Everest Financial Group Limited ABN 42 112 480 145
Level 35 AMP Centre 50 Bridge Street Sydney NSW 2000 Australia
t +61 2 8001 9100 f +61 2 8001 9200 www.everest.com.au

26 February 2009

Company Announcements Office
Australian Stock Exchange

Everest Financial Group Limited (EFG)

Attached are the following full year results for the year ended 31 December 2008:

- Appendix 4E
- Financial Statements including Independent Audit Report from Ernst & Young

Yours faithfully

Gary Kalmin
Company Secretary

Attachment

APPENDIX 4E

Preliminary Final Report
For the year ended 31 December 2008
(All comparisons to the year ended 31 December 2007)

Name of Entity:	Everest Financial Group Limited (Formerly Everest Babcock & Brown Limited)

1. REPORTING PERIOD AND PREVIOUS CORRESPONDING PERIOD

Reporting period is for the full year ended 31 December 2008.

The previous corresponding period is for the full year ended 31 December 2007.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

			%	2008 A$'000	2007 A$'000
2.1	Revenues from continuing operations	Down	26.9%	**31,340**	42,889
2.2	Profit/(loss) from continuing operations after tax attributable to shareholders	Down	Not Meaningful	**(305,585)**	16,038
2.3	Net profit/(loss) for the period attributable to shareholders	Down	Not Meaningful	**(305,585)**	16,038

		Amount per security	Franked amount per security	Amount per security	Franked amount per security
2.4	Dividends				
	Current period:				
	Interim dividend	-	-	3.0¢	3.0¢
	Final dividend:-	-	-	3.0¢	3.0¢
	Total	-	-	6.0¢	6.0¢

2.5 Record date for determining entitlements to the dividend – N/A

Payment date for the dividend (on or about) – N/A

2.6 Refer to the accompanying ASX Release and Financial Report for further details. All information pertaining to Everest Financial Group Limited is based upon audited financial information.

NOT MEANINGFUL Percentage decreases have been omitted due to the effect of impairment on intangible assets in the entity during 2008. Refer to the Financial Report for further details.

EVERREST FINANCIAL GROUP

EVEREST FINANCIAL GROUP LIMITED
(Formerly Everest Babcock & Brown Limited)
ABN 42 112 480 145
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

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Directors' Report

Your Directors present their Report on Everest Financial Group Limited (**Company**) and the entities it controlled during the year (**consolidated entity** or **Group**) for the financial year ended 31 December 2008 (**financial year**).

The Company is a public company limited by shares, incorporated and domiciled in Australia. The Company is listed on the Australian Securities Exchange. Its registered office and principal place of business is:

Level 35 AMP Centre
50 Bridge Street
Sydney NSW 2000

Directors

The names of the Directors of the Company in office at any time during or since the end of the financial year are:

Trevor Gerber	Chairman and Independent Director (changed from Deputy Chairman on 15 February 2009)
Kerry Roxburgh	Independent Director
Michael Katz	Independent Director
Jeremy Reid	Chief Executive Officer
Farrel Meltzer	Non-Executive Director (appointed 20 February 2009)
David Kent	Non-Executive Chairman (resigned 15 February 2009) (changed from Executive on 1 July 2008)
Phillip Green	Non-Executive Director (resigned 15 September 2008)
David Fuchs	Non-Executive Director (resigned 15 September 2008)

Directors have been in office since the start of the financial year to the date of this Report unless otherwise stated.

For details of the Directors' qualifications, experience, special responsibilities and other directorships, refer to page 6 to 9, which are to be read as part of this Report.

Principal activity

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

Directors' Report (continued)

Operating results

The loss of the consolidated entity for the financial year after providing for income tax amounted to $305,585,000 (2007 profit: $16,038,000).

Review of operations

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

Intangible write-down

Following a review of intangible assets at 30 June 2008, the Company advised that it has made a non-cash write down of the value of intangible assets by $142 million to a carrying value of $187 million.

Following a further review of intangible assets at 30 November 2008, the company has made a further non-cash write down of the intangible asset by $187 million to a carrying value of zero; bringing the total write down for the period to $329 million.

While the write down does impact the current year's statutory profit, it does not impact the reported operating cash flow of the business. Further information on the write down is provided in Note 13 of this annual report.

Significant changes in state of affairs

Significant changes in the consolidated entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this Report, are as follows:

- Review of Wholesale Funds

Everest Capital Limited (Everest Capital), a wholly owned subsidiary of the Company, is the responsible entity, trustee and/or manager of 18 wholesale funds with differing investment objectives and strategies. A review has been undertaken of each of these funds to assess the impact of the current adverse market conditions and redemption requests upon the ongoing conduct of these funds.

The review considered (amongst other things) the assessment of redemption requests received, liquidity profile, gearing levels and the effect on the ongoing operation of each fund. As a result of the review a number of funds have been placed into suspension or have gates applied to the number of redemption requests accepted. The positions of these funds are being continuously monitored by the manager.

- Change of company name

The Company's proposal to change its name to "Everest Financial Group Limited" was passed by a successful shareholder vote at the General meeting held on 23 December 2008. The Company's name was updated by ASIC on 15 January 2009.

Directors' Report (continued)

- Ceasing to be a substantial holder

Babcock & Brown Limited ceased to be a substantial holder of shares in the Company on 29 December 2008.

- Wingate acquired strategic stake

On 8 December 2008, the Wingate Group, a Melbourne based private investment and advisory firm, acquired a strategic stake of 19.9% in the Company.

Farrel Meltzer founder and Managing Director of the Wingate Group was appointed Non Executive Director of the Company on 20 February 2009.

After balance date events

On 5 January 2009, ASIC registered the Company's change of name. The ASX code for Everest Financial Group is now EFG (formerly EBB).

- Resignation as Responsible Entity of EBI

Everest Capital Investment Management Limited (ECIML), a wholly owned subsidiary of the Company, ceased to be the Responsible Entity for Everest Babcock and Brown Alternative Investment Trust (EBI). The change in responsible entity was passed by resolution at a meeting of unitholders held on 30 January 2009. Notification was received from ASIC on 5 February 2009 confirming that the new responsible entity of EBI is Permanent Investment Management Limited.

- EBI changed its name on 5 February 2009 to the Alternative Investment Trust (ASX code AIQ).

Everest Capital Limited was removed as the investment manager of EBI on 23 February 2009 reducing the Billable Assets Under Management (AUM) by approximately $700m to approximately $1.1 billion.

- EBI Exchange offer

On 30 January 2009 the successful implementation of the EBI Exchange Offer was announced. Under the offer, 27% of Unitholders participated in the exchange offer and received units in the Everest Alternative Investment Trust (EAIT). The responsible entity and manager of EAIT is Everest Capital Limited (ECL), a wholly owned subsidiary of the Company. A number of documents including the product disclosure statement of EAIT were lodged with the ASX on 23 December 2008 and the PDS is currently available on the Everest website.

Other than the events stated above, there are no other significant events that have occurred since balance sheet date which would impact on the financial position of the consolidated entity disclosed in the balance as at 31 December 2008 or on the results and cash flows for the year ended on that date.

Directors' Report (continued)

Likely developments

The consolidated entity's objectives are to maintain profitability, grow assets under management and diversify its investment product range and investor base. The consolidated entity will seek to meet its objectives by focusing on generating absolute return strategies using reduced leverage on existing investor's funds and offering new investors access to what it believes to be some of the leading investment managers and quality assets focused on absolute returns. The consolidated entity will aim to identify, recruit and retain the very best people to support the business.

Environmental issues

The consolidated entity's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid or recommended

There was no dividend paid in respect of the year ended 31 December 2008. (2007: $15,856,000).

Information on Directors

The names and appointment/resignation dates of the current Directors, alternate Directors and former Directors of the Company during or since the end of the financial year are provided on page 6 to 9 of the Report.

Directors' Report (continued)

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each Director during the financial year were:

	Directors' Meetings		Audit & Risk Management Committee Meetings		Nomination & Governance Meetings		Remuneration Committee Meetings	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
David Kent	10	10	6	6	-	-	-	-
Trevor Gerber	8	9	6	6	2	2	2	2
Kerry Roxburgh	10	10	6	6	2	2	1	1
Michael Katz	10	10	3	4	-	-	2	2
Jeremy Reid	10	10	-	-	2	2	-	-
Phillip Green	1	7	-	-	-	-	-	-
David Fuchs	7	7	-	-	-	-	1	1

	Related Party Committee Meetings	
	Attended	Eligible to attend
David Kent	3	3
Trevor Gerber	-	-
Kerry Roxburgh	3	3
Michael Katz	3	3
Jeremy Reid	-	-
Phillip Green	-	-
David Fuchs	-	-

BOARD OF DIRECTORS

Trevor Gerber

Term of office: Appointed Chairman 15 February 2009
Non-Executive Director since 23 March 2005

Independent: Yes

External Directorships: Trevor is a director of Macquarie Airports Group and Chairman of Valad Property Group. He is also a former director of Macquarie Prologis and former Chairman of Everest Capital Investment Management Limited which was the responsible entity of Everest Babcock & Brown Alternative Investment Trust (**EBI**).

Skill, experience and expertise: Trevor previously worked with Westfield Holdings Limited for 14 years until 1999 as Group Treasurer and subsequently as Director of Funds Management responsible for the listed property trusts, Westfield Trust and Westfield America Trust. Trevor qualified as a Chartered Accountant in 1980 and is a member of The Institute of Chartered Accountants in Australia.

Board committee membership: Member of the Audit & Risk Management Committee, Remuneration Committee and Chairman of the Nomination & Governance Committee

Directors' Report (continued)

Kerry Roxburgh

Term of office: Non-Executive Director since 23 March 2005

Independent: Yes

External Directorships: Kerry is the non-executive Chairman of Babcock & Brown Capital, the Charter Hall Group, and of Tasman Cargo Airlines. He is a non-executive director of Ramsay Health Care, Money Switch, The Law Cover Group and The Medical Indemnity Protection Society Group.

Skill, experience and expertise: Kerry is a Practitioner Member of the Securities & Derivatives Industry Association. He was Group Chief Executive Officer of E*TRADE Australia until July 2000. Prior to joining E*TRADE, for 10 years he was an Executive Director at the Hong Kong Bank of Australia, including five years as Chairman of James Capel Australia and five years as Managing Director of the Bank's corporate finance subsidiary.

Board committee membership: Chairman of the Audit & Risk Management Committee, member of the Nomination & Governance Committee and member of the Related Party Transactions Committee

Michael Katz

Term of office: Non-Executive Director since 21 June 2007

Independent: Yes

External Directorships: Michael is a director of Musica Viva Australia.

Skill, experience and expertise: Michael was a member of the Executive Committee of the Commonwealth Bank of Australia (CBA) for 13 years. During this time he held senior positions as Head of the Institutional Bank and Head of Premium Financial Services with responsibility for corporate and high net worth clients and the trading, transactional and lending businesses. In particular, he led the development of CBA's equities business with the formation and management of Commsec. Prior to his role at CBA, Michael was an executive director of Morgan Stanley Japan in Tokyo, Bank Morgan Stanley AG in Zurich and also worked with Citibank in Europe. He was formerly a member of the boards of EDS Australia, Sydney Futures Exchange and the International Banks and Securities Association.

Board committee membership: Chairman of the Remuneration Committee, member of the Audit and Risk Management Committee and member of the Related Party Transactions Committee.

Jeremy Reid

Term of office: Chief Executive Officer since 4 February 2005

Independent: No

External Directorships: nil

Skill, experience and expertise: Jeremy is the founder and CEO of the Company. Under his strategic guidance and management, the Company has launched a range of absolute return funds and direct investments and AUM has grown from approximately $5 million in February 2000 to its current levels. Jeremy has been an active investor and participant in global financial markets and managed funds for the past 10 years.

Board committee membership: Member of the Nomination & Governance Committee

Directors' Report (continued)

Farrel Meltzer

Term of office: Appointed Non-Executive Director on 20 February 2009

Independent: No

External Directorships: Farrel is Managing Director of the Wingate Group, and director of a number of Wingate related entities. Farrel is also a director of Jewish Care Inc (Victoria).

Skill, experience and expertise: Farrel is Managing Director of the Wingate group, a Melbourne based investment and advisory firm, which he founded in 2003. Prior to establishing Wingate, Farrel held positions as Group Managing Director of Investec Bank (Australia) Limited and Head of ANZ Private Bank. Farrel's experience spans funds management, private equity, private clients, debt, structured investments, corporate advice, business strategy, capital markets, and property. Farrel holds a Bachelor of Commerce, Bachelor of Accounting (Cum Laude), Advanced Diploma in Banking (Cum Laude) and is a Chartered Accountant.

Board committee membership: Nil

David Kent

Term of office:	Resigned on 15 February 2009 Changed to Non-executive Chairman on 1 July 2008 Executive Chairman since 1 August 2006 Executive Director since 4 February 2005

Independent: No

External Directorships: David was a Director of Stockland Capital Partners Limited, Chairman of the SH Ervin Gallery Committee and a Director of the Royal Sydney Golf Club Foundation.

Skill, experience and expertise: David was the Non-executive Chairman (Changed from Executive on 1 July 2008) of the Company. He commenced his career in financial services in 1981 at Banque Nationale de Paris and Banque Paribas in Sydney and London. David worked for Morgan Stanley for 13 years in Sydney, Melbourne and New York; he became Managing Director and Head of Investment Banking in Australia and was a Member of Morgan Stanley's Asian Executive Committee. He has been a Senior Trade & Investment Commissioner in Paris and Washington DC for the Australian Trade Commission and Head of Axiss Australia. Previous non-executive roles have been as a member of the Financial Sector Advisory Council and the Australian Chapter of the Alternative Investment Management Association, Chairman of the Brett Whiteley Foundation and Deputy Chairman of the Art Gallery of NSW Foundation. He has a BA (Hons) first class from the University of Sydney.

