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Company Announcements Office
Australian Securities Exchange Limited

Prime Financial Group Ltd
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1st Half (1H) 2017 Results

Summary

- Members of the Parent Entity (After Outside Equity Interest)
 - Profit Before Income Tax **up 12%** to \$2.15M compared to 1H2016 of \$1.92M
 - Excluding Net Benefit from Restructuring Investments of \$0.46M in 1H2016, Profit Before Income Tax **up 47%** to \$2.15M compared to \$1.46M
 - Profit After Income Tax **up 9%** to \$1.76M compared to 1H2016 of \$1.61M
- Earnings Per Share (EPS) **1.16 up 4%** compared to 1H2016 of 1.12 Cents Per Share (CPS)
- **Interim Dividend of 0.40 CPS** (Paid 28 April 2017)
- **Income up 34%** versus 1H2016 principally due to consolidation of MPR Group (MPR)
- 1H2017 **Net Profit Margin of 33%**
- **Net Debt of \$6.6M** up from \$2.3M at 30 June 2016 (Due to acquisition activity)
- Group FUM **increased by \$63M** to \$1.04B
- During the period **MPR became a subsidiary company**, rather than an equity accounted investment. The effect of this is that all income, expenses, assets and liabilities of MPR are now consolidated at 31 December 2016, versus previously, as an equity accounted profit and “Investments accounted for using the equity method”

Business & Operating Environment

Prime is an Integrated Accounting, Wealth Management and Capital Advisory firm that operates a B2C direct client advice model and a B2B partnership model with Accounting & Advisory firms. Prime has a growing and connected ecosystem for Business Owners & Family Groups and our Business Partners.

Prime's goal is for clients to receive complete Accounting, Wealth Management and Capital Advice.

During the period Prime acquired outside equity interests in MPR Accountants & Advisers Pty Ltd (MPR) making MPR part of the consolidated group rather than an equity accounted investment.

The consolidation of MPR has resulted in a change in the accounting treatment with all the income and expenses now included in the Prime accounts compared to the previous corresponding period, where only the 40% equity accounted profit was included as income. Correspondingly the Balance Sheet now includes all MPR's Assets & Liabilities rather than only the investment cost.

The 34% income growth in the period reflects MPR'S income offset by the reduction in equity accounted profit which formerly included a contribution from MPR.

This acquisition has increased the number of services available to Prime's direct B2C clients and the clients of Prime's business partners and in April 2017 MPR will change its name to Prime.

The consolidation of MPR into Prime is a strategic opportunity to become a stronger services and capital partner to Businesses as we seek to be the primary destination for aspirational, innovative and growth orientated people that want to both build wealth and protect it.

Prime's acquisition activity will continue in this space as we seek to develop our presence and services to strengthen our positioning and platforms for clients and our business partners.

During the 6 month period Prime's Wealth Management income was down 1%, whilst Funds Under Management (FUM) grew by \$63M to \$1.04B through net new inflows and positive market movements. Prime's Separately Managed Accounts (SMA's) also increased over this time from \$96M to \$120M. Prime continues to build its Funds Management offering, including through our mandate to advise on an additional \$1.0B of FUM for an external group.

Overall, the Wealth Management operations were stable as we lead into a period of heightened activity to 30 June 2017. This will see the wealth advice team busy addressing the impact of the changes in superannuation legislation for both existing and new clients, this is a key growth opportunity.

Debt & Dividends

Net debt increased from \$2.3M to \$6.6M due to acquisition activity related to MPR plus the consolidation of MPR's balance sheet into Prime. Prime remains a conservatively geared company which is focussed on Growth, Innovation and helping our People to excel in advice and operations. Consistent with that theme Prime are actively seeking growth through acquisition and the cross-delivery of services to an increasing client base. Because of this growth focus

Prime has maintained its interim dividend at the same level as the previous corresponding period.

Summary

The Prime team are focussed, active and clear on the steps required and being undertaken to build shareholder value through concentrated efforts to develop market share in our chosen disciplines of Accounting & Business Advisory, Wealth Management and Capital Advice. We continue to build a scalable platform for growth and a clearly different and connected client offering that will position Prime as the leading advisory firm for the future. Exciting opportunities are presenting themselves and with increased scale and resources Prime are well structured to progress our more concentrated strategy.

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