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Company Announcements Office  
Australian Securities Exchange Limited

Prime Financial Group Ltd  
ACN 009 487 674

Level 17, Como Office Tower  
644 Chapel Street  
South Yarra VIC 3141

Tel 03 9827 6999  
Fax 03 9827 9100

[enquiries@primefinancial.com.au](mailto:enquiries@primefinancial.com.au)  
[www.primefinancial.com.au](http://www.primefinancial.com.au)

**Prime Financial Group Ltd – Update on Action Plan to Address Disclaimer of  
Opinion Audit Report of 2017 Annual Report**

Integrated Accounting & Business Advisory, Wealth Management and Capital Advisory firm Prime Financial Group Ltd (Prime – ASX code PFG) today provides an update on the action plan to address the disclaimer of opinion audit report on its Annual Report for the year ended 30 June 2017.

In its announcement to the market on 29 September 2017 Prime stated the following in relation to the Disclaimer of Opinion Audit Report:

*In addition to the above, William Buck has issued a Disclaimer of Opinion Audit Report on Prime's FY17 Annual Report. The disclaimer of opinion is limited to queries raised 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 of opinion audit report, the Directors have determined it appropriate to engage external specialists to review the accounting treatment of the ESP and 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.*

## **Update on Action Plan to address Disclaimer of Opinion Audit Report**

Prime's directors are committed to proactively resolving this matter and continuing to provide transparent updates. As one of the first steps in this process, Prime believes that users of the Annual Report may have the following three queries on the 2017 Annual Report and so it is providing responses to these items:

1. Is the Company able to confirm that in the Directors' opinion the Annual Accounts:
  - a. Comply with the relevant accounting standards
  - b. Give a true and fair view of the financial position of the company at 30 June 2017 and of the performance for the year ended on that date?
2. Please explain how the company has determined that the Annual Accounts give a true and fair view of the financial position and financial performance of the company given the disclaimer of opinion audit report in relation to the Employee Share Plan.
3. Given the disclaimer of opinion relates to the inability of the auditor to obtain sufficient appropriate audit evidence to provide a basis for the audit opinion, what steps does the company intend to take to obtain an unqualified audit report in future financial periods?

### **Question 1:**

Is the Company able to confirm that in the Directors' opinion the Annual Accounts:

- a. Comply with the relevant accounting standards
- b. Give a true and fair view of the financial position of the company at 30 June 2017 and of the performance for the year ended on that date?

### **Prime Response:**

Prime's directors confirm that in their opinion the Annual Accounts for the year ended 30 June 2017:

- a. Comply with the relevant accounting standards
- b. Give a true and fair view of the financial position of the company at 30 June 2017 and of the performance for the year ended on that date.

### **Question 2:**

Please explain how the company has determined that the Annual Accounts give a true and fair view of the financial position and financial performance of the company given the disclaimer of opinion audit report in relation to the Employee Share Plan (ESP).

### **Prime Response:**

Whilst Prime acknowledges the position of William Buck and will take proactive action to obtain an unqualified audit report in future periods, Prime's directors consider that to the best of their knowledge and belief that the Annual Report provides a true and fair view of the financial position and financial performance of the company from 2013 to 2017.

Further, on 14 July 2017, Prime held an Extraordinary General Meeting at which it was agreed that certain terms of its ESP would be revised. Prime provided shareholders with relevant information in relation to the changes and these changes were approved by

shareholders. As part of the robust process to change the ESP, Prime received independent advice that the changes would not impact profit and loss.

### **Question 3:**

Given the disclaimer of opinion relates to the inability of the auditor to obtain sufficient appropriate audit evidence to provide a basis for the audit opinion, what steps does the company intend to take to obtain an unqualified audit report in future financial periods?

### **Prime Response:**

Prime is intending to take the following actions to resolve the issue and obtain an unqualified audit report in future financial periods:

#### *Independent Review of Employee Share Plan Accounting and Disclosure*

- Prime intends to engage an independent firm to analyse its Employee Share Plan arrangements and transactions from FY13 to FY17 and assess whether:
  - The accounting entries in the 2013, 2014, 2015, 2016 and 2017 financial statements were materially correct;
  - Appropriate disclosures were included in the 2013, 2014, 2015, 2016 and 2017 Financial Statements and Remuneration Report;
  - The earnings per share calculation in 2013, 2014, 2015, 2016 and 2017 Financial Statements was materially correct; and
  - The disclosures in the subsequent events note of the 2017 financial statements in relation to the restructure of the Employee Share Plan are materially correct.
- Prime will work proactively to ensure this work is completed as soon as possible and expects to be in the position to provide an update by 30 November 2017 at the latest.

### **About Prime Financial Group**

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

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