,036)	-	(342,036)
Share option expensed over vesting period	-	-	-	11,527	-	11,527	-	11,527
Total contributions by and distribution to owners	(342,036)	-	-	11,527	-	(330,509)	-	(330,509)
Change in ownership interest in subsidiaries	-	-	-	-	-	-	(512,578)	(512,578)
Dividends to minority owners	-	-	-	-	-	-	1,970	3,666
Dilution gains/(losses)	-	-	-	-	1,696	1,696	-	215,267
Issue of shares	-	-	-	-	-	-	-	-
Total change in ownership interest in subsidiaries	-	-	-	-	1,696	1,696	(295,341)	(293,645)
Total transactions with owners	(342,036)	-	-	11,527	1,696	(328,813)	(295,341)	(624,154)
<b>Balance at 31 December 2008</b>	<b>36,845,137</b>	<b>667,576</b>	<b>(33,889)</b>	<b>138,120</b>	<b>9,011,481</b>	<b>46,628,425</b>	<b>7,094,075</b>	<b>53,722,500</b>

The condensed notes on pages 10 to 14 are an integral part of these consolidated interim financial statements.

# Professional Investment Holdings Limited and its controlled entities

## Consolidated interim statement of changes in equity (continued)

For the six months ended 31 December 2009

<i>In AUD</i>	Share capital	Foreign currency translation reserve	Fair value reserve	Share option reserve	Retained earnings	Total	Minority interest	TOTAL
Balance at 1 July 2009	36,839,810	(380,384)	-	140,427	(11,816,018)	24,783,835	6,960,366	31,744,201
Total comprehensive income for the period	-	-	-	-	(4,018,334)	(4,018,334)	614,919	(3,403,415)
Profit/(loss) for the period	-	-	-	-	-	-	-	-
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	(378,526)	-	-	-	(378,526)	(17,397)	(395,923)
Net change in fair value of available for sale assets	-	-	38,163	-	-	38,163	186,222	224,385
Total other comprehensive income	-	(378,526)	38,163	-	-	(340,363)	168,825	(171,538)
Total comprehensive income for the period	-	(378,526)	38,163	-	(4,018,334)	(4,368,697)	783,744	(3,574,953)
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	-
Dividends to equity owners	-	-	-	-	-	-	-	-
Redemption of shares	-	-	-	-	-	-	-	-
Share option expensed over vesting period	-	-	-	11,520	-	11,520	-	11,520
Total contributions by and distribution to owners	-	-	-	11,520	-	11,520	-	11,520
Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	-
Dividends to minority owners	-	-	-	-	-	-	(777,580)	(777,580)
Dilution gains/(losses)	-	-	-	-	34,313	34,313	(34,313)	-
Issue of shares	-	-	-	-	-	-	-	-
Total change in ownership interest in subsidiaries	-	-	-	-	34,313	34,313	(811,893)	(777,580)
Total transactions with owners	-	-	-	11,520	34,313	45,833	(811,893)	(766,060)
<b>Balance at 31 December 2009</b>	<b>36,839,810</b>	<b>(758,910)</b>	<b>38,163</b>	<b>151,947</b>	<b>(15,800,039)</b>	<b>20,470,971</b>	<b>6,932,217</b>	<b>27,403,188</b>

Amounts are stated net of tax

The condensed notes on pages 10 to 14 are an integral part of these consolidated interim financial statements.

Professional Investment Holdings Limited and its controlled entities  
Consolidated interim balance sheet  
As at 31 December 2009

