

26 August 2010

Company Announcements Office
Australian Stock Exchange

Everest Financial Group Limited (EFG)

Attached are the following half year results for the period ended 30 June 2010:

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

Yours faithfully



Michael Sutherland
Company Secretary

Attachment

APPENDIX 4D

Preliminary Final Report
Half Year Ended 30 June 2010
(All comparisons to half year ended 30 June 2009)

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 2010.

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

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				2010	2009
			%	A\$'000	A\$'000
2.1	Revenues from ordinary activities	down	41.8%	3,379	5,804
2.2	Profit/(loss) from continuing operations after tax attributable to shareholders	up	Not meaningful	(3,124)	1,077
2.3	Net (loss)/profit for the period attributable to shareholders	up	Not meaningful	(3,124)	1,077
				Amount per security	Amount per security
				Franked amount per security	Franked amount per security
2.4	Dividends				
	Interim dividend			-	-

	2010	2009
3 NET TANGIBLE ASSETS (NTA) PER SECURITY	\$0.09	\$0.09

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.



**EVEREST FINANCIAL GROUP LIMITED
ABN 42 112 480 145
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2010**

Directors' Report

Your Directors present their report together with the consolidated financial report of Everest Financial Group Limited (**EFG or the Company**) and the entities it controlled (**consolidated entity or Group**) for the half year ended 30 June 2010.

Directors

The names of 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
Marea Laszok	Independent Director
Jeremy Reid	Executive Director

Jeremy Reid relinquished his role as Chief Executive Officer on 31 July 2010. Further details can be found below in "significant changes in state of affairs".

Company Secretary

Michael Sutherland	General Counsel (Appointed 30 June 2010)
Gary Kalmin	Chief Financial Officer/Chief Operating Officer (Resigned 30 June 2010)

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.

Consolidated results

The consolidated entity recorded a net loss after tax of \$3,124,366 for the half year ended 30 June 2010 (2009 net profit: \$1,077,000). Total equity decreased from \$25,091,000 at 31 December 2009 to \$22,906,672 for the half year ended 30 June 2010.

Review of operations

A review of the operations of the consolidated entity during the half year and the results of those operations found that during the half year, the consolidated entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

- Chief Executive Officer

As announced on 27 July 2010, the Managing Director and Chief Executive Officer, Jeremy Reid, has been given notice of his termination and on 31 July 2010 Mr Reid commenced serving out his 12 month notice period. Mr Reid will continue to be paid his existing contractual entitlements. It is currently envisaged that Mr Reid will leave the Group on 28 February 2011 and will be paid the balance of his notice period and any statutory and contractual entitlements which consists of accrued but untaken annual and long service leave as well as a severance payment of two weeks base salary per year of service. Mr Reid's salary was \$560,000 effective from 1 January 2010.

- Business Transition

As announced on 27 July, the Company has started to move its responsible entity/trustee and management functions to One Investment Group (OIG). While OIG had offered nil consideration for the transition, it has however agreed to sub-let office space from the Company, effective 15 August 2010, which will assist in a smooth transition of the funds management operations as well as contributing to the reduction in the Company's operating costs. Furthermore OIG has offered employment to a number of employees of the Company which ensures a continuation of underlying fund knowledge and expertise for the benefit of investors in these funds. This will also result in the significant saving of on-going employment costs and redundancy payments otherwise payable by the Company.

EVEREST FINANCIAL GROUP LIMITED
ABN 42 112 480 145
INTERIM FINANCIAL REPORT 2010

Various aspects of the transitional arrangements with OIG remain subject to finalisation of unitholder approvals and counterparty consents. It is anticipated that these approvals will be obtained during September and October 2010.

The wholly owned entity, Everest Capital Limited (ECL), will continue, for the time being, to be responsible entity/trustee of two funds totalling approximately \$85 million in assets under management. In order to fulfil its duties in relation to these funds, ECL has entered into relevant arrangements with OIG.

Litigation Update

As previously announced to the ASX, the applicant LJK Nominees Pty Ltd has now been granted leave to file and serve a further amended statement of claim (Amended Claim). Everest Capital Limited is currently assessing the Amended Claim with a view to filing a defence in due course. The matter is before the Court 19 October 2010.

