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2009 Full Year Results

Prime continues to operate well in what have been extremely difficult market conditions. Overhead and operational adjustments were made to strengthen and consolidate Prime and position the business for future growth and margin improvement. The successful integration of the Prime and CPP Financial Planning Operations delivered 2H09 cost savings. This, along with the divestment of the non-core minority equity investment in Funds Management business Armytage Private Ltd' (APL) has led to a more focussed and scalable business with additional resources for growth, the benefits of which are being realised.

Between April and August 2009 volatility in equity markets reduced and general confidence increased from when the Australian stockmarket reached it's low in March 2009. These improvements have prompted clients to increasingly seek advice with overall investment and Financial Planning activity increasing. Prime's Financial Planning New Business and Recurring Income reached a low in the March quarter of 2009, however since then there has been a steady and consistent improvement.

Summary

- Net Profit After Tax \$1.08M
- Net Profit After Tax \$2.74M (Excluding Non-cash Capital Loss on sale of APL of \$1.66M)
- EBIT (Excluding Capital Items) down 42% on FY08 (as forecast in the June 2009 Trading Update)
- 1H09 EBIT adversely affected by one off costs of \$320K associated with integration of CPP Financial Planning & Investment Operations
- Group overheads lower in 2H09 due to integration and operational efficiencies. On an annualised basis overheads 20% lower than FY08
- After removing effect of 1H09 higher group overheads & one-off costs, EBIT (Excluding Capital Items) down 30%
- Financial Planning new business and recurring income down a combined 30%
- New Client Conversions improved steadily from the 3rd Quarter low in FY09
- Maintaining a higher level of client contact servicing existing clients
- Prime's operating margin in 2H09 ranged between 28% - 48%, averaging 29% in the 3rd Quarter FY09 & 45% in the 4th Quarter FY09, a large improvement
- Financial Planning contribution to 2H09 earnings more significant than 1H09
- Self Managed Superannuation (SMS) steady, opportunities exist for growth and cross-selling of Investment, Accounting & Administration services
- Accounting Firm contribution to earnings in line with FY08
- Prime's focussed business model across Financial Planning, Self Managed Superannuation and Accounting Services now contributes 100% of Prime's earnings
- Divested Non Core business / service line of Funds Management
- Kept a low level of Gearing - reduced debt levels during FY09 to 10%
- Cash Flow positive in FY09

Operations

Prime's business model has proved resilient in extremely difficult market and economic conditions. Subject to the future performance of stockmarkets and the economic outlook, Prime remains confident of a continuing improvement in short-term operating profits and growth in long-term shareholder value.

Financial Planning new business and recurring income in both the 'Retail and Wholesale' Financial Planning Operations have steadily improved in line with stockmarkets and client confidence. Based on 2H09 the Group Operating Margin ranged from 28% - 48% and averaged 29% in the 3rd quarter FY09 and 45% in the fourth quarter FY09, a strong improvement from the markets March low for FY09.

Prime continues to see strong long-term opportunities for growth in Financial Planning via the expansion of its client centric independent operating model free from conflicts of interest. This structure, which the wider Financial Services Industry is now discussing moving closer to, ideally places Prime to take advantage of the significant opportunities to advise clients by promoting its competitive, integrated service offering.

Prime's Self Managed Superannuation & Accounting Services Investments have not been unaffected by the prevailing economic conditions, however have been consistent performers in those conditions. The earnings contribution from these areas have been in line with FY08 and this area has proven to be a solid defensive asset.

Prime's primary focus will remain on organic growth in Financial Planning & Self Managed Superannuation, however Prime will selectively consider acquisitions in its core operations of Financial Planning, Self Managed Superannuation and Accounting Services where there are clear benefits for consolidation and margin improvement and where those acquisitions can integrate with current operations.

The Team

Prime's dedicated team of professionals are an important component of the company's growth plan. Directors and staff understand that salary restraint is important in the current economic climate including a current salary freeze for the vast majority of staff but importantly without exception for Directors and management.

The Prime team was dedicated to delivering quality service and ongoing advice to clients over the past 12 months. In an economic environment that was and continues to be challenging for clients and staff, Prime benefited from the Group's combined skills and resources.

I thank the team for their efforts in what have been a very difficult 12 months and look forward to their ongoing contribution and encourage new ideas for the continued development of the overall group and client offering.

Directors also strongly acknowledge the advantages of aligning staff interests with those of shareholders in order to build long-term shareholder value and wealth. In line with this Prime will continue to promote and encourage participation in the groups Employee Share Plan (ESP).

Low Debt

Prime has intentionally taken a prudent approach and reduced debt levels in FY09 and will continue a debt reduction policy balanced by an appropriate dividend payment program for FY10.

Prime has a low gearing level with net debt of \$6.5M at 30 June 2009 equating to a gearing level of approximately 10%.

Dividend Policy

Directors do not propose to pay a final dividend for FY09. Subject to potential acquisitions and debt reduction, Prime's policy of paying dividends intends to return in FY10 and Directors expect the payout ratio to be in line with past levels.

The Year Ahead

The continued successful implementation of Prime's business plan and progressive improvement in stockmarkets will result in delivering long-term shareholder value, however due to the current economic climate, market guidance is difficult.

FY09 was a setback driven by extraordinary stockmarket and economic circumstances. In this environment Prime's business model proved resilient, operations were consolidated and non core businesses were promptly divested.

Future growth can be optimised by continuing to execute the core business plan which has been in place for 10 years.

It is important to note the following;

- Prime has a focussed strategy in it's core operating areas of Financial Planning, Self Managed Superannuation and Accounting Services which are still considered high growth areas
- The Company has Positive Cash Flow from Operating Activities
- The Company intends to return to paying dividends in FY10
- The Company's gearing level will be lower than the current level of 10% by the end of FY10, subject to potential acquisitions and the dividend payout
- Stockmarkets have steadily improved in the last 5 months and this improvement has a close correlation with Prime's improving performance
- New Client Conversions have improved steadily from the 3rd quarter low in FY09
- Asset based ongoing service fees increase as stockmarket values increase

The team looks forward to continuing to grow Prime and are focussed on improving shareholder value and ongoing client service.

Prime

Prime is a National Financial Services & Advisory Group providing Financial Planning, Self Managed Superannuation and Accounting Services.

For more information on this announcement please contact Simon Madder (Managing Director / CEO) on 03 9827 6999.

Simon Madder (Managing Director/CEO)