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Company Announcements Office
Australian Securities Exchange Limited

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2014 Full Year Results

Summary

Operations & Investments

Operations

- EBIT down 1% to \$3.72M compared to FY2013
- Net Profit After Tax down 6% to \$2.63M compared to FY2013
- Earnings Per Share (EPS) 1.8 CPS, down 5% compared to FY2013
- Full Year Dividend increased to 0.80 CPS (54% payout ratio) up from 0.75 CPS
- Wealth Management (WM) = 85% of Revenue
- WM Revenue down 14% on FY2013
- WM Revenue (Excluding Client Engagement Model (CEM)) down 7% on FY2013
- Accounting and Self-Managed Superannuation Services (AS) Investees = 15% of Revenue
- AS Revenue up 8% on FY2013
- FY2014 Operating Margin of 29%, down from 30% in FY2013
- Overheads down 15% on FY2013
- New Funds Under Management (FUM) for FY2014 of approx. \$84M
- Lost FUM for FY2014 of approx. \$150M (\$117M 1H2014 and \$33M 2H2014)
- Total FUM at 30 June 2014 of \$1.058B, down \$40M from 30 June 2013
- Net debt of \$6.1M at 30 June 2014 up \$0.2M (3%) compared to 30 June 2013

Investment

- Finalised the purchase of a 20% equity interest (commencing with a 10% investment) in Melbourne based Accounting & Advisory Firm 'MPR Group' plus establishing a Wealth Management entity in Partnership with the Firm on a 50 / 50 equity basis using Prime's CEM

Review of Operations & Investments

In the 12 months from July 2013 to June 2014 (FY2014) the Australian stockmarket increased by 13% delivering a strong portfolio performance for clients and creating a more buoyant Financial Services sector.

The significant stockmarket improvement had a positive impact on Prime's Wealth Management Recurring revenue, however transactional New Business revenue fell through lower Investment Brokerage, New Issues and IPO's, plus a fall in Licensing Fee revenue.

Transactional Wealth Management Licensing revenue from Prime's CEM was 67% or \$1.02M lower than FY2014. This was not unexpected given the nature of this Revenue line and the relationship to new investment. Encouragingly, the pipeline of investment opportunity continues to build through the ongoing Business Development program to recruit new Accounting Investees and Wealth Management JV Partners.

Importantly, Prime announced that we had made the first investment as part of the expansion plan for combined Accounting & Wealth Management Investments. The investment, in a Melbourne based Accounting & Advisory Firm, 'MPR Group,' which has revenue of approximately \$4.0M, includes a staggered purchase of 20% of the Accounting & Advisory Firm plus the establishment of a Wealth Management entity utilising Prime's CEM. This Wealth Management entity will be owned 50% by Prime and 50% by the Accounting & Advisory Firm with Prime operating the entity on behalf of both parties. This first expansion plan investment is part of Prime's plan to become the 'Premier' Partner to Accountants for Growth, Succession and Integrated Wealth Management.

The Operational Focus & Key Developments for Prime in FY2014 have been;

- Reduce the Cost Base – 15% drop and \$1.3M benefit flowed through in FY2014;
- Building the pipeline and recruiting new Accounting Firm Wealth Management JV Partners for Prime's Client Engagement Model;
- Commencing the expansion plan for further investment in Accounting investees (FIRST INVESTMENT MADE - 20% staggered investment in a Melbourne based Accounting & Advisory Firm, 'MPR Group,' incorporating a 50% investment in Wealth Management);
- FUM;
 - New FUM (+\$84M for FY2014)
 - Reduce lost FUM run rate (\$117M 1H2014 & \$33M 2H2014)
- Commercial Property Investment Management – Protus Prime;
 - Design and complete the first client offering and Product Disclosure Statement (PDS); and
- Increase the full-year Dividend up to 0.80 CPS from 0.75 CPS

Low Debt

Prime continues to take a prudent approach to debt. Debt did however increase slightly by \$0.2M during the period equating to a gearing ratio of 9.3%. Debt levels will remain in balance and be conservatively managed as the investment program continues to expand.

Dividend Policy

Directors confirm a final dividend of 0.40 cents per share (CPS) which when added to the interim dividend of 0.40 CPS totalled 0.80 CPS, an increase of 0.05 CPS on FY2013. This represents a 54% dividend payout ratio.

Prime

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

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

Simon Madder (Managing Director/CEO)