

Half Year Results Presentation

24 February 2012

Integrated Wealth Management



Prime Financial Group Ltd – Positioning

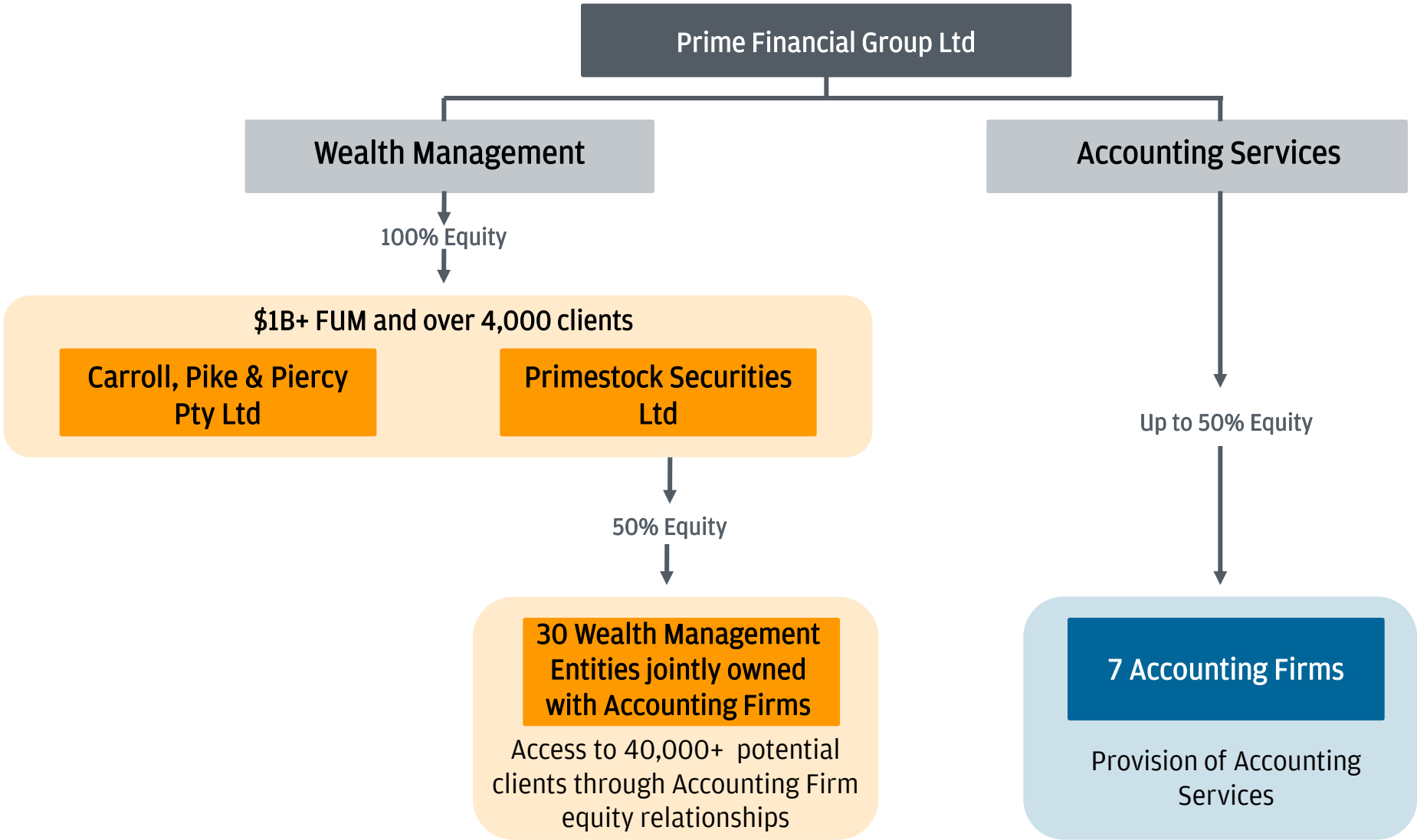
- **What do we do?**
 - Provide Integrated Wealth Management Services
 - Financial Planning
 - Investment Advice
 - Asset Protection & Life Insurance
 - Superannuation including Self Managed Superannuation, and
 - Accounting Services
- **To whom do we provide these services?**
 - Over 4,000 clients across Australia
- **How do we provide these services?**
 - Through 20 highly qualified Financial Advisers
 - Located in hubs in Victoria, NSW, WA and QLD
 - Providing cost effective, transparent and consistent advice
 - Combining Wealth Management Advice with Accounting client relationships

Prime Financial Group Ltd – Positioning... cont

- **How do we access new clients**
 - Through our Accounting Firm Equity Partners & Accounting Investees
 - 40,000+ Accounting Clients to access for Wealth Management
- **Why are we successful?**
 - Independent Operating Model, providing Personalised Service to a Captive Client Base, in a Cost Effective Manner

‘Advising clients how to Build Wealth & Protect Assets’

