

Managing
Director/CEO and
Chairman's Report

20
15

Integrated Wealth Management

Prime Financial Group is an ASX Listed Integrated Wealth Management Firm for business owners and family groups.

Prime's goal is to become the Premier Partner to Accountants for Growth, Succession and Integrated Wealth Management and to deliver personalised advice to clients for a secure financial future.

Managing Director/CEO and Chairman's Report

The Prime story

Prime was founded in 1998 by accountants and today that DNA continues through our working relationship with clients in partnership with their accountant.

The reason is simple yet highly effective – we believe that clients are best served by their accountant being their single place for personalised financial advice – tailored for their needs, goals and aspirations.

It all starts by providing and maintaining protection to clients ongoing wealth. Our clients have worked hard for what they have and Prime Financial Group and their Accountant will always put preservation of their existing wealth first.

By working with accounting firms, we ensure clients have the right structure and strategies in place from the very beginning – key to meeting their financial goals and objectives to secure their financial future.

One National team

With Prime Financial Group being a national firm, clients benefit from a team of Advisers with a diverse set of skills across different disciplines with hundreds of years of experience.

It is this experience that allows for us to completely personalise our clients wealth management advisory service, which while flexible to suit client's needs maximises their outcomes through grounded judgement and advice.

PERSONALISED **ADVICE**



ASX LISTED



**TRULY INTEGRATED
WEALTH MANAGEMENT**

\$1BILLION+
**CLIENT FUNDS
UNDER MANAGEMENT**

**INDEPENDENT
OF 'BIG 4' AU BANKS**

ESTABLISHED 1998

» *Accounting Heritage* «



PREMIER
ACCOUNTING FIRM PARTNER



30+ ACCOUNTING FIRM EQUITY PARTNERS

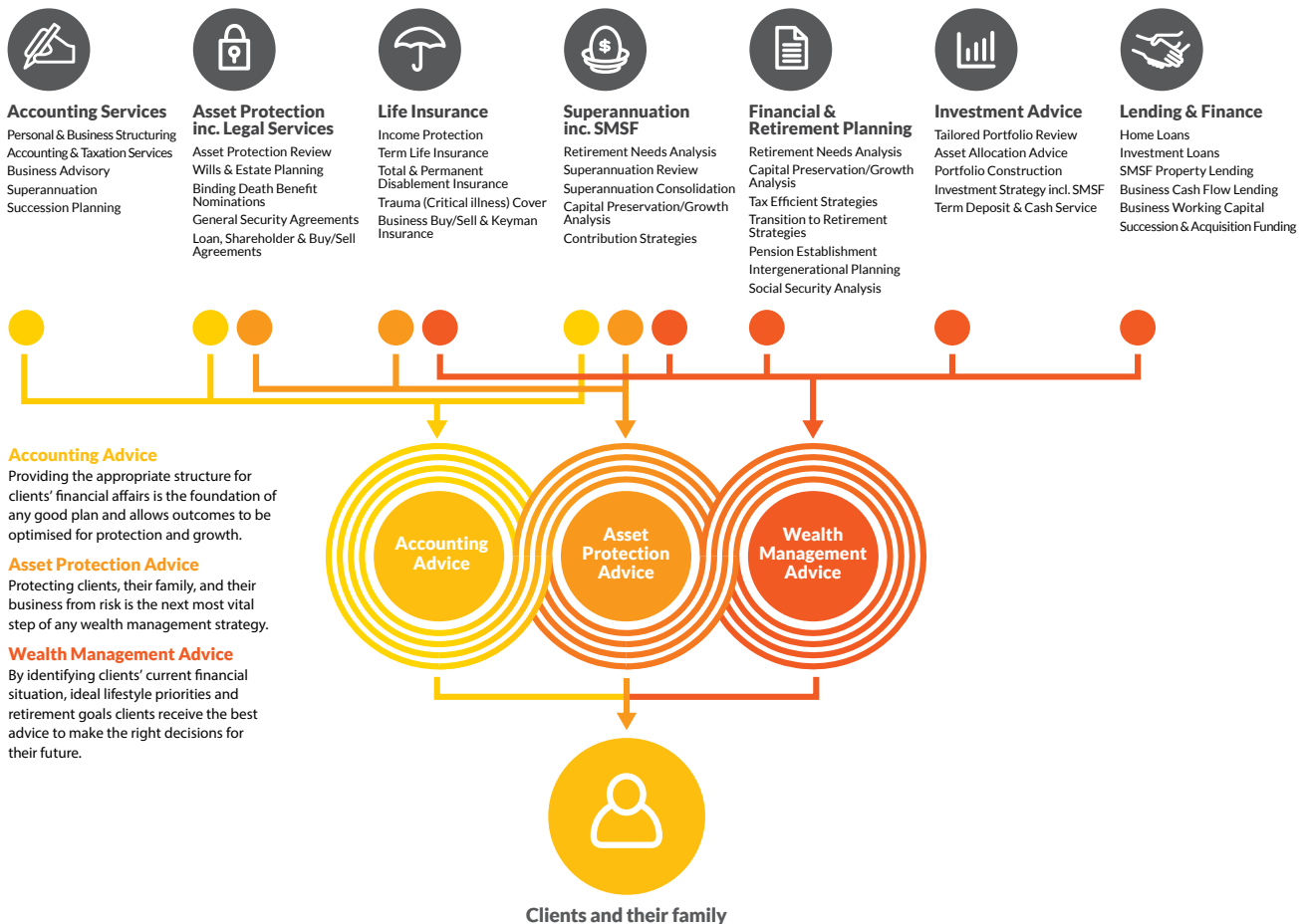
How we work with clients

Prime Financial Group doesn't take a product-based approach, we are an Advisory Firm that adds value for our clients and partners. We are not tied to the 'Big 4' banks and as a result we provide personalised advice in partnership with our clients' accountant that is transparent, flexible and is in their best interests.

Our integrated 3 dimensional approach ensures clients have the right structure and strategies in place to meet their financial objectives, and creates a relationship for quality advice, trust, service and a deep understanding of their situation.

Our Integrated Advice Model brings together clients, their Accountant and Prime Financial Group to create a seamless and complete service.

Beginning with our clients' accountant, clients set the course for enhancing their financial future with tailored wealth management and asset protection advice. When together we have set their structure and strategy, the strength of Prime Financial Group in partnership with our clients' accountant then focuses on implementing and managing that plan and their investments to make their goals a reality.



Managing Director/CEO and Chairman's Report

continued

Integrated and streamlined service