Changes in Board Composition

As previously announced Brett Howard will be appointed to the Board in due course and Jeremy Reid will step down from the Board at that time.

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 alternatives available to the Company under ASIC Class Order 98/100. The Company 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 3.

Signed in accordance with a resolution of the directors of the Company.

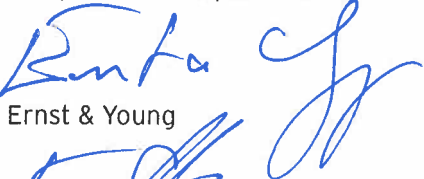
On behalf of the Board



Greg Martin
Chairman
Sydney, 26 August 2010

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 2010, 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.



Ernst & Young



Elliott Shadforth
Partner
26 August 2010

EVEREST FINANCIAL GROUP LIMITED
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 INTERIM FINANCIAL REPORT 2010

Interim Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2010

	Note	Half year to 30 June	
		2010	2009
		\$000	\$000
Management fee revenue		2,695	6,526
Commission revenue		-	428
Other revenue		392	(48)
Share of net profits of joint venture accounted for using the equity method		15	30
Profit/(loss) on the sale of investments		(18)	-
Interest income		331	300
Fund expenses		(36)	(1,432)
Employee benefits expense		(2,809)	(2,730)
Professional fees		(1,333)	(346)
Occupancy costs		(309)	(335)
Operating and administration expenses		(371)	(326)
Other expenses		(102)	(251)
Non-controlling interests		(28)	-
Depreciation and amortisation expenses		(116)	(174)
Impairment expenses – property, plant and equipment		(387)	-
Profit/(loss) before income tax expense		(2,076)	1,642
Income tax (expense)/benefit		(1,048)	(565)
Net profit/(loss) for the half year		(3,124)	1,077
Other comprehensive income			
Changes in fair value of available for sale financial assets (after tax)		(26)	103
Exchange differences on translation of foreign operations		(13)	5
Total other comprehensive income		(39)	108
Total comprehensive income for the half year		(3,163)	1,185
		Cents	Cents
Earnings / (loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share	5	(1.277)	0.004
Diluted earnings/(loss) per share	5	(1.277)	0.004

The accompanying notes form part of these financial statements

EVEREST FINANCIAL GROUP LIMITED
 ABN 42 112 480 145
 INTERIM FINANCIAL REPORT 2010

Interim Financial Report (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	30 June 2010 \$000	31 December 2009 \$000
ASSETS			
Cash and cash equivalents		16,861	15,013
Fees and other receivables		2,739	2,366
Prepayments		475	108
Current tax assets		315	3,578
Financial assets – Listed investments		-	824
Financial assets – Hedge Funds investments		6,746	6,072
Financial assets – Available for sale investments		275	413
Investments accounted for using the equity method		63	48
Property, plant and equipment		388	847
Deferred income tax asset		-	1,262
Deferred bonus		99	268
TOTAL ASSETS		27,961	30,799
LIABILITIES			
Trade and other payables		1,173	1,964
Income in advance		33	-
Other liabilities		304	372
Derivative financial instruments		451	103
Provisions		581	584
Non-controlling interests – trusts		2,513	2,685
TOTAL LIABILITIES		5,055	5,708
NET ASSETS		22,906	25,091
EQUITY			
Equity attributable to equity holders of the parent:			
Contributed equity	4	321,983	320,346
Reserves		7,603	8,301
Retained profits/(accumulated losses)		(306,680)	(303,556)
TOTAL EQUITY		22,906	25,091

The accompanying notes form part of these financial statements

EVEREST FINANCIAL GROUP LIMITED
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INTERIM FINANCIAL REPORT 2010

Interim Financial Report (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2010

