Integrated Wealth Management

ABN 70 009 487 674

Prime Financial Group Ltd
Annual Report 2013

Prime

Prime

Helping clients build wealth & protect assets

Prime Financial Group Ltd (Prime) is a National Financial Services and Advisory Group, delivering Wealth Management Services, including:

- Financial & Retirement Planning;
- Investment Advice;
- Life Insurance;
- Asset Protection Advice incorporating Legal Services;
- Superannuation, including Self Managed Superannuation; and
- Accounting Services.

We are a Wealth Management Group managing over $1.0B of client assets, with a primary goal to advise clients on how to 'Build Wealth & Protect Assets'.

Prime's focus is to deliver Wealth Management Services through quality client service across Australia using Prime's proven business model.

PRIME

Prime Financial Group Ltd (Prime) is a National Financial Services and Advisory Group, delivering Wealth Management Services and managing over $1.0B of client assets. Prime advises clients how to 'Build Wealth & Protect Assets'. Our services include:

- Financial & Retirement Planning;
- Investment Advice;
- Life Insurance;
- Asset Protection Advice incorporating Legal Services;
- Superannuation, including Self Managed Superannuation; and
- Accounting Services.

Prime's business is focussed on 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 9 Investments in Accounting and / or Self Managed Superannuation entities.

Prime's value proposition focuses on 'Helping Clients Build their Wealth and Protect their Assets', this is centred around the Family Group.

Prime's unique processes for Wealth Management and Asset Protection Advice utilise Prime's proprietary Client Engagement Model. This model delivers high levels of service and value for Prime's clients, our Accounting Firm and Financial Advisory Partners and Prime through a systematic and consistent service offering.

Prime aims to become our client's key trusted Adviser assisting them to 'Build Wealth & Protect Assets', becoming the central point to the ongoing delivery of services for them. Utilising Prime's Client Engagement Model, which brings together a team of advisers across Wealth Management and Accounting Services, Prime delivers 'Integrated Advice' specific to each client's needs.

STRATEGY

Prime's key strategic focus is to:

1. Secure new clients for Wealth Management services.
2. Retain existing clients and expand the Wealth Management services provided to them.
3. Grow the number of Prime relationships with Accounting Firms and Financial Advisory Groups for Wealth Management using Prime's Client Engagement Model & Wealth Management Joint Venture Licensing structure.
4. Continue to deliver 'Integrated Advice' to clients using Prime's Client Engagement Model.
5. Further diversify revenue streams away from the stockmarket.
6. Invest in our people, processes and systems.
7. Grow and develop the Prime Managed Portfolio Service (MPS).
8. Grow Prime's existing Accounting Firm & Self Managed Superannuation Entity Investees and invest in further Investees.
9. Continue to build Prime's brand.

Strategy – Wealth Management

Prime's Wealth Management strategy in the last twelve months has focussed on growing its business through the implementation of Prime's Client Engagement Model (CEM) and continuing to build out the Prime brand and platform. The CEM will assist with the recruitment of new Accounting and Financial Advisory Groups and operates under a Wealth Management Joint Venture Licensing structure. During the year it was pleasing to recruit three new Joint Venture Partners under the Wealth Management Licensing structure, plus transition three existing Joint Ventures to the new structure, both of these achievements will lead to future growth.

Furthermore, during the year Prime;

- Built a significant pipeline of new Joint Venture Partner opportunities which will flow through to the 2014 and future Financial Years;
- Recruited a dedicated Chief Investment Officer (CIO) to facilitate further development of Prime's investment offering, including additional asset classes that will be directly managed; and
- Reviewed Prime's digital branding strategy including updating Prime and our Joint Venture Partner's websites, implementing a new group email system for improved communication to our key stakeholders and the development of an Investment Blog platform.

Strategy – Accounting & Self Managed Superannuation

Prime's Accounting & Self Managed Superannuation strategy has been under review over the last twelve months. This review included the prospect of expanding the investment model to new investees and whether this would be complimentary to Prime's core Wealth Management growth strategy. The board have concluded that a material opportunity exists to expand on this strategy in combination with the Wealth Management Joint Venture Licensing structure and Prime will actively pursue this opportunity after encouraging initial discussions with prospective investees.

Chairman's Report

The financial services sector has experienced a more positive environment in 2013 with clients achieving superior investment returns, assisted by the Australian Stockmarket increase of 15% for the year. Whilst this improvement has increased investor confidence, growth in the sector is still being affected by the ongoing uncertainty in the global and domestic markets.

Prime's result for Financial Year 2013 (FY2013) was flat, principally due to the costs associated with completing the roll out of the Client Engagement Model (CEM) and the associated overhead restructuring costs.

Prime's earnings before interest and tax for FY2013 was \$3.74m compared to \$4.32m in FY2012 a reduction of 13.4%. The net profit after tax for FY2013 was \$2.78m compared to \$2.81m, a 1.1% reduction.

The benefits of the completion of the introduction of the CEM are as follows;

- A reduction of \$1.3m in ongoing overheads compared to FY2013;
- The successful marketing of the Prime Wealth Management Joint Venture Licensing structure to new Accounting Firms;
- The improvement in the client service offering while at the same time reducing the client service delivery costs; and
- Attracting new Accounting Firm investees.

Prime's Accounting and Self-Managed Superannuation Investment Strategy has been under review by the Board over the last twelve months. The review included the prospect of expanding the Investment Model to new investees and whether this would be complementary to Prime's core wealth management growth strategy. The Board have concluded that a material opportunity exists to expand on this strategy in combination with the wealth management joint venture licensing structure and Prime will actively pursue this opportunity after encouraging initial discussions with prospective investees.

In summary, the Directors are of the view that Prime is now well positioned for growth using its existing CEM systems and processes and based upon this, attract further Accounting Firm Investees.

The Directors are pleased to confirm an increase in the final dividend to 0.50 cents per share (CPS) which when added to the interim dividend of 0.25CPS equates to a full year dividend of 0.75CPS. The dividend increase reflects both cash flow and the ongoing benefits of the business restructure. Significantly, the final dividend is a return (annualised) to the Directors policy for a dividend payout ratio of 50%-60% subject to potential acquisitions and debt reduction.

Stuart James
Chairman
28 August 2013

FINANCIAL RESULTS & BUSINESS ENVIRONMENT

Earnings

Prime's reported Earnings Before Interest & Tax (EBIT) for the 2013 Financial Year (FY2013) was 13.4% lower than the 2012 Financial Year (FY2012), at $3.74M. Prime's net profit after tax was $2.78M for FY2013 compared with $2.81M in FY2012.

Prime's overall revenue for FY2013 marginally increased over FY2012, however within this, Wealth Management revenue increased by 6% building on the previous years increase of 11%. This increase was primarily driven by the growth in Wealth Management New Business and Recurring Revenue which increased by 9%, reflecting better stockmarket conditions.

Prime's Accounting and Self Managed Superannuation Revenue was down 19% for the year, reflecting a difficult business environment for Accountants and their Clients.

As a carryover from the development on Prime's Client Engagement Model (CEM) and continuing to build out the Prime brand and platform for growth, Prime's overheads increased by 7% in FY2013 versus FY2012. Prime's overheads for FY2013 increased principally due to the costs associated with completing the rollout of the CEM and one-off restructuring costs of $750k. Based upon the reduced overheads at the end of the FY2013, this will provide an ongoing saving of $1.3M compared to FY2013. This has been achieved whilst allowing for the benefits of the investment in business development to flow through for FY2014 and future years.

The generation of positive operational cash flow remained a priority in FY2013 and the Prime business delivered positive operational cash flows throughout the year.

Low Debt

Prime continues to take a prudent approach to debt having reduced its debt profile during the year to a current net debt level of $5.9M at 30 June 2013 down from $7.6M, equating to a gearing ratio of 8.8%. Debt levels reduced by $1.7M due to factors such as a small capital raising and better operating cashflow.

Dividend Policy

Directors confirm a final dividend of 0.50 cents per share (CPS) which when added to the interim dividend of 0.25 CPS equates to a full-year dividend of 0.75 CPS. This represents a dividend payout ratio of approximately 44% based on the full year reported EPS of 1.7 CPS.

Directors have increased the final dividend compared to the interim dividend FY2013 which reflects the companies improving cashflow and operating position. As it was noted in last year's Annual Report, the reduction in final dividend FY2012 was 'expected to be short-term and Prime intended to maintain a comparatively high dividend payout ratio in the near future'.

Summary

- EBIT down 13.4% on FY2012;
- Net Profit After Tax down 1.1% compared to FY2012;
- A Final Dividend of 0.50 cents per share (CPS) versus 0.25 CPS Final Dividend in FY2012. Full Year Dividend FY2013 of 0.75 CPS;
- Funds Under Management of $1.098B, up $97M from FY2012;
- New Funds Under Management (FUM) in FY2013 of approximately $82M, versus $69M in FY2012;
- Lost FUM in FY2013 of approximately $50M versus $21M in FY2012;
- Increased client contact and service levels throughout the year;
- Wealth Management revenue up 6% with New Business and Recurring Revenue up a combined 11%;
- Accounting & Self Managed Superannuation Revenue down 19% on FY2012, mainly due to a difficult business and economic environment;
- Group overheads up in FY2013, now restructured and reducing on an ongoing basis by $1.3M;
- Group Operating Margin lower at 30% versus 34% in FY2012;
- Lower level of net debt during FY2013 with a gearing ratio of 8.8% versus 11.3% at 30 June 2012; and
- Cash flow positive.

