prime financial group ltd.

Annual Report 2011

Integrated
Wealth Management

ABN 70 009 487 674

Annual Report 2011

Prime Financial Group Ltd (Prime) is a National Financial Services and Advisory Group, delivering Wealth Management Services, including:

- Financial Planning;
- Investment Advice;
- Asset Protection & Life Insurance;
- Superannuation, including Self Managed Superannuation; and
- Accounting Services.

We are a Wealth Management Group managing over $1.0B of client assets, with a primary goal to advise clients how to 'Build Wealth & Protect Assets'.

Prime's value proposition is our unique ability to deliver quality Wealth Management Services to clients across Australia using Prime's proven business model.

PRIME

Prime Financial Group Ltd (Prime) is a National Financial Services and Advisory Group, delivering Wealth Management Services and managing over $1.0B of client assets. Prime advises clients how to 'Build Wealth & Protect Assets'. Our services include:

- Financial Planning;
- Investment Advice;
- Asset Protection & Life Insurance;
- Superannuation, including Self Managed Superannuation; and
- Accounting Services (Accounting Investees).

Prime's focus is in delivering Wealth Management Services through quality client service across Australia using Prime's proven business model.

STRATEGY

Key strategy points:

1. Acquire new clients through a proven business development & growth strategy.
2. Provide a high level of service to existing clients and deliver additional services to them.
3. Continue to deliver Integrated Advice to clients as part of an overall Wealth Management strategy.
4. Maintain and build on Prime's diversified income streams.

Prime's growth strategy is to increase the number of new clients we deliver Investment Advice and Asset Protection & Life Insurance Services to, as part of an overall 'Wealth Management' strategy for clients. By increasing new clients, primarily for these two service lines, Prime builds additional Funds Under Management (FUM) and the number of Personal Life Insurance Policies we advise clients on.

This strategy is implemented by working closely with our Accounting Firm Equity Partners and Accounting Investees, where Prime has up to a 50% equity interest. Together these Partners provide access to a large pool and regular flow of new client opportunities.

For the year we experienced a significant uplift in new client opportunities and in particular the second half of the financial year. New client opportunities increased from an average of 31 per month in FY2010, to 43 per month in the first half of FY2011 and 51 per month in the second half of FY2011; the second half of FY2011 is a 60% increase over the monthly average for FY2010. This increase has been achieved by applying a more concentrated and integrated approach to the business development and marketing of our Wealth Management Services to clients of our Accounting Firm Equity Partners and Accounting Investees.

Although Prime's growth strategy is focussed on growing client numbers, Prime also concentrates its efforts on ensuring that our substantial existing client base is well serviced with regular contact and the delivery of services relevant to their needs. A continuing high service level for existing clients is essential as approximately 80% of Financial Service revenue is generated from existing clients through ongoing investment advisory fees, investment brokerage and life insurance.

A unique part of Prime's service is our ability to deliver 'Integrated Financial Advice' to clients which combines both Financial Services & Accounting Services as part of one overall 'Wealth Management' strategy. This service is delivered via a 'Team of Specialists' approach and an 'Investment Advisory' offering, which is independent from product providers. It is based on delivering to clients' unbiased and transparent advice and therefore positions Prime well for the legislative changes proposed by the government.

The additional benefit of an 'Integrated Financial Advisory' model across both Financial & Accounting Services is that it provides Prime with a diversified revenue model which, although mainly focused on Financial Services, includes Accounting Investees. The Accounting earnings, which are typically not as sensitive to the stock market or the prevailing economic environment, have proven to not only deliver diversity but provide a defensive, consistent asset as well as an increased contribution over the past twelve months.

Prime continues to focus on growing new client numbers organically, however Prime is also actively seeking to acquire or invest in complementary businesses that can provide scale benefits or additional services that are appropriate for our clients and can expedite Prime's growth plans.

Chairman's Report

I am pleased to report that the company achieved an improved operating result for FY2011. Earnings Before Interest & Tax (EBIT) increased to $5.50M from $5.36M in FY2010 and the Net Profit After Tax was $3.84M compared to $3.66M in FY2010. These results are pleasing as they were achieved in a difficult year of low investor confidence and market uncertainty.

The Directors are confident of continuing to grow the Prime business over the next 12 months provided market and economic conditions do not deteriorate markedly from FY2011 levels. We believe there is continued opportunity for organic growth from the development of new lines of business coupled with ongoing management of costs. We will also continue assessing acquisition opportunities and execute these where they add value to Prime. We are active in an industry that is constantly being exposed to regulatory review and change. We believe that the current proposed set of legislative changes, the FoFA reforms, are not likely to have a material effect on the earnings of the business.

The Directors are pleased to announce a final dividend of 0.75 cents per share, which when added to the interim dividend of 0.75 cents per share, brings the full year dividend to 1.5 cents per share. This equates to a dividend payout ratio of approximately 62.5% which is slightly higher than our target payout ratio of 50% - 60%, but reflects Prime's comfortable financial position and confidence in the outlook for continued cash flow from operations.

Prime is well placed for the year ahead with its experienced management team and proven business systems and processes. However, due to uncertain economic conditions, no guidance for FY2012 is possible at this stage.

I would like to thank the executive management team and all employees and Investees for their hard work during FY2011 and look forward to again achieving outstanding results in FY2012.

Stuart James
Chairman

26 August 2011

Managing Director and CEO's Report

The 2011 financial year has seen an improvement in Prime's earnings in what has been a challenging environment for clients and 'Wealth Management' companies, like Prime.

The past twelve months has seen an increase in new client opportunities, new clients and new Funds Under Management (FUM), where Prime manages client's assets, as well as an increase in revenue from the previous year in Asset Protection & Life Insurance Services.

A greater focus on Prime's business development & marketing process to access new client opportunities for Wealth Management Services has been particularly successful. Primarily focussing on Investment Advice and Life Insurances, and further integration with Prime's Accounting Firm Partners and Accounting Investees, new client opportunities increased from an average of 31 per month in FY2010, to 43 per month in the first half of FY2011 and 51 per month in the second half of FY2011; the second half of FY2011 is a 60% increase over the monthly average for FY2010.

Whilst key internal performance indicators were met during the year, overall Financial Planning & Investment Advisory income fell by 4%. Although the stock market rose between July 2010 and June 2011 by approximately 9%, a lack of investor confidence in the Australian stock market was reflected by lower equities trading volumes and higher than usual client exposures to Cash & Fixed Interest which accordingly had a direct impact on Prime's Financial Planning Income.

An improved performance in Prime's Accounting Investees with a significant increase over the previous year's contribution was encouraging and reinforces the restructuring and focus in this area.

Prime's overheads were marginally higher over the course of the financial year principally due to Prime's continued investment in business development and marketing activity which was aimed at continual improvement in client service levels and accessing new clients.

The generation of positive operational cash flow remained a priority in FY2011 and the Prime business delivered consistent cash flows throughout the year. Whilst debt levels did increase marginally, through acquisition activity and employee share plan share purchases, Prime remains conservatively geared.

Overall Prime's business is in good condition with continued new client opportunities for our core Wealth Management Services including Investment Advice and Asset Protection & Life Insurance. Prime also has a solid diversified revenue base that is typified by high levels of recurring income, with exposure to non-stock market related earnings such as Accounting Investees.

Prime has a centralised and team based operating model that delivers clients advice independent of product manufacturers. This model positions Prime well for potential legislative change and any stock market improvement. At the time of writing, stock markets worldwide have experienced increased volatility which has maintained a negative influence on investor confidence. Taking this into account Prime is well placed to weather this environment, having done so in the past, and will continue to focus on developing, implementing and expanding our successful operating and advisory model.

SUMMARY

- EBIT up 3% on FY2010;
- Net Profit After Tax up 5% to $3.84M compared to FY2010;
- A Final Dividend of 0.75 cents per share (CPS) was declared bringing the Full Year Dividend to 1.5 CPS;
- Funds Under Management of $1.055B, up $30M from FY2010;
- New Funds Under Management (FUM) in FY2011 of approximately $101M, up from $80M in FY2010;
- Lost FUM in FY2011 of approximately $51M, lost client run rate reducing in 2H11 versus 1H11;
- Increased client contact and service levels throughout the year;
- Financial Planning new business and recurring income down a combined 4%;
- Accounting Firm contribution to earnings 28% higher in FY2011 versus FY2010;
- Group overheads marginally higher in FY2011, up 3% due to increased Business Development & Marketing activity;
- Group Operating Margin maintained at 43%;
- Kept a low level of net debt during FY2011 with a gearing ratio of 8.6%; and
- Remained cash flow positive.

OPERATIONS

Prime's diversified business model continues to prove its ability to attract new clients and additional Funds Under Management (FUM) during difficult market conditions. Subject to continued stock market volatility that influences investor confidence, Prime remains confident that the current business model has the capacity to grow the business.

Financial Planning & Investment Advisory new business and recurring income fell slightly in FY2011. This reduction was mainly due to lower trading volumes and less corporate activity, as investor confidence fell and appetite for Equities reduced in preference for higher exposure to Cash & Fixed Interest. The Group operating margin was however maintained at 43%.

Prime continues to see strong long-term opportunities for growth in Financial Planning & Investment Advisory via the expansion of its client centric independent operating model. This, combined with an ongoing more integrated approach to business development & marketing with our Accounting Firm Equity Partners and Investees, will create organic growth. In the second half of the financial year, we optimised the impact of this increased activity and experienced growth in new client opportunities to the level targeted for this period, being over 50 per month; this is 60% higher than the monthly average of 31 in FY2010.

Prime's Accounting Investees outperformed in FY2011 in comparison to FY2010. This is a reflection of the restructuring that was undertaken and an overall improvement in the Investees.

Prime's core focus will remain on organic growth in Financial Planning & Investment Advisory, however Prime continues to seek out opportunities to expedite our growth profile through acquisitions, recruitment and model expansion.

THE TEAM

I would like to thank the entire Prime team for their ongoing commitment to quality client service. Especially in times of market volatility, all team members play an essential role in delivering advice and support to our diverse client base, thank you again for all of your efforts.

Prime encourages and supports the personal development of the entire team and this is reflected by the increased commitment to training, development and mentoring which is closely connected to Prime's overall growth plan.

Directors also strongly acknowledge the advantages of aligning the teams' interests with those of shareholders in order to build long-term shareholder value. In line with this, Prime has and will continue to promote and encourage staff participation in the Group's Employee Share Plan (ESP).

LOW DEBT

Prime continues to take a prudent approach to debt and has a current net debt level of $6.4M at 30 June 2011 equating to a gearing ratio of 8.6%.

DIVIDEND POLICY

Directors are pleased to announce a final dividend of 0.75 cents per share (CPS) which when added to the interim dividend of 0.75 CPS equates to a full-year dividend of 1.5 CPS. This represents a dividend payout ratio of 62.5%. Subject to potential acquisitions and debt reduction, Prime's Directors expect that future payouts will be in line with current levels.

