

ASX RELEASE

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**SFG AUSTRALIA LIMITED
ASX RELEASE
(ASX: SFW)****WHK MERGER UPDATE**

On 25 February 2013 SFG Australia Limited (the **Company** or **SFGA**) and WHK Group Limited (**WHK**) announced that SFGA provided the WHK board with a non-binding indicative merger proposal (“Proposal”). The Proposal contemplated a friendly scrip based merger, with shared board and management control.¹

WHK’s trading update announced on 29 April 2013 has impacted the merger discussions with SFGA. Following discussions with WHK since the announcement, SFGA has now withdrawn the Proposal.

SFGA has discussed with WHK that it will consider a revised proposal once the parties are in a position to review each other’s full year FY13 performance and FY14 outlook, including the status of their respective business transformation and strategic initiatives at that time.

SFGA remains of the view that the convergence of financial advisors and accountants will continue and that a combined SFGA and WHK would be uniquely positioned to provide enhanced services to these clients across Australia and New Zealand in the future, whilst also unlocking significant value for shareholders.

SFGA will remain focused on its strategy of building a business around quality financial advisors and accountants, as illustrated through the acquisition of Lachlan Partners. SFGA will accordingly continue to evaluate both potential tuck-in and transformational transactions which are complementary to its business, consistent with its stated strategy.

Notes:

1. The basis and conditions of the SFGA non-binding indicative offer are further expanded in SFGA’s announcements dated 26 October 2012, 25 February 2013 and its Investor Presentation dated 28 February 2013. The indicative merger ratio outlined in the Proposal was based on information exchanged and market consensus earnings for the respective companies prior to the release of 1H13 results and the acquisition of Lachlan Partners by SFGA.

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About SFG Australia Limited

SFGA is a leading non-aligned client focused financial advice and end-to-end wealth management firm, listed on the Australian Securities Exchange (ASX: SFW).

SFGA provides a full range of wealth management services to high net worth and affluent clients, including strategic financial advice, portfolio administration solutions, portfolio construction and management services, insurance (both general and risk) solutions, finance broking, stockbroking, and corporate superannuation services.