Board committee membership: Member of the Audit & Risk Management Committee and member of the Related Party Transactions Committee (until 15 February 2009).

Directors' Report (continued)

Phillip Green

Term of office: Non-Executive Director since 23 March 2005 and resigned on 15 September 2008

Independent: No

External Directorships: Phillip was formerly the Chief Executive Officer of Babcock & Brown Limited, Chairman of Babcock & Brown Environmental Investments Limited and a Director of a number of companies including Babcock & Brown Infrastructure Limited, Babcock & Brown Capital Limited, Thakral Holdings Limited and Babcock & Brown Japan Property Management Limited. He is also a Trustee of the SCG Trust.

Skill, experience and expertise: Phillip holds Bachelor of Commerce and Bachelor of Laws degrees from the University of New South Wales. Prior to joining Babcock & Brown, Phillip worked as a Senior Manager with Arthur Andersen where he specialised in taxation. He qualified as a Chartered Accountant in 1981 and was admitted as a solicitor in NSW in 1978.

Board committee membership: Nil

David Fuchs

Term of office: Alternate Director for Phillip Green from 23 March 2005 to 1 August 2006, Non-Executive Director since 1 August 2006 and resigned on 15 September 2008.

Independent: No

External Directorships: Nil

Skill, experience and expertise: David was formerly the Australian Head of Babcock & Brown's Corporate and Structured Finance Group. Prior to joining Babcock & Brown in early 2001, David worked at Pacific Equity Partners, one of Australia's largest private equity firms. David commenced his career at Morgan Stanley, where he worked in the investment banking division in the United States and Australia. David holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales.

Board committee membership: Remuneration Committee (until 15 September 2008)

Company Secretary

Gary Kalmin is company secretary of the Company appointed 1 July 2009 .
Azra Popo was joint company secretary (with Gary Kalmin) for the period to 30 November 2008.

Gary Kalmin

Gary is responsible for corporate development and strategic initiatives to support the growth of the business. Gary joined from Challenger Financial Services Group where he spent more than five years in senior positions in corporate development and more recently as a Director and Head of Origination within the infrastructure business. In this role, Gary led many transactions and initiatives spanning across Europe, North America and Australia as well as the launch of the specialist funds business.

Gary also previously held corporate finance roles at PricewaterhouseCoopers in Sydney and Barclays Bank in London. He is a member of the Institute of Chartered Accountants of Australia, a Fellow of the Financial Services Institute of Australia and has an MBA from the Australian Graduate School of Management.

Directors' Report (continued)

Remuneration report (audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

The following persons were Directors of the Company during the year and (where applicable) up to the date of this Report:

Trevor Gerber	Chairman and Independent Director
Kerry Roxburgh	Independent Director
Michael Katz	Independent Director
Jeremy Reid	Chief Executive Officer
Farrel Meltzer	Non-Executive Director (Appointed 20 February 2009)
David Kent	Non-Executive Chairman (Changed from Executive on 1 July 2008) (resigned 15 February 2009)
Phillip Green	Non-Executive Director (Resigned 15 September 2008)
David Fuchs	Non-Executive Director (Resigned 15 September 2008)

Directors' Report (continued)

The following persons were also KMP of the Company during the year and (where applicable) up to the date of this Report:

Executives

Jeremy Reid	Chief Executive Officer
Gary Kalmin	Head of Corporate Development (Appointed 15 January 2008)
Aaron Budai	Chief Financial Officer (Appointed 1 July 2008)
Steve McKenna	Head of Absolute Return Funds
Will Peterson	Head of Direct Investments
John Peterson	Chief Risk Officer
David Kent	Non-Executive Chairman (resigned 15 February 2009) (changed from Executive on 1 July 2008)
Brian O'Sullivan	Chief Financial Officer (Resigned 30 June 2008)

Executives – remuneration policy (including executive Directors)

The remuneration framework for Executives involves three components:

- Fixed remuneration
- Short-term incentives (STI)
- Long-term incentives (LTI)

Fixed remuneration

The Company's policy in relation to employees is to provide 'at market' remuneration for fulfilling target requirements of the role and the opportunity for 'above market' remuneration for superior performance.

Fixed total remuneration is comprised of base salary plus superannuation guarantee contributions and other benefits provided through salary sacrifice arrangements. Remuneration is determined by reference to benchmarked information relating to external employment markets, as well as individual performance and position accountabilities, requirements, qualifications and experience.

Any adjustment to fixed remuneration is based on individual performance. An annual review process is undertaken on the individual performance of all executives. The result of the Executive's individual appraisal is linked to the annual remuneration review and determines what, if any, increase will be received.

STI Scheme

Short term incentives are paid to employees. The aim of such an arrangement is to recognise the contributions and achievements of individuals when business targets are achieved or exceeded. The STI allocation is made partly in cash and a portion may be deferred through a retention bonus (discussed below). The Company considers that this practice increases the alignment of employee rewards to the longer term performance objectives of the Company.

Directors' Report (continued)

LTI Plan

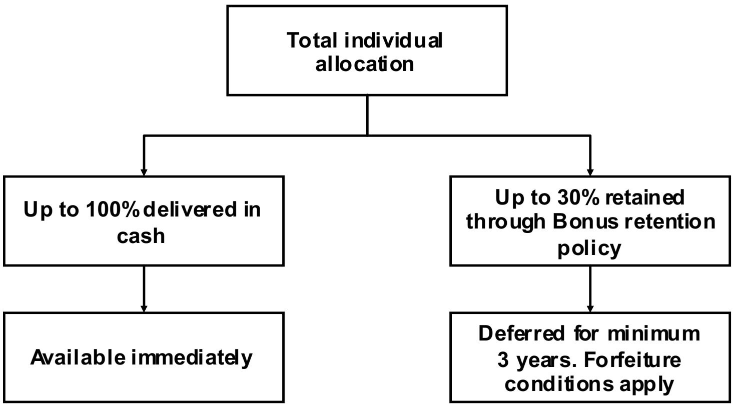
Employee Share Option Plan (ESOP)

To complement the STI scheme, the Company has established a LTI Plan which aims to provide additional focus on the long term performance of the Company. The Company believes the ESOP will assist in the attraction, retention and motivation of employees. The ESOP was approved at the time of the initial public offering of securities in the stapled entity (formerly, Everest Babcock & Brown Alternative Investments Group) (**IPO**). Allocations under the ESOP were issued in recognition of past and present contribution to the growth of the Company. Allocations under the ESOP were approved by the Board based on recommendations by the CEO which took into account length of service, seniority in the organisation and contribution to the success of the Company. The options issued under the ESOP are restricted from being sold or transferred, until the vesting conditions are met, being continuous employment of 3 or 4 years depending on the issue.

The Company established the ESOP to provide a long-term incentive to employees and management to contribute to the long term profitability and share price growth of the consolidated entity through a direct growth in the value of their shareholdings and potential future dividend streams.

Retention Bonus

The Company has implemented a staff retention policy whereby the Company may also elect to split an employee's annual bonus into a cash bonus (as discussed above) and a retention bonus. Under current policy the vesting period for an annual retention bonus is typically a minimum of three years. A retention bonus payment will only vest if the employee continues his or her employment with the Company until the third anniversary of the award of the retention bonus.



The Retention Bonus figures quoted in the table on page 14 relates to the cost incurred by the Company in 2008 for prior year bonus deferral. This deferred remuneration may be invested by the Company in Everest Financial Group Limited managed funds or shares in the Company (for the benefit of employees). The maximum bonus payable may depend on the performance of the Everest Financial Group Limited managed funds. The minimum payment would be nil.

Directors' Report (continued)

Consequence of performance on shareholder wealth

The table below show's the performance of the group since 2006.

Financial performance indicator	Year 2008 Statutory	Year 2007 Statutory	Year 2006 Normalised[2]	Year 2006 Statutory
Closing share price ($)	0.07	1.55	2.00	2.00
Dividends paid (cent per share)	-	6.00	6.30	6.30
Net profit/(loss) before tax ($'000)	(310,829)	25,856	20,345	13,521
Net profit/(loss) after tax ($'000)	(305,585)	16,038	12,422	9,401
Cash earnings after tax ($'000)[3]	12,808	21,598	17,861	11,695
Basic earnings per share (cents)	(124.3)	6.60	5.50	7.30
Diluted earnings per share (cents)	(124.3)	6.30	5.20	6.90
Cash EPS (cents)[3]	5.10	8.90	8.00	9.00

Notes:

1. Information prior to the 2006 year does not provide a like for like comparison as the Company was part of the Everest Babcock & Brown Alternative Investments Group (EBB) and held 30% of the shares in Everest Capital Limited.

2. The 2006 normalised results assume that the restructure of EBB that occurred in August 2006, took place on 1 January 2006 and hence provide a like for like comparison.

3. Cash earnings after tax and cash earnings per share reflect Net profit after tax adjusted for non-cash charges of impairment and amortisation of intangibles and employee option compensation.

Directors' Report (continued)

The following table shows the remuneration of KMP (including the five highest paid executives) of the consolidated entity for the year ended 31 December 2008:

KMP	Short Term Benefits			Post Employment Benefits	LTI		Total	% Performance Based
					Retention Bonus	Share Based Payment Compensation		
	Salary & Fees	Cash Bonus	Non-Cash Benefits	Superannuation		Options		
Executive Directors								
Jeremy Reid	500,000	320,250	9,930	13,437	89,176	-	932,793	44%
Non-Executive Directors								
David Kent (Changed from Executive on 1 July 2008)	207,339	-	4,965	9,145	39,970	389,206	650,625	66%
Trevor Gerber	100,917	-	-	9,083	-	-	110,000	-
Kerry Roxburgh	82,569	-	-	7,598			90,167	
Michael Katz	82,569	-	-	7,598	-	-	90,167	-
Phillip Green (Resigned on 15 September 2008)	-	-	-	-	-	-	-	-
David Fuchs (Resigned on 15 September 2008)	-	-	-	-	-	-	-	-
Executives								
John Peterson	277,000	105,000	-	13,437	20,058	71,850	487,345	40%
Steve McKenna	250,000	157,500	-	13,437	209,481	143,691	774,109	65%
Will Peterson	250,000	157,500	-	13,437	204,015	140,055	765,007	66%
Gary Kalmin	264,327	297,500	4,365	13,437	42,763	-	622,392	55%
Aaron Budai	193,128	84,000	8,730	13,437	37,763	43,112	380,170	43%
Brian O'Sullivan (resigned 30 June 2008)	110,905	-	4,365	56,565	84,946	184,749	441,530	61%
Total	2,318,754	1,121,750	32,355	170,611	728,172	972,663	5,344,305	

The following table shows the remuneration of KMP (including the five highest paid Executives) of the consolidated entity for the year ended 31 December 2007:

KMP	Short Term Benefits			Post Employment Benefits	LTI		Total	% Performance Based
					Retention Bonus	Share Based Payment Compensation		
	Salary & Fees	Cash Bonus	Non-Cash Benefits	Superannuation		Options		
Executive Directors								
David Kent	300,000	287,000	16,851	12,908	-	667,210	1,283,969	74%
Jeremy Reid	500,000	640,500	17,301	12,908	-	-	1,170,709	45%
Non-Executive Directors								
Trevor Gerber	61,927	-	-	28,073	-	-	90,000	-
Kerry Roxburgh	-	-	-	60,000	-	-	60,000	-
Michael Katz	31,644	-	-	2,848	-	-	34,492	-
Phillip Green	-	-	-	-	-	-	-	-
David Fuchs	-	-	-	-	-	-	-	-
Executives								
Brian O'Sullivan	252,624	245,000	14,811	12,908	105,765	369,498	1,000,606	73%
John Peterson	285,523	70,000	-	12,908	83,339	123,172	574,942	49%
Steve McKenna	220,000	157,500	-	12,908	107,027	246,327	743,762	70%
Will Peterson	232,149	157,500	-	12,908	44,551	70,028	517,136	53%
Total	1,883,867	1,557,500	48,963	168,369	340,682	1,476,235	5,475,616	

In overseeing the remuneration structure and policies, the Remuneration Committee and the Board endeavour to ensure that the remuneration policies strike an appropriate balance between the interests of the Company's shareholders and rewarding and motivating the Company's Executives and employees. It is believed that the Company's remuneration structure establishes a fair and transparent relationship between individual performance and remuneration.

Directors' Report (continued)

In assessing the remuneration for the year ended 31 December 2008, the Remuneration Committee and the Board have taken into account a number of factors, including industry wide, company specific, and those specific to individual employees. This includes the tumultuous financial market conditions which contributed to a fall in assets under management. Against this backdrop, the company successfully broadened its distribution focus with entry into the Australian institutional market, and introduced a new strategic shareholder in the Wingate Group, bringing greater stability to the share register. A key focus during the year was re-positioning the company to provide a strong platform to build on for the future, including the implementation of a number of cost initiatives. The remuneration of employees seeks to recognise overall contribution to both broad and targeted company objectives, while ensuring that the structure of the remuneration aids in the retention of key employees, and provides an appropriate level of alignment with shareholders and investors.

Executive employment contracts

David Kent, Non-Executive Chairman (Changed from Executive on 1 July 2008 and resigned from 15 February 2009)

- Length of contract: open-ended
- Frequency of base remuneration review: annually
- Criteria used to determine the amount of annual bonus amount:
  - Attainment of performance fee thresholds by funds managed by the Company;
  - Attainment of business objectives; and
  - As determined by the Board of the Company in its discretion
- Termination of employment:
  - By either party on giving 3 months notice;
  - At any time by Everest Capital on payment in lieu of 3 months notice; and
  - At any time by Everest Capital if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation
  - In the event of termination by Everest Capital on notice, Mr Kent will be entitled to receive $41,666 for each full month of the year in which he is given notice and for each month of the notice period. Mr Kent will also receive any bonus payment that has been retained under Everest Capital's LTI plan.

