

Prime Financial Group Ltd

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Prime Financial Group Ltd  
& Controlled Entities

ABN 70 009 487 674

FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016

# Financial Report for the Half-Year

ENDED 31 DECEMBER 2016

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## 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, for the half-year ended 31 December 2016 and independent review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

### Directors Names

The names of the Directors in office at any time during or since the end of the half-year are:

P. Cowan - Chairman  
S. Madder - Managing Director & CEO  
P. Madder - Executive Director & CFO  
T. Carroll - Non-Executive Director

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

### Business & Operating Environment

Prime is an Integrated Accounting, Wealth Management and Capital Advisory firm that operates a B2C direct client advice model and a B2B partnership model with Accounting & Advisory firms. Prime has a growing and connected ecosystem for Business Owners & Family Groups and our Business Partners.

Prime's goal is for clients to receive complete Accounting, Wealth Management and Capital Advice.

During the period Prime acquired outside equity interests in MPR Accountants & Advisers Pty Ltd (MPR) making MPR part of the consolidated group rather than an equity accounted investment.

The consolidation of MPR has resulted in a change in the accounting treatment with all the income and expenses now included in the Prime accounts compared to the previous corresponding period, where only the 40% equity accounted profit was included as income. Correspondingly the Balance Sheet now includes all MPR's Assets & Liabilities rather than only the investment cost.

The 34% income growth in the period reflects MPR'S income offset by the reduction in equity accounted profit which formerly included a contribution from MPR.

This acquisition has increased the number of services available to Prime's direct B2C clients and the clients of Prime's business partners and in April 2017 MPR will change its name to Prime.

The consolidation of MPR into Prime is a strategic opportunity to become a stronger services and capital partner to Businesses as we seek to be the primary destination for aspirational, innovative and growth orientated people that want to both build wealth and protect it.

Prime's acquisition activity will continue in this space as we seek to develop our presence and services to strengthen our positioning and platforms for clients and our business partners.

During the 6 month period Prime's Wealth Management income was down 1%, whilst Funds Under Management (FUM) grew by \$63M to \$1.04B through net new inflows and positive market movements. Prime's Separately Managed Accounts (SMA's) also increased over this time from \$96M to \$120M. Prime continues to build its Funds Management offering, including through our mandate to advise on an additional \$1.0B of FUM for an external group.

Overall, the Wealth Management operations were stable as we lead into a period of heightened activity to 30 June 2017. This will see the wealth advice team busy addressing the impact of the changes in superannuation legislation for both existing and new clients, this is a key growth opportunity.

### **Debt & Dividends**

Net debt increased from \$2.3M to \$6.6M due to acquisition activity related to MPR plus the consolidation of MPR's balance sheet into Prime. Prime remains a conservatively geared company which is focussed on Growth, Innovation and helping our People to excel in advice and operations. Consistent with that theme Prime are actively seeking growth through acquisition and the cross-delivery of services to an increasing client base. Because of this growth focus Prime has maintained its interim dividend at the same level as the previous corresponding period.

### **Summary**

The Prime team are focussed, active and clear on the steps required and being undertaken to build shareholder value through concentrated efforts to develop market share in our chosen disciplines of Accounting & Business Advisory, Wealth Management and Capital Advice. We continue to build a scalable platform for growth and a clearly different and connected client offering that will position Prime as the leading advisory firm for the future. Exciting opportunities are presenting themselves and with increased scale and resources Prime are well structured to progress our more concentrated strategy.

## Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the Directors made pursuant to Section 306 (3) of the Corporations Act 2001:



Paul Cowan  
Chairman

Dated: 27th February 2017

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PRIME FINANCIAL GROUP  
LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 31 December 2016 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



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



**J.C. Luckins**  
Director

Dated this 27<sup>th</sup> day of February 2017

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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# Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED ENTITY	
	31 DECEMBER 2016	31 DECEMBER 2015
	\$	\$
<b>Income</b>		
Wealth Management	4,757,432	4,817,770
Accounting & Business Advisory	3,519,468	-
Equity Accounted Profit	568,230	1,278,170
Other	220,765	208,960
Net Benefit from Restructuring Investments	-	463,339
	<u>9,065,895</u>	<u>6,768,239</u>
<b>Expenses</b>		
Employee Benefits	(4,115,781)	(2,374,966)
Depreciation & Amortisation	(41,608)	-
Finance	(172,212)	(112,052)
Information Technology & Communication	(581,211)	(410,519)
Insurance	(161,800)	(126,062)
Occupancy	(340,117)	(208,399)
Professional Fees	(126,673)	(121,293)
Investment Research	(62,882)	(73,072)
Other	(441,825)	(387,981)
	<u>(6,044,109)</u>	<u>(3,814,344)</u>
<b>Profit Before Income Tax</b>		
- Members of the parent entity	2,152,427	1,927,183
- Non-controlling interest	869,359	1,026,712
Total Profit Before Income Tax	<u>3,021,786</u>	<u>2,953,895</u>
Income Tax Expense	<u>(654,414)</u>	<u>(611,001)</u>
<b>Profit After Income Tax</b>		
- Members of the parent entity	1,758,790	1,607,659
- Non-controlling interest	608,582	735,235
Total Comprehensive Income For The Period	<u>2,367,372</u>	<u>2,342,894</u>
<b>Earnings per share</b>		
Basic earnings per share (cents)	1.16	1.12
Diluted earnings per share (cents)	1.16	1.12

