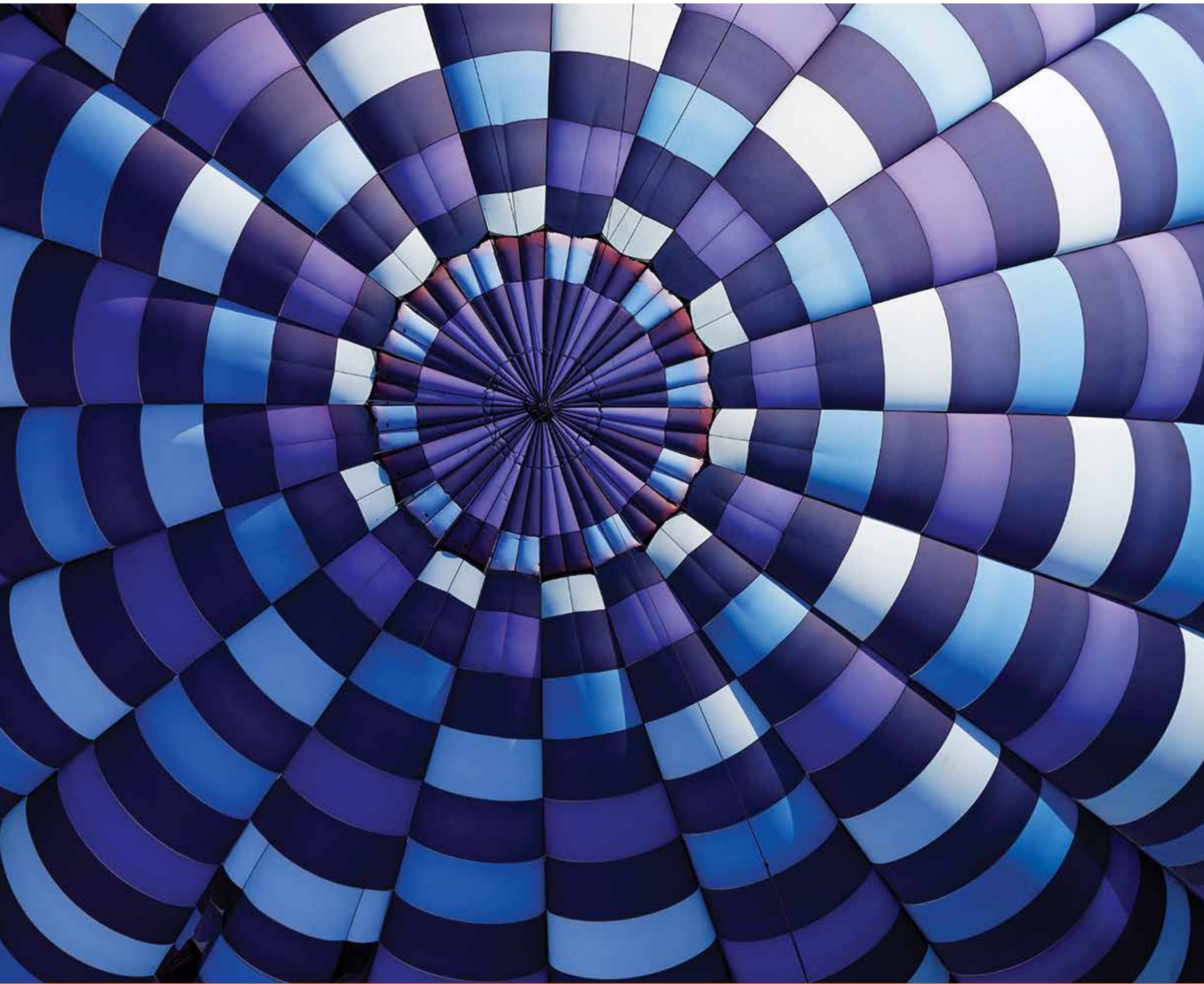
Prime



Annual Report 2017

Integrated Advice

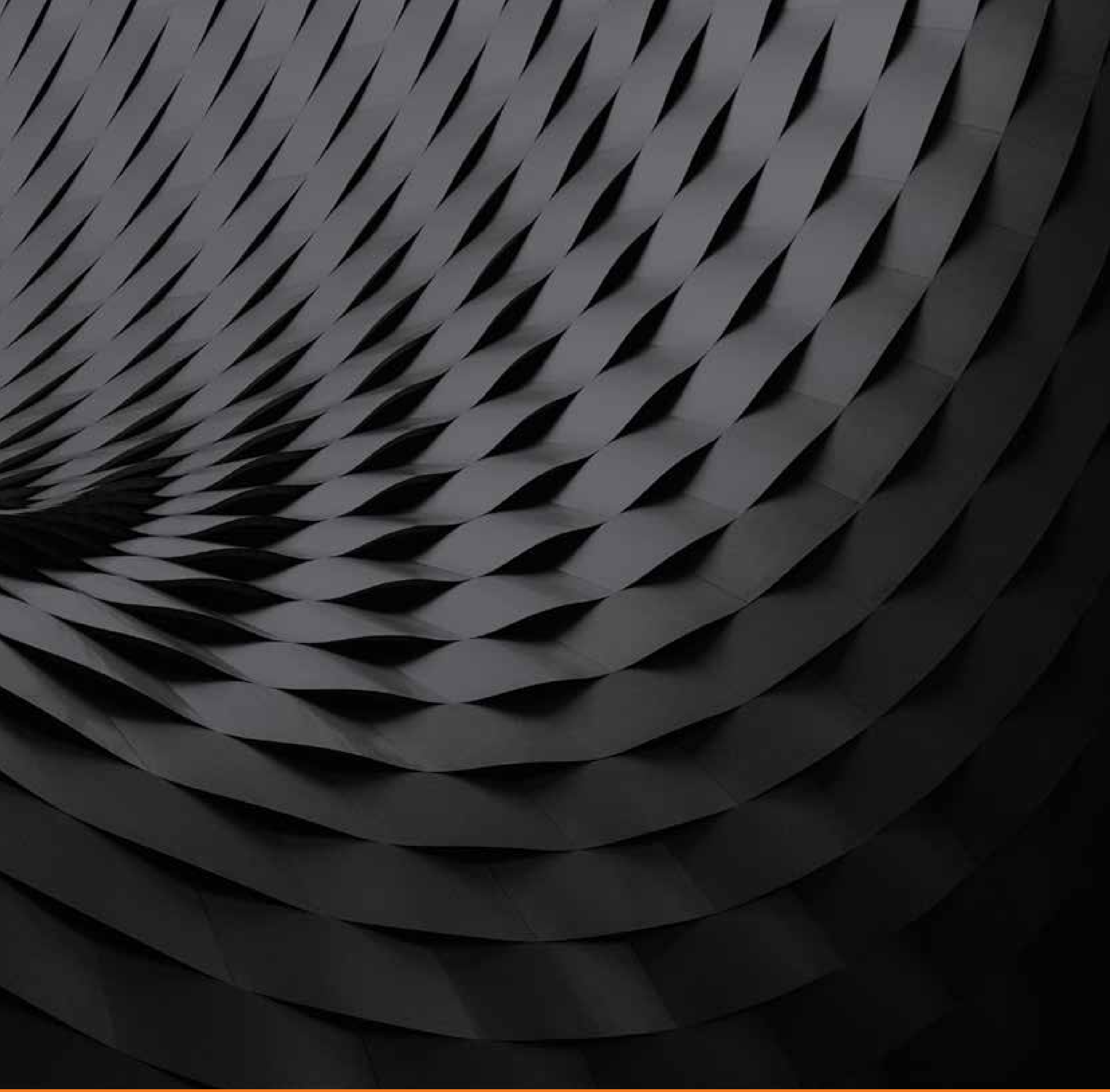
Prime Financial Group Ltd
ABN 70 009 487 674

www.primefinancial.com.au

Prime Financial Group

Prime Financial Group Ltd (Prime) is an Integrated Accounting & Business Advisory, Wealth Management and Capital Advisory firm that operates a B2C direct client advice model and a B2B partnership model with Accounting and Advisory firms. Prime's goal is for clients to receive complete Accounting, Wealth Management and Capital Advice.

Prime



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Commentary on William Buck Disclaimer of Opinion Audit Report

William Buck has issued a Disclaimer of Opinion Audit Report on Prime's FY17 Annual Report. The disclaimer of opinion is limited to queries in relation to the accounting for the Prime Employee Share Plan (ESP). William Buck's Audit Report states that they have been unable to obtain sufficient appropriate audit evidence in relation to the accounting of the ESP. As a result, William Buck concluded that it was not able to express an opinion on Prime's FY17 financial report or FY17 remuneration report.

The directors of Prime are deeply disappointed, particularly considering William Buck's issuance of unqualified audit opinions in each of the last four years since the first grants under the ESP.

- Prime believes it has provided all information requested by William Buck in relation to the ESP;
- Prime believes the late identification of the potential issues by William Buck contributed to it not being able to obtain sufficient appropriate audit evidence by the reporting deadline;
- The audit report states that the Group has not kept all financial records pertaining to and associated with the ESP – this is factually inaccurate and Prime strongly disagrees with this statement; and
- There have only been 25 grants since the inception of the ESP of which 15 expired without being exercised. William Buck has been provided with information in relation to all grants.

In the light of the disclaimer audit opinion, the Directors have determined it appropriate to engage external specialists to review the accounting treatment of the ESP and the required disclosures in the financial statements and the remuneration report since inception. The outcome of the review will be communicated to shareholders and the market at the earliest opportunity.

FY17 Key Highlights

Results for members of the parent entity for the year ended 30 June 2017 (FY17):

	FY17 Reported	FY17 (excluding amortisation and goodwill impairment)	Variance v FY16*	Variance v FY16 excluding net benefit from restructuring of investments in FY16
Revenue	$19.3 million	$19.3 million	Up 40%	Up 49%
Profit before tax	$3.39 million	$4.38 million	Up 2%	Up 26%
Profit after tax	$2.60 million	$3.59 million	Flat	Up 30%
Earnings per share	1.62 cents per share	2.24 cents per share	Down 10%	Up 18%
Final dividend	0.45 cents per share	0.45 cents per share	Up 12.5%	Up 12.5%

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

The Directors of Prime Financial Group Ltd (Prime) are pleased to report a Profit Before Tax for members of the parent entity of $3.39 million (Consolidated: $4.99 million) and a Profit After Tax for members of the parent entity of $2.60 million (Consolidated: $3.76 million).

Excluding FY17 amortisation and goodwill impairment, Profit Before Tax for the members of the parent entity was $4.38 million (consolidated: $5.98 million) and Profit After Tax for members of the parent entity was $3.59 million (consolidated: $4.75 million).

The FY16 profit included a net benefit from restructuring of investments of $0.83 million (Restated, refer to Note 1.5). Excluding, the net benefit from restructuring investments in FY16 and amortisation and goodwill impairment in FY17, Profit Before Tax for members of the parent entity increased by 26% (Consolidated: 9%) and Profit After Tax for members of the parent entity increased by 30% (Consolidated: 15%). Excluding FY17 amortisation and goodwill impairment, FY17 Earnings Per Share (EPS) is 2.24 cents which is 18% higher than prior year after excluding the net benefit from restructuring of investments in FY16.

Business & Operating Environment

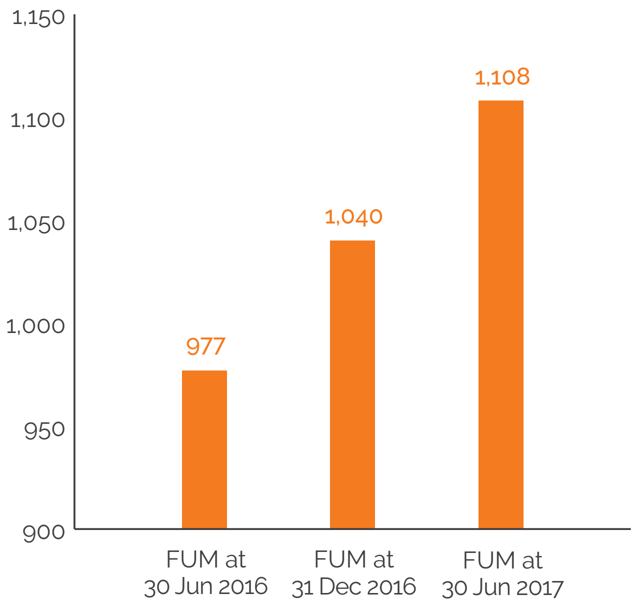
Prime is an integrated Accounting & Business Advisory, Wealth Management and Capital Advisory firm that operates a B2C direct client advice model and a B2B partnership model with Accounting and Advisory firms. Prime has a growing and connected ecosystem for Business Owners & Family Groups and its Business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

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

Wealth Management

During the year, Prime's Funds Under Management (FUM) increased by $131 million (13%) to $1,108 million. The FY17 FUM increase was mainly driven by stronger than normal net FUM inflows, triggered partly by changes to superannuation legislation and also as a consequence of increased client support of Prime's enhanced wealth management offering. Net FUM inflows were $99 million which was $94 million higher than the prior year.