Jeremy Reid, Chief Executive Officer/Managing Director

- Length of contract: open-ended
- Frequency of base remuneration review: annually
- Criteria used to determine the amount of annual bonus amount:
  - Attainment of performance fee thresholds by funds managed by the Company;
  - Attainment of business objectives;
  - As determined by the Board of the Company in its discretion; and
  - A maximum cash bonus of $1,050,000 in respect of any single financial year
- Termination of employment:
  - By either party on giving 12 months notice;
  - At any time by Everest Capital on payment in lieu of 12 months notice; and
  - At any time by Everest Capital if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation

Brian O'Sullivan, Chief Financial Officer (Resigned 30 June 2008)

- Length of contract: open-ended
- Frequency of base remuneration review: annually
- Termination of employment:
  - By either party on giving 5.5 months notice
  - Immediately by Everest Capital on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Directors' Report (continued)

Executive Employment Contracts (continued)

John Peterson, Chief Risk Officer

- Length of contract: open-ended
- Frequency of base remuneration review: annually
- Termination of employment:
  - By either party on giving 3 months notice
  - Immediately by Everest Capital on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Steve McKenna, Head of Absolute Return Funds

- Length of contract: open-ended
- Frequency of base remuneration review: annually
- Termination of employment:
  - By either party on giving 1 month notice
  - Immediately by Everest Capital on payment in lieu of notice if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Will Peterson, Head of Direct Investments

- Length of contract: open-ended
- Frequency of base remuneration review: annually
- Termination of employment:
  - By either party on giving 2 month notice
  - Immediately by Everest Capital on payment in lieu of notice if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Gary Kalmin, Head of Corporate Development and Company Secretary (Appointed 1 July 2008)

- Length of contract: open-ended
- Frequency of base remuneration review: annually
- Termination of employment:
  - By either party on giving 2 month notice
  - Immediately by Everest Capital on payment in lieu of notice if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Aaron Budai, Chief Financial Officer (Appointed 1 July 2008)

- Length of contract: open-ended
- Frequency of base remuneration review: annually
- Termination of employment:
  - By either party on giving 1 month notice
  - Immediately by Everest Capital on payment in lieu of notice if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Directors' Report (continued)

Security holdings

As at 31 December 2008, the relevant interests of the Directors of the Company are set out in the table below.

Name	Balance 01/01/08	Purchased	Balance on Resignation	Sale of shares	Balance 31/12/08
Executive Directors					
Jeremy Reid	44,984,215	-	n/a	-	44,984,215
Non-Executive Directors					
David Kent[1]	69,548	-	n/a	-	69,548
Trevor Gerber	91,668	-	n/a	-	91,668
Kerry Roxburgh	25,000	-	n/a	-	25,000
Michael Katz	25,000	-	n/a	-	25,000
Phillip Green[2]	785,919	25,556	811,475	-	n/a
David Fuchs[3]	59,112	-	59,112	-	n/a

1 David Kent changed from Executive to Non-Executive Chairman on 1 July 2008. At that date Mr. Kent held 69,548 shares in the Company. David Kent resigned as Director on 15 February 2009.

2 Phillip Green resigned as Director of Company on 15 September 2008. At that date Mr. Green held 811,475 shares in the Company.

3 David Fuchs resigned as Director of Company on 15 September 2008. At that date Mr. Fuchs held 59,112 shares in the Company.

As at 31 December 2007, the relevant interests of the Directors of the Company are set out in the table below.

Name	Balance 01/01/07	Purchased	Sale of shares	Balance 31/12/07
Executive Directors				
David Kent	56,000	13,548	-	69,548
Jeremy Reid	44,087,554	896,661	-	44,984,215
Non-Executive Directors				
Trevor Gerber	75,000	16,668	-	91,668
Kerry Roxburgh	25,000	-	-	25,000
Michael Katz	-	25,000	-	25,000
Phillip Green	656,028	129,891	-	785,919
David Fuchs	50,000	9,112	-	59,112

Directors' Report (continued)

Employee Share Trust

On 18 December 2007 the Board established the Deferred Share Plan (DSP) which provides certain Company personnel with one off retention bonuses in the form of Everest Financial Group Limited shares as well as to provide for both the mandatory and voluntary deferral of annual cash bonuses in return for providing employees with shares in the Company. The Board further established an Employee Share Trust (EST) whereby shares in the Company 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 future. On 30 January 2008 the Board through its Committee approved the purchase of shares under the DSP. As at the date of this report the EST held 2,777,803 shares in the Company.

As at 31 December 2008, the relevant interests of the Directors and Executives of the Company held through the Employee Share Trust are set out in the table below.

2008			
Name	**Total**	**Vesting 31/12/10**	**Vesting 31/12/12**
Executive Directors			
Jeremy Reid	211,350	211,350	-
Non-Executive Directors			
David Kent	95,095	95,095	-
Executives			
John Peterson	73,302	48,302	25,000
Steve Mckenna	760,533	435,310	325,223
Will Peterson	702,790	377,567	325,223
Gary Kalmin	325,937	205,714	120,223
Aaron Budai	214,857	114,857	100,000

Directors' Report (continued)

Remuneration options: Exchanged and cancelled during the year

The table below highlights remuneration options which had been granted to KMP which were cancelled during the 2008 financial year. There were no remuneration options granted or exchanged during the 2008 financial year.

2008				
Name	Cancelled Number	Exercise price per option	Vesting & First Exercise Date	Last Exercise Date
Executives				
Brian O'Sullivan	3,023,968	0.85	1/08/2008	1/08/2010

The table below highlights remuneration options granted to KMP during the 2007 financial year. There were no remuneration options exchanged or cancelled during the 2007 financial year.

2007	Terms and Conditions for Each Grant						
Name	Granted Number	Grant Date	Value per option at grant date	Exercise price per option	Vesting & First Exercise Date	Last Exercise Date	% Remuneration consisting of options for the year
Executives							
Will Peterson	600,000	2/07/2007	0.93	3.74	2/07/2011	2/07/2013	13.5%

Unissued shares

As at the date of this Report, there were 8,964,557 (2007: 18,288,403) unissued ordinary shares under options. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate. Further information on unissued shares is shown in note 28 to the financial statements.

Indemnification of officers

During the financial year, the Company paid a premium in respect of a contract insuring directors of the Company, the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

End of Remuneration report (audited)

Directors' Report (continued)

Proceedings on behalf of the Company

ECIML is a wholly owned subsidiary of Everest Financial Group and, until 5 February 2009, was the responsible entity of the Alternative Investment Trust, ASX code: AIQ (formerly, Everest Babcock & Brown Alternative Investment Trust, ASX code: EBI).

On 21 November 2008, an EBI general meeting of unitholders which was requisitioned by Laxey Partners Limited (a relevant interest holder in EBI) was adjourned to 21 January 2009 following the discovery of new information which the Board believed may have affected the way in which unitholders wished to vote on the resolutions being proposed at that meeting. The resolutions being proposed at that meeting were as follows:

1. to liquidate AIQ (then EBI); or
2. to remove ECIML as responsible entity of AIQ (then EBI); and
3. to appoint Permanent Investment Management Limited as responsible entity of AIQ (then EBI).

The Board considered that an adjournment of the meeting was in the best interests of unitholders because it would allow sufficient time to collate and distribute the new information to unitholders for their consideration.

Following the adjournment of the meeting, Laxey Partners Limited commenced proceedings in the Federal Court of Australia claiming that the meeting was invalidly adjourned and requesting that the meeting be reconvened on 5 December 2008.

On 12 December 2008, it was announced that these legal proceedings had settled with the parties agreeing to pay their own costs. Under the terms of the settlement, it was agreed (amongst other things) that the meeting would be reconvened on 30 January 2009. Details of the reconvened meeting are described earlier in this report.

The Company was not a party to other proceedings during the year.

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 the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Non-audit services

The following non-audit services were provided by the Group's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Directors' Report (continued)

Ernst & Young received the following for the provision of non-audit services:

	2008 $'000	2007 $'000
Assurance related and due diligence services	13	99

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 22.

Signed in accordance with a resolution of the Board of Directors of the Company.

On behalf of the Board
Trevor Gerber
Chairman
Sydney, 26 February 2009

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

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

In relation to our audit of the financial report of Everest Financial Group Limited for the financial year ended 31 December 2008, 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

Mark O'Sullivan
Partner
26 February 2009

Corporate Governance Statement

The Directors of the Company (Board) are responsible for the corporate governance of the Company.

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they were elected and to whom they are accountable.

The format of the Corporate Governance Statement is consistent with the Australian Securities Exchange Corporate Governance Council's (Council's) Corporate Governance Principles and Recommendations (Second Edition Corporate Governance Guidelines). In accordance with the Council's Recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a Recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. The Company's Corporate Governance Statement is now structured with reference to the Council's Recommendations, which are as follows:

Principle 1: Lay solid foundations for management and oversight

Establish and disclose the respective roles and responsibilities of board and management.

The role of the Board is to set goals and policies for the operation of the Company; to oversee its management; to regularly review performance; and to generally monitor the Company's affairs in the best interest of shareholders. This information is set out on the Company's website at www.everest.com.au. For these responsibilities the Board is accountable to shareholders. The Chief Executive Officer is responsible and accountable to the Board for the management of the Company.

The Company conducts annual performance reviews for all staff whereby performance is measured against a number of relevant criteria. These reviews are linked to the annual remuneration review as outlined in the Remuneration Report, and also form the basis for setting ongoing performance objectives for staff. Performance reviews were completed for senior executives during the reporting period, in accordance with this process.

The Board believes that Company is in compliance with Principle 1.

Principle 2: Structure the board to add value

Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

The details of each Director's skill, experience and expertise are set out in the Directors' Report. The majority of the Directors are Non-Executive Directors, with a broad range of skills, expertise and experience from a diverse range of backgrounds. As at 31 December 2008 the Board had a majority of independent Directors as contemplated by Recommendation 2.1. There were three directors who satisfied the independence criteria set out in this Recommendation, namely Mr Roxburgh, Mr Gerber and Mr Katz. Farrel Meltzer, appointed as Director 20 February 2009, is not considered independent by virtue of his position as an officer of a substantial shareholder of the Company, being Wingate Group. At the date of this Report, Trevor Gerber is the Chairman (changed from Deputy Chairman on 15 February 2009), replacing David Kent who retired from the position of Non-Executive Chairman of the Company (changed from Executive on 1 July 2008).

Corporate Governance Statement (continued)

Prior to 1 July 2008 there was an Executive Chairman and the Board did not have a majority of independent directors. The Board considered the appointment of an Executive Chairman to be appropriate for the Company at the time in view of the following:

- Mr Kent had been the Chairman of Everest Capital Limited, a wholly owned subsidiary of the Company since the incorporation and listing of the Company on the ASX. He has an in-depth knowledge and understanding of the Group's operations. The Board at that time was fully supportive of Mr Kent's holding the office of Chairman;
- To ensure that there was an appropriate balance in the manner in which the Directors discharged their responsibilities and that there was an independent review of the performance of the management, the Board had appointed Mr Gerber as Deputy Chairman and Lead Independent Director;
- The Board has established an Audit & Risk Management Committee, Nomination & Governance Committee and Remuneration Committee each comprising majority of independent Directors;
- The Board has established protocols for dealing with conflicts of interest. In particular, the Board has put in place a range of internal policies designed to ensure that the interest of the Company and the shareholders are at all times preferred to those of Directors and that any actual or potential conflict of interest are promptly disclosed and dealt with by the Directors. These include the Board Charter, the Code of Conduct, the Share Trading Policy and the Continuous Disclosure Policy;
- Significant matters affecting the Company are reserved for consideration by the full Board, for example major strategic decisions, capital expenditure above specified thresholds and expenditure outside the ordinary course of business.

The roles of the Chairman and the Chief Executive Officer are not exercised by the same individual.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Trevor Gerber	45 months
Kerry Roxburgh	45 months
Michael Katz	20 months
Jeremy Reid	46 months
Farrel Meltzer	1 week

For additional details regarding Board members experience please refer to the Director's report on pages 6 to 9.

The Board has a Nomination & Governance Committee and a summary of its Charter is available on the Company's website. The Nomination & Governance Committee recommends suitable Directors for approval by the Board and by the shareholders.

The Committee advises the Board on appropriate corporate governance standards and policies. In making recommendations to the Board regarding appointment of Directors, the Committee assesses the appropriate mix of skills, experience and expertise required on the Board and assesses the extent to which the required skill and experience are represented at the Board. The Committee may obtain information from, and consult with, management and external advisors, if it considers appropriate. The Committee is also required to critically review the performance and effectiveness of the Board and its individual members. The Committee reviews each Director's performance against measurable and qualitative indicators. The Committee conducted a review of the performance of the Board, its individual members and its committees during the reporting period. The Committee comprises of Trevor Gerber (Chairman), Kerry Roxburgh and Jeremy Reid.

Corporate Governance Statement (continued)

To assist Directors to fully meet their responsibilities to bring an independent viewpoint to matters coming before them, the Board has agreed upon a procedure in appropriate situations for Directors to take independent professional advice at the expense of the Company after advising the Chairman of their intention to do so.

The Board believes that the Company has generally complied with Principle 2. but acknowledges that it did not comply with Recommendation 2.1 during the period as the majority of the Board did not consist of independent directors at all times, nor was the Chairman an independent director. As at the date of this report, the Board believes the Company is now in compliance with Recommendation 2.1.

Principle 3: Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making.

The Company is committed to maintaining the highest standards of integrity and seeks to ensure all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect the shareholders' interests.

