Prime

Prime Financial Group Ltd and its Controlled Entities
ABN 70 009 487 674

Appendix 4E Preliminary Financial Report given to the ASX under Listing Rule 4.3A

For the year ended 30 June 2020

Reporting Period

Reporting Period	
Current reporting period	Year ended 30 June 2020
Previous corresponding reporting period	Year ended 30 June 2019

Results to Announcement to the Market

Results to Announcement to the Market			
Revenue from ordinary activities	down	1% to	21,546,887
Profit (loss) from ordinary activities after tax attributable to members	up	62% to	2,131,559
Net profit (loss) for the period attributable to members	up	62% to	2,131,559
Dividends		**Amount per security**	**Franked amount per security**
Interim dividend		0.20 cents	0.20 cents
Final dividend		0.25 cents	0.25 cents
Total dividend		0.45 cents	0.45 cents
Record date for determining entitlements to Final dividend			5 October 2020
Payment date for Final dividend			2 November 2020

Results were extracted from the Financial Statements for the year ended 30 June 2020 which was audited by Ernst & Young.

Commentary on the results for the year ended 30 June 2020 is included in the Directors' Report section of the Annual Report for the year ended 30 June 2020.

Net Tangible Assets Per Security

Reporting Period	30 June 2020	30 June 2019
Net tangible asset backing per ordinary security	(2.88) cents	(4.17) cents

Results to Announcement to the Market

Results to Announcement to the Market		
Dividends	**Date of Payment**	**Total amount of dividend**
Interim dividend – Year ended 30 June 2020	1 May 2020	0.20 cents
Final dividend – Year ended 30 June 2020	2 November 2020	0.25 cents
Amount per security	**Amount per security**	**Franked amount per security**
Current Year	0.45 cents	100%
Previous Year	0.40 cents	100%
Total dividend on all securities	**2020 $A'000**	**2019 $A'000**
Ordinary Securities	850	743
Total	**850**	**743**

The figures above exclude dividends on shares purchased by employees through the Employee Share Plan where the dividend entitlements are deducted from employee loan balances.

Details of Associates and Joint Venture Entities

Names of Associates		
Name of associate	30 June 2020 % Securities held	30 June 2019 % Securities held
Rundles Prime Pty Ltd	0%	0%

On 30 April 2019, Prime disposed of its last remaining minority equity interest investment in Accounting Firms, being 50% interest in Rundles Prime Pty Ltd.

Results to Announcement to the Market

Aggregate share of profits (losses) of associates	Year ended 30 June 2020	Year ended 30 June 2019
Profit (loss) from ordinary activities before tax	-	493,565
Income tax on ordinary activities	-	(135,730)
Profit (loss) from ordinary activities after tax	-	357,835

Annual Report 2020

For the year ended 30 June 2020

20

Prime

In this Report

"Empowering you to achieve your aspirations."

Prime is 'One Connected' professional services firm, operating across Melbourne, Sydney and Brisbane. Prime's goal is for clients to receive a completely integrated service for all their needs.

Managing Director/CEO & Chairman's Message

Dear Shareholders,

Overview

Prime Financial Group Ltd (Prime) is pleased to report a strong financial and operating result with increasing momentum in what has been and continues to be one of the most difficult, unusual, uncertain and challenging periods in the company's 22-year history.

As the COVID-19 pandemic impacts the community and all Prime stakeholders including clients, our team, accounting firm relationships and shareholders, we seek to continue to deliver advice and services to clients whilst protecting the health and safety of our team, our clients and their business and personal financial circumstances.

Without seeking to lessen or disregard the impact that COVID-19 has had on many in the Australian and Global community we are fortunate to say that the Prime team remains safe and healthy having had a swift migration to work from home in March 2020 all whilst maintaining service and advice standards for clients in a continuous manner. This exceptional effort is a credit to our dedicated team of professionals, their capability and resilience and we thank every team member for their flexibility and continuing dedication to empowering and protecting our clients.

Summary Financial Information

Prime has achieved the following financial results for FY20;

- Organic revenue growth ('contracts with customers') +4% in FY20 (v FY19)
- Operating expenses lower in FY20 – 8% (v FY19)
- Operating margin 26% (v 19% in FY19)
- Excluding the impact of AASB 16 'Leases' FY20 Underlying EBITDA (members/shareholders) + 9%, $4.46m v $4.10m (FY19)
- Including the impact of AASB 16 'Leases,' FY20 Underlying EBITDA (members/shareholders) + 35%, $5.53m v $4.10m (FY19)
- Group Net Debt + $0.30m to $9.78m v FY19
- Improved Operating Cashflow + $2.10m v FY19, and
- With a continuation in the improvement of Cashflow Prime has increased the final dividend, from 0.20cps to 0.25cps

This result is ahead of the guidance provided for FY20 and prior to the onset of COVID-19.

Organic revenue growth from contracts with customers and continuing operations increased by 4%. 'Wealth Management & SMSF' revenue was down 8%, whilst 'Accounting & Business Advisory plus Capital' revenue was up 15%. This is the fourth successive period of organic growth from "contracts with customers" which sees total revenue within 1% of FY19. Importantly, revenue from "other revenue" has been reduced to almost nil, this compares with a $1.06m (approximately) benefit to revenue in FY19. This is a reflection of the simplification and focus of Prime.

As a further reflection of the improvement in the shape of Prime's earnings, operating expenses were down 8% and non-recurring expenses were 76% lower than FY19.

Prime has clear parameters around our "ideal clients" and will continue to concentrate on delivering more predictable recurring revenue and therefore earnings.

Prime's organic growth is being driven by a combination of additional group services for existing clients and new client growth, as 'One Connected' professional services firm, whilst also continuing to support our 30+ Accounting Firm relationships across Wealth Management, SMSF and Capital. This has been complimented by disciplined cost control to improve reported earnings.

During the period group cashflow improved by $0.55m but group net debt increased by $0.30m to $9.78m, peaking at $10.1m in H1 FY20 and progressively reducing by the end of the financial year. Debt is expected to continue to reduce in FY21 and has allowed Prime to increase the final dividend from 0.20cps to 0.25cps.

Importantly, in December 2019 Prime refinanced its debt facility for a 5.5 year period on favourable terms.

Clients & The Community

During H2 FY20 and the onset of COVID-19 many of Prime's clients in the community have been impacted, whether it be as business owners affected by the lockdown and changed economic circumstances or individuals & family groups with investments and superannuation / SMSF assets that have been impacted by equity market falls and volatility.

Our focus during this period has been to ensure that we continuously provided support and advice on how best to manage through these challenging times by providing comprehensive, proactive, timely and regular advice on what to do to protect and how best to navigate the various support packages provided by the state and federal government.

The rapid-fire nature of the change required our team to be ever present, to quickly evaluate and promptly act, this we feel we have done and continue to do very well. Furthermore, as part of our support for clients and the community Prime also created Business Owner, Wealth Management and Superannuation Forums for our clients and people in our clients' networks to attend free of charge to share important business and financial information and strategies. We are not seeking to overstate the importance of our programs and approach, rather acknowledge the responsibility we felt to provide as much support as possible to as many people as possible.

The Team

Continuing to keep 100% of our team together and focused during a period of significant disruption and uncertainty has been an important part of our future and business continuity strategy and ability to support our clients during a period of very high demand for services. The team's remuneration (outside of the Board) was not affected during this period even though a number of Prime's peers saw a reduction in remuneration for staff and lay-offs. Our team remains our most important asset, and their ongoing commitment, flexibility and resilience in extraordinary circumstances cannot be overstated and we reiterate our thanks.

The Prime Board

During the onset of COVID-19 the Prime Board met regularly, led by our Interim Chairman Mr Tim Carroll and Prime Co-founder and Executive Director Mr Peter Madder along with myself. During this period, the Prime Board worked closely with the leadership team to formulate and manage a comprehensive plan to maintain Prime's momentum, support our team and clients and deliver value for our shareholders. Part of this plan incorporated the Board reducing its remuneration by 10% from April to June 2020.

Tim Carroll extended his tenure as Interim Chairman providing continuity and leadership and this support has been valuable and appreciated. Having successfully navigated and positioned Prime strongly to weather future challenges and maximise opportunities for growth, Tim Carroll resigned from his role as a Director of Prime on 3 July 2020 to focus his attention on his other business interests. At the same time, Peter Madder is taking this opportunity to announce his succession and retirement as an Executive Director of Prime, effective end of August 2020, moving to a role of special adviser in a part-time capacity from 1 September 2020. Peter Madder's vision for Prime and entrepreneurial spirit have been the hallmark of the Prime culture which will continue as we grow Prime for the benefit of all stakeholders. The Board thanks both Tim Carroll and Peter Madder for their leadership and vision.

On 3 July 2020 Mr Matt Murphy and Mr Tim Bennett were appointed to the Prime Board as Executive Directors. Matt Murphy leads Prime's Accounting & Business Advisory division, a material contributor to Prime's earnings, and is personally an accomplished business adviser and accountant. Matt has been with Prime since 2016 and is a member of the leadership team and is an important part of Prime's vision as 'One Connected' professional services firm

Tim Bennett leads Prime's Capital & Corporate Advisory division which he established 3 years ago and is now a strong earnings contributor to Prime and an important service for Prime's Business & Corporate clients, plus those larger family owned and entrepreneur led businesses. As an experienced corporate adviser, business leader and originator Tim Bennett continues to form an important part of the Prime leadership team.

Collectively myself, Matt Murphy and Tim Bennett will form the three-person board of Prime from 1 September 2020 and I also assumed the role of Chairman on 3 July 2020 in addition to my role as Managing Director & CEO. The newly formed board will seek to appoint an Independent Non-Executive Director to support the future direction of the company and continue to drive the growth of the 'One Connected' strategy.

FY21 & The Future

In FY20 Prime's focus on simplicity and core operations has proved a success. In FY21 that focus will remain as we continue to;

- Integrate our service capability for our clients' benefit
- Grow organically (One Connected)
- Closely align underlying and reported EBITDA for members/shareholders
- Improve cashflow
- Step debt lower
- Increase dividends on the basis that underlying EBITDA for members/shareholders is in a maintainable range of 1.0 – 1.5 times debt (currently 1.9 times)
- Review the existing board structure, and
- Prioritise people, client service and compliance

Although we anticipate future challenges as COVID-19 continues to impact the community, business and markets, we feel we are well equipped to manage through these circumstances with a strong team and business. Our focused 'One Connected' strategy has so far withstood these unprecedented times and we believe we have the culture to proactively solve challenges and continue our positive momentum.

We would like to thank our team, clients, accounting firm relationships and shareholders for their ongoing support.

Simon Madder
Managing Director/CEO & Chairman

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Director's Report

The directors submit their report for the year ended 30 June 2020 together with the consolidated financial statements of Prime Financial Group Ltd ('PFG' 'Prime' or 'the Company') and the entities it controlled ('the Group') at the end of, or during, the year ended 30 June 2020, and independent audit report thereon.

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Directors

Mr Tim Carroll

Independent Non-Executive Director and Interim Chairman
Non-Executive Director – appointed 27 Nov 2015, resigned on 3 July 2020
Interim Chairman – appointed 1 Mar 2019, resigned on 3 July 2020

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 the Interim Chairman of the Audit, Remuneration and Nomination Committees.

Mr Simon Madder B.COMM

Managing Director/CEO & Chairman
Managing Director/CEO – appointed 2 Jan 2007
Chairman – appointed 3 July 2020

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

Executive Director
Appointed as Director on 2 January 2007, due to retire on 31 August 2020

Mr Madder was the co-founder of PDF and has also been the Managing Partner of two accounting firms. Mr Madder has over 50 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 Matt Murphy B.BUS CPA CA

Director and Managing Director – Accounting & Business Advisory
Appointed as Director on 3 July 2020

Mr Murphy is the Managing Director of the Accounting & Business Advisory and plays an important role as a member of Prime's Leadership Team, continuing to build the Accounting & Business Advisory division and OneConnected service and team approach.

Mr Tim Bennett

Director and Managing Director – Capital & Corporate Advisory
Appointed as Director on 3 July 2020

With over 13 years specialist M&A experience, Mr Bennett has advised on a range of transactions, across all industry sectors, covering complex business and asset carve-outs and divestments, mergers and acquisitions, private company capital raisings (debt and equity) and IPOs, together with a range of financial sponsor (private equity) transactions.

Company Secretary

Mr Rory McLaughlin B.COM, FCA

Company Secretary &
Group Financial Controller
Appointed as Company Secretary 27 February 2020

Mr McLaughlin is a Chartered Accountant with wide international experience in the financial services sector including business advisory and insurance. His experience was built through working in assurance at Grant Thornton in Ireland, followed by extensive experience as a consultant, Finance Manager and Financial Controller in Bermuda, Australia and New Zealand.

Mr Dale Gaskell-Kharsas B.BUS, CA

Company Secretary
Appointed 16 December 2018, resigned 27 February 2020

Mr Gaskell-Kharsas 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.

Interests in the shares and options of the Company and related bodies corporate

	Ordinary Shares	Options over Shares
Mr S Madder *	29,107,008	-
Mr P Madder**	9,912,702	-
Mr T Carroll	132,594	-

* Includes shares issued in relation to share based payments.
** Includes partly paid shares.

Dividends

The Board has resolved to declare a fully franked final dividend of 0.25 cents per ordinary share, bringing the total dividends declared in respect of the 12 months to 30 June 2020 to 0.45 cents per ordinary share. This compares to total dividends declared in respect of the prior twelve-month period of 0.40 cents per ordinary share. The Board also has put in place a Dividend Re-investment Plan (DRP) for the interim and final dividend. Future dividend payout ratios are targeted at 40-60% of the reported and maintainable earnings.