Business Environment

In the 12 months from July 2012 to June 2013 (FY2013) the Financial Services sector experienced a more positive business environment compared with the full year ending 30 June 2012 (FY2012) with the Australian stockmarket increasing 15% for the year, peaking up 26% in May 2013.

Low investor confidence plus global and domestic uncertainty, which typified FY2012, started to abate, but to show how tenuous this short-term confidence was the stockmarket fell away 8% off its highs in May to its eventual closing level in June.

The significant stockmarket improvement (+15%) had a positive impact on Prime's Revenue as 88% of Prime's Revenue was derived from Wealth Management activity.

Prime's improving Wealth Management Revenue in 1H2013 accelerated further in 2H2013, mainly across Wealth Management New Business including 'Investment Brokerage' and 'New Issues & IPOs', but also 'Recurring Revenue' generated from Funds Under Management (FUM).

This improving activity and sentiment should be balanced against a backdrop of recent stockmarket fluctuations and the prospect of a sustained stockmarket recovery, accordingly, Prime is cautiously optimistic.

Separate to stockmarket confidence the two other material areas to impact Prime have been;

1. The practical implications of implementing the Wealth Management industry regulatory change, introduced via the 'Future of Financial Advice (FoFA)' reforms; and the
2. Wider business and economic conditions which impacts on Business Owner's and investor confidence.

Although Prime is supportive of FoFA and believe that this will be a positive for the industry and create additional opportunities for Prime, on the whole its implementation has and continues to be a significant distraction from our core role of servicing clients. We expect this will become less of a distraction in FY2014.

More significantly, wider business confidence in Australia has fallen in the last 12 months. Inevitably this impacts on Prime's clients and Accounting Investees and there has been a flow through to reduced Accounting Firm operating performance as clients wind back on discretionary business and consulting services.

WEALTH MANAGEMENT REVENUE

In FY2013, Wealth Management Revenue increased by 6% building on the 11% increase from FY2012. This increase was primarily driven by the growth in Wealth Management New Business and Recurring Revenue which grew by 11%, mainly because the Australian stockmarket increased by 15% from July 2012 to June 2013. Furthermore, the large growth engine from FY2012, 'Wealth Management Licensing Revenue' again made a significant contribution to total Wealth Management Revenue.

Financial & Retirement Planning, Superannuation & Investment Advice

Recurring Revenue (FUM) (Up 9%) – Recurring Revenue is driven by the level of client funds that Prime manages, the value of those assets managed, the fees and charges on that FUM and the growth in Net New FUM. Regarding the movement of FUM, the New FUM for FY2013 was \$82M versus \$69M in FY2012. The Net New FUM for FY2013 was \$32M which reflected a poor level of lost FUM for the year at \$50M, this compares with \$21M the previous year. The main driver is however stockmarket value and given the increase of 15% for the year, a 9% increase in recurring revenue was a solid performance.

Investment Brokerage (Up 23%) – The drivers of Investment Brokerage are linked to stockmarkets, investor confidence, investment recommendations and new client activity. The majority of the revenue is however derived from advising existing clients.

New Issues & IPO's (Up 39%) – This area is dependent on the prevailing environment and the needs of listed companies, accordingly, the performance of this area can vary significantly. In FY2013, there were a number of fixed interest and more defensive investment opportunities / raisings. Given the overall rising equity environment and clients concurrent need for income these investments were particularly attractive, hence the strong performance of this area.

Asset Protection & Legal Advice plus Life Insurance

Asset Protection & Legal Advice plus Life Insurance New Business (Down 26%) – These service lines focus on protecting clients at a personal, business and family level, it is essentially the foundation of any well structured wealth management plan.

Given the difficult business and economic environment, clients are increasingly concerned, about protecting their existing asset position. This area is fundamentally a core component of Prime's value proposition and service offering, however given the difficult business environment clients are delaying or in some cases reducing their spend in this area. Unfortunately this is the cyclical nature of these service lines. In addition to this, Life Insurance companies have taken a more conservative approach to new client risk and underwriting clients has become increasingly difficult, these factors combined have resulted in the underperformance of this area.

Asset Protection & Legal Advice plus Life Insurance Recurring Revenue (Up 17%) – The increase in recurring revenue is substantially driven by the life insurance policies put in place in the previous year and the commencement of the ongoing service fees paid for these policies.

Wealth Management Licensing Revenue

Wealth management licensing revenue (down 16%) - By far the largest growth area in FY2012 Prime's Client Engagement Model, which is delivered through a Wealth Management Joint Venture Licensing Structure, was again a major contributor in FY2013 at $1.5M. This highly scalable structure started being deployed with existing Accounting Firm Partners in FY2012, which continued in FY2013 with three additional partners transitioning, however in FY2013 three new Accounting Firm Partners were recruited to Prime for which they paid a fee for the services, processes, structure, resources, operating model and intellectual property that has been developed.

ACCOUNTING & SELF MANAGED SUPERANNUATION REVENUE

Accounting & Self Managed Superannuation Services Investees (Down 19%) – These 9 investees have a high degree of recurring revenue and work that is performed over a diverse group of clients. The performance in FY2013 was impacted by:

- The difficult economic and business environment; and
- Investees did not generally have a high level of one-off advisory and consulting work in FY2013. This was mainly due to the more conservative approach to growth by small to medium business owners and the general contraction in the businesses of an increasing number of Accounting Firm clients more sensitive to the prevailing economic climate.

BUSINESS DEVELOPMENT & GROWTH STRATEGY

Prime's focus on evolving its main operations and consolidating Prime as a valuable Wealth Management partner to a range of stakeholders, has remained in FY2013.

Wealth Management

Wealth Management represented 88% of Prime's overall revenue, accordingly the Business Development & Growth Strategy is particularly important. The primary focus for business development has been:

- Implementing Prime's Client Engagement Model with existing Accounting Firm Partners;
- Recruiting new Accounting Firm Partners for Joint Venture licenses and building the work in progress (WIP) opportunities;
- Building new leads for the Wealth Management services we provide; and
- Increasing the existing service lines that are provided to each client.

In FY2013, three of Prime's existing Accounting Firm Partners moved to the Client Engagement Model (CEM) and commenced the implementation of this model, the benefit of which is anticipated to be a tangible improvement in business activity with new and existing clients and a revenue improvement.

Importantly, Prime has recruited three new Partners to the CEM in FY2013, one in each of Victoria, New South Wales and Queensland, this compares to one new Partner in FY2012. This business development activity has also yielded a significant opportunity pipeline that we look forward to advancing in FY2014.

In FY2013 Prime again built on the prior year's initiatives that have seen new leads increase from the previous period (+14%). This has been achieved by applying the more concentrated CEM in a disciplined manner to additional Accounting Firms.

Although Prime's growth strategy is focussed on growing client numbers, Prime also concentrates its efforts on ensuring that our substantial existing client base is well serviced and receiving access to the benefits of the CEM, including the additional services we have available. Regular contact and the delivery of additional services relevant to our existing clients needs and a continuing high level of service is essential as approximately 70% - 80% of Wealth Management revenue is generated from existing clients.

Accounting & Self Managed Superannuation

Prime has 9 Accounting and / or Self Managed Superannuation Investees where Prime typically has a 15% - 50% non-controlling equity interest. Combined they represented approximately 12% of Prime's overall revenue. These businesses all operate independent of each other with their own business plan, infrastructure and resourcing.

The common thread is that in all cases they are also Wealth Management Partners of Prime and contribute to Prime's overall Wealth Management Growth strategy. The primary focus for business development in this area has been:

- For growth orientated Accounting Investees, proactively identifying potential merger or acquisition opportunities and seeking to execute transactions that are beneficial for all stakeholders;
- Implementing Prime's CEM across Accounting Investees for a more seamless and structured business development process for cross-servicing of clients; and
- For all Accounting Investees actively working with management to refine the future direction of the business.

In the past twelve months the board has had the opportunity to:

- Review existing Accounting & Self Managed Superannuation investees;
- Engage with investees around Prime's role and value proposition;
- Consider previous initiatives and the reasoning for success or otherwise of these strategies;
- Understand better the primary goals of existing Investees;
- Engage with prospective Investees; and
- Review the various capital alternatives available to Prime.

Following this review, the board has concluded that the Accounting & Self Managed Superannuation Investees represent for Prime a valuable asset and increasingly there is further opportunity to expand this strategy and become a more material owner of these complimentary assets.