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

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

CONSOLIDATED ENTITY			
		31 DECEMBER 2016	30 JUNE 2016
	NOTES	\$	\$
<b>Current Assets</b>			
Cash & Cash Equivalents		740,988	1,262,750
Trade & Other Receivables		3,194,334	1,605,321
Other Current Assets		1,511,252	1,411,758
<b>Total Current Assets</b>		<u>5,446,574</u>	<u>4,279,829</u>
<b>Non-Current Assets</b>			
Plant & Equipment		538,868	-
Investments Accounted For Using The Equity Method	9	8,049,140	11,362,738
Intangible Assets		43,561,711	35,434,610
Deferred tax Assets		130,586	145,554
<b>Total Non-Current Assets</b>		<u>52,280,305</u>	<u>46,942,902</u>
<b>Total Assets</b>		<u>57,726,879</u>	<u>51,222,731</u>
<b>Current Liabilities</b>			
Bank Overdraft		433,859	-
Payables		985,366	771,874
Current Tax Payable		1,738,051	1,322,742
Employee benefits		468,338	267,015
Balance Outstanding On Acquisition Of Investments		1,374,596	466,153
<b>Total Current Liabilities</b>		<u>5,000,210</u>	<u>2,827,784</u>
<b>Non-Current Liabilities</b>			
Borrowings		6,932,039	3,584,583
<b>Total Non-Current Liabilities</b>		<u>6,932,039</u>	<u>3,584,583</u>
<b>Total Liabilities</b>		<u>11,932,249</u>	<u>6,412,367</u>
<b>Net Assets</b>		<u>45,794,630</u>	<u>44,810,364</u>
<b>Equity</b>			
Contributed Equity	7	70,049,403	68,429,403
Treasury Shares Held		(8,500,702)	(8,312,001)
Non-Controlling Interest		5,635,293	6,606,924
Accumulated Losses		(21,389,364)	(21,913,962)
<b>Total Equity</b>		<u>45,794,630</u>	<u>44,810,364</u>

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



# Consolidated Statement of Changes in Equity

FOR THE HALF -YEAR ENDED 31 DECEMBER 2016

ATTRIBUTABLE TO OWNERS OF PRIME FINANCIAL GROUP LTD				
	CONTRIBUTED EQUITY \$	RETAINED EARNINGS \$	NON- CONTROLLING INTEREST \$	TOTAL \$
<b>Balance at 1 July 2015</b>	60,796,198	(23,554,295)	3,079,349	40,321,252
Total comprehensive income for the period	-	1,607,659	735,235	2,342,894
<b>Transactions with equity holders in their capacity as equity holders:</b>				
Dividends paid	-	(706,134)	(507,692)	(1,213,826)
Interest & purchase of shares for the PFG employee share plan	(365,190)	-	-	(365,190)
Transactions with non-controlling interests	-	(308,416)	2,574,929	2,266,513
<b>Total transactions with equity holders in their capacity as equity holders</b>	<u>(365,190)</u>	<u>(1,014,550)</u>	<u>2,067,237</u>	<u>687,497</u>
<b>Balance at 31 December 2015</b>	<u>60,431,008</u>	<u>(22,961,186)</u>	<u>5,881,821</u>	<u>43,351,643</u>
 <b>Balance at 1 July 2016</b>	 60,117,402	 (21,913,962)	 6,606,924	 44,810,364
Total comprehensive income for the period	-	1,758,790	608,582	2,367,372
<b>Transactions with equity holders in their capacity as equity holders:</b>				
Dividends paid	-	(763,833)	(414,403)	(1,178,236)
Interest & purchase of shares for the PFG employee share plan	(188,701)	-	-	(188,701)
Capital raising via share placement	1,620,000	-	-	1,620,000
Transactions with non-controlling interests	-	(470,359)	(1,165,810)	(1,636,169)
<b>Total transactions with equity holders in their capacity as equity holders</b>	<u>1,431,299</u>	<u>(1,234,192)</u>	<u>(1,580,213)</u>	<u>(1,383,106)</u>
<b>Balance at 31 December 2016</b>	<u>61,548,701</u>	<u>(21,389,364)</u>	<u>5,635,293</u>	<u>45,794,630</u>