Principal Activities

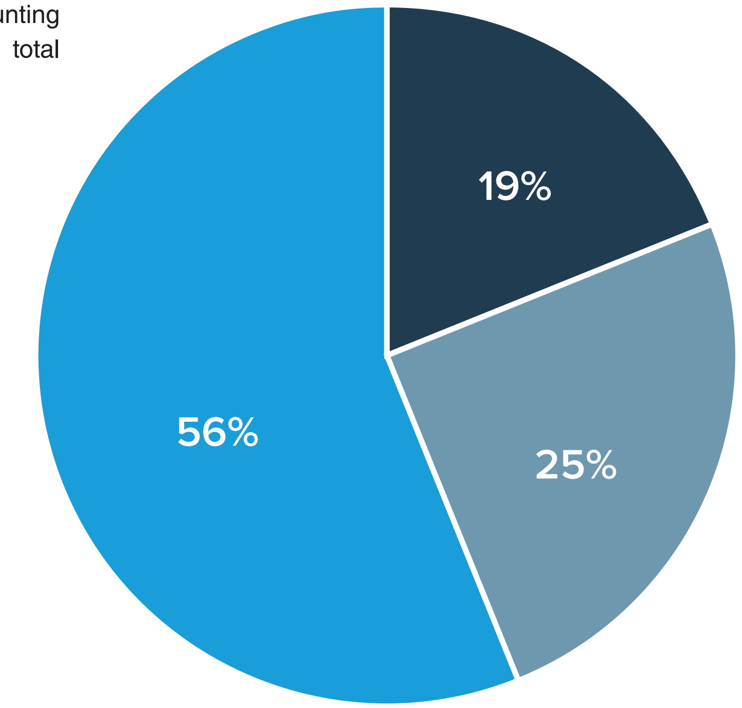
The principal activities of the Group entity during the financial year were:

- Wealth Management and SMSF; and
- Accounting & Business Advisory plus Capital & Corporate Advisory services.

Operating & Financial Review

What We Do – Revenue by Service

Prime operates a direct client advice model under the Prime brand and a Joint Venture model with accounting firms (co-branded). Eighty percent (80%) of total revenue is generated from existing customers.



Accounting & Business Advisory plus Capital & Corporate Advisory

Wealth Management & Protection plus SMSF – Direct

Wealth Management & Protection plus SMSF – Joint Ventures

Accounting & Business Advisory plus Capital & Corporate Advisory (56%)

Accounting Services

- Accounting and Tax Compliance
- Business Growth Advisory & Strategy
- Outsourced CFO & Accounting Services
- Grants & R&D Tax Incentives
- Innovation & Commercialisation Advice

Capital & Corporate Advisory Services

- M&A Advisory
- Capital Raising
- Other Capital & Corporate Development Services

Wealth Management & Protection plus SMSF (44%)

Services

- Financial Planning & Strategic Advice
- Retirement Planning
- Superannuation Advice
- Investment Advice
- Life Insurance
- SMSF Establishment, Advice, Administration & Compliance

Wealth Management & Protection plus SMSF – Direct (19%)

- Prime liaises directly with clients under the Prime brand

Wealth Management & Protection plus SMSF – Joint Ventures (25%)

- 30+ joint ventures with small and midsized accounting firms
- Most joint ventures are 50% owned by Prime and all are included in Prime's consolidated financial results
- Joint ventures are operated and staffed by Prime but co-branded with accounting firms

Our Strategy

The following presents a summary of Prime's Strategic Plan for a "One Connected professional services firm:

Purpose
Empowering you to achieve your aspirations

Goal
To be the leading integrated advice firm of the future

How
Helping our clients and business partners access advice, services, grants, networks, education, expertise and capital

Areas & Objectives

Customer
Provide clients with advice and services through One Connected firm

Financial
Grow Underlying EBITDA for members/shareholders, improve cashflow and reduce debt whilst improving dividends

People
Build a team that adds value to clients through proactive, goal oriented advice

Technology
Utilise business operations data and technology to continue to improve performance and client experience and deliver Prime's business strategy

FY21 Key Priorities

Organic Growth
- Integrate Prime's client base – One Connected firm and service offering
- Deliver additional business and corporate advisory services for Business Owners and Businesses
- Promote Prime's Wealth Management & SMSF capability

People & Culture
- Further develop and empower our people to confidently advise our clients and engage - client service is a priority.

Systems & Efficiency
- Enhance efficiency, service delivery and cashflow through business intelligence and enablement software and systems in One Connected environment.

Reported & Underlying Earnings

In this report, certain non-IFRS information, such as EBITDA (Earnings before interest, tax, depreciation and amortisation) is used. This non-IFRS information is not audited.

Underlying EBITDA for members/shareholders is the key measure used by management and the board to assess and review business performance. Underlying EBITDA for members/shareholders is adjusted to exclude the following items:

- One-off non-recurring items (including business acquisition and restructuring costs, non-recurring professional fees, employee termination costs, impairment losses, fair value adjustments on contingent consideration, prior period adjustments and gains/losses on sale of investments); and
- Share based payment expenses/benefits.

Underlying EBITDA for members/shareholders has increased from $4.10m (FY19) to $5.53m (FY20) (35%). Excluding the impact of AASB 16 Leases, underlying EBITDA has increased from $4.10m (FY19) to $4.46m (FY20) (9%).

Organic revenue growth from continuing operations increased by 4%. 'Wealth Management & SMSF' revenue was down 8%, whilst 'Accounting & Business Advisory plus Capital' revenue was up 15%. This is the fourth successive period of organic growth from "contracts with customers" which sees total revenue within 1% of FY19. Importantly, revenue from "other revenue" has been reduced to almost nil, this compares with a $1.06m (approximately) benefit to revenue in FY19. This is a reflection of the simplification and focus of Prime.

	Year Ended 30 June 2020 $	Year Ended 30 June 2019 $
Reported net profit after tax operations (Group)	2,787,173	2,226,653
Add: Tax expense	723,607	350,746
Add: Interest expense/(income)	541,031	558,721
EBIT (Group) *	4,051,811	3,136,120
Add: Depreciation	188,085	255,509
Add: Amortisation	1,897,182	886,757
Reported EBITDA (Group) **	6,137,078	4,278,386
Adjustments		
Non-recurring expenses including Restructure & Repositioning	389,641	1,632,319
Share based payment expenses/(benefit)	(112,890)	(518,835)
Fair value movements/adjustments on Financial assets/contingent consideration	24,771	(323)
(Profit)/Loss on disposal of investments	-	(35,042)
Underlying EBITDA (Group) **	**6,438,600**	**5,356,505**
Underlying EBITDA (Members/shareholders)	**5,533,541**	**4,098,745**
Reported EBITDA (Members/shareholders)	**5,232,019**	**3,020,626**
Underlying EBITDA (Group) – (Excluding impact of lease standard)	**5,368,498**	**5,356,505**
Underlying EBITDA (Members/shareholders) – (Excluding impact of lease standard)	**4,463,439**	**4,098,745**

*EBIT is defined as earnings before interest and tax
**EBITDA is defined as earnings before interest, tax, depreciation and amortisation

Review of Financial Condition

In FY20, the Group generated net cash outflow of $0.11m consisting of cash outflows from investing activities of $2.87m and $0.98m from financing, offset by inflows from operating activities of $3.74m.

At 30 June 2020, the Group's net debt, calculated as borrowings less cash and cash equivalents, was $9.78m (30 June 2019: $9.43m). Debt peaked at $10.09m at 31 December 2019 and has progressively declined to 30 June 2020.

Significant Events After The Balance Date

There are no matters or circumstances which have arisen since the end of the financial period, that have significantly affected, or may significantly affect the operations of the Group, or the state of affairs of the Group in future periods.

Likely Developments And Expected Results Of Operations

Prime's strategy, focus and likely development are 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.

Share Options

Unissued shares

At the date of this report there were no unissued shares under options. Please refer to the Remuneration Report for further details of the options outstanding for Key Management Personnel (KMP).

Shares Issued As A Result Of The Exercise Of Options

During the financial year, no options were exercised to acquire any shares in PFG.

Indemnification And Insurance Of Directors And Officers

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.

Director 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 T Carroll	11	10	4	3
Mr S Madder	11	11	4	4
Mr P Madder	11	11	4	4

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

Proceedings Of Behalf Of The Consolidated Entity

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

Corporate Governance Statement

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

Diversity Policy

The measurable objectives established for achieving gender diversity is to increase the number of females in the whole organisation and at senior management positions to 50%. The proportion of female employees in the whole organisation at present is 39% (2019: 39%), the proportion of females in senior management positions at present is 33% (2019: 33%) and there are no females on the board. A full copy of Prime's Diversity Policy can be found on Prime's website (https://www.primefinancial.com.au/shareholder-news/corporate-governance/).

Auditor Independence

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit of the financial year is provided with this report.

Non-Audit Services

In FY20, Ernst & Young did not provide any non-audit services to Prime.

Remuneration Report

The Directors of Prime present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2020 (FY20). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for the Group's Key Management Personnel (KMP):

- Non-executive Directors (NEDs); and
- Executive directors and senior executives (collectively the Senior Executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group. The KMP during FY20 were as follows:

- Tim Carroll, Interim Independent Non-Executive Chairman (full financial year);
- Simon Madder, Managing Director & CEO (full financial year); and
- Peter Madder, Executive Director (full financial year).

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, and during the year the company engaged the services of an Independent Remuneration Consultant/Expert.

The Group securities trading policy applies to all NEDs and executives. The policy prohibits employees from dealing in Prime securities while in possession of material non-public information relevant to the Group.

Principles of compensation

The Company remunerates 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 short-term incentive designed to reward achievement by individuals of performance objectives; and
- A long-term incentive based on ongoing Group performance

By remunerating senior executives through short 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 Remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- The scope of the executive's role
- The executive's skills experience and qualifications
- Individual performance.

It is set with reference to comparable roles in similar companies.

Short Term Incentive

Senior executives who are remunerated under the Executive Remuneration Policy are eligible for a short-term incentive. In determining whether or not executives are eligible for a short-term incentive, the Remuneration Committee review the achievement of both Financial and Non-Financial key performance indicators (KPIs) for the financial year.

The achievement of some or all of the KPIs will allow the Remuneration Committee to determine the level of short-term incentive that is paid. Specific KPIs that are applied to management by the Remuneration Committee to measure performance are set out below:

- Underlying EBITDA (members/shareholders);
- Revenue;
- Productivity;
- Working Capital efficiency;
- Execution of Business Strategy;
- Compliance and Risk Management;
- Referrals to other divisions & integration (One Connected strategy);
- Client service and feedback;
- Team engagement;
- Personal development; and
- Other items identified of importance from time to time.

The Financial KPIs are a direct measure of the Company's performance. The Non-Financial KPIs are related directly to business drivers that generate financial performance. Through the achievement of these KPIs 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 on the next page shows measures of the Group's financial performance over the last three 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.

Long Term Incentive

In the Extraordinary General Meeting on 14 July 2017, shareholders approved a Performance Rights Plan and the issue of performance rights under that plan, including the issue of shares upon vesting of those performance rights. At 30 June 2020, no rights to shares had been issued under the Performance Rights Plan.

Overview of Group's financial performance over the last three years

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee have regard to Underlying EBITDA for members/shareholders and profit attributable to owners of the company, dividends paid and change in share price. Underlying EBITDA for members/shareholders is considered as one of the financial performance targets in setting short-term and long-term incentives. The table below sets out information about earnings and movements in shareholder wealth for the past three years up to and including the current financial year.

	2020	2019	2018
Underlying EBITDA to members/shareholders of the parent entity ($,000's)	4,463	4,099	3,772
Reported Profit/(loss) after tax attributable to members/shareholders of the parent entity ($,000's)	2,132	1,315	(1,135)
Basic earnings per share (cents)	1.21	0.77	(0.67)
Dividend per share (cents)	0.45	0.40	0.90
Share price at the end of the financial year ($)	0.070	0.065	0.125

Overview of Non-executive Director Remuneration

The Group's Non-executive Director remuneration is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity. Non-executive Directors receive fees only and do not participate in any performance-related incentive awards. Non-executive Directors fees reflect the demands and responsibilities of the 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 2020 Financial Year, $58,500 was paid to Non-executive Directors.

The Board will not seek an increase to the aggregate Non-executive Director fee pool limit at the 2020 Annual General Meeting (AGM).

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KMP Remuneration for the years ended 30 June 2020 and 30 June 2019

FY20

	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 T Carroll	58,500	-	-	-	-	-	-	58,500	-
Sub-total	**58,500**	**-**	**-**	**-**	**-**	**-**	**-**	**58,500**	
Executive Directors									
Mr S Madder	458,906	75,000	-	25,000	-	-	(50,277)	508,629	15
Mr P Madder	156,249		-	-	-	-	-	156,249	-
Total	**673,655**	**75,000**		**25,000**	**-**	**-**	**(50,277)**	**723,378**	**15**

* In FY20 Mr S Madder received a short-term cash bonus of $75,000 (granted 9 November 2019) in recognition of the achievement of Financial and Non-Financial KPI's including, but not limited to:
- Increased underlying EBITDA (members/shareholders),
- Revenue growth,
- Client service,
- Team engagement, and
- Execution of Business Strategy including finalisation of the Repositioning and Restructure to Prime's "One Connected" business model.

The Remuneration Committee and Board received advice from an Independent Remuneration Consultant in consideration of the abovementioned bonus.

