

24 February 2012

2012 Half Year Results

Summary

- 1H12 NPAT down 10% to \$1.81M compared to 1H11
- 1H12 EBIT down 6% to \$2.66M compared to 1H11
- 1H12 EPS down 10% to 1.12cps compared to 1H11
- Interim dividend of 0.75cps (67% payout ratio)
- Wealth Management (WM) = 83% of revenue
- Accounting Services (AS) Investees = 17% of revenue
- 1H12 operating margin of 41% compared to 45% in 1H11
- New FUM for 1H12 of \$35.5M
- Total FUM at 31 December 2011 of \$1.008B, down \$47M from 30 June 2011
- Net debt of \$7.2M at 31 December 2011 compared to \$6.4M at 30 June 2011

Review of Operations

The Financial Services sector has experienced a difficult six months to 31st December 2011. Global and domestic economic uncertainty saw the Australian stockmarket retreat 12% from 30th June 2011 resulting in declining investor confidence. Furthermore, regulatory reforms and volatile sharemarkets across the globe have collectively placed pressure on margins for Financial Services companies.

Prime's Earnings before interest and tax (EBIT) has declined 6% to \$2.66M in 1H12 from \$2.82M in 1H11. Net profit after tax (NPAT) has declined 10% to \$1.81M. During the period the Operating Margin decreased from 45% to 41%. Group Funds Under Management (FUM), where Prime receives 'Asset Based Management Fees', decreased by \$47M (including market movements) from 30th June 2011 to 31st December 2011 to \$1.008B. This represented a decline of 4% compared to an overall market decline of approximately 12%.

Whilst earnings have declined there were a number of strong indicators within the business that demonstrate Prime's robust business model. Within Prime's Wealth Management business, new leads continued to grow beyond that of the previous period and there was also growth in new business earned from Life Insurance. New income earned from the sale of Wealth Management licenses was recorded as the Asset Protection Wealth Management strategy commenced its roll out. In addition, Prime's strong market position has generated Net FUM Inflows of \$24.0 million which was consistent with prior periods and delivered a consistent Net FUM Margin of 0.94% for the period to 31st December 2011. Furthermore, underlying Accounting Services Income produced a consistent result for the period to 31st December 2011.

Low Debt

Whilst debt levels have increased from \$6.4M to \$7.2M since 30th June 2011, this is a conservative gearing ratio of 9.6%.

Interim Dividend

Directors have declared an Interim Dividend of 0.75cps, representing a 67% payout ratio. The Interim Dividend is payable 17th April 2012 with a Record Date of 20th March 2012.

The interim dividend has been maintained at 0.75 cents per share reflecting Prime's optimism that its robust business model is well positioned in the Wealth Management sector.

A further more detailed presentation covering the half-year ended 31st December 2011 for Prime is contained in the half-year results presentation to the ASX dated 24th February 2012.

Prime

Prime is an Integrated Wealth Management Group providing Financial Planning, Investment Advice, Asset Protection & Life Insurance, Superannuation including Self Managed Superannuation and Accounting Services.

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