<i>In AUD</i>	Note	31 Dec 2009 \$	30 Jun 2009 \$
<b>Assets</b>			
Cash and cash equivalents		8,906,884	11,676,057
Trade and other receivables		32,084,142	40,271,930
Tax assets		4,624,144	3,015,611
Other assets		5,189,916	8,114,761
<b>Total current assets</b>		<b>50,805,086</b>	<b>63,078,359</b>
Trade and other receivables		14,158,328	17,153,221
Other assets		1,684,578	1,720,367
Investments	10	2,803,166	2,605,391
Investments accounted for using the equity method		43,282	43,282
Deferred tax assets	15	11,150,880	11,023,973
Property, plant and equipment	6	2,498,599	2,802,417
Intangible assets	7	9,406,427	12,669,005
Inventory	13	32,000,000	32,000,000
<b>Total non-current assets</b>		<b>73,745,260</b>	<b>80,017,656</b>
<b>Total assets</b>		<b>124,550,346</b>	<b>143,096,015</b>
<b>Liabilities</b>			
Trade and other payables		29,731,921	39,433,665
Loans and borrowings	12	7,460,667	20,755,747
Employee benefits		857,080	1,074,783
Provisions	9	5,373,806	8,845,701
<b>Total current liabilities</b>		<b>43,423,474</b>	<b>70,109,896</b>
Trade and other payables		5,844,022	6,348,460
Loans and borrowings	12	36,793,346	29,000,000
Employee benefits		846,732	727,681
Provisions	9	10,239,584	5,165,777
<b>Total non-current liabilities</b>		<b>53,723,684</b>	<b>41,241,918</b>
<b>Total liabilities</b>		<b>97,147,158</b>	<b>111,351,814</b>
<b>Net assets</b>		<b>27,403,188</b>	<b>31,744,201</b>
<b>Equity</b>			
Issued capital		36,839,810	36,839,810
Foreign currency translation reserve		(758,910)	(380,384)
Fair value reserve		38,163	-
Share option reserve		151,947	140,427
Retained earnings		(15,800,039)	(11,816,018)
<b>Total equity attributable to equity holders of the parent</b>		<b>20,470,971</b>	<b>24,783,835</b>
<b>Minority interest</b>		<b>6,932,217</b>	<b>6,960,366</b>
<b>Total equity</b>		<b>27,403,188</b>	<b>31,744,201</b>

The condensed notes on pages 10 to 14 are an integral part of these consolidated interim financial statements.

Professional Investment Holdings Limited and its controlled entities  
Consolidated interim statement of cash flows  
For the six months ended 31 December 2009

In AUD

	31 Dec 2009	31 Dec 2008
	\$	\$
<b>Cash flows from operating activities</b>		
Cash receipts from customers	121,798,034	149,545,272
Cash paid to suppliers and employees	(121,735,692)	(152,137,208)
Cash generated from/(used in) operations	62,342	(2,591,936)
Income taxes paid	(2,130,006)	(3,539,067)
<b>Net cash used in operating activities</b>	<b>(2,067,664)</b>	<b>(6,131,003)</b>
<b>Cash flows from investing activities</b>		
Interest received	1,526,263	1,542,285
Dividends received	149	20,291
Loans to advisors	(138,674)	(3,599,791)
Repayments from advisors	290,240	488,136
Proceeds from sale of investments	1,466,416	-
Acquisition of investments and intangible assets	(86,703)	-
Acquisition of property, plant and equipment	(309,759)	(936,981)
<b>Net cash from/(used in) investing activities</b>	<b>2,747,932</b>	<b>(2,486,060)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	-	215,269
Payment for redemption of share capital	-	(342,036)
Repayment of borrowings	(5,501,734)	(12,533,800)
Repayments from external borrowers	5,048,702	3,946,311
Interest and borrowing expenses paid	(2,000,188)	(333,156)
Dividends paid	(777,580)	(512,578)
<b>Net cash used in financing activities</b>	<b>(3,230,800)</b>	<b>(9,559,990)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,550,532)</b>	<b>(18,177,053)</b>
Cash and cash equivalents at 1 July	11,676,057	36,506,480
Effect of exchange rate fluctuations on cash held	(218,641)	10,040
<b>Cash and cash equivalents at 31 December</b>	<b>8,906,884</b>	<b>18,339,467</b>

# Professional Investment Holdings Limited and its controlled entities

## Condensed notes to the consolidated interim financial report

### For the six months ended 31 December 2009

#### 1. Reporting entity

Professional Investment Holdings Ltd (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2009 is available upon request from the Company's registered office at Level 16 Corporate Centre, Cnr Bundall Road and Slatyer Avenue, Bundall, Queensland 4217.

#### 2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reports* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2009.

This consolidated interim financial report was approved by the Board of Directors on the 12<sup>th</sup> March 2010.