** In May 2013, December 2015 and December 2016, Mr S Madder acquired shares under the PFG Employee Share Plan. The acquisition of shares was funded by loans from the Trustee who administers the plan. The awards are accounted for as share options under cash settled share-based payment awards. In FY20 the share options produced a benefit to profit and loss of $50,277 (FY19: benefit of $378,290), driven by share price movement in the period.

FY19

	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*	53,333	-	-	-	-	-	-	53,333	-
Mr T Carroll	60,000	-	-	-	-	-	-	60,000	-
Sub-total	**113,333**	**-**	**-**	**-**	**-**	**-**	**-**	**113,333**	
Executive Directors									
Mr S Madder**	471,314	-	-	25,000	-	-	(378,290)	118,024	-
Mr P Madder	230,166	-	-	-	-	-	-	230,166	-
Senior Executives									
Mr S Munday***	137,979	-	-	13,054	-	17,691	-	168,724	-
Total	**952,792**	**-**	**-**	**38,054**	**-**	**17,691**	**(378,290)**	**630,247**	

* Mr P Cowan retired as Chairman and as a Non-Executive Director on 1 March 2019. Mr T Carroll became Interim Chairman on the same date.

** In May 2013, December 2015 and December 2016, Mr S Madder acquired shares under the PFG Employee Share Plan. The acquisition of shares was funded by loans from the Trustee who administers the plan. The awards are accounted for as share options under cash settled share-based payment awards. In FY19 the share options produced a benefit to profit and loss of $378,290 (FY18: benefit of $487,511), driven by share price movement in the period.

*** Mr S Munday resigned as Chief Financial Officer on 16 December 2018.

KMP Options awarded, vested and lapsed during the year

The following provides a summary of the share-based payment awards of Mr S Madder:

At 30 June 2020	Awards to Mr Simon Madder			
Financial year awarded	**FY13**	**FY13**	**FY16**	**FY17**
Number of shares awarded during period	1,800,000	4,800,000	2,947,831	1,661,002
Grant date	1 May 13	1 May 13	18 Dec 15	21 Dec 16
Share price (cents) – at allocation date	19.30	9.72	10.60	10.50
Vesting/loan repayment date	2 May 21	2 May 21	2 May 21	2 May 21
Number vested during year	-	-	-	-
Number lapsed during year	-	-	-	-
Exercise price at vesting/loan repayment date (cents)	25.0	12.6	15.2	14.1
Fair value at reporting date (cents)	0.0	0.4	0.2	0.3

The acquisition of shares was funded by loans from the Trustee of the PFG Employee Share Plan (ESP) who administers the plan. The loans, are full recourse and supported by a personal guarantee from Mr S Madder plus a General Security Agreement over his related entity. While Mr S Madder's PFG ESP Loans are full recourse in nature, the arrangements provide that at any time prior to the expiry of the loans, Mr S Madder may require the Trustee to buy back the shares that are the subject of his loans are 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 Mr S Madder issues a buy-back notice; and
- An amount determined by an independent expert appointed at the request of Mr S 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 Mr S Madder issues a buy-back notice.

For further details of the valuation of the share options in the above table please see note 24 of the financial report.

No other KMP have been awarded any share options.

Shareholdings of KMP

FY20

	Balance 01/7/19	Received as remuneration	Options exercised	Net change other	Balance 30/6/20
Non-Executive Directors					
Mr T Carroll	132,594	-	-	-	132,594
Sub-total	**132,594**	**-**	**-**	**-**	**132,594**
Executive Directors					
Mr S Madder	28,536,281	-	-	570,727	29,107,008
Mr P Madder	9,912,702	-	-	-	9,912,702
Total	**38,581,577**	**-**	**-**	**570,727**	**39,152,304**

FY19

	Balance 01/7/18	Received as remuneration	Options exercised	Net change other	Balance 30/6/19
Non-Executive Directors					
Mr P Cowan	2,120,000	-	-	(2,120,000)	-
Mr T Carroll	132,594	-	-	-	132,594
Sub-total	**2,252,594**	**-**	**-**	**(2,120,000)**	**132,594**
Executive Directors					
Mr S Madder	27,743,609	-	-	792,672	28,536,281
Mr P Madder	9,695,560	-	-	217,142	9,912,702
Senior Executives					
Mr S Munday	150,000	-	-	(150,000)	-
Total	**39,841,763**	**-**	**-**	**(1,260,186)**	**38,581,577**

Loans to KMP and their Related Parties

The Group, through the Prime Financial Group Ltd Employee Share Plan (PFG ESP), has provided Mr P Madder (through a nominee Madder Corporate Pty Ltd) full recourse loans to purchase 6,224,156 Shares (30 June 2019: 6,224,156 Shares) in Prime Financial Group Ltd.

Date of Allocation	Number of shares
April 2013	3,760,784
December 2015	1,587,293
December 2016	876,079
Total	**6,224,156**

The following provides a summary of the loans during the period:

	Balance of loans at the beginning of the period	Amounts advanced during period	Interest accrued on loans	Loan modification expense	Balance of loans at the end of the period
Year ended 30 June 2019	938,459	-	56,830	-	995,289
Year ended 30 June 2020	995,289	-	60,782	-	1,056,071

The loan agreements 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
- all loans are repayable on 10 May 2021.

Signed in accordance with a resolution of the directors:

Simon Madder
Managing Director/CEO & Chairman
Melbourne, 21 August 2020

Auditor's Independence Declaration

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Auditor's Independence Declaration to the Directors of Prime Financial Group Ltd

As lead auditor for the audit of Prime Financial Group Ltd for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Prime Financial Group Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

T M Dring
Partner
21 August 2020

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Financial Report

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

Revenue	Notes	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Wealth Management & SMSF		9,479,801	10,260,169
Accounting & Business Advisory plus Capital		12,005,627	10,459,254
Total Revenue from contracts with customers		**21,485,428**	**20,719,423**
Share of profit of associates		-	493,565
Other Income		-	565,714
Interest Income		61,459	64,754
Total Revenue	5	**21,546,887**	**21,843,456**
Expenses			
Employee benefits	6	(11,839,149)	(12,541,860)
Depreciation	6	(188,085)	(255,509)
Amortisation	6	(1,897,182)	(886,757)
Finance costs	6	(601,813)	(615,551)
IT and communication expenses		(1,258,214)	(1,232,231)
Insurance		(385,590)	(449,340)
Occupancy	6	(102,618)	(1,061,946)
Professional fees		(260,502)	(383,131)
Other expenses		(1,440,993)	(2,115,104)
Total operating expenses		**(17,974,146)**	**(19,541,429)**
Share based payment benefit	24	112,890	518,835
Fair value movement on financial assets	14	(7,426)	(1,410)
Fair value movement on contingent consideration		(17,345)	1,733
Profit/(Loss) on disposal of investments		-	35,042
Credit Loss Expense	6	(150,080)	(278,828)
Total expenses		**(18,036,107)**	**(19,266,057)**
Profit before tax from continuing operations		3,510,780	2,577,399
Attributable to:			
- Members/shareholders of the parent entity		2,605,721	1,319,639
- Non-controlling interests		905,059	1,257,760
Income tax expense	7	(723,607)	(350,746)
Profit after tax from continuing operations		2,787,173	2,226,653
Attributable to:			
- Members/shareholders of the parent entity		2,131,559	1,314,777
- Non-controlling interests		655,614	911,876
Total comprehensive income		**2,787,173**	**2,226,653**
Earnings per share attributable to ordinary members/ shareholders of the parent			
Basic earnings/(loss) per share (cents)	26	1.21	0.77
Diluted earnings/(loss) per share (cents)	26	1.21	0.77

Consolidated Statement of Financial Position

For the year ended 30 June 2020

Current assets	Notes	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Cash and cash equivalents	8	93,491	208,792
Trade and other receivables	9	2,567,386	2,490,001
Financial assets	14	1,056,070	-
Contract assets and other current assets	10	3,830,493	2,803,862
Total current assets		**7,547,440**	**5,502,655**
Non-current assets			
Property, plant and equipment	11	77,766	237,392
Right-of-use asset	13	3,496,836	-
Financial assets	14	914,056	2,246,784
Intangible assets	15	46,864,108	47,530,793
Total non-current assets		**51,352,766**	**50,014,969**
Total assets		**58,900,206**	**55,517,624**
Current liabilities			
Payables	16	2,060,831	3,125,603
Lease liabilities	17	908,987	-
Current tax payable		170,179	380,884
Employee benefits	18	658,528	900,348
Borrowings – other	20	73,424	243,501
Balance outstanding on acquisition of investments	21	357,043	1,162,296
Total current liabilities		**4,228,992**	**5,812,632**
Non-current liabilities			
Borrowings – bank facility	20	9,802,971	9,325,228
Borrowings – other	20	-	73,424
Lease liabilities	17	2,751,114	-
Deferred tax liabilities	7	550,708	87,340
Financial liability – share based payments	19	27,843	140,733
Balance outstanding on acquisition of investments	21	365,248	595,143
Total non-current liabilities		**13,497,884**	**10,221,868**
Total liabilities		**17,726,876**	**16,034,500**
Net assets		**41,173,330**	**39,483,124**
Equity			
Contributed equity	22	67,738,457	67,394,341
Treasury shares	22	(2,435,000)	(2,435,000)
Accumulated losses		(25,343,961)	(26,698,637)
Equity attributable to equity holders of the parent		**39,959,496**	**38,260,704**
Non-controlling interests		1,213,834	1,222,420
Total equity		**41,173,330**	**39,483,124**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Put Option reserve $	Contributed equity $	Retained earnings/ Accumulated Losses $	Non-controlling interest $	Total $
Balance at 1 July 2018	**(4,546,569)**	**64,466,965**	**(26,208,707)**	**6,124,365**	**39,836,054**
Total comprehensive income for the period	-	-	1,314,777	911,876	2,226,653
Transactions with equity holders in their capacity as equity holders:					
Sale of treasury shares from PFG ESP	-	1,065,291	-	-	1,065,291
Share Capital	-	(572,915)	-	-	(572,915)
Transfer from put option	4,546,569	-	-	-	4,546,569
Dividends paid	-	-	(1,204,222)	(2,765,714)	(3,969,936)
Transactions with non-controlling interests	-	-	(600,485)	(3,048,107)	(3,648,592)
Total transactions with equity holders in their capacity as equity holders	4,546,569	492,376	(1,804,707)	(5,813,821)	(2,579,583)
Balance at 30 June 2019	**-**	**64,959,341**	**(26,698,637)**	**1,222,420**	**39,483,124**
Total comprehensive income for the period	-	-	2,131,559	655,614	2,787,173
Transactions with equity holders in their capacity as equity holders:					
Adjustment for change in accounting policy (Note 2.4)	-	-	(30,724)	-	(30,724)
Share Capital	-	344,116	-	-	344,116
Dividends paid	-	-	(746,159)	(664,200)	(1,410,359)
Total transactions with equity holders in their capacity as equity holders	-	344,116	(776,883)	(664,200)	(1,096,967)
Balance at 30 June 2020	**-**	**65,303,457**	**(25,343,961)**	**1,213,834**	**41,173,330**

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Cash flows from operating activities			
Receipts from customers		22,432,569	22,861,223
Receipts from associates		-	321,918
Payments to employees and suppliers		(17,634,361)	(20,098,497)
Interest paid		(601,813)	(615,551)
Income tax paid		(460,148)	(830,159)
Net cash provided by operating activities	**25**	**3,736,247**	**1,638,934**
Cash flows from investing activities			
Receipts from business disposals		-	3,051,659
Payments for business acquisitions		(1,052,493)	(467,923)
Dividends advanced to non-controlling interests		(947,966)	(1,797,664)
Other transactions with non-controlling interests		(546,078)	(3,102,407)
Development expenditure		(292,500)	(249,352)
Payments for plant and equipment		(28,459)	(67,687)
Net cash provided by/(used in) investing activities		**(2,867,496)**	**(2,633,374)**
Cash flows from financing activities			
Shares issued		344,116	-
Sale of treasury shares		-	492,376
Dividends paid		(746,159)	(1,204,222)
Repayment of lease liabilities		(816,251)	-
Repayment of borrowings		(637,125)	(635,369)
Drawdown of borrowings		871,367	1,671,616
Net cash provided by/(used in) financing activities		**(984,052)**	**324,401**
Net increase/(decrease) in cash and cash equivalents		(115,301)	(670,039)
Cash and cash equivalents at beginning of the year		**208,792**	**878,831**
Cash and cash equivalents at end of the year		**93,491**	**208,792**

Notes to the Financial Statements

1. Corporate information

The consolidated financial statements of Prime Financial Group Ltd ('Prime' or 'the Company') and its controlled entities ('the Group') for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 21 August 2020.

Prime Financial Group Ltd 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 ('ASX').

2. Basis of the preparation of the financial report

2.1 Basis of preparation

The consolidated financial statements for the year ended 30 June 2020 have 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 consolidated financial statements are presented in Australian dollars and have been prepared on a historical cost basis. It complies with International Financial Reporting Standards 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.

2.2 Basis of consideration

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of significant accounting policies

(a) Revenue recognition

Under AASB 15, revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

<u>Wealth Management & SMSF Revenue</u>

Wealth Management revenue predominantly consists of ongoing investment advisory services relating to invested funds. The Group has determined that revenue associated with this service should be recognised over time, as the service is provided by the Group. The Group uses an output method for measuring progress on satisfying the performance obligation.

