

KEY FINANCIAL STATISTICS

CURRENT AVERAGE RESULTS GROUP BY TURNOVER

	All Firms Average	Group 1 Less than \$300,000	Group 2 \$300,000 to \$599,999	Group 3 \$600,000 or more
TOTAL INCOME	\$565,736	\$201,865	\$407,369	\$1,087,976
Less OVERHEADS as %'s of Total Income:				
Advertising & Promotion	1.73%	1.17%	1.31%	2.73%
Accounting & Legal Fees	0.98%	1.02%	0.93%	1.00%
Computer-related Costs	2.68%	2.07%	3.42%	2.55%
Franchise & Group Fees	2.45%	5.40%	1.63%	0.33%
All Insurance	1.62%	1.15%	1.69%	2.04%
Interest, Bank Charges etc	1.13%	0.92%	1.44%	1.03%
Printing, Postage, Stationery	2.17%	1.83%	2.67%	2.02%
Rent of Premises	4.95%	4.86%	4.61%	5.39%
Other Occupancy Costs	0.69%	0.76%	0.72%	0.60%
Other Depreciation, Lease and HP	1.21%	0.85%	1.09%	1.68%
Repairs & Maintenance	0.61%	0.79%	0.88%	0.16%
Staff On Costs	4.64%	2.68%	5.56%	5.67%
Telephone & Fax	1.84%	1.61%	2.48%	1.44%
Employees' Wages & Salaries	27.70%	26.24%	27.77%	29.10%
Vehicle Operating Costs	2.71%	4.04%	2.41%	1.68%
All Other Expenses	2.46%	1.21%	2.04%	4.14%
TOTAL OVERHEADS	59.59%	56.59%	60.64%	61.56%
NET PROFIT (bps*)	40.41%	43.41%	39.36%	38.44%
NET PROFIT (bps*) per....				
Licensed Principal	\$176,072	\$97,956	\$164,239	\$267,502
Workhour of the Licensed Principals	\$78.01	\$46.67	\$69.92	\$117.44
TOTAL INCOME per....				
Person	\$109,816	\$85,671	\$113,420	\$130,358
\$ of Wages #	\$2.26	\$1.88	\$2.23	\$2.69
Sq Mtr of Floor Area	\$4,843	\$4,300	\$4,965	\$5,341
NON PERSONNEL-RELATED OVERHEADS per....				
Person	\$30,192	\$23,524	\$31,589	\$35,463
\$ of Wages #	\$0.61	\$0.50	\$0.59	\$0.75
Sq Mtr of Floor Area	\$1,371	\$1,245	\$1,318	\$1,567
PERSONNEL (fte personnel numbers)				
Licensed Principals	1.06	0.89	1.00	1.28
Qualified Planners/Consultants	1.05	0.37	0.83	1.94
Para Planners	0.84	0.16	0.62	1.76
All Other Employees	2.21	1.22	1.44	3.96
TOTAL PERSONNEL	5.15	2.63	3.90	8.93
Hours Worked per Principal per Year	2226	2100	2243	2337

OTHER INFORMATION

Owners' Equity as % of Total Assets	47.56%	56.47%	48.72%	34.13%
Asset Turnover	\$3.34	\$2.71	\$2.49	\$5.31
Total Area per Person	26	21	29	28
Funds Under Management (FUM) \$mil	\$46.66	\$16.01	\$38.33	\$103.74
FUM per Qualified Planner \$mil	\$23.06	\$15.09	\$22.67	\$35.55
Total Income as % of FUM	1.42%	1.74%	1.25%	1.17%
Rent per square metre of total floor area	\$242	\$216	\$283	\$231
Growth capacity	33.58%	29.26%	33.26%	39.77%