INTEGRATED FINANCIAL ADVICE

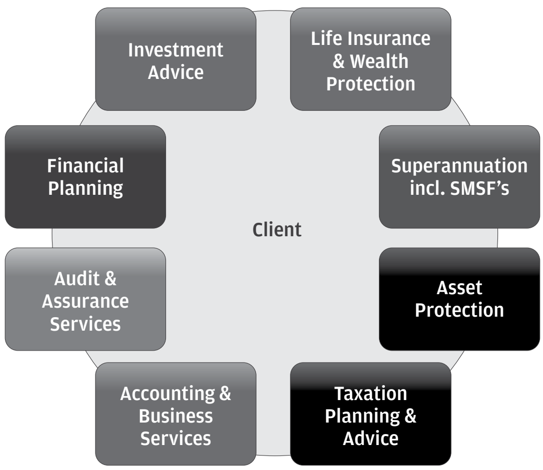
Prime is a National Financial Services & Advisory Group delivering Wealth Management Services and managing over $1.0B of client assets. Prime caters to the full range of issues impacting a client's financial situation, providing 'Integrated Financial Advice' for our clients' individual, business and investment needs.

Prime's Wealth Management Services, include:

- Financial Planning;
- Investment Advice;
- Asset Protection & Life Insurance;
- Superannuation, including Self Managed Superannuation; and
- Accounting Services.

Prime aims to become a client's key trusted Wealth Management Adviser assisting them to 'Build Wealth & Protect Assets', becoming the central point to the ongoing delivery of services for them. Rather than assessing the client's circumstances in isolation, Prime brings together a team of advisers in order to achieve the most appropriate solution for a client's needs.

Prime's value add is through unbiased strategic advice delivered by a team of experts in a co-ordinated manner who seek to eliminate unnecessary and duplicated costs that clients often incur using multiple service providers. By eliminating inefficient practices for clients and multiple service providers, we can deliver a more cost effective service for clients whilst generating higher margins for Prime shareholders.



FINANCIAL PLANNING AND INVESTMENT ADVICE

The Financial Planning operations are the main contributor to income and experienced a 4% decrease in income for the year as trading volumes fell and general market confidence was lower as reflected by clients typically holding higher than usual exposure to Cash & Fixed Interest.

The year included new FUM from clients of approximately $101M as both new and existing clients provided Prime with additional funds to manage and advise on. Prime continued to focus attention on ensuring existing clients were well serviced and advised, however Prime experienced lost FUM of $51M for the year, albeit at a declining rate in the second half of the year at both a FUM and individual client level.

ASSET PROTECTION & LIFE INSURANCE

Prime's Asset Protection & Life Insurance business continues to grow as clients increasingly seek to not only build wealth but protect it through appropriate structures and Personal Life Insurances. Prime increased the income generated from delivering Asset Protection & Life Insurance advice during the year by 55%. Asset Protection & Life Insurance business now accounts for 17% of New Business income, up from 10% in the previous year, a very encouraging sign. Utilising a structured process, in conjunction with Prime's Accounting Investees and Accounting Firm Equity Partners, we are actively targeting the growth of these services to individuals and business owners.

SMSF'S AND DIRECT EQUITIES

SMSF's are the fastest growing area in superannuation and as a result of the substantial growth in this sector, Prime established a full service offering for clients covering investment advice (including direct equities), online reporting and compliance requirements.

Prime's Direct Equities advisory service is designed to assist with developing, reviewing and managing a client's direct equities portfolio. This service is also appropriate for clients with a SMSF who wish to actively participate in the selection of investments and would like to receive quality information, research and advice.

There is a significant opportunity for advisers and accountants working together in the SMSF sector. By capitalising on this opportunity through offering clients a full and comprehensive SMSF service, there are few limitations to what Prime can provide from an advice perspective.

ACCOUNTING

Prime's Wealth Management Services are delivered directly by Prime but also via equity relationships with Accounting Firms & Investees. New client referrals for Financial Planning, Investment Advisory and Asset Protection & Life Insurance will continue to substantially come from Accounting Investees and Accounting Firm Equity Partners, using our structured process, where we will look to build on the current level of activity to expedite growth.

As well as being a key contributor to Prime's FUM and Life Insurance growth, Prime's Accounting Investees contributed a 28% increase in earnings for FY11 versus the previous financial year. This has partly been due to a restructure of a key Investee, but also from an overall improvement in earnings by Investees, driven by a more active programme to develop revenue streams within these Investees as part of Prime's 'Integrated Advice Model'.

Prime's Accounting Firm Investees and team of accountants and advisers are located in Victoria, New South Wales, Western Australia and Queensland and assist with the provision of our 'Integrated Financial Advice' model for clients. This service provides clients with access to a full range of accounting, taxation and business services advice for their individual and business needs, including:

- Accounting and Business Services;
- Taxation Planning and Advice;
- Asset Protection; and
- Audit and Assurance Services.

THE YEAR AHEAD

Our Company has a clear strategy for growing value. Subject to the impact of stock markets and the prevailing economic environment, Prime will be seeking to grow operating income through:

- increased FUM and new clients for Financial Planning & Investment Advisory Services;
- increased income from Asset Protection & Life Insurance Advice;
- ownership in Accounting Investees and Accounting Firm Equity Partners allowing access to over 40,000 clients will assist to facilitate FUM & Personal Life Insurances growth through increased new leads (as per second half);
- the ability to offer clients access to Direct Equity investing;
- Prime's integrated SMSF offering and the growing SMSF sector;
- fostering long-term client relationships with existing clients and, where appropriate, the provision of additional services to existing clients;
- continued superannuation inflows and exposure to mandated superannuation; and
- Prime's independent operating model and prospective industry changes which are likely to favourably impact on Prime's business model.

Prime will continue to assess relevant acquisition opportunities as a means to increase our penetration in geographic areas and grow earnings. We continue to maintain a disciplined approach in assessing potential acquisitions and will only proceed where there is a direct improvement in the value of Prime and its earnings without changing the risk profile.

Given the current state of world stock markets and the heightened level of volatility, it is difficult to forecast with a high degree of accuracy the impact this will have on Prime's Wealth Management Operations. However, given the diversified nature of Prime's business and having high levels of recurring income as well as non-stock market related income streams such as Asset Protection & Life Insurance Advisory, plus Accounting Services, Prime is well placed to cushion and minimise the potential impact. This has been true of previous downturns and we believe our strategy will remain resilient.

Ultimately, any market fractions, displacements or change can provide opportunities for well funded diversified businesses not dependant on any one factor, we believe this will be true of Prime.

What Prime can control is the continued implementation of our successful business model and the commitment to increase the new client development and accretion, while providing quality service to our existing clients.

Prime continues to be very confident of our well proven business model and to provide shareholder value. We look forward to capitalising on the opportunities that arise and that we continue to actively seek out.

Mr Simon Madder
Managing Director & CEO

26 August 2011

Directors' Report

The Directors present their Report together with the financial report of the consolidated entity consisting of Prime Financial Group Ltd (Prime) and the entities it controlled ('the Group'), for the financial year ended 30 June 2011 and auditors report thereon. These financial statements have been prepared in accordance with Australian Accounting Standards.

Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards ('IFRS').

OVERVIEW

Prime and the Group delivered a full year profit after tax of $3,838,920.

Prime achieved an improved operating result for the 2011 financial year. Earnings Before Interest and Tax (EBIT) increased to $5.50m from $5.36m in 2010 and the Net Profit After Tax (NPAT) was $3.84m compared to $3.66m in 2010.

Prime's diversified business model continues to prove its ability to attract new clients and additional Funds Under Management (FUM) during difficult market conditions. Subject to continued stock market volatility that influences investor confidence, Prime remains confident that the current business model has the capacity to grow the business.

Financial Planning & Investment Advisory new business and recurring income fell slightly in FY2011. This reduction was mainly due to lower trading volumes and less corporate activity, as investor confidence fell and appetite for Equities reduced in preference for higher exposure to Cash & Fixed Interest. The Group operating margin was however maintained at 43%.

Prime continues to see strong long-term opportunities for growth in Financial Planning & Investment Advisory via the expansion of its client centric independent operating model. This, combined with an ongoing more integrated approach to business development & marketing with our Accounting Firm Equity Partners and Investees, will create organic growth. In the second half of the financial year, we optimised the impact of this increased activity and experienced growth in new client opportunities to the level targeted for this period, being over 50 per month; this is 60% higher than the monthly average of 31 in FY2010.

Prime's Accounting Investees outperformed in FY2011 in comparison to FY2010. This is a reflection of the restructuring that was undertaken and an overall improvement in the Investees.

Prime's core focus will remain on organic growth in Financial Planning & Investment Advisory, however Prime continues to seek out opportunities to expedite our growth profile through acquisitions, recruitment and model expansion.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were Wealth Management Services including:

- Financial Planning;
- Investment Advice;
- Asset Protection & Life Insurance;
- Superannuation, including Self Managed Superannuation; and
- Accounting Services.

RESULTS

The consolidated profit after income tax was $3,838,920 (2010: $3,663,362). The Group's EBIT increased by 3% to $5,500,628 compared to the previous year.

AFTER BALANCE DATE EVENTS

There has not been any matter or circumstance that has risen since the end of the financial year, that has significantly affected the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the 2011 financial year there were no significant changes in the state of affairs of the consolidated entity.

STRATEGY

Key strategy points:

1. Acquire new clients through a proven business development & growth strategy.
2. Provide a high level of service to existing clients and deliver additional services to them.
3. Continue to deliver Integrated Advice to clients as part of an overall Wealth Management strategy.
4. Maintain and build on Prime's diversified income streams.

Prime's growth strategy is to increase the number of new clients we deliver Investment Advice and Asset Protection & Life Insurance Services to, as part of an overall 'Wealth Management' strategy for clients. By increasing new clients, primarily for these two service lines, Prime builds additional Funds Under Management (FUM) and the number of Personal Life Insurance Policies we advise clients on.

This strategy is implemented by working closely with our Accounting Firm Equity Partners and Accounting Investees, where Prime has up to a 50% equity interest. Together these Partners provide access to a large pool and regular flow of new client opportunities.

For the year we experienced a significant uplift in new client opportunities and in particular the second half of the financial year. New client opportunities increased from an average of 31 per month in FY2010, to 43 per month in the first half of FY2011 and 51 per month in the second half of FY2011; the second half of FY2011 is a 60% increase over the monthly average for FY2010. This increase has been achieved by applying a more concentrated and integrated approach to the business development and marketing of our Wealth Management Services to clients of our Accounting Firm Equity Partners and Accounting Investees.

Although Prime's growth strategy is focussed on growing client numbers, Prime also concentrates its efforts on ensuring that our substantial existing client base is well serviced with regular contact and the delivery of services relevant to their needs. A continuing high service level for existing clients is essential as approximately 80% of Financial Service revenue is generated from existing clients through ongoing investment advisory fees, investment brokerage and life insurance.