The Company has adopted a Continuous Disclosure Policy, a Share Trading Policy and a Code of Conduct. The Share Trading Policy covers dealing in the Company securities by its officers and employees. The Code of Conduct includes the code of conduct for Directors and all employees, contractors and advisers of the Company. The documents are also summarised on the Company's website.

The Board believes that the Company is in compliance with Principle 3.

Principle 4: Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the Company's financial reporting.

The Board has established the Audit & Risk Management Committee which reports to the Board to oversee the integrity of the financial reporting process. Kerry Roxburgh (Chairman), Trevor Gerber and Michael Katz were the members of the Committee as at 31 December 2008. The Chairman of the Committee is not the Chairman of the Company. The Committee has a formal Charter which is summarised on the Company's website. The Charter sets out the role and responsibilities, composition and structure of the Committee. Qualifications of the Committee members, number of meetings and attendance are disclosed in the Directors' Report. The Charter of the Audit & Risk Management Committee sets out procedures for appointment of auditors and establishing their independence. The Committee is required to confirm the quality and reliability of the financial information prepared, working on behalf of the Board with the external auditor. The Committee reviews non-audit services provided by the external auditor to confirm that they are consistent with maintaining external audit independence. The Committee provides oversight on the status of the business risks of the Company via its risk management processes, aimed at ensuring risks are identified, assessed and properly managed.

The Board has obtained from the Chief Executive Officer and the Chief Financial Officer written affirmation that, to the best of their knowledge and belief, the financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Board believes that the Company has generally complied with Principle 4, but acknowledges that it did not comply with Recommendation 4.2 during the period as the audit committee did not consist only of non-executive directors at all times. As at the date of this report, the Board believes the Company is now in compliance with Recommendation 4.2.

Corporate Governance Statement (continued)

Principle 5: Timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the Company.

As a listed entity, the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, the Company keeps the market advised of all information required to be disclosed under the Rules which it believes would have material effect on the price or value of the Company's securities.

The Company has written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance. A summary of this policy is available on its website.

The Board believes that the Company is in compliance with Principle 5.

Principle 6: Respect the rights of shareholders

Respect the rights of shareholders and facilitate the effective exercise of those rights.

The Board's primary responsibility to shareholders is to do its utmost to meet the Company's objectives and to increase the Company's value for all shareholders. The Company has designed a communications strategy in order to promote effective communication with share holders. An internet website is maintained on which all ASX announcements, Half Year Reports, Annual Reports, details of corporate governance practices and related material are posted and available for shareholders and investors.

The Board believes that the Company is in compliance with Principle 6.

Principle 7: Recognise and manage risk

Establish a sound system of risk oversight and management and internal control.

The Company has established and maintains a sound system of risk oversight, management and internal control. Since its inception, the Company has recognised and addressed material risks to the business, particularly investment risk.

Management has established a system for identifying, assessing, monitoring and managing material risk throughout the organisation. This system includes the Company's internal compliance and control system.

The Investment Committee of Everest Capital Limited, the wholly owned subsidiary of the Company, is primarily responsible for dealing with issues arising from investment risk. The Manager assesses investment risk because its managed funds invest in investments which are not risk free. Everest Capital's Investment Committee is the principal body for investment manager appointment and removal, and investment allocation decisions. Any investment must be approved by the Investment Committee which is composed of Everest Capital's most senior and experienced executives. A submission will be made to the Investment Committee only after the investment team has conducted rigorous analysis and due diligence on both the underlying investment manager and on the construction of the portfolio. Everest Capital has an Investment Committee charter that details protocols on how it operates and how decisions are made. Everest Capital's Risk Committee is responsible for other risk management decisions.

The Company's directors and management are primarily responsible for recognising and managing all other risk issues such as operational risk, disaster recovery, credit and counter-party risk. This aspect of management's role is overseen by the Company's management and the Audit & Risk Management Committee. The Board receives regular reporting from management in relation to the effectiveness of the Company's management of its material business risks.

Corporate Governance Statement (continued)

The Board has obtained from the Chief Executive Officer and the Chief Financial Officer assurance that, to the best of their knowledge and belief, the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board believes that the Company is in compliance with Principle 7.

Principle 8: Remunerate fairly and responsibly

Ensure that the level and composition of remuneration of management is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Board has established a Remuneration Committee consisting of Michael Katz (Chairman), Trevor Gerber and Kerry Roxburgh (David Fuchs was a member until 15 September 2008). The objective of this Committee is to help the Board achieve its objective of ensuring the Company has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders and has policies that are consistent with, and complementary to, the strategic direction and objectives of the Company; to observe the remuneration policies and practices and to fairly and responsibly reward the Chief Executive Officer, Directors and other senior management having regard to the performance of the Company, the performance of the executives and the general pay environment.

For details on the remuneration of Independent Directors and the Key Management Personnel please see page 10 of the Directors' Report.

The Board believes that the Company is in compliance with Principle 8.

Financial Report

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		$000	$000	$000	$000
Revenue	2	**32,560**	46,775	**7,554**	16,591
Share of net profits of joint venture accounted for using the equity method		**234**	88	**-**	-
Profit/(Loss) on the sale of investments	2	**(102)**	265	**-**	-
Fund expenses	2	**(1,352)**	(4,239)	**-**	-
Employee benefits expense	2	**(8,273)**	(8,138)	**-**	-
Other expenses	2	**(7,150)**	(5,999)	**(903)**	(768)
Depreciation and amortisation expenses	2	**(2,520)**	(2,896)	**-**	-
Impairment of investments in subsidiaries	2	**-**	-	**(307,470)**	-
Impairment of intangibles	2	**(324,226)**	-	**-**	-
(Loss)/profit before income tax expense		**(310,829)**	25,856	**(300,819)**	15,823
Income tax (expense)/benefit	3	**5,244**	(9,818)	**(129)**	9
(Loss)/profit for the year		**(305,585)**	16,038	**(300,948)**	15,832

		Cents	Cents
Earnings / (loss) per share for profit/(loss) attributable to the ordinary equity holders of the company			
Basic earnings/(loss) per share	22	**(122.4)**	6.6
Diluted earnings/(loss) per share	22	**(122.4)**	6.3

Financial Report (continued)

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	Consolidated		Parent Entity	
		2008 $000	2007 $000	2008 $000	2007 $000
CURRENT ASSETS					
Cash and cash equivalents	6	**15,778**	9,398	**-**	554
Fees and other receivables	7	**7,861**	15,285	**755**	3,155
Prepayments	8	**191**	92	**68**	70
Deferred bonus		**280**	-	**-**	-
TOTAL CURRENT ASSETS		**24,110**	24,775	**823**	3,779
NON-CURRENT ASSETS					
Financial assets	9	**350**	1,028	**-**	-
Property, plant and equipment	12	**1,257**	1,496	**-**	-
Intangible assets	13	**-**	330,961	**-**	-
Investment in subsidiary	10	**-**	-	**25,002**	330,542
Investments accounted for using the equity method	11	**406**	87	**-**	-
Deferred income tax asset	3	**1,202**	2,322	**795**	924
Deferred bonus		**352**	3,294	**-**	-
TOTAL NON-CURRENT ASSETS		**3,567**	339,188	**25,797**	331,466
TOTAL ASSETS		**27,677**	363,963	**26,620**	335,245
CURRENT LIABILITIES					
Trade and other payables	14	**3,683**	5,469	**165**	214
Loans from related parties	15	**-**	-	**4,617**	4,748
Current tax liabilities	16	**752**	3,131	**752**	3,131
Provisions	17	**326**	386	**-**	-
TOTAL CURRENT LIABILITIES		**4,761**	8,986	**5,534**	8,093
NON-CURRENT LIABILITIES					
Trade and other payables	14	**925**	3,602	**-**	-
Provisions	17	**252**	244	**-**	-
Deferred income tax liability	3	**-**	10,867	**-**	-
Other liabilities		**599**	778	**-**	-
TOTAL NON-CURRENT LIABILITIES		**1,776**	15,491	**-**	-
TOTAL LIABILITIES		**6,537**	24,477	**5,534**	8,093
NET ASSETS		**21,140**	339,486	**21,086**	327,152
EQUITY					
Contributed equity	18	**319,692**	322,257	**322,257**	322,257
Reserves	19	**8,120**	10,773	**7,585**	5,655
Retained profits/(accumulated losses)	20	**(306,672)**	6,456	**(308,756)**	(760)
TOTAL EQUITY		**21,140**	339,486	**21,086**	327,152

The accompanying notes form part of these financial statements

Financial Report (continued)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Total equity at the beginning of the financial year		**339,486**	242,910	**327,152**	230,476
Changes in fair value of available-for-sale financial assets (after tax)	19	**(263)**	(131)	-	-
Exchange differences on translation of foreign operations	19	**81**	(8)	-	-
Reversal of revaluation of initial acquisition of 30% of Everest Capital Limited		**(4,568)**	-	-	-
Total income and expense recognised directly in equity		**(4,750)**	(139)	-	-
(Loss)/profit for the year		**(305,585)**	16,038	**(300,453)**	15,832
Total recognised income and expense for the year		**(310,335)**	15,899	**(300,453)**	15,832
Transactions with equity holders in their capacity as equity holders					
Issue of shares	18	**-**	96,399	**-**	96,399
Transaction costs of share issue (tax effected)	18	**-**	(2,110)	**-**	(1,757)
Dividends provided for or paid	5	**(7,543)**	(15,856)	**(7,543)**	(15,856)
Employee share options	19	**1,369**	2,244	**1,202**	2,058
Share based payment reserve		**728**	-	**728**	-
Treasury Shares	18	**(2,565)**	-	**-**	-
Total transactions with equity holders in their capacity as equity holders		**(8,011)**	80,677	**(5,613)**	80,844
Total equity at the end of the financial year		**21,140**	339,486	**21,086**	327,152

The accompanying notes form part of these financial statements

Financial Report (continued)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated		Parent Entity	
		2008	2007	2008	2007
		$000	$000	$000	$000
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		**38,907**	49,719	**-**	393
Payments to suppliers and employees		**(16,178)**	(18,225)	**(927)**	(552)
Interest received		**756**	545	**11**	20
Dividends received		**-**	-	**7,543**	16,177
Tax paid		**(6,883)**	(9,981)	**(98)**	-
Net cash inflow from operating activities	25(b)	**16,602**	22,058	**6,529**	16,038
CASH FLOW FROM INVESTING ACTIVITIES					
Payment for treasury shares		**(2,565)**	-	**-**	-
Payment for property, plant and equipment		**(114)**	(330)	**-**	-
Payment for financial assets		**-**	(310)	**-**	-
Net cash (outflow) from investing activities		**(2,679)**	(640)	**-**	-
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds of borrowings from related parties		-	-	**460**	2,948
Dividends paid		**(7,543)**	(15,856)	**(7,543)**	(15,856)
Transaction costs from issue of securities		**-**	(2,675)	**-**	(2,672)
Net cash (outflow) from financing activities		**(7,543)**	(18,531)	**(7,083)**	(15,580)
Net increase/(decrease) in cash and cash equivalents held		**6,380**	2,887	**(554)**	458
Cash and cash equivalents at beginning of financial year/period		**9,398**	6,511	**554**	96
Cash and cash equivalents at end of financial year	25(a)	**15,778**	9,398	**-**	554

The accompanying notes form part of these financial statements

Financial Report (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial statements and notes of the Consolidated Entity comply with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

The financial report for the year ended 31 December 2008 was authorised for issue in accordance with a resolution of Directors dated 26 February 2009.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Both the functional and presentation currency of the Company is presented in Australian Dollars.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of significant subsidiaries appears in note 10 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(b) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Financial Report (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business Combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(f)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at call deposits with financial institutions.

(d) Investments in subsidiaries

Investments in subsidiaries are measured at cost.

(e) Interest in a jointly controlled entity

The consolidated entity has an interest in a joint venture that is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The interest in a joint venture company is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity. Under the equity method, the parent's share of the results of the joint venture entity is recognised in the income statement and the share of movements in reserves is recognised in the balance sheet.

(f) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition less transaction costs. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in the accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The value of the right to use the Babcock & Brown name and substitution of fee sharing was being amortised on a straight-line basis over a 10 year period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) **Intangibles (continued)**

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis. Indefinite intangible assets include the acquired management rights and goodwill.

The recoverable amount of the asset is the net amount expected to be recovered from cash flows arising from its continued benefit. Where the carrying amount of the asset is greater than its recoverable amount, the asset is written down to its recoverable value.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Acquired management rights

Acquired management rights are carried at the lower of written down value and recoverable amount.

Management rights are initially recorded at cost and are tested for impairment annually.

(g) Impairment of assets

The consolidated entity reviews annually the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

Plant and equipment

Plant and equipment is measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Class of fixed asset	Estimate Useful Life
Leasehold improvements	5 years
Furniture, fixtures and fittings	2 to 40 years
Computer equipment	2.5 to 10 years

(i) Financial assets

The Group classifies its financial assets investments as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to the purchase or sale of the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified and the amount of the loss is recognised in the income statement within ‘other expenses’.

(l) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to employee superannuation funds are expensed when incurred.

(m) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period which they arise.

On consolidation, the assets and liabilities of the consolidated entity’s overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

Financial Report (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (continued)

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities implemented the tax consolidation legislation effective 1 August 2006.

The Company and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone tax payer method in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits (if any) assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in Note 3(g)(ii).

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(p) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(q) Revenue

Management and performance fee revenue derived from managed funds is recognised proportionately over the period in which the fee is attributable.

Management fees are accrued monthly on completion of service to which the fee relates. Performance fees are accrued when the liability is crystallised and the fees are definite and determinable. This occurs when the performance conditions for the relevant funds have been met.

Interest revenue is recognised on a time proportionate basis using the effective interest rate method.

Commission and other income primarily relate to trail commission arising from the delivery of financial services by Everest Finance Group Pty Limited, a wholly owned subsidiary of Everest Capital Limited.