	Issued shares \$000	Asset revaluation reserve \$000	Foreign currency translation reserve \$000	Share based payments reserve \$000	Available for sale investments valuation reserve \$000	Retained earnings / accumulated losses \$000	Total \$000
Consolidated Entity							
Balance at 1 January 2010	320,346	3,179	92	5,259	(229)	(303,556)	25,091
Net profit/loss for the year	-	-	-	-	-	(3,124)	(3,124)
Other comprehensive income	-	-	(13)	-	(26)	-	(39)
Total comprehensive income	-	-	(13)	-	(26)	(3,124)	(3,163)
Dividends paid or provided	-	-	-	-	-	-	-
Employee share options	-	-	-	45	-	-	45
Share based payments reserve	-	-	-	(704)	-	-	(704)
Treasury shares	1,637	-	-	-	-	-	1,637
Balance at 30 June 2010	321,983	3,179	79	4,600	(255)	(306,680)	22,906
Balance at 1 January 2009	319,692	3,179	86	5,199	(344)	(306,672)	21,140
Net profit/loss for the year	-	-	-	-	-	1,077	1,077
Other comprehensive income	-	-	5	-	103	-	108
Total comprehensive income	-	-	5	-	103	1,077	1,185
Dividends paid or provided	-	-	-	-	-	-	-
Employee share options	-	-	-	(205)	-	-	(205)
Share based payments reserve	-	-	-	74	-	-	74
Treasury shares	522	-	-	-	-	-	522
Balance at 30 June 2009	320,214	3,179	91	5,068	(241)	(305,595)	22,716

The accompanying notes form part of these financial statements

EVEREST FINANCIAL GROUP LIMITED
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 INTERIM FINANCIAL REPORT 2010

Interim Financial Report (continued)

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2010

	Half year to 30 June	
	2010	2009
	\$000	\$000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	2,372	10,937
Payments to suppliers and employees	(5,044)	(7,131)
Interest received	372	300
Dividends received	-	381
Tax benefits received/(paid)	3,578	(1,153)
Net cash inflow from operating activities	1,278	3,334
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	798	-
Payment for treasury shares	(183)	(113)
Payment for property, plant and equipment	(45)	(6)
Net cash (outflow) from investing activities	570	(119)
Net increase/(decrease) in cash and cash equivalents held	1,848	3,215
Cash and cash equivalents at beginning of financial period	15,013	15,778
Cash and cash equivalents at end of financial period	16,861	18,993

The accompanying notes form part of these financial statements

Interim Financial Report (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report for the half year ended 30 June 2010 was authorised for issue in accordance with a resolution of Directors dated 25 August 2010.

Basis of preparation

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

This half year financial report does not include all notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 31 December 2009 and any public announcements made by the Group during the interim period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Both the functional and presentation currency of the Group is presented in Australian Dollars.

Significant accounting policies

The financial statements have been prepared on a liquidation basis as the Board has announced its intention to undertake an orderly wind down of operations of the Company with a view to returning capital to shareholders.

The Group has undertaken a review of all its assets and assessed whether their carrying values reflect their recoverable amount being the higher of its fair value less costs to sell and its value in use. As a result of this review, the Group has recorded an impairment to property, plant and equipment of \$387,000.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting standards

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 2010. When applied in future periods, these recently issued or amended standards are not expected to have a material impact on the Group's financial results or reporting position; however they may impact Financial Report disclosure.

NOTE 2: SEGMENT INFORMATION

The chief operating decision maker for the purposes of assessing performance and determining the allocation of resources has been 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.

EVEREST FINANCIAL GROUP LIMITED
ABN 42 112 480 145
INTERIM FINANCIAL REPORT 2010

NOTE 3: DIVIDENDS

Period ended 30 June 2010

An interim dividend in respect of the six months ended 30 June 2010 will not be paid.

Period ended 30 June 2009

An interim dividend in respect of the six months ended 30 June 2009 was not paid. There were no final dividend declared or paid for the six months ended 31 December 2009.

NOTE 4: CONTRIBUTED EQUITY

	Note	Consolidated			
		2010 No 000s	2010 \$000	2009 No 000s	2009 \$000
Balance as at 1 January		246,477	320,346	248,664	319,692
Treasury shares – net movement	(i)	179	1,637	(1,210)	522
Balance at 30 June		<u>246,656</u>	<u>321,983</u>	<u>247,454</u>	<u>320,214</u>

(i) Relates to shares purchased as part of the Employee Share Trust and those treasury shares which had been released to employees on termination (See Note 6)

NOTE 5: EARNINGS / (LOSS) PER SHARE

	2010 \$000	2009 \$000
Earnings/(loss) used in the calculating earnings per share		
For basic and diluted earnings per share:		
Net profit/(loss) for the period attributable to ordinary equity holders	(3,124)	1,077
(a) Basic (loss)/earnings per share (cents)	(1.277 cents)	0.004 cents
(b) Diluted (loss)/earnings per share (cents)	(1.277 cents)	0.004 cents
(c) Weighted average number of shares used as the denominator		