Funds Under Management ($ million)



In FY17, Prime's wealth management revenue was down $0.4 million (4%) mainly due to a $0.3 million reduction in investment brokerage and a $0.1 million reduction in recurring wealth management revenue. FY17 wealth management revenue did not fully benefit from the FY17 FUM increase as a significant portion of the FUM increase occurred in the second half of the year. The full impact of the FY17 FUM increase is expected to benefit FY18 recurring revenue.

In FY17, Prime's Separately Managed Account (SMA) offering continued to demonstrate strong growth with SMA Funds Under Management (FUM) increasing by $61 million (64%) from $96 million at 30 June 2016 to $157 million at 30 June 2017.

The following presents Prime's SMA portfolio performance from 1 July 2014 to 30 June 2017:

Pre-Franking Credits	3 Year Average
Prime Australian Equity Growth Portfolio	**7.11%**
S&P/ASX200 Accumulation Index	6.03%
Prime value added	**1.08%**
Prime Australian Equity Income Portfolio	**5.31%**
S&P/ASX200 Accumulation Index	6.03%
Prime value added	**(0.72%)**
Prime Defensive Income Portfolio	**3.43%**
Bloomberg Bank Bill Index	2.19%
Prime value added	**1.24%**
Prime International Growth Portfolio*	**15.96%**
MSCI World ex-Australia in AUD	14.80%
Prime value added	**1.16%**

* *Prime International Growth Portfolio performance is for the year ended 30 June 2017 as the portfolio was launched on 18 February 2016.*

Accounting & Business Advisory and Capital

In FY17, Prime expanded its Accounting & Business Advisory and Capital Advisory presence through the following acquisitions:

- On 5 August 2016, Prime entered into an agreement to acquire additional equity in MPR Accountants & Advisors Pty Ltd (MPR) increasing its equity ownership from 40% to 93%. Prime subsequently acquired the remaining 7% of equity which increased its equity ownership to 100%. MPR is the holding company for the MPR Group Pty Ltd, a leading Melbourne based Accounting & Business Advisory firm. The effective date of the transaction was 1 July 2016.
- On 15 June 2017, Prime acquired 100% of the voting shares of Altezza Partners Pty Ltd (Altezza). Altezza is an Accounting & Business Advisory firm with annual revenue of approximately $2 million.

Prime has rebranded MPR and Altezza as Prime Accounting & Business Advisory (PABA). PABA was the main driver of the 40% increase in Prime's revenue from $13.8 million in FY16 to $19.3 million in FY17.

PABA has enabled Prime to expand its service offering to its direct B2C clients and the clients of Prime's business partners. It provides the strategic opportunity to become a stronger services and capital partner to business as Prime seeks to be the primary destination for aspirational, innovative and growth oriented clients who want to build wealth.

Prime has also established a Capital Division to provide Corporate Advisory, Transactions & Restructuring and Capital Raising Services. In FY17, Prime acquired an equity crowdfunding platform as part of the acquisition of Altezza. This crowdfunding platform will support Prime's strategy in this area.

Funding & Debt

In June 2017, Prime increased and extended its existing financing facility with Westpac Bank. As part of the consolidation of banking facilities between PABA (formerly MPR) and Prime, the Westpac Bank facility has been increased to $12.0 million from $7.7 million. The facility has a term of three years and includes funding for both working capital and acquisitions.

In FY17, Group net debt increased by $5.7 million to $8.0 million. The increase mainly related to amounts paid in connection with the acquisition of MPR, together with the consolidation of MPR's working capital and the recent acquisition of Altezza.

Technology

Prime continues to focus on improving its IT systems and processes to enhance its client offering, enable staff and improve internal efficiencies. Key projects delivered in FY17 included transitioning to new infrastructure, updating hardware and integrating MPR into Prime's infrastructure. There was also significant progress on other projects which are expected to be completed in FY18 including transition to a new accounting system, automation of certain wealth management processes and implementation of a new business intelligence system. Prime's enhanced IT capability has provided a more robust and scalable platform to support growth and will enable Prime to become a more client and data-centric organisation.

People

During the course of the year the Prime team doubled (incorporating MPR and Altezza), additional capability was added and our footprint increased to two new locations including Brisbane. New Partners and Directors were promoted in all divisions and new team members joined Prime. It will be important to ensure the team integrates our full service offering into our client engagement model over the coming year.

Disposals

In August 2016, Prime disposed of its interest in Rothsay Accounting Services Pty Ltd. The proceeds of the sale were $1,669,881. Due to the technical accounting treatment on sale, the disposal resulted in a goodwill impairment of $485,318 even though the disposal proceeds were the same as the amount paid for the asset in February 2015.

FY17 Financial Performance Summary

Excluding Amortisation and Goodwill Impairment in FY17 and Net Benefit from Restructuring Investments in FY16	FY17 $m	FY16 Restated* $m	Change FY17 v FY16 %
Consolidated Entity:			
Profit Before Tax	5.98	5.49	9%
Profit After Tax	4.75	4.13	15%
Members of the Parent Entity (After Non-Controlling Interest):			
Profit Before Tax	4.38	3.48	26%
Profit After Tax	3.59	2.77	30%
Basic & Diluted Earnings (cents per share)	2.24	1.90	18%
Dividend Paid & Proposed (cents per share) (Fully franked)	0.85	0.80	6%

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

Summary

Detailed Financial Results	FY17 $m	FY16 Restated* $m	Change FY17 v FY16 %
Revenue			
Wealth management	9.37	9.79	(4%)
Accounting, business advisory and capital	8.49	-	n/a
Equity accounted profit	0.97	2.72	(64%)
Other income	0.48	0.48	0%
Net benefit from restructuring investments	-	0.83	(100%)
Total Revenue	**19.30**	**13.82**	**40%**
Less: Group overheads	(14.31)	(7.51)	91%
Profit Before Tax	**4.99**	**6.32**	**(21%)**
Less: Non-Controlling Interest	(1.60)	(2.01)	(20%)
Members of the Parent Entity (After Non-Controlling Interest):			
Profit Before Tax	**3.39**	**4.31**	**(21%)**
Profit After Tax	**2.60**	**3.60**	**(28%)**
Members of the Parent Entity (After Non-Controlling Interest) – excluding net benefit from restructuring investments in FY16 and amortisation and goodwill impairment in FY17:			
Profit Before Tax	**4.38**	**3.48**	**26%**
Profit After Tax	**3.59**	**2.77**	**30%**

Operational	FY17 $m	FY16 $m	Change %
Group Operating Margin	29%	29%	0%

Funds Under Management (FUM)	FY17 $m
Opening FUM	**977**
New FUM	131
Lost FUM	(32)
Other FUM movements	32
Closing FUM	**1,108**

Dividend Policy

Directors confirm an increase to the final dividend to 0.45 cents per share (CPS) (FY16: 0.40 CPS), which when added to the interim dividend of 0.40 CPS, equates to a full year dividend of 0.85 CPS (FY16: 0.80 CPS). Directors expect dividends to increase over time, however this is being balanced against further acquisitions and maintaining appropriate debt levels.

FY18 Focus

In FY18, the key focus areas for Prime are:

Focus area	Key focus
Wealth Management	• Identification of new partners to join the Group • Further development of our client offering and scalable platform through technology enhancements • Planned technology enhancements will provide both internal efficiencies and revenue opportunities • Further develop relationships with accounting partners particularly in relation to superannuation
Accounting & Business Advisory	• Integration of MPR and Altezza • Further promotion and deployment of Prime's expanded business and service model across both owned and partner firms • Identification of new partners to join the Group
Capital	• Increase sell side mandates • Become a capital facilitator for early stage companies • Develop and maximise opportunity from equity crowdfunding platform • Continue to promote offering across owned and partner firms

Directors

At Prime's Annual General Meeting in November 2016, Mr. Paul Cowan, who joined the board of Prime on 12 November 2015 as an Independent Director, was appointed as Independent Chairman taking over from Mr Peter Madder, who undertook the role in an interim capacity during the transition period. Mr. Peter Madder continues to be the Chief Financial Officer and a Director of the company.

The Team and Prime's Partners

We would like to thank the extended Prime team for their dedication and passion, during a year of significant growth and change. It is also very important to acknowledge Prime's existing and new accounting and other related Partners, without their support Prime's growth ambitions cannot be achieved.

Mr Simon Madder
Managing Director & CEO

Mr Paul Cowan
Chairman

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 2017 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').

Commentary on William Buck Disclaimer of Opinion Audit Report

William Buck has issued a Disclaimer of Opinion Audit Report on Prime's FY17 Annual Report. The disclaimer of opinion is limited to queries in relation to the accounting for the Prime Employee Share Plan (ESP). William Buck's Audit Report states that they have been unable to obtain sufficient appropriate audit evidence in relation to the accounting of the ESP. As a result, William Buck concluded that it was not able to express an opinion on Prime's FY17 financial report or FY17 remuneration report.

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Overview

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Principal Activities

The principal activities of the consolidated entity during the financial year were:

- Wealth Management;
- Accounting & Business Advisory services;
- Capital Advisory services; and
- Investments in Accounting and Advisory Firms.

Significant events after the balance date

Prime held an Extraordinary General Meeting on 14 July 2017 at which the following resolutions were approved by Shareholders:

- That for the purpose of section 260B(2) of the Corporations Act for Prime Accounting & Business Advisory Pty Ltd (PABA) to provide financial assistance in connection with the acquisition of PABA by Prime;
- Adoption of a Performance Rights Plan;
- Approval of Loan Adjustment (Simon Madder); and
- Approval of Loan Adjustment (Madder Corporate Pty Ltd, an entity controlled by Peter Madder).

Except for the items above, there were no significant events after the balance date.

Significant changes in state of affairs

With the exception of the acquisitions of MPR and Altezza, during the 2017 financial year there were no significant changes in the state of affairs of the consolidated company.

Likely development and expected results of operations

Prime will continue to pursue its strategy of creating shareholder value through organic growth and acquisition opportunities. Further commentary on Prime's strategy is included in the Managing Director/CEO & Chairman's Report.

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 0.45 cents per ordinary share, bringing the total dividends declared in respect of the 12 months to 30 June 2017 to 0.85 cents per ordinary share. This compares to total dividends declared in the prior twelve month period of 0.80 cents per ordinary share, a 6% increase.

Share options

There were no options granted during the financial year.

Shares issued in 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 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 Paul Cowan **B.ECO, CA**
Independent Non-Executive Chairman
(Appointed as Director 12 November 2015, Appointed as Chairman 15 November 2016)

Mr Cowan is an Executive Director of River Capital Pty Ltd and has had extensive experience as a Director of a number of public companies including Brumby's Bakeries Holdings Ltd and Cash Converters International Ltd (October 2008 - November 2009). Mr Cowan has over 30 years' experience in the financial services sector including funds management and corporate advisory. Having commenced his working career with Price Waterhouse in 1980, Mr Cowan has a Bachelor of Economics degree from Monash University and is a qualified Chartered Accountant. Mr Cowan is the Chairman of the Audit, Remuneration and Nomination Committees.

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

Mr Madder is the Managing Director and CEO of Prime. Mr Madder was the co-founder and Managing Director of Prime Development Fund Ltd (PDF) (since 1998). Mr Madder has 20 years experience in the financial services and advisory industry across operations, strategy and acquisitions. Mr Madder is a member of the Audit, Remuneration and Nomination Committees.

Mr Peter Madder **FCA, FCPA**
Chief Financial Officer & Executive Director
(Appointed as Director on 2 January 2007, Resigned as Chairman on 15 November 2016)

Mr Madder was the co-founder of PDF and has also been the Managing Partner of two accounting firms. Mr Madder has over 40 years experience advising clients on financial matters as a Chartered Accountant, as well as experience across business structuring, corporate finance and acquisitions. Mr Madder is a member of the Audit, Remuneration and Nomination Committees.