Commission and Other Income are recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Financial Report (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Fund expenses

Fund expenses comprise of rebates paid and payable to Everest Financial Group Limited managed funds which have invested in other Everest Financial Group Limited managed funds as well as costs paid and payable to distributors. These costs are recognised on an accrual basis.

(s) Share based payments

Equity-settled share-based payments (including options) granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The cost of equity-settled transactions (including options) is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Equity-settled awards granted by the Company to employees of subsidiaries are recognised in its separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. These amounts are eliminated on consolidation. The expense recognised by the Group is the total expense associated with all awards.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

(t) Earnings per share

a. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

b. Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Significant accounting judgments

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financials are outlined below:

(i) Significant accounting judgments

Impairment of intangibles assets
The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimate of the recoverable amount of the intangibles.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, with the assumptions detailed in note 28. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(v) New accounting standards and Australian Accounting interpretations

The financial report complies with Australian Accounting Standards. Australian Accounting Standards and Interpretations that have recently been issued or amended applicable to the Group but are not yet effective have not been adopted by the Group and the Company for the annual reporting period ended 31 December 2008. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 January 2009

Financial Report (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised, where previously there was a discretionary choice between capitalising and expensing.	1 January 2009	Under the Group's current accounting policy such borrowing costs are expensed in the period they are incurred as permitted under the existing version of AASB 123.	1 January 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and optional changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 January 2009
AASB 2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101	Builds on the amendments made in AASB 2007-8	1 January 2009	Refer to AASB 2007-8 above.	1 January 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations	The amendments clarify the definition of "vesting conditions", introducing the term "non-vesting conditions" for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 January 2009
AASB 3	Business Combinations	The revised standard introduces a number of amendments to the accounting for business combinations, including: requiring acquisition costs to be expensed immediately; the fair value measurement of contingent consideration to be recognised in the balance sheet at acquisition date with subsequent changes reflected in the income statement; it provides further guidance on determining the fair value of certain assets and liabilities; as well as other changes. The majority of these changes will apply prospectively.	1 July 2009	As this standard will mainly only impact business combinations entered into after 1 October 2009, the Group has not yet fully assessed the impact of this standard, including which of the available accounting policy options it will adopt.	1 January 2010
AASB 127	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 January 2010

Financial Report (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 January 2010
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Refer to AASB 2008-5 above.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2010
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group undertakes any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions prescribed to effectively be accounted for on a 'carry-over basis' rather than at fair value.	1 January 2009
AASB 2008-10	Amendments to Australian Accounting Standards - Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)	The IASB issued this amendment as a result of the deterioration of the world's financial markets during the third quarter of 2008. This will reduce differences between IFRSs and US GAAP by permitting reclassification of some financial instruments in certain circumstances. The AASB subsequently issued the same amendments.	1 July 2008	The current financial instruments held by the Group would not meet the criteria to enable such reclassifications to be made and therefore these amendments will not impact the Group's financial report.	1 January 2009

Financial Report (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Since 1 January 2008 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2008. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 2007-1 *Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]*
- AASB 2007-4 *Amendments to Australian Accounting Standards [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]*
- AASB 2007-7 *Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB5, AASB 107 & AASB 128]*
- AASB Interpretation 11
- AASB Interpretation 113
- ERR *Erratum: Proportionate Consolidation [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113]*
- AASB 2008-4 *Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities*

Financial Report (continued)

NOTE 2: PROFIT / (LOSS) FROM OPERATIONS

	Notes	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Revenue					
Management fees		**30,103**	33,334	**-**	-
Performance fees		**89**	10,691	**-**	-
Interest		**756**	545	**11**	21
Dividend income		**-**	-	**7,543**	16,177
Commission and other income		**1,612**	2,205	**-**	393
		32,560	46,775	**7,554**	16,591
Other Income					
Profit/(loss) on the sale of investments		(102)	265	-	-
Profit / (loss) before income tax					
Profit / (loss) before income tax expenses has been arrived at after the following:					
Fund expenses					
Management fee rebates		**1,352**	1,716	**-**	-
Performance fee rebates		**-**	2,523	**-**	-
		1,352	4,239	**-**	-
Expenses					
Employee benefits expense		**8,273**	8,138	**-**	-
Depreciation of property, plant and equipment		**353**	296	**-**	-
Amortisation of intangibles		**2,167**	2,600	**-**	-
Impairment of investment in subsidiaries		**-**	-	**307,470**	-
Impairment					
Impairment of intangibles	13	**328,794**	-	**-**	-
Reversal of asset revaluation reserve	19	**(4,568)**	**-**	**-**	**-**
Total impairment		**324,226**	-	**-**	-
Other expenses					
Equity settled share based expenses – employee option plan		**1,363**	2,143	**-**	-
Equity settled share based expenses – employee shares		**1,049**	527	**-**	-
Occupancy expense		**825**	765	**-**	-
Insurance		**172**	177	**172**	177
Independent Directors' remuneration		**353**	191	**353**	191
Administration expenses		**1,645**	1,199	**228**	271
Professional fee expenses		**1,506**	997	**150**	129
Bad debt expense		**237**	-	**-**	-
		7,150	5,999	**903**	768
Total expenses		**342,169**	17,033	**308,373**	768

Financial Report (continued)

NOTE 3: INCOME TAX

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
(a) Income tax expense					
The major components of income tax expense are:					
Income Statement					
Current income tax					
Current income tax charge		**4,544**	9,129	-	-
Deferred income tax					
Relating to origination and reversal of temporary differences		**(9,747)**	689	**129**	(9)
Overprovision in prior year		**(41)**	-	**-**	-
Income tax expense/(benefit) reported in the income statement		**(5,244)**	9,818	**129**	(9)
(b) Reconciliation between tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate					
The prima facie income tax expense on pre-tax accounting profit reconciles to income tax expense as follows:					
Profit/(loss) before income tax expense		**(310,829)**	25,856	**(300,819)**	15,823
Income tax expense calculated at 30% (2007: 30%)		**(93,249)**	7,757	**(90,246)**	4,747
Add:					
Tax effect of:					
– non-deductible expenses		**665**	577	**46**	-
– adjustment for effect of foreign tax regime		**-**	12	**-**	-
– equity settled share based expenses		**(421)**	550	**-**	-
– depreciation and amortisation		**698**	816	**-**	-
– impairment of investment in subsidiary		**-**		**92,241**	-
– impairment of intangible assets		**98,639**	-	**-**	
– use of losses by group entity		**-**	-	**495**	384
– other assessable income		**2**	81	**-**	-
Less:					
Tax effect of:					
– dividends received		**-**	-	**(2,263)**	(4,853)
– other non-assessable items		**(1,370)**	(62)	**-**	-
– other deductible expenses		**(420)**	(602)	**(273)**	(278)
Current Income tax expense/(benefit)		**4,544**	9,129	-	-

Financial Report (continued)

NOTE 3: INCOME TAX (CONTINUED)

(c) Amounts charged or credited to equity

	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Deferred income tax related to items charged or credited directly to equity				
Unrealised gain/(loss) on investments available for sale	**-**	(66)	**-**	-
Transaction costs	**-**	(561)	**-**	(915)
Income tax benefit reported in equity	**-**	(627)	**-**	(915)

(d) Recognised deferred tax assets and liabilities
Deferred income tax at 31 December relates to the following:

	Balance Sheet 2008 $000	Balance Sheet 2007 $000	Income Statement 2008 $000	Income Statement 2007 $000
CONSOLIDATED				
(i) Deferred tax liabilities				
Management rights	**-**	8,643	**(8,643)**	-
Amortisation of intangibles	**-**	1,170	**(1,170)**	817
Unrealised gain on investments available for sale	**-**	41	**(41)**	-
Deferred employee benefits expense	**-**	988	**(988)**	809
Fixed assets	**-**	25	**(25)**	25
Deferred tax liabilities	**-**	10,867		
(ii) Deferred tax assets				
Transaction costs	**795**	924	**129**	(9)
Provision for employee benefits	**173**	189	**16**	(53)
Deferred employee benefits expense	**172**	1,158	**986**	(848)
Accruals	**29**	51	**22**	(52)
Fixed assets	**33**	-	**(33)**	-
Deferred tax assets	**1,202**	2,322		
Deferred tax expense/(benefit)			**(9,747)**	689
PARENT ENTITY				
(i) Deferred tax assets				
Transaction costs	**795**	924	**129**	(9)
	795	924		
Deferred tax expense/(benefit)			**129**	(9)

(e) Tax losses

The Group has not incurred any tax or capital losses (2007: nil).

(f) Unrecognised temporary differences

At 31 December 2008, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, and associates, as the Group has no liability for additional taxation should unremitted earnings be remitted (2007: $nil).

Financial Report (continued)

NOTE 3: INCOME TAX (CONTINUED)

(g) Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

The Company is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under Interpretation 1052 *Tax Consolidation Accounting*

The Company and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone tax payer method approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the Company also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits (if any) assumed from controlled entities in the tax consolidated group.

Nature of the tax funding agreement

Interpretation 1052 requires the consolidated current and deferred tax to be allocated to the individual members of the Group, using a method that is “systematic, rational and consistent with the broad principles established in AASB 112”. Interpretation 1052 does not prescribe any mandatory method, but does provide examples of the kind of methods that may be acceptable to allocate tax balances.

Once the method has been determined, it is applied to calculate current and deferred tax amounts for each subsidiary member. Interpretation 1052 then requires that any current tax liability is derecognised in the member and immediately assumed by the Company. Further, any deferred tax asset that is recognised for tax losses or credits is also derecognised in the subsidiary member and immediately assumed by the Company.

The consolidated entity has entered into this Agreement to cause payments to be made from/to the Company to/from the funding members in respect of current tax liability and deferred tax assets assumed. Any difference between such payments and the amounts derecognised and assumed by the Company is required by Interpretation 1052 to be accounted for as an equity transaction between the Company and the relevant funding member.

The application of these calculation principles in determining funding amounts for the purposes of this agreement must, in so far as possible, not result in any contribution by or distribution to equity participants as between any Group member under the application of any accounting standard.

Financial Report (continued)

NOTE 3: INCOME TAX (CONTINUED)

Tax consolidation contributions/(distributions)

the Company has recognised the following amounts as tax-consolidation contribution adjustments:

	Parent Entity	
	2008	2007
	$000	$000
Total increase/(decrease) to tax payable of the Company	(495)	(384)
Total increase to intercompany assets of the Company	752	3,131
Total increase to investment in subsidiary accounts of the Company	-	-

NOTE 4: SEGMENT INFORMATION

The consolidated entity operates in one business segment (investment management) and one geographical area (Australia).

NOTE 5: DIVIDENDS

During the 2008 year the Company paid the following dividends to shareholders:

- A final dividend in respect of the six months ended 31 December 2008 will not be paid given the net loss position of the Company for this period.
- An interim dividend in respect of the six months ended 30 June 2008 was not paid given the net loss position of the Company for that period.
- A final dividend of 3.0 cents per share, totalling $7,543,000, in respect of the six months ended 31 December 2007 was paid to shareholders on 20 March 2008.

During the 2007 year the Company paid the following dividends to shareholders:

- An interim dividend of 3.0 cents per share, totalling $7,544,000, in respect of the six months ended 30 June 2007 was paid to shareholders on 12 September 2007.
- A final dividend of 3.7 cents per share, totalling $8,312,000, in respect of the six months ended 31 December 2006 was paid to shareholders on 21 March 2007.

Total dividends paid during the financial year ended 31 December 2008 amounted to $7,543,000 (2007: $15,855,865). All dividends were franked to 100% at a corporate tax rate of 30%. At 31 December 2008 the adjusted franking account balance is $7,644,000 (2007: $8,258,000).

NOTE 6: CASH AND CASH EQUIVALENTS

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Cash on hand		**1**	1	**-**	-
Cash at bank		**15,777**	9,397	**-**	554
		15,778	9,398	**-**	554

NOTE 7: FEES AND OTHER RECEIVABLES

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
CURRENT					
Management and performance fees receivable		**7,681**	15,285	**-**	-
Intercompany receivable		**-**	-	**752**	3,131
Other debtors		**180**	-	**3**	24
		7,861	15,285	**755**	3,155

Receivables (including intercompany) are non interest bearing and generally subject to 30-90 day terms. As at the date of this report $4,626,789 (2007: $12,480,000) of the above management and performance fees have been collected.

(a) Financial assets that are neither past due or impaired

Management and performance fees receivable and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The receivables relate to the Everest Financial Group Limited Funds which are considered low credit risk.

For 2008 the Group and the Company's bad debts expense was $237,000. There were no impaired receivables for the Group and the Company in 2007. There is no provision for impaired receivables in the Group and the Company in 2008 or 2007.

(b) Fair value

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair values.

NOTE 8: PREPAYMENTS

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
CURRENT					
Other prepayments		**192**	70	**26**	43
Prepaid insurance		**178**	165	**187**	153
Less amounts amortised		**(179)**	(143)	**(145)**	(126)
		191	92	**68**	70

Financial Report (continued)

NOTE 9: FINANCIAL ASSETS

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
NON-CURRENT					
Investments held in EFG's managed funds – classified as available for sale		**350**	1,028	**-**	-

(a) Impairment and risk disclosure

The maximum exposure to credit risk at the reporting date is the fair value of the investments classified as available for sale. None of the financial assets are either past due or impaired. All available for sale financial assets are denominated in Australian currency.