#### 3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its annual financial report as at and for the year ended 30 June 2009.

##### (a) Changes in accounting policy

##### (i) Presentation of financial statements

The Group applies revised AASB101 Presentation of Financial Statements, which became effective as of 1 July 2009. As a result the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these interim financial statements as of and for the six months period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects.

#### 4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ending 30 June 2009.

The key accounting estimates with significant areas of uncertainty and critical judgements are described in the following notes;

- Note 5 - Going concern
- Note 7 - Goodwill & intangible assets recoverable amount
- Note 9 - Provisions
- Note 13 - Net realisable value of inventories
- Note 15 - Recognition of deferred tax assets
- Note 16 - Contingencies

## Professional Investment Holdings Limited and its controlled entities

### Condensed Notes to the Consolidated Interim Financial Report

For the six months ended 31 December 2009

#### 5. Going Concern

The interim financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

During the interim period ended 31 December 2009, the Group incurred a net loss before tax of \$3 million after provisions for client claims and impairment expense of \$4.5 million. Net cash outflow from operations was \$2.1 million after payments of client claims of \$5.9 million. As at 31 December 2009, the Group has net assets of \$27.4 million, net tangible assets of \$6.85 million and net current assets of \$7.4 million.

The following occurred during and after the six months ended 31 December 2009:

- A Group entity renegotiated its borrowing covenants with a financier during the interim period to extend the repayment terms for the finance facility to progressively repay the loan by 30 November 2011. A repayment of \$1.8 million is required to be paid prior to 31 October 2010 of which \$1.6 million is expected to be funded by repayments by external borrowers and the balance of \$0.2 million by the Group entity.
- The main operating entity in the Group is required to comply at all times with the terms of its Australian Financial Services Licence (AFSL). There is a view that the entity potentially breached a condition of its AFSL. The entity has obtained legal advice to support that, during the interim period, it is not in breach of this condition and is currently discussing the circumstances causing the potential breach with both external specialists and the Australian Securities and Investments Commission.

Management have prepared cash flow projections for a period that covers 12 months from the date of the directors declaration that support the Group's ability to continue as a going concern. The achievement of these cash flow projections is dependent on the following assumptions:

- The Group generating sufficient cash from operating activities to pay estimated client claims of \$13.7 million, net of expected insurance recoveries, within the next 12 months (including an allowance for claims where no liability is admitted);
- Achieving forecast revenue and cash inflows generated by the Group's financial planning business;
- No further significant client claims or other litigious matters arising requiring settlement;
- No financiers requiring repayment of their debt facilities, other than those already classified as current liabilities; and
- The Group's main operating subsidiary continuing to hold its Australian Financial Services Licence.

The directors of the Company are of the view that each of the above assumptions are both realistic and achievable, and accordingly that the Group will be able to continue as a going concern. If the assumptions are not achieved and additional funding is required within the next 12 months, the directors intend raising additional debt or equity finance, however there is an inherent uncertainty as to whether or not this alternate funding could be raised.

In the event that the Group cannot continue as a going concern, the Group may not realise its assets or settle its liabilities in the normal course of operations and at the amounts stated in the financial statements.

#### 6. Property, plant and equipment

##### Acquisitions

During the six months ended 31 December 2009 the Group acquired assets with a cost of \$309,759 (six months ended 31 December 2008: \$936,981).

**Professional Investment Holdings Limited and its controlled entities**  
**Condensed Notes to the Consolidated Interim Financial Report**  
**For the six months ended 31 December 2009**

**7. Intangible assets**

**Acquisitions**

During the six months ended 31 December 2009 the Group acquired intangible assets with a cost of \$86,703 (six months ended 31 December 2008: \$Nil).

The Group performed its half yearly impairment testing of goodwill and intangible assets during the six months ended 31 December 2009. \$221,342 of impairment reversals were recognised in the half year ended 31 December 2009 (six months ended 31 December 2008: impairment loss of \$691,627).

**8. Related parties**

Arrangements with related parties continue to be in place. For details of the arrangements refer to the 30 June 2009 annual financial report.