Mr Tim Carroll
Independent Non-Executive Director
(Appointed 27 November 2015)

Mr Carroll has over 20 years experience in senior marketing and customer relationship management roles and is recognised as an expert in Entertainment, Brand, Digital & Social, Loyalty Marketing and Media. Mr Carroll was formerly the Chief Global Marketing Officer of Village Roadshow Corporation, Australia's No.1 entertainment company, having served from June 2000 through to 2011. Mr Carroll is currently the CEO of BUCKiTDREAM Inc, an innovative Entertainment Digital Marketing company. Mr Carroll is a member of the Remuneration and Nomination Committees.

Mr Dale Gaskell B.Bus, CA
Company Secretary
(Appointed 27 November 2015)

Mr Gaskell is a Chartered Accountant who has over 10 years' experience in a variety of accounting roles within public practice, large corporates and ASX listed companies.

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 P Cowan	11	11	2	2
Mr S Madder	11	11	2	2
Mr P Madder	11	11	2	2
Mr T Carroll	11	11	-	-

	Remuneration Committee		Nominations Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Mr P Cowan	3	3	1	1
Mr S Madder	3	3	1	1
Mr P Madder	3	3	1	1
Mr T Carroll	3	3	1	1

Directors' interests in shares or options

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

Directors relevant interest in		
	Ordinary shares	Options over shares
Mr P Cowan	2,000,000	-
Mr S Madder	27,293,400	-
Mr P Madder	11,055,446	-
Mr T Carroll	-	-

* *Includes partly paid shares.*

Corporate Governance Statement

A full copy of Prime's Corporate Governance Statement can be found on Prime's website (http://primefinancial.com.au/corporate-governance).

Diversity Policy

The measurable objectives established for achieving gender diversity is to increase the number of women in the whole organisation and at senior management positions to 50%. The proportion of women employees in the whole organisation at present is 36% (2016: 43%), the proportion of women in senior management positions at present is 44% (2016: 40%) and there are no women on the board. A full copy of Prime's Diversity Policy can be found on Prime's website www.primefinancial.com.au

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.

Non-audit services

During the year no fees were paid or payable for non-audit services provided by William Buck Audit (VIC) Pty Ltd or its related practices.

Remuneration Report audited

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 seek professional advice.

(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. 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.

Performance Cash Bonus

Senior executives who are remunerated under the Executive Remuneration Policy are eligible for an Annual Performance Cash Bonus. In determining whether or not executives 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 executives 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. While no performance bonuses were paid, specific KPI's that are applied to management by the Remuneration Committee to measure performance are set out below:

- Net profit before tax;
- Earnings per Share (EPS);
- Gearing levels;
- New Funds under Management (FUM);
- Lost Funds under Management (FUM) & Maintenance of Existing Clients;
- New Business and Recurring Revenue including the growth in Key Revenue Streams;
- Debtor and work-in-progress management;
- Compliance Management;
- Client satisfaction;
- Rollout and Execution of Key Business Strategies;
- Operating Margins;
- Performance of Key Investees; and
- 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. The aim is to align our senior executive's remuneration to Prime's strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to senior executives.

	2017	2016 Restated*	2015 Restated*	2014	2013
Profit attributable to members of the parent entity ($,000's)	2,596	3,602	(20,758)	2,630	2,785
Basic earnings per share (cents per share)	1.62	2.48	(14.09)	1.83	1.91
Dividend paid (cents per share)	0.85	0.80	0.80	0.80	0.75
Share price at the end of the financial year	0.180	0.100	0.095	0.105	0.095

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to profit attributable to owners of the company, dividends paid and change in share price. Profit is considered as one of the financial performance targets in setting short term incentives.

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 2016 Financial Year, $132,500 was paid to Non-Executive Directors. Non-Executive Directors do not currently participate in performance based bonuses or in equity-based remuneration schemes of the Company.

(ii) Key management personnel

Key Management Personnel	
Non-Executive Directors	
Mr Paul Cowan	Non-Executive Chairman (Appointed as Director on 12 November 2015, Appointed as Chairman on 15 November 2016)
Mr Tim Carroll	Non-Executive Director (Appointed 27 November 2015)
Executive Directors	
Mr Simon Madder	Managing Director and CEO
Mr Peter Madder	Chairman (Appointed 27 November 2015, Resigned 15 November 2016) Director (Appointed 2 January 2007) Chief Financial Officer (Appointed 6 March 2015)

(iii) Key management personnel loans

Mr Simon Madder has a loan from the PFG Employee Share Plan (PFG ESP) to fund the allocation of 11,208,833 Shares (2016 9,547,831 Shares) in Prime Financial Group Ltd. These Shares were allocated:

Date of allocation	No. of shares
April 2013	6,600,000
December 2015	2,947,831
December 2016	1,661,002
Total	**11,208,833**

The loan value at 30 June 2017 was $1,694,275 (2016 $1,958,988).

The loan has been adjusted in accordance with the Ordinary Resolution approved by Shareholders at the Extraordinary General Meeting held on 14 July 2017.

The loan agreements among other things includes the following terms:

- full recourse loan supported by a personal guarantee from Simon Madder plus a General Security Agreement over his related entity;
- Interest accruing at 0.75% p.a. above the lenders borrowing rate as advised by the Trustee from time to time;
- provided for an initial 4 year term. Each loan has been extended for an additional 4 years (in accordance with the terms of the loan agreements) with the loan repayable on 2 May 2021;
- prior to the expiry of the loan term Simon Madder may require the Trustee to buy back the Shares that are the subject of his ESP Loan at a price per share that is equal to the greater of:
  - 50% of the allocation price;
  - the volume weighted average price of a Share during the 30 days immediately preceding the date Simon Madder issues a buy-back notice; and
  - an amount determined by an independent expert appointed at the request of Simon Madder (the identity of whom must be agreed to in writing by the Company) as being the reasonable value of the Shares as at the date Simon Madder issues a buy-back notice.

During the 2017 financial year interest payable on the loan was $89,741 (2016 $96,348).

Mr Peter Madder, through a nominee Madder Corporate Pty Ltd, has a loan from the PFG ESP to fund the allocation of 6,224,156 Shares (2016 5,348,077 Shares) in Prime Financial Group Ltd. These Shares were allocated:

Date of allocation	No. of shares
April 2013	3,760,784
December 2015	1,587,293
December 2016	876,079
Total	**6,224,156**

The loan value at 30 June 2017 was $884,938 (2016 $1,104,386).

The loan has been adjusted in accordance with the Ordinary Resolution approved by Shareholders at the Extraordinary General Meeting held on 14 July 2017.

The loan agreement among other things includes the following terms:

- full recourse loan supported by a General Securities Agreement over Madder Corporate Pty Ltd supported by a personal guarantee from Peter Madder;
- interest accruing at 0.75% p.a. above the lenders rate as advised by the Trustee from time to time; and
- provided for an initial 4 year term. Each loan has been extended for an additional 4 years (in accordance with the terms of the loan agreements) with the loan repayable on 10 May 2021.

During the 2017 financial year interest payable on the loan was $46,967 (2016 $57,019).

(iv) Key management personnel compensation

2017									
	Short-term			Post employment		Long-term	Share-based payments	Total	Total performance related
	Salary /Fees $	Cash bonus $	Non-monetary $	Super $	Retirement benefits $	Annual Leave/ Long service leave $	Options $	$	%
Non-Executive Directors									
Mr P Cowan	72,500	-	-	-	-	-	-	72,500	-
Mr T Carroll	60,000	-	-	-	-	-	-	60,000	-
Sub-total	**132,500**	**-**	**-**	**-**	**-**	**-**	**-**	**132,500**	
Executive Directors									
Mr S Madder	466,314	-	-	30,000	-	9,780	-	506,094	-
Mr P Madder	374,068*	-	-	-	-	-	-	374,068	-
Total	**972,882**	**-**	**-**	**30,000**	**-**	**9,780**	**-**	**1,012,663**	

* *Interests associated with Mr Peter Madder received $290,738 (2016: $167,815) for executive services provided to the Company plus an additional $83,330 (2016: $200,000) as payment for the assignment of intellectual property, which forms the basis of the Company's client engagement model. This payment expired on 30 November 2016 and the executive services agreement was increased to $374,068 p.a. The total payments for the year were $374,068 (2016: $367,815).*

2016

	Short-term			Post employment		Long-term	Share-based payments	Total	Total performance related
	Salary /Fees $	Cash bonus $	Non-monetary $	Super $	Retirement benefits $	Annual Leave/ Long service leave $	Options $	$	%
Non-Executive Directors									
Mr S James[1]	60,416	-	-	-	-	-	-	60,416	0
Mr P Cowan[2]	38,138	-	-	-	-	-	-	38,138	0
Mr T Carroll[3]	36,166	-	-	-	-	-	-	36,166	0
Sub-total	**134,720**	**-**	**-**	**-**	**-**	**-**	**-**	**134,720**	
Executive Directors									
Mr S Madder	458,018	-	-	30,000	-	(3,523)	-	484,495	0
Mr P Madder	367,815[4]	-	-	-	-	-	-	367,815	0
Other Key Management Personnel									
Mr M Cohen[5]	85,833	-	-	-	-	16,522	-	102,355	0
Total	**1,046,386**	**-**	**-**	**30,000**	**-**	**12,999**	**-**	**1,089,385**	

1 *Resigned 24 November 2015.*

2 *Appointed 12 November 2015.*

3 *Appointed 27 November 2015.*

4 *Interests associated with Mr P Madder received $167,815 (2015: $127,976) for executive services provided to the Company plus an additional $200,000 as a payment for the assignment of intellectual property, which forms the basis of the Company's client engagement model. The minimum annualised payment under this agreement is $200,000 for a maximum of 5 years, expiring no later than 30 November 2016, but this can be cancelled by the Company at any time by 12 months notice. The agreement also provides for an uplift payment based upon the sale and payment to the Company for new licences to joint venture partners of that intellectual property. The total payments for the year were $367,815. (2015: $327,976).*

5 *Resigned 31 October 2015.*

Number of shares held by key management personnel

Key management personnel 2017	Balance 01/7/16	Received as remu-neration	Options exercised	Net change other	Balance 30/6/17
Non-Executive Directors					
Mr P Cowan	2,000,000			-	2,000,000
Mr T Carroll	-	-	-	-	-
Sub-total	**2,000,000**	**-**	**-**	**-**	**2,000,000**
Executive Directors					
Mr S Madder	25,632,398	-	-	1,661,002	27,293,400
Mr P Madder	10,179,367	-	-	876,079	11,055,446
Total	**37,811,765**	**-**	**-**	**2,537,081**	**40,348,846**

Key management personnel 2016	Balance 01/7/15	Received as remu-neration	Options exercised	Net change other	Balance 30/6/16
Non-Executive Directors					
Mr S James[1]	3,900,000	-	-	(3,900,000)	-
Mr P Cowan[2]	-	-	-	2,000,000	2,000,000
Mr T Carroll[3]	-	-	-	-	-
Sub-total	**3,900,000**	**-**	**-**	**(1,900,000)**	**2,000,000**
Executive Directors					
Mr S Madder	22,684,567	-	-	2,947,831	25,632,398
Mr P Madder	8,592,074	-	-	1,587,293	10,179,367
Other key management personnel					
Mr M Cohen[4]	3,195,000	-	-	(3,195,000)	-
Total	**38,371,641**	**-**	**-**	**(559,876)**	**37,811,765**

1 *Resigned 24 November 2015.* 2 *Appointed 12 November 2015.* 3 *Appointed 27 November 2015.* 4 *Resigned 31 October 2015.*

Signed in accordance with a resolution of the Directors.