NOTE 10: INVESTMENT IN SUBSIDIARY

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
NON-CURRENT					
Shares in controlled entities – at cost		**-**	-	**332,472**	330,542
Impairment of subsidiary		**-**	-	**(307,470)**	-
Total		**-**	-	**25,002**	330,542

The impairment of investment in subsidiary resulted from the impairment of all intangible assets held by the Group arising from the investment in Everest Capital. (see note 13)

List of Significant Subsidiaries

Subsidiary:	Everest Capital Limited
Country of incorporation:	Australia
Date acquired	1 August 2006
Percentage owned:	100%
Subsidiary:	Everest Capital Investment Management Limited
Date acquired	1 August 2006
Country of incorporation:	Australia
Percentage owned:	100%
Subsidiary:	Everest Capital Management Limited
Date acquired	1 August 2006
Country of incorporation:	British Virgin Islands
Percentage owned:	100%
Subsidiary:	Everest Finance Group Pty Limited
Date acquired	1 August 2006
Country of incorporation:	Australia
Percentage owned:	100%
Subsidiary:	Everest Babcock & Brown Employee Share Trust
Date acquired	25 January 2008
Country of incorporation:	Australia
Percentage owned:	100%

NOTE 11: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interest in Jointly Controlled Entity

Everest Capital, a wholly owned subsidiary of the Company has a 50% interest in the EBB-AFG Capital Management Limited joint venture company.

EBB-AFG Capital Management Limited was registered in Hong Kong (company registration number 1100721) on 9 January 2007. EBB-AFG Capital Management Limited is the trustee of EBB-AFG Global Masters Fund (Fund). On 2 July 2007, units in the Fund were listed on a non-tradeable platform of the Singapore Exchange Securities Trading Limited. Everest Capital is the investment manager and AFG the distributor of the Fund.

The Company's investment in the joint venture is accounted for under the equity method of accounting in the consolidated financial statements.

Information relating to the jointly controlled entity is set out below:

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
NON-CURRENT					
Carrying amount of investment in joint venture		**406**	87	**-**	-

The joint venture had no contingent liabilities or commitments at 31 December 2008 (2007: nil).

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
PLANT AND EQUIPMENT					
Improvements					
At cost		**1,181**	1,181	**-**	-
Less accumulated depreciation		**(388)**	(213)	**-**	-
		793	968		-
Computer equipment					
At cost		**299**	270	**-**	-
Less accumulated depreciation		**(230)**	(164)	**-**	-
		69	106	**-**	-
Office equipment					
At cost		**579**	494	**-**	-
Less accumulated depreciation		**(285)**	(182)	**-**	-
		294	312	**-**	-
Furniture, fixtures and fittings					
At cost		**123**	123	**-**	-
Less accumulated depreciation		**(22)**	(13)	**-**	-
		101	110	**-**	-
Total plant and equipment		**1,257**	1,496	**-**	-

Financial Report (continued)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year.

Year ended 31 December 2008

	Improvements		Computer software	
	Consolidated	Parent Entity	Consolidated	Parent Entity
	$000	$000	$000	$000
2008				
Balance at the beginning of the year	968	-	106	-
Additions	-	-	29	-
Disposals	-	-	-	-
Depreciation expense	(175)	-	(66)	-
Carrying amount at the end of the year	793	-	69	-

	Office equipment		Furniture, fixtures & fittings	
	Consolidated	Parent Entity	Consolidated	Parent Entity
	$000	$000	$000	$000
2008				
Balance at the beginning of the year	312	-	110	-
Additions	85	-	-	-
Disposals	-	-	-	-
Depreciation expense	(103)	-	(9)	-
Carrying amount at the end of the year	294	-	101	-

	Total	
	Consolidated	Parent Entity
	$000	$000
2008		
Balance at the beginning of the year	1,496	-
Additions	114	-
Disposals	-	-
Depreciation expense	(353)	-
Carrying amount at the end of the year	1,257	-

Financial Report (continued)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2007

	Improvements		Computer software	
	Consolidated	Parent Entity	Consolidated	Parent Entity
	$000	$000	$000	$000
2007				
Balance at the beginning of the year	1,107	-	42	-
Additions	31	-	114	-
Depreciation expense	(170)	-	(50)	-
Carrying amount at the end of the year	968	-	106	-

	Office equipment		Furniture, fixtures & fittings	
	Consolidated	Parent Entity	Consolidated	Parent Entity
	$000	$000	$000	$000
2007				
Balance at the beginning of the year	206	-	107	-
Additions	173	-	12	-
Depreciation expense	(67)	-	(9)	-
Carrying amount at the end of the year	312	-	110	-

	Total	
	Consolidated	Parent Entity
	$000	$000
2007		
Balance at the beginning of the year	1,462	-
Additions	330	-
Depreciation expense	(296)	-
Carrying amount at the end of the year	1,496	-

Financial Report (continued)

NOTE 13: INTANGIBLE ASSETS

(a) Reconciliation of carrying amount at the beginning and end of the year

Consolidated 2008

	Substitution of Relationship Agreement $000	Substitution of fee sharing arrangement and use of Babcock & Brown name $000	Goodwill $000	Management Rights $000	Total $000
At 1 January 2008					
Cost (gross carrying amount)	**10,610**	**25,783**	**103,727**	**194,524**	**334,644**
Accumulated amortisation	**-**	**(3,683)**	**-**	**-**	**(3,683)**
Net carrying amount	**10,610**	**22,100**	**103,727**	**194,524**	**330,961**
Movements during the financial year:					
Balance at the beginning of the financial year	**10,610**	**22,100**	**103,727**	**194,524**	**330,961**
Impairment losses	**(10,610)**	**(19,933)**	**(103,727)**	**(194,524)**	**(328,794)**
Amortisation	**-**	**(2,167)**	**-**	**-**	**(2,167)**
Balance at the end of the financial year	**-**	**-**	**-**	**-**	**-**
At 31 December 2008					
Cost (gross carrying amount)	**10,610**	**25,783**	**103,727**	**194,524**	**334,644**
Accumulated amortisation	**-**	**(5,850)**	**-**	**-**	**(5,850)**
Less: Impairment loss recognised	**(10,610)**	**(19,933)**	**(103,727)**	**(194,524)**	**(328,794)**
Net carrying amount	**-**	**-**	**-**	**-**	**-**

Consolidated 2007

	Substitution of Relationship Agreement $000	Substitution of fee sharing arrangement and use of Babcock & Brown name $000	Goodwill $000	Management Rights $000	Total $000
Movements during the financial year:					
Balance at the beginning of the financial year	10,610	24,700	103,727	98,125	237,162
Issue of shares through EBI capital raising at no consideration	-	-	-	96,399	96,399
Amortisation	-	(2,600)	-	-	(2,600)
Balance at the end of the financial year	10,610	22,100	103,727	194,524	330,961
At 31 December 2007					
Cost (gross carrying amount)	10,610	25,783	103,727	194,524	334,644
Accumulated amortisation	-	(3,683)	-	-	(3,683)
Net carrying amount	10,610	22,100	103,727	194,524	330,961

Financial Report (continued)

NOTE 13: INTANGIBLE ASSETS (CONTINUED)

(b) Description of the Group's intangible assets and impairment

Intangible assets with indefinite useful lives are tested for impairment whenever there is an indication that the asset may be impaired, and annually as at 30 June regardless of whether there are any indicators of impairment. If at any time an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Following a review of intangible assets the Company has written down the value of its intangible assets as described below, reducing the carrying value to zero. The total impairment loss recognised was $328,794,000.

(i) Substitution of relationship agreement

Description of asset
On 24 March 2005 Babcock & Brown acquired a 33% interest in Everest Capital Limited in substitution for contractual rights to receive a share of revenue under the Relationship Agreement existing between the two entities.

Impairment loss – $ 10,610,000

Reason for impairment - Reduction in average management fee as a result of redemptions from existing Assets Under Management.

(ii) Substitution of fee sharing agreement and use of Babcock & Brown name

Description of asset
On 25 May 2006, the Board of Everest Capital Limited, a wholly owned subsidiary of the Company (Everest Capital), reached an agreement with Babcock & Brown under which Babcock & Brown agreed to forgo fees from any co-branded funds, including those currently in existence and/or launched prior to 30 June 2011 and to grant the use of its name on funds established prior to 30 June 2011, until the earlier of the original maturity date of the fund or 30 June 2016. In consideration for forgoing these fees and allowing the use of the Babcock & Brown name, Babcock & Brown was issued with $26,000,000 in ordinary shares in Everest Capital on 30 June 2006 representing an increase of 10% in the capital base of Everest Capital.

This asset is measured at cost less accumulated amortisation and impairment. The value of the right to use the name and substitution of fee sharing was being amortised on a straight-line basis over a 10 year period to 30 June 2016.

Impairment loss – $ 19,933,000

Reason for impairment
Following Babcock & Brown Limited's ("Babcock & Brown') strategic review announcement on 21 August 2008 and its intention to focus on infrastructure, property and leasing, both the company and Babcock & Brown acknowledged that there was limited strategic overlap between their respective businesses. This has resulted in deal flow from Babcock & Brown to the Funds managed by the Company ceasing. In addition, there has been market reduction in assets under management and hence management fees relating to co-branded funds.

On 19 January 2009 ASIC formerly registered the change of name of the Company from Everest Babcock & Brown Limited to Everest Financial Group Limited.

Further, Babcock & Brown ceased to be a substantial holder of shares in the Company on 29 December 2008, terminating any remaining relationship between the Company and Babcock & Brown.

NOTE 13: INTANGIBLE ASSETS (CONTINUED)

(iii) Goodwill

Description of asset
On 1 August 2006 the Company acquired the remaining 73% share in Everest Capital that it did not already own resulting in the recognition of goodwill.

Impairment loss – $103,727,000

Reason for impairment - Reduction in the forecasted fees from funds launched after August 2006 as well as projected fees from new initiatives.

(iv) Management rights

The intangible associated with management rights is broken down into two cash generating units (CGU's): one for wholesale funds acquired by the Company as at August 2006, while the other specifically relates to EBI.

	Pre impairment $'000	Impairment loss $'000	Post impairment $'000
Wholesale Funds CGU	66,024	(66,024)	-
EBI CGU	128,500	(128,500)	-
Total	**194,524**	**(194,524)**	**-**

Wholesale funds CGU – impairment loss $ 66,024,000

Description of asset
As part of the business combination on 1 August 2006 the Company acquired management rights relating to funds managed at that date.

Reason for impairment

(i) Significant investor redemptions from the wholesale funds acquired by the Company.

(ii) No performance fee revenue in the short term.

NOTE 13: INTANGIBLE ASSETS (CONTINUED)

EBI CGU - impairment loss $ 128,500,000

Description of asset
Along with the EBI management rights acquired on 1 August 2006 as part of the business combination, the Company acquired further management rights as part of the EBI capital raising. The management rights resulting from this transaction were valued on the allotment date, being 8 May 2007 based on the closing share price of the Company ($3.60) on that date.

Reason for impairment

(i) Resignation as Responsible Entity of EBI

Everest Capital Investment Management Limited (ECIML), the wholly owned subsidiary of the Company, ceased to be the Responsible Entity for Everest Babcock and Brown Alternative Investment Trust (EBI). The change in responsible entity was passed by resolution at a meeting of unitholders held on 30 January 2009. Notification was received from ASIC on 5 February 2009 confirming that the new responsible entity of EBI is Permanent Investment Management Limited.

Everest Capital Limited was removed as the investment manager of EBI on 23 February 2009 reducing the Billable Assets Under Management (AUM) by approximately $700m to approximately $1.1 billion.

(c) Impairment tests for goodwill and intangibles with indefinite useful lives

(i) *Key assumptions used in the value in use calculations for the Substitution of Relationship Agreement, Management Rights and Goodwill for 31 December 2008 and 31 December 2007*

The calculation of the value in use for the Substitution of Relationship Agreement, Management Rights and Goodwill is most sensitive to the following assumptions:

- Net growth rate of the Assets Under Management (AUM);
- Discount rate;
- Distribution reinvestment of the Everest Financial Group Limited Funds;
- Management & performance fee estimates.

The Group's annual impairment testing takes place each 30 June.

Assets Under Management – The majority of the Group's income is derived from fees attributable to the management and performance of the Funds' AUM. Therefore all forecasted cashflow calculations are dependent on estimated application, redemption and growth rates. Applications and redemptions have been modelled on estimated historical data. The growth rate (or performance) of the existing AUM has been modelled based on the targeted return of each fund.

Discount rate - Discount rate reflects management's estimate of the time value of money and the risk that it is not already reflected in the cash flows. The Group identified the appropriate discount rate as 13.5% (2007: 13.5%). In determining an appropriate discount rate regard has been given to rates utilised by comparative firms and the current economic conditions.

Distribution reinvestments by unitholders in the Funds – As all Everest Financial Group Limited Funds distribute 100% of taxable earnings each year the growth in AUM is dependent on the distribution reinvestment rate of the unit holders. In determining the appropriate rate for modelling the Group considered the historical reinvestment rates of each Fund and settled on a range between 75% to 100%. These rates are dependent on the investors and change on a year to year basis.

Management & performance fee estimates – The majority of the Group's income is derived from fees attributable to the management and performance of the Funds' AUM. The value in use calculations assume that current management fee rates and performance fee rates and hurdles are maintained.

Financial Report (continued)

NOTE 14: TRADE AND OTHER PAYABLES

	Note	Consolidated 2008 $000	2007 $000	Parent Entity 2008 $000	2007 $000
CURRENT					
Unsecured liabilities					
Trade creditors		**906**	1,650	**165**	214
Sundry creditors and accruals		**2,497**	3,819	**-**	-
Deferred bonus payable		**280**	-	**-**	-
		3,683	5,469	**165**	214
NON-CURRENT					
Deferred bonus payable		**925**	3,602	**-**	-

Current payables are recognised when incurred, are non-interest bearing and generally subject to 30 - 90 day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair values.

NOTE 15: BORROWINGS

	Note	Consolidated 2008 $000	2007 $000	Parent Entity 2008 $000	2007 $000
CURRENT					
Loans from related parties		-	**-**	**4,617**	4,748

For further details of loans from related parties refer to note 24(e).