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

# Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED ENTITY	
	2016	2015
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	9,083,677	5,903,903
Receipts from associates	386,209	835,156
Payments to employees and suppliers	(6,678,673)	(4,398,767)
Interest received	-	8,000
Interest paid	(172,212)	(112,052)
Income tax paid	(773,561)	(240,660)
<b>Net cash provided by operating activities</b>	<u>1,911,952</u>	<u>1,995,580</u>
<b>Cash flows from investing activities</b>		
Dividends advanced to non-controlling interests	(901,182)	(337,408)
Receipts from business disposals	1,669,881	5,988,657
Payments for business acquisitions	(1,800,000)	(4,720,102)
Transactions with non-controlling interests	(818,075)	(493,908)
Payments for plant and equipment	(309,543)	-
Repayment of loan	-	200,000
Expenses relating to the purchase/disposal of investments	-	(515,198)
<b>Net cash provided by/ (used in) investing activities</b>	<u>(2,158,919)</u>	<u>122,041</u>
<b>Cash flows from financing activities</b>		
Capital raising/(reduction) by subsidiary company	(1,096,787)	3,637,255
Repayment of borrowings	-	(5,017,837)
Receipt of borrowings	1,212,000	-
Purchase of shares for the PFG employee share plan	(56,701)	(203,658)
Dividends paid	(767,166)	(708,076)
<b>Net cash provided by/ (used in) financing activities</b>	<u>(708,654)</u>	<u>(2,292,316)</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<u>(955,621)</u>	<u>(174,695)</u>
Cash and cash equivalents at beginning of half year	1,262,750	595,288
<b>Cash and cash equivalents at end of the half-year</b>	<u><u>307,129</u></u>	<u><u>420,593</u></u>

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

# Notes to the Half-Year Financial Statements

31 DECEMBER 2016

## Note 1: Basis of Preparation of the Half-Year Financial Report

This half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2016 and any public announcements made by Prime Financial Group Ltd during the half-year in accordance with any continuous disclosure obligations arising under the ASX listing rules.

### (a) Basis of preparation of the half-year financial report

This general purpose half year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The half year financial report has been prepared on an accruals basis and under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

### (b) Summary of Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity's annual financial report for the year ended 30 June 2016 except for:

During the half year ended 31 December 2016 directors reviewed the useful life of all asset classes. The useful lives for each class of asset has been reviewed and updated as follows:

Asset Class	Useful Life
Office Equipment	3 to 5 Years
Software	1 to 3 Years
Plant & Equipment	3 to 5 Years
Leasehold Improvements	5 Years

Previously the useful lives for each class of asset was as follows:

Asset Class	Useful Life
Office Equipment	1 Month to 1 Year
Software	1 Month to 1 Year
Plant & Equipment	1 Month to 1 Year
Leasehold Improvements	1 Month to 1 Year

The consolidated entity has adopted all of the new revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half year ended 31 December 2016. In adopting these new and revised pronouncements, the Consolidated Entity has determined that there has been no material impact to the Consolidated Entity's reported position or performance.

# Notes to the Half-Year Financial Statements

31 DECEMBER 2016

## Note 2: Fair Value Measurement

The net fair value of financial assets and liabilities approximates their carrying amounts as disclosed in the statement of financial position and notes to the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Note 3: Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the 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 4: Dividends

	2016	2015
	\$	\$
Dividends paid during the half-year:		
Ordinary shares (0.4 cents per share)	763,833	709,833
Proposed dividends not recognised at the end of the half-year (0.4 cents per share)	763,833	709,833

## Note 5: Segment Information

The Group operates in one reportable segment, being investing solely in Australia.

## Note 6: Commitments & Contingent Liabilities

Prime Development Fund Pty Ltd continues to provide cross guarantees to Pacifica Pty Ltd for \$444,500 and Rundles Prime Pty Ltd for \$580,000.

## Note 7: Movements on Shares on Issue

	Number of Shares	\$
Beginning of the Financial Year	179,532,874	68,429,403
Shares Issued	13,500,000	1,620,000
End of the Half Year	193,032,874	70,049,403

## Note 8: Change in Business Combinations

On August 8, 2016 Prime Financial Group Limited (Prime) completed the acquisition of additional equity in MPR Accountants & Advisors Pty Ltd (MPR) increasing the total equity to 93%. MPR is the holding company for the operating business, MPR Group Pty Ltd a leading Melbourne Accounting & Business Advisory firm.