Mr Paul Cowan
Chairman

29 September 2017

Auditor's Independence Declaration

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 30 June 2017 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

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

J. C. Luckins
Director

Dated this 29th day of September, 2017

CHARTERED ACCOUNTANTS & ADVISORS

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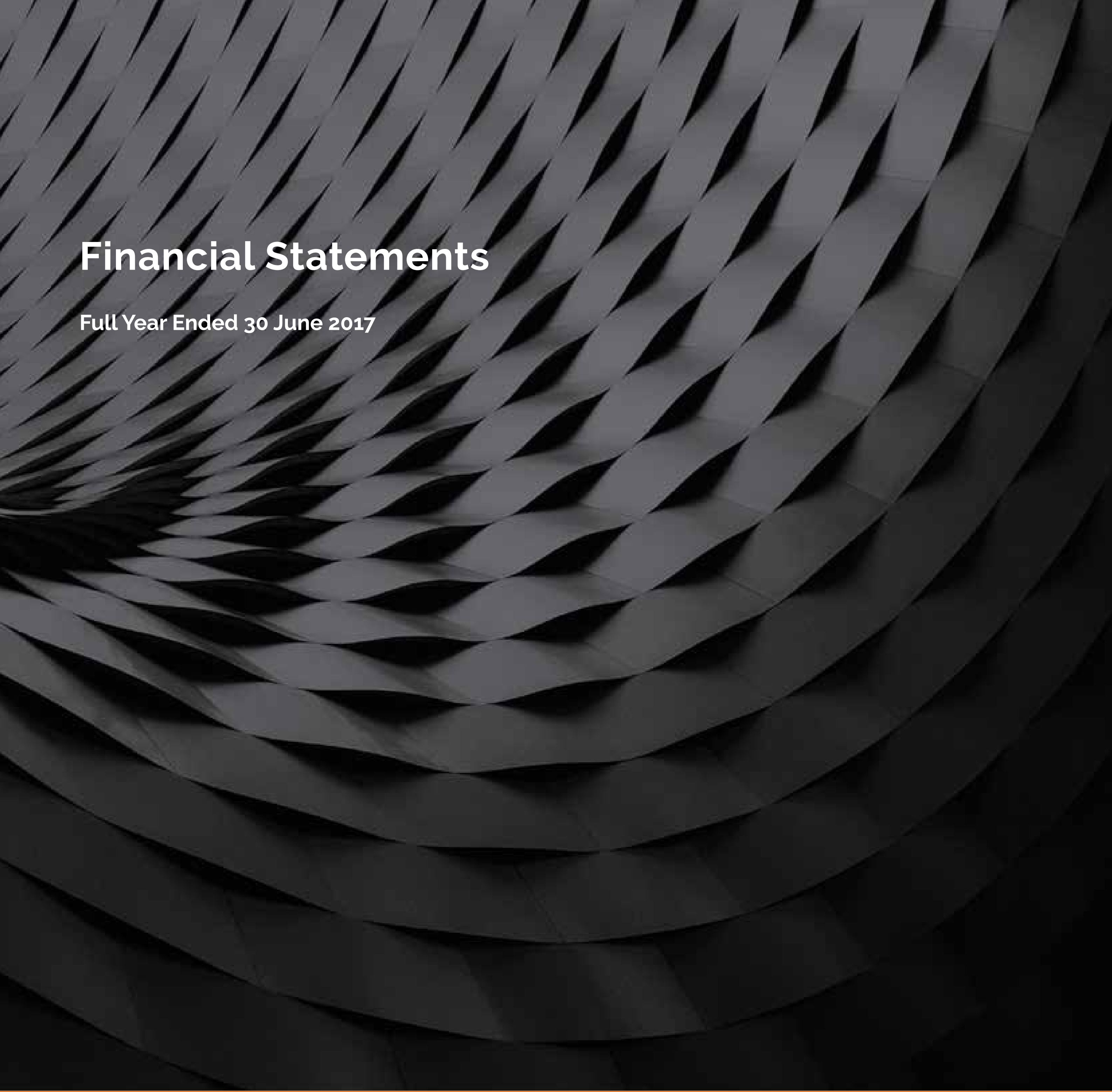

Financial Statements

Full Year Ended 30 June 2017

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	Consolidated Entity 2017 $	Consolidated Entity 2016 Restated* $
Revenue			
Wealth management	4	9,365,421	9,791,048
Accounting, business advisory and capital	4	8,486,708	-
Equity accounted profit	4	974,370	2,719,455
Other income	4	475,161	478,852
Net benefit from restructuring investments	5	-	834,310
		19,301,660	**13,823,665**
Expenses			
Employee benefits	6	(8,814,579)	(4,458,293)
Depreciation	6	(121,540)	-
Amortisation	6	(505,677)	-
Finance costs	6	(402,724)	(235,267)
IT and communication expenses		(1,333,964)	(1,109,859)
Insurance		(329,060)	(249,846)
Occupancy	6	(738,477)	(425,274)
Professional fees		(292,957)	(119,559)
Other expenses		(1,290,263)	(909,554)
Goodwill impairment		(485,318)	-
		(14,314,559)	**(7,507,652)**
Profit before tax from operations		**4,987,101**	**6,316,013**
Attributable to:			
- Members of the parent entity		3,393,235	4,311,292
- Non-controlling interests		1,593,866	2,004,721
Income tax expense	7	(1,230,973)	(1,352,211)
Profit after tax from operations		**3,756,128**	**4,963,802**
Attributable to:			
- Members of the parent entity		2,596,494	3,602,497
- Non-controlling interests		1,159,634	1,361,305
Total comprehensive income		**3,756,128**	**4,963,802**
Earnings per share attributable to ordinary equity holders of the parent			
Basic earnings per share (cents)		1.62	2.48
Diluted earnings per share (cents)		1.62	2.48

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

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

Consolidated Statement of Financial Position

As at 30 June 2017

				Consolidated Entity
	Notes	30 June 2017 $	30 June 2016 Restated* $	30 June 2015 Restated* $
Current assets				
Cash and cash equivalents	8	624,289	1,262,750	595,288
Trade and other receivables	9	3,589,047	1,605,321	1,617,590
Other current assets		2,703,291	1,411,758	538,267
Assets held for sale	5	-	-	3,750,000
Total current assets		**6,916,627**	**4,279,829**	**6,501,145**
Non-current assets				
Receivables		-	-	500,000
Property, plant and equipment	10	494,690	-	-
Investments accounted for using the equity method	12	7,775,261	11,362,738	8,172,213
Intangible assets	13	45,859,556	35,434,610	35,434,610
Deferred tax assets	7	167,954	145,554	111,731
Total non-current assets		**54,297,461**	**46,942,902**	**44,218,554**
Total assets		**61,214,088**	**51,222,731**	**50,719,699**
Current liabilities				
Payables	14	2,078,362	771,874	929,233
Current tax payable	7	1,929,255	1,322,742	1,204,077
Employee benefits	15	449,146	267,015	299,987
Balance outstanding on acquisition of investments	3	580,213	466,153	-
Total current liabilities		**5,036,976**	**2,827,784**	**2,433,297**
Non-current liabilities				
Borrowings – bank facility	16	8,018,025	3,584,583	7,965,150
Borrowings – hire purchase	16	600,876	-	-
Balance outstanding on acquisition of investments	3	1,669,500	-	-
Total non-current liabilities		**10,288,401**	**3,584,583**	**7,965,150**
Total liabilities		**15,325,377**	**6,412,367**	**10,398,447**
Net assets		**45,888,711**	**44,810,364**	**40,321,252**
Equity				
Contributed equity	17	61,619,620	60,117,402	60,796,198
Non-controlling interests		5,895,744	6,606,924	3,079,349
Retained earnings	19	(21,626,653)	(21,913,962)	(23,554,295)
Total equity		**45,888,711**	**44,810,364**	**40,321,252**

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

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 2017

	Consolidated Entity			
	Contributed equity $	**Retained earnings $**	**Non-controlling interest $**	**Total $**
Balance at 1 July 2015	**60,796,198**	**(23,285,434)**	**3,079,349**	**40,590,113**
Adjustment on correction of error (net of tax) (Note 1.5)		(268,861)		(268,861)
Balance at 1 July 2015 (Restated*)	**60,796,198**	**(23,554,295)**	**3,079,349**	**40,321,252**
Total comprehensive income for the period	-	3,231,516	1,361,304	4,592,820
Adjustment on restatement of prior period values (net of tax) (Note 1.5)	-	370,971	-	370,971
Restated total comprehensive income	-	3,602,487	1,361,304	4,963,791
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	(1,419,666)	(507,692)	(1,927,358)
Interest & purchase of shares for the PFG employee share plan	(678,796)	-	-	(678,796)
Transactions with non-controlling interests	-	(542,488)	2,673,963	2,131,475
Total transactions with equity holders in their capacity as equity holders	**(678,796)**	**(1,962,154)**	**2,166,271**	**(474,679)**
Balance at 30 June 2016 (Restated*)	**60,117,402**	**(21,913,962)**	**6,606,924**	**44,810,364**
Total comprehensive income for the period	-	2,596,494	1,159,634	3,756,128
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	(1,527,666)	(414,403)	(1,942,069)
Shares issued	1,620,000	-	-	1,620,000
Interest & purchase of shares for the PFG employee share plan	(117,782)	-	-	(117,782)
Transactions with non-controlling interests	-	(781,519)	(1,456,411)	(2,237,930)
Total transactions with equity holders in their capacity as equity holders	**1,502,218**	**(2,309,185)**	**(1,870,814)**	**(2,677,781)**
Balance at 30 June 2017	**61,619,620**	**(21,626,653)**	**5,895,744**	**45,888,711**

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

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 2017

		Consolidated Entity	
	Notes	**30 June 2017 $**	**30 June 2016 $**
Cash flows from operating activities			
Receipts from customers		18,885,134	10,489,719
Receipts from associates		795,793	1,328,329
Payments to employees and suppliers		(15,143,117)	(7,655,818)
Interest received		-	8,000
Interest paid		(402,724)	(215,166)
Income tax paid		(1,091,862)	(1,233,556)
Net cash provided by operating activities	**20**	**3,043,224**	**2,721,508**
Cash flows from investing activities			
Receipts from business disposals		1,869,881	7,288,657
Repayment of loans		-	500,000
Payments for business acquisitions		(3,342,750)	(5,020,102)
Dividends advanced to non-controlling interests		(1,244,853)	(507,692)
Other transactions with non-controlling interests		(1,375,303)	(652,169)
Expenses relating to the restructure of investments		(271,321)	(1,214,134)
Development expenditure		(498,318)	-
Payments for plant and equipment		(386,905)	-
Net cash provided by / (used in) investing activities		**(5,249,569)**	**394,560**
Cash flows from financing activities			
Sale / (purchase) of shares for the PFG employee share plan		510,837	(283,108)
Dividends paid		(1,544,331)	(1,422,186)
Capital raising / (reduction) by subsidiary company		(1,096,787)	3,637,255
Net proceeds from / (repayment of) borrowings		3,698,165	(4,380,567)
Net cash provided by / (used in) financing activities		**1,567,884**	**(2,448,606)**
Net increase / (decrease) in cash and cash equivalents		**(638,461)**	**667,462**
Cash and cash equivalents at beginning of the year		1,262,750	595,288
Cash and cash equivalents at end of the year		**624,289**	**1,262,750**

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

Notes to the Financial Statements

Note 1: Significant Accounting Policies

Note 1.1: Corporate information

The consolidated financial statements of Prime Financial Group Ltd and its subsidiaries (collectively, the Group) for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 29 September 2017. Prime Financial Group Ltd (the Company or the parent) is a for profit company limited by shares and incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange.

Note 1.2: Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is presented in Australian dollars and has been prepared on a historical cost basis. It complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 July 2015 is presented in these consolidated financial statements due to adjustments to previously lodged financial statements. Please see Note 1.5 for further details.

Note 1.3: Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Prime Financial Group Ltd ('Prime') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Prime and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Control is demonstrated when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the change of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non- controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributable to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control of a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably, regardless of when the payment is received.

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.

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.

(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 profit and loss and other comprehensive income.

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.

The assets' residual value and useful lives are reviewed and adjusted as appropriate at the end of the reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included within the profit or loss.

During the year ended 30 June 2017, directors updated the useful lives of assets to the below. Please see Note 1.4 for further information.

Office equipment	3 to 5 years
Software	1 to 3 years
Plant & machinery	3 to 5 years
Leasehold improvements	5 years

Note 1: Significant Accounting Policies
continued

(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.

Each lease payment is allocated between the liability and finance costs. Finance costs are charged to the profit and loss over the period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Expenditure during the research phase is expensed and expenditure incurred in development is recognised as an intangible asset and amortised over the useful life of the asset.

A summary of the policies applied to the Group's intangible assets is as follows:

- Customer relationships – amortised on a straight line basis over 10 years;
- Development costs – amortised on a straight line basis over 3-5 years.

(g) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested at least 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

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Note 1: Significant Accounting Policies
continued

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.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under the tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(i) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long term employee benefits

The liability for annual leave and long service leave, not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(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 it has significant influence if it has more than 20% of the voting rights, but does not have control of the entity.

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. 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.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(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 (i.e. trade date accounting is adopted).

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

Classification and subsequent measurement

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

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 assets

Financial assets comprise trade receivables and loans to related parties.

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.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

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.

Note 1: Significant Accounting Policies
continued

(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) Comparatives

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

(n) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquired identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(o) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Prime, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year (refer Note 23).