PRIME BRAND

To better represent Prime and our business objectives, Prime undertook to redefine and reposition our brand in FY2012. In FY2013 this work expanded through the development of the digital branding strategy, which included updating a number of existing platforms and implementing new structures, including:

- Updating the website platform;
- Optimising the website for viewing on mobile phones and other smart devices
- Implementing a new group email system (with enhanced reporting function and dynamic content features); and
- The launch of a Blog, discussing Investment Advice, Superannuation and Retirement Planning.

The Blog, 'Prime Stocks' (primestock.com.au), represents the beginning of Prime's social media presence, an emerging communication opportunity that will help the Prime brand foster better and more personalised relationships via additional means. In FY2014, Prime will continue to investigate new ways to deliver value online to existing clients and Accounting Firm Partners, as well as identify prospective clients plus support the business development and growth strategy.

THE TEAM AND PRIME'S PARTNERS

I would like to thank the entire Prime team for their ongoing commitment to our clients and stakeholders and the development and evolution of Prime. In particular, I would like to thank the expanded leadership team who have not only approached their roles with dedication and passion, but have committed their own personal capital during the year as part of Prime's capital raising.

It is also very important to acknowledge the support of Prime's existing and new Accounting Firm Investees and Joint Venture Partners, without that support Prime's growth ambitions could not be achieved.

THE YEAR AHEAD

Our company continues to have a clear strategy for growing value, which now extends simply beyond organic growth. As always there will continue to be challenges, regardless, we continue our commitment to executing on our plan.

That plan for the next twelve months is to:

1. Continue to promote Prime, communicating our difference and the distinct value we offer in all of our key markets.
2. Build out our Investment Advisory offering and the number of asset classes we directly manage for clients.
3. Recruiting:
   - new Accounting Firm and Financial Advisory Groups for Wealth Management;
   - new Accounting Firms (Investees) for investment; and
   - new Team members that reflect our culture and commitment.
4. Securing new clients for Wealth Management services.
5. Retaining existing clients and expanding the Wealth Management services provided to them.
6. Continuing to deliver 'Integrated Advice' to clients using Prime's Client Engagement Model.
7. Further diversifying revenue streams away from the stockmarket.
8. Investing in our people, processes and systems.

The Wealth Management and Financial Services sector is a challenging environment but presents material opportunities. Consolidation in the industry is constantly discussed, however we believe a leadership position exists for an independent challenger with an 'integrated' service offering with the client and family group central to this advice model – This is where Prime is positioned.

As I wrote last year, the key for Prime continues to be to have a clear plan which we can execute on, to not be afraid to continue to develop the business and innovate ahead of what may be the generally accepted model of the day, and position ourselves to take advantage of the opportunities that will avail and that we will proactively develop.

We look forward to expanding our business in FY2014 and following the path we have laid out and are already executing on to drive value for shareholders.

Mr Simon Madder
Managing Director & CEO

The Directors present their Report together with the financial report of the consolidated entity consisting of Prime Financial Group Ltd (Prime) and the entities it controlled ('the Group'), for the financial year ended 30 June 2013 and auditors report thereon. These financial statements have been prepared in accordance with Australian Accounting Standards.

Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards ('IFRS').

OVERVIEW

Prime's reported Earnings Before Interest & Tax (EBIT) for the 2013 Financial Year (FY2013) was 13.4% lower than the 2012 Financial Year (FY2012), at $3.74M. Prime's net profit after tax was $2.78M, 1.1% lower than FY2012.

Prime's overall revenue for FY2013 marginally increased over FY2012, however within this, Wealth Management revenue (88% of revenue) increased by 6%, building on the previous years increase of 11%. This increase was primarily driven by the growth in Wealth Management New Business and Recurring Revenue which increased by 9%, reflecting better stockmarket conditions.

Prime's Accounting and Self Managed Superannuation Revenue (12% of revenue) was down by 19% for the year, reflecting a difficult business environment for Accountants and their Clients.

As a carryover from the development on Prime's Client Engagement Model (CEM) and continuing to build out the Prime brand and platform for growth, Prime's overheads increased by 7% in FY2013 versus FY2012. Prime's overheads for FY2013 increased principally due to the costs associated with completing the rollout of the CEM and one-off restructuring costs of $750K. Based upon the reduced overheads at th end of the FY2013, this will provide an ongoing saving of $1.3M compared to FY2013. This has been achieved whilst allowing for the benefits of the investment in business development to flow through for FY2014 and future years.

The generation of positive operational cash flow remained a priority in FY2013 and the Prime business delivered positive operational cash flows throughout the year. Debt levels reduced by $1.7M due to factors such as a small capital raising and better operating cashflow.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were Wealth Management Services including:

- Financial & Retirement Planning;
- Investment Advice;
- Life Insurance;
- Asset Protection Advice incorporating Legal Services;
- Superannuation, including Self Managed Superannuation; and
- Accounting Services.

RESULTS

The consolidated profit after income tax was $2,784,512 (2012: $2,814,450) down 1.1%. The Group's EBIT decreased by 13.4% to $3,747,524 compared to the previous year.

AFTER BALANCE DATE EVENTS

There has not been any matter or circumstance that has risen since the end of the financial year, that has significantly affected the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the 2013 financial year there were no significant changes in the state of affairs of the consolidated company.

STRATEGY

Prime's key strategic focus is to:

1. Secure new clients for Wealth Management services.

2. Retain existing clients and expand the Wealth Management services provided to them.

3. Grow the number of Prime relationships with Accounting Firms and Financial Advisory Groups for Wealth Management using Prime's Client Engagement Model & Wealth Management Joint Venture Licensing structure.

4. Continue to deliver 'Integrated Advice' to clients using Prime's Client Engagement Model.

5. Further diversify revenue streams away from the stockmarket.

6. Invest in our people, processes and systems.

7. Grow and develop the Prime Managed Portfolio Service (MPS).

8. Grow Prime's existing Accounting Firm & Self Managed Superannuation Entity Investees and invest in further Investees.

9. Continue to build Prime's brand.

Strategy – Wealth Management

Prime's Wealth Management strategy in the last twelve months has focussed on growing its business through the implementation of Prime's Client Engagement Model (CEM) and continuing to build out the Prime brand and platform. The CEM will assist with the recruitment of new Accounting and Financial Advisory Groups and operates under a Wealth Management Joint Venture Licensing structure. During the year it was pleasing to recruit three new Joint Venture Partners under the Wealth Management Licensing structure, plus transition three existing Joint Ventures to the new structure, both of these achievements will lead to future growth.

Furthermore, during the year Prime;

- Built a significant pipeline of new Joint Venture Partner opportunities which will flow through to the 2014 Financial Year;

- Recruited a dedicated Chief Investment Officer (CIO) to facilitate further development of Prime's investment offering, including additional asset classes that will be directly managed; and

- Reviewed Prime's digital branding strategy including updating Prime and our Joint Venture Partners websites, implementing a new group email system for improved communication to our key stakeholders and the development of an Investment Blog platform.

Strategy – Accounting & Self Managed Superannuation

Prime's Accounting & Self Managed Superannuation strategy has been under review over the last twelve months. This review included the prospect of expanding the investment model to new investees and whether this would be complimentary to Prime's core Wealth Management growth strategy. The board have concluded that a material opportunity exists to expand on this strategy in combination with the Wealth Management Joint Venture Licensing structure and Prime will actively pursue this opportunity after encouraging initial discussions with prospective investees.

LIKELY DEVELOPMENT AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operation of the consolidated entity and the expected results of operations have not been included in this report.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

DIVIDEND PAID, RECOMMENDED AND DECLARED

The Board has resolved to declare a fully franked final dividend of 0.5 cents per ordinary share, bringing the total dividends declared in respect of the 12 months to 30 June 2013 to 0.75 cents per ordinary share. This compares to total dividends declared in the prior twelve month period of 1.0 cents per ordinary share.

SHARE OPTIONS

There were no options granted during the financial year.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no ordinary shares in Prime issued during the financial year as a result of the exercise of options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

As outlined in the company's constitution, to the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company against any liability incurred by that person, as such an officer of the Company, and to a person other than the Company or a related body corporate of the Company, unless the liability arises out of conduct on the part of the officer which involves a lack of good faith, or is contrary to the Company's express instructions.

The Company indemnifies every person who is or has been an officer of the Company against any liability for costs and expenses incurred by the person in his or her capacity as an officer of the Company, in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the person or in which the person is acquitted, or in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Law.

Insurance premiums of $19,694 were paid during the financial year, for all Directors and Officers of the consolidated entity.

No indemnities have been given, or insurance premiums paid for auditors of the Company.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

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

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Prime at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.

Mr Stuart James **BA (Hons)**
Chairman (Appointed 16 May 2006)

Mr James has held a number of high profile executive positions during his career and has extensive experience in the financial services sector. Mr James' past roles have included Managing Director of Australian Financial Services for Colonial and Managing Director of Colonial State Bank (formerly the State Bank of N.S.W). Mr James' most recent executive role was as Chief Executive Officer of the Mayne Group. He is also a Member of the Supervisory Board of Wolters Kluwer NV. Mr James is the Chairman of Pulse Health Ltd (appointed November 2007), Progen Pharmaceuticals Ltd (appointed July 2009), Non-Executive Director of Greencross Ltd (appointed October 2009) and Non-Executive Director of Phosphagenics Ltd (appointed August 2010). Mr James is the Chairman of the Audit, Remuneration and Nomination Committees.