2. Basis of the preparation of the financial report – continued

Accounting & Business Advisory plus Capital Revenue

Accounting & Business Advisory plus Capital services generally involves one performance obligation, relating to the provision of specific services, e.g. bookkeeping or tax services. The Group has determined that revenue associated with this service should also be recognised over time, as the service is provided by the Group. The Group uses an input method to measure progress in satisfying the performance obligation.

Contract Assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. For goods and services, the Group performs for customers before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration. The Group's contract assets are from work in progress earned for the Group, and are initially recognised for revenue from services provided to Accounting & Business Advisory as well as Capital clients. Upon completion and acceptance from the customer, there is a reclassification from contract assets (note 10) to trade receivables (note 9).

Disaggregated Revenue

The Group has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors, being Wealth Management & SMSF revenue and Accounting & Business Advisory plus Capital revenue.

(b) Cash and cash equivalent

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.

(c) 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.

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.

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

(d) Leases

AASB 16 'Leases' has introduced a single accounting model for recognising and measuring lease arrangements. The standard requires all leases to be recognised on the Balance sheet, unless the underlying asset is of low value or a term of 12 months or less. The Group has elected to transition to AASB 16 on 1 July 2019 using the modified retrospective approach and has recognised a "right-of-use" (ROU) asset representing its right to use the asset and a "lease liability" measured as the present value of future lease payments. The income statement includes depreciation of the right-of-use asset and interest expense on the lease liability over the lease term.

The total lease expense over the term of the lease remains the same as the previous lease standard AASB 117, however the timing of the lease expense changes, with a higher portion of the expense being recognised in the earlier years of the lease term. The Group has measured its ROU asset for its current property leases, and the transition between the accounting policies resulted in an adjustment in opening retained earnings for FY20. Under this approach an adjustment of $30,724 is required for the comparative years. The adoption of AASB 16 increased assets by approximately $4.17m and liabilities by $4.21m. The difference between the ROU asset and the lease liability was recognised as an adjustment to the Group's retained earnings as at 1 July 2019.

(e) 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. The Group's goodwill has been allocated between two operating segments (1) Wealth Management & SMSF and; (2) Accounting & Business Advisory plus Capital, 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 of 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 5-10 years;
- Development costs – amortised on a straight-line basis over 3-5 years.

(f) 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.

(g) 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

2. Basis of the preparation of the financial report – continued

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.

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 where applicable to those companies in the group, to contribute to the income tax payable in proportion to their contribution to 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 applicable tax consolidated entities are recognised 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 the applicable tax consolidated group member, resulting in neither a contribution by the parent entity to that subsidiary nor a distribution by that subsidiary to the parent entity.

(h) 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

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.

(i) Investments

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

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

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.

(j) Financial instruments

Initial recognition and measurement

In December 2014, the AASB issued the final version of AASB 9 Financial Instruments that replaces AASB 139 Financial Instruments: Recognition and Measurement and all previous versions of AASB 9. AASB 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

Classification and subsequent measurement

The adoption of AASB 9 has not had a significant impact on the balance sheet or equity on applying the classification and measurement requirements of AASB 9. Trade receivables and Loans are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under AASB 9. Therefore, reclassification for these instruments is not required. There has been no change to the valuation of the unquoted equity instruments and is measured at fair value through profit and loss.

Impairment

AASB 9 requires the Group to record expected credit losses on all of its trade receivables and loans, either on a 12-month or lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on all trade receivables. As trade receivables are short-term in nature i.e. repayment terms are typically 30-90 days, the previous method of recognising credit impairment is not materially different to the simplified approach adopted under AASB 9.

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.

(k) Loans to Directors

The Group recognises a loss allowance for expected credit losses on loans using the general approach. If the credit risk on the loan has increased significantly since initial recognition, an amount equal to the lifetime loss is recognised. Specific to this loan, there has been no change in credit risk since initial recognition.

(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.

2. Basis of the preparation of the financial report – continued

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. It is the discounted value of the expected future consideration. 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.

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.

(t) Share based payments accounting policy

Employees and directors of the Group receive remuneration in the form of share-based payments whereby they can acquire shares pursuant to a loan scheme. On the basis that the employees and directors have the option to require the Company to buy back the shares, the awards are being accounted for as share options under cash settled share-based payment awards.

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in profit and loss. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a Black Scholes model, further details of which are given in Note 24.

2.4 New and amended standards and interpretations

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below and also within the summary of significant accounting policies section (d) Leases.

AASB 16 Leases

AAASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. 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).

No practical expedients were used in the application of AASB 16 within these financial statements.

The Group elected to transition to AASB 16 on 1 July 2019 using the modified retrospective approach. At inception, the Group assesses whether a contract is or contains a lease. The Group recognised a right-of-use (ROU) asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less incentives received. Judgement has been applied by the Group in determining the incremental borrowing rate (IBR), and assessing the renewal and termination options in determining the lease term. The Group's IBR is calculated as the Group's borrowing rate adjusted for both, an adjustment for a similar secured underlying asset as the specific lease and also a term specific adjustment to match the length of the term of the underlying asset. The weighted average incremental borrowing rate used at the date of adoption across the four leases was 3.31%.

The Group has measured its ROU asset for its current property leases, and the transition between the accounting policies resulted in an adjustment in opening retained earnings for FY20. Under this approach an adjustment of $30,724, net off deferred tax asset impact, is required for the comparative years.

The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment.

Lease payments include fixed payments, adjusted for specified annual rate increases as detailed in the lease agreements. The lease term determined by the Group comprises non-cancellable period of leases but does not include periods covered by options to extend the lease, as the Group is not reasonably certain to exercise that option.

The transition to AASB 16 has resulted in a deferred tax asset being recognised for lease liabilities and a deferred tax liability for the ROU asset recognised.

ROU assets are included within the Right of Use Assets heading and the lease liability as Lease Liabilities heading within the Statement of Financial Position. The payments for such leases are recognised in the Statement of Profit and Loss on an effective interest method over the lease term.

2. Basis of the preparation of the financial report – continued

The Group adopted AASB 16 using the modified retrospective method. The effect of adopting AASB 16 is as follows:

Impact of adoption on the Statement of Financial Position (increase /(decrease)) as at 1 July 2019:

	1 July 2019 $
Assets	
Right of Use Asset	4,166,082
Deferred Tax Asset	10,794
Equity	
Accumulated Losses	30,724
Liabilities	
Lease Liability	(4,207,600)

The table below presents a reconciliation of the operating lease commitments as disclosed in the Consolidated Entity's 30 June 2019 financial statements, to the lease liabilities recognised on the transition date:

	1 July 2019 $
Operating lease commitments disclosed at 30 June 2019	4,796,261
(Less): impact of discounting the future lease cash flows at the incremental borrowing rate of each lease	(588,661)
Lease liability recognised at 1 July 2019	(4,207,600)

AASB 2018-1 Amendments to Australian Accounting Standards – Business Combinations

The amendments clarify that, when an entity obtains control of a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

Amendments to IAS 28: Long- term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no material impact on the consolidated financial statements.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 12: Income Taxes

AASB Interpretation 23 (Interpretation 23) clarified the application of the recognition and measurement criteria in AASB 112 Income Taxes (AASB 112) where there is uncertainty over income tax treatments and requires an assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses and unused tax credits or tax rates. The amount is determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements are reassessed as and when new facts and circumstances are presented.

Interpretation 23 is effective for the Consolidated Entity's annual financial reporting period beginning on 1 April 2019. The Consolidated Entity's existing recognition and measurement accounting policies, together with accounting related judgements, were in alignment with those required by Interpretation 23 and hence no transition adjustment to retained earnings was required.

These amendments had no material impact on the consolidated financial statements.

New accounting standards issued but not effective

There were no relevant Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements which are applicable to the consolidated financial statements.

3. Significant accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these consolidated financial statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus and
- the extent and duration of the expected economic downturn and the impact on world stock markets.

Although Prime has not been materially impacted by the COVID-19 pandemic the Group has developed various accounting estimates in these consolidated financial statements based on forecasts aligned to economic conditions which reflect expectations and assumptions as at 30 June 2020 about future events that the Directors believe are reasonable in the current circumstances. There is a considerable degree of judgement involved in preparing these forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

Management does not believe that the COVID-19 pandemic has had any impact on Primes' ability to continue as a going concern.

Consolidation of wealth management entities

Prime has determined it controls certain wealth management entities which it owns 40-50% 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.

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 operating segments and test for impairment are disclosed in Note 15.

3. Significant accounting judgements, estimates and assumptions – continued

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.

Share option valuations

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in profit and loss. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The Group calculates the fair value of the share options at each reporting date using the Black-Scholes model.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on shared credit risk characteristics and on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include past default experience of the debtor profile and an assessment of the historical loss rates.

The impact of the COVID-19 pandemic remains uncertain. The methodologies and assumptions applied in the base expected credit loss calculations remain unchanged from those applied in the 2019 Annual Financial Report.

The Group has continued to review outstanding invoices and the trade receivable balance for indicators of impairment and if upon this impairment assessment there is no reasonable expectation on recovery, the Group have applied a credit against the profit & loss and the amount is written off.

Forward looking credit factors, including the global and Australian economic conditions, and factors relevant to the client base continue to be assessed in conjunction with historical performance and specific considerations on individual debtor balances.

The Group have concluded that the existing Expected Credit Losses (ECL) methodology remain appropriate in current environment.

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4. Group Information

Information about subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

	Country of Incorporation	2020 % Owned	2019 % Owned
Parent Entity:			
Prime Financial Group Ltd	Australia		
Subsidiaries of Prime Financial Group Ltd continued			
ACN 097 206 874 Pty Ltd	Australia	100	100
Addisons Financial Pty Ltd (Deregistered)*	Australia	-	100
Aintree Group Financial Services Pty Ltd	Australia	50	50
ALS Financial Services Pty Ltd (Deregistered)	Australia	-	50
Alternative Asset Investments Pty Ltd (Deregistered)	Australia	-	50
Altezza Partners Pty Ltd	Australia	100	100
Altezza Wealth Management Pty Ltd	Australia	100	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 Settineri Financial Services Pty Ltd	Australia	70	70
Claremont Financial Planning Pty Ltd (Deregistered)	Australia	-	100
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
DM Financial Planners Pty Ltd	Australia	65	65
ExpertSuper Pty Ltd	Australia	100	100
Kreston Dormers Financial Services Pty Ltd	Australia	40	40
GG Financial Services Pty Ltd	Australia	50	50
Green Taylor Financial Services Pty Ltd	Australia	50	50
HF Financial Services Pty Ltd (Deregistered)*	Australia	-	100
Hughes O'Dea Corredig Financial Services Pty Ltd	Australia	50	50
IMMS Financial Planning Pty Ltd	Australia	50	50
Lym Securities Pty Ltd (Deregistered)*	Australia	-	100
Madder & Co Financial Services Pty Ltd	Australia	50	50
MCB Financial Services Pty Ltd (Deregistered)*	Australia	-	100
McHenry Financial Services Pty Ltd	Australia	50	50
MPR Accountants & Advisors Pty Ltd	Australia	100	100
MPR Wealth Management Pty Ltd (Deregistered)*	Australia	-	100
Munro's Financial Advisors Pty Ltd	Australia	100	100
MVA Bennett Financial Services Pty Ltd	Australia	50	50
NP Wealth Management Pty Ltd	Australia	100	100
ORD Financial Services Pty Ltd	Australia	100	100
Pacifica Financial Services Pty Ltd	Australia	65	65
Pascoe Partners Financial Services Pty Ltd	Australia	100	100
PFG (NTH QLD) Pty Ltd	Australia	65	65
PFG Employee Share Plan Trust	Australia	100	100

	Country of Incorporation	2020 % Owned	2019 % Owned
Subsidiaries of Prime Financial Group Ltd continued			
PFG Legal Services Pty Ltd	Australia	75	75
PMK Financial Services Pty Ltd	Australia	100	100
Prime Accounting & Business Advisory Pty Ltd	Australia	100	100
Prime Accounting & Wealth Management Pty Ltd	Australia	100	100
Prime Advisory Group Pty Ltd (Deregistered)*	Australia	-	100
Prime Corporate Advisory Pty Ltd	Australia	100	100
Prime Corporate Pty Ltd	Australia	100	100
Prime Development Fund Pty Ltd	Australia	100	100
Prime Management Services Pty Ltd	Australia	100	100
Prime Innovation Pty Ltd	Australia	100	100
Primeselect Financial Services Pty Ltd (Deregistered)	Australia	-	100
Primestock Capital Pty Ltd (Formerly CMB Advisory Pty Ltd)	Australia	100	100
Primestock CPP Pty Ltd (Deregistered)	Australia	-	100
Primestock Finance Group Pty Ltd (Deregistered)	Australia	-	100
Primestock Financial Planning Pty Ltd	Australia	100	100
Primestock Financial Services Pty Ltd (Deregistered)	Australia	-	100
Primestock Insurance Broking Pty Ltd (Deregistered)	Australia	-	100
Primestock Superannuation Services Pty Ltd	Australia	100	100
Primestock Wealth Management Pty Ltd	Australia	100	100
Primestock Securities Ltd	Australia	100	100
Prior & Co Financial Services Pty Ltd (Deregistered)*	Australia	-	100
PRM Financial Services Pty Ltd	Australia	100	100
Protus Prime Property Group Pty Ltd (Deregistered)	Australia	-	50
R & D Tax Consultants 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 Planning Pty Ltd	Australia	40	40
Selingers Financial Services Pty Ltd	Australia	50	50
Signum Business Advisors Financial Services Pty Ltd	Australia	50	50
SMSF Corporate Services Pty Ltd (Deregistered)	Australia	-	100
SPBS Financial Services Pty Ltd	Australia	50	50
Stanwycks Financial Services Pty Ltd	Australia	50	50
Tricor Financial Services Pty Ltd (Formerly Kreston Dormers Financial Services Pty Ltd)	Australia	40	40
Vipiana & Associates Financial Services Pty Ltd	Australia	50	50
WM Financial Services Pty Ltd	Australia	50	50

*Deregistered on 22 July 2020

4. Group information – continued

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.