# Notes to the Half-Year Financial Statements

31 DECEMBER 2016

During the period MPR became a subsidiary company of Prime, rather than an equity accounted investment. The effect of this is that all income, expenses, assets and liabilities of MPR are now consolidated at 31 December 2016, versus previously, as an equity accounted profit and "Investments accounted for using the equity method".

Details of the acquisition are as follows:

	Fair Value \$'000
Cash & Cash Equivalents	(233)
Prepayments	31
Debtors & WIP	1,179
Other Debtors	1,530
Fixed Assets	229
Goodwill	3,267
Investments	583
Trade Creditors	(997)
Tax Payable	(468)
Employee Benefits	(232)
Borrowings	(1,122)
Net Assets	3,767
Goodwill	3,850
Acquisition date fair value of the total consideration transferred	7,617
Representing:	
Acquisition date fair values of identifiable net assets acquired	2,216
Cash Paid or Payable to Vendor	3,406
Shares in Prime Financial Group Ltd	1,995
	7,617
Cash Used to Acquire Business	3,406
Less Payments Outstanding	(1,315)
Net Cash Used	2,091

## Notes to the Half-Year Financial Statements

31 DECEMBER 2016

On August 26, 2016 MPR (a subsidiary of Prime) completed the acquisition of the client base of Watermans International Holdings Pty Ltd. This acquisition of approximately \$1.0m in accounting and advisory fees is a profit accretive investment due to the ability to absorb the current non labour overheads within the existing business.

	Fair Value \$'000
Net Assets	-
Goodwill	1,010
Acquisition date fair value of the total consideration transferred	1,010
Representing:	
Cash Paid or Payable to Vendor	1,010
Cash Used to Acquire Business	1,010
Less Payments Made in Prior Year	(425)
Less Payments Outstanding	(285)
Net Cash Used	300

The amounts recognised in these accounts are based on a provisional assessment and may be adjusted in the 30 June 2017 financial report once finalised.

### Note 9: Equity Accounted Investments

During August 2016 Prime Accounting and Wealth Management Pty Ltd (a subsidiary of Prime) disposed of its 30% equity interest in the business Rothsay Accounting Services Pty Ltd. The proceeds of the sale were \$1,669,881.

### Note 10: Adjustments to Previously Lodged Financial Statements

In the 2016 Annual Report of Prime at Note 4 "Net Benefit from Restructuring Investments", there was a reference to Prime's review of all of its accounting firm investments as part of a restructuring process.

As a result of this review Prime disposed of its investment in Wynn & Bennett Pty Ltd and Hughes O'Dea Corredig Pty Ltd. In the 2015 Annual Report these assets were accounted for as "Investments in Associates".

During the year ended 30 June 2015 management had already commenced discussions with the external shareholders of Wynn & Bennett Pty Ltd, Wynn & Bennett Financial Services Pty Ltd and Hughes O'Dea Corredig to dispose of Prime's shareholding. On review, based upon these discussions it has become apparent that the investments should in fact have been classified as assets held for sale in accordance with "AASB 5 Non-current Assets Held for Sale and Discontinued Operations" as at 30 June 2015. As a result of this, these assets should have been reclassified by transferring them from "Investments in Associates" to Assets Held for Sale" and written down to the fair value less costs to sell.

# Notes to the Half-Year Financial Statements

31 DECEMBER 2016

The consequence of this reallocation is that adjustments are required to various line items in the 2015 and 2016 financial years.

The effect of these adjustments on the financial statements whilst immaterial on an aggregate basis are as follows:

- 2015 financial year decreased profit by \$268,861
- 2016 financial year increased profit by \$370,971
- Net effect on accumulated losses is a decrease of \$102,110

This prior period adjustment will be reflected in the opening retained earnings of the 2016 financial year's statement of financial position.

The technical explanation of this adjustment is as follows.

In complying with the requirements of AASB 5, a disposal group must include a portion of goodwill where the disposal group was part of a cash generating unit, as determined in accordance with the requirements of AASB 136 Impairment of Assets.

Due to the nature of acquisitions made previously it has not always been possible to allocate goodwill to a particular cash generating unit (refer to note 13 of the 2016 Annual Report). As the goodwill at the time of acquisition of these investments was not allocated to a particular cash generating unit, AASB136 requires an allocation of a portion of goodwill to the disposal group using an appropriate methodology. It was elected to allocate goodwill to the disposal group by applying a weighted average revenue contribution percentage over a historical period.