Structure Chart



Introduction

- The Financial Services sector has experienced a difficult six months to 31 December 2011. Global and domestic economic uncertainty saw the Australian stockmarket retreat 12% from 30 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 EBIT has declined 6% versus the previous corresponding period and NPAT has declined 10%. Included in these results is a marginal increase in Group Overhead reflecting an investment in Prime's operations for future growth potential
- 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

Wealth Management Results

- Prime continued the growth in new leads for the period to 31 December 2011 and demonstrated the strength of Prime's distribution network by growing the new business earned from Life Insurance
- Traditional Wealth Management Income fell by 9% as a result of the direct exposure to investor confidence and stockmarket volatility. Offsetting this result was new income earned from the sale of Wealth Management licenses as Prime's 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 31 December 2011

Accounting Services Results

- Underlying Accounting Services Income produced a consistent result for the period to 31 December 2011

Summary Half Year Results

Financial

	1H11	1H12	% Change
Earnings Before Interest & Tax (EBIT) (\$M)	2.82	2.66	- 6%
Net Profit After Tax (NPAT) (\$M)	2.02	1.81	- 10%
Basic & Diluted Earnings (cents per share)	1.25	1.12	- 10%
Dividend Paid & Proposed (cents per share) (fully franked)	0.75	0.75	0%

Operational

	30/06/11	31/12/11	% Change
Group Operating Margin	43%	41%	- 5%
Total FUM (\$B)	1.055	1.008	- 4%
Net Debt (\$M)	6.40	7.20	+13%

Summary Profit & Loss

	1H11	2H11	1H12	% Change 1H12 v 1H11
Wealth Management - New Business Income (\$M)	1.63	1.37	1.42	- 13%
Wealth Management - Recurring Income (\$M)	3.66	3.59	3.41	- 7%
Wealth Management - Licence Income (\$M)	-	-	0.82	n/a
Total Wealth Management Income (\$M)	5.29	4.96	5.65	+ 7%
Accounting Services Investees (\$M)	1.11	1.08	1.17	+ 5%
Accounting Services Corporate Income (\$M)	0.31	0.74	-	n/a
Total Accounting Income (\$M)	1.42	1.82	1.17	-18%
Gross Income (\$M)	6.71	6.78	6.82	+ 2%
Less Group Overheads (excl. Interest) (\$M)	(3.89)	(4.10)	(4.16)	+ 7%
Earnings Before Interest & Tax (EBIT) (\$M)	2.82	2.68	2.66	- 6%
Group Operating Margin	45%	41%	41%	- 9%
Dividend Paid & Proposed (cents per share) (fully franked)	0.75	0.75	0.75	0%

Wealth Management Income

Wealth Management

Wealth Management Income represents 83% of Prime's Gross Income

New Business Income

	1H11	2H11	1H12	% Change 1H12 v 1H11
▪ Investment Brokerage (\$'000)	1,349	1,068	927	- 31%
▪ New Issues & IPO's (\$'000)	0	0	68	n/a
▪ Asset Protection & Life Insurance (\$'000)	215	287	390	+ 81%
▪ Other (\$'000)	62	17	31	- 50%
Total New Business Income (\$'000)	1,626	1,372	1,416	- 13%

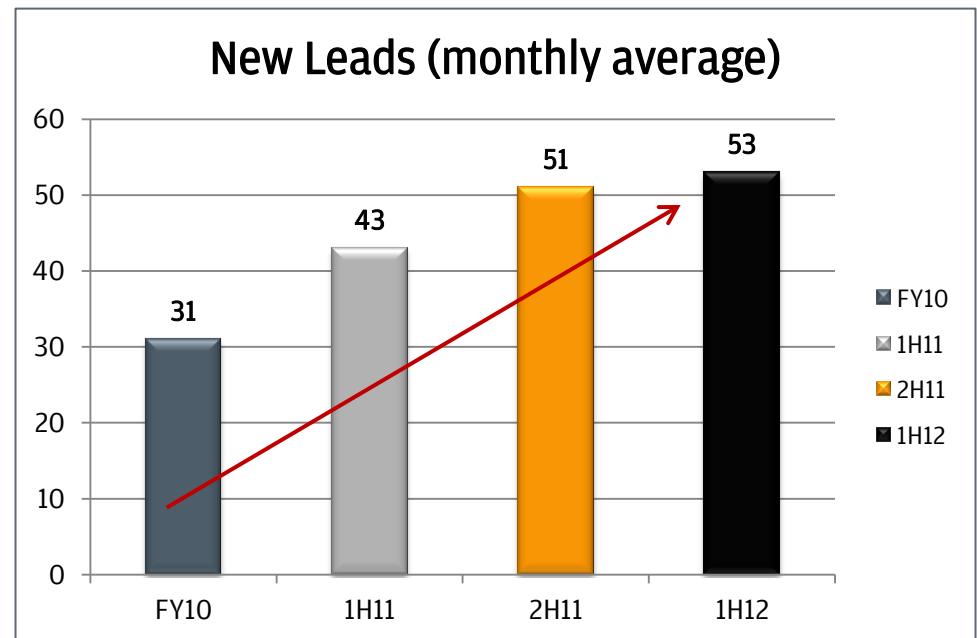
Recurring Income

	1H11	2H11	1H12	% Change 1H12 v 1H11
▪ Funds Under Management (FUM) (\$'000)	3,275	3,206	3,017	- 8%
▪ Asset Protection & Life Insurance (\$'000)	201	188	205	+ 2%
▪ Other (\$'000)	188	190	185	- 2%
Total Recurring Income	3,664	3,584	3,407	- 7%