2020 Controlled Entities Name	Rundles Financial Planning Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (Nth Qld) Pty Ltd
Country of incorporation	Australia	Australia	Australia
Percentage owned by non-controlling interests	60%	50%	35%
Current assets	43,634	207,783	200,973
Non-Current assets	635,628	490,385	450,363
Current liabilities	(131,090)	(86,283)	(180,514)
Non-Current liabilities	-	-	-
Net assets	548,172	611,885	470,822
Revenue	748,336	704,038	866,756
Profit/(loss) before tax	403,370	277,116	410,143

2019 Controlled Entities Name	Rundles Financial Planning Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (Nth Qld) Pty Ltd
Country of incorporation	Australia	Australia	Australia
Percentage owned by non-controlling interests	60%	50%	35%
Current assets	43,634	251,697	354,213
Non-Current assets	595,386	421,080	391,396
Current liabilities	(145,637)	(103,353)	(212,196)
Non-Current liabilities	-	-	-
Net assets	493,383	569,424	533,413
Revenue	733,426	691,729	888,274
Profit/(loss) before tax	409,251	277,143	427,612

5. Revenue

	2020 $	2019 $
Revenue from contracts with customers		
Wealth Management & SMSF revenue	9,479,801	10,260,169
Accounting, Business Advisory plus Capital revenue	12,005,627	10,459,254
Equity accounted profit	-	493,565
Other Income	-	565,714
Interest income	61,459	64,754
Total revenue from ordinary activities	**21,546,887**	**21,843,456**

6. Expenses

	2020 $	2019 $
Finance Costs		
Financial Liabilities measures at amortised cost		
Interest on bank overdrafts and loans	458,081	589,736
Interest on borrowings – other	11,627	25,815
Interest on lease liabilities	132,105	-
Total finance costs	**601,813**	**615,551**
Other expenses		
Rental expense on operating leases	-	921,700
Other occupancy-related costs	102,618	140,246
Total Occupancy-related costs	**102,618**	**1,061,946**
Depreciation and amortisation		
Depreciation	188,085	255,509
Amortisation – Other	959,184	886,757
Amortisation – Right of Use Assets	937,998	-
Total depreciation and amortisation	**2,085,267**	**1,142,266**
Employee benefits expense		
Salaries and wages expense	10,313,116	10,562,450
Superannuation expense	789,605	828,169
Other employee expenses	736,428	1,151,241
Total employee benefits expense	**11,839,149**	**12,541,860**

Credit Loss Expense

In the year ended 30 June 2020, the Group recognised a Credit Loss Expense of $150,080.

Salaries and wages expense

In the year ended 30 June 2020, the Group received Government COVID-19 related stimulus benefits of $220,000 through the Cashflow Booster program.

7. Income tax

	2020 $	2019 $
(a) The components of tax expense		
Current tax	249,444	572,058
Deferred tax	474,163	(94,123)
Other adjustments	-	(127,189)
Total income tax expense	**723,607**	**350,746**
(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	3,510,780	2,577,399
At the Australian statutory income tax rate of 27.5%	965,465	708,785
Add: Tax effect of:		
Adjustments for current year	(235,791)	(82,534)
Derecognised Deferred Tax Asset on Share Based Payment Liability	38,702	
Impact of tax rate change (27.5% to 26%)	(55,852)	
Adjustments in respect of current income tax of previous years and other items	11,083	(280,037)
Other	-	4,532
Income tax expense attributable to ordinary activities	**723,607**	**350,746**

(c) Deferred tax

Deferred tax relates to the following:

	30 June 2020 $	30 June 2019 $
Deferred tax assets/(liabilities)		
Financial liability – share based payments	-	38,702
Employee provisions	171,217	247,596
Unrealised losses on investments	111,885	116,298
Losses available for offsetting against future income tax	417,401	759,683
Provision for expected credit losses	42,643	22,785
Right of Use asset	(909,177)	-
Lease liability	951,626	-
Intangible Assets – Customer Relationships	(660,035)	(839,433)
Accrued Revenue	(724,651)	(490,954)
Other	48,383	57,983
Net deferred tax liabilities	**(550,708)**	**(87,340)**

8. Cash and cash equivalents

	30 June 2020 $	30 June 2019 $
Current		
Cash at bank	93,491	208,792
Total cash and cash equivalents	**93,491**	**208,792**

9. Trade and other receivables

	30 June 2020 $	30 June 2019 $
Current		
Trade Receivables	2,731,398	2,572,857
Provision for expected credit losses	(164,012)	(82,856)
Total current trade and other receivables	**2,567,386**	**2,490,001**
Provision for expected credit losses		
Reconciliation of changes in the provision for expected credit loss		
Balance at beginning of the year	82,856	88,453
Additional expected credit loss provision recognised	164,012	278,828
Provision used	(82,856)	(284,425)
Reversal of impairment	-	-
Balance at end of the year	**164,012**	**82,856**
Aged Analysis		
The ageing analysis of receivables is as follows:		
0 - 30 days	1,988,662	1,721,615
31 - 60 days	48,638	307,744
61 - 90 days	165,220	223,623
91+ days	528,878	319,875
Total	**2,731,398**	**2,572,857**

The Group applies the simplified approach and records lifetime expected losses on all trade receivables. As a result, the Group does not monitor change in credit risk but recognises a provision based on lifetime expected credit losses (ECL) at each reporting date.

The trade receivable balance represents the Group's unconditional right to receive the cash.

Current trade receivables are generally on 30 days credit terms. However, the Group's Accounting & Business Advisory service line offers a grant and R&D tax incentive service to customers that are eligible for the Australian Government incentive funding. The payment terms for this segment (due to subsequent Australian Tax Office review) is likely to be greater than the standard credit terms given. The Group continues to performed an extensive review on the outstanding trade receivable balance at each reporting period, which includes an invoice by invoice assessment basis. Additionally, the unbiased probability-weighted matrix reflects the various segment groupings, which is described further below. The Group continue to write-off the uncollectable trade receivables which the Group do not expect to obtain from the relevant customers and continue to take this approach at every reporting date. The indicators the Group consider includes confirmation of non-payment, financial difficulties, credit ratings, customer industry and/or delinquency of payments. A credit is applied against the profit & loss if an amount is written off.

9. Trade and other receivables – continued

The Group adopted a provision matrix to calculate its ECL and provision for its trade receivables balance at 30 June 2020. The unabised probability-weighted matrix refects the various segment groupings based both upon the Group's debtor aging, service line, and various customer segment groupings with similar loss patterns.

This included Geography (notably Melbourne and Brisbane for the Accounting & Business Advisory service line), product type and customer profile. This generated a historical credit loss experience which was adjusted for in the ECL for The Group. At every reporting date the historical rates used within the Groups provision matrix to calculate the ECL is updated for trade and other receivables.

Forward looking credit factors, including the global and Australian economic conditions, and factors relevant to the client base continue to be assessed in conjunction with historical performance and specific considerations on individual debtor balances as specified above.

Due to the continued utilisation of controls previously implemented, the heightened business focus since inception of the COVID-19 pandemic, and a detailed invoice assessment for recoverability / impairment indicators, there has been no further adjustments based on the impact of COVID-19 to the forward looking information within the calculation methodology of the ECL provision.

Please refer to note 10 for commentary on contract assets.

10. Contract assets and other current assets

	30 June 2020 $	30 June 2019 $
Current		
Contract assets	2,787,119	1,785,287
Distributions advanced to non-controlling interests	786,385	696,517
Prepayments	30,450	60,810
Other assets	226,538	261,248
Total contract assets and other current assets	**3,830,492**	**2,803,862**

Contract assets

Consistent with the approach for trade and other receivables, the Group applies a simplified approach to recognising expected credit losses for contract assets as the Group do not contain a significant financing component for its trade receivables or contract assets. Contract assets are initially recognised for revenue earned through work in progress, predominantly for accounting and business advisory services as well as the capital advisory service line and monitored on both a monthly and ongoing basis. Upon completion of sale and acceptance by the customer and the provider, invoices are issued to the provider for the amount receivable and reclassified from contract assets to trade receivables. The trade receivable balance represents the Group's unconditional right to receive the cash (note 9).

11. Property, plant and equipment

	Software $	Office equipment $	Plant and machinery $	Leasehold improve-ments $	Total $
Cost					
At 1 July 2018	2,003,219	909,677	528,004	483,837	3,924,737
At 30 June 2019	2,003,219	943,981	528,004	517,220	3,992,424
Additions	-	23,196	-	5,263	28,459
At 30 June 2020	2,003,219	967,177	528,004	522,483	4,020,883
Depreciation and impairment					
At 1 July 2018	2,003,219	587,510	528,004	380,790	3,499,523
At 30 June 2019	2,003,219	770,088	528,004	453,721	3,755,032
Depreciation charge for the year	-	150,584	-	37,501	188,085
At 30 June 2020	2,003,219	920,672	528,004	491,222	3,943,117
Net book value					
At 30 June 2020	-	46,505	-	31,261	77,766
At 30 June 2019	-	173,893	-	63,499	237,392

12. Leases

Recognition, measurement and classification:

The Group has applied AASB 16 using the modified retrospective approach. The impact of changes are disclosed in note 2.4.

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset; throughout the period of use, and;
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset;
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group recognises a Right of Use (ROU) asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The determination of the incremental borrowing rate requires the use of judgement.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

12. Leases – continued

- Amounts expected to be payable under a residual value guarantee, and;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Group has entered into leases on office premises with terms between 3 and 5 years.

The Group has options to renew three of their four leases for periods between 5 and 6 years. The potential cash outflows over these renewal periods would be $5.95m.

It should be noted that Prime has not received any lease concessions with regard to its lease obligations as a result of the COVID-19 pandemic.

	30 June 2020 $
Maturity analysis – contractual undiscounted cash flows	
Not later than 1 year	1,018,239
Later than 1 year and not later than 5 years	2,802,142
Later than 5 years	-
Balance at 30 June 2020	**3,820,381**

13. Right-of-use Asset

Non-Current Assets

	30 June 2020 $	30 June 2019 $
Balance at 1 July 2019	**4,166,081**	**-**
Additions during the period	268,752	-
Less: Accumulated depreciation	(937,997)	-
Balance at 30 June 2020	**3,496,836**	**-**

The consolidated entity leases land and buildings for its offices under agreements of between three to five years with, in some cases, options to extend. As these options are not reasonably certain to be taken up, they have not been included. On renewal, the terms of the leases are renegotiated. The determination of the lease term requires the use of judgement.

For the Group's accounting policy on leases, refer to Note 12.

14. Financial assets

The financial assets at the period end are as follows:

	30 June 2020 $	30 June 2019 $
Loan receivable	1,056,070	-
Total current financial assets	1,056,070	**-**
Loan receivable	-	995,289
Investment in BStar Pty Ltd	-	330,014
Investment in Crispin & Jeffery – SMSF	615,241	615,405
Other unquoted equity instruments	298,815	306,076
Total non-current financial assets	**914,056**	**2,246,784**
Total financial assets	**1,970,126**	**2,246,784**

The loan receivable relates to a loan to Madder Corporate Pty Ltd, a nominee company of Mr P Madder. The loans were provided by the PFG ESP to fund the allocation of 6,224,156 Shares (30 June 2019: 6,224,156 Shares) in Prime. During the year ended 30 June 2020 the interest accrued on the loans was $60,782.

On 14 February 2020, Prime sold its Investment in Bstar Pty Ltd for it's carrying value of $330,014.

Crispin & Jeffery is classified as a Level 3 financial asset and is measured at fair value through profit and loss. The fair value technique used was a capitalisation of earnings approach. The key inputs in this valuation were underlying earnings and the earnings multiple. The fair valuation of Crispin & Jeffery – SMSF at 30 June 2020 resulted in a loss through the profit and loss of $165.

The fair value of unquoted equity securities – financial services sector consists of an investment purchased in FY18. The asset is measured based on a revenue multiple as a best practice for measuring Early Stage entities. The key inputs in this valuation were revenue and the revenue multiple. The fair valuation of this unquoted equity instrument at 30 June 2020 resulted in a loss through the profit and loss of $7,261.

15. Intangible assets

	Goodwill $	Customer relationships $	Development costs $	Total $
Cost				
At 1 July 2018	55,213,824	4,316,165	2,887,478	62,417,467
Additions	441,879	74,555	249,352	765,786
Acquisition/(disposal) of a subsidiary	(457,194)	-	-	(457,194)
At 30 June 2019	55,198,509	4,390,720	3,136,830	62,726,059
Additions	-	-	292,500	292,500
Acquisition/(disposal) of a subsidiary	-	-	-	-
At 30 June 2020	55,198,509	4,390,720	3,429,330	63,018,559
Amortisation and impairment				
At 1 July 2018	11,293,889	796,032	2,218,588	14,308,509
Amortisation	-	542,205	344,552	886,757
At 30 June 2019	11,293,889	1,338,237	2,563,140	15,195,266
Amortisation	-	513,887	445,298	959,185
At 30 June 2020	11,293,889	1,852,124	3,008,438	16,154,451
Net book value				
At 30 June 2020	43,904,620	2,538,596	420,892	46,864,108
At 30 June 2019	43,904,620	3,052,483	573,690	47,530,793

The Group performed its twice annual impairment test in December 2019 and June 2020. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. While at 30 June 2020, 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 (2019: none). As noted, the consolidated entity has considered many factors in determining that no impairment is required.

