

22 February 2007

Report to Shareholders

Half-Year Results

The Directors of Prime Financial Group Ltd (Prime) are very pleased to report a first half after-tax profit for the six months ended 31 December 2006 of \$1,337,835, a 47% increase over the corresponding period. Prime is also pleased to declare a fully franked interim dividend of 0.5 cents per share (previous corresponding period – 0.5 cents).

	Half Year 31/12/05	Half Year 31/12/06	% Increase
EBIT	\$1,032,679	\$1,497,540	45%
NPAT	\$913,064	\$1,337,835	47%

OVERVIEW

The half-year ending 31 December 2006 was a period of significant operational and corporate activity which has resulted in a 47% growth in net profit after tax, from the previous corresponding period, and the merger with Prime Financial Group Ltd. The merger, which was effective from 1 January 2007, included a name change from AVFM Ltd to Prime Financial Group Ltd.

Prime expects to exceed the full year profit guidance outlined in December 2006 for the merged group, being 'a net profit after tax of at least 80% greater than net profit after tax for 2006' (2006 net profit after tax was \$1,904,265).

Prime Managing Director/CEO Simon Madder has commenced the integration of the group and the overall service offering and this is proceeding in line with expectations.

Benefits from the scale of the group with complimentary products and services now available to be cross sold and to provide value added services for clients will start to progressively flow through in the six months ending 30 June 2007, with further benefits in the 2008 financial year.

The cross-selling opportunities coupled with the organic growth from the financial services/superannuation/funds management industry where Prime operates, plus Prime's access to an additional client base of 42,000 clients through its distribution, positions Prime well for continued organic growth.

As a 'National Diversified Financial Services and Advisory Group', Prime's focus remains on providing clients a range of financial services across:

- Financial Advice (Financial Planning, Accounting & Advisory);
- Funds Management;
- Corporate Advisory, and
- Finance.

Prime plans to leverage the groups combined skills and resources to deliver clients (individuals and business owners) a consistent and superior service covering their combined financial services and advisory needs.

GROUP OPERATIONS & OUTLOOK

Financial Advice

Prime, via its investments in financial advisory businesses expects:

- Above average new fund flow to superannuation and funds management due to changes announced to superannuation (30 June 2007 cut-off)
- New client inflows (continuing historic growth)
- Increasing recurring income from additional funds placed under management

Funds Management

- The 'Amytage Strategic Opportunities Fund', the latest retail fund from Prime's funds management business, is showing some impressive (unrealised) gains with a year to date performance of the fund at 21.79%
- Expect continued inflows to the Amytage funds management products
- Potential new fund rollout

Corporate Advisory

- Good levels of corporate activity in the small to mid cap space, where Prime's corporate advisory business focuses, is increasing and providing a good pipeline of opportunities
- New opportunities to flow from the merged groups network which now includes 28+ accounting firms

Finance

- As general economic conditions remain stable new client financing opportunities continue as well as the review of existing clients finance arrangements

Prime's operating expenses were within budget for the six-month period and continue to be actively managed.

On the back of the strong first half result, the Company has determined to pay a fully franked 0.5 cents interim dividend. The Company's shares will go ex-dividend on 14 March 2007, with the record date being 20 March 2007.

Prime is continuing to actively review opportunities in its own right and in conjunction with its investee companies within the financial services and advisory sector. Prime's forward outlook is very encouraging and Directors are confident Prime will achieve excellent profit growth for the full year.

Please contact Simon Madder, Managing Director & CEO, on 03 9827 6999 if you have any further queries.

Chris Newman
Chairman
Prime Financial Group Ltd