A unique part of Prime's service is our ability to deliver 'Integrated Financial Advice' to clients which combines both Financial Services & Accounting Services as part of one overall 'Wealth Management' strategy. This service is delivered via a 'Team of Specialists' approach and an 'Investment Advisory' offering, which is independent from product providers. It is based on delivering to clients' unbiased and transparent advice and therefore positions Prime well for the legislative changes proposed by the government.

The additional benefit of an 'Integrated Financial Advisory' model across both Financial & Accounting Services is that it provides Prime with a diversified revenue model which, although mainly focused on Financial Services, includes Accounting Investees. The Accounting earnings, which are typically not as sensitive to the stock market or the prevailing economic environment, have proven to not only deliver diversity but provide a defensive, consistent asset as well as an increased contribution over the past twelve months.

Prime continues to focus on growing new client numbers organically, however Prime is also actively seeking to acquire or invest in complementary businesses that can provide scale benefits or additional services that are appropriate for our clients and can expedite Prime's growth plans.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

DIVIDEND PAID, RECOMMENDED AND DECLARED

The Board has resolved to declare a fully franked final dividend of 0.75 cents per ordinary share, bringing the total dividends declared in respect of the 12 months to 30 June 2011 to 1.5 cents per ordinary share. This compares to total dividends declared in the prior twelve month period of 1.5 cents per ordinary share.

SHARE OPTIONS

There were no options granted during the financial year.

SHARES UNDER OPTION

Unissued ordinary shares of Prime under option, as at the date of this report, are as follows:

2011

Options outstanding as at 30 June 2010	Options granted	Options expired	Options outstanding as at 30 June 2011	Exercise price of shares ($)	Expiry date of options
105,103	-	(105,103)	-	0.25	30/06/2011

2010

Options outstanding as at 30 June 2009	Options granted	Options expired	Options outstanding as at 30 June 2010	Exercise price of shares ($)	Expiry date of options
1,000,000	-	(1,000,000)	-	0.20	31/12/2009
75,763	-	(75,763)	-	0.92	30/06/2010
105,103	-	-	105,103	0.25	30/06/2011

There were no members of the Key Management Personnel who held any options during the periods ending 30 June 2011 and 30 June 2010.

No option holder has any right under the options to participate in any share issue of the Company.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no ordinary shares in Prime issued during the financial year as a result of the exercise of options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

As outlined in the Company's constitution, to the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company against any liability incurred by that person, as such an officer of the Company, and to a person other than the Company or a related body corporate of the Company, unless the liability arises out of conduct on the part of the officer which involves a lack of good faith, or is contrary to the Company's express instructions.

The Company indemnifies every person who is or has been an officer of the Company against any liability for costs and expenses incurred by the person in his or her capacity as an officer of the Company, in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the person or in which the person is acquitted, or in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Law.

Insurance premiums of $17,565 were paid during the financial year, for all Directors and Officers of the consolidated entity.

No indemnities have been given, or insurance premiums paid for auditors of the Company.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Prime at any time during or since the end of the financial year is provided below, together with details of the Company Secretary as at the year end.

Mr Stuart James **BA (Hons)**
Chairman (Appointed 16 May 2006)

Mr James has held a number of high profile executive positions during his career and has extensive experience in the financial services sector. Mr James' past roles have included Managing Director of Australian Financial Services for Colonial and Managing Director of Colonial State Bank (formerly the State Bank of N.S.W). Mr James' most recent executive role was as Chief Executive Officer of the Mayne Group. He is also a Member of the Supervisory Board of Wolters Kluwer NV. Mr James is the Chairman of Pulse Health Ltd, Progen Pharmaceuticals Ltd, Non-Executive Director of Greencross Ltd and Non-Executive Director of Phosphagenics Ltd. Mr James is a member of the Audit Committee and Chairman of the Remuneration and Nomination Committees.

Mr Simon Madder **B.Comm**
Managing Director and CEO (Appointed 2 January 2007)

Mr S Madder is the Managing Director and CEO of Prime. Mr S Madder was the co-founder and Managing Director of Prime Development Fund Ltd ('PDF') (since 1998). Mr S Madder has 14 years experience in the financial services and advisory industry across operations, strategy and acquisitions. Mr S Madder is a member of the Remuneration and Nomination Committees.

Mr Stephen Bennett **B.Bus, FCA**
(Appointed 2 January 2007)

Mr Bennett has 30 years experience in the accounting profession in both an international firm and Sydney based Wynn & Bennett Pty Ltd ('Wynn & Bennett'), where he is Managing Partner. Apart from providing taxation and accounting solutions, he is heavily involved in providing business and structuring advice to start up and growing businesses. Mr Bennett is the Chairman of the Audit Committee and member of the Remuneration Committee.

Mr Peter Madder **FCA, FCPA, ACIS**
(Appointed 2 January 2007)

Mr P Madder is the co-founder of PDF and has also been the Managing Partner of two accounting firms. Mr P Madder has 30 years experience advising clients on financial matters as a Chartered Accountant, as well as experience across business structuring, corporate finance and acquisitions. Mr P Madder is a member of the Audit and Nomination Committees.

Mr Campbell Kennedy **B.Comm, CA, Grad Dip App Corp Gov**
Company Secretary (Appointed 2 February 2005)

Mr C Kennedy is a Chartered Accountant who has more than 12 years experience in a variety of accounting roles, both in Australia and the United Kingdom.

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the number of meetings attended by each Director were:

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Mr James	10	9	2	2
Mr S Madder	10	10	0	0
Mr Bennett	10	10	2	2
Mr P Madder	10	10	2	2

A meeting of the Remuneration Committee was held during the year ending 30 June 2011 and attended by all Directors who were members of the Remuneration Committee.

No formal meeting of the Nomination Committee was held during the year ended 30 June 2011.

DIRECTORS' INTERESTS IN SHARES OR OPTIONS

Directors' relevant interests in shares and options over shares in the Company are detailed below:

Director's relevant interests in:	Ordinary shares	Options over shares
Mr James	3,900,000	-
Mr S Madder	8,587,439	-
Mr Bennett	496,843	-
Mr P Madder*	4,195,560	-

* Includes partly paid shares.

DIRECTORS' INTERESTS IN CONTRACTS

Mr Bennett is the Managing Director of, and shareholder in Wynn & Bennett, in which PDF is a significant shareholder. Mr Bennett receives a commercial remuneration in respect of this role.

During the financial year, interests associated with Mr P Madder received consulting fees for work performed on a commercial basis (refer also note 23).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under section 307C in relation to the audit of the financial year is provided with this report.

REMUNERATION REPORT

The Board and the Remuneration Committee assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The board policy for determining the nature and amount of remuneration of Non-Executive Directors is agreed by the board of Directors as a whole. Remuneration for executives is determined by the Board's Remuneration Committee.

The Board and its Remuneration Committee has the right to obtain professional advice, where necessary. During the year, the Remuneration Committee did not seek professional advice as no contracts for Executive Directors or Senior Executives were due for renewal.

(I) PRINCIPLES OF COMPENSATION

The Company will remunerate its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, and subject to the determination of the Remuneration Committee, the remuneration of senior executives may be comprised of the following:

- Fixed salary, including superannuation, that is determined from a review of the market and reflects core performance requirements and expectations;
- A performance cash bonus designed to reward achievement by individuals of performance objectives; and
- Participation in the Prime Employee Share Plan.

Senior Executives can be employed under either a fixed term contract or a continuous employment agreement. The term of any such contract is set by the Remuneration Committee in accordance with market practice.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company's objective is to align the interests of senior executives with those of shareholders and increase performance of the Company.

The philosophy of deploying this remuneration structure/strategy is to provide a clear intention to improve the Company's fiscal performance, and thereby increase underlying shareholder value.

Fixed Salary

Fixed Salary is determined from a review of the market that takes into account an individual's responsibilities, performance, qualifications and experience. The broad goal is that fixed salary for individuals is market competitive and within a similar range to peers in comparative roles.

Depending on the role the executive is undertaking, benchmarking data is drawn from the advice of an external remuneration consultant or alternatively information that is publicly available from industry related peers.

During the financial year, senior executives Fixed Salary typically increased by CPI or AWOTE, unless the executive involved increased their level of responsibility within Prime.

Performance Cash Bonus

Key management personnel that are remunerated under the Senior Executive Remuneration Policy are eligible for an Annual Performance Cash Bonus. In determining whether or not management are eligible for a Performance Cash Bonus, the Remuneration Committee review the achievement of both Financial and Non-Financial key performance indicators (KPI's) for the year compared with managements personal KPI's that had been set for the year. The achievement of some or all of the KPI's will allow the Remuneration Committee to determine the level of Performance Cash Bonus that is paid.

Specific KPI's that are applied to management by the Remuneration Committee to measure performance are set out below:

- Earnings before interest & Tax (EBIT)
- Earnings per Share (EPS)
- Gearing levels
- New Funds under Management (FUM)
- Lost Funds under Management (FUM) & Maintenance of Existing Clients
- New Business Income including the growth in Key Income Streams
- Compliance Management
- Rollout & Execution of Key Business Strategies
- Operating Margins
- Performance of Key Investees
- Other Items identified of importance from time to time

The Financial KPI's are a direct measure of the Company's performance. The Non-Financial KPI's are related directly to business drivers that generate financial performance. Through the achievement of these KPI's the Company aligns its interests with shareholders through an increase in value of the organisation.

Prime Employee Share Plan

The Prime Employee Share Plan is designed to reward eligible employees for their ongoing commitment to Prime and to provide the employee additional incentive to improve the long-term financial performance of Prime.

Non-Executive Directors

Non-Executive Directors are paid their fees within the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

The maximum aggregate amount for the remuneration of Non-Executive Directors, which has been approved by Shareholders, is $375,000. During the 2011 Financial Year, $135,000 was paid to Non-Executive Directors.

Non-Executive Directors do not, and will not receive performance based bonuses and shall not participate in equity-based remuneration schemes of the Company which the Company may elect to establish in the future.

(II) KEY MANAGEMENT PERSONNEL

Key management personnel	
NON-EXECUTIVE DIRECTORS	
Mr Stuart James	Non-Executive Chairman
Mr Stephen Bennett	Non-Executive Director
EXECUTIVE DIRECTORS	
Mr Simon Madder	Managing Director and CEO
Mr Peter Madder	Executive Director – Accounting Investees and Acquisitions
OTHER KEY MANAGEMENT PERSONNEL	
Mr Steven Carroll	Manager Financial Planning
Mr Mark Johnson	Manager Equities and Research
Mr Nick Pike	Manager Investments
Mr Alistair Piercy	Manager Investments
Mr Campbell Kennedy	Chief Financial Officer and Company Secretary

(III) KEY MANAGEMENT PERSONNEL COMPENSATION

2011

	Short-term			Post employ-ment	Long-term	Share-based payments	Total	Total performance related
	Salary/ fees $	Cash bonus $	Non-monetary $	Super $	Incentive plans $	Options $	$	%
NON-EXECUTIVE DIRECTORS								
Mr S James	91,743	-	-	8,257	-	-	100,000	0
Mr S Bennett	35,000	-	-	-	-	-	35,000	0
Sub-total	126,743	-	-	8,257	-	-	135,000	
EXECUTIVE DIRECTORS								
Mr S Madder#	412,000	168,267	-	52,223	-	-	632,490	27
Mr P Madder*	311,575	-	-	-	-	-	311,575	0
OTHER KEY MANAGEMENT PERSONNEL								
Mr S Carroll	206,497	-	-	18,585	-	-	225,082	0
Mr M Johnson	185,321	13,761	-	17,918	-	-	217,000	6
Mr N Pike	206,497	3,257	-	18,878	-	-	228,632	1
Mr A Piercy	187,724	-	-	16,896	-	-	204,620	0
Mr C Kennedy	165,366	-	-	14,884	-	-	180,250	0
	1,801,723	185,285	-	147,641	-	-	2,134,649	

The bonus relates to the increased profit from the 2009 financial year to the 2010 financial year. This 2010 result was a 34% increase in NPAT, 26% increase in EBIT and a 15% increase in EPS. The bonus was paid in the 2011 financial year, but relates to the material increase in profit in the 2010 financial year.