Key Metric - New Business Leads

New Business Leads

- Prime has implemented a sophisticated client tracking system to a real time IT program (SalesForce) to track the development of the business and accessing the incumbent 40,000+ potential clients of Prime's Accounting Firm equity relationships. 'New leads' measures client meetings by service line and is a key driver of new FUM, Asset Protection and Life Insurances
- New leads continued to increase despite the business environment in which Prime operates



Key Metric – FUM Net Movements and Net Margin

Funds Under Management (FUM)

	1H11	2H11	1H12
▪ Opening FUM (\$M)	1,025	1,069	1,055
▪ FUM - New (\$M)	56.2	45.2	35.5
▪ FUM - Outflow (\$M)	(28.5)	(22.6)	(11.5)
▪ Implied Market Movement (\$M)	16.3	(36.6)	(71.0)
FUM - Net Movement (\$M)	44.0	(14.0)	(47.0)
▪ Closing FUM (\$M)	1,069	1,055	1,008

Commentary

- The overall decline in FUM of (\$47.0m) is reflective of the difficult domestic and global economic conditions that occurred in the period to 31 December 2011
- However, Prime's robust market position offset this negative sentiment by generating Net Inflows of \$24.0 million (pre market movement), which was consistent with prior periods

Wealth Management Net Margin

	1H11	2H11	1H12
▪ New Business Income (\$M)	1.63	1.37	1.42
▪ Recurring Income (\$M)	3.66	3.59	3.41
▪ Total (\$M)*	5.29	4.96	4.83
▪ Average FUM (\$B)	1.047	1.062	1.032
Annualised Net Margin	1.01%	0.93%	0.94%

Commentary

- Despite the difficult environment and a lower Average FUM, Prime was able to deliver a consistent Net Margin for the half

*Excluding Licence Income

Key Metric – Licence Income

Wealth Management Licence Income

	1H11	2H11	1H12	% Change 1H12 v 1H11
Licence Income (\$'000)	-	-	820	n/a
Total (\$'000)	-	-	820	n/a

- In the period to 31 December 2011 Prime has commenced its roll out of Asset Protection Wealth Management licenses. This is an important step in growing Prime's distribution network and creating a greater pool of clients for Prime's Wealth Management services including Investment Advice, Asset Protection and Life Insurance

Accounting Services Investees

Accounting Services Income

Prime's 7 Accounting Services Investees represent 17% of the Prime's Gross Income. Where Prime invests in Accounting Firms the corresponding Wealth Management growth is more substantial.

	1H11	2H11	1H12	% Change 1H12 v 1H11
Underlying Accounting Services Income (\$M)	1.11	1.08	1.17	5%
Accounting Services Corporate Income (\$M)	0.31	0.74	-	n/a
Total	1.42	1.82	1.17	- 18%

Note

- Prime's Accounting Service Investees Income is Prime's profit from its equity (up to 50% in Accounting Firms)
- Accounting Services Corporate Income was earned from varied corporate activity in relation to Prime's Accounting Service Investees

Commentary

- Accounting Services Income produced a consistent result for the half reflecting the stable defensive nature of this part of Prime's business

Summary Balance Sheet

	30/06/11	31/12/11
Current Assets		
Cash	0.5	0.6
Other current assets	6.1	6.2
Non Current Assets		
Receivables	1.7	1.7
Plant & Equipment	1.5	1.6
Investments	69.8	70.5
Total Assets	79.6	80.6
Current Liabilities		
Payables/Provisions	3.6	3.5
Borrowings	0.2	0.4
Non Current Liabilities		
Borrowings	7.8	8.4
Total Liabilities	11.6	12.3
Equity	68.0	68.3

FY2012 Targets & Longer Term

FY2012

- Continue to work on & improve key indicators within the business that drive earnings:
 - Generate New Joint Venture Asset Protection Wealth Management Licenses
 - New FUM of \$80.0M+ for year
 - Maintain FUM Annualised Net Margin of circa 1.00%
 - Continue growth in new client leads to beyond 300 per half
 - Improve on Group Operating Margin of 41%
- Leverage off key attributes of Prime business:
 - Scalable centralised system
 - Vertically integrated business (Financial Planning, Investment Advice, Self Managed Super & Accounting Services)
 - Extensive untapped and growing new client network contained within business structure (Accounting Firms)
- Actively pursue the Organic Growth Plan and consider acquisition opportunities where they make strategic sense

Longer Term

- Target \$1.5B - 2.0B FUM

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