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of dilutive potential ordinary shares.

(q) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(s) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Assets classified as held for sale are not amortised or depreciated. Assets classified as held for sale and any associated liabilities are presented separately from the other assets in the consolidated balance sheet.

Note 1.4: Changes in accounting policies, estimates and disclosures

Plant and equipment – change in accounting estimates

During the year ended 30 June 2017 directors reviewed the useful life of all asset classes. The useful lives for each class of asset have been reviewed and updated as follows:

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

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

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

Note 1: Significant Accounting Policies
continued

New and amended standards and interpretations adopted

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 year ended 30 June 2017. 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.

New accounting standards and interpretations issued but not yet effective

A number of new accounting standards and interpretations have been issued but are not yet effective, none of which have been early adopted by the Group in this financial report. These new standards and interpretations, when applied in future periods, are not expected to have a material impact on the financial position or financial performance of the Group, other than those as set out below:

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for periods beginning on or after 1 January 2018. AASB defines principles for recognising revenue and introduces new disclosure requirements. It applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Prime is currently undertaking an assessment of the potential impact of this standard and is not considering early adopting AASB 15.

AASB 16 Leases

AASB 16 Leases (AASB 16) is applicable for annual reporting periods beginning on or after 1 January 2019. It requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Prime is currently undertaking an assessment of the potential impact of this standard. The potential impact on profit and loss is not expected to be material. The standard requires enhanced disclosures. Prime is not considering early adopting AASB 16.

AASB 9 Financial Instruments

AASB 9 Financial Instruments (AASB 9) replaces AASB 139 Financial Instruments: Recognition and Measurement. It is effective for annual reporting periods beginning on or after 1 January 2018. It includes changes to the classification, measurement and derecognition of financial assets and financial liabilities. Prime is currently undertaking an assessment of the potential impact of this standard and is not considering early adopting AASB 9.

Note 1.5: Adjustments to Previously Lodged Financial Statements

As disclosed in the Financial Report for the half-year ended 31 December 2016, the investments in Wynn & Bennett Pty Ltd, Wynn & Bennett Financial Services Pty Ltd and Hughes O'Dea Corredig should have been classified as assets held for sale at 30 June 2015 and written down to fair value less costs to sell.

In assessing the impact of the reclassification, a discounted cash flow for the year ended 30 June 2015 was re-calculated which identified that the goodwill impairment recorded in the year ended 30 June 2015 was overstated. This was due to a change in the growth rate from 5% to 1%. The change in growth rate was a consequence of additional information obtained and the identification of an additional revenue stream not previously considered as part of the discounted cash flow.

The adjustment has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

	Consolidated Entity	
	30 June 2016 $	30 June 2015 $
Impact on equity (increase/(decrease) in equity):		
Assets held for sale	-	3,750,000
Other current assets	-	(220,000)
Investments accounted for using the equity method	-	(3,900,971)
Intangible assets	102,110	102,110
Total assets	**102,110**	**(268,861)**
Total liabilities	**-**	**-**
Net impact on equity	**102,110**	**(268,861)**

Impact on Consolidated Statement of Profit and Loss and Other Comprehensive Income:		
Net benefit from restructuring investments	370,971	-
Impairment – Assets held for sale	-	(5,320,185)
Impairment – Investments accounted for using the equity method	-	2,500,000
Impairment – Goodwill	-	2,551,324
Total adjustment to profit and loss	**370,971**	**(268,861)**
Attributable to: Members of the parent entity	370,971	(268,861)

The adjustment increased FY16 basic and diluted earnings per share by 0.26 cents per shares from 2.22 cents per share to 2.48 cents per share. The adjustment did not impact other comprehensive income or the operating, investing and financing cash flows for the period.

Note 2: Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made the following critical accounting estimates and judgements:

Consolidation of wealth management entities

Prime has determined it controls certain wealth management entities which it owns 50% of the voting shares of. The determination was made due to Prime holding the required Australian Financial Services License, controlling cash flows, providing business development, marketing initiatives and staffing and preparing the financial statements of the entities.

Equity accounted investments

The consolidated entity owns up to 50% of the voting shares in certain accounting firm and self managed fund (SMSF) entities and treats these entities as investments in associates, accounted for under the equity method. The consolidated entity determined that it had significant influence and did not control the accounting firm and SMSF entities. The determination was made due to Prime not controlling cash flows, not providing business development, marketing initiatives and staffing and not preparing the financial statements of the entities.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group tests its intangible assets and investments accounted for using the equity method for impairment on at least an annual basis using a discounted cash flow (DCF) model. The methodology and key assumptions used to determine the recoverable amount for cash generating units (CGUs) and test for impairment are disclosed in Note 13.

Contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Note 3: Business combinations

Acquisition of MPR Accountants & Advisors Pty Ltd

On 5 August 2016, Prime entered into an agreement to acquire additional equity in MPR Accountants & Advisors Pty Ltd (MPR) increasing its equity ownership from 40% to 93%. Prime subsequently acquired the remaining 7% of equity which increased its equity ownership to 100%. MPR is the holding company for the MPR Group Pty Ltd, a leading Melbourne based Accounting & Business Advisory firm. The effective date of the acquisition was 1 July 2016.

The acquisition of MPR provides the strategic opportunity to become a stronger services and capital partner to business as Prime seeks to be the primary destination for aspirational, innovative and growth oriented clients who want to build wealth.

Prior to 1 July 2016, MPR was treated as an investment accounted for using the equity method. From 1 July 2016 onwards, all income, expenses, assets and liabilities of MPR were consolidated.

The fair values of the identifiable assets and liabilities of MPR as at the date of acquisition were:

	Fair value recognised on acquisition $
Assets	
Cash and cash equivalents	-
Trade and other receivables	887,332
Other current assets	1,537,221
Property, plant and equipment	229,325
Investments accounted for using the equity method	582,782
Intangible asset – customer relationships	4,621,939
	7,858,599
Liabilities	
Payables	(1,240,297)
Current tax payable	(363,872)
Employee benefits	(111,978)
Borrowings	(1,336,153)
	(3,052,300)
Total identifiable net assets at fair value	**4,806,299**
Goodwill arising on acquisition	2,507,817
Total identifiable net assets at fair value	**7,314,116**
Non-controlling interests	336,441
Fair value of equity accounted investment	2,216,089
Shares in Prime	1,620,000
Cash paid or payable to vendor	3,141,586
Total purchase consideration	**7,314,116**

Note 3: Business combinations continued

The net assets recognised in the financial statements for the half year ended 31 December 2016 were based on a provisional assessment of their fair values while the Group finalized the valuation of customer relationship intangible assets, the accounting treatment of the acquisition of the final 7% of equity in MPR and the classification of assets and liabilities in accordance with the Group's statement of financial position. These items had not been completed by the date the financial statements for the half year ended 31 December 2016 were approved for issue by the Board of Directors.

The key changes to finalise the valuation of the identifiable assets and liabilities at the date of acquisition were as follows:

- Valuation and recognition of the customer relationship intangible asset of $4,621,939;
- Recognition of the non-controlling interests on acquisition of $336,441; and
- Classification of assets and liabilities in accordance with the Group's statement of financial position.

The goodwill recognised was primarily attributed to the expected synergies and other benefits from combining the assets and activities of MPR with those of the Group. The goodwill is not deductible for income tax purposes.

On 28 February 2017, Prime acquired the remaining 7% ownership interest in MPR for a purchase consideration of $654,596. As Prime already controlled MPR the acquisition of the remaining equity interest was treated as an equity transaction and the difference between the fair value of the consideration paid and the carrying amount of the non controlling interest was recognised directly in equity attributed to members of the parent entity. This acquisition did not give rise to an additional goodwill.

Purchase consideration	
Cash paid to vendor	264,596
Shares in Prime	390,000
Total purchase consideration	**654,596**
Carrying amount of non-controlling interest	(336,441)
Adjustment to equity attributed to members of the parent entity	**318,155**

Acquisition of Watermans International Holdings Pty Ltd

On 26 August 2016, MPR (a subsidiary of Prime) completed the acquisition of the client base of Watermans International Holdings Pty Ltd. This acquisition is profit accretive due to the ability to absorb the current non labour overheads within the existing business.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

	Fair value recognised on acquisition $
Intangible asset – customer relationships	513,632
Total identifiable net assets at fair value	**513,632**
Goodwill arising on acquisition	211,368
Purchase consideration	**725,000**
Cash paid in FY16	425,000
Cash paid to vendor on completion	300,000
Total purchase consideration	**725,000**

The goodwill recognised was primarily attributed to the expected synergies and other benefits from combining the assets and activities of the client base of Watermans International Holdings Pty ltd with those of the Group. The goodwill is not deductible for income tax purposes.

The purchase consideration consisted of $725,000 of cash and $285,000 of contingent consideration which was dependent on the revenue generated in the 12-month period following the acquisition date. Based on the revenue generated in the period to 30 June 2017, Watermans is not expected to meet the revenue target and the contingent consideration is no longer expected to be paid.

Acquisition of Altezza Partners Pty Ltd

On 15 June 2017, Prime acquired 100% of the voting shares of Altezza Partners Pty Ltd (Altezza). Altezza is an Accounting & Business Advisory firm with annual revenue of approximately $2 million. The acquisition of Altezza has expanded Prime's presence in South-East Queensland.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

	Fair value recognised on acquisition $
Total identifiable net assets at fair value	**-**
Goodwill arising on acquisition	2,569,500
Purchase consideration	**2,569,500**
Cash paid to vendor on completion	900,000
Cash payable to vendor	1,669,500
Total purchase consideration	**2,569,500**

The goodwill recognised was primarily attributed to the expected synergies and other benefits from combining the assets and activities of Altezza with those of the Group. The goodwill is not deductible for income tax purposes.

The purchase consideration included $900,000 of cash payable to the vendor on completion and contingent consideration dependent on meeting certain conditions in the three-year period to 30 June 2020. The fair value of the contingent consideration at the acquisition date was $1,669,500. The range of outcomes for the undiscounted contingent consideration is $0 - $1,800,000.

Note 4: Revenue from ordinary activities

	Consolidated Entity	
	2017 $	**2016 $**
Wealth management revenue		
New business revenue	2,405,977	2,626,110
Recurring revenue	6,713,023	6,848,251
Other revenue	246,421	316,687
Total wealth management revenue	**9,365,421**	**9,791,048**
Accounting, business advisory and capital revenue	8,486,708	-
Equity accounted profit	974,370	2,719,455
Other income	475,161	478,852
Total revenue from ordinary activities	**19,301,660**	**12,989,355**

Note 5: Net benefit from restructuring investments

	Investments accounted for using the equity method			
	Assets held for sale Restated* 2016 $	**Rundles Prime Pty Ltd 2016 $**	**Pacifica Pty Ltd 2016 $**	**Total Restated* 2016 $**
Consideration received from restructuring investments	3,751,413	3,005,650	2,447,490	9,204,553
Less: carrying value	(4,088,000)	(1,336,817)	(1,744,717)	(7,169,534)
Total	**(336,587)**	**1,668,833**	**702,773**	**2,035,019**
Less costs associated with restructuring				(1,200,709)
Net Benefit from Restructuring Investments				**834,310**

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

Prime undertook a review of all of its accounting firm investments as part of a restructuring process, reflecting the need to address the substantial operational changes occurring through accountants licensing, technology and Prime's global labour resourcing platform. This resulted in the transfer of two accounting firm investments and their associated wealth management entities to Prime Accounting & Wealth Management Pty Ltd. Where an investee did not fully embrace the Prime operating model, it was decided to dispose of the equity back to the accounting firm partners. This resulted in the sale of equity in Wynn & Bennett Pty Ltd, Wynn & Bennett Financial Services Pty Ltd and Hughes O'Dea Corredig Pty Ltd. At 30 June 2015, Wynn & Bennett Pty Ltd, Wynn & Bennett Financial Services Pty Ltd and Hughes O'Dea Corredig Pty Ltd were classified as held for sale assets and written down to fair value less costs to sell. The net benefit from the restructuring of investments was $834,310.

