

24 August 2009

Company Announcements Office
Australian Stock Exchange

Everest Financial Group Limited (EFG)

Attached are the following half year results for the period ended 30 June 2009:

- Appendix 4D
- Financial Statements including Independent Review Report from Ernst & Young

Yours faithfully



Gary Kalmin
Company Secretary

Attachment

APPENDIX 4D

Preliminary Final Report
Half Year Ended 30 June 2009
(All comparisons to half year ended 30 June 2008)

Name of Entity:	Everest Financial Group Limited
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1. REPORTING PERIOD AND PREVIOUS CORRESPONDING PERIOD

The reporting period is for the half year ended 30 June 2009.

The previous corresponding period is for the half year ended 30 June 2008.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				2009 A\$'000	2008 A\$'000
2.1	Revenues from continuing operations	down	60.5%	6,959	17,631
2.2	Profit/(loss) from continuing operations after tax attributable to shareholders	up	Not meaningful	1,077	(131,167)
2.3	Net (loss)/profit for the period attributable to shareholders	up	Not meaningful	1,077	(131,167)
				Amount per security	Franked amount per security
				Amount per security	Franked amount per security
2.4	Dividends				
	Interim dividend			-	-

	2009	2008
3 NET TANGIBLE ASSETS (NTA) PER SECURITY	\$0.09	\$0.08

Additional Appendix 4D disclosure requirements can be found in the notes to the half year financial report.

This report is based on the consolidated half year report which has been subject to a review by Ernst & Young.

NOT MEANINGFUL Percentage increases have been omitted due to the effect of impairment on intangibles as at 30 June 2008.

EVEREST FINANCIAL GROUP LIMITED
ABN 42 112 480 145
and its controlled entities

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2009

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Directors' Report

The directors present their report together with the consolidated financial report of Everest Financial Group Limited (**EFG or the Company**) and its controlled entities (**consolidated entity or Group**) for the half year ended 30 June 2009.

Directors

The directors of the Company in office at any time during the period and up to the date of this report are:

Greg Martin	Independent Chairman (Appointed 13 August 2009)
Marea Laszok	Independent Director (Appointed 21 May 2009)
Jeremy Reid	Chief Executive Officer
Trevor Gerber	Chairman (from 15 February 2009) and prior to 15 February 2009 was Deputy Chairman (Resigned 13 August 2009)
Kerry Roxburgh	Independent Director (Resigned 21 May 2009)
Michael Katz	Independent Director (Resigned 21 May 2009)
Farrel Meltzer	Director (Appointed 20 February 2009, resigned 21 May 2009)
David Kent	Chairman (Resigned 15 February 2009)

Company Secretary

Gary Kalmin	Chief Financial Officer/Chief Operating Officer
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Principal Activity

The principal activity of the consolidated entity during the course of the half year was investment management. No significant change in the nature of these activities occurred during the half year.

Directors' Report (Continued)

Consolidated Results

The consolidated entity recorded a net profit after tax of \$1,077,000 for the half year ended 30 June 2009 (2008 net loss: \$131,167,000). Total equity increased from \$21,140,000 at 31 December 2008 to \$22,716,000 at 30 June 2009.

The consolidated entity recorded earnings before interest, tax, depreciation and amortisation (**EBITDA**) of \$1,317,000 for the half year ended 30 June 2009.

	30 June 2009 \$000	30 June 2008 \$000
Revenue		
Management fees	6,279	16,322
Performance fees	-	51
Other revenue	380	924
Gross revenue	6,659	17,297
Operating expenses	(5,342)	(7,329)
Earnings before interest, tax, depreciation and amortisation	1,317	9,968
Depreciation of property, plant and equipment	(174)	(176)
Amortisation of intangibles	-	(1,300)
Impairment of intangibles	-	(142,534)
Employee option compensation expense	199	(1,110)
Interest	300	334
(Loss)/earnings before tax	1,642	(134,818)
Tax (expense)/benefit	(565)	3,651
Net profit/(loss) after tax	1,077	(131,167)
(Loss)/earnings per share	0.004 cents	(52.0) cents

Review of Operations

The Company operates an investment management business and provides investors with a range of fund of absolute return funds and direct investment funds.