In reassessing the impact of the above on the recoverable amount of goodwill, a discounted cash flow for the year ended 30 June 2015 was re-calculated which caused the previously recorded goodwill impairment to be overstated. This was due to a change in the growth rate used in 2015 due to the additional information obtained and the identification of an additional revenue stream not previously considered as part of the discounted cash flow. For the purpose of determining the reduction in the impairment in the 2015 financial year the growth rate was reduced from 5% to 1%.

The effect of these adjustments on the reported position and performance of the consolidated entity for the year ended 30 June 2015 is outlined below.

30 June 2015 Financial Report	30 June 2015 as previously reported	Adjustment	30 June 2015 restated
<i>Consolidated Statement of Financial Position</i>			
Assets held for sale	\$0	\$3,750,000	\$3,750,000
Net assets of subsidiary	\$220,000	(\$220,000)	\$0
Investments in associates	\$12,073,184	(\$3,900,971)	\$8,172,213
Goodwill	\$49,177,713	(\$2,449,214)	\$46,728,499
Impairment	(\$13,845,213)	\$2,551,324	(\$11,293,889)
Accumulated profits / (losses)	(\$23,285,434)	(\$268,861)	(\$23,554,295)

# Notes to the Half-Year Financial Statements

31 DECEMBER 2016

30 June 2015 Financial Report	30 June 2015 as previously reported	Adjustment	30 June 2015 restated
<i>Consolidated Statement of Profit or Loss and Other Comprehensive Income</i>			
Impairment - Assets held for sale	\$0	(\$5,320,185)	(\$5,320,185)
Impairment - Associates	(\$2,500,000)	\$2,500,000	\$0
Impairment - Goodwill	(\$13,845,213)	\$2,551,324	(\$11,293,889)
Basic earnings per share	(14.1)	-	(14.1)
Diluted earnings per share	(14.1)	-	(14.1)

The consequential effect of these changes to the 30 June 2015 Consolidated Statement of Financial Position disclosed in the 31 December 2015 Half Year Financial Report also require adjustment by the above amounts. As the 30 June 2015 Consolidated Statement of Profit or Loss and Other Comprehensive Income is not disclosed in the 31 December 2015 Half Year Financial Report no adjustment to reported earnings is required in that period.

As a consequence of the above adjustments made to the 2015 Annual Report balances, adjustments are also required to the 2016 Annual Report balances as previously reported.

The ultimate disposal of amounts classified as “Assets held for sale” at 30 June 2015 occurred during the year ended 30 June 2016. The reclassification of the investments as “Assets held for sale” in the 2015 financial year has the impact of adjusting the profit on sale as disclosed in Note 4 to the 30 June 2016 Annual Report as illustrated below.

These changes are reflected as follows:

30 June 2016 Financial Report	30 June 2016 as previously reported	Consequential impact of 30 June 2015 adjustment above	Adjustment	30 June 2016 restated
<i>Consolidated Statement of Financial Position</i>				
Assets held for sale - current	-	\$3,750,000	(\$3,750,000)	\$0
Goodwill - Cost	\$49,177,713	(\$2,449,214)	-	\$43,728,499
Goodwill - Impairment	(\$13,845,213)	\$2,551,324	-	(\$11,293,889)
Goodwill – Net of impairment	\$35,332,500	\$102,110		\$35,434,610
Accumulated profits / (losses)	(\$22,016,072)	-	\$370,971	(\$21,913,962)
<i>Consolidated Statement of Profit or Loss and Other Comprehensive Income</i>				
Net benefit from restructuring investments	\$463,339	-	\$965,558	\$1,428,897
Impairment - Assets held for sale	-	-	(\$594,587)	(\$594,587)
Basic earnings per share	2.22	-		
Diluted earnings per share	2.22	-		



## Directors' Declaration

The directors declare that the financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:

- (a) Complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and
- (b) Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Prime Financial Group Ltd 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 directors.



Paul Cowan  
Chairman

Melbourne  
Date 27<sup>th</sup> February 2017

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PRIME FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Prime Financial Group Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Prime Financial Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

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

### **CHARTERED ACCOUNTANTS & ADVISORS**

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PRIME FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES (CONT)**

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Prime Financial Group Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

*Emphasis of Matter – Adjustments to Previously Lodged Financial Statements*

Without modification to our conclusion expressed above, we draw attention to Note 10 of the half year financial statements which outlines a restatement of the previously issued 30 June 2015 and 30 June 2016 annual financial reports. Our conclusion is not modified in respect of this matter.



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



**J.C. Luckins**  
Director

Dated this 27<sup>th</sup> day of February 2017