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

Mr S Madder is the Managing Director and CEO of Prime. Mr S Madder was the co-founder and Managing Director of Prime Development Fund Ltd ('PDF') (since 1998). Mr S Madder has 16 years experience in the financial services and advisory industry across operations, strategy and acquisitions. Mr S Madder is a member of the Audit, Remuneration and Nomination Committees.

Mr Peter Madder FCA, FCPA, ACIS
(Appointed 2 January 2007)

Mr P Madder is the co-founder of PDF and has also been the Managing Partner of two accounting firms. Mr P Madder has 36 years experience advising clients on financial matters as a Chartered Accountant, as well as experience across business structuring, corporate finance and acquisitions. Mr P Madder is a member of the Audit, Remuneration and Nomination Committees.

Mr Campbell Kennedy B.Comm, CA, Grad Dip App Corp Gov
Company Secretary (Appointed 2 February 2005)

Mr C Kennedy is a Chartered Accountant who has more than 14 years experience in a variety of accounting roles, both in Australia and the United Kingdom.

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the number of meetings attended by each Director were:

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Mr James	10	10	2	2
Mr S Madder	10	10	2	2
Mr P Madder	10	10	2	2

A meeting of the Remuneration Committee was held during the year ending 30 June 2013 and attended by all Directors who were members of the Remuneration Committee.

No formal meeting of the Nomination Committee was held during the year ended 30 June 2013.

DIRECTORS' INTERESTS IN SHARES OR OPTIONS

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

Director's relevant interests in:	Ordinary Shares	Options over shares
Mr James	3,900,000	-
Mr S Madder	22,684,567	-
Mr P Madder*	8,592,074	-

* Includes partly paid shares.

DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, interests associated with Mr P Madder received fees for work performed on a commercial basis (refer also note 23 of the financial statements).

AUDITOR'S INDEPENDENCE DECLARATION

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

NON-AUDIT SERVICES

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

REMUNERATION REPORT

The Board and the Remuneration Committee assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The board policy for determining the nature and amount of remuneration of Non-Executive Directors is agreed by the board of Directors as a whole. Remuneration for executives is determined by the Board's Remuneration Committee.

The board and its Remuneration Committee has the right to obtain professional advice, where necessary. During the year, the Remuneration Committee did not seek professional advice.

(I) PRINCIPLES OF COMPENSATION

The Company will remunerate its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, and subject to the determination of the Remuneration Committee, the remuneration of senior executives may be comprised of the following:

- Fixed salary, including superannuation, that is determined from a review of the market and reflects core performance requirements and expectations;
- A performance cash bonus designed to reward achievement by individuals of performance objectives; and
- Participation in the Prime Employee Share Plan.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company's objective is to align the interests of senior executives with those of shareholders and increase performance of the Company.

The philosophy of deploying this remuneration structure/ strategy is to provide a clear intention to improve the Company's fiscal performance, and thereby increase underlying shareholder value.

Fixed Salary

Fixed Salary is determined from a review of the market that takes into account an individual's responsibilities, performance, qualifications and experience. The broad goal is that fixed salary for individuals is market competitive and within a similar range to peers in comparative roles.

Depending on the role the executive is undertaking, benchmarking data is drawn from the advice of an external remuneration consultant or alternatively information that is publicly available from industry related peers.

During the financial year, senior executives Fixed Salary typically increased by CPI or AWOTE, unless the executive involved increased their level of responsibility within Prime.

Performance Cash Bonus

Key management personnel that are remunerated under the Senior Executive Remuneration Policy are eligible for an Annual Performance Cash Bonus. In determining whether or not management are eligible for a Performance Cash Bonus, the Remuneration Committee review the achievement of both Financial and Non-Financial key performance indicators (KPI's) for the year compared with managements personal KPI's that had been set for the year. The achievement of some or all of the KPI's will allow the Remuneration Committee to determine the level of Performance Cash Bonus that is paid.

Specific KPI's that are applied to management by the Remuneration Committee to measure performance are set out below:

- Earnings before interest & Tax (EBIT)
- Earnings per Share (EPS)
- Gearing levels
- New Funds under Management (FUM)
- Lost Funds under Management (FUM) & Maintenance of Existing Clients
- New Business Revenue including the growth in Key Revenue Streams
- Compliance Management
- Rollout and Execution of Key Business Strategies
- Operating Margins
- Performance of Key Investees
- Other Items identified of importance from time to time

The Financial KPI's are a direct measure of the Company's performance. The Non-Financial KPI's are related directly to business drivers that generate financial performance. Through the achievement of these KPI's the Company aligns its interests with shareholders through an increase in value of the organisation.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to profit attributable to owners of the company, dividends paid and change in share price. Profit is considered as one of the financial performance targets in setting short term incentives. Profit amounts for the 2010 to 2013 financial years have been calculated in accordance with Australian Accounting Standards (AASB's). The overall level of compensation takes into account the performance of the Group over a number of years. When comparing the 2013 financial year against the average of the previous three financial years (2010 to 2012) the Group's profit from ordinary activity after income tax has decreased 19% and during the same period the key management personnel compensation has decreased 26%.

Prime Employee Share Plan

The Prime Employee Share Plan is designed to reward eligible employees for their ongoing commitment to Prime and to provide the employee additional incentive to improve the long-term financial performance of Prime.

Non-Executive Directors

Non-Executive Directors are paid their fees within the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

The maximum aggregate amount for the remuneration of Non-Executive Directors, which has been approved by Shareholders, is $375,000. During the 2013 Financial Year, $150,000 was paid to Non-Executive Directors.

Non-Executive Directors do not, and will not receive performance based bonuses and shall not participate in equity-based remuneration schemes of the Company which the Company may elect to establish in the future.

(II) KEY MANAGEMENT PERSONNEL

Key management personnel	
NON-EXECUTIVE DIRECTORS	
Mr Stuart James	Non-Executive Chairman
EXECUTIVE DIRECTORS	
Mr Simon Madder	Managing Director and CEO
Mr Peter Madder	Executive Director – Corporate
OTHER KEY MANAGEMENT PERSONNEL	
Mr Matthew Cohen	National General Manager
Mr Campbell Kennedy	Chief Financial Officer and Company Secretary

(III) KEY MANAGEMENT PERSONNEL COMPENSATION

2013

	Short-term			Post employment		Long-term	Share-based payments	Total	Total performance related
	Salary/ fees $	Cash bonus $	Non-monetary $	Super $	Retirement benefits $	Incentive plans $	Options $	$	%
NON-EXECUTIVE DIRECTORS									
Mr S James	146,904	-	-	3,096	-	-	-	150,000	0
EXECUTIVE DIRECTORS									
Mr S Madder^	433,688	-	-	39,032	-	-	-	472,720	0
Mr P Madder*	327,976	-	-	-	-	-	-	327,976	0
OTHER KEY MANAGEMENT PERSONNEL									
Mr M Cohen†	213,750	20,000	-	-	-	-	-	233,750	9
Mr C Kennedy	180,516	-	-	16,246	-	-	-	196,762	0
	1,302,834	20,000	-	58,374	-	-	-	1,381,208	

^ In addition to the short-term salary/fees paid to Mr. S. Madder, annual leave entitlements owing of $250,000 were paid during the 2013 financial year.

† The bonus relates to a sign on payment after the first year of service.

* The above includes all payments to entities associated to Mr P Madder (refer to note 23 of the financial statements).

2012									
	Short-term			Post employment		Long-term	Share-based payments	Total	Total performance related
	Salary/ fees $	Cash bonus $	Non-monetary $	Super $	Retirement benefits $	Incentive plans $	Options $	$	%
NON-EXECUTIVE DIRECTORS									
Mr S James	95,871	-	-	8,629	-	-	-	104,500	0
Mr S Bennett (resigned 27 March 2013)	30,937	-	-	-	-	-	-	30,937	0
Sub-total	126,808	-	-	8,629	-	-	-	135,437	
EXECUTIVE DIRECTORS									
Mr S Madder#	425,183	82,826	-	45,721	-	-	-	553,730	19
Mr P Madder*	321,540	-	-	-	-	-	-	321,540	0
OTHER KEY MANAGEMENT PERSONNEL									
Mr M Cohen	183,334	-	-		-	-	-	183,334	0
Mr M Johnson	200,517	4,587	-	18,460	-	-	-	223,564	2
Mr C Kennedy	173,635	-	-	15,627	-	-	-	189,262	0
	1,431,017	87,413	-	88,437	-	-	-	1,606,867	

The bonus relates to the 2011 financial year, however, was paid in the 2012 financial year. The bonus was 51% lower in 2012 versus 2011, this is a decrease of $85,441. Overall remuneration fell by 12.5% for the 2012 financial year. Based on the 2012 financial year result, there is no bonus payable.

* The above includes all payments to entities associated to Mr P Madder (refer to note 23 of the financial statements).

Signed in accordance with a resolution of the Directors.