The Group has two operating segments. One segment relates to Accounting & Business Advisory plus Capital and the other to Wealth Management and Self- Managed Superannuation (SMSF).

Prime determines key assumptions based on the historical and expected future performance of assets that make up the segments. The recoverable amounts of the segment are based on value in use calculations using cash flow projections from financial projections approved by the Board. Prime's determination of cash flow projections are based on past performance and its expectation for the future

The split of goodwill is shown in the table below:

	Goodwill $
Net book value	
Wealth Management & SMSF	23,374,718
Accounting & Business Advisory + Capital	20,529,902
Total Goodwill at 30 June 2020	**43,904,620**

Key assumptions used in value in use calculations and sensitivity to changes in assumptions: The calculation of value in use is most sensitive to the following assumptions:

- Revenue growth;
- Expenses growth;
- Discount rate; and
- Terminal growth rate.

For the Group, the present value of future cash flows has been calculated using a post-tax discount rate of 11.0% (2019: 11.0%).

The Group have used the FY20 actual performance, the FY21 budget and FY22-24 business plan approved by The Board as the base point for the future cashflows.

Management has considered the impact of the COVID-19 pandemic in determining the cashflows in the impairment model.

- An average revenue growth rate of between 3.0% to 3.5% (2019: between 4.7% to 5.5%)
- An average increase in expenses of between 0.0% to 0.5% (2019: between -2.5% to 2.5%)
- Terminal growth rate of 2.5% (2019: 2.5%).

The revenue growth rate has been reduced compared to the 30 June 2019 assumptions to reflect current uncertainty in economic market conditions and continued focus on organic growth through Prime's One Connected strategy of offering multiple services to its client base.

The lower expenses growth rate has been reduced compared to 30 June 2019 assumptions to reflect lower discretionary spend (including marketing, entertainment & travel), a refinement of employee & consultant spend and continued head-office and IT savings following previous investment in these areas, largely in FY18 and FY19.

The Group's discount rate represents the current market assessment of the risks specific to the operating segment, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on Prime's assessment of an applicable risk-free rate plus a Prime-specific credit spread. The beta factors are evaluated annually based on publicly available market data.

Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

The directors have considered the sensitivity of the impairment assessments to a reasonably possible change in the above key assumptions. A key economic indicator when undertaking the impairment test was the sensitivities regarding the discount rate and the key factors that underpin this, such as the risk-free rate and market risk premium.

Sensitivities to changes in assumptions

Sensitivity has been tested for The Group's two operating segments; Accounting & Business Advisory plus Capital, and to Wealth Management and SMSF. The concept is used by the International Financial Reporting Standards in the determination of asset impairment.

For Accounting & Business Advisory plus Capital, the recoverable amount as determined by the value in use calculation exceeds the carrying value by $13.2m. Reasonably possibly changes in assumptions are stated below:

- Other things being equal, if the Group's cashflow is 10% lower, the recoverable amount would exceed the carrying value by $5.7m.
- Other things being equal, if the Group's post-tax discount rate increased from 11.0% to 12.5%, the recoverable amount would exceed the carrying value by $4.1m.
- If the long-term average growth rate decreases from 2.5% to 1.0% per annum, the recoverable amount would exceed the carrying value by $5.5m.

For Wealth and SMSF, the recoverable amount as determined by the value in use calculation exceeds the carrying value by $4.0m. Reasonably possibly changes in assumptions are stated below:

- Other things being equal, if the Group's cashflow is 10% lower, the recoverable amount would exceed the carrying value by $1.1m.
- Other things being equal, if the Group's post-tax discount rate increased from 11.0% to 12.5%, an impairment loss of $0.3m would result.
- If the long-term average growth rate decreases from 2.5% to 1.0% per annum, the recoverable amount would exceed the carrying value by $0.6m.

16. Payables

	2020 $	2019 $
Trade creditors	519,845	897,520
Other creditors and accruals	772,553	1,548,393
GST payable	768,433	679,690
Total payables	**2,060,831**	**3,125,603**

17. Lease liabilities

	2020 $	2019 $
Current Liability		
Office Premises – Lease liability	908,987	-
Non-Current Liability		
Office Premises – Lease liability	2,751,114	-
Total Lease Liabilities	**3,660,101**	**-**

For the Group's accounting policy on leases, refer to Note 12.

18. Provisions

	2020 $	2019 $
Employee Benefits	11,789,149	12,541,860
Annual and Long service leave		
Balance at the beginning of the year	900,348	936,202
Arising during the year	700,479	623,576
Utilised	(942,299)	(659,430)
Balance at the end of the year	**658,528**	**900,348**

19. Financial liability - shared based payments

The PFG ESP has provided Mr S Madder with the ability to acquire shares in Prime Financial Group Ltd pursuant to a loan scheme. On the basis that Mr S Madder has the option to require the Company to buy back the shares during the term of the option, the awards are accounted for as share options under cash settled share-based payment awards. At 30 June 2020, the financial liability in relation to these share-based payments was $27,843 (30 June 2019: $140,733). Please see note 24 for further details.

20. Capital Management

For the purpose of the Group's capital management, capital includes issued capital, interest bearing loans and borrowings and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In FY20, Prime paid dividends of $746,159 (FY19: $1,204,222). The Board's policy for dividend payments is typically a payout ratio of 40-60% of the reported and maintainable earnings.

As at 30 June 2020, the Group met its bank facility covenant requirements.

Lease liabilities are not included as part of net debt as this is not a requirement of the Group's bank covenants.

The Board monitors capital through the gearing ratio (net debt/total capital). The target for the Group's gearing ratio is between 10% - 25%. The gearing ratios based on operations at 30 June 2019 and 30 June 2020 were as follows:

	30 June 2020 $	30 June 2019 $
Borrowings – bank facility	9,802,971	9,325,228
Borrowings – other	73,424	316,925
Less: cash and cash equivalents	(93,491)	(208,792)
Net debt	9,782,904	9,433,361
Total equity attributable to members/shareholders of the parent entity	39,615,448	38,260,704
Total equity attributable to members/shareholders of the parent entity and net debt	49,398,352	47,694,065
Gearing ratio	19.8%	19.8%

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $12,630,000. The agreement expires on 9 July 2025. At the end of the reporting period those facilities have been utilised to the amount of $9,802,971. The unused amount is $2,827,029. The facility is to assist with working capital, future investments and for general purposes. At 30 June 2020 the effective interest rate was 2.89% per annum. There is an additional 1.00% line fee for the total facility.

21. Balance outstanding on acquisition of investments

	30 June 2020 $	30 June 2019 $
Current	357,043	1,162,296
Non-current	365,248	595,143
Total	**722,291**	**1,757,439**

	30 June 2020 $	30 June 2019 $
Balance at the beginning of the year	1,757,439	1,910,345
Additions	-	542,058
Settlements	(1,052,493)	(693,231)
Movement in Fair value	17,345	(1,733)
Balance at the end of the year	**722,291**	**1,757,439**

On 14 March 2019, Prime acquired the 50% non-controlling interest in Munro's Financial Advisors Pty Ltd for $246,118 with $123,059 of consideration paid up front, $49,224 payable before 31 December 2020 and $73,835 payable on 1 May 2021. The outstanding consideration includes contingent consideration of $123,059 and is valued with reference to the probability of performance conditions being met, discounted back to present value using a discount rate of 5%. At 30 June 2020 the fair value of the contingent consideration was $119,543. The deferred consideration may be reduced if the actual revenue received by the purchaser is less than the benchmark revenue included in the sale agreement. It is expected that the actual revenue will exceed the benchmark revenue and no adjustment will be required to the deferred consideration.

At 30 June 2020, the outstanding consideration in relation to the purchase of CMB Advisory Pty Ltd in FY19 was nil (30 June 2019: $23,752).

On 26 July 2018 Prime acquired the financial planning business from MXA Financial Planning Pty Ltd (MXA) for $241,188. An amount of $150,716 remains as an outstanding consideration and has been recognised as a liability at 30 June 2020. The outstanding consideration includes contingent consideration of $150,716 and is dependent on meeting certain conditions related to revenue performance in FY21 and FY22.

It is expected that these revenue targets will be met within this timeframe. At 30 June 2020 the fair value of the contingent consideration was $141,800, based on a discount rate of 5%.

On 15 June 2017, Prime acquired 100% of the voting shares of Altezza Partners Pty Ltd. The purchase consideration included contingent consideration dependent on meeting certain conditions in the three-year period to 30 June 2021. At 30 June 2020, the fair value of the contingent consideration was $459,139 (30 June 2019: $1,420,921), based on a discount rate of 5%. The maximum contingent consideration payable is $475,000.

During January 2020, cash consideration of $730,000 was paid, while also 2.5m Prime shares were issued as partial consideration to the value of $237,500. The present value of outstanding consideration has been calculated as the maximum consideration payable discounted using a rate of 5%.

At 30 June 2020, the outstanding consideration in relation to the purchase of MPR Accountants & Advisors Pty Ltd in FY17 was nil (30 June 2019: $61,282).

22. Issued capital and reserves

Ordinary shares issued

	Note	30 June 2020 $	30 June 2019 $
Ordinary shares fully paid	(a)	68,292,512	67,948,396
Ordinary share partly paid	(b)	18,860	18,860
Total		68,311,372	67,967,256

(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.

Movements in shares on issue

	2020		2019	
	No. of shares	$	No. of shares	$
Beginning of the financial year	**193,032,874**	**67,394,341**	**193,032,874**	**67,967,256**
Issued during the year				
- Shares Issued	4,385,126	344,116	-	-
- Sale of treasury shares from PFG ESP	-	-	-	(572,915)
End of the financial year	**197,418,000**	**67,738,457**	**193,032,874**	**67,394,341**

Treasury shares

	2020		2019	
	No. of shares	$	No. of shares	$
Beginning of the financial year	17,082,528	2,435,000	22,602,171	3,500,291
Issued during the year				
- Purchase of treasury shares for the PFG ESP	-	-	-	-
- Sale of treasury shares from PFG ESP	-	-	(5,519,643)	(1,065,291)
End of the financial year	**17,082,528**	**2,435,000**	**17,082,528**	**2,435,000**

Share based payment arrangements

The Group has share based payment arrangements relating to Mr S Madder and certain employees. Refer to Note 24 for further details.

23. Dividends

	2020 $	2019 $
(a) Dividends paid during the year		
(i) Current year interim - Fully franked dividend of 0.20 cents per share *(2019 Interim: 0.20 cents per share)*	375,991	370,308
(ii) Previous year final - Fully franked dividend of 0.20 cents per share *(2018 Final: 0.45 cents per share)*	370,168	833,914
	746,159	1,204,222
(b) Proposed dividend		
Proposed dividend as at the date of this report at 0.25 cents per share *(2019: 0.20 cents per share)* not recognised as a liability		
Proposed dividend payment	473,620	372,208
(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.	4,343,175	4,540,821
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end	(179,649)	(141,482)
	4,163,526	4,399,339

24. Share-based payments

In 2008, Prime established the PFG ESP. The purpose of the PFG ESP is to provide eligible employees with the ability to acquire shares in Prime Financial Group Ltd pursuant to a loan scheme. The PFG Employee Share Plan Trust (ESP Trust) was established to effect the awards of shares under the ESP. PFG Employee Share Plan Pty Ltd is the trustee of the Trust (the Trustee). Prime made the first offers of shares from the ESP to employees and directors in FY13 and made further offers in FY15, FY16, FY17 and FY18.

24a. Types of share-based payment plans

i. Awards to Mr Simon Madder

Mr S Madder was awarded shares under the PFG ESP in May 2013, December 2015 and December 2016 at an allocation price of 19.3 cents, 10.6 cents and 10.5 cents respectively. The acquisition of shares was funded by loans from the Trustee who administers the plan. The loans, which have four-year terms, (currently in last year of this term) are full recourse and supported by a personal guarantee from Mr S Madder plus a General Security Agreement over his related entity.

While Mr S Madder's PFG ESP loans are full recourse in nature, the arrangements provide that at any time prior to the expiry of the loans, Mr Simon Madder may require the Trustee to buy back the shares that are the subject of his loans 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 Mr S Madder issues a buy-back notice; and
- an amount determined by an independent expert appointed at the request of Mr S 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 Mr S Madder issues a buy-back notice.

ii. Awards to Employees

The PFG ESP allowed participating staff members to acquire shares pursuant to a loan scheme. Under the PFG ESP, participants are allocated shares on the basis that the acquisition cost of the shares is funded via a non-recourse loan provided by the Trustee who administers the plan.

In July 2017, employees were allocated 9,920,000 shares funded by non-recourse loans provided on the basis described above. The allocation price of the shares was 12 cents. 33% of the shares granted vest after one year, 33% after two years with the remaining 34% of shares vesting after three years.

These rights under the loans were not exercised and have now expired.

