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Company Announcements Office
Australian Securities Exchange Limited

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1st Half (1H) 2015 Results

Summary

Operations & Investments

Operations

- EBIT down 5% to \$1.75M compared to 1H2014
- Net Profit After Tax steady at \$1.16M compared to 1H2014
- Earnings Per Share (EPS) 0.79 CPS, down 4% compared to 1H2014
- Interim Dividend 0.40 CPS consistent with 1H2014
- Wealth Management (WM) = 83% of Revenue
- WM Revenue down 6% on 1H2014
- WM Revenue (Excluding Client Engagement Model (CEM)) down 9% on 1H2014
- Accounting and Self-Managed Superannuation Services (AS) Investees = 17% of Revenue
- AS Revenue flat compared to 1H2014
- 1H2015 Operating Margin of 29%, up from 28% in 1H2014
- Overheads down 4% on 1H2014
- New Funds Under Management (FUM) for 1H2015 of approx. \$24.5M
- Lost FUM for 1H2015 of approx. \$33.8M (\$117.1M 1H2014)
- Total FUM at 31 December 2014 of \$1.031B, down \$27M from 30 June 2014
- Net debt of \$6.6M at 31 December 2014 up \$0.5M (8%) compared to 30 June 2014

Review of Operations & Investments

For the 6 months from July 2014 to December 2014 (1H2015) the Australian stockmarket was steady, this has substantially been reflected in Prime's performance for the period.

Transactional Wealth Management Licensing revenue from Prime's CEM was 75% higher than 1H2014, and encouragingly the pipeline of investment opportunity continues to build through the ongoing Business Development program to recruit new Accounting Investees and Wealth Management JV Partners.

As part of the program to expand the growth of Prime, Prime has completed a funding arrangement and established a new subsidiary, Prime Accounting & Wealth Management Pty Ltd (PWM). The purpose of PWM is to pursue future investment opportunities using Prime's Integrated Wealth Management model. Prime has been operating a successful Integrated Wealth Management model, featuring minority equity (non-controlling) interests in Accounting Firms and their associated Wealth Management entities since 2006.

This funding arrangement through PWM will assist Prime in reaching its goal of becoming the Premier Partner to Accounting Firms for Growth, Succession and Integrated Wealth Management. For more information on this announcement please refer to the ASX announcement dated 2 October 2014.

Wealth Management revenue, excluding CEM Licensing Fees, fell for the period, mainly because of lower stockmarket related activity as measured by Investment Brokerage and New Issues & IPO's. Importantly, this stockmarket related activity has increased substantially since 1 January 2015 as the Australian stockmarket has increased by approximately 9% to date.

Prime's Managed Portfolio Service (MPS), a discretionary service provided to Prime clients, has performed exceedingly well over the last 12 months to 31 December 2014 with the Growth Portfolio delivering a 13.39% return (before fees) versus the benchmark ASX200 Accumulation Index of 5.58%, a 7.81% outperformance (two year performance to 31 December 2014 was 16.05% versus the benchmark of 12.64%, an outperformance of 3.41% p.a). Although this service is currently marginal as part of Prime's overall FUM, its appeal to clients and usage continues to increase.

The Operational Focus & Key Developments for Prime in 1H2015 have been;

- Building the pipeline and recruiting new Accounting Firm Wealth Management JV Partners for Prime's Client Engagement Model;
- Continuing the expansion plan for further investment in Accounting investees;
- FUM;
 - Building an increasingly diversified Advisory offering across additional Asset Classes
 - New FUM +\$24.5M for 1H2015
 - Reduce lost FUM run rate (\$33.8M in 1H2015 compared to \$117.1M in 1H2014)
- Steady Cost Base – 4% drop compared to 1H2014; and
- Maintain half-year Dividend at 0.40 CPS

Low Debt

Prime continues to take a prudent approach to debt. Debt did however increase slightly by \$0.5M during the period which related to Prime's investment in Accounting Investee MPR Group Pty Ltd. Debt levels will remain in balance and be conservatively managed as the investment program continues to expand.

Dividend Policy

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

Prime

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

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

Simon Madder (Managing Director/CEO)

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