As at 30 June 2009, the Company had AUM of approximately \$820 million, reduced from \$1.8 billion at 31 December 2008.

Directors' Report (Continued)

Strategy and Future Performance

The Company aims to increase shareholder value through rigorous management of its existing funds, as well as through new initiatives across products, geography and client base.

– *Investment Philosophy*

The investment funds managed by Everest have the objective of generating attractive risk-adjusted absolute returns over the long term. Whilst our existing products are being reviewed as a result of the unprecedented market behaviour we remain confident in the long term industry fundamentals and our ability to create investment portfolios consisting of some of the world's leading investment managers. We continue to believe that a commitment to alternative investments requires rigorous and detailed research.

Our strategy is to invest with leading investment managers focussed on absolute returns. Manager selection and portfolio construction are based on the following core attributes:

- Integrity & Alignment
 - Invest with people of the highest integrity
 - Managers with commitment, coupled with substantial personal investment, will align their interests with investors (ownership & co-investment)
- Market Inefficiency
 - Strong fundamental research and analysis allows managers to identify market inefficiencies and add value
- Scarcity & Access
 - Very few managers have the skills, experience and supporting structure to consistently add value
 - Gaining access to the best managers requires a long-term 'partnership' relationship
- Risk Avoidance
 - Zero tolerance for organisational risk and dishonesty
 - Diversify investment manager decision, strategy and market risks.

– *Going forward*

Recognising the continued market uncertainty, Everest's focus in the second half of 2009 will be on continued cost management and the development of targeted products and distribution channels. We believe we have a scalable business investing alongside some of the world's leading investment managers and our debt free balance sheet allows us to actively pursue growth opportunities.

Directors' Report (Continued)

Significant changes in state of affairs

The reduction in earnings is primarily attributable to a decrease in assets under management (AUM), driven by the loss of the Alternative Investment Trust (formerly Everest Babcock & Brown Alternative Investment Trust), negative investment performance, investor redemptions and the reduction in commissions received from non core businesses. As at the 30 June 2009 Everest's AUM was approximately \$820 million.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the options available to EFG under ASIC Class Order 98/100. EFG is an entity to which the Class Order applies.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the Directors of EFG.

On behalf of the Board



Greg Martin
Chairman
Sydney, 24 August 2009

Auditor's Independence Declaration to the Directors of Everest Financial Group Limited

In relation to our review of the financial report of Everest Financial Group Limited for the half-year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Elliott Shadforth'.

Elliott Shadforth
Partner
29 August 2009

Interim Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2009

	Note	Half year to 30 June	
		2009	2008
		\$000	\$000
Revenue		6,906	17,928
Share of net profits/(losses) from joint venture accounted for using the equity method		30	138
Fund expenses		(277)	(769)
		6,659	17,297
Interest income		300	334
Gross profit		6,959	17,631
Employee expenses		(2,730)	(6,351)
Depreciation and amortisation expenses		(174)	(1,476)
Other expenses		(2,413)	(2,088)
Impairment of intangibles		-	(142,534)
Profit/(Loss) before income tax expense		1,642	(134,818)
Income tax(expense)/benefit		(565)	3,651
Profit/(loss)/ for the half year		1,077	(131,167)
Changes in fair value of available-for-sale financial assets (after tax)		103	51
Exchange differences on translation of foreign operations		5	(1)
Total comprehensive income for the half year		1,185	(131,117)
		Cents	Cents
Earnings/(loss) per share for profit attributable to the ordinary equity holders of EFG			
Basic/(loss) earnings per share	5	0.004	(52.0)
Diluted earnings/(loss) per share	5	0.004	(52.0)