Having an efficient wealth management advisory process eliminates inconsistency, duplication, and extra cost for clients. The end result is a fully integrated advisory process that doesn't run the risk of inconsistency, double-up's, unnecessary expense and a chaotic 'mix and match' approach that can see one part of a client's plan undermining other parts.

Prime Financial Group's integrated and streamlined approach creates a complete offering of unified advice and services.

A progressive communication platform

Total connection to clients' advice and investments that keeps them informed and allows 24/7 access is very important. Clients are in control, so we have created an extensive, effective and efficient communication network for clients to use wherever and whenever they desire.



Prime for Accountants

As part of Prime's belief that clients are best served by receiving Accounting and Wealth Management advice (with the Accountant central to this) as part of one complete 'Integrated' service, Prime's Partnership model to support Accounting Firms has two variants;

- Accounting Firm Investment (typically 25% investment) and a Wealth Management/Asset Protection Operation (typically 50% investment), or simply
- Wealth Management/Asset Protection Operation (typically 50% investment) with no Accounting Firm Investment.

Regardless of which option an Accounting Firm chooses, Prime implements our Client Engagement Model (CEM) tailored to each Firm's needs. This system and approach delivers a totally 'integrated' and complete Accounting and Financial Service for clients.

Prime's Partnership model for Accountants is derived from our DNA, that of its Accountant founders, who established Prime to support Accountants for Growth, Succession and Integrated Wealth Management.

This 17 plus year history has seen Prime's model continuously evolve to meet the changing needs of Accountants and includes, but is not limited to;

- Equity capital/investment for growth (acquisitions and new service line development) and succession planning (structured succession planning for principals)
- Establishing, operating and investing in Wealth Management entities attached to Accounting Firms

- Licensing of Accountants and how that integrates into a complete client service
- Strategic Advice for alignment and a clear vision for the future of each Accounting Firm
- Identification of Acquisitions and Corporate Advisory Services surrounding this
- Funding solutions outside of simply equity capital from Prime
- Development services and advice, including Business Development, Marketing, Digital & Social Strategy, Outsourcing and Technology

Prime is investing in the future of Accounting & Advice as a dedicated, engaged and strategic investment partner with a clear vision for client engagement and superior client experience and value, all with the Accountant at the centre of this.

Prime's Operations

Prime's revenue is generated through a Wealth Management operation that directly services its own clients and the clients of Prime's 30+ Investments in Wealth Management entities (co-owned with Accounting Firms). Prime also has investments in Accounting entities, 'directly' and through Prime's new subsidiary 'Prime Accounting & Wealth Management Pty Ltd (PWM).