24b. Recognised share-based payment expenses/benefits

The expense/(benefit) recognised during the period is shown in the following table:

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Expense/(benefit) arising from cash-settled share-based payment transactions	(112,890)	(518,835)
Total expense arising from share-based payment transactions	**(112,890)**	**(518,835)**

24c. Movements during the year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year ended 30 June 2020:

	Number	WAEP (cents)	Number	WAEP (cents)
	Year ended 30 June 2020	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2019
Outstanding at 1 July	17,053,833	15.6	21,128,833	14.7
Granted during period	-	-	-	-
Forfeited during period	-	-	(4,075,000)	14.8
Exercised during period	-	-	-	-
Expired during period	(5,845,000)	13.3	-	-
Outstanding at 30 June	11,208,833	15.5	17,053,833	15.6
Exercisable at 30 June	11,208,833	15.5	17,053,833	15.6

The WAEP in the above table is based on the expected exercise price at the vesting/loan repayment date.

24. Shared-based payments – continued

24d. Share option valuation model

The fair value of the share options are calculated at each reporting date using the Black-Scholes model. The following table lists key inputs to the models used for the plans at 30 June 2019 and 30 June 2020:

At 30 June 2020	Awards to Mr Simon Madder				Awards to Employees		
Grant date	1 May 13	1 May 13	18 Dec 15	21 Dec 16		Jul 17	
Vesting/loan repayment date	2 May 21	2 May 21	2 May 21	2 May 21	33% Jun 20	33% Jun20	33% Jun 20
Expected life of share options (years)	0.84	0.84	0.84	0.84	n/a	n/a	n/a
Exercise price at vesting/loan repayment date (cents):	25.0	12.6	15.2	14.1	n/a	n/a	n/a
Fair value at reporting date (cents)	0.0	0.4	0.2	0.3	n/a	n/a	n/a
Share price at reporting date (cents)	7.0	7.0	7.0	7.0	n/a	n/a	n/a
Risk-free interest rate	0.25%	0.25%	0.25%	0.25%	n/a	n/a	n/a
Dividend yield	0%	0%	0%	0%	n/a	n/a	n/a
Expected Volatility	59.76%	59.76%	59.76%	59.76%	n/a	n/a	n/a
Loan interest rate	6.98%	6.98%	6.98%	6.98%	n/a	n/a	n/a

At 30 June 2019	Awards to Mr Simon Madder				Awards to Employees		
Grant date	1 May 13	1 May 13	18 Dec 15	21 Dec 16		Jul 17	
Vesting/loan repayment date	2 May 21	2 May 21	2 May 21	2 May 21	33% Jun 19	33% Jun19	33% Jun 20
Expected life of share options (years)	1.84	1.84	1.84	1.84	0.0	0.0	1.0
Exercise price at vesting/loan repayment date (cents):	12.6	25.0	15.2	14.1	13.7	13.7	14.7
Fair value at reporting date (cents)	0.9	0.2	0.6	0.7	1.1	1.1	1.6
Share price at reporting date (cents)	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Risk-free interest rate	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Expected Volatility	61.26%	61.26%	61.26%	61.26%	64.90%	64.90%	64.90%
Loan interest rate	6.98%	6.98%	6.98%	6.98%	6.98%	6.98%	6.98%

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

25. Cash flow information

	2020 $	2019 $
Reconciliation of the net profit after tax to the net cash flows from operations		
Net profit	2,787,173	2,226,653
Non-cash items		
Depreciation	188,085	255,509
Amortisation	1,897,182	886,757
Credit Loss Expense	150,080	278,828
Interest income on loans	(60,782)	(56,830)
(Profit)/Loss on disposal on investments	-	(35,042)
Fair value movement in Financial Assets	7,424	1,410
Fair value movement in contingent consideration	17,345	(1,733)
Share based payments benefit	(112,890)	(518,835)
Other	-	(541,146)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(227,465)	428,260
(Increase)/decrease in other assets excluding amounts advanced to non-controlling interests	(606,748)	(201,126)
Increase/(decrease) in deferred tax liabilities	474,164	(145,776)
(Decrease)/increase in payables	(324,796)	(401,711)
(Decrease)/increase in employee benefit provisions	(241,820)	(35,854)
(Decrease)/increase in current tax payable	(210,705)	(500,430)
Net cash flows from operating activities	**3,736,247**	**1,638,934**

26. Earnings/(loss) per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus an adjustment for the weighted average number of ordinary shares issued to directors and employees for no consideration when they exercise their rights under the share option plan.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2020 $	2019 $
Profit/(loss) from continuing operations attributable to members/shareholders of the parent entity:	2,131,559	1,314,777

	2020 Thousands	2019 Thousands
Weighted average number of ordinary shares for basic EPS*	175,494	170,740
Effects of dilution from:		
- Share options	18	24
Weighted average number of ordinary shares adjusted for the effect of dilution**	175,512	170,764

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year and excludes the unpaid portion of partly paid shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

27. Auditors remuneration

The auditor of Prime Financial Group Ltd and its controlled entities is Ernst & Young.

	2020 $	2019 $
Amounts received or due and receivable by the auditor for:		
Auditing or reviewing the financial report	186,000	154,000
	186,000	**154,000**

There were no non-audit related services provided in FY20 or FY19.

28. Related party disclosures

Note 4 provides information about the Group's structure, including details of the subsidiaries and the holding company.

Other key related party transactions are as follows:

Share-based payment plans

In 2008, Prime established the PFG ESP. The purpose of the PFG ESP is to provide eligible employees with the ability to acquire shares in Prime Financial Group Ltd pursuant to a loan scheme.

Mr S Madder was awarded shares under the PFG ESP in May 2013, December 2015 and December 2016. The acquisition of shares was funded by loans from the Trustee who administers the plan. The loans, which have four-year terms, (currently in the last year of this term), are full recourse and supported by a personal guarantee from Mr S Madder plus a General Security Agreement over his related entity. Please see Note 24 for further details.

Director loans

The Group, through the Prime Financial Group Ltd Employee Share Plan (PFG ESP), has provided Mr P Madder (through a nominee Madder Corporate Pty Ltd) full recourse loans to purchase 6,224,156 Shares (2019 6,224,156 Shares) in Prime Financial Group Ltd.

Date of Allocation	Number of shares
April 2013	3,760,784
December 2015	1,587,293
December 2016	876,079
Total	**6,224,156**

The following provides a summary of the loans during the period:

	Balance of the loans at the beginning of the period	Amounts advance during period	Interest accrued on loans	Loan modification expense	Balance of the loans at the end of the period
At 30 June 2019	938,459	-	56,830	-	995,289
At 30 June 2020	995,289	-	60,782	-	1,056,071

The loan agreements 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 P Madder;
- interest accruing at 0.75% p.a. above the lenders rate as advised by the Trustee from time to time; and
- all loans are repayable on 10 May 2021.

28. Related party disclosures – continued

Other transactions with directors

In FY20, interests associated with Mr P Madder received $156,249 (2019: $230,166) for executive services provided to the Company. In FY20 and FY19, the Group provided Wealth Management, Accounting & Business Advisory plus Capital Advisory services to Mr T Carroll and related entities on arms-length terms.

Compensation for key management personnel

	2020 $	2019 $
Short term employment benefits	748,655	952,792
Post-employment benefits	25,000	38,054
Other long-term benefits	-	17,691
Termination benefits	-	-
	773,655	**1,008,537**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period. In FY20, Mr S Madder's share options (described above) produced a benefit to profit and loss of $112,890 (FY19: benefit of $378,290). The FY20 benefit/expense is not included in the table above.

29. Segment information

To better report on the progress of the company strategy, Prime classifies its financial accounts into two reporting segments, the two segments are, 'Wealth Management & SMSF' and 'Accounting & Business Advisory plus Capital'. This reporting structure provides current and prospective shareholders with a more detailed understanding of the drivers of performance of those segments and the cost of operating centralised services and the corporate office. Operating in two reporting segments comprising of providing integrated advice solely in Australia. These segments are consistent with the way the Managing Director/CEO (who is the chief operating decision-maker) monitors and assesses the business with regard to resource allocation and performance assessment.

These reportable segments are as follows;

Wealth Management & SMSF – Providing Wealth Management and Financial planning advice while also providing Self-Managed Superannuation Fund services and advice.

Accounting & Business Advisory plus Capital & Corporate Advisory – Providing Accounting, Tax and Advisory services to clients, while also providing Capital and Corporate advice.

Segment performance is evaluated based on segment profit before tax. The Group's financing, taxes, depreciation and amortisation are managed on a Group basis and are not allocated to operating segments.

	Wealth & SMSF $	ABA & Capital $	Corporate $	Consolidated $
2020				
Segment revenue	9,479,802	12,005,626	-	21,485,428
Other Income	-	-	-	-
Interest Income	-	-	61,459	61,459
Total Segment Revenue	**9,479,802**	**12,005,626**	**61,459**	**21,546,887**
Deduct				
Segment expenses	(6,567,438)	(8,028,288)	(691,340)	(15,287,066)
Segment Profit/(Loss)	2,912,364	3,977,338	(629,881)	6,259,821
Depreciation	-	-	(188,085)	(188,085)
Right of Use Asset Amortisation	(319,952)	(475,071)	(142,975)	(937,998)
Amortisation	-	-	(959,184)	(959,184)
Interest Expense	(43,595)	(62,089)	(496,129)	(601,813)
Share Based Payment Expense/(Benefit)	-	-	112,890	112,890
Fair value movement on Financial Assets	-	-	(7,426)	(7,426)
Fair value movement on Contingent Consideration	-	-	(17,345)	(17,345)
Profit/(Loss) on disposal of investment	-	-	-	-
Expected Credit Losses	(21,965)	(128,115)	-	(150,080)
Reported Profit Before Tax	**2,526,852**	**3,312,063**	**(2,328,135)**	**3,510,780**
Attributable to:				
Members/Shareholders of the parent entity	1,621,793	3,312,063	(2,328,135)	2,605,721
Non-controlling interests	905,059	-	-	905,059
Reported Profit Before Tax	2,526,852	3,312,063	(2,328,135)	3,510,780
Tax			(723,607)	(723,607)
Reported Profit After Tax	**2,526,852**	**3,312,063**	**(3,051,742)**	**2,787,173**
Attributable to:				
Members/Shareholders of the parent entity	1,871,238	3,312,063	(3,051,742)	2,131,559
Non-controlling interests	655,614	-	-	655,614
Reported Profit After Tax	**2,526,852**	**3,312,063**	**(3,051,742)**	**2,787,173**
Segment Assets	26,865,298	27,089,846	3,888,992	57,844,136
Non-Segment Assets				1,056,070
Total Assets				**58,900,206**
Segment liabilities	(867,974)	(2,423,337)	(4,361,149)	(7,652,460)
Non-Segment Liabilities				(10,074,416)
Total Liabilities				**(17,726,876)**
Segment Net Assets	25,997,324	24,666,509	(472,157)	
Total Net Assets				**41,173,330**

29. Segment information – continued

	Wealth & SMSF $	ABA & Capital $	Corporate $	Consolidated $
2019				
Segment revenue	10,260,169	10,459,254	-	20,719,423
Other Income	565,714	493,565	-	1,059,279
Interest Income	-	-	64,754	64,754
Total Segment Revenue	**10,825,883**	**10,952,819**	**64,754**	**21,843,456**
Deduct				
Segment expenses	(8,358,610)	(8,392,813)	(1,032,189)	(17,783,612)
Segment Profit/(Loss)	2,467,273	2,560,006	(967,435)	4,059,844
Depreciation	-	-	(255,509)	(255,509)
Amortisation	-	-	(886,757)	(886,757)
Interest Expense	-	-	(615,551)	(615,551)
Share Based Payment Expense/ (Benefit)	-	-	518,835	518,835
Fair value movement on Financial Assets	-	-	(1,410)	(1,410)
Fair value movement on Contingent Consideration	-	-	1,733	1,733
Profit/(Loss) on disposal of investment	-	-	35,042	35,042
Expected Credit Losses	-	-	(278,828)	(278,828)
Reported Profit Before Tax	**2,467,273**	**2,560,006**	**(2,449,880)**	**2,577,399**
Attributable to:				
Members/Shareholders of the parent entity	1,485,594	2,283,925	(2,449,880)	1,319,639
Non-controlling interests	981,679	276,081	-	1,257,760
Reported Profit Before Tax	2,467,273	2,560,006	(2,449,880)	2,577,399
Tax			(350,746)	(350,746)
Reported Profit After Tax	**2,467,273**	**2,560,006**	**(2,800,626)**	**2,226,653**
Attributable to:				
Members/Shareholders of the parent entity	1,485,594	2,283,925	(2,454,742)	1,314,777
Non-controlling interests	981,679	276,081	(345,884)	911,876
Reported Profit After Tax	**2,467,273**	**2,560,006**	**(2,800,626)**	**2,226,653**
Segment Assets	26,720,350	27,020,516	781,469	54,522,335
Non-Segment Assets				995,289
Total Assets				**55,517,624**
Segment liabilities	(1,056,728)	(3,308,621)	(1,505,381)	(5,870,729)
Non-Segment Liabilities				(10,163,771)
Total Liabilities				**(16,034,500)**
Segment Net Assets	25,663,622	23,711,895	(723,912)	
Total Net Assets				**39,483,124**

30. Financial assets and financial liabilities

30a. Financial assets

	30 June 2020 $	30 June 2019 $
Financial assets at fair value through profit and loss		
Unquoted equity instruments	914,055	1,251,495
Financial assets at amortised costs		
Cash and cash equivalents	93,491	208,792
Trade and other receivables	2,567,386	2,490,001
Loans receivable	1,056,071	995,289
Total financial assets	**4,631,003**	**4,945,577**
Total current	3,716,948	2,698,793
Total non-current	914,055	2,246,784
Total financial assets	**4,631,003**	**4,945,577**

30b. Financial liabilities

	Interest rate %	Maturity	30 June 2020 $	30 June 2019 $
Current interest-bearing loans and borrowings				
Lease Liabilities	3.1% - 3.3%	30/06/2021	908,987	-
Borrowings – other	6.0%	15/10/2020	73,424	243,501
Total current interest-bearing loans and borrowing			**982,411**	**243,501**
Non-Current interest-bearing loans and borrowings				
Lease Liabilities	3.1% - 3.3%	2021-2024	2,751,114	-
Bank facility	3.9%	09/07/2025	9,802,971	9,325,228
Borrowings - other	-	-	-	73,424
Total non-current interest-bearing loans and borrowings			**12,554,085**	**9,398,652**
Other financial liabilities				
Payables			2,060,831	3,125,603
Financial liabilities – share based payments			27,843	140,733
Balance outstanding on acquisitions			722,289	1,757,439
Total other financial liabilities			**2,810,963**	**5,023,775**
Total financial liabilities			**16,347,459**	**14,665,928**
Total current financial liabilities			3,400,285	4,531,400
Total non-current financial liabilities			12,947,174	10,134,528
Total financial liabilities			**16,347,459**	**14,665,928**

30. Financial assets and financial liabilities – continued

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $12,630,000. The agreement expires on 9 July 2025. At the end of the reporting period those facilities have been utilised to the amount of $9,802,971. The unused amount is $2,827,029. The facility is to assist with working capital, future investments and for general purposes. At 30 June 2020 the effective interest rate was 2.89% per annum. There is an additional 1.00% line fee for the total facility.