* The above includes executive services provided by Mr P Madder (refer note 23 for further details).

2010								
	Short-term			Post employ-ment	Long-term	Share-based payments	Total	Total performance related
	Salary/ fees $	Cash bonus $	Non-monetary $	Super $	Incentive plans $	Options $	$	%
NON-EXECUTIVE DIRECTORS								
Mr S James	91,743	-	-	8,257	-	-	100,000	0
Mr S Bennett	34,604	-	-	396	-	-	35,000	0
Sub-total	126,347	-	-	8,653	-	-	135,000	
EXECUTIVE DIRECTORS								
Mr S Madder	400,000	-	-	36,000	-	-	436,000	0
Mr P Madder*	302,500	-	-	-	-	-	302,500	0
OTHER KEY MANAGEMENT PERSONNEL								
Mr S Carroll	195,917	-	-	17,633	-	-	213,550	0
Mr M Johnson	160,956	-	-	14,486	-	-	175,442	0
Mr N Pike	195,917	9,358	-	18,475	-	-	223,750	4
Mr A Piercy	178,106	-	-	16,030	-	-	194,136	0
Mr C Kennedy	160,550	-	-	14,450	-	-	175,000	0
	1,720,293	9,358	-	125,727	-	-	1,855,378	

* The above includes executive services provided by Mr P Madder (refer note 23 for further details).

(IV) NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

Key Management Personnel 2011	Balance 01/7/10	Received as remuneration	Options exercised	Net change other	Balance 30/6/11
NON-EXECUTIVE DIRECTORS					
Mr S James	3,900,000	-	-	-	3,900,000
Mr S Bennett	496,843	-	-	-	496,843
Sub-total	4,396,843	-	-	-	4,396,843
EXECUTIVE DIRECTORS					
Mr S Madder	8,587,439	-	-	-	8,587,439
Mr P Madder	4,195,560	-	-	-	4,195,560
OTHER KEY MANAGEMENT PERSONNEL					
Mr S Carroll	993,108	-	-	-	993,108
Mr M Johnson	679,920	-	-	-	679,920
Mr N Pike	897,490	-	-	-	897,490
Mr A Piercy	260,840	-	-	-	260,840
Mr C Kennedy	310,000	-	-	-	310,000
Total	20,321,200	-	-	-	20,321,200

Key Management Personnel 2010	Balance 01/7/09	Received as remuneration	Options exercised	Net change other	Balance 30/6/10
NON-EXECUTIVE DIRECTORS					
Mr S James	3,900,000	-	-	-	3,900,000
Mr S Bennett	100,000	-	-	396,843	496,843
Sub-total	4,000,000	-	-	396,843	4,396,843
Executive Directors					
Mr S Madder	8,587,439	-	-	-	8,587,439
Mr P Madder	4,195,560	-	-	-	4,195,560
OTHER KEY MANAGEMENT PERSONNEL					
Mr S Carroll	993,108	-	-	-	993,108
Mr M Johnson	679,920	-	-	-	679,920
Mr N Pike	897,490	-	-	-	897,490
Mr A Piercy	260,840	-	-	-	260,840
Mr C Kennedy	310,000	-	-	-	310,000
Total	19,924,357	-	-	396,843	20,321,200

Explanation of Net Change Other

Mr S Bennett - during the financial year, interests associated with Mr S Bennett acquired 396,843 shares.

Signed in accordance with a resolution of the Directors.

Mr Stuart James
Chairman

26 August 2011

William Buck

26 August 2011

The Board of Directors
Prime Financial Group Limited
Level 17, Como Office Tower
644 Chapel Street
SOUTH YARRA VIC 3141

Dear Board Members

Auditor's Independence Declaration
In accordance with Section 307c of the Corporations Act 2001
To the Directors of Prime Financial Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Prime Financial Group Limited.

I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporation Act 2001 in relation to the audit;

and

(ii) any applicable code of professional conduct in relation to the audit.

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

H. D. Paton
Director

Dated this 26th day of August, 2011

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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Corporate Governance Statement

OVERVIEW

The Board of Prime is committed to the highest standards of corporate governance, whereby shareholder' interests are paramount.

The Board is responsible for the corporate governance of the consolidated entity and monitors the business and affairs of Prime on behalf of all shareholders, by whom they are elected and to whom they are accountable.

In accordance with the Australian Stock Exchange's Corporate Governance 'Revised Principles and Recommendations' ('the Recommendations'), this Corporate Governance Statement is required to contain certain information and report on Prime's adoption of the Recommendations. To this end, disclosure is required in respect of any recommendations which have not been adopted by Prime, together with reasons why they have not been adopted.

Prime's Corporate Governance Policy is structured with reference to the Council's Recommendations, which are as follows:

Prime's Corporate Governance Policy	
Principle 1	Lay solid foundation for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Prime substantially complies with the Recommendations. The Board aims to adhere to the Recommendations set down by the Council with due regard to economic practicalities and the underlying interests of stakeholders.

A full copy of the Prime's Corporate Governance Policy can be found on Prime's website (www.primefinancial.com.au).

INDEPENDENCE

Recommendation 2.1 requires a majority of the Board to be independent Directors.

The Corporate Governance Council ('the Council') defines 'independence' as being free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of unfettered and independent judgement.

The Directors who are independent in accordance with the Council's definition are Mr James and Mr Bennett. Prime does not have a majority of independent Directors on the Board at this time, however, Prime does have an equal number of Directors who are independent and not independent. The composition of the Board shall be reviewed by Prime and the Board with due regard to Prime's evolving business activities.

Mr James (Chairman) is considered independent.

Mr Bennett is the Managing Partner of Wynn & Bennett Chartered Accountants (Wynn & Bennett), in which a subsidiary of Prime holds a 50% interest. Wynn & Bennett does not in its own right satisfy the definition of material investee. On this basis, Mr Bennett is considered independent.

Mr S Madder is the Managing Director and Chief Executive Officer of Prime. Mr S Madder is also the Managing Director of Prime Development Fund Pty Ltd (PDF) (Formerly Prime Financial Group Ltd) and is a co-founder (together with Mr P Madder) of that company which is a wholly owned subsidiary. Mr S Madder is not classified as independent.

Mr P Madder is the Chairman and co-founder of PDF. PDF is a wholly owned subsidiary and material investee of the Company. Mr P Madder is an executive of Prime and is considered to be an Executive Director. Mr P Madder is not classified as independent.

The Chairperson of the Board is currently Mr James who is an independent Director.

The Board is required to establish a Nomination Committee to examine the selection and appointment of Directors. Prime has established a Nomination Committee which currently comprises Mr James (Chairman), Mr P Madder and Mr S Madder. No formal meeting of the Nomination Committee was held during the year ended 30 June 2011.

The Board undertakes periodic performance evaluations based upon appropriate commercial criteria, having due regard to the cost/ benefit thereof. The Board's performance shall be measured against both "qualitative" and "quantitative" indicators (subject to basic commercial principles). The objective of this evaluation is to adhere to "best practice corporate governance" for the Company. No formal performance evaluation of the Board members was undertaken during the year ending 30 June 2011.

Any other Directors shall be appointed, based on the specific governance skills required by the Company after detailed evaluation of the cost/ benefit to the Company, and hence its shareholders. The Company acknowledges that it will at all times require at least two Directors with (direct and current) experience in the financial services industry, having due regard to the Company's market and its current and intended activities.

STRUCTURE OF THE BOARD

An effective Board is one that facilitates the efficient discharge of its duties under the law and adds value to Prime. The skills, experience and expertise of each Director of Prime as at the date of this Annual Report are included in the Directors' Report.

The term of office of each Director as at the date of this Annual Report is as follows:

Name	Term of Office
Mr James	63 months
Mr S Madder	55 months
Mr Bennett	55 months
Mr P Madder	55 months

Prime has established procedures which enable the Board collectively and each Director individually to seek independent professional advice at the expense of Prime.

CODE OF CONDUCT

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has committed to adhere to an underlying corporate "Code of Conduct" to guide compliance with legal and other obligations to legitimate stakeholders. A full copy of the Company's Code of Conduct can be found within the Company's Corporate Governance Policy on Prime's website (www.primefinancial.com.au).

TRADING POLICY

The Company has implemented a Policy under which Designated Officers may only trade in the Company's securities during the four months commencing immediately after the release by the Company of its half-yearly results to the ASX and the release by the Company of its annual results to the ASX. If Designated Officers wish to trade in the Company's Securities outside of the trading windows, they must first seek permission from the Chairman. The Chairman will only approve the request in situations of severe financial hardship or other exceptional circumstances, where the Designated Officer has provided a compelling reason for needing to trade outside of the trading windows and the Designated Officer has confirmed that they are not in possession of any unpublished price sensitive information. A full copy of the Company's Trading Policy is contained in Prime's Corporate Governance Policy, which is publicly available on Prime's website.

AUDIT COMMITTEE

The Board has established an Audit Committee. The Committee's Chairman is Mr Bennett. The other members of the Committee are Mr P Madder and Mr James. Two of the three Audit Committee members are independent Directors, being Mr Bennett and Mr James. Mr P Madder is not an independent Director. The qualifications of the Directors are included in the Directors' Report.

A formal charter of the Audit Committee's role and responsibilities is contained in Prime's Corporate Governance Policy, which is publicly available on Prime's website.

Details concerning the frequency of and attendance at meetings of the Audit Committee are included in the Directors' Report.

ASX LISTING RULES COMPLIANCE POLICY

The Company has a continuous disclosure policy to ensure compliance with its legal obligations and the ASX listing rules. This policy is contained in the Prime Corporate Governance Policy.

SHAREHOLDER COMMUNICATION

The Company recognises its role as a representative/ charge of its shareholders. The Company will facilitate the effective discharge of its duty to shareholders. The Company, inter alia, is committed to communicating effectively with shareholders through releases to the market via ASX and information mailed to shareholders and the general meetings of the Company. Furthermore, communicating clearly and succinctly in relation to the general and fiscal affairs of the Company, in a plain manner. Allowing and enabling shareholders to participate in general meetings of the Company. The Company will also make available a telephone number and email address for shareholders to make enquiries of the Company, in relation to day to day enquiries.

