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## 2010 Half Year Results

### Summary

- 1H10 NPAT up 56% to \$1.86M compared to normalised 1H09
- 1H10 EBIT up 44% to \$2.70M compared to normalised 1H09
- Interim dividend of 0.75cps (64% payout ratio)
- Maintain guidance to grow normalised EBIT for FY10 by 25%+ to \$5.3M+
- 1H10 operating margin of 43% compared to 33% in 1H09
- FUM for 1H10 increased \$85M to \$1.085B
- 1H10 EPS up 33% to 1.18cps compared to normalised 1H09
- Net debt of \$5M at 31 December 09 compared to \$6.5M at 30 June 09

Note: normalised earnings for 1H09 excludes the capital loss on sale of investment

### Operations

Prime Financial Group Ltd (Prime) directors are pleased with the improvement in operating results compared with the previous corresponding period. Over this period normalised EBIT has increased from \$1.88M in 1H09 to \$2.70M in 1H10, an increase of 44%. This performance is a reflection of revenue growth and a reduction in overheads as a result of integration and operational improvements.

Accounting Services profit contribution fell by \$0.2M from the 1H09 to 1H10. Management is focussing on implementing processes for improving the dollar contribution from Accounting Services investees.

The overall revenue improvements combined with overhead reductions have resulted in an improvement in Operating Margin from 33% in 1H09 to 43% in 1H10.

Group Funds Under Management (FUM), where Prime receives 'Asset Based Management Fees', increased by \$85.0M (including market movements) from 30 June 2009 to 31 December 2009 to \$1.085B.

### Low Debt

Prime has continued to reduce debt levels. Net debt has reduced by \$1.5M from \$6.5M to \$5.0M since 30 June 2009, this has reduced the gearing level from 10% to 7%.

Prime refinanced its debt facility in December 2009 for four years on substantially the same terms. The debt facility is available until 31 December 2013 with a current line of credit of \$12.0M.

## **Dividend Policy**

Directors are pleased to announce, as forecast at the November 2009 Annual General Meeting, the reinstatement of the Prime dividend. Directors have declared an Interim Dividend of 0.75cps, representing a 64% payout ratio. The Interim Dividend is payable 30 March 2010 with a Record Date of 16 March 2010.

## **Looking Forward**

Prime's primary focus will remain on organic growth in Financial Planning and Self Managed Superannuation. 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.

Directors remain confident of a continuing improvement in short-term operating profits and growth in long-term shareholder value. Directors confirm the guidance to grow normalised EBIT for the full year 2010 by 25% + over the full year 2009 result of \$4.24M to \$5.3M +.

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)**