Please see note 21 for further details of the balance outstanding on acquisition of investments.

30c. Fair values

Set out below is a comparison by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2020		2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Unquoted equity instruments	914,055	914,055	1,251,495	1,251,495
Loan receivable	1,056,071	1,056,071	995,289	995,289
Total	1,970,126	1,970,126	2,246,784	2,246,784
Financial liabilities				
Interest-bearing loans and borrowings				
- Bank facility	9,802,971	9,802,971	9,325,228	9,325,228
- Borrowings - other	73,424	73,424	316,925	316,925
Financial liabilities - share based payments	27,843	27,843	140,733	140,733
Balance outstanding on acquisitions	722,289	722,289	1,757,439	1,757,439
Total	**10,626,527**	**10,626,527**	**11,540,325**	**11,540,325**

It has been assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, obligations under hire purchase and other contracts and the balance outstanding on acquisition of investments approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of financial liabilities relating to share-based payments have been calculated using a Black-Scholes model. Please see note 24 for further details.

Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Fair value measurement hierarchy for assets and liabilities:

			Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant observable inputs
	Date of valuation	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value:					
Unquoted equity securities	30 June 2020	914,055	-	-	914,055
Liabilities measured at fair value:					
Balance outstanding on acquisitions	30 June 2020	722,289	-	-	722,289

			Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant observable inputs
	Date of valuation	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value:					
Unquoted equity securities	30 June 2019	1,251,495	-	-	1,251,495
Liabilities measured at fair value:					
Balance outstanding on acquisitions	30 June 2019	1,757,439	-	-	1,757,439

Unquoted equity securities

	30 June 2020 $	30 June 2019 $
Balance at the beginning of the year	**1,251,495**	**887,492**
Additions	-	615,405
Settlements	(330,014)	(249,992)
Movement in Fair value	(7,426)	(1,410)
Balance at the end of the year	**914,055**	**1,251,495**

Management does not deem the impact of the COVID-19 pandemic to have had an effect on the classification of these assets, and there has been no change to Prime's business model for managing financial assets.

Unquoted equity securities in BStar Pty Ltd

On 14 February 2020, Prime sold its Investment in Bstar Pty Ltd for it's carrying value of $330,014.

Unquoted equity securities – financial services sector

The fair value of unquoted equity securities – financial services sector consists of an investment purchased in FY18. The asset is measured based on a revenue multiple as a best practice for measuring Early Stage entities and also the Board's assessment of the latest valuation information prepared by the company for the purposes of capital

30. Financial assets and financial liabilities – continued

raising. Unquoted equity securities – financial services sector are classified as a Level 3 financial asset and are measured at fair value through profit and loss. A 10% increase (decrease) in the valuation of these securities would result in an increase (decrease) in fair value of $29,815.

Unquoted equity securities - Crispin and Jeffery's SMSF Service Agreement

Crispin & Jeffery is classified as Level 3 financial assets and is measured at fair value through profit and loss. The fair value technique used was a capitalisation of earnings approach. The key inputs in this valuation were underlying earnings and the earnings multiple. The earnings multiple used in the valuation at 30 June 2020 was 5.5 times. A 10% increase (decrease) in the earnings multiple or underlying earnings would result in an increase (decrease) in fair value of $61,524. The fair valuation of Crispin & Jeffery – SMSF at 30 June 2020 resulted in a loss through the profit and loss of $165.

Balance outstanding on acquisitions

Please see note 21 for details of the balance outstanding on acquisition of investments.

30d. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise borrowings, trade and other payables, balances outstanding on the acquisition of investments and financial liabilities relating to share-based payments. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, unquoted equity investments, trade and other receivables, and cash and cash equivalents.

The Group is exposed to credit risk and liquidity risk. The Group's Board oversees the management of these risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank facility which has a floating interest rate. The Group monitors interest rates to assess the impact of changes in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on Group/(loss) before tax
2020	
0.50% increase in interest rates	(49,382)
0.50% decrease in interest rates	49,382
2019	
0.50% increase in interest rates	(48,211)
0.50% decrease in interest rates	48,211

Equity risk

The unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through holding a relatively small proportion of its assets in unlisted equity securities. The acquisitions of any unlisted equity securities are required to be approved by the Board.

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 and other financial instruments. Credit risk is managed primarily by monitoring receivables and the credit ratings of relevant banks and financial institutions. The credit risk relating to the loan to directors was assessed by the Board when the related loans were entered.

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.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have any significant concentrations of credit risk except for the loan to director.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Years ended 30 June 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Lease liabilities	-	251,544	766,695	2,802,142	-	3,820,381
Interest-bearing loans and borrowings	-	150,149	293,456	11,650,721	-	12,094,326
Contingent consideration	-	286,724	73,835	388,216	-	748,775
Financial liabilities - share based payments	-	-	27,843	-	-	27,843
Trade and other payables	2,060,831	-	-	-	-	2,060,831
	2,060,831	**688,417**	**1,161,829**	**14,841,079**	**-**	**18,752,156**

Years ended 30 June 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	59,946	179,418	9,402,789	-	9,642,153
Contingent consideration	-	23,820	1,255,066	478,553	-	1,757,439
Financial liabilities - share based payments	-	-	62,613	78,120	-	140,733
Trade and other payables	3,125,603	-	-	-	-	3,125,603
	3,125,603	**83,766**	**1,497,097**	**9,959,462**	**-**	**14,665,928**

	1 July 2019	Cash flows	Changes in fair values	Other	30 June 2020
Lease liabilities	4,207,600	(816,251)	-	268,752	3,660,101
Interest-bearing loans and borrowings	9,642,153	234,153	-	-	9,876,395
Total liabilities from financing activities	**13,849,753**	**313,257**	**-**	**268,752**	**13,536,496**

31. Parent entity disclosures

	30 June 2020 $	30 June 2019 $
(a) Statement of financial position		
Current assets	15,755,778	13,673,789
Non-current assets	39,072,757	38,638,274
Total assets	**54,828,535**	**52,312,063**
Current liabilities	8,912,016	7,911,700
Non-current liabilities	-	-
Total liabilities	**8,912,016**	**7,911,700**
Net assets	45,916,519	44,400,363
Contributed equity	65,303,457	64,959,341
Accumulated losses	(19,386,938)	(20,558,978)
Total equity	**45,916,519**	**44,400,363**
(b) Statement of profit or loss and other comprehensive income		
Profit/(Loss) for the year	666,099	(295,706)
Total comprehensive income	666,099	(295,706)

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.

32. Significant events after balance date

On 21 August 2020, the directors of Prime Financial Group Ltd declared a final dividend on ordinary shares in respect of the FY20 financial year. The total amount of the dividend is $473,620 which represents a fully franked dividend of 0.25 cents per share. The dividend has not been provided for in the 30 June 2020 financial statements.

Except for the items above, there are no matters or circumstances which have arisen since the end of the financial period, that have significantly affected, or may significantly affect the operations of the Group, or the state of affairs of the Group in future periods.

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Directors' Declaration

1 The Financial Statements and Notes, as set out on pages 28 to 75, 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 2020 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 2 to the financial statements.

2. The Managing Director and Chief Executive Officer, and Company Secretary 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.

In the directors' opinion there are reasonable grounds to believe that Prime Financial Group Ltd will be able to pay its debts as and when they become due and payable.

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

Simon Madder
Managing Director & CEO

Melbourne
Date: 21 August 2020

Independent Auditor's Report

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Independent Auditor's Report to the Members of Prime Financial Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Prime Financial Group Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Impairment assessment of goodwill

Why significant	How our audit addressed the key audit matter
Goodwill has been recognised as a result of the Group's previous acquisitions. The Group performs an annual impairment assessment, or more frequently, if there is an indication that goodwill may be impaired. It involves a comparison of the carrying value of the CGU with its recoverable amount. The impairment assessment involves estimates and assumptions concerning future performance, forecast cash flows, discount rates and terminal growth rates. These assumptions are subject to estimation uncertainty, with potential changes in assumptions leading to changes in the recoverable value of the asset. Accordingly, we considered this to be a key audit matter. Further details on the methodology and assumptions used in the impairment assessment of goodwill are included in Note 2.3(e).	Our audit procedures included the following: ▶ Assessed whether the impairment testing methodology met the requirements of Australian Accounting Standards; ▶ Tested the mathematical accuracy of the impairment testing model; ▶ Assessed whether the forecast cash flows were consistent with the most recent Board approved cash flow forecasts; ▶ Assessed the appropriateness of key assumptions, such as the discount rates and long-term growth rates, including performing our own sensitivity analyses around these key assumptions; and ▶ Assessed the historical accuracy of the Group's previous forecasts by performing a comparison of historical forecasts to actual results. Our valuation specialists were involved in the performance of these procedures where appropriate. We also assessed the adequacy of the disclosures associated with the goodwill impairment assessment.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 23 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Prime Financial Group Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

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.

Ernst & Young

Ernst & Young

T M Dring
Partner
Melbourne
21 August 2020

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ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is presented below. This information is current as at 18 August 2020.

(a) Distribution of equity securities

Ordinary share capital – 195,322,440 fully paid ordinary shares are held by 894 individual shareholders. The number of shareholders, by size of holding, in each class of share are:

	Ordinary Shares	
Category (size of holding)	**No. of holders**	**No. of shares**
1 - 1,000	53	21,905
1,001 - 5,000	133	404,214
5,001 - 10,000	147	1,167,381
10,001 - 100,000	329	13,090,366
100,001 over	190	180,638,574
Total	**852**	**195,322,440**

(b) Twenty largest shareholders

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

		Listed Ordinary Shares	
	Name	**Number of shares**	**% of ordinary shares**
1	DOMAIN INVESTMENT (MELBOURNE) PTY LTD	20,286,248	10.39
2	ASCENSION BUSINESS INVESTMENTS PTY LTD <ASCENSION BUSINESS INV A/C>	13,628,571	6.98
3	GOGORM SUPER PTY LTD <GOGORM SUPER FUND A/C>	8,142,976	4.17
4	SONNING ROAD PTY LTD <PSB SUPERANNUATION FUND A/C>	7,817,142	4.00
5	KIUT INVESTMENTS PTY LTD <KEPPEL INVESTMENTS UNIT A/C>	6,884,300	3.52
6	WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C>	5,900,000	3.02
7	PFG EMPLOYEE SHARE PLAN PTY LTD	5,874,455	3.01
8	CULVERWOOD SUPERANNUATION PTY LTD <CULVERWOOD A/C>	4,600,000	2.36
9	MS CHEN ZHANG	4,526,420	2.32
10	MR PETER WATSON	3,675,000	1.88
11	COMMON SENSE INVESTMENTS PTY LTD	3,650,747	1.87
12	HISHENK PTY LTD	3,600,000	1.84
13	DRAKEVALE PTY LTD <JOANNE&PETER KENNEDY S/F A/C>	3,337,296	1.71
14	MR SIMON MADDER	3,198,651	1.64
15	BROWN EYE PTY LTD	3,000,000	1.54
16	SOMACO PTY LTD <THE S & M COHEN FAMILY A/C>	3,000,000	1.54
17	MR WILLIAM MARK OLSEN & MRS JANET THERESE OLSEN	2,635,000	1.35
18	DOMAIN INVESTMENT (MELBOURNE) PTY LTD	2,492,465	1.28
19	FENNING COURT PTY LTD <SCOBLE FAMILY A/C>	2,475,000	1.27
20	MR PAUL SAMUEL COWAN & MRS BELINDA CAROLINE COWAN <PS COWAN SUPER FUND A/C>	2,324,489	1.19

(c) Voting rights

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

Corporate Information

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Directors

S. Madder, Managing Director/CEO & Chairman
P. Madder, Executive Director
M. Murphy, Executive Director
T. Bennett, Executive Director

Company Secretary

R. McLaughlin

Registered Office & Principal Place of Business

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F 1800 265 374

Solicitors

Holman Fenwick Willan

Bankers

Westpac Banking Corporation

Share Register

Computershare Investor Services
Yarra Falls
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Abbotsford VIC 3067

Auditors

Ernst & Young
8 Exhibition Street
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