Strategy

Prime's key strategic objectives are;

1. To become the Premier Partner to Accountants for Growth, Succession and Integrated Wealth Management by;
 - a. Building Wealth Management entities with Accountants to 'complete' their client service offering utilising Prime's Client Engagement Model (CEM)
 - b. Investing equity capital into Accounting Firms for Growth and to address Internal Succession Planning
 - c. Enabling Accounting Firms strategy through a clear Vision of the Future of Advice, Client Service and efficient Operating Model
2. Deliver Personalised Advice for Business Owners and Family Groups for a Secure Financial Future, in Partnership with Accountants, with Accountants as the primary trusted advisor

3. Focus Client Service around a theme of 'Immediate Fulfilment' (anytime, anywhere) and 'Co-Created Client Experiences' delivered within established and developing Prime systems, processes and technology
4. Utilise Technology, Centralisation and Global Resources to enable growth, scalability and continuous and improved client service and value in a combined physical and digital environment
5. Continue to actively build Prime's brand, presence and premier positioning for Accountants
6. At our core, build a culture of innovation

Key Developments

The key developments for Prime have included;

Marketing

1. New Prime and Accounting Partner Wealth Management Mobile and Social enabled Websites
2. Development and deployment of Digital and Social channel strategy and content
3. Internal production capability for video content
4. Newly developed Prime Corporate Collateral and Marketing Material

Technology

1. Deployment of new client Investment Management Technology Platform and mobile application (Prime Connect)
2. Implementation of Cloud Infrastructure for Prime

Investment Advice

1. Broadening of the Prime Client Asset Allocation Model enabled by new Investment Management Technology Platform
2. Significant Value Added by Prime Separately Managed Accounts (SMA's)

Prime SMA's - Portfolio Performance (1/07/14 – 30/06/15)

PRE-FRANKING CREDITS	1 YEAR
Prime Australian Equity Growth Portfolio	13.65%
S&P/ASX200 Accumulation Index	5.67%
Prime value added	7.98%
Prime Australian Equity Income Portfolio	7.78 %
S&P/ASX200 Accumulation Index	5.67%
Prime value added	2.11%

Managing Director/CEO and Chairman's Report

continued

3. Closure of Protus Prime Commercial Real Estate investment entity due to lack of client take-up
4. Growth in Funds Under Management (FUM) +\$90M for the Year
5. Reduction in Lost FUM for the year, down to \$55M from \$150M in the previous Financial Year
6. Rollout of new 'three tier' service offering for clients from Self Directed investors through to Full Advice clients

Resourcing

1. Implementation of additional centralised resourcing through Head Office plus the inclusion of a global resourcing model for efficiency and growth

Funding for Growth

1. On 2 October 2014, Prime completed a funding arrangement through Prime Accounting & Wealth Management Pty Ltd (PWM). Prime holds 99.9% of the ordinary voting shares which represents a 33.3% economic interest. A financial institution holds preference shares under a preferred dividend structure, which represents the remaining 66.7% economic interest
2. On 13 February 2015 Prime completed, through PWM, its first new investment of 30% in a Sydney CBD based Accounting Firm with +\$5m revenue. Prime concurrently established a wealth management entity on a 50/50 equity basis with the Accounting Firm
3. On 21 July 2015, Prime completed the transfer of two of its existing investments in Accounting Firms and their related Wealth Management Entities to its subsidiary PWM. After allowing for Prime's

capital contribution to PWM of \$1.8M an amount of approximately \$3.6M was available to pay down existing bank debt. Prime's debt has been reduced, through the initial application of the released \$3.6M of equity by PWM, leaving Prime's net debt at \$3.8M from \$7.4M at 30 June 2015

4. On 26 August 2015 Prime sold its direct 50% interest in a Sydney based Accounting and Wealth Investee to the existing principals. Prime realised \$2.5m leaving Prime's net debt at approximately \$1.3m versus \$7.4m at 30 June 2015
5. Prime's existing Westpac facilities were refinanced on substantially the same terms, to 30 September 2016

Financial Results

A review was undertaken of the accounting policies in relation to the timing of the recognition of revenue and the deduction of expenses of operation. The outcome of the review has resulted in a change to accounting policies to ensure the results in the financial statements provide reliable and more relevant information about the effects of the transactions, other events or conditions on Prime's financial position and financial performance.

In summary, Prime's subsidiary companies will substantially only recognise income on receipt. Expenses for software/office equipment and development costs, will substantially be written off in the year in which they are incurred.

One of the most significant assets in Prime's Balance Sheet is goodwill, of which nearly 50% was the result of the merger between Prime and AVFM Ltd in 2007. The directors have reviewed all assets including the goodwill and elected to make an impairment charge of \$23.2m in the 2015 financial accounts.