REMUNERATION

The Board has established a Remuneration Committee. The members of the Committee are Mr James, Mr S Madder and Mr Bennett. A meeting of the Remuneration Committee was held during the year ending 30 June 2011 and was attended by all Directors who were members of the Remuneration Committee. The Chairman of the Remuneration Committee of Prime is Mr James, who is recognised as an independent Director in accordance with the definition of 'independence' contained in Prime's Corporate Governance Policy.

The disclosure of the nature and amount of each element of the fee and salary of each Director is included in the Directors' Report.

RISK MANAGEMENT

The Company recognises the importance of effective risk management. The Company's risk management policies are contained throughout Prime's Corporate Governance Policy. Measures taken by the Company to manage material risks, namely liquidity and interest rate risks are contained in this Annual Report. The Company also maintains rigorous quality control programmes.

Management has reported to the Board as to the effectiveness of the Company's risk management programmes and processes. The Board has also received assurance from the Managing Director and CEO and CFO that the s.295A declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks.

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated Entity	
	Notes	2011 $	2010 $
Revenue	3	12,656,172	12,395,413
Accounting expenses		(131,493)	(82,300)
Administrative expenses		(273,510)	(348,733)
Amortisation	4	(156,000)	(156,000)
Collection/ broking fees		(314,511)	(328,401)
Contractors' expense		(109,800)	(163,500)
Depreciation expense	4	(200,080)	(388,866)
Directors' fees		(135,000)	(135,000)
Employee benefits expense	4	(4,118,246)	(3,884,180)
Insurance		(235,703)	(210,319)
Finance costs	4	(554,948)	(551,985)
Legal fees		(172,288)	(183,624)
Licence fees		(136,899)	(43,699)
Listing and registry fees		(53,614)	(59,706)
Rent and outgoings		(336,528)	(311,195)
Travel		(150,353)	(109,401)
Other expenses from ordinary activities		(1,079,184)	(979,008)
Share of net profit of associates and partnerships accounted for using the equity method	10(i)	545,546	463,545
Profit before income tax		5,043,561	4,923,041
Income tax expense	5	(1,204,641)	(1,259,679)
Profit for the year attributable to owners of Prime Financial Group Ltd		3,838,920	3,663,362
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners of Prime Financial Group Ltd		3,838,920	3,663,362
Basic earnings per share	21	2.4	2.3
Diluted earnings per share	21	2.4	2.3

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2011

	Notes	Consolidated Entity 2011 $	Consolidated Entity 2010 $
CURRENT ASSETS			
Cash and cash equivalents	7	537,670	1,433,095
Trade and other receivables	8	5,885,732	4,706,470
Other current assets		175,522	172,042
Total current assets		6,598,924	6,311,607
NON CURRENT ASSETS			
Receivables	8	1,712,635	1,804,454
Plant and equipment	9	1,503,537	892,422
Investments accounted for using the equity method	10	21,361,901	24,166,267
Intangible assets	11	48,374,657	44,643,590
Deferred tax assets	5	7,933	-
Total non current assets		72,960,663	71,506,733
Total assets		79,559,587	77,818,340
CURRENT LIABILITIES			
Bank overdraft	17(b)	183,924	-
Payables	12	2,130,297	1,498,175
Current tax payable	5	1,007,284	1,099,340
Provisions	13	514,657	437,619
Borrowings	14	11,728	1,343,051
Total current liabilities		3,847,890	4,378,185
NON CURRENT LIABILITIES			
Deferred tax liabilities	5	-	43,384
Borrowings	14	7,754,964	6,093,384
Total non current liabilities		7,754,964	6,136,768
Total liabilities		11,602,854	10,514,953
Net assets		67,956,733	67,303,387
EQUITY			
Contributed equity	15	66,883,355	66,883,355
Treasury shares held	15	(3,402,814)	(2,653,365)
Accumulated profits	16	4,476,192	3,073,397
Total equity		67,956,733	67,303,387

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated Entity	
	2011 **$**	**2010** **$**
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	67,303,387	65,927,388
Total comprehensive income for the year	3,838,920	3,663,362
	71,142,307	69,590,750
Transactions with equity holders in their capacity as equity holders:		
Dividends paid	(2,436,125)	(1,218,062)
Issue of shares for an acquisition	-	102,433
Issue of shares for an employee share trust	-	1,386,000
Purchases of shares made by Prime for an employee share trust	(749,449)	(2,552,767)
Capital raising costs	-	(4,967)
	(3,185,574)	(2,287,363)
TOTAL EQUITY AT THE END OF THE YEAR	67,956,733	67,303,387

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated Entity	
	Notes	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,137,460	12,880,453
Payments to suppliers and employees		(9,872,447)	(7,504,433)
Interest received		69,435	83,240
Dividends and distributions received		376,609	315,317
Interest paid		(554,947)	(551,985)
Income tax paid		(1,348,013)	(585,097)
Net cash provided by operating activities	17(a)	2,808,097	4,637,495
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for business acquisitions	18	(1,844,367)	-
Proceeds from sale of business	18	1,008,000	-
Payments for plant and equipment		(772,811)	(697,369)
Proceeds from disposal of equity investments		217,075	-
Receipt of borrowings from key management personnel		72,594	-
Loans repaid by other entities		-	(32,851)
Net cash provided used in investing activities		(1,319,509)	(730,220)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		295,408	-
Repayment of borrowings		(11,728)	(3,306,385)
Purchases of shares made by Prime for an employee share trust		(421,975)	(1,173,863)
Dividends paid		(2,429,642)	(1,218,062)
Net cash provided by/ (used in) financing activities		(2,567,937)	(5,698,310)
Net increase/ (decrease) in cash and cash equivalents		(1,079,349)	(1,791,035)
Cash and cash equivalents at beginning of year		1,433,095	3,224,130
Cash and cash equivalents at end of the year	17(b)	353,746	1,433,095

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: BASIS OF PREPARATION

These financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements were approved by the directors as at the date of the directors' report.

The financial statements cover Prime Financial Group Ltd and controlled entities as a consolidated entity. Prime Financial Group Ltd is a company limited by shares, incorporated and domiciled in Australia.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compliance with IFRS

Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(a) Principles of consolidation

Details of the investments are contained in Note 23(a).

A controlled entity ("subsidiary") is an entity over which Prime Financial Group Ltd has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(b) Revenue recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividends and distributions received from associates are accounted for in accordance with the equity method of accounting for investments in associates.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(d) Plant and equipment

All classes of plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed for impairment annually by directors for events or changes in circumstances that indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will eventuate and the cost of the item can be measured reliably.

Depreciation

The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

NOTE 1: BASIS OF PREPARATION continued

The useful lives for each class of assets are:

	2011	2010
Office equipment	6 to 10 years	6 to 10 years
Software	10 years	10 years
Plant and equipment	3 to 20 years	3 to 20 years
Motor vehicles	5 years	5 years
Leasehold improvements	5 years	5 years

(e) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

Operating leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(f) Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition. Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life, that has been determined as 5 years, and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(g) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Taxes

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A liability approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(i) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the end of the reporting period, measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the end of the reporting period.

(j) Investments

Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(k) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Finance instruments are subsequently measured at amortised cost using the effective interest rate method.

NOTE 1: BASIS OF PREPARATION continued

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period, such that the amount recognised for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(n) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(o) Business combinations

Business combinations occur when an acquirer obtains control over one or more businesses and result in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e.: the parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the acquirer. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent considerations classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Estimated impairment of investments in associates, subsidiaries and goodwill

Investments are allocated to cash generating units (CGU's) according to applicable business operations. Prime has split its investments into two CGU's, the first for the financial planning operations and the second for the accounting operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a discount rate of 11.4% to determine value-in-use for both CGU's. The financial planning CGU uses an average revenue growth rate of 12%, whilst the accounting CGU uses 5%. These assumptions have not changed from 2010.

(b) Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTE 3: REVENUE

	Consolidated Entity 2011 $	Consolidated Entity 2010 $
REVENUES FROM OPERATING ACTIVITIES		
Licence fees	1,664,961	1,774,652
Staff recoveries	888,045	1,068,549
Consulting fees	3,252,283	2,531,679
Brokerage commission	2,420,591	2,737,188
Advice fees	2,858,200	2,871,778
Financial planning income	1,255,183	1,118,536
Total income from operating activities	12,339,263	12,102,382
REVENUES FROM NON-OPERATING ACTIVITIES		
Interest received – associates	16,000	19,933
Interest received – key management personnel	19,003	16,978
Interest received – other	281,906	256,120
Total revenue from non-operating activities	316,909	293,031
Total revenues	12,656,172	12,395,413

NOTE 4: EXPENSES

Profit/(Loss) from ordinary activities before income tax has been determined after:		
DEPRECIATION OF NON CURRENT ASSETS		
Software	92,075	305,101
Office equipment	18,288	28,890
Plant and equipment	48,842	23,270
Motor vehicles	8,429	3,620
Leasehold improvements	32,446	27,985
Total depreciation of non current assets	200,080	388,866
AMORTISATION OF NON CURRENT ASSETS		
Development costs	156,000	156,000
FINANCE COSTS		
Interest expense	554,948	551,985
EMPLOYEE BENEFITS EXPENSE		
Salary and wages	3,470,456	3,296,735
Superannuation	424,908	388,762
Other	222,882	198,683
Total employee benefits expense	4,118,246	3,884,180

NOTE 5: INCOME TAX

	Consolidated Entity	
	2011 $	2010 $
(A) THE COMPONENTS OF TAX EXPENSE:		
Current tax	1,255,957	1,288,760
Deferred tax	(51,316)	(29,081)
Total income tax expense	1,204,641	1,259,679
(B) THE PRIMA FACIE TAX ON PROFIT DIFFERS FROM THE INCOME TAX PROVIDED IN THE FINANCIAL STATEMENTS AS FOLLOWS:		
Total profit before income tax	5,043,561	4,923,041
At the statutory income tax rate of 30% (2010: 30%)	1,513,068	1,476,912
Add: Tax effect of:		
- Dividends received from associates	152,987	135,136
- Other non-allowable items	66,903	62,703
Less: Tax effect of:		
- Accounting profit of associates	(163,664)	(139,064)
- Other allowable deductions	(177,319)	(90,031)
- Capitalisation deductions	(34,582)	(36,018)
- Imputation credits received	(152,987)	(135,136)
Under (over) provision in prior years	235	(14,823)
Income tax expense attributable to ordinary activities	1,204,641	1,259,679
(C) TAX ASSETS AND LIABILITIES		
Current tax payable		
- Opening balance	1,099,340	410,500
- Tax paid	(1,348,013)	(585,097)
- Current tax payable	1,255,722	1,288,760
- Over provision in prior years	235	(14,823)
Closing balance	1,007,284	1,099,340
Deferred tax assets		
- Provision for employee entitlements	154,968	132,988
- Provision for audit fees	19,200	15,090
- Capital raising costs	24,888	39,100
	199,056	187,178
Deferred tax liabilities		
- Deferred revenue	191,123	230,562
Net deferred tax liabilities	7,933	(43,384)
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1(h) occur		
- Tax losses: capital losses	498,467	498,467