Note 6: Expenses

	Consolidated Entity	
	2017 $	2016 $
Profit/(Loss) from ordinary activities before income tax has been determined after:		
Depreciation of non-current assets		
Software	47,324	-
Office equipment	3,876	-
Plant and equipment	15,331	-
Motor vehicles	-	-
Leasehold improvements	55,009	-
Total depreciation of non-current assets	**121,540**	**-**
Amortisation		
Amortisation of customer relationship intangible asset	505,677	-
Impairment		
Goodwill impairment	485,318	-
Finance costs		
Interest expense	367,239	215,166
Other bank charges	35,485	20,101
Total finance costs	**402,724**	**235,267**
Employee benefits expense		
Salary and wages	8,114,442	4,078,323
Superannuation	700,137	379,970
Total employee benefits expense	**8,814,579**	**4,458,293**
Occupancy cost		
Lease payments	671,750	398,886
Utilities	66,727	26,388
Total occupancy cost	**738,477**	**425,274**

During the period between the release of the Appendix 4E Preliminary Financial Report for the year ended 30 June 2017 on 28 August 2017 and the date of release of the Annual Report for the year ended 30 June 2017 on 29 September 2017, total expenses for the year ended 30 June 2017 increased by $990,995 from $13,323,564 to $14,314,559 due to the following:

- Amortisation of intangible assets – amortisation of $505,677 was expensed in the year ended 30 June 2017 in relation to the amortization of the customer relationship intangible assets arising on the acquisitions of MPR Accountants & Advisors Pty Ltd and the client base of Watermans International Holdings Pty Ltd; and
- Goodwill impairment – a goodwill impairment of $485,318 was recognised in relation to the disposal of Rothsay Accounting Services Pty Ltd.

Note 7: Income tax

	Consolidated Entity	
	2017 $	2016 Restated* $
(a) The components of tax expense		
Current tax	1,230,973	1,352,221
Total income tax	**1,230,973**	**1,352,221**
(b) The prima facie tax on profit differs from the income tax provided in the Financial Statements as follows:		
Total Profit/(Loss) before income tax	5,978,096	6,316,013
At the statutory income tax rate of 30% (2016: 30%)	1,793,429	1,894,804
Add: Tax effect of:		
- Other non-allowable items	132,305	112,577
Less Tax effect of:		
- Other allowable deductions	(578,126)	(116,076)
- Carry forward capital losses	-	(427,792)
- Tax losses not recognised in previous years	(116,635)	-
- Other items	-	(112,292)
Income tax expense attributable to ordinary activities	**1,230,973**	**1,352,221**
(c) Tax assets and liabilities		
Current tax payable		
- Opening balance	1,322,742	1,204,077
- Taxes acquired in business combination	467,402	-
- Tax paid	(1,091,862)	(1,233,556)
- Current tax payable	1,230,973	1,352,221
Closing balance	**1,929,255**	**1,322,742**
Deferred tax assets		
- Provision for employee entitlements	140,150	124,055
- Provision for audit fees	25,110	18,000
- Capital raising costs	2,694	3,499
	167,954	**145,554**
Deferred tax liabilities	**-**	**-**
Net deferred tax assets/(liabilities)	**167,954**	**145,554**

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

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.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under the tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 8: Cash and cash equivalents

	Consolidated Entity	
	2017 $	2016 $
Current		
Cash at bank	624,289	1,262,750
	624,289	**1,262,750**

Note 9: Receivables

Current		
Trade receivables	3,589,047	1,605,321
	3,589,047	**1,605,321**

Note 10: Property, plant and equipment

	Consolidated Entity				
	Software $	Office equipment $	Plant and machinery $	Leasehold improve-ments $	Total $
Cost					
At 1 July 2015	2,003,219	351,693	528,004	259,574	3,142,490
At 30 June 2016	**2,003,219**	**351,693**	**528,004**	**259,574**	**3,142,490**
Additions	-	336,460	-	50,445	386,905
Acquisition of subsidiaries (Note 3)	-	55,766	-	173,559	229,325
At 30 June 2017	**2,003,219**	**743,919**	**528,004**	**483,578**	**3,758,720**
Depreciation and impairment					
At 1 July 2015	2,003,219	351,693	528,004	259,574	3,142,490
At 30 June 2016	**2,003,219**	**351,693**	**528,004**	**259,574**	**3,142,490**
Depreciation charge for the year	-	66,530	-	55,010	121,540
At 30 June 2017	**2,003,219**	**418,223**	**528,004**	**314,584**	**3,264,030**
Net book value					
At 30 June 2017	**-**	**325,696**	**-**	**168,994**	**494,690**
At 30 June 2016	-	-	-	-	-

Note 11: Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Percentage Owned	Country of Incorporation	2017 %	2016 %
Parent Entity:			
Prime Financial Group Ltd	Australia		
Subsidiaries of Prime Financial Group Ltd:			
Addisons Financial Services Pty Ltd	Australia	100	100
Aintree Group Financial Services Pty Ltd	Australia	50	50
Altezza Partners Pty Ltd	Australia	100	-
Beksan Pty Ltd	Australia	100	100
Bishop Collins Wealth Management Pty Ltd	Australia	50	50
Brentnalls NSW Financial Services Pty Ltd	Australia	50	50
Bstar Financial Services Pty Ltd	Australia	50	50
Butler Settiner Financial Services Pty Ltd	Australia	70	70
CP Financial Planners Pty Ltd	Australia	50	50
Crispin & Jeffery Financial Services Pty Ltd	Australia	50	50
David Hicks and Co Financial Services Pty Ltd	Australia	50	50
Dormers Financial Services Pty Ltd	Australia	40	40
GG Financial Services Pty Ltd	Australia	50	50
Green Tayor 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	100	100
M V Anderson Financial Services Pty Ltd	Australia	50	50
Madder & Co Financial Services Pty Ltd	Australia	50	50
MCB Financial Services Pty Ltd	Australia	100	100
McHenry Financial Services Pty Ltd	Australia	50	50
MPR Financial Services Pty Ltd	Australia	100	50
MPR Accountants & Advisors Pty Ltd	Australia	100	40
Munro's Financial Advisors Pty Ltd	Australia	50	50
Nexia Perth Financial Planning Pty Ltd	Australia	50	50
PFG (NTH QLD) Pty Ltd	Australia	65	65
Prime Accounting & Business Advisory Pty Ltd (formerly MPR Group Pty Ltd)	Australia	100	40

Note 11: Controlled Entities continued

Percentage Owned	Country of Incorporation	2017 %	2016 %
Subsidiaries of Prime Financial Group Ltd continued:			
Prime Accounting & Wealth Management Pty Ltd	Australia	33	33
Prime Development Fund Pty Ltd (PDF)	Australia	100	100
Prime Innovation Pty Ltd	Australia	100	-
Primestock Wealth Management Pty Ltd	Australia	100	100
Primestock Securities Ltd	Australia	100	100
Prior & Co Financial Services Pty Ltd	Australia	100	100
PRM Financial Services Pty Ltd	Australia	100	100
RJS Financial Solutions Pty Ltd	Australia	50	50
RMM Financial Services Pty Ltd	Australia	50	50
Rothsay Financial Services 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
Stanwycks Financial Services Pty Ltd	Australia	50	50
Wong and Mayes Financial Services Pty Ltd	Australia	50	50

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations.

2017 Controlled Entities Name	Prime Accounting & Wealth Management Pty Ltd	Rundles Financial Planning Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (Nth Qld) Pty Ltd	Other individual immaterial subsidiaries	Total
Country of incorporation	Australia	Australia	Australia	Australia		
Percentage owned by non-controlling interest	67%	50%	50%	35%		
Current assets	1,376,523	32,976	332,145	58,972	3,416,573	5,217,189
Non-current assets	6,023,518	186,253	409,903	687,114	1,731,271	9,038,059
Current liabilities	(651,948)	(85,903)	(195,266)	(202,682)	(927,723)	(2,063,522)
Non-current liabilities	-	-	-	-	-	-
Net assets	**6,748,093**	**133,326**	**546,782**	**543,404**	**4,220,121**	**12,191,726**
Revenue	1,097,853	600,319	616,833	859,556	3,181,185	6,355,746
Profit/(loss) before tax	**673,613**	**261,883**	**271,675**	**464,896**	**1,271,853**	**2,943,920**

2016 Controlled Entities Name	Prime Accounting & Wealth Management Pty Ltd	Rundles Financial Planning Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (Nth Qld) Pty Ltd	Other Individual Immaterial Subsidiaries	Total
Country of incorporation	Australia	Australia	Australia	Australia		
Percentage owned by non-controlling interest	67%	50%	50%	35%		
Current assets	841,902	24,661	301,952	375,494	608,276	2,152,285
Non-current assets	7,571,192	308,145	382,042	1,985,130	2,228,888	12,475,398
Current liabilities	(384,524)	(57,680)	(170,213)	(155,778)	(757,292)	(1,525,487)
Non-current liabilities	-	-	-	-	-	-
Net assets	**8,028,570**	**275,126**	**513,781**	**2,204,846**	**2,079,872**	**13,102,196**
Revenue	1,348,150	626,320	605,752	882,330	3,286,721	6,749,273
Profit/(loss) before tax	**849,049**	**181,245**	**189,067**	**295,075**	**933,837**	**2,448,273**

Note 12: Investments accounted for using the equity method

	Consolidated Entity	
	2017	2016
Investments accounted for using the equity method	7,775,261	11,362,738

Interests are held in the following associated companies:

		Ownership interest held by Consolidated Entity	
Name	Country of Incorporation	2017 %	2016 %
Bstar Pty Ltd	Australia	15	15
Pacifica Pty Ltd	Australia	35	35
Rundles Prime Pty Ltd	Australia	50	50
Prime Accounting & Business Advisory Pty Ltd (formerly MPR Group Pty Ltd)	Australia	100*	40
Rothsay Accounting Services Pty Ltd	Australia	-	30

* *Ceased to be an investment accounted for using the equity method in FY17.*

The principal activity of all the associates listed above is providing wealth management or accounting/SMSF services. Prime's voting power within its investments in associates is equivalent to its ownership. The associates listed above all have a year end and reporting date of 30 June 2017. The following table summarises the information of each of the Group's material associates, adjusted for any differences in accounting policies and reconciles the carrying amount of the Group's interest in associates and the share of profit and other comprehensive income of equity accounted investees.

Note 12: Investments accounted for using the equity method continued

2017	Rundles Prime Pty Ltd	Pacifica Pty Ltd	Bstar Pty Ltd & other individually immaterial associates	Total
(i) Associate's net profit before income tax	904,005	646,007	705,656	2,255,668
(ii) Associate's revenue	3,887,892	3,288,358	1,887,204	9,063,454
Balance at the beginning of the financial year	2,397,785	2,028,639	6,936,314	11,362,738
Additions/(Disposals)	-	-	(3,565,961)	(3,565,961)
Contributions to existing investments	(98,001)	(18,812)	95,297	(21,516)
Carrying amount of investments in associate at the end of the financial year	**2,299,784**	**2,009,827**	**3,465,650**	**7,775,261**
(iii) Associate's assets and liabilities				
Current assets	1,486,729	933,413	498,836	2,918,978
Non-current assets	4,118,675	2,770,103	4,028,425	10,917,203
Current liabilities	(202,962)	(233,578)	(326,816)	(763,356)
Non-current liabilities	(2,389,342)	(622,610)	(616,518)	(3,628,470)
Net assets	**3,013,100**	**2,847,328**	**3,583,927**	**9,444,355**

2016	Prime Accounting & Business Advisory Pty Ltd	Rundles Prime Pty Ltd	Pacifica Pty Ltd	Other individually immaterial associates	Total
(i) Associate's net profit before income tax	1,288,326	958,359	573,589	1,845,626	4,665,900
(ii) Associate's revenue	5,778,567	3,857,560	3,275,323	9,093,696	22,005,146
Balance at the beginning of the financial year	458,179	1,415,013	1,765,402	8,454,590	12,073,184
Additions/(Disposals)	1,474,000	989,507	192,590	(3,900,971)	(1,244,874)
Contributions to existing investments	283,910	(6,735)	70,647	186,606	534,428
Carrying amount of investments in associate at the end of the financial year	**2,216,089**	**2,397,785**	**2,028,639**	**4,720,225**	**11,362,738**
(iii) Associate's assets and liabilities					
Current assets	1,651,500	5,422,098	1,018,173	5,598,775	13,690,546
Non-current assets	2,028,845	-	2,838,520	3,670,982	8,538,347
Current liabilities	(592,218)	(1,722,400)	(12,632)	(4,187,964)	(6,515,214)
Non-current liabilities	(1,258,876)	-	(895,746)	(1,226,859)	(3,381,481)
Net assets	**1,829,251**	**3,699,698**	**2,948,315**	**3,854,934**	**12,332,198**

	Consolidated Entity	
	2017 $	2016 $
Equity accounted profit	974,370	2,719,455
	974,370	**2,719,455**

Note 13: Intangible Assets

	Consolidated Entity			
	Goodwill Restated* $	Customer relationships $	Developments costs $	Total Restated* $
Cost				
At 1 July 2015	46,728,499	-	1,966,435	48,694,934
At 30 June 2016	**46,728,499**	**-**	**1,966,435**	**48,694,934**
Additions	-	-	498,318	498,318
Acquisition of subsidiaries	5,782,052	5,135,571	-	10,917,623
At 30 June 2017	**52,510,551**	**5,135,571**	**2,464,753**	**60,110,875**
Amortisation and impairment				
At 1 July 2015	(11,293,889)	-	(1,966,435)	(13,260,324)
At 30 June 2016	**(11,293,889)**	**-**	**(1,966,435)**	**(13,260,324)**
Amortisation	-	(505,677)	-	(505,677)
Impairment	(485,318)	-	-	(485,318)
At 30 June 2017	**(11,779,207)**	**(505,677)**	**(1,966,435)**	**(14,251,319)**
Net book value				
At 30 June 2017	**40,731,344**	**4,629,894**	**498,318**	**45,859,556**
At 30 June 2016 (Restated*)	35,434,610	-	-	35,434,610

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

Intangible assets represent goodwill on acquisitions of subsidiary companies in the Wealth Management, Accounting & Business Advisory and Capital Advisory industries. Goodwill has been accounted for at historical cost and carried forward on the basis that the underlying investment to which the goodwill relates has an indefinite life.