	Consolidated 2010 Number	Consolidated 2009 Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	244,649,584	251,442,316
<i>Adjustments for calculation of diluted earnings per share:</i>		
<i>Options</i>	-	-
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	<u>244,649,584</u>	<u>251,442,316</u>

EVEREST FINANCIAL GROUP LIMITED
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INTERIM FINANCIAL REPORT 2010

NOTE 5: EARNINGS / (LOSS) PER SHARE (CONTINUED)

(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.

9,450,000 (2009: 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 provided 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 was 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 4,785,943 EFG shares (2009: 3,852,096).

On 30 June 2010, Mr Gary Kalmin had 2,715,561 shares released from the EST as part of his termination payment. Furthermore 4,000,000 options previously held by Mr Gary Kalmin lapsed on his termination date.

On 31 July 2010, Mr Tim Ivers had 200,000 shares released from the EST as part of his termination payment. Furthermore 4,000,000 options previously held by Mr Tim Ivers lapsed on his termination date.

NOTE 7: COMMITMENTS AND CONTINGENCIES

There were no further commitments or contingencies at 30 June 2010. (2009: Nil)

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

Chief Executive Officer

As announced on 27 July 2010, the Managing Director and Chief Executive Officer, Jeremy Reid, has been given notice of his termination and on 31 July 2010 Mr Reid commenced serving out his 12 month notice period. Mr Reid will continue to be paid his existing contractual entitlements. It is currently envisaged that Mr Reid will leave the Group on 28 February 2011 and will be paid the balance of his notice period and any statutory and contractual entitlements which consists of accrued but untaken annual and long service leave as well as a severance payment of two weeks base salary per year of service. Mr Reid's salary was \$560,000 effective from 1 January 2010.

Business Transition

As announced on 27 July, the Company has started to move its responsible entity/trustee and management functions to One Investment Group (OIG). While OIG had offered nil consideration for the transition, it has however agreed to sub-let office space from the Company, effective 15 August 2010, which will assist in a smooth transition of the funds management operations as well as contributing to the reduction in the Company's operating costs. Furthermore OIG has offered employment to a number of employees of the Company which ensures a continuation of underlying fund knowledge and expertise for the benefit of investors in these funds. This will also result in the significant saving of on-going employment costs and redundancy payments otherwise payable by the Company.

Various aspects of the transitional arrangements with OIG remain subject to finalisation of unitholder approvals and counterparty consents. It is anticipated that these approvals will be obtained by September and October 2010.

EVEREST FINANCIAL GROUP LIMITED
ABN 42 112 480 145
INTERIM FINANCIAL REPORT 2010

The wholly owned entity, Everest Capital Limited (ECL), will continue, for the time being, to be responsible entity/trustee of two funds totalling approximately \$85 million in assets under management. In order to fulfil its duties in relation to these funds, ECL intends to outsource relevant functions to OIG.

Litigation Update

As previously announced to the ASX, the applicant LJK Nominees Pty Ltd has now been granted leave to file and serve a further amended statement of claim (Amended Claim). Everest Capital Limited is currently assessing the Amended Claim with a view to filing a defence in due course. The matter is before the Court 19 October 2010.

NOTE 9: SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no other significant changes in the state of affairs which are not already disclosed in Note 8.

Directors' Declaration

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

In the Directors' opinion:

- (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 consolidated entity's financial position as at 30 June 2010 and of its performance for the half year ended on that date; and
 - (ii) complying with AASB134 '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, 26 August 2010

To the members of Everest Financial Group Limited

Report on the Half-year 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 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year 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 2010 and its performance for the half-year 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 half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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.

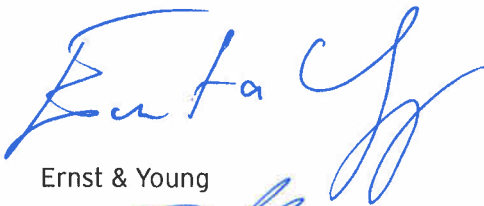
Independence

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 half-year financial report of Everest Financial Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Elliott Shadforth
Partner
Sydney
26 August 2010