* bps - before principals' salaries and benefits

including principals' notional wage of \$30 per hour

CURRENT AVERAGE PROFITS BY LOCATION

	City (CBD and Fringe)	Suburban Businesses	Regional- based Businesses	All Firms in Rented Premises
TOTAL INCOME	\$746,559	\$517,406	\$441,934	\$576,720
Less OVERHEADS as %'s of Total Income:				
Advertising & Promotion	1.74%	2.00%	1.28%	1.72%
Accounting & Legal Fees	0.92%	1.08%	0.89%	1.03%
Computer-related Costs	2.96%	2.65%	2.40%	2.54%
Franchise & Group Fees	3.59%	2.28%	1.45%	2.63%
All Insurance	1.73%	1.39%	1.90%	1.62%
Interest, Bank Charges etc	0.56%	1.40%	1.31%	0.98%
Printing, Postage, Stationery	1.66%	2.39%	2.38%	2.22%
Rent of Premises	6.04%	5.22%	3.26%	5.33%
Other Occupancy Costs	0.58%	0.91%	0.44%	0.72%
Other Depreciation, Lease and HP	0.94%	1.56%	0.90%	1.28%
Repairs & Maintenance	0.16%	0.95%	0.53%	0.59%
Staff On Costs	3.74%	5.10%	4.87%	4.31%
Telephone & Fax	0.94%	2.52%	1.71%	1.83%
Employees' Wages & Salaries	24.73%	28.25%	30.16%	28.00%
Vehicle Operating Costs	2.70%	2.92%	2.35%	2.57%
All Other Expenses	3.04%	2.95%	0.96%	2.37%
TOTAL OVERHEADS	56.04%	63.59%	56.80%	59.74%
NET PROFIT (bps*)	43.96%	36.41%	43.20%	40.26%
NET PROFIT (bps*) per....				
Licensed Principal	\$160,998	\$181,778	\$182,182	\$175,411
Workhour of the Licensed Principals	\$71.84	\$77.05	\$85.56	\$77.07
TOTAL INCOME per....				
Person	\$114,903	\$110,504	\$102,825	\$109,263
\$ of Wages #	\$2.41	\$2.25	\$2.12	\$2.23
Sq Mtr of Floor Area	\$4,578	\$5,463	\$3,823	\$4,927
NON PERSONNEL-RELATED OVERHEADS per....				
Person	\$32,482	\$33,718	\$21,531	\$30,350
\$ of Wages #	\$0.69	\$0.66	\$0.46	\$0.61
Sq Mtr of Floor Area	\$1,192	\$1,704	\$896	\$1,397

PERSONNEL (fte personnel numbers)

Licensed Principals	1.25	0.96	1.00	1.06
Qualified Planners/Consultants	1.06	0.73	1.57	0.97
Para Planners	1.02	1.00	0.37	0.91
All Other Employees	2.58	2.26	1.69	2.29
TOTAL PERSONNEL	5.91	4.95	4.63	5.24

Hours Worked per Principal per Year	2138	2309	2197	2232
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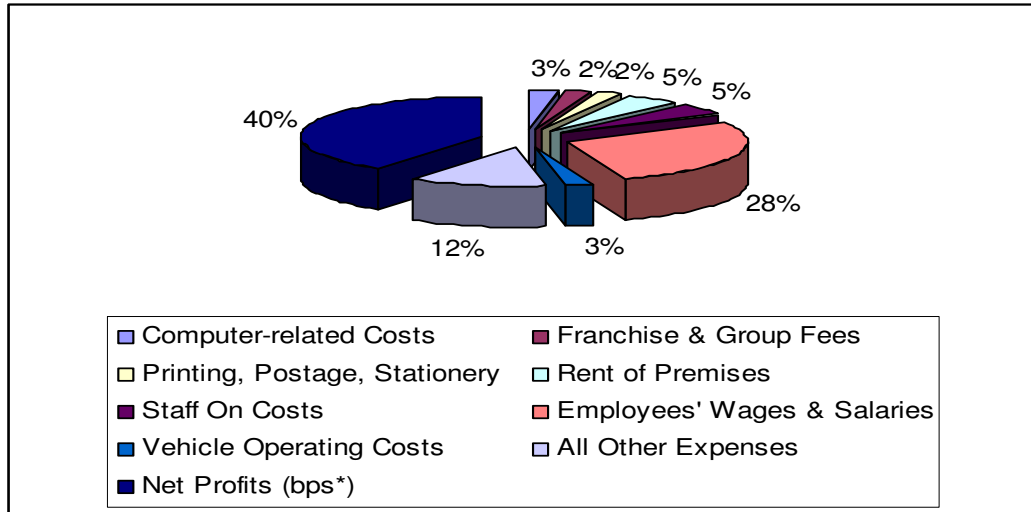
OTHER INFORMATION