Mr Stuart James
Chairman

28 August 2013

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PRIME FINANCIAL GROUP LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2013 there have been:

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

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

William Buck.

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

J.C. Luckins
Director

Dated this 28th day of August, 2013

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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OVERVIEW

The Board of Prime is committed to the highest standards of corporate governance, whereby shareholder' interests are paramount.

The Board is responsible for the corporate governance of the consolidated entity and monitors the business and affairs of Prime on behalf of all shareholders, by whom they are elected and to whom they are accountable.

In accordance with the Australian Stock Exchange's Corporate Governance 'Revised Principles and Recommendations' ('the Recommendations'), this Corporate Governance Statement is required to contain certain information and report on Prime's adoption of the Recommendations. To this end, disclosure is required in respect of any recommendations which have not been adopted by Prime, together with reasons why they have not been adopted.

Prime's Corporate Governance Policy is structured with reference to the Council's Recommendations, which are as follows:

Prime's Corporate Governance Policy	
Principle 1	Lay solid foundation for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

The Board aims to adhere to the Recommendations set down by the Council with due regard to economic practicalities and the underlying interests of stakeholders.

A full copy of the Prime's Corporate Governance Policy can be found on Prime's website (www.primefinancial.com.au).

INDEPENDENCE

Recommendation 2.1 requires a majority of the Board to be independent Directors.

The Corporate Governance Council ('the Council') defines 'independence' as being free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of unfettered and independent judgement.

The Director who is independent in accordance with the Council's definition is Mr James. Prime does not have a majority of independent Directors on the Board at this time. The composition of the Board shall be reviewed by Prime and the Board with due regard to Prime's evolving business activities.

Mr James (Chairman) is considered independent.

Mr S Madder is the Managing Director and Chief Executive Officer of Prime. Mr S Madder is also the Managing Director of Prime Development Fund Pty Ltd (PDF) (Formerly Prime Financial Group Ltd) and is a co-founder (together with Mr P Madder) of that company which is a wholly owned subsidiary. Mr S Madder is not classified as independent.

Mr P Madder is the Chairman and co-founder of PDF. PDF is a wholly owned subsidiary and material investee of the Company. Mr P Madder is an executive of Prime and is considered to be an Executive Director. Mr P Madder is not classified as independent.

The Chairperson of the Board is currently Mr James who is an independent Director.

The Board is required to establish a Nomination Committee to examine the selection and appointment of Directors. Prime has established a Nomination Committee which currently comprises Mr James (Chairman), Mr P Madder and Mr S Madder. No formal meeting of the Nomination Committee was held during the year ended 30 June 2013.

The Board undertakes periodic performance evaluations based upon appropriate commercial criteria, having due regard to the cost/ benefit thereof. The Board's performance shall be measured against both "qualitative" and "quantitative" indicators (subject to basic commercial principles). The objective of this evaluation is to adhere to "best practice corporate governance" for the Company. No formal performance evaluation of the Board members was undertaken during the year ending 30 June 2013.

Any other Directors shall be appointed, based on the specific governance skills required by the Company after detailed evaluation of the cost/ benefit to the Company, and hence its shareholders. The Company acknowledges that it will at all times require at least two Directors with (direct and current) experience in the financial services industry, having due regard to the Company's market and its current and intended activities.

STRUCTURE OF THE BOARD

An effective Board is one that facilitates the efficient discharge of its duties under the law and adds value to Prime. The skills, experience and expertise of each Director of Prime as at the date of this Annual Report are included in the Directors' Report.

The term of office of each Director as at the date of this Annual Report is as follows:

Name	Term of office
Mr James	87 months
Mr S Madder	79 months
Mr P Madder	79 months

Prime has established procedures which enable the Board collectively and each Director individually to seek independent professional advice at the expense of Prime.

CODE OF CONDUCT

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has committed to adhere to an underlying corporate "Code of Conduct" to guide compliance with legal and other obligations to legitimate stakeholders. A full copy of the Company's Code of Conduct can be found within the Company's Corporate Governance Policy on Prime's website (www.primefinancial.com.au).

TRADING POLICY

The Company has implemented a Policy under which Designated Officers may only trade in the Company's securities during the four months commencing immediately after the release by the Company of its half-yearly results to the ASX and the release by the Company of its annual results to the ASX. If Designated Officers wish to trade in the Company's Securities outside of the trading windows, they must first seek permission from the Chairman. The Chairman will only approve the request in situations of severe financial hardship or other exceptional circumstances, where the Designated Officer has provided a compelling reason for needing to trade outside of the trading windows and the Designated Officer has confirmed that they are not in possession of any unpublished price sensitive information. A full copy of the Company's Trading Policy is contained in Prime's Corporate Governance Policy, which is publicly available on Prime's website.

AUDIT COMMITTEE

The Board has established an Audit Committee. The Committee's Chairman is Mr James. The other members of the Committee are Mr S Madder and Mr P Madder. One of the three Audit Committee members is an independent Director, being Mr James. Mr S Madder and Mr P Madder are not independent Directors. The qualifications of the Directors are included in the Directors' Report.

A formal charter of the Audit Committee's role and responsibilities is contained in Prime's Corporate Governance Policy, which is publicly available on Prime's website.

Details concerning the frequency of and attendance at meetings of the Audit Committee are included in the Directors' Report.

ASX LISTING RULES COMPLIANCE POLICY

The Company has a continuous disclosure policy to ensure compliance with its legal obligations and the ASX listing rules. This policy is contained in the Prime Corporate Governance Policy.

SHAREHOLDER COMMUNICATION

The Company recognises its role as a representative/charge of its shareholders. The Company will facilitate the effective discharge of its duty to shareholders. The Company, inter alia, is committed to communicating effectively with shareholders through releases to the market via ASX and information mailed to shareholders and the general meetings of the Company. Furthermore, communicating clearly and succinctly in relation to the general and fiscal affairs of the Company, in a plain manner. Allowing and enabling shareholders to participate in general meetings of the Company. The Company will also make available a telephone number and email address for shareholders to make enquiries of the Company, in relation to day to day enquiries.

REMUNERATION

The Board has established a Remuneration Committee. The members of the Committee are Mr James, Mr S Madder and Mr P Madder. A meeting of the Remuneration Committee was held during the year ending 30 June 2013 and was attended by all Directors who were members of the Remuneration Committee. The Chairman of the Remuneration Committee of Prime is Mr James, who is recognised as an independent Director in accordance with the definition of 'independence' contained in Prime's Corporate Governance Policy.

The disclosure of the nature and amount of each element of the fee and salary of each Director is included in the Directors' Report.

RISK MANAGEMENT

The Company recognises the importance of effective risk management. The Company's risk management policies are contained throughout Prime's Corporate Governance Policy. Measures taken by the Company to manage material risks, namely liquidity and interest rate risks are contained in this Annual Report. The Company also maintains rigorous quality control programmes.

Management has reported to the Board as to the effectiveness of the Company's risk management programmes and processes. The Board has also received assurance from the CEO and CFO that the s.295A declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks.

DIVERSITY

The Company has a strong commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed to the best of their ability. Diversity is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences. Diversity includes, but is not limited to, gender, age, disability, ethnicity, religion and cultural background.

The measurable objectives established for achieving gender diversity is to increase the number of women in the whole organisation and at senior management positions to 50% by 2015. The proportion of women employees in the whole organisation at present is 30%, the proportion of women in senior management positions at present is 40% and there are no women on the board.

A full copy of Prime's Diversity Policy can be found on Prime's website.

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated Entity	
	Notes	2013 $	2012 Restated $
Wealth revenue	3	12,121,362	11,401,074
Accounting revenue – share of net profit of associates and partnerships accounted for using the equity method		1,686,600	2,083,189
Other income	3	314,341	313,367
		14,122,303	13,797,630
Employee benefits		5,606,696	4,487,770
Depreciation and amortisation		602,463	531,622
Finance costs		552,525	674,536
Information technology and communication		949,105	764,483
Insurance		260,920	243,340
Occupancy		359,942	365,140
Loss on sale of investment		-	705,174
Other expenses		1,256,547	1,368,024
		9,588,198	9,140,089
Profit before income tax		4,534,105	4,657,541
Income tax expense	5	(1,032,257)	(1,316,008)
Profit after income tax		3,501,848	3,341,533
Other comprehensive income		-	-
Total comprehensive income for the period		3,501,848	3,341,533
Net profit attributable to:			
Members of the parent entity		2,784,512	2,814,450
Non-controlling interest		717,336	527,083
		3,501,848	3,341,533
Earnings per share			
Basic earnings per share (cents)	21	1.7	1.7
Diluted earnings per share (cents)	21	1.7	1.7