NOTE 5: INCOME TAX continued

	Consolidated Entity 2011 $	2010 $
(D) DEFERRED INCOME TAX RELATED TO ITEMS CHARGED OR CREDIT DIRECTLY TO EQUITY		
- Capital raising costs	-	2,129
	-	2,129

NOTE 6: DIVIDENDS ON ORDINARY SHARES

	2011 $	2010 $
(A) DIVIDENDS PAID DURING THE YEAR		
(i) Current year interim Fully franked dividend	1,218,062	1,218,062
(ii) Previous year final Fully franked dividend	1,218,063	-
	2,436,125	1,218,062
(B) PROPOSED DIVIDEND		
Proposed dividend as at the date of this report at 0.75 cents per share (2010: 0.75 cents per share)		
Proposed dividend payment	1,218,062	1,218,063
(C) FRANKING CREDIT BALANCE		
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits:	5,549,286	5,144,689
Impact on the franking account of dividends recommended by the Directors since the year end but not recognised as a liability at year end	(522,027)	(522,027)
	5,027,259	4,622,662

NOTE 7: CASH AND CASH EQUIVALENTS

	2011 $	2010 $
CURRENT		
Cash at bank	537,670	1,433,095
	537,670	1,433,095

NOTE 8: RECEIVABLES

		Consolidated Entity	
	Notes	2011 $	2010 $
CURRENT			
Trade receivables		1,746,039	1,287,916
Amounts receivable from associates		3,186,076	2,526,616
Loans to executives	(a)	249,973	224,594
Loans to employees		703,644	667,344
		5,885,732	4,706,470
NON CURRENT			
Loans to employees		1,712,635	1,804,454
		1,712,635	1,804,454

(a)

- Prime made an advance of $129,841 during the 2006 financial year, to Mr C Kennedy, an officer of the Company to acquire 300,000 shares in the Company. The balance of this loan as at 30 June 2011 is $154,588 ($147,079 at 30 June 2010). Interest payable on the loan for the 30 June 2011 financial year is $12,009 ($11,392 at 30 June 2010). The highest amount of indebtedness during the 2011 financial year was $154,588 ($147,079 at 30 June 2010). The loan has been made on a non-recourse basis, as part of Mr C Kennedy's employment arrangements with the Company, on normal commercial terms (refer to note 23).
- PDF has made an advance of $47,681 ($38,750 at 30 June 2010) since the 2004 financial year, to Mr S Madder, a Director of the Company to acquire 160,575 shares in the Company. The Prime shares are held as security against the loan, with the Prime dividend payments offsetting the loan. Interest payable on the loan for the 2011 financial year is $3,496 ($2,792 at 30 June 2010). The highest amount of indebtedness during the 2011 financial year was $47,681 ($38,150 at 30 June 2010).
- PDF has made an advance of $47,704 ($38,765 at 30 June 2010) since the 2004 financial year, to Mr P Madder, a Director of the Company to acquire 160,575 shares in the Company. The Prime shares are held as security against the loan, with the Prime dividend payments offsetting the loan. Interest payable on the loan for the 2011 financial year is $3,498 ($2,794 at 30 June 2010). The highest amount of indebtedness during the 2011 financial year was $47,704 ($38,166 at 30 June 2010).

NOTE 9: PLANT AND EQUIPMENT

		Consolidated Entity	
	Notes	2011 $	2010 $
SOFTWARE			
At cost		1,718,041	1,046,312
Accumulated depreciation		(598,188)	(506,113)
	9(a)	1,119,853	540,199
OFFICE EQUIPMENT			
At cost		346,720	316,731
Accumulated depreciation		(258,102)	(241,779)
	9(a)	88,618	74,952
PLANT AND EQUIPMENT			
At cost		456,439	408,713
Accumulated depreciation		(339,467)	(288,661)
	9(a)	116,972	120,052
MOTOR VEHICLES			
At cost		44,326	44,326
Accumulated depreciation		(8,429)	-
	9(a)	35,897	44,326
LEASEHOLD IMPROVEMENTS			
At cost		247,237	185,487
Accumulated depreciation		(105,040)	(72,594)
	9(a)	142,197	112,893
TOTAL PLANT AND EQUIPMENT			
At cost		2,812,763	2,001,569
Accumulated depreciation		(1,309,226)	(1,109,147)
Total written down amount		1,503,537	892,422

(A) RECONCILIATIONS

	Consolidated Entity	
	2011 $	2010 $
Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year.		
SOFTWARE		
Carrying amount at beginning	540,199	278,206
Additions	671,729	567,094
Depreciation expense	(92,075)	(305,101)
	1,119,853	540,199
OFFICE EQUIPMENT		
Carrying amount at beginning	74,952	88,187
Additions	31,954	15,655
Depreciation expense	(18,288)	(28,890)
	88,618	74,952
PLANT AND EQUIPMENT		
Carrying amount at beginning	120,052	57,558
Additions	45,762	85,764
Depreciation expense	(48,842)	(23,270)
	116,972	120,052
MOTOR VEHICLES		
Carrying amount at beginning	44,326	23,165
Additions	-	24,781
Depreciation expense	(8,429)	(3,620)
	35,897	44,326
LEASEHOLD IMPROVEMENTS		
Carrying amount at beginning	112,893	136,803
Additions	61,750	4,075
Depreciation expense	(32,446)	(27,985)
	142,197	112,893

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated Entity	
	2011 $	2010 $
Associated companies	21,361,901	24,166,267

Interests are held in the following associated companies:

Name	Country of incorporation	Ownership interest held by consolidated entity	
		2011 %	2010 %
Aintree Group Financial Services Pty Ltd	Australia	50	50
Brentnalls NSW Financial Services Pty Ltd	Australia	50	50
MGI Perth Financial Planning Pty Ltd	Australia	50	50
Bstar Financial Services Pty Ltd	Australia	50	50
Butler Settineri Financial Services Pty Ltd	Australia	50	50
CP Financial Planners Pty Ltd	Australia	50	50
Crispin & Jeffery Financial Services Pty Ltd	Australia	50	50
DM Financial Planners Pty Ltd	Australia	50	50
Dormers Financial Services Pty Ltd	Australia	40	40
GG Financial Services Pty Ltd	Australia	50	50
Hughes O'Dea Corredig Financial Services Pty Ltd	Australia	50	50
IMMS Financial Planning Pty Ltd	Australia	50	50
Lym Securities Pty Ltd	Australia	50	50
Madder & Co Financial Services Pty Ltd	Australia	50	50
McBurney Financial Services Pty Ltd	Australia	50	50
McHenry Financial Services Pty Ltd	Australia	50	50
Munro's Financial Advisors Pty Ltd	Australia	50	50
M V Anderson Financial Services Pty Ltd	Australia	50	50
ORD Financial Services Pty Ltd	Australia	100	50
Pacifica Financial Services Pty Ltd	Australia	50	50
Pascoe Partners Financial Services Pty Ltd	Australia	50	50
PRM Financial Services Pty Ltd	Australia	50	50
Prime Wealth Consultants Pty Ltd	Australia	50	50
Prior & Co Financial Services Pty Ltd	Australia	50	50
RMM Financial Services Pty Ltd	Australia	50	50
RJS Financial Solutions Pty Ltd	Australia	50	50
Rundles Financial Services Pty Ltd	Australia	50	50
Selingers Financial Services Pty Ltd	Australia	50	50
Signum Business Advisors Financial Services Pty Ltd	Australia	50	50
SPBS Financial Services Pty Ltd	Australia	50	50

Name	Country of incorporation	Ownership interest held by consolidated entity	
		2011 %	2010 %
Stanwycks Financial Services Pty Ltd	Australia	50	50
Wynn & Bennett Financial Services Pty Ltd	Australia	50	50
Bstar Pty Ltd	Australia	15	20
Demeyer Consulting Pty Ltd	Australia	50	50
Hughes O'Dea Corredig Pty Ltd	Australia	50	50
A.C.N. 097 206 874 Pty Ltd	Australia	100	50
Pacifica Pty Ltd	Australia	35	35
Rundles CPP Pty Ltd	Australia	50	50
Wynn & Bennett Pty Ltd	Australia	50	50

The principal activity of all the associates listed above is providing financial services or accounting services. Prime's voting power within its investments in associates is equivalent to its shareholding ownership. The associates listed above all have a year end and reporting date of 30 June 2011.

	Notes	Consolidated Entity 2011 $	2010 $
(i) Share of associate's profit			
Share of associate's:			
- net profit before income tax		764,574	639,918
- income tax expense attributable to net profit		(219,028)	(176,373)
Share of associate's net profit		545,546	463,545
(ii) Share of associate's revenues		9,866,597	11,498,356
(iii) Carrying amount of investment in associate			
Balance at the beginning of the financial year		24,166,267	23,560,694
- Contributions to existing investments		9,852	473,344
- Share of associate's net profit for the financial year		545,546	463,545
- Dividends/ distributions received from associates		(386,059)	(331,316)
- Consolidation of associates	18	(2,756,630)	-
- Disposal of interests in an associate		(217,075)	-
Carrying amount of investment in associate at the end of the financial year		21,361,901	24,166,267
(iv) Share of associates' assets and liabilities			
Current assets		3,388,263	5,811,930
Non current assets		6,754,965	6,244,449
Current liabilities		(2,339,614)	(3,118,166)
Non current liabilities		(350,955)	(776,585)
NET ASSETS		7,452,659	8,161,628

NOTE 11: INTANGIBLE ASSETS

		Consolidated Entity	
	Notes	2011 $	2010 $
GOODWILL			
Cost	(a)	48,121,567	44,234,500
		48,121,567	44,234,500
DEVELOPMENT COSTS			
Cost		799,090	799,090
Accumulated amortisation		(546,000)	(390,000)
		253,090	409,090
Total intangibles		48,374,657	44,643,590

(A) RECONCILIATION OF GOODWILL

Balance at the beginning of the year		44,234,500	44,234,500
Additions via acquisition of subsidiary	18	3,887,067	-
Closing carrying value at end		48,121,567	44,234,500

Intangible assets represent goodwill on acquisitions of subsidiary companies in the financial services industry and their goodwill on acquisition of businesses in the financial services industry during the past five years. Goodwill has been accounted for at historical cost and carried forward on the basis of these subsidiaries/ businesses and the goodwill to which they relate having an indeterminate life.

