

25 February 2013

**SFG AUSTRALIA LIMITED**  
**ASX RELEASE**  
(ASX: SFW)

**UPDATE ON DISCUSSIONS WITH WHK GROUP LIMITED (ASX: WHG)**

On 26 October 2012, SFG Australia Limited (**SFGA**) and WHK Group Limited (**WHK**) announced that, following an approach from SFGA, the parties entered into discussions in relation to a potential merger of equals.

Following discussions and preliminary mutual due diligence to date, SFGA has provided the WHK board with a non-binding indicative proposal in relation to the potential merger. We note that WHK in their announcement of today has indicated that its board intends to evaluate the proposal and form a view on how to proceed.

SFGA believes that a friendly scrip based merger with WHK, with shared board and management control, will deliver substantial synergies and unlock significant value for both sets of shareholders.

SFGA has proposed a merger ratio that would result in WHK shareholders owning 42% of the merged group equating to 0.503 WHK shares for each SFG share.<sup>1</sup> This compares to approximately 39% and 40% respectively if either the current spot prices or 3-month VWAP's were used to determine this ratio.<sup>2</sup>

SFGA's proposal and any ongoing discussions remain confidential, incomplete, conditional and subject to due diligence. There is no certainty that SFGA's proposal will lead to a transaction.

SFGA will keep the market updated in accordance with its continuous disclosure obligations.

1. The indicative merger ratio is based on the information exchanged with WHK and market consensus forecasts for each company

2. Based on WHK and SFGA's respective last closing price and 3-month VWAP of \$1.06 and \$1.01 (for WHK) and \$0.61 and \$0.55 (for SFGA). VWAP is defined as volume weighted average price.

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## About SFG Australia Limited

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

SFG Australia Limited 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, corporate superannuation, accounting, tax, and other services.

