

24 August 2009

## ASX RELEASE

### Earnings for the half year to 30 June 2009

- Earnings before interest, tax, depreciation & amortisation (**EBITDA**) of \$1.3 million for the six months
- Pre-tax operating result of \$2.2 million<sup>1</sup> for the six months
- Net profit after tax of \$1.1 million for the six months
- Assets under Management (**AUM**) of \$820 million at 30 June 2009
- Continuing cost management initiatives
- No borrowings and a cash balance of \$19 million
- No dividend has been declared for the half year to 30 June 2009

Everest Financial Group (EFG) reports EBITDA for the 6 month period to 30 June 2009 of \$1.3 million. This includes one off expense items of approximately \$0.6 million which relate to various cost management and restructuring initiatives. Excluding these items, and including interest income received, the underlying pre-tax operating result is \$2.2 million.

The result reflects a significant fall in revenue as a result of the decline in AUM. As at 30 June 2009, AUM was approximately \$820 million, down from \$1.8 billion at 31 December 2008. AUM is expected to decline further due to the termination of the Sunsuper mandate at the end of August 2009 (\$180 million), leverage reductions that occurred during July and August (\$85 million) and the anticipated outcome of the Everest Alternative Investment Trust (EAIT) Early Withdrawal Offer (\$20 million).

In line with the declining AUM, EFG has implemented a number of cost management initiatives which have resulted in one-off costs in the current period, but will result in cost savings going forward. These have included:

- a significant reduction in headcount – from 41 full time equivalent employees (FTEs) at 31 December 2007 to 15 currently. This has resulted in upfront one-off termination costs. This has positioned the business to benefit from significant on-going cost savings and efficiency gains, while refocussing the team towards the more value-added end of the business;
- proposed relocation or sub-lease of a portion of our existing premises; and
- a further reduction in other business overheads.

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<sup>1</sup> See Appendix One



The EFG team has been focused on maximising investor outcomes within our existing investment funds, both in terms of investment performance and liquidity where available. While this work continues, EFG has also spent considerable time in the product development phase and is on track to launch new investment products in the second half of this year.

We believe that the best way to capitalise on the opportunity provided by current market conditions will be via targeted or themed portfolios around sub-strategies (e.g. credit, long/short equity) and/or regions (e.g. North America, emerging markets). EFG has developed a portfolio of high conviction, opportunistic credit focused investment managers, who will be part of a new Everest Credit Opportunities Fund to be launched in September of this year. This fund will initially be seeded by EFG from its cash reserves. We will consider investing further cash reserves for similar strategic initiatives.

Jeremy Reid, Chief Executive Officer of EFG said "While the first six months of 2009 have presented challenges to the business, we have an experienced and committed management team and Board, and are very focused on developing new targeted products and distribution channels. We remain wholly focused on rebuilding the business for the benefit of all of our stakeholders."

## Summary of half year 2009 financial results

	Half year ended 30 June 2009	Half year ended 30 June 2008	% Change
	\$m	\$m	
<b>Net management fees</b>	\$6.3	\$16.3	-61.5%
<b>Net performance fees</b>	\$0.0	\$0.0	n/a
<b>EBITDA</b>	\$1.3	\$10.0	-86.8%
<b>EBITDA margin</b>	20%	58%	
<b>Pre-tax operating result<sup>2</sup></b>	\$2.2	\$10.3	-78.6%
<b>Net profit/(loss) after tax</b>	\$1.1	\$(131.2)	n/a
<b>EPS</b>	0.004 cents	(52.166) cents	n/a
<b>DPS (Fully Franked)</b>	0.0 cents	0.0 cents	n/a
<b>AUM (at period end)</b>	\$820 million	\$2,490 million	-67.1%

<sup>2</sup> See Appendix One



#### Appendix One: Reconciliation of EBITDA and Pre-tax operating result for EFG

	Half year ended 30 June 2009 \$m	Half year ended 30 June 2008 \$m
<b>EBITDA</b>	<b>\$1.3</b>	<b>\$10.0</b>
Interest income	\$0.3	\$0.3
One-off expenses relating to cost management & restructuring	\$0.6	-
<b>Pre-tax operating result</b>	<b>\$2.2</b>	<b>\$10.3</b>

Ends.

For further information please visit our website [www.everest.com.au](http://www.everest.com.au) or contact:

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