NOTE 12: PAYABLES

CURRENT		
Trade creditors	167,454	117,177
Other creditors and accruals	243,154	252,560
Earn-out agreement payable	332,000	-
GST payable	87,517	208,629
Amounts payable to associates	1,300,172	919,809
	2,130,297	1,498,175

NOTE 13: PROVISIONS

		Consolidated Entity	
	Notes	2011 $	2010 $
CURRENT			
Employee entitlements		514,657	437,619
Movements in provisions other than employee benefit			
Employee entitlements			
- Carrying amount at the beginning of the Year		437,619	409,208
- Additional provisions recognised		77,038	28,411
Carrying amount at the end of the year		514,657	437,619

NOTE 14: BORROWINGS

CURRENT			
Secured liabilities:			
Bank loans	(b)	-	1,331,323
Other borrowings		11,728	11,728
		11,728	1,343,051
NON CURRENT			
Secured liabilities:			
Commercial bills	(a)	6,732,891	6,050,000
Bank loans	(b)	990,416	-
Other borrowings		31,657	43,384
		7,754,964	6,093,384

(a) The commercial bills are secured by a registered fixed and floating charge over all assets and uncalled capital of the Group, except the subsidiary Carroll Pike and Piercy Pty Ltd (CPP) which is secured by a second ranking debenture.

(b) This bank loan is secured by way of a fixed and floating charge over CPP, with Prime acting as guarantor to this bank loan.

NOTE 15: CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

	Notes	Consolidated Entity 2011 No. of shares
Ordinary shares fully paid	(a)	66,864,495
Ordinary shares partly paid	(b)	18,860
		66,883,355

(a) Fully paid ordinary shares carry one vote per share and carry the right to dividends and the proceeds on winding up of the parent entity in proportion to the number of shares sold.

(b) The 2,095,560 partly paid ordinary shares are partly paid to $0.009 with $0.891 to pay. Any or all of the partly paid shares may be paid in full or in part at the election of the holder at any time. The partly paid shares will confer fractional voting rights and dividend entitlements in accordance with and subject to the Listing Rules of Australian Securities Exchange.

(B) MOVEMENTS IN SHARES ON ISSUE

	Consolidated Entity 2011		Consolidated Entity 2010	
	No. of shares	$	No. of shares	$
Beginning of the financial year	164,482,874	66,883,355	156,472,470	65,399,889
Issued during the year				
- Shares issued for employee share plan	-	-	7,700,000	1,386,000
- Shares issued for capital contribution to associate	-	-	310,404	102,433
- Capital raising costs	-	-	-	(4,967)
End of the financial year	164,482,874	66,883,355	164,482,874	66,883,355

(C) TREASURY SHARES HELD

During the year the Group purchased 3,829,999 (2010: 5,443,473) of its own issued ordinary shares. The shares are designated to be held in trust until they will be granted to employees as part of the terms of the employee share scheme. Each share held by the Group retains the same voting rights, rights to dividends and capital distributions as those of other ordinary shareholders.

	Consolidated Entity	
	2011 $	2010 $
Opening balance	2,653,365	100,598
Issue of shares for the employee share trust	-	1,386,000
Purchase of shares for the employee share trust	749,449	1,166,767
Closing balance	3,402,814	2,653,365

(D) CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2011, the Board paid dividends of $2,436,125 (2010: $1,218,062). The Board's policy for dividend payments is a payout ratio of 50% - 60% which is subject to potential acquisitions and debt reduction.

The Board has no current plans to issue further shares on the market.

The Board monitors capital through the gearing ratio (net debt/ total capital). The target for the Group's gearing ratio is between 5% - 10%. The gearing ratios based on continuing operations at 30 June 2010 and 2011 were as follows:

		Consolidated Entity	
	Notes	2011 $	2010 $
Total borrowings#		6,960,199	6,446,019
Less cash and cash equivalents		(537,670)	(1,433,095)
Net debt		6,422,529	5,012,924
Total equity		67,956,733	67,303,387
Total capital		74,379,262	72,316,311
Gearing ratio:		8.6%	6.9%

Includes interest-bearing loans and borrowings. Refer to Note 14 and 17(c). Excludes the Macquarie bank loan which has an offsetting receivable.

NOTE 16: ACCUMULATED PROFITS

Accumulated profits	(a)	4,476,192	3,073,397
(A) ACCUMULATED PROFITS			
Balance at the beginning of year		3,073,397	628,097
Total comprehensive income for the year		3,838,920	3,663,362
Total available for appropriation		6,912,317	4,291,459
Dividends paid		(2,436,125)	(1,218,062)
Balance at end of year		4,476,192	3,073,397

NOTE 17: CASH FLOW INFORMATION

	Consolidated Entity	
	2011 $	2010 $
(A) RECONCILIATION OF THE NET PROFIT AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS:		
Net profit	3,838,920	3,663,362
Non-cash items		
Depreciation/ amortisation	356,080	544,866
Equity accounted profit after tax net of dividends & distributions received	(714,483)	(463,545)
Deferred tax on capital raising costs	-	2,129
Changes in assets and liabilities		
(Increase)/decrease in current receivables	250,413	(316,089)
(Increase)/decrease in other assets and receivables	154,119	66,110
Increase/ (decrease) in payables	(889,592)	437,669
(Decrease)/increase in provisions	(21,583)	28,411
(Decrease)/increase in deferred tax	(51,316)	(31,210)
(Decrease)/increase in tax payable	(114,461)	705,792
Net cash flow from operating activities	2,808,097	4,637,495
(B) RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash balance comprises:		
Cash at bank	537,670	1,433,095
Bank overdraft	(183,924)	-
Closing cash balance	353,746	1,433,095

(C) FINANCING FACILITIES AVAILABLE

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $14,750,000. At the end of the reporting period these facilities have been utilised to the amount of $6,916,815. The facility includes a limit of $5,000,000 for potential acquisitions and a limit of $1,000,000 for an overdraft. $183,924 of the $6,916,815 utilised facility relates to the overdraft. The facility is reducing by $375,000 per quarter until 31 December 2013 when the available facility will be $11,000,000. Interest rates are set at the time of rollover of the bills which is usually at monthly intervals. The current effective interest rate is 6.71% per annum.

Macquarie Bank has in place an agreement with CPP to provide facilities amounting to $1,000,000. As at 30 June 2011, the outstanding loan payable is $990,416. CPP has a corresponding loan receivable with its employees totalling $1,176,563. The repayment date is 31st December 2015.

NOTE 18: BUSINESS COMBINATION

On 29 September 2010, Prime acquired the remaining 50% equity in ORD Nexia Pty Ltd ('ORD') (Accounting Services). This increased Prime's equity to 100%. Consideration for the 50% equity in ORD was $1,880,000. As part of this transaction Prime disposed of the Audit and Corporate Services fee base to MGI Perth Pty Ltd ('MGI') (Accounting Services) leaving Prime with the Business Services and Tax fee base which turns over approximately $2,400,000 per annum. The consideration Prime received from this disposal was $1,260,000. There was no profit or loss on disposal. The net profit after tax contribution from ORD in Prime's consolidated profit and loss since the date of acquisition (1 October 2010) is $87,500. The net profit after tax contribution from ORD in Prime's consolidation profit and loss if ORD had been consolidated from 1 July 2010 would have been $175,000.

MGI is an Accounting Firm that at the date of the acquisition was an existing Financial Services Partner with Prime (50/50 equity) in a Financial Planning entity and Self Managed Super entity.

As Prime is not an operator but an investor in Accounting Firms, Prime entered into a management agreement with MGI, whereby MGI agreed to take over the management of the Business Services and Tax fee base under a commercial arrangement. As part of this arrangement MGI agreed to implement best practice systems around the delivery of Accounting Services & Financial Services to the client base in an integrated manner to facilitate the maintenance and growth of both the Accounting & Financial Services fee base.

The purchase price for the ORD acquisition was paid by Prime as follows, $798,000 of the consideration was paid on settlement of the Sale of Practice Agreement and $324,000 will be paid 13 months from the sale of the Practice Agreement. $608,000 within 14 days of parties agreeing that the Minimum Net Asset Position has been achieved and all assets outstanding on completion of the sale have been realised. $150,000 is payable by monthly instalments 7 days after receipt by Prime of the amount payable under the Engagement Management Agreement.

The total consideration of ORD and the subsequent sale to MGI is subject to adjustment if the audit and corporate fees are less than $1,400,000 over a 12 month period, or the Business Services and Tax fees are less than $2,200,000 over a 12 month period. We believe these targets will be met and no adjustments will be required.

The ORD Goodwill represents the client relationships, intellectual property and brand name.

On 1 July 2010, Prime also acquired the remaining 50% equity in the ORD Financial Services Pty Ltd ('ORD Financial Planning entity') from ORD, therefore, increasing Prime's equity to 100% in the Financial Planning entity. The consideration for the 50% equity in the Financial Planning entity was $220,000. The net profit after tax contribution from the Financial Planning entity in Prime's consolidated profit and loss since the date of acquisition (1 July 2010) is $90,674.

NOTE 18: BUSINESS COMBINATION continued

	Provisional fair value	Fair value	
	ORD*	ORD financial planning entity	Total
Purchase consideration			
- Cash consideration (paid to 30 June 2011)	1,371,488	220,000	1,591,488
- Receivables from associated companies	176,512	-	176,512
- Deferred consideration (payable at 30 June 2011)	332,000	-	332,000
Consideration for remaining 50% of the investment	1,880,000	220,000	2,100,000
Provisional fair value of equity accounted investment	2,202,677	553,953	2,756,630
Total purchase consideration	4,082,677	773,953	4,856,630
Less:			
Receivables	1,377,913	53,687	1,431,600
Asset held for sale**	1,260,000	-	1,260,000
Bank overdraft	(209,450)	(43,029)	(252,479)
Payables	(1,466,343)	(3,215)	(1,469,558)
Identifiable assets acquired and liabilities assumed	962,120	7,443	969,563
Goodwill	3,120,557	766,510	3,887,067
Purchase consideration settled in cash (net of cash acquired)	1,580,938	263,429	1,844,367

* The initial accounting for the business combination is incomplete and amounts recognised in the financial statements relating to the business combination have been determined only provisionally, however, it will be finalised by no later than 29 September 2011.

** Asset held for sale ($1,260,000) less receivable ($252,000) reconciles to the statement of cash flows.

NOTE 19: EXPENDITURE COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

PDF has entered into a commercial rental lease for Level 17, 644 Chapel Street, South Yarra, Victoria on 1 July 2010. The commercial rental lease has a life of four years from 1 July 2010. Future minimum rental payable under the operating lease is as follows:

	Consolidated Entity	
	2011 $	2010 $
OPERATING LEASE COMMITMENTS		
- within one year	256,672	414,375
- after one year but not more than 5 years	544,555	801,227
Total	801,227	1,215,602

NOTE 20: COMMITMENTS AND CONTINGENCIES

PDF provides cross guarantees to Pacifica Pty Ltd for $357,000, Rundles CPP Pty Ltd for $250,000. The cross guarantee amounts were the same in 2010.