NOTE 16: TAX LIABILITIES

	Note	Consolidated 2008 $000	2007 $000	Parent Entity 2008 $000	2007 $000
CURRENT					
Income tax		**752**	3,131	**752**	3,131

NOTE 17: PROVISIONS

	Note	Consolidated 2008 $000	2007 $000	Parent Entity 2008 $000	2007 $000
CURRENT					
Employee benefits		**326**	386	**-**	**-**
NON-CURRENT					
Employee benefits		**252**	244	-	**-**

Financial Report (continued)

NOTE 18: CONTRIBUTED EQUITY

(a) Share Capital	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
251,442,316 (2007: 251,442,316) fully paid ordinary shares		**319,692**	322,257	**322,257**	322,257
Total		**319,692**	322,257	**322,257**	322,257

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Reconciliation of the movement in fully paid ordinary shares		Consolidated 2008 No. 000s	Consolidated 2008 $000	Consolidated 2007 No. 000s	Consolidated 2007 $000
Balance at the beginning of the financial year		**251,442**	**322,257**	224,665	227,968
Treasury shares	(i)	**(2,778)**	**(2,565)**	-	-
Share issue	(ii)	**-**	**-**	26,777	96,399
Transaction costs (tax effected)		**-**	**-**	-	(2,110)
Balance at the end of the financial year		**248,664**	**319,692**	251,442	322,257

(i) Relates to shares purchased as part of the Employee Share Trust (See Note 24(h))

(ii) Everest Babcock & Brown Alternative Investment Trust (EBI) (an ASX listed managed investment scheme managed by a subsidiary of the Company), raised $503 million (gross of costs) through a Capital Raising which closed successfully on 8 May 2007 (allotment date). Each successful applicant was issued with 1 Everest Financial Group Limited share for every 4.5 EBI units subscribed for in the Capital Raising. The total number of Everest Financial Group Limited shares issued was 26,777,608 at $3.60, being the closing share price on allotment date.

(iii) In 2007 $2,767,600 was paid to Babcock & Brown Australia Pty Limited as a financial advisory fee as part of the Capital Raising.

(c) Capital management

When managing share capital (**capital**) the objectives of the Group and the Company are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Entities within the Group are subject to externally imposed capital requirements as conditions of the entities' Australian Financial Services Licenses. The terms of these licenses are as follows:

Everest Capital Limited (ACN 092 753 252; AFSL 225 102) is authorised to operate kinds of registered managed investment schemes which hold derivatives and financial assets. Everest Capital Investment Management Limited (ACN 112 731 978; AFSL 288 360) is authorised to operate, and is the former responsible entity of, the Everest Babcock & Brown Alternative Investment Trust (ARSN 112 129 218), which is listed on the Australian Stock Exchange. Each licensee is required to hold net tangible assets of at least 0.5% of the value of its registered scheme assets, subject to a minimum amount of $50,000 and a maximum of $5 million. Externally imposed requirements have been complied with during the financial year.

The Group's policy for managing these requirements is as follows:

The Group has developed controls to monitor compliance arrangements including conditions imposed by each AFSL. As part of these controls, The Company generally holds monthly internal compliance committee meetings where risk and compliance reports are provided to the relevant responsible manager. External compliance committee meetings for each scheme are held quarterly.

All entities within the Group complied with their requirements during the year.

NOTE 19: RESERVES

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Asset revaluation reserve	(a)	**3,179**	7,747	**-**	-
Foreign currency translation reserve	(b)	**86**	5	**-**	-
Share based payment reserve	(c)	**5,199**	3,102	**7,585**	5,655
Available for sale investments revaluation reserve (after tax effect)	(d)	**(344)**	(81)	**-**	-
		8,120	10,773	**7,585**	5,655

(a) Asset revaluation reserve

	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Movements during the financial year:				
Balance at the beginning of the financial year	**7,747**	7,747	**-**	-
Reversal of asset revaluation reserve	**(4,568)**	-	**-**	-
Balance at the end of the financial year	**3,179**	7,747	-	-

Due to the impairment of the Company's investment in its subsidiary, the Group has written down $4,568,000 of the asset revaluation reserve.

(b) Foreign currency translation reserve

	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Movements during the financial year:				
Balance at the beginning of the financial year	**5**	13	**-**	-
Translation of foreign operations	**81**	(8)	**-**	-
Balance at the end of the financial year	**86**	5	**-**	-

Exchange differences relating to the translation of Everest Capital Management Limited from US dollars to Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

(c) Share based payment reserve

	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Movements during the financial year:				
Balance at the beginning of the financial year	**3,102**	858	**5,655**	3,597
Employee share options	**1,369**	2,244	**1,202**	2,058
Employee shares	**728**	-	**728**	-
Balance at the end of the financial year	**5,199**	3,102	**7,585**	5,655

The share based payment reserve arises over the employee share option scheme which is expensed over the vesting period to 1 August 2010.

(d) Available-for-sale investments revaluation reserve

	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Movements during the financial year:				
Balance at the beginning of the financial year	**(81)**	50	**-**	-
Revaluation (after tax effect)	**(263)**	(131)	**-**	-
Balance at the end of the financial year	**(344)**	(81)	**-**	-

NOTE 20: RETAINED PROFITS/(ACCUMULATED LOSSES)

	Note	Consolidated	Parent Entity

Financial Report (continued)

	2008 $000	2007 $000	2008 $000	2007 $000
Retained profits/(accumulated losses) at the beginning of the financial year	**6,456**	6,274	**(760)**	(736)
Net profit/(loss) attributable to members of the entity	**(305,585)**	16,038	**(300,453)**	15,832
Dividends provided for or paid	**(7,543)**	(15,856)	**(7,543)**	(15,856)
Retained profits/(accumulated losses) at the end of the financial year	**(306,672)**	6,456	**(308,756)**	(760)

NOTE 21: CAPITAL AND LEASING COMMITMENTS

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Parent Entity 2008 $000	Parent Entity 2007 $000
Operating lease commitments					
Non-cancellable operating leases contracted for but not capitalised in the financial statements:					
Payable					
- not later than one year		**885**	1,111	**-**	-
- later than one year and not later than five years		**2,412**	4,164	**-**	-
		3,297	5,275	**-**	-

General description of leasing arrangement:

Operating lease commitments relate to the rental of office premises with a lease term of 4.5 years with an option to extend for an additional 4 years.

On 1 May 2007 Everest Capital commenced lease payments for additional space at its current premises. This agreement was terminated in December 2008.

The termination of this additional lease took effect as at 1 January 2009 as a result of the Company negotiating a transfer of its lease commitment to a third party entity (“transferee”). The transferee has agreed to take on all future commitments relating to the lease.

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NOTE 22: EARNINGS /(LOSS) PER SHARE

	2008 $'000	2007 $'000
Earnings/loss used in calculating earnings per share		
For basic and diluted earnings per share:		
Net profit/(loss)for the year from continuing operations attributable to ordinary equity holders of the parent	**(305,585)**	16,038

		2008	2007
(a)	**Basic (loss)/earnings per share**	**(122.4 cents)**	6.6 cents
(b)	**Diluted (loss)/earnings per share**	**(122.4 cents)**	6.3 cents
(c)	**Weighted average number of shares used as the denominator**		

	Consolidated 2008 Number	Consolidated 2007 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**249,582,858**	242,491,992
Adjustments for calculation of diluted earnings per share:		
Options	**-**	12,072,714
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**249,582,858**	254,564,706

(d) Information concerning the classification of securities

Options

Options granted to employees under the ESOP 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. All 15,012,494 (2007: 850,000) options have been excluded from this calculation as they are not dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 28.

Change of name

On 15 January 2009, ASIC registered the Company's change of name. The ASX code for Everest Financial Group is now EFG (formerly EBB).

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

- Resignation as Responsible Entity of EBI

Everest Capital Investment Management Limited (ECIML), the wholly owned subsidiary of the Company, ceased to be the Responsible Entity for Everest Babcock and Brown Alternative Investment Trust (EBI). The change in responsible entity was passed by resolution at a meeting of unitholders held on 30 January 2009. Notification was received from ASIC on 5 February 2009 confirming that the new responsible entity of EBI is Permanent Investment Management Limited.

Everest Capital Limited was removed as the investment manager of EBI on 23 February 2009 reducing the Billable Assets Under Management (AUM) by approximately $700m to approximately $1.1 billion.

- EBI Exchange offer

On 30 January 2009 the successful implementation of the EBI Exchange Offer was announced. Under the offer, 27% of EBI unitholders participated in the exchange offer and received units in the Everest Alternative Investment Trust (EAIT) in exchange for their units in EBI. The responsible entity and manager of EAIT is Everest Capital Limited (ECL), a wholly owned subsidiary of the Company. A number of documents including the product disclosure statement of EAIT were lodged with the ASX on 23 December 2008 and the PDS is currently available on the Everest website.

Other than the events stated above, there are no other significant events that have occurred since balance sheet date which would impact on the financial position of the consolidated entity disclosed in the balance as at 31 December 2008 or on the results and cash flows for the year ended on that date.

NOTE 24: RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

The key management personnel compensation included in personnel expenses (note 2) is as follows:

	Consolidated		Parent	
	2008 $000	2007 $000	**2008 $000**	2007 $000
Short-term employee benefits	**3,473**	3,490	**319**	94
Post-employment benefits	**171**	168	**34**	91
Long-term employment benefits	**728**	341	**-**	-
Share based payment compensation	**973**	1,476	**-**	-
	5,345	5,475	**353**	185

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Security holdings

As at 31 December 2008, the relevant interests of the Directors of the Company are set out in the table below.

Name	Balance 01/01/08	Purchased	Balance on Resignation	Sale of shares	Balance 31/12/08
Executive Directors					
Jeremy Reid	44,984,215	-	n/a	-	44,984,215
Non-Executive Directors					
David Kent[1]	69,548	-	n/a	-	69,548
Trevor Gerber	91,668	-	n/a	-	91,668
Kerry Roxburgh	25,000	-	n/a	-	25,000
Michael Katz	25,000	-	n/a	-	25,000
Phillip Green[2]	785,919	25,556	811,475	-	n/a
David Fuchs[3]	59,112	-	59,112	-	n/a

1 David Kent changed from Executive to Non-Executive Chairman on 1 July 2008. At that date Mr. Kent held 69,548 shares in the Company. David Kent resigned as Director on 15 February 2009.

2 Phillip Green resigned as Director of Company on 15 September 2008. At that date Mr. Green held 811,475 shares in the Company.

3 David Fuchs resigned as Director of Company on 15 September 2008. At that date Mr. Fuchs held 59,112 shares in the Company.

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

As at 31 December 2007, the relevant interests of the Directors of the Company are set out in the table below.

Name	Balance 01/01/07	Purchased	Sale of shares	Balance 31/12/07
Executive Directors				
David Kent	56,000	13,548	-	69,548
Jeremy Reid	44,087,554	896,661	-	44,984,215
Non-Executive Directors				
Trevor Gerber	75,000	16,668	-	91,668
Kerry Roxburgh	25,000	-	-	25,000
Michael Katz	-	25,000	-	25,000
Phillip Green	656,028	129,891	-	785,919
David Fuchs	50,000	9,112	-	59,112

Remuneration options: Exchanged and cancelled during the year

The table below highlights remuneration options which had been granted to KMP which were cancelled during the 2008 financial year. There were no remuneration options granted or exchanged during the 2008 financial year.

2008				
Name	Cancelled Number	Exercise price per option	Vesting & First Exercise Date	Last Exercise Date
Executives				
Brian O'Sullivan	3,023,968	0.85	1/08/2008	1/08/2010

The table below highlights remuneration options granted to KMP during the 2007 financial year. There were no remuneration options exchanged or cancelled during the 2007 financial year.

2007	Terms and Conditions for Each Grant						
Name	Granted Number	Grant Date	Value per option at grant date	Exercise price per option	Vesting & First Exercise Date	Last Exercise Date	% Remuneration consisting of options for the year
Executives							
Will Peterson	600,000	2/07/2007	0.93	3.74	2/07/2011	2/07/2013	13.5%

Financial Report (continued)

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

Option holdings of KMP

2008	Terms and Conditions for Each Grant					
Name	**Balance at beginning of period (1 January 2008)**	**Cancelled number**	**Granted number**	**Balance at end of period (31 December 2008)**	**Exercise price per option**	**Total vested and exerciseable at 31 December 2008**
Executive Directors						
Jeremy Reid	-	-	-	-	-	-
Non-Executive Directors						
David Kent (Changed from Executive on 1 July 2008)	2,016,069	-	-	2,016,069	0.622	2,016,029
	4,031,868	-	-	4,031,868	1.006	4,031,868
	6,047,937	-	-	6,047,937		6,047,897
Trevor Gerber	-	-	-	-	-	-
Kerry Roxburgh	-	-	-	-	-	-
Michael Katz	-	-	-	-	-	-
Phillip Green	-	-	-	-	-	-
David Fuchs	-	-	-	-	-	-
Executives						
Brian O'Sullivan (Resigned on 30 June 2008)	3,023,968	(3,023,968)	-	-		-
John Peterson	1,008,034	-	-	1,008,034	0.85	1,008,034
Steve McKenna	2,015,934	-	-	2,015,934	0.85	2,015,934
Will Peterson	600,000	-	-	600,000	3.74	-
Gary Kalmin	-	-	-	-	-	-
Aaron Budai	604,848	-	-	604,848	0.85	604,848

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NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

2007	Terms and Conditions for Each Grant					
Name	**Balance at beginning of period (1 January 2007)**	**Cancelled number**	**Granted number**	**Balance at end of period (31 December 2007)**	**Exercise price per option**	**Total vested and exerciseable at 31 December 2007**
Executive Directors						
David Kent	2,016,069	-	-	2,016,069	0.622	-
	4,031,868	-	-	4,031,868	1.006	-
	6,047,937	-	-	6,047,937		
Jeremy Reid	-	-	-	-	-	-
Non-Executive Directors						
Trevor Gerber	-	-	-	-	-	-
Kerry Roxburgh	-	-	-	-	-	-
Michael Katz	-	-	-	-	-	-
Phillip Green	-	-	-	-	-	-
David Fuchs	-	-	-	-	-	-
Executives						
Brian O'Sullivan	3,023,968	-	-	3,023,968	0.85	-
John Peterson	1,008,034	-	-	1,008,034	0.85	-
Steve McKenna	2,015,934	-	-	2,015,934	0.85	-
Will Peterson	-	-	600,000	600,000	3.74	-

(b) Equity interests in subsidiaries

Equity interests in subsidiaries are disclosed in Note 10 to the financial report.