**CONSOLIDATED FINANCIAL POSITION
AS AT 30 JUNE 2009**

Note	30 June 2009 \$000	31 December 2008 \$000
CURRENT ASSETS		
Cash and cash equivalents	18,993	15,778
Fees and other receivables	3,081	7,861
Current tax asset	97	-
Prepayments	6	191
Deferred bonus	34	280
TOTAL CURRENT ASSETS	22,211	24,110
NON-CURRENT ASSETS		
Financial assets	401	350
Property, plant and equipment	1,088	1,257
Investments accounted for using the equity method	54	406
Deferred income tax asset	1,297	1,202
Deferred bonus	442	352
TOTAL NON-CURRENT ASSETS	3,282	3,567
TOTAL ASSETS	25,493	27,677
CURRENT LIABILITIES		
Trade and other payables	1,152	3,683
Current tax liabilities	-	752
Provisions	344	326
TOTAL CURRENT LIABILITIES	1,496	4,761
NON-CURRENT LIABILITIES		
Trade and other payables	584	925
Provisions	178	252
Lease incentive	519	599
TOTAL NON-CURRENT LIABILITIES	1,281	1,776
TOTAL LIABILITIES	2,777	6,537
NET ASSETS	22,716	21,140
EQUITY		
Contributed equity	4 320,214	319,692
Reserves	8,097	8,120
(Accumulated losses)/retained profits	(305,595)	(306,672)
TOTAL EQUITY	22,716	21,140

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2009**

	Note	Half year to 30 June	
		2009	2008
		\$000	\$000
Total equity at 31 December		<u>21,140</u>	<u>339,486</u>
Total comprehensive income for the half year		<u>1,185</u>	<u>(131,117)</u>
Transactions with equity holders in their capacity as equity holders			
Dividends provided for or paid	3	-	(7,543)
Employee share options		(205)	1,110
Share based payment reserve		74	364
Treasury Shares (shares in employee share trust)		522	(2,565)
Total transactions with equity holders in their capacity as equity holders		<u>391</u>	<u>(8,634)</u>
Total equity at 30 June		<u>22,716</u>	<u>199,735</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2009**

	Half year to 30 June	
	2009	2008
	\$000	\$000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	10,937	22,552
Payments to suppliers and employees	(7,131)	(8,900)
Dividends received	381	-
Interest received	300	335
Tax paid	(1,153)	(3,167)
Net cash inflow from operating activities	3,334	10,820
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for treasury shares (shares in employee share trust)	(113)	(2,565)
Payment for property, plant & equipment	(6)	(75)
Net cash outflow from investing activities	(119)	(2,640)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-	(7,543)
Net cash outflow from financing activities	-	(7,543)
Net increase in cash and cash equivalents held	3,215	637
Cash and cash equivalents at beginning of half year	15,778	9,398
Cash and cash equivalents at end of half year	18,993	10,035

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report for the half year ended 30 June 2009 was authorised for issue in accordance with a resolution of Directors dated 24 August 2009.

This half year financial report does not include all notes of the type normally included in the annual financial report and should be read in conjunction with the annual report for the year ended 31 December 2008 and any public announcements made by EFG during the interim period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Basis of preparation

This half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and AASB 134 'Interim Financial Reporting'.

This half year financial report has been prepared on the basis of historical cost, except for the revaluation of certain assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. Both the functional and presentation currency of EFG is Australian dollars.

Significant accounting policies

The financial statements have been prepared using consistent accounting policies, unless otherwise stated, as used in the annual report for the year ended 31 December 2008.

Changes in Accounting Policy

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ended 30 June 2009. When applied in future periods, these recently issued or amended standards are not expected to have a material impact on the company's financial results or reporting position; however, they may impact Financial Report disclosures

NOTE 2: SEGMENT INFORMATION

The chief operating decision maker for the purposes of assessing performance and determining the allocation of resources is the chief executive officer and his team. The Group operates solely in the business of Investment Management. Consequently revenue, profit and net assets for the operating segment are the amounts reflected in the Financial Statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 3: DIVIDENDS**Period ended 30 June 2009**

An interim dividend in respect of the six months ended 30 June 2009 will not be paid.