NOTE 21: EARNINGS PER SHARE

	2011 $	2010 $
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit after tax	3,838,920	3,663,362
Earnings used in calculating basic and diluted earnings per share	3,838,920	3,663,362

	2011 No of shares	2010 No of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	162,408,270	159,874,595
Effect of dilutive securities:		
Share options in the money		-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	162,408,270	159,874,595
Basic earnings per share (cents)	2.4	2.3
Diluted earnings per share (cents)	2.4	2.3

NOTE 22: AUDITOR'S REMUNERATION

	Consolidated Entity	
	2011 $	2010 $
Amounts received or due and receivable by the auditor for:		
Auditing or reviewing the financial report	89,000	82,300
	89,000	82,300

NOTE 23: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of Prime Financial Group Ltd and its controlled entities listed below:

		Percentage owned	
	Country of incorporation	2011 %	2010 %
PARENT ENTITY:			
Prime Financial Group Ltd	Australia		
SUBSIDIARIES OF PRIME FINANCIAL GROUP LTD			
Beksan Pty Ltd	Australia	100	100
Prime Development Fund Pty Ltd (PDF)	Australia	100	100

(b) The total amount of transactions that were entered into with related parties for the relevant financial year is provided below:

Transactions with key management personnel of the entity or its parent and their personally-related entities.

Refer note 8 in relation to advances made to Mr S Madder, Mr C Kennedy and Mr P Madder to acquire shares in the Company.

Other transactions with director and/or specified executives and their personally-related entities

(i) Mr Stephen Bennett is a founding shareholder in Wynn & Bennett, an associated company of Prime. Prime's transactions with its associated investments are described below. Wynn & Bennett owed Prime a dividend of $89,379 as at 30 June 2011.

(ii) Interests associated with Mr Peter Madder received $311,575 (2010: $302,500) for executive services provided to the Company during the financial year.

Transactions with investments in associates

(i) The entities listed in Note 10 are all associated investments of PDF or Prime. PDF derives consulting fees from its equity investments in accounting and advisory firms.

PDF receives 100% of the income and pays 100% of the expenses for its financial services equity accounted investments. PDF is reimbursed for the portion of expenses paid on behalf of the financial services equity accounted investment and transfers the portion of income relating to the financial services equity accounted investment (refer note 8).

The aggregate of the transactions between PDF and its associated investments are:

	Consolidated Entity	
	2011 $	2010 $
Consulting fees received from accounting and advisory firms	3,252,283	2,531,679
Income received from financial services	4,422,393	4,646,867
Expenses reimbursed from financial services equity accounted investments	(2,789,337)	(3,341,798)
	4,885,339	3,836,748

As at 30 June 2011, PDF has an outstanding loan receivable from the accounting firms of $1,069,124 (loan receivable of $1,158,832 at 30 June 2010). PDF also has an outstanding loan payable to its associated joint ventures of $1,300,172 relating to unpaid dividends (loan payable of $919,809 at 30 June 2010).

As at 30 June 2011, CPP has an outstanding loan receivable from the employees of Carroll Pike & Piercy Pty Ltd of $1,844,095 ($1,919,645 at 30 June 2010).

COMPENSATION FOR KEY MANAGEMENT PERSONNEL

Short-term employment benefits	1,987,008	1,729,651
Post employment benefits	147,641	125,727
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	2,134,649	1,855,378

NOTE 24: SEGMENT INFORMATION

The Group operates in one business segment, being investing in financial services, solely in Australia.

NOTE 25: FINANCIAL RISK MANAGEMENT

(A) FINANCIAL LIABILITY AND FINANCIAL ASSET MATURITY ANALYSIS

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, loans to and from subsidiaries and associates, bills, leases. The major financial risks that Prime is exposed to through its financial instruments are interest rate, liquidity and credit risk. This is reviewed on a monthly basis by the Board.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

(i) Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2011 a majority of group debt is floating. The Group has no material exposure to changes in interest rates.

(ii) Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Financial instruments	Fixed interest rate maturing in 1 year or less		Fixed interest rate maturing 1 to 5 years		Floating interest rate maturing in 1 year or less	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
(i) Financial assets					-	-
Cash	537,670	1,433,095	-	-	-	-
Receivables	2,022,739	1,776,183	1,712,635	1,804,454	-	-
Total financial assets	2,560,409	3,209,278	1,712,635	1,804,454	-	-
(ii) Financial liabilities						
Bank overdraft	-	-	-	-	183,924	-
Commercial bills	-	-	-	-	-	-
Other borrowings	11,728	11,728	31,657	43,384	-	-
Bank loans	-	1,331,323	990,416	-	-	-
Payables	-	-	-	-	-	-
Total financial liabilities	11,728	1,343,051	1,022,073	43,384	183,924	-

(iii) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. At 30 June 2011, Prime's receivables consist of amounts owing from trade receivables, employees, key management personnel and amounts receivable from associates.

The Group has no significant concentration of credit risk. The carrying amounts of financial assets best represent the maximum credit risk exposure at the statement of financial position date.

All other loan and receivable amounts, though unsecured, are not considered a significant credit risk. Amounts owing from employees and key management personnel are secured by shares in Prime, held in escrow until paid by the employees; shares can only be released from escrow upon satisfaction of amounts owing by the employee. All receivables are current and not considered to be impaired.

(B) FINANCIAL INSTRUMENTS

(i) Fair values

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the statement of financial position and Notes to the financial statements. The Company did not directly hold any listed shares and equities at 30 June 2011.

Floating interest rate maturing in 1 to 5 years		Non-interest bearing maturing 1 year or less		Total carrying amount as per statement of financial position		Weighted average effective interest rate	
2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 %	2010 %
-	-	-	-	537,670	1,433,095	2.9%	3.5%
-	-	3,862,993	2,930,287	7,598,367	6,510,924	8.0%	8.0%
-	-	3,862,993	2,930,287	8,136,037	7,944,019	-	-
-	-	-	-	183,924	-	10.8%	-
6,732,891	6,050,000	-	-	6,732,891	6,050,000	6.7%	6.4%
-	-	-	-	43,385	55,112	8.3%	8.3%
-	-	-	-	990,416	1,331,323	9.3%	9.3%
-	-	2,130,297	1,498,175	2,130,297	1,498,175	-	-
6,732,891	6,050,000	2,130,297	1,498,175	10,080,913	8,934,610	-	-

NOTE 26: PARENT ENTITY DISCLOSURES

	Parent Entity	
	2011 $	2010 $
(A) CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	24,119,765	23,254,214
Non current assets	41,943,557	41,187,706
Total assets	66,063,322	64,441,920
LIABILITIES		
Current liabilities	5,908,889	4,851,524
Non current liabilities	191,124	230,562
Total liabilities	6,100,013	5,082,086
Net assets	59,963,309	59,359,834
EQUITY		
Contributed equity	66,883,355	66,883,355
Accumulated losses	(6,920,046)	(7,523,521)
Total equity	59,963,309	59,359,834
(B) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Profit for the year	3,039,601	1,609,468
Other comprehensive income	-	-
Total comprehensive income	3,039,601	1,609,468

NOTE 27: ECONOMIC DEPENDENCY

The consolidated entity is not economically dependent upon another entity for revenue or financial support.

NOTE 28: SUBSEQUENT EVENTS

There has not been any matter or circumstance that has risen since the end of the reporting period, that has significantly affected, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

NOTE 29: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

During the current year Prime adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. There was no significant recognition, measurement or disclosure impact from adopting those standards in these financial statements.

NOTE 30: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended accounting standards and interpretations that have mandatory application for future reporting periods. With the exception of those standards that are not available for early adoption, Prime has elected to early adopt these standards, which had no significant recognition, measurement or disclosure impact from adopting those standards in these financial statements.

Directors' Declaration

The Directors of the company declare that

1. the financial statements and notes, as set out on pages 23 to 52, are in accordance with the *Corporations Act 2001* and;

   (a) comply with Accounting Standards, the *Corporation Act 2001* and other mandatory professional reporting requirements;

   (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the consolidated group; and

   (c) the attached financial statements are in compliance with international Financial Reporting Standards, as stated in note 1 to the financial statements.

2. the Managing Director and Chief Executive Officer, and Chief Financial Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Stuart James
Director

26 August 2011

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PRIME FINANCIAL GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 70 009 487 674

Report on the Financial Report

We have audited the accompanying consolidated financial report comprising Prime Financial Group Limited (the "company") and the entities it controlled at the year's end or from time to time during the financial year (the "consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PRIME FINANCIAL GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 70 009 487 674 *(Continued)*

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the report of the directors for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Prime Financial Group Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PRIME FINANCIAL GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 70 009 487 674 *(Continued)*

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Prime Financial Group Limited for the year ended 30 June 2011 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The auditor's report refers only to the financial report and remuneration report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

H. D. Paton
Director

Dated this 26th day of August, 2011

ASX Additional Information

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows:

The information is current as at 15 August 2011.

(A) DISTRIBUTION OF EQUITY SECURITIES

The number of shareholders, by size of holding, in each class of share are:

Category (size of holding)	Ordinary Shares	
	No of holders	No of shares
1 – 1,000	52	31,258
1,001 – 5,000	177	560,285
5,001 – 10,000	222	1,827,747
10,001 – 100,000	526	20,914,091
100,001 and over	177	139,053,933
	1,154	162,387,314

(B) TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

		Listed Ordinary Shares	
	Name	No of shares $	Percentage of ordinary shares %
1.	Hudson Conway Investments Pty Ltd	8,028,789	4.94
2.	PFG Employee Share Plan Pty Ltd	8,011,454	4.93
3.	Garnfam Pty Ltd	7,766,666	4.78
4.	Mr Jeremy Michael Feiglin	5,913,993	3.64
5.	Bardex Finance Pty Ltd	5,375,806	3.31
6.	29th Marsupial Pty Ltd	5,367,704	3.31
7.	National Nominees Ltd	5,175,875	3.19
8.	UBS Wealth Management Australia Nominees Pty Ltd	4,485,000	2.76
9.	Sonning Road Pty Ltd	4,023,301	2.48
10.	Fenning Court Pty Ltd	4,000,000	2.46
11.	Mr Simon Madder	3,684,553	2.27
12.	Top Pocket Pty Ltd	3,634,000	2.24
13.	Mr Steven Carroll + Mr Alistair Piercy	3,595,730	2.21
14.	Hamco Nominees Pty Ltd	2,996,765	1.85
15.	Prime Fin Group Emp Share A/C	2,990,000	1.84
16.	Lyndoc Holdings Pty Ltd	2,382,993	1.47
17.	Domain Investment (Melbourne) Pty Ltd	2,229,355	1.37
18.	M F Custodians Ltd	2,030,303	1.25
19.	Fifty Second Celebration Pty Ltd	2,000,000	1.23
20.	Papl Ebsco Pty Ltd	2,000,000	1.23

(C) VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Corporate Directory

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S. Madder
S. Bennett
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COMPANY SECRETARY
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SOLICITORS
Holman Fenwick Willan

BANKERS
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SHARE REGISTER
Computershare Investor Services
Yarra Falls, 452 Johnston Street
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AUDITORS
William Buck Audit (VIC) PTY LTD