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The Manager
ASX Market Announcements
ASX Limited

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WHK Group Limited
ABN 93 006 650 693

Market Update – April 2013

WHK Group Limited (**WHK**) today updates the market in relation to its business transformation, updated guidance for FY13 and discussions with SFG Australia Limited (**SFG**) regarding a potential merger.

Business Transformation

WHK has implemented a number of business transformation initiatives over the last 12 months including restructured leadership, finance and HR shared services, remuneration model for principals, business efficiency program and One NZ. These changes will allow the company to better leverage its size and scale, delivering cost effective services and support stronger revenue growth in the future.

Third Quarter Trading and FY13 Outlook

Business conditions remain very challenging in our business advisory practice. Discretionary business advisory services in larger regions and capital cities have declined for the third quarter.

The remainder of the business continues to perform broadly in line with forecast:

- The Accounting Compliance and Financial Services businesses remain on track;
- Planned cost efficiencies have been achieved ahead of target; and
- The rebuild of the Sydney and Melbourne offices continues.

In terms of the full year outlook:

- Demand for discretionary business advisory services is forecast to remain weak for the fourth quarter;

- Planned cost efficiencies will be ahead of target for the full year, with further benefits to be realised in FY14;
- Accounting Compliance and Financial Services are expected to remain on track; and
- Second half normalised EBITA (i.e. before non-recurring expenses such as redundancy costs) is expected to be below the second half FY12 by approximately 20%.

Discussions with SFG

On 25 February 2013, WHK announced that it had received an indicative non-binding proposal from SFG, proposing terms for an all-scrip merger between WHK and SFG (**Proposal**).

WHK has since been engaged in discussions with SFG to facilitate commercial due diligence and to further progress the WHK Board's assessment of the Proposal. These discussions and due diligence are ongoing.

The WHK Board will continue to update the market in due course and is seeking to resolve its position expeditiously.

John Lombard
CEO & Managing Director