Owners' Equity as % of Total Assets	44.83%	52.59%	40.42%	46.10%
Asset Turnover	\$3.11	\$3.05	\$4.50	\$3.42
Total Area per Person	28	25	22	26
Funds Under Management (FUM) \$mil	\$46.56	\$47.49	\$45.24	\$46.38
FUM per Qualified Planner \$mil	\$24.90	\$26.98	\$14.05	\$23.69
Total Income as % of FUM	1.12%	1.35%	1.85%	1.47%
Rent per square metre of total floor area	\$264	\$283	\$96	\$253
Growth capacity	35.49%	32.52%	32.40%	33.11%

* bps - before principals' salaries and benefits
including principals' notional wage of \$30 per hour

ANALYSIS OF COST

- As can be seen, wages is the single largest expense item reflecting the high cost of personnel in the financial planning industry.
- Other expenses representing an estimate of 12% which include items such as telephone, advertising, insurance, printing and stationery.
- The estimated 40% net profit is before the principals' salaries and benefits.



INDUSTRY CONDITIONS

BARRIERS TO ENTRY

Barriers to entry in this industry are high and unlikely to be lowered in the foreseeable future.

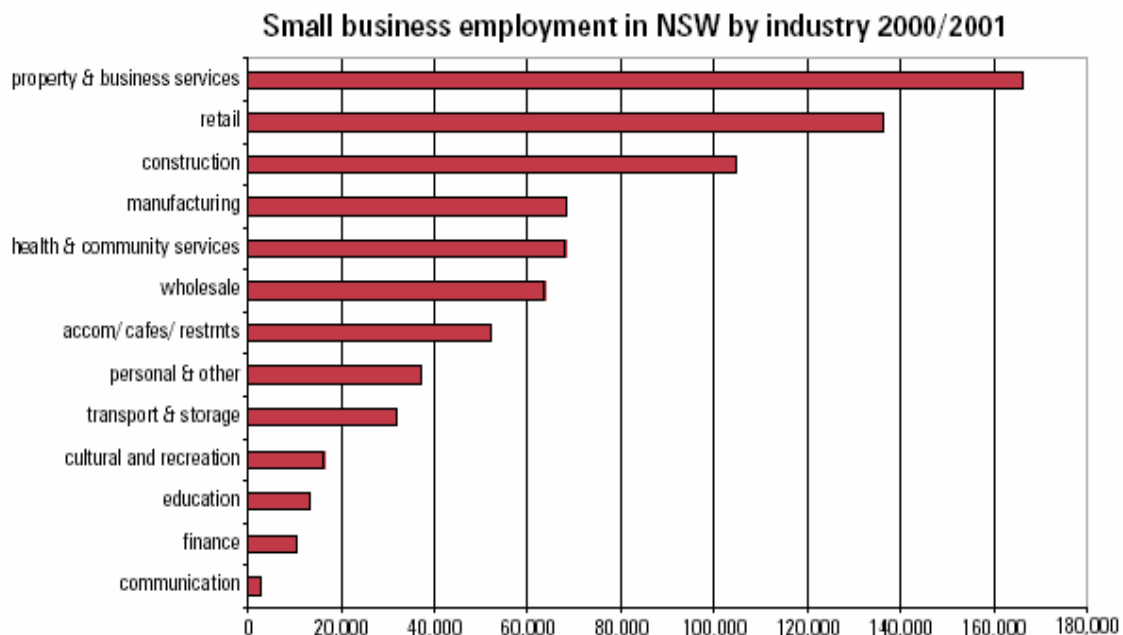
The high barriers to entry are mainly due to reasons as follow:

- The degree of existing market concentration and strong brand dominance.
- Technical and legal requirements are high.
- The established and comprehensive distribution networks of the major players as AMP.
- Licensing requirement limits the level of entries.

CURRENT INDUSTRY PERFORMANCE

INDUSTRY REVENUE

According to the latest ABS figures, over the five-year period to 2006-07, growth in industry revenues was cyclical in nature and negligible overall. By year end 2006-07, industry revenues will be worth an estimated \$3,110 million, essentially unchanged from the \$3,064 million (in constant 2005-06 dollars) recorded in 2001-02. Over the same period, domestic demand also experienced little growth overall, rising from \$3,155 million to an estimated \$3,194 million in line with the cyclical slowdown that occurred during the performance period. The growth in industry revenues in 2001-02 was marginal in current terms (just 1.8%) and was in fact negative in real terms (-0.8%). This was despite an upswing in activity levels within the superannuation industry.



Source: ABS, Small Business in Australia 2002, pre-release data (CAT.1321.0)

SITUATIONAL/MARKET ANALYSIS

EXTERNAL ENVIRONMENT

Demographics

Due to the increasing promotion of weight loss and healthy eating habits, Australians are becoming more aware of their overall well being¹. Many healthy alternatives such as sugar free and natural products have penetrated the market, such as Coke Zero and So Natural.

Easyway have a range of natural products which support such healthy phenomenon, for example green tea and fruit drinks, which are targeted towards market with educated middle aged individuals in their late 20's to mid 40's who are more primarily concerned about their well being. In our opinion, the product range of Easyway supports this demographic trend. The location of Easyway stores which are mainly at the populated urban areas further support the ease of access for this market.

Economic

The Australian economy had been growing steady for the past 4 years with economic growth to be at 2.7% in 2005, which the household consumption expenditure has been one of the main contributions to the GDP for the growth² The 2006 federal budget announcement of a \$37 billion tax cut and the unemployment rate at historical lows, the Australian economy could expect continue growth despite uncertainly outlook on inflation and interest rates³. In our opinion, the expansion in the macro Australian economy underpins the growth of Easyway franchises, the local economy of the Easyway stores again a more important aspect which management should not overlook.

Socio-cultural

Despite the marketing push of Easyway products to the general Australian public, it did little to change its image as 'Asian drinks'. In our opinion, such consumer perception are mainly due to the following three reasons, one is because of Easyway's Asian orientated products such as pearl milk tea and red bean tea; the second reason is that the Easyway retail stores appears generally employ supporting staff which have Asian appearance; the third reason is that it appears that the location of Easyway retail stores are mostly available in the Asian populated suburbs.

Whilst the Asian market provided the stable cash flow for the Easyway franchise currently and in the past, to grow further, as the management have stated, it needs to find way to penetrate deeper into the general Australian culture, such as the coffee shops like Gloria Jeans and Starbucks, they have penetrated well into the general Australian market, including Asians.

Technological

Easyway appears have used technologies well in their retail stores, such as touch screen cash registers, sealing and drink mixing machines. These technologies have helped further standardise of Easyways' products and service. They also increase efficiency of customer service, helped with tidiness of the stores and lower training costs for management. Easyway is encouraged to continue to use technologies in their retail stores. Whilst using more technologies could increase cost of investment, in the long term, the benefits and return of technologies out-weights the increase in cost of equipment. (Please see table 9.1 for more analysis of ROI)

¹ Appendices 4.2

² Appendices 5.1, 6.2.

³ Appendices 6.3