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2013

		Consolidated Entity		
	Notes	30 June 2013 $	30 June 2012 Restated $	30 June 2011 Restated $
CURRENT ASSETS				
Cash and cash equivalents	7	707,071	290,606	408,301
Trade and other receivables	8	3,198,368	4,342,797	5,332,281
Other current assets		597,493	556,546	555,444
Total current assets		4,502,932	5,189,949	6,296,026
NON-CURRENT ASSETS				
Receivables	8	5,364,335	4,737,746	1,712,635
Plant and equipment	9	1,306,299	1,540,294	1,505,533
Investments accounted for using the equity method	11	12,123,159	12,828,707	14,063,565
Intangible assets	12	49,766,677	49,117,837	48,374,657
Deferred tax assets	5	18,608	16,154	7,933
Total non-current assets		68,579,078	68,240,738	65,664,323
Total assets		73,082,010	73,430,687	71,960,349
CURRENT LIABILITIES				
Bank overdraft	18(b)	50,251	-	183,924
Payables	13	1,142,358	1,421,174	957,938
Current tax payable	5	776,554	1,124,561	1,384,107
Employee benefits	14	288,864	434,543	514,657
Borrowings	15	-	26,755	11,728
Total current liabilities		2,258,027	3,007,033	3,052,354
NON-CURRENT LIABILITIES				
Borrowings	15	7,740,416	9,049,951	7,754,964
Total non-current liabilities		7,740,416	9,049,951	7,754,964
Total liabilities		9,998,443	12,056,984	10,807,318
Net assets		63,083,567	61,373,703	61,153,031
Equity				
Contributed equity	16	67,931,493	66,717,077	66,883,355
Treasury shares held	16	(4,106,169)	(3,447,656)	(3,402,814)
Non-controlling interest		466,628	1,004,990	961,272
Accumulated losses	17	(1,208,385)	(2,900,708)	(3,288,782)
Total equity		63,083,567	61,373,703	61,153,031

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2013

	Attributable to owners of Prime Financial Group Ltd			
	Contributed equity $	Retained earnings $	Non-controlling interest $	Total $
Balance at 1 July 2011	63,480,541	4,476,192	-	67,956,733
Impact of change in accounting policy	-	(7,764,974)	961,272	(6,803,702)
Balance at 1 July 2011 (restated)	63,480,541	(3,288,782)	961,272	61,153,031
Total comprehensive income for the period	-	2,814,450	527,083	3,341,533
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	(2,426,376)	(429,465)	(2,855,841)
Purchase of shares made by Prime for an employee share trust	(44,842)	-	-	(44,842)
Shares bought back and cancelled	(166,278)	-	-	(166,278)
Transactions with non-controlling interests	-	-	(53,900)	(53,900)
Total transactions with equity holders in their capacity as equity holders	(211,120)	(2,426,376)	(483,365)	(3,120,861)
Balance at 30 June 2012	63,269,421	(2,900,708)	1,004,990	61,373,703
Balance at 1 July 2012	63,269,421	(2,900,708)	1,004,990	61,373,703
Total comprehensive income for the period	-	2,784,512	717,336	3,501,848
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	(805,545)	(885,335)	(1,690,880)
Purchase of shares made by Prime for an employee share trust	(658,513)	-	-	(658,513)
Capital raising via share placement	1,250,000	-	-	1,250,000
Capital raising costs	(35,584)	-	-	(35,584)
Transactions with non-controlling interests	-	(286,644)	(370,363)	(657,007)
Total transactions with equity holders in their capacity as equity holders	555,903	(1,092,189)	(1,255,698)	(1,791,954)
Balance at 30 June 2013	63,825,324	(1,208,385)	466,628	63,083,567

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated Entity 2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		15,325,344	12,783,783
Payments to suppliers and employees		(10,239,742)	(8,067,216)
Interest received		76,449	78,184
Interest paid		(552,525)	(674,536)
Income tax paid		(1,382,718)	(1,583,775)
Net cash provided by operating activities	18(a)	3,226,808	2,536,440
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for business acquisitions		-	(22,000)
Payments for intangible acquisitions		-	(712,345)
Dividends paid to non-controlling interests		(885,335)	(483,365)
Transactions with non-controlling interests		(370,363)	-
Payments for plant and equipment		(16,539)	(278,295)
Proceeds from disposal of equity investments		-	380,000
Net cash used in investing activities		(1,272,237)	(1,116,005)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back		-	(166,278)
Capital raising		1,214,416	-
Proceeds from borrowings		-	1,294,987
Repayment of borrowings		(1,336,290)	(11,728)
Purchases of shares made by Prime for an employee share trust		(658,544)	(44,842)
Dividends paid		(807,939)	(2,426,345)
Net cash provided by/ (used in) financing activities		(1,588,357)	(1,354,206)
Net increase/ (decrease) in cash and cash equivalents		366,214	66,229
Cash and cash equivalents at beginning of year		290,606	224,377
Cash and cash equivalents at end of the year	18(b)	656,820	290,606

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

NOTE 1: BASIS OF PREPARATION

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements were approved by the directors as at the date of the directors' report.

The financial statements cover Prime Financial Group Ltd and controlled entities as a consolidated entity. Prime Financial Group Ltd is a company limited by shares, incorporated and domiciled in Australia.

The Directors have elected under section 334 (5) of the Corporations Act 2001 to apply AASB 10 "Consolidated Financial Statements", AASB 11 "Joint Arrangements", AASB 12 "Disclosure of Interests in Other Entities", AASB 127 "Separate Financial Statement" and AASB 128 "Investments in Associates and Joint Ventures" in advance of their effective date. The standards are not effective until annual periods beginning on or after 1 January 2013. Other than the impact of the adoption of AASB 10 as disclosed in note 29 to the financial statements, the adoption of the other various Australian Accounting Standards has no impact on amounts recognised in the Group's financial statements.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, except as stated below:

CHANGE IN ACCOUNTING POLICY

The consolidated entity has early adopted AASB 10 "Consolidated Financial Statements", AASB 11 "Joint Arrangements" and AASB 12 "Disclosure of Interests in Other Entities" as well as the consequential amendment to AASB 128 "Investments in Associates and Joint Ventures (2011)" with a date of initial application of 1 July 2012. As a result of the early adoption of AASB 10, the consolidated entity has changed its accounting policy with respect to determining whether it has control and consolidates investees. Refer to Note 2(c) for further information.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compliance with IFRS

Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Prime Financial Group Ltd ('Prime') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Prime and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. Control is demonstrated when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

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

NOTE 1: BASIS OF PREPARATION continued

(a) Principles of consolidation (continued)

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

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

(b) Revenue recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividends and distributions received from associates are accounted for in accordance with the equity method of accounting for investments in associates.

Licencing fees earnt from the Client Engagement Model are recognised upon signing an agreement with an accounting practice or as a percentage of work completed. Each stage of the sales process is allocated a percentage of completion which reflects the work undertaken. *The recognition of revenue either up front or on a percentage of completion basis depends on the nature of the agreement and ongoing obligations of Prime.

Work in progress relating to advice provided to clients on risk insurance, asset protection, legal and investments is recognised as a percentage of work completed. Each stage of the advice process is allocated a percentage of completion which reflects the work undertaken.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(d) Plant and equipment

All classes of plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed for impairment annually by directors for events or changes in circumstances that indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of profit and loss and other comprehensive income.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will eventuate and the cost of the item can be measured reliably.

Depreciation

The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

The assets' residual 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 and loss.

The useful lives for each class of assets are:

	2013	**2012**
Office equipment	6 to 10 years	6 to 10 years
Software	10 years	10 years
Plant and equipment	3 to 20 years	3 to 20 years
Motor vehicles	5 years	5 years
Leasehold improvements	5 years	5 years

(e) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

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

Operating leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(f) Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition. Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life, that has been determined as 5 years, and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(g) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

(h) Taxes

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

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

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

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

NOTE 1: BASIS OF PREPARATION CONTINUED

(h) Taxes (continued)

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 whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

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

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

(i) Employee benefits

Wages and salaries and annual leave

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

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(j) Investments

Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have more than 20% of the voting rights.

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 an impairment is recognised, the amount is not allocated to the goodwill of the associate.

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.

(k) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity commits itself to either the purchase or sale of the asset (ie. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, with the exception of those measured at fair value through the profit and loss.

Classification and subsequent measurement

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

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets

Financial assets comprise trade receivables and loans to related parties.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment of financial assets

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTE 1: BASIS OF PREPARATION CONTINUED

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparatives

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

(n) Business combinations

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

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

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

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

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

The difference between the acquisition-date fair value of 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 and diluted earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year (refer note 21).

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Estimated impairment of investments in associates, subsidiaries and goodwill

Investments are allocated to cash generating units (CGU's) according to applicable business operations for the purposes of assessing goodwill for impairment. Prime has split its investments into two CGU's, the first for the wealth management operations and the second for the accounting and SMSF operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a discount rate of 11.4% to determine value-in-use for both CGU's. The wealth management CGU uses an average revenue growth rate of 10%, whilst the accounting CGU uses 5%.

Goodwill is monitored by management at the cash generating unit and operating segment level. Due to the nature of group acquisitions the resultant goodwill cannot always be allocated to one of the CGU's on a non-arbitrary basis and as such is allocated to and tested for impairment at the operating segment level. Where goodwill can be allocated to a particular cash generating unit, this is undertaken and accordingly goodwill is tested for impairment at this level.