**9. Provisions**

	Dec 2009	June 2009
Balance at 1 July	14,011,478	36,434,788
Claims settled during the period	(751,665)	(1,188,000)
Provisions – unwound discount	272,577	1,485,847
Provisions – reassessed	(461,366)	(1,905,756)
Transferred to payables	-	(29,373,079)
Provisions raised during the year	2,542,366	8,557,678
	<b>15,613,390</b>	<b>14,011,478</b>
Current	5,373,806	8,845,701
Non current	10,239,584	5,165,777
	<b>15,613,390</b>	<b>14,011,478</b>

The Directors have reviewed this provision and have determined that no further matters have arisen during the half year ended 31 December 2009 or to date of this report that would materially change the provision.

Refer to the 30 June 2009 annual financial report for further information regarding provisions recognised.

**10. Investments**

An impairment loss of \$49,987 was recognised by the Group during the half year ended 31 December 2009 (six months ended 31 December 2008: \$362,918) on investments available for sale due to a significant and/or sustained reduction in value. In addition, an impairment loss recognised in a prior year was reversed during the period, resulting in an increase to the fair value reserve of \$224,385 and a corresponding increase in investments.

**11. Dividends**

**Dividends Paid**

De Run Securities Pty Ltd Nil (2008: \$3.97 per share fully franked).

Ventura Investment Management Limited 11 Dec 2009: \$0.10 per share fully franked (2008: \$0.08 per share fully franked).

Associated Advisory Practices Limited 18 Sept 2009: \$0.10 per share fully franked (2008: \$0.04 per share fully franked).

Associated Advisory Practices (No 2) Ltd 18 Sept 2009: \$0.06 per RPS 0.0003 per A class and fully franked (2008: Nil).

	Dec 2009	Dec 2008
De Run Securities Pty Ltd Nil (2008: \$3.97 per share fully franked).	-	70,400
Ventura Investment Management Limited 11 Dec 2009: \$0.10 per share fully franked (2008: \$0.08 per share fully franked).	339,140	271,312
Associated Advisory Practices Limited 18 Sept 2009: \$0.10 per share fully franked (2008: \$0.04 per share fully franked).	427,190	170,866
Associated Advisory Practices (No 2) Ltd 18 Sept 2009: \$0.06 per RPS 0.0003 per A class and fully franked (2008: Nil).	11,250	-
	<b>777,580</b>	<b>512,578</b>

**Professional Investment Holdings Limited and its controlled entities**  
**Condensed Notes to the Consolidated Interim Financial Report**  
**For the six months ended 31 December 2009**

**12. Loans and borrowings**

The following loans and borrowings were issued and repaid during the six months ended 31 December 2009.

*In AUD*

	Dec 2009	June 2009
Loans and borrowings at 1 July	49,755,747	19,306,607
New issues	-	43,118,135
Repayments	(5,501,734)	(12,668,995)
Loans and borrowings end of period	<u>44,254,013</u>	<u>49,755,747</u>

During the 30 June 2009 financial year and current period, the Company acts as a guarantor for loans in respect of a wholly owned subsidiary. During the period, the Company breached certain covenants relating to these loans, resulting in the loans being classified as current at 30 June 2009. The terms of these loans were re-negotiated during the period and the loans have been re-classified based on the revised repayment terms.

**13. Inventory**

*In AUD*

Inventory – property development project at net realisable value

	Dec 2009	June 2009
Inventory – property development project at net realisable value	<u>32,000,000</u>	<u>32,000,000</u>

The Group performed a net realisable value assessment of inventory at 31 December 2009. There is no indication that the net realisable value of inventory has changed at 31 December 2009 and no write-down has been made (half year ended 31 December 2008: nil write down).

Refer to the 30 June 2009 annual financial report for further information regarding the net realisable value of inventories.

**14. Financial risk management**

The Group's financial risk management objectives and policies are consistent with that disclosed in the annual financial report as at and for the year ended 30 June 2009.

