

25 February 2016

Company Announcements Office  
Australian Securities Exchange Limited

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## **1<sup>st</sup> Half (1H) 2016 Results**

### **Summary**

#### **Operations & Investments**

- Consolidated Entity
  - Profit Before Income Tax up 32% to \$2.95M compared to 1H2015 of \$2.23M
  - Profit After Income Tax up 56% to \$2.34M compared to 1H2015 of \$1.50M
- Members of the Parent Entity (After Outside Equity Interest)
  - Profit Before Income Tax up 11% to \$1.92M compared to 1H2015 of \$1.73M
  - Profit After Income Tax up 39% to \$1.61M compared to 1H2015 of \$1.16M
- Earnings Per Share (EPS) 1.12 CPS, up 42% compared to 1H2015 of 0.79 CPS
- Interim Dividend 0.40 CPS consistent with 1H2015
- Wealth Management (WM) = 76% of Revenue (excluding Profit on Sale of Investments)
- WM Revenue (Excluding Client Engagement Model (CEM)) steady on 1H2015
- WM Revenue down 5% on 1H2015 (including CEM Licensing Fees)
- Accounting Services (AS) Investees = 20% of Revenue (excluding Profit on Sale of Investments)
- AS Revenue up 22% compared to 1H2015
- 1H2016 Operating Margin of 31%, up from 29% in 1H2015
- Group Overheads down 7% on 1H2015
- New Funds Under Management (FUM) for 1H2016 of approx. \$31M
- Lost FUM for 1H2016 of approx. \$44M
- Net debt of \$2.53M (down 66%) at 31 December 2015, down from \$7.4M at 30 June 2015

## Review of Operations & Investments

In line with Prime's goal of becoming the Premier Partner to Accounting Firms for Growth, Succession and Integrated Wealth Management, Prime increased its equity investment in Accounting & Advisory Firm MPR Group Pty Ltd from 10% to 40%. Separately, Prime made a 40% Accounting Firm Investment in Watermans International Holdings Pty Ltd plus, established a Wealth Management JV on a 50/50 equity basis. An existing Prime Accounting Investee acquired a small parcel of accounting fees (their second acquisition) and two other Prime Investees are also seeking accounting firm acquisitions.

The pipeline of new investment opportunity continues to build through Corporate Development to recruit new Accounting Investees and Wealth Management JV Partners. Interestingly, few Accountants seem prepared for the 1 July 2016 commencement of 'Limited Accountant Licensing' and most Accounting Firms will require more support than simply 'Accountant Licensing'. Prime's Accountant Licensing & Wealth Management JV structure is the solution for Accounting Firms seeking a complete client experience.

Wealth Management New Business revenue increased for the period and the focus remains on securing new clients and expanding the services provided to existing clients. Prime continues to communicate the 3 tier Investment Advisory Service to Clients and Accounting Partners and introduced a new pricing schedule reflecting this offering for Self Directed Investors through to Full Advice Clients.

Prime's Separately Managed Accounts (SMA's), have outperformed over the last 12 months to 31 December 2015 with the Growth Portfolio delivering a 6.89% p.a. return versus the benchmark ASX200 Accumulation Index of 2.79% p.a., a 4.10% p.a. outperformance (two year performance to 31 December 2015 was 20.4% versus the benchmark of 8.3%, an outperformance of 12.1%). The appeal and usage of the SMA service continues to increase with the successful rollout of Prime's 3 tier service offering and the broadening of Prime's Client Asset Allocation Model and International SMA offering.

The Operational Focus & Key Developments for Prime in 1H2016 have been;

- Building the pipeline and recruiting new Accounting Firm Wealth Management JV Partners for Prime's Client Engagement Model (CEM);
- Continuing the expansion plan for further investment in Accounting Investees plus supporting and finding equity acquisitions for existing Accounting Investees;
- FUM;
  - Leveraging the differing price points of the 3 tier Investment Advisory Service, including for Self Directed investors
  - Building an increasingly diversified Advisory offering across additional Asset Classes (International SMA)
  - New FUM +\$31M for 1H2016
  - Reduce lost FUM run rate (\$44M in 1H2016 compared to \$55M in 1H2015)
- Group Overheads – 7% drop compared to 1H2015; and
- Maintain Half-Year Dividend at 0.40 CPS

**Low Debt**

Net Debt decreased to \$2.53M (down 66%) at 31 December 2015. Debt levels will remain in balance and be conservatively managed as the investment program continues to expand.

**Dividend Policy**

Directors confirm an interim dividend of 0.40 cents per share (CPS).

**Appointment of New Directors**

During the period Prime appointed two new Directors to its Board, Mr. Paul Cowan & Mr. Tim Carroll. Please refer to the ASX Announcements on Prime's website ([www.primefinancial.com.au](http://www.primefinancial.com.au)) for more information on the two new Directors.

The current Board Members would like to welcome Paul and Tim to the Board and look forward to their positive contribution.

**Prime Financial Group**

Prime Financial Group is an Integrated Wealth Management Firm for business owners and family groups. Prime's goal is to become the Premier Partner to Accountants for Growth, Succession and Integrated Wealth Management and to deliver personalised advice to clients for a secure financial future.

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

**Simon Madder (Managing Director/CEO)**