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

(b) Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Consolidation of entities in which the group holds 50%

As disclosed in Note 1, the consolidated entity has chosen to early adopt AASB 10 "Consolidated Financial Statements" as at 1 July 2012, which is not mandatorily effective until annual periods beginning on or after 1 January 2013. The compulsory effective date would be for the financial year beginning 1 July 2013.

The consolidated entity has chosen to early adopt AASB 10 due to the change of definition of 'control'. The definition of 'control' has clarified the consolidated entity's position as to whether it controls its financial planning entities. Due to the new definition of 'control', the consolidated entity has determined it controls the wealth management entities and the consolidation of the wealth management entities provides the most appropriate representation of the investment.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

(c) Consolidation of entities in which the group holds 50% (continued)

AASB 10 makes it clear that determining control is not just a matter of determining whether an investor holds greater than 50% of voting rights. Control may also exist where an investor holds a substantial stake less than 50%, and the remaining voting rights are widely held. In such cases, the standard requires the exercise of judgement in determining whether the investor still has power and the ability to direct the relevant activities of the subsidiary unilaterally, despite holding less than a 50% interest in the subsidiary. The determination was made due to the following factors, the Company holds the required AFS licence, controls the cash flow, provides the business development and marketing initiatives, provides the staffing and prepares the financials.

As the consolidated entity had, typically 50% shareholding in the wealth management entities, these entities were historically treated as investments in associates and were accounted for under the equity method, consistent with the requirements of AASB 128 "Investments in Associates and Joint Ventures". The wealth management entities were not consolidated under AASB 127 "Consolidation and Separate Financial Statements" as the standard was not clear on the circumstances where control may exist where a single investor holds less than a majority interest in an investee.

The consolidated entity has typically 50% shareholding in the accounting firm and SMSF entities and will continue to treat these entities as investments in associates and accounted for under the equity method. The consolidated entity determined that it had significant influence and did not control the accounting firm and SMSF entities. *The determination was made due to the following factors, the Company does not control the cash flow, does not provide the business development and marketing initiatives, does not provide the staffing or prepare the financials.

The wealth management entities consolidated under the requirements of AASB 10 are listed below with Prime's percentage ownership:

- Aintree Group Financial Services Pty Ltd 50%
- Brentnalls NSW Financial Services Pty Ltd 50%
- Bstar Financial Services Pty Ltd 50%
- Butler Settineri Financial Services Pty Ltd 50%
- CP Financial Planners Pty Ltd 50%
- Crispin & Jeffery Financial Services Pty Ltd 50%
- Dormers Financial Services Pty Ltd 40%
- GG Financial Services Pty Ltd 50%
- Green Taylor Financial Services Pty Ltd 50%
- Hughes O'Dea Corredig Financial Services Pty Ltd 50%
- IMMS Financial Planning Pty Ltd 50%
- Madder & Co Financial Services Pty Ltd 50%
- McHenry Financial Services Pty Ltd 50%
- Munro's Financial Advisors Pty Ltd 50%
- M V Anderson Financial Services Pty Ltd 50%
- Nexia Perth Financial Planning Pty Ltd 50%
- Pascoe Partners Financial Services Pty Ltd 50%
- PRM Financial Services Pty Ltd 50%
- RMM Financial Services Pty Ltd 50%
- RJS Financial Solutions Pty Ltd 50%
- Rundles Financial Planning Pty Ltd 50%
- Selingers Financial Services Pty Ltd 50%
- Signum Business Advisors Financial Services Pty Ltd 50%
- SPBS Financial Services Pty Ltd 50%
- Stanwycks Financial Services Pty Ltd 50%
- Wong and Mayes Financial Services Pty Ltd 50%
- Wynn & Bennett Financial Services Pty Ltd 50%

Refer to Note 29 for a quantitative analysis of the impact of the early adoption of AASB 10.

NOTE 3: REVENUE

	Consolidated Entity	
	2013 $	2012 $
REVENUES FROM OPERATING ACTIVITIES		
WEALTH MANAGEMENT NEW BUSINESS		
Investment brokerage	1,953,850	1,584,971
New issues and IPO's	511,652	368,854
Asset protection and life insurance	485,159	655,372
Other	146,070	72,074
WEALTH MANAGEMENT RECURRING REVENUE		
Funds under management	6,651,842	6,105,656
Asset protection and life insurance	483,976	413,851
Other	368,813	371,296
CLIENT ENGAGEMENT MODEL LICENCE FEE	1,520,000	1,829,000
Total revenue from operating activities	12,121,362	11,401,074
REVENUES FROM NON-OPERATING ACTIVITIES		
Interest received – associates	16,000	16,000
Interest received – key management personnel	17,113	19,763
Interest received – other	281,228	277,604
Total revenue from non-operating activities	314,341	313,367
Total revenues	12,435,703	11,714,441

NOTE 4: EXPENSES

	Consolidated Entity	
	2013 $	2012 $
Profit/(Loss) from ordinary activities before income tax has been determined after:		
DEPRECIATION OF NON-CURRENT ASSETS		
Software	148,402	143,104
Office equipment	11,877	14,491
Plant and equipment	39,378	47,805
Motor vehicles	26,755	9,142
Leasehold Improvements	24,122	29,620
Total depreciation of non-current assets	250,534	244,162
AMORTISATION OF NON-CURRENT ASSETS		
Development costs	170,469	156,000
Other	181,460	131,460
	351,929	287,460
FINANCE COSTS		
Interest expense	552,525	674,536
EMPLOYEE BENEFITS EXPENSE		
Salary and wages	5,275,280	4,035,914
Superannuation	331,416	451,856
Total employee benefits expense	5,606,696	4,487,770

NOTE 5: INCOME TAX

	Consolidated Entity	
	2013 $	2012 $
(A) THE COMPONENTS OF TAX EXPENSE:		
Current tax	1,034,410	1,320,060
Deferred tax	(2,153)	(4,052)
Total Income tax expense	1,032,257	1,316,008
(B) THE PRIMA FACIE TAX ON PROFIT DIFFERS FROM THE INCOME TAX PROVIDED IN THE FINANCIAL STATEMENTS AS FOLLOWS:		
Total profit before income tax	4,534,105	4,657,541
At the statutory income tax rate of 30% (2012: 30%)	1,360,232	1,397,262
Add: Tax effect of:		
- Dividends received from associates	11,786	12,857
- Other non-allowable items	63,349	67,594
Loss on sale of investment	-	211,552
Less: Tax effect of:		
- Other allowable deductions	(376,375)	(338,034)
- Capitalisation deductions	(14,949)	(22,366)
- Imputation credits received	(11,786)	(12,857)
Income tax expense attributable to ordinary activities	1,032,257	1,316,008
(C) TAX ASSETS AND LIABILITIES		
Current tax payable		
- Opening balance	1,124,561	1,384,107
- Tax paid	(849,614)	(1,579,606)
- Current tax payable	1,034,410	1,320,060
- Over provision in prior years	(532,803)	-
Closing balance	776,554	1,124,561
Deferred tax assets		
- Provision for employee entitlements	105,161	146,496
- Provision for audit fees	12,900	8,850
- Capital raising costs	12,795	12,494
	130,856	167,840
Deferred tax liabilities		
- Deferred revenue	112,248	151,686
Net Deferred tax assets/ (liabilities)	18,608	16,154
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1(h) occur		
- Tax losses: capital losses	461,319	710,019

NOTE 6: DIVIDENDS ON ORDINARY SHARES

	Consolidated Entity	
	2013 $	2012 $
(A) DIVIDENDS PAID DURING THE YEAR		
(i) Current year interim Fully franked dividend of 0.25 cents per share (2012: 0.75 cents per share)	402,772	1,208,313
(ii) Previous year final Fully franked dividend of 0.25 cents per share (2012: 0.75 cents per share)	402,773	1,218,063
	805,545	2,426,376
(B) PROPOSED DIVIDEND		
Proposed dividend as at the date of this report at 0.50 cents per share (2012: 0.25 cents per share) not recognised as a liability		
Proposed dividend payment	868,042	402,771
(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:	6,088,033	5,657,154
Impact on the franking account of dividends recommended by the Directors since the year end but not recognised as a liability at year end	(372,018)	(172,616)
	5,716,015	5,484,538

NOTE 7: CASH AND CASH EQUIVALENTS

CURRENT		
Cash at bank	707,071	290,606
	707,071	290,606

NOTE 8: RECEIVABLES

		Consolidated Entity	
	Notes	2013 $	2012 $
CURRENT			
Trade receivables		1,920,258	3,034,047
Amounts receivable from associates		1,278,110	1,177,290
Loan to employees		-	131,460
		3,198,368	4,342,797
NON-CURRENT			
Amounts receivable from associates		3,429,534	2,260,122
Loan to executives	(a)	272,659	255,651
Loans to employees		1,662,142	2,221,973
		5,364,335	4,737,746

(a)

- The Company made an advance of $129,841 during the 2006 financial year, to Mr C Kennedy, an officer of the Company to acquire 300,000 shares in the Company. The Prime shares are held as security against the loan, with the Prime dividend payments offsetting the loan. The balance of this loan as at 30 June 2013 is $174,697 ($162,750 at 30 June 2012). Interest payable on the loan for the 30 June 2013 financial year is $10,447. The highest amount of indebtedness during the 2013 financial year was $174,697 (2012: $162,750). The loan has been made on a non-recourse basis, as part of Mr C Kennedy's employment arrangements with the Company, on normal commercial terms.
- The Company has made an advance of $48,968 ($46,438 at 30 June 2012) since the 2004 financial year, to Mr S Madder, a Director of the Company to acquire 160,575 shares in the Company. The Prime shares are held as security against the loan, with the Prime dividend payments offsetting the loan. Interest payable on the loan for the 2013 financial year is $3,332 (2012: $3,550). The highest amount of indebtedness during the 2013 financial year was $48,968 (2012: $48,563).
- The Company has made an advance of $48,994 ($46,463 at 30 June 2012) since the 2004 financial year, to Mr P Madder, a Director of the Company to acquire 160,575 shares in the Company. The Prime shares are held as security against the loan, with the Prime dividend payments offsetting the loan. Interest payable on the loan for the 2013 financial year is $3,334 (2012: $3,552). The highest amount of indebtedness during the 2013 financial year was $48,994 (2012: $48,585).