Earnings

FINANCIAL	FY15 \$M	FY14 \$M	% CHANGE
Profit/(Loss) Before Tax	(19.43)	3.66	-631%
Profit/(Loss) After Tax	(20.49)	2.63	-879%
Basic & Diluted Earnings (cents per share)	(14.1)	1.8	-879%
Dividend Paid & Proposed (cents per share) (fully franked)	0.80	0.80	-

FINANCIAL - LESS IMPAIRMENT	FY15 \$M	FY14 \$M	% CHANGE
Profit/(Loss) Before Tax	3.76	3.66	+3%
Profit/(Loss) After Tax	2.70	2.63	+3%
Basic & Diluted Earnings (cents per share)	1.9	1.8	+3%

Summary

DETAILED FINANCIAL - LESS IMPAIRMENT	FY15 \$M	FY14 \$M	% CHANGE
Wealth Management - New Business Revenue	2.32	2.27	+2%
- Recurring Revenue	7.48	7.63	-2%
- Licensing Revenue	0.35	0.50	-30%
Total Wealth Management Revenue	10.15	10.40	-2%
Accounting Investees	1.80	1.83	-2%
Other Revenue	0.38	0.38	-
Total Accounting Investees & Other Revenue	2.18	2.21	-1%
Gross Revenue	12.33	12.61	-2%
Less Group Overheads	(7.46)	(8.02)	-7%
Less Non-controlling Interest	(1.11)	(0.93)	+19%
Profit Before Tax Before Impairment	3.76	3.66	+3%
Less Impairment	(23.19)	-	-
Profit Before Tax	(19.43)	3.66	-631%
Profit After tax	(20.49)	2.63	-879%

OPERATIONAL - LESS IMPAIRMENT	FY15	FY14	% CHANGE
Group Operating Margin	30%	29%	+3%
Total FUM (\$B)	1.051	1.058	-1%

FUNDS UNDER MANAGEMENT (FUM)	FY15 \$M
Opening FUM	1,058
FUM - New	90
FUM - Outflow	(55)
Implied Market Movement	(42)
FUM - Net Total Movement	(7)
Closing FUM	1,051

Managing Director/CEO and Chairman's Report

continued

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, equates to a full year dividend of 0.80 CPS.

Business and Operating Environment

The past twelve months has been marked by a substantially business as usual operating environment for Prime and our related Accounting Investees (Inc PWM) with no material changes to the revenue drivers.

The Australian stockmarket during the financial year ending 30 June 2015 essentially opened and closed at or around similar levels which meant that on a like for like basis Wealth Management operations were stable and comparable. Likewise, the environment for Accounting Investees was similar with no real major disruption or change to the businesses.

What however has become increasingly apparent in the past 12 months has been the pace of change that technology is driving in the way that Advisory Firms like Prime, and our Accounting Investees, operate, communicate, interact and provide advice now and into the future.

Change is inevitable, as is the requirement to develop an organisation where innovation and a clear vision of the future of advice for clients is at the centre of considerations.

Prime has put in place, and is encouraging business partners to do the same, a structure that will enable a more nimble approach to growth and development for the future.

Exciting opportunities are presenting themselves and being ready to access and secure those opportunities in a well funded and timely manner will be the ultimate determinant of success.

Focus for The Year Ahead

Prime continues to have a focussed strategy for growing value, at both an organic and acquisition level.

The plan for the next twelve months is to:

1. Market the difference and distinct value Prime offers accountants and their clients and recruit;
 - New Accounting Firms for Wealth Management; and
 - New Accounting Firms (Investees) for investment.
2. Deliver additional value and services to existing Accounting Partners.
3. Continue to invest in new technology for client engagement and personalised service, plus utilise technology for increased internal efficiencies.
4. Leverage a Global Resourcing Team for Growth, Scalability and Efficiency.
5. Innovate, change and evolve ahead of the curve.

Prime thrives on having a clear plan to execute as part of a vision of the future of complete Accounting & Wealth Management Advice. Prime are investing in that future and will continue to position itself in order to take advantage of opportunities that will avail and that the group will proactively develop.

Prime's goal is to become the Premier Partner to Accountants for Growth, Succession and Integrated Wealth Management and to deliver personalised advice for clients for a secure financial future.

We will continue to grow our business in FY2016 and follow the path we have laid out to drive long-term value for shareholders.

The Team and Prime's Partners

I would like to thank the extended Prime team for their dedication and passion, to deliver on the Prime Group goals.

It is also very important to acknowledge Prime's existing and new Accounting and other related Partners; without their support Prime's growth ambitions can not be achieved.



Mr Simon Madder
Managing Director & CEO



Stuart James
Chairman

Prime Financial Group Ltd ABN 70 009 487 674

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

Phone (03) 9827 6999
Facsimile (03) 9827 9100
www.primefinancial.com.au

Directors

S. James
S. Madder
P. Madder

Company Secretary

P. Madder

Registered Office

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

Phone (03) 9827 6999
Facsimile (03) 9827 9100

Solicitors

Holman Fenwick Willan

Bankers

Westpac Banking Corporation

Share Register

Computershare Investor Services
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Auditors

William Buck Audit (VIC) PTY LTD
Level 20
181 William Street
Melbourne VIC 3000