The consolidated entity performed its annual impairment test in June 2016 and June 2017. The consolidated entity considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. While at 30 June 2017, the market capitalisation was below the book value of its equity, indicating a potential impairment of goodwill, the consolidated entity has performed a detailed impairment assessment and concluded that no impairment is required in the current year (2016: none). As noted, the consolidated entity has considered many factors in determining that no impairment is required, including the significant increase in market capitalisation since 30 June 2016 and other industry valuation considerations.

Note 13: Intangible Assets continued

Prime has two cash generating units (CGU). One CGU relates to wealth management and the other to accounting businesses. Management determines key assumptions based on the historical performance of assets that make up the CGUs. Goodwill is monitored at the cash generating unit and operating segment level. Due to the nature of acquisitions the resultant goodwill cannot always be allocated to one of the CGU's on a non-arbitrary basis and as such is allocated to and tested for impairment at the operating segment level. Where goodwill can be allocated to a particular cash generating unit, this is undertaken and accordingly goodwill is tested for impairment at this level. The recoverable amounts of the CGUs are based on value in use calculations using cash flow projections from financial projections approved by senior management. 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 pre tax discount rate of 15% (2016: 15%), growth rate of 5% (2016: 5%) and an increase in expenses of 3% (2016: 3%).

The same value in use inputs are applied in considering whether any additional impairment loss is required with respect to the groups net investments in associates. The directors have considered the sensitivity of the impairment assessments to a reasonably possible change in the above key assumptions and have determined that the occurrence of any such reasonably possible change would not result in the recognition of any impairment losses.

In August 2016, the Group disposed of its investment in Rothsay Accounting Services Pty Ltd. The disposal proceeds were the same as the amount paid for the asset in February 2015. As Rothsay was part of a CGU to which goodwill was allocated, Prime was required to decognise $485,318 of goodwill on disposal as an impairment.

During the period between the release of the Appendix 4E Preliminary Financial Report for the year ended 30 June 2017 on 28 August 2017 and the date of release of the Annual Report for the year ended 30 June 2017 on 29 September 2017, intangible assets at 30 June 2017 decreased by $1,294,150 from $47,153,706 to $45,859,556 due to the following:

- Amortisation of intangible assets – amortisation of $505,677 was expensed in the year ended 30 June 2017 in relation to the amortisation of the customer relationship intangible assets arising on the acquisitions on MPR Accountants & Advisors Pty Ltd and the client base of Watermans International Holdings Pty Ltd;
- Goodwill impairment – a goodwill impairment of $485,318 was recognised in relation to the disposal of Rothsay Accounting Services Pty Ltd; and
- Finalisation of acquisition accounting for MPR Accountants & Advisors Pty Ltd - $303,155 of goodwill was derecognised following the finalisation of the acquisition accounting for MPR. The amount was an adjustment to retained earnings and did not impact profit.

Note 14: Payables

	Consolidated Entity	
	2017 $	2016 $
Trade creditors	1,412,970	478,299
Other creditors and accruals	25,211	8,546
GST payable	640,181	285,029
Total payables	**2,078,362**	**771,874**

Note 15: Employee benefits

	Consolidated Entity	
	2017 $	2016 $
Current		
Employee Benefits	449,146	267,015

Note 16: Borrowings

		Consolidated Entity	
	Notes	2017 $	2016 $
Non-Current			
Bank facility	(a)	8,018,025	3,584,586
Hire purchase		600,876	-
Total borrowings		**8,618,901**	**3,584,586**

(a) The bank facility is secured by a general securities agreement, over all assets and uncalled capital of the Group.

Note 17: Contributed Equity

(a) Issued and paid up capital

	Notes	2017	2016
Ordinary shares fully paid	(a)	65,547,264	68,410,543
Ordinary shares partly paid	(b)	18,860	18,860
		65,566,124	**68,429,403**

(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 issued.

(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 2017		Consolidated Entity 2016	
	No. of shares	$	No. of shares	$
Beginning of the financial year	179,532,874	68,429,403	179,532,874	68,429,403
Issued during the year				
- Shares Issued	13,500,000	1,620,000	-	-
- Employee share plan adjustments*	-	(4,483,279)	-	-
End of the financial year	193,032,874	65,566,124	179,532,874	68,429,403

Note 17: Contributed Equity continued

(c) Treasury shares held

	Consolidated Entity 2017		Consolidated Entity 2016	
	No. of shares	$	No. of shares	$
Opening balance	35,864,246	8,312,001	32,404,122	7,633,205
Purchase and sale of shares for the employee share plan	(7,037,919)	117,782	3,460,124	678,796
Employee share plan adjustments*	-	(4,483,279)	-	-
Closing balance	**28,826,327**	**3,946,504**	**35,864,246**	**8,312,001**

* *On 14 July 2017, Prime held an Extraordinary General Meeting and approved adjustments to shares held in the employee share plan.*

(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 2017, Prime paid dividends of $1,527,666 (2016: 1,419,666). The Board's policy for dividend payments is typically a payout ratio of 50% - 60% which is subject to potential acquisitions and debt reduction. Excluding the FY17 goodwill impairment and amortisation, the FY2017 dividend payout ratio was 42%.

As at 30 June 2017, the Group met its bank covenant requirements.

The Board monitors capital through the gearing ratio (net debt/total capital). The target for the Group's gearing ratio is between 5% - 15%. The gearing ratios based on operations at 30 June 2016 and 30 June 2017 were as follows:

	Consolidated Entity	
	2017 $	2016 $
Total borrowings	8,618,901	3,584,583
Less cash and cash equivalents	(624,289)	(1,262,750)
Net debt	7,994,612	2,321,833
Total equity	45,888,711	44,810,364
Total capital	**65,566,124**	**68,429,403**
Gearing ratio	12.2%	3.4%

Note 18: Dividends on Ordinary Shares

	Consolidated Entity	
	2017 $	2016 $
(a) Dividends paid during the year		
(i) Current year interim- Fully franked dividend of 0.40 cents per share (2016: 0.40 cents per share)	763,833	709,833
(ii) Previous year final- Fully franked dividend of 0.40 cents per share (2016: 0.40 cents per share)	763,833	709,833
	1,527,666	**1,419,666**
(b) Proposed dividend		
Proposed dividend as at the date of this report at 0.45 cents per share (2016: 0.40 cents per share) not recognised as a liability		
Proposed dividend payment	859,312	763,833
(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	5,322,688	5,489,773
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end	(368,277)	(327,357)
	4,954,411	**5,162,416**

Note 19: Accumulated profits/(losses)

	Notes	2017	2016 Restated*
(a) Accumulated losses			
Balance at beginning of the year		(21,913,962)	(23,554,295)
Total comprehensive income for the year		2,596,494	3,231,516
Adjustment on restatement of prior period values (net of tax) (Note 1.5)		-	370,971
Total available for appropriation		(19,317,468)	(19,951,808)
Dividends paid		(1,527,666)	(1,419,666)
Transactions with non-controlling interests		(781,519)	(542,488)
Balance at end of the year		**(21,626,653)**	**(21,913,962)**

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer Note 1.5.*

Note 20: Cash flow information

	Consolidated Entity	
	2017 $	2016 Restated* $
(a) Reconciliation of the net profit after tax to the net cash flows from operations:		
Net profit	2,596,494	3,602,497
Non-cash items		
Depreciation/amortisation	627,217	-
Impairment	485,318	-
Net benefit from restructuring investments	-	(834,310)
Equity accounted profit after tax net of dividends and distributions received	52,436	556,699
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,983,726)	12,269
(Increase)/decrease in other assets and receivables	(807,247)	(653,491)
(Increase)/decrease in deferred tax assets	(22,400)	(33,823)
(Decrease)/increase in payables	1,306,488	157,360
(Decrease)/increase in employee benefit provisions	182,131	32,972
(Decrease)/increase in current tax payable	606,513	(118,665)
Net cash flows from operating activities	**3,043,224**	**2,721,508**

* *Certain amounts shown here do not correspond to the FY16 financial statements and reflect adjustments made, refer to Note 1.5.*

(b) Financing facilities available

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $12,000,000. The agreement expires on 9 May 2020. At the end of the reporting period those facilities have been utilised to the amount of $8,018,025. The unused amount is $3,981,975. The facility is to assist with future investments and for general corporate purposes. At 30 June 2017 the effective interest rate was 3.41% per annum. There is an additional 1.00% line fee for the total facility.

Note 21: Expenditure commitments

	Consolidated Entity	
	2017 $	2016 $
Operating lease commitments		
- within one year	737,292	298,864
- after one year but not more than 5 years	920,344	631,771
Total	**1,657,636**	**930,635**

Note 22: Commitments and contingencies

PDF provides cross guarantees to Pacifica Pty Ltd for $444,500 (2016: $444,500) and Rundles Prime Pty Ltd for $480,000 (2016: $480,000).

Note 23: Earnings/(loss) per share

	2017	2016
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit after tax attributable to members of the parent entity	2,596,494	3,602,487
Earnings used in calculating basic and diluted earnings per share	**2,596,494**	**3,602,487**

	2017 No. of shares	2016 No. of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	160,347,438	145,448,288
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	160,347,438	145,448,288
Basic earnings/ (loss) per share (cents)	1.62	2.48
Diluted earnings/ (loss) per share (cents)	1.62	2.48

Note 24: Auditors Remuneration

	2017	2016
Amounts received or due and receivable by the auditor for:		
Auditing or reviewing the financial report	109,000	109,000
	109,000	**109,000**

In the year ended 30 June 2017, no non-audit services were provided by the entity's audition (2016: none).

Note 25: Related party disclosures

(a) The consolidated financial statements include the financial statements of Prime Financial Group Ltd and its controlled entities listed in Note 11.

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

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

Mr Simon Madder has a loan from the PFG Employee Share Plan (PFG ESP) to fund the allocation of 11,208,833 Shares (2016 9,547,831 Shares) in Prime Financial Group Ltd. These Shares were allocated:

Date of allocation	No. of shares
April 2013	6,600,000
December 2015	2,947,831
December 2016	1,661,002
Total	11,208,833

The loan value at 30 June 2017 was $1,694,275 (2016 $1,958,988).

The loan has been adjusted in accordance with the Ordinary Resolution approved by Shareholders at the Extraordinary General Meeting held on 14 July 2017.

The loan agreements among other things includes the following terms:

- full recourse loan supported by a personal guarantee from Simon Madder plus a General Security Agreement over his related entity;
- Interest accruing at 0.75% p.a. above the lenders borrowing rate as advised by the Trustee from time to time;
- provided for an initial 4 year term. Each loan has been extended for an additional 4 years (in accordance with the terms of the loan agreements) with the loan repayable on 2 May 2021;
- prior to the expiry of the loan term Simon Madder may require the Trustee to buy back the Shares that are the subject of his ESP Loan at a price per share that is equal to the greater of:
  (a) 50% of the allocation price;
  (b) the volume weighted average price of a Share during the 30 days immediately preceding the date Simon Madder issues a buy-back notice; and
  (c) an amount determined by an independent expert appointed at the request of Simon Madder (the identity of whom must be agreed to in writing by the Company) as being the reasonable value of the Shares as at the date Simon Madder issues a buy-back notice.