(c) Parent transactions with wholly owned subsidiaries

Everest Capital has entered into a sub-advisory agreement with Everest Capital Management Limited (**ECML**) whereby ECML delegates the provision of management services to British Virgin Islands incorporated funds to Everest Capital. In return for these services management and performance fees derived by ECML, net of rebates or commissions to third party distributors, are payable to Everest Capital.

Everest Capital has entered into an Administrative Services and Management Agreement with Everest Capital Investment Management Limited (**ECIML**) under which Everest Capital will provide administrative and management services to ECIML. In return for these services all management and incentive fees derived by ECIML are payable to Everest Capital.

(d) Other related parties

Management fees and performance fees derived from related party managed investment schemes are disclosed in note 2 to the financial statements.

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

All related party transactions are conducted on normal commercial terms and conditions. Outstanding balances at the end of the year are unsecured, interest free and settlement occurs in cash.

(e) Loans from related parties

During the year loans totalling $461,000 (2007: $2,948,000) were made to Everest Financial Group Limited from Everest Capital, the wholly owned subsidiary of the Company to assist in the payment of operating and other costs. This loan is non-interest bearing and has no specified repayment date nor is it subject to any contract. The amount outstanding as at 31 December 2008 is $5,209,000 (2007: $4,748,000).

(f) Ultimate parent entity

The Company is the ultimate parent entity of the Group.

(g) Current tax liabilities/intercompany receivable

The Company is the head entity of the tax consolidated group. Current tax liability of the Company amounts to $752,000 (2007: $3,131,000).

(h) Employee share trust

On 18 December 2007 the Board established the Deferred Share Plan (DSP) which provides certain Group personnel with one off retention bonuses in the form of Everest Financial Group Limited shares as well as to provide for both the mandatory and voluntary deferral of annual cash bonuses in return for providing employees with shares in the Company. The Board further established an Employee Share Trust (EST) whereby shares in the Company 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 future. On 30 January 2008 the Board through its Committee approved the purchase of shares under the DSP. As at the date of this report the EST held 2,777,803 shares in the Company.

As at 31 December 2008, the relevant interests of the Directors and Executives of the Company held through the Employee Share Trust are set out in the table below.

2008			
Name	**Total**	**Vesting 31/12/10**	**Vesting 31/12/12**
Executive Directors			
Jeremy Reid	211,350	211,350	-
Non-Executive Directors			
David Kent	95,095	95,095	-
Executives			
John Peterson	73,302	48,302	25,000
Steve Mckenna	760,533	435,310	325,223
Will Peterson	702,790	377,567	325,223
Gary Kalmin	325,937	205,714	120,223
Aaron Budai	214,857	114,857	100,000

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NOTE 25: CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
Cash on hand	**1**	1	**-**	-
Cash at bank	**15,777**	9,397	**-**	554
	15,778	9,398	**-**	554

(b) Reconciliation of profit/(loss) for the year to net cash flows from operating activities

	Consolidated 2008 $000	Consolidated 2007 $000	Parent 2008 $000	Parent 2007 $000
Profit/(loss) for the year	**(305,585)**	16,038	**(300,453)**	15,832
Non-cash flows in profit/(loss)				
Depreciation	**353**	296	**-**	-
Amortisation	**2,167**	2,600	**-**	-
Loss/(gain) on sale of investments	**102**	(265)	**-**	-
Share based payments	**2,407**	2,143	**-**	-
Impairment of assets	**324,226**	-	**307,470**	-
Share of profit from joint venture	**(234)**	(88)	**-**	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	**7,424**	3,703	**(3)**	(3,148)
(Increase)/decrease in other assets	**2,474**	(2,647)	**2**	58
Increase/(decrease) in payables	**(5,912)**	(105)	**(24)**	176
Increase/(decrease) in income tax payable	**(12,126)**	206	**(463)**	3,120
Increase/(decrease) in provisions	**1,306**	177	**-**	-
Cash flows from operating activities	**16,602**	22,058	**6,529**	16,038

(c) Credit stand-by arrangement and loan facilities

Banker's undertaking

Westpac Banking Corporation Limited ('WBC') has agreed to an unconditional undertaking to pay Everest Capital Investment Management Limited ('ECIML'), on demand, up to $5,000,000, to satisfy in part, the condition of ECIML's Australian Financial Services Licence relating to minimum net tangible asset requirements. The undertaking remains operative until written notification is received by Westpac that the undertaking is no longer required and the Australian Securities and Investments Commission has consented in writing to the cancellation of the undertaking.

In addition WBC has agreed to an unconditional undertaking to pay the lessor of Everest Capital Limited on demand, up to $411,000, to satisfy in part, the lease conditions between Everest Capital limited and its lessor.

In accordance with and to support the unconditional undertakings Everest Capital Limited has posted collateral equal to the unconditional undertakings of $5,441,000.

The cash collateral for these undertakings have been placed in WBC term deposits which are held as security by WBC until the undertakings have been cancelled and the original bank guarantees are returned to WBC. Following the removal of ECIML as responsible entity of EBI on 5 February 2009, the Company intends to cancel the bankers undertaking of $5,000,000 as ECIML is now able to satisfy its licensee financial requirements independently. WBC will cancel the undertaking and return the cash collateral of $5,000,000 to the Company with ASIC's written consent. It is anticipated that the $441,000 bankers undertaking will be cancelled and the monies released at the end of the lease term.

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NOTE 25: CASH FLOW INFORMATION (CONTINUED)

(d) Non cash investing and financing activities

No additional shares were issued during the 2008 financial year.

During the 2007 financial year the Company issued 26,777,608 shares in relation to the EBI capital raising. Refer to note 18 for further details.

NOTE 26: FINANCIAL INSTRUMENTS

The Group's and the Company's principal financial instruments comprise cash, receivables and payables.

The Group's and the Company's activities may expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. These risks are managed through a process of ongoing identification, measurement and monitoring.

The Board reviews and agrees policies for managing each of these risks identified below.

(a) Interest rate risk

The Group's and the Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing		Total	
	2008 %	2007 %	2008 $000	2007 $000	2008 $000	2007 $000	2008 $000	2007 $000
Financial Assets:								
Cash and cash equivalents	**5.1**	6.5	**15,778**	9,398	**-**	-	**15,778**	9,398
Fees and other receivable	-	-	**-**	-	**7,861**	15,285	**7,861**	15,285
Total Financial Assets			**15,778**	9,398	**7,861**	15,285	**23,639**	24,683
Financial Liabilities:								
Trade and other payables	-	-	**-**	-	**4,608**	9,071	**4,608**	9,071
Total Financial Liabilities			**-**	-	**4,608**	9,071	**4,608**	9,071

There is no significant impact on interest rate risk as cash is the only asset or liability with interest rate exposure.

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NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)

Parent

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non Interest Bearing		Total	
	2008 %	**2007 %**	**2008 $000**	**2007 $000**	**2008 $000**	**2007 $000**	**2008 $000**	**2007 $000**
Financial Assets:								
Cash and cash equivalents	**4.0**	6.5	**-**	554	**-**	-	**-**	554
Trade and other receivable	**-**	-	**-**	-	**-**	3,155	**-**	3,155
Total Financial Assets			**-**	554	**-**	3,155	**-**	3,709
Financial Liabilities:								
Trade and other payables	**-**	-	**-**	-	**4,782**	4,962	**4,782**	4,962
Total Financial Liabilities			**-**	-	**4,782**	4,962	**4,782**	4,962

There is no significant impact on interest rate risk as cash is the only asset or liability with interest rate exposure.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, and fees and other receivables. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial report.

The Group's receivables relate primarily to the Everest Financial Group Limited Funds which are considered low credit risk.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For 2008 the Group and the Company's bad debts expense was $237,000. (2007: nil).

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and banking facilities. Management monitors the Group's liquidity reserve on an ongoing basis.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

		Consolidated		Parent Entity	
	Note	**2008 $000**	**2007 $000**	**2008 $000**	**2007 $000**
Less than 3 months		**3,403**	5,214	**165**	214
3-6 months		**-**	-	**-**	-
6-12 months		**280**	255	**4,617**	-
Greater than 12 months		**925**	3,602	**-**	-
		4,608	9,071	**4,782**	214

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NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair values

The carrying amount of financial assets and financial liabilities disclosed in the financial statements approximates their fair values.

NOTE 27: REMUNERATION OF AUDITORS

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Audit and review of the financial report	**154**	133	**91**	68
Other assurance services	**13**	99	**-**	-
	167	232	**91**	68

NOTE 28: SHARE OPTION PLAN

(a) Recognised share-based payment expenses

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Expenses arising from equity-settled share-based payment transactions – employee share option plan (note 2)	**1,363**	2,143	**-**	-
	1,363	2,143	**-**	-

(b) Employee Share Option Plan (ESOP)

The Company has established a LTI Plan which aims to provide additional focus on the long term performance of the Company. The Company believes the ESOP will assist in the attraction, retention and motivation of employees. Allocations under the ESOP were issued in recognition of past and present contribution to the growth of the Group. Allocations under the ESOP were approved by the Board based on recommendations by the CEO which took into account length of service, seniority in the organisation and contribution to the success of Everest Capital.

The Company established the ESOP to provide a long-term incentive to employees and management to contribute to the long term profitability and share price growth of the consolidated entity through a direct growth in the value of their shareholdings and potential future dividend streams.

The first vesting and exercise date was 1 August 2008.

Forfeiture and cancellation

Options issued that have not vested will automatically lapse if the employee is no longer with the company.

If the option has vested and an employee resigns, the employee has 30 days in which to exercise after which the options will lapse.

If the employee is no longer with the Company due to downsizing then the employee has 90 days in which to exercise after which the options will lapse.

As discussed earlier, David Kent resigned on 15 February 2009 and as a result option Series 1 & 3 totalling 6,047,937 options issued to Mr Kent were cancelled effective on that date.

NOTE 28: SHARE OPTION PLAN (CONTINUED)

(c) Summary of options under ESOP

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of, and movements in, share options during the year:

	2008 No.	2008 WAEP	2007 No.	2007 WAEP
Outstanding options at beginning of year	**18,288,403**	**0.98**	17,438,403	0.86
Issued number	**-**	**-**	850,000	3.54
Cancelled number	**(3,275,909)**	**0.85**	-	-
Outstanding at the end of year	**15,012,494**	**1.01**	18,288,403	0.98

Options granted under the plan as at 31 December 2008 were as follows:

Option Series	Number	Grant Date	Exchange Date	Vest Date	Exercise Price	Expiration Date	Fair Value of Options Granted $
Series 1	2,016,069	21/2/2005	1/8/2006	1/8/2008	0.622	1/8/2010	1,074,289
Series 2	8,114,557	21/4/2005	1/8/2006	1/8/2008	0.850	1/8/2010	4,368,595
Series 3	4,031,868	21/2/2005	1/8/2006	1/8/2008	1.006	1/8/2010	1,220,328
Series 4	600,000	2/7/2007	-	2/7/2011	3.74	2/7/2013	560,220
Series 5	250,000	9/10/2007	-	9/10/2011	3.06	9/10/2013	86,588

The outstanding balance as at 31 December 2008 is represented by:

- 2,016,069 options over ordinary shares with an exercise price of $0.622 each, exercisable after 1 August 2008 until 1 August 2010
- 8,114,557 options over ordinary shares with an exercise price of $0.850 each, exercisable after 1 August 2008 until 1 August 2010
- 4,031,868 options over ordinary shares with an exercise price of $1.006 each, exercisable after 1 August 2008 until 1 August 2010
- 600,000 options over ordinary shares with an exercise price of $3.74 each exercisable after 2 July 2011 and until 2 July 2013
- 250,000 options over ordinary shares with an exercise price of $3.06 each exercisable after 9 October 2011 and until 9 October 2013

The exercise of all options is conditional on meeting the vesting conditions as defined in note 28 (b)

Financial Report (continued)

NOTE 28: SHARE OPTION PLAN (CONTINUED)

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 31 December 2008 is 0.15 years (2007: 0.78 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.622 - $3.74 (2007: $0.622 - $3.74).

(f) Weighted average fair value

No options were granted during the 2008 year.
The weighted average fair value of options granted during the 2007 year was $0.628.

(g) Option pricing model

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 31 December 2008:

Option pricing model Input	2008 Value (%)	2007 Value (%)
Risk free rate	N/A	6.62
Dividend yield	N/A	3.20
Volatility	N/A	30.00

Directors' Declaration

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

1. 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 Company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company and the consolidated entity will be able to pay their debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 31 December 2008.

On behalf of the Board
Trevor Gerber
Chairman
Sydney, 26 February 2009

Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent auditor's report to the members of Everest Financial Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Everest Financial Group Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the 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 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. In Note 1(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met 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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Everest Financial Group Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Everest Financial Group Limited and the consolidated entity at 31 December 2008 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 19 of the directors' report for the year ended 31 December 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Everest Financial Group Limited for the year ended 31 December 2008, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Mark O'Sullivan
Partner
Sydney
26 February 2009