**15. Deferred tax assets**

The deductible temporary differences and tax losses do not expire under current tax legislation. The recoverability of deferred tax assets has been supported by projections prepared by management which indicate that the deferred tax assets will be recouped from earnings to be achieved over a period of approximately 4 years. In the event that the projected earnings are not achieved, an amount of the deferred tax asset may require write-off in future financial years

## Professional Investment Holdings Limited and its controlled entities

### Condensed Notes to the Consolidated Interim Financial Report

For the six months ended 31 December 2009

#### **16. Contingencies**

The directors are of the opinion that a provision is not required in respect of the following matters as it is not probable that a future sacrifice of economic benefit will be required.

#### **Claims**

A subsidiary is subject to legal claims in the ordinary course of business, primarily relating to client claims. Liabilities have been recognised for the amount of client claims where it is expected that a future payment of economic benefits will be required and the amount is capable of reliable measurement.

Further amounts may arise beyond the claims recognised, and it is impractical to quantify the amount of the contingent liability. However, if an additional liability was significant it may have a material adverse impact on the financial position of the Group.

#### **17. Subsequent events**

Except as described below, there were no events that materially affected the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, subsequent to the interim balance sheet date.

On 18<sup>th</sup> February 2010 the directors of the Company proposed to acquire the issued shares of Ventura Investment Management Limited, not owned by the Company, in return for the issue of shares in the Company. This offer is currently under consideration by the independent directors of Ventura Investment Management Limited.

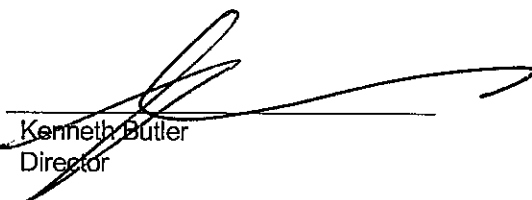
## Professional Investment Holdings Limited and its controlled entities Directors' declaration

In the opinion of the directors of Professional Investment Holdings Limited ("the Company"),

1. the financial statements and notes set out on pages 4 to 14, are in accordance with the *Corporations Act 2001* including:
  - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance for the six months ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Bundall this 12<sup>th</sup> day of March 2010.

Signed in accordance with a resolution of the directors:

  
Kenneth Butler  
Director



## **Independent auditor's review report to the members of Professional Investment Holdings Limited**

We have reviewed the accompanying interim financial report of Professional Investment Holdings Limited, which comprises the consolidated interim balance sheet as at 31 December 2009, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the six month period ended on that date, a description of accounting policies and other explanatory notes 1 to 17 and the directors' declaration set out on pages 4 to 15 of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the interim period.

### ***Directors' responsibility for the interim financial report***

The directors of the company are responsible for the preparation and fair presentation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Professional Investment Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### Conclusion

Whilst we draw attention to the material uncertainty detailed below, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Professional Investment Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Material uncertainty regarding continuation as a going concern

Without qualification of the above conclusion, we draw attention to Note 5 to the interim financial report which indicates that the ability of the Group to continue as a going concern is critically dependent upon a number of assumptions, including the Group generating sufficient cash flows from ongoing business operations to meet cash flow requirements including the payment of amounts required to settle existing client claims, no further significant client claims or other litigious matters arising requiring repayment within 12 months of the date of this report, no financiers requiring repayment of debt facilities within 12 months from the date of this report other than those classified as current liabilities, and/or the Group raising additional cash funds through debt or equity placements.

Due to the matters set out in Note 5, a material uncertainty exists which may cast significant doubt about the Group's ability to continue as a going concern, and therefore whether the Group is able to realise its assets, including intangible assets with a carrying value of \$9.4 million, deferred tax assets with a carrying value of \$11.2 million and inventory with a carrying value of \$32.0 million at 31 December 2009, or settle its liabilities, at the amounts recorded in the interim financial report.

KPMG

Stephen Board  
Partner

Gold Coast  
12 March 2010



**Lead auditor's independence declaration under Section 307C of the Corporations Act 2001**

To: the directors of Professional Investment Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the interim period ended 31 December 2009 there have been:

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

A handwritten signature of the KPMG representative, written in black ink. The letters 'KPMG' are written in a cursive, flowing style.

KPMG

A handwritten signature in black ink, appearing to read 'S Board'. The signature is written in a cursive, flowing style.

Stephen Board  
*Partner*

Gold Coast

12 March 2010