During the 2017 financial year interest payable on the loan was $89,741 (2016 $96,348).

Mr Peter Madder, through a nominee Madder Corporate Pty Ltd, has a loan from the PFG ESP to fund the allocation of 6,224,156 Shares (2016 5,348,077 Shares) in Prime Financial Group Ltd. These Shares were allocated:

Date of allocation	No. of shares
April 2013	3,760,784
December 2015	1,587,293
December 2016	876,079
Total	6,224,156

The loan value at 30 June 2017 was $884,938 (2016 $1,104,386).

The loan has been adjusted in accordance with the Ordinary Resolution approved by Shareholders at the Extraordinary General Meeting held on 14 July 2017.

The loan agreement among other things includes the following terms:

- full recourse loan supported by a General Securities Agreement over Madder Corporate Pty Ltd supported by a personal guarantee from Peter Madder;
- interest accruing at 0.75% p.a. above the lenders rate as advised by the Trustee from time to time; and
- provided for an initial 4 year term. Each loan has been extended for an additional 4 years (in accordance with the terms of the loan agreements) with the loan repayable on 10 May 2021.

During the 2017 financial year interest payable on the loan was $46,967 (2016 $57,019).

Transactions with investments in associates

The entities listed in Note 12 are all associated investments of PDF or Prime. PDF derives consulting fees from its equity investments in accounting, SMSF and advisory firms. As at 30 June 2017, PDF has an outstanding loan receivable from the accounting firms of $690,795 (amount outstanding of $897,125 at 30 June 2016). PDF also has an outstanding loan payable to its associated wealth management entities of $1,461,549 relating to unpaid dividends (loan payable of $1,416,913 at 30 June 2016).

Compensation for key management personnel

	2017	2016
Short term employment benefits	972,882	1,046,386
Post employment benefits	30,000	30,000
Other long-term benefits	9,780	12,999
Termination benefits	-	-
	1,012,662	**1,089,385**

Interests associated with Mr Peter Madder received $290,738 (2016: $167,815) for executive services provided to the Company plus an additional $83,330 (2016: $200,000) as payment for the assignment of intellectual property, which forms the basis of the Company's client engagement model. This payment expired on 30 November 2016 and the executive services agreement was increased to $374,068 per annum. The total payments for the year were $374,068 (2016: $367,815) and are included in the above table.

Note 26: Segment information

The Group operates in one business segment, being investing in and providing Wealth Management, Accounting & Business Advisory and Capital Advisory services, solely in Australia.

Note 27: 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. 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 expected to be 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 2017 total group debt is floating. The Group has no material exposure to changes in interest rates.

Note 27: Financial risk management continued

The consolidated entity's bank loans and other borrowings outstanding, totalling $8,618,901 (2016: $3,584,583), are interest only payment loans. Monthly cash outlays of approximately $24,492 per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2016: 100) basis points would have an adverse/favourable effect on profit before tax of $85,327 (2016: 35,846) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

(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.

(iii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

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.

Credit risk is managed primarily by monitoring receivables and the credit ratings of relevant banks and financial institutions.

(b) FINANCIAL INSTRUMENTS

Fair Values

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		Floating interest rate maturing in 1 to 5 years	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
(i) Financial assets								
Cash	624,289	1,262,750	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Total financial assets	**624,289**	**1,262,750**	**-**	**-**	**-**	**-**	**-**	**-**
(ii) Financial Liabilities								
Bank facility	-	-	-	-	-	-	8,018,025	3,584,583
Hire Purchase	-	-	-	-	-	-	600,876	-
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**8,618,901**	**3,584,583**

Financial instruments	Non-interest bearing maturing 1 year or less		Total carrying amount as statement of financial position		Weighted average effective interest rate	
	2017 $	2016 $	2017 $	2016 $	2017 (%)	2016 (%)
(i) Financial assets						
Cash	-	-	624,289	1,262,750	0.7%	0.7%
Receivables	3,589,047	1,605,321	3,589,047	1,605,321		
Total financial assets	**3,589,047**	**1,605,321**	**4,207,336**	**2,868,071**		
(ii) Financial Liabilities						
Bank facility	-	-	8,018,025	3,584,583	3.4%	3.4%
Hire Purchase	-	-	600,876	-	7.3%	-
Payables	2,078,362	771,874	2,078,362	771,874	-	-
Balance outstanding on acquisition of investments	2,249,713	466,153	2,249,713	466,153	-	-
Total financial liabilities	**4,328,075**	**1,238,027**	**12,946,976**	**4,822,610**	**-**	**-**

Note 28: Parent Entity Disclosures

	Parent Entity	
	2017 $	2016 $
(a) Statement of financial position		
Assets		
Current assets	12,325,884	13,424,622
Non-current assets	40,905,390	44,778,182
Total assets	**53,231,274**	**58,202,804**
Liabilities		
Current liabilities	5,021,191	4,956,169
Non-current liabilities	-	-
Total liabilities	**5,021,191**	**4,956,169**
Net assets	**48,210,083**	**53,246,635**
Equity		
Contributed equity	65,537,264	68,429,403
Accumulated losses	(17,327,181)	(15,182,768)
Total equity	**48,210,083**	**53,246,635**

Note 28: Parent Entity Disclosures continued

	Parent Entity	
	2017 $	2016 $
(b) Statement of profit or loss and other comprehensive income		
Profit/(loss) for the year	(616,747)	(367,352)
Other comprehensive income	-	-
Total comprehensive income	(616,747)	(367,352)

Parent entity financial information - investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Prime Financial Group Ltd. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

Note 29: Subsequent events

After balance date events

Prime held an Extraordinary General Meeting on 14 July 2017 at which the following resolutions were approved by Shareholders:

- that for the purpose of section 260B(2) of the Corporations Act for Prime Accounting & Business Advisory Pty Ltd to provide financial assistance in connection with the acquisition of PABA by Prime;
- Adoption of a Performance Rights Plan;
- Approval of Loan Adjustment (Simon Madder); and
- Approval of Loan Adjustment (Madder Corporate Pty Ltd).

Except for the items above, there were no significant events after the balance date.

Prime Financial Group Limited Directors' Declaration

The Directors of the company declare that:

1. The Financial Statements and Notes, as set out on pages 22 to 60, 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 2017 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.

Mr Simon Madder
Managing Director & CEO

Mr Paul Cowan
Chairman

29 September 2017

Independent Auditors Report

Prime Financial Group Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Disclaimer of Opinion

We were engaged to audit the financial report of Prime Financial Group (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for Disclaimer of Opinion

The Group established an Employee Share Plan (ESP) in order to facilitate employee and Executive Directors share offers in 2008..

In undertaking our audit procedures in the current period, we were made aware of the following proposals for restructuring the existing ESP arrangements through a Notice of Extraordinary General Meeting dated 9 June 2017:

— That certain arrangements in place under the Group's existing employee share plan be restructured;

— That the use of the Group's employee share plan be scaled back;

— That the Group adopt a performance rights plan; and

— That arrangements previously in place under the ESP for Executive Directors be adjusted.

As a result of these proposals, and to enable us to determine any potential accounting implications, we revisited the terms and conditions of the existing arrangements for both the employees of the Group and the Executive Directors.

CHARTERED ACCOUNTANTS & ADVISORS

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William Buck

We have been unable to obtain sufficient appropriate audit evidence to determine:

- That the ESP is not a controlled entity of the Group, despite the disclosure of Treasury Shares;
- Whether the historical accounting entries in 2008 on inception of the ESP were materially correct;
- Whether the accounting entries recognised in the 2013, 2015 and 2016 financial statements relating to share allocations made by the ESP were materially correct; and
- The appropriate accounting treatment of existing ESP arrangements for Executive Directors.

As a result of these factors, we have been unable to determine whether:

- Appropriate disclosures have been made in the 30 June 2013, 2014, 2015 and 2016 financial statements and related Remuneration Reports, the 31 December 2013, 2014, 2015 and 2016 half year financial statements as well as the financial statements and Remuneration Report for the year ended 30 June 2017;
- Whether the Group's Earnings per Share Calculation is materially correct, as the consequential potential impacts of the above uncertainties on earnings are unknown and cannot be quantified; and
- Whether the disclosures that pertain to the restructuring of the existing ESP arrangements in Note 29 Subsequent Events are materially correct.

In addition; during our review of the terms and conditions of the existing arrangement relating to one of the Executive Directors; it was noted that offer documents pertaining to offers in 2013, 2015 and 2016 contained an embedded Put Option. The Put Option has not at any time been recognised or valued in the financial statements of the Group. From the audit procedures undertaken we believe that if accounted for correctly, the recognition of the Put Option and any related consequential accounting impacts would have resulted in material adjustments to the financial statements in both the current and prior financial years.

As a result of these matters, we have been unable to determine the extent and quantum of adjustments that may be necessary in both the current and prior years in respect of:

- Remuneration Report disclosures required by S300A of the *Corporations Act 2001*;
- SBP and ESP disclosures required by *Australian Accounting Standards*; and
- Amounts either recognised or unrecognised in:
  - The Consolidated Statement of Comprehensive Income;
  - The Consolidated Statement of Financial Position; and
  - The Consolidated Statement of Changes in Equity.

Emphasis of Matter – Adjustments to Previously Lodged Financial Statements

Without further modification to the Disclaimer of Opinion expressed above, we draw attention to Note 1.5 of the financial statements which outlines a restatement of the previously issued 30 June 2015 and 30 June 2016 annual financial reports.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

As described, under the Basis for Disclaimer of Opinion section above, we have not been given all the information, explanations and assistance necessary for the conduct of the audit, and the Group has not kept all financial records pertaining to and associated with these matters, to enable the financial report to be prepared and audited as required by the *Corporations Act 2001*.

Report on the Remuneration Report

Disclaimer on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2017.

As a result of the significance of the matters described in the Basis for Disclaimer section above, we have been unable to obtain sufficient appropriate audit evidence to provide a basis for opinion on the Remuneration Report of the Group for the year ended 30 June 2017, complying with section 300A of the *Corporations Act 2001*.

William Buck

Responsibilities

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.

William Buck

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

J. C. Luckins
Director

Melbourne. 29 September, 2017

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows: This information is current as at 18 September 2017.

(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	53	24,736
1,001 - 5,000	157	504,773
5,001 - 10,000	174	1,431,200
10,001 - 100,000	416	16,287,739
100,001 over	192	174,784,426
Total	**991**	**193,032,874**

(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	DOMAIN INVESTMENT (MELBOURNE) PTY LTD	19,519,146	10.22
2	ASCENSION BUSINESS INVESTMENTS PTY LTD <ASCENSION BUSINESS INV A/C>	13,500,000	7.07
3	PFG EMPLOYEE SHARE PLAN PTY LTD	10,662,396	5.58
4	SONNING ROAD PTY LTD <PSB SUPERANNUATION FUND A/C>	8,422,403	4.41
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	6,500,000	3.40
6	MS SHANNON OLIVIA TODD	6,233,325	3.26
7	GOGORM SUPER PTY LTD <GOGORM SUPER FUND A/C>	5,033,555	2.64
8	COMMON SENSE INVESTMENTS PTY LTD	5,000,000	2.62
9	CULVERWOOD SUPERANNUATION PTY LTD <CULVERWOOD A/C>	4,342,198	2.27
10	MAY ROAD PTY LTD <MAY ROAD A/C>	3,750,000	1.96
11	MRS LEORA SHAMGAR	3,500,000	1.83

Name		Listed ordinary shares No. of shares	Percentage of ordinary shares %
12	DRAKEVALE PTY LTD <JOANNE&PETER KENNEDY S/F A/C>	3,337,296	1.75
13	MR SIMON MADDER	3,048,823	1.6
14	BROWN EYE PTY LTD	3,000,000	1.57
15	SOMACO PTY LTD <THE S & M COHEN FAMILY A/C>	3,000,000	1.57
16	HISHENK PTY LTD	2,500,000	1.31
17	FENNING COURT PTY LTD <SCOBLE FAMILY A/C>	2,475,000	1.3
18	LYNDOC NOMINEES PTY LTD <LYNDOC SUPER FUND NO 2 A/C>	2,382,993	1.25
19	DOMAIN INVESTMENT (MELBOURNE) PTY LTD	2,375,716	1.24
20	29TH MARSUPIAL PTY LTD <THE BLUE CHIP UNIT A/C>	2,130,408	1.12

(c) Voting rights

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

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S. Madder, Managing Director & CEO
P. Madder
T. Carroll

Company Secretary

D. Gaskell

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