Period ended 30 June 2008

An interim dividend in respect of the six months ended 30 June 2008 was not be paid given the net loss position of EFG for this period.

A final dividend of 3.0 cents per share in respect of the six months ended 31 December 2007 was paid on 20 March 2008. The dividend was franked to 100% at a corporate tax rate of 30%.

NOTE 4: CONTRIBUTED EQUITY

	Note	2009 \$000	Consolidated 2009 No 000s	2008 \$000	2008 No 000s
Balance as at 1 January		319,692	248,664	322,257	251,442
Shares purchased by employee share trust	(i)	(113)	(1,895)	(2,565)	(2,778)
Transfer of shares to employees		635	685	-	-
Total as at 30 June		320,214	247,454	319,692	248,664

(i) Relates to shares purchased as part of the Employee Share Trust (See Note 6)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 5: EARNINGS PER SHARE

Calculations of basic and diluted earnings / losses per share for the half year to 30 June 2009 are as follows:

	2009	2008
(a) Basic (loss)/earnings per share	0.004 cents	(52.0 cents)
(b) Diluted (loss)/earnings per share	0.004 cents	(52.0 cents)
(c) Weighted average number of shares used as the denominator		

	Consolidated 2009 Number	Consolidated 2008 Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	251,442,316	251,442,316
Adjustments for calculation of diluted earnings per share:		
Options	-	-
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	251,442,316	251,442,316

(d) **Information concerning the classification of securities****Options**

Options granted to employees under the EFG Employee Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

250,000 potential ordinary shares are not included in the calculation as they are anti-dilutive.

NOTE 6: RELATED PARTY TRANSACTIONS

Employee Share Trust

On 18 December 2007 the Board established the Deferred Share Plan (DSP) which will provide certain EFG personnel with one off retention bonuses in the form of EFG shares as well as to provide for both the mandatory and voluntary deferral of annual cash bonuses in return for providing employees with EFG shares. The Board further established an Employee Share Trust (EST) whereby shares in EFG can be provided in lieu of cash bonuses. The EST is structured so as to enable it to also be used for the employee option plan and DSP both existing and in the future. As at the date of this report the EST held 3,852,096 EFG shares (2008: 2,777,803)

Wingate Group

During the period \$12,375 was paid to the Wingate Group as directors fees on behalf of Farrel Meltzer (also Managing Director of the Wingate Group) who was a Director of the Everest Financial Group from 20 March 2009 to 21 May 2009.

There were no other significant related party transactions during the half year.

NOTE 7: COMMITMENTS AND CONTINGENCIES

There were no further commitments or contingencies at 30 June 2009. (2008: Nil)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 8: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

NOTE 9: SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The reduction in earnings for the 6 months to 30 June 2009 reflects the decline in Assets Under Management (AUM). As at 30 June 2009, AUM was approximately \$820 million, down from \$1.8 billion at 31 December 2008, and \$2.5 billion a year ago. 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 (\$21 million).

In addition, from 25 October 2009, EFG will no longer earn fees and commissions from non-core business. Whilst the non-core business will remain in operation, it is not expected that EFG will receive material revenues from these operations in the near future.

In line with the declining AUM, EFG has implemented a number of cost management initiatives which have resulted in significant reductions in expenses for the 6 month period to 30 June 2009 and will continue to result in cost savings going forward.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Directors' Declaration

In accordance with a resolution of the Directors of Everest Financial Group Limited:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2009 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Greg Martin
Chairman
Sydney, 24 August 2009

To the members of Everest Financial Group Limited

Report on the Condensed Interim Financial Report

We have reviewed the accompanying half-year financial report of Everest Financial Group Limited, which comprises the statement of financial position as at 30 June 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period end or from time to time during the 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 controls 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Everest Financial Group Limited and the entities it controlled during the period, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

Conclusion

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 Everest Financial Group Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance for the six month period ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Elliott Shadforth

Partner

Sydney

29 August 2009

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