NOTE 9: PLANT AND EQUIPMENT

		Consolidated Entity	
	Notes	2013 $	2012 $
SOFTWARE			
At cost		1,957,939	1,957,939
Accumulated depreciation		(889,694)	(741,292)
	9(a)	1,068,245	1,216,647
OFFICE EQUIPMENT			
At cost		354,658	352,767
Accumulated depreciation		(284,470)	(272,593)
	9(a)	70,188	80,174
PLANT AND EQUIPMENT			
At cost		499,535	484,887
Accumulated depreciation		(427,606)	(388,228)
	9(a)	71,929	96,659
MOTOR VEHICLES			
At cost		44,326	44,326
Accumulated depreciation		(44,326)	(17,571)
	9(a)	-	26,755
LEASEHOLD IMPROVEMENTS			
At cost		254,719	254,719
Accumulated depreciation		(158,782)	(134,660)
	9(a)	95,937	120,059
TOTAL PLANT AND EQUIPMENT			
At cost		3,111,177	3,094,638
Accumulated depreciation		(1,804,878)	(1,554,344)
Total written down amount		1,306,299	1,540,294

(A) RECONCILIATIONS

	Notes	Consolidated Entity 2013 $	2012 $
Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year.			
SOFTWARE			
Carrying amount at beginning		1,216,647	1,119,853
Additions		-	239,898
Depreciation expense		(148,402)	(143,104)
	9(a)	1,068,245	1,216,647
OFFICE EQUIPMENT			
Carrying amount at beginning		80,174	88,618
Additions		1,891	6,047
Depreciation expense		(11,877)	(14,491)
	9(a)	70,188	80,174
PLANT AND EQUIPMENT			
Carrying amount at beginning		96,659	119,782
Additions		14,648	24,682
Depreciation expense		(39,378)	(47,805)
	9(a)	71,929	96,659
MOTOR VEHICLES			
Carrying amount at beginning		26,755	35,897
Additions		-	-
Depreciation expense		(26,755)	(9,142)
	9(a)	-	26,755
LEASEHOLD IMPROVEMENTS			
Carrying amount at beginning		120,059	142,197
Additions		-	7,482
Depreciation expense		(24,122)	(29,620)
	9(a)	95,937	120,059

NOTE 10: CONTROLLED ENTITIES

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

		Percentage owned	
	Country of incorporation	2013 %	2012 %
PARENT ENTITY:			
Prime Financial Group Ltd	Australia		
SUBSIDIARIES OF PRIME FINANCIAL GROUP LTD			
Beksan Pty Ltd	Australia	100	100
Prime Development Fund Pty Ltd (PDF)	Australia	100	100
Aintree Group Financial Services Pty Ltd	Australia	50	50
Brentnalls NSW Financial Services Pty Ltd	Australia	50	50
Nexia Perth Financial Planning Pty Ltd	Australia	50	50
Bstar Financial Services Pty Ltd	Australia	50	50
Butler Settineri Financial Services Pty Ltd	Australia	50	50
CP Financial Planners Pty Ltd	Australia	50	50
Crispin & Jeffery Financial Services Pty Ltd	Australia	50	50
David Hicks and Co Financial Services Pty Ltd	Australia	50	50
Dormers Financial Services Pty Ltd	Australia	40	40
GG Financial Services Pty Ltd	Australia	50	50
Hughes O'Dea Corredig Financial Services Pty Ltd	Australia	50	50
IMMS Financial Planning Pty Ltd	Australia	50	50
Lym Securities Pty Ltd	Australia	100	50
Madder & Co Financial Services Pty Ltd	Australia	50	50
McBurney Financial Services Pty Ltd	Australia	100	50
McHenry Financial Services Pty Ltd	Australia	50	50
Munro's Financial Advisors Pty Ltd	Australia	50	50
M V Anderson Financial Services Pty Ltd	Australia	50	50
PFG (NTH QLD) Pty Ltd	Australia	51	51
Pascoe Partners Financial Services Pty Ltd	Australia	50	50
PRM Financial Services Pty Ltd	Australia	100	50
Green Taylor Financial Services Pty Ltd	Australia	50	50
Prior & Co Financial Services Pty Ltd	Australia	100	50
RMM Financial Services Pty Ltd	Australia	50	50
RJS Financial Solutions Pty Ltd	Australia	50	50
Rundles Financial Services Pty Ltd	Australia	50	50

		Percentage owned	
	Country of incorporation	2013 %	2012 %
Selingers Financial Services Pty Ltd	Australia	50	50
Signum Business Advisors Financial Services Pty Ltd	Australia	50	50
SPBS Financial Services Pty Ltd	Australia	50	50
Stanwycks Financial Services Pty Ltd	Australia	50	50
Wong and Mayes Financial Services Pty Ltd	Australia	50	50
Wynn & Bennett Financial Services Pty Ltd	Australia	50	50

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

CONTROLLED ENTITIES NAME	Butler Settineri Financial Services Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (NTH QLD) Pty Ltd	Other individually immaterial subsidiaries	Total
Country of incorporation	Australia	Australia	Australia		
Percentage owned by non-controlling interest	50%	50%	49%		
Current assets	237,840	277,922	33,215	893,071	1,442,048
Non-current assets	387,718	313,288	1,849,814	878,658	3,429,478
Current liabilities	184,495	202,761	34,295	615,844	1,037,395
Non-current liabilities	-	-	-	-	-
Net assets	**441,063**	**388,449**	**1,848,734**	**1,155,885**	**3,834,131**
Revenue	336,185	561,840	692,035	3,349,683	4,939,743
Profit/ (loss) before tax	98,018	190,800	146,376	1,275,120	1,710,314

NOTE 11: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated Entity	
	2013 $	2012 $
Associated Companies	12,123,159	12,828,707

Interests are held in the following associated companies:

NOTE 11: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Name	Country of incorporation	Ownership interest held by Consolidated Entity 2013 %	2012 %
Bstar Pty Ltd	Australia	15	15
Demeyer Consulting Pty Ltd	Australia	50	50
Hughes O'Dea Corredig Pty Ltd	Australia	50	50
Pacifica Pty Ltd	Australia	35	35
Rundles Prime Pty Ltd	Australia	50	50
Wynn & Bennett Pty Ltd	Australia	50	50

The principal activity of all the associates listed above is providing wealth management or accounting/SMSF services. Prime's voting power within its investments in associates is equivalent to its ownership. The associates listed above all have a year end and reporting date of 30 June 2013.

The following table summarises the information of each of the Group's material associates, adjusted for any differences in accounting policies and reconciles the carrying amount of the Group's interest in associates and the share of profit and other comprehensive income of equity accounted investees.

	Wynn & Bennett Pty Ltd	Hughes O'Dea Corredig Pty Ltd	Rundles Prime Pty Ltd	Pacifica Pty Ltd	Other individually immaterial associates	Total
(i) Associate's net profit before income tax	968,207	544,999	558,066	624,256	714,323	**3,409,851**
(ii) Associate's revenue	3,627,875	2,945,713	3,091,354	2,796,660	4,790,147	**17,251,749**
(iii) Carrying amount of investment in associate						
Balance at the beginning of the financial year	2,850,991	3,339,189	1,461,088	1,866,262	3,311,177	**12,828,707**
- Contributions to existing investments	54,649	16,786	20,146	(121,545)	(675,584)	**(705,548)**
Carrying amount of investment in associate at the end of the financial year	**2,905,640**	**3,355,975**	**1,481,234**	**1,744,717**	**2,635,593**	**12,123,159**
(iv) Associate's assets and liabilities						
Current assets	1,415,505	1,258,505	1,197,529	934,874	2,921,667	**7,728,080**
Non-current assets	158,198	5,808,631	2,575,000	2,418,448	-	**10,960,277**
Current liabilities	(938,891)	(695,832)	(1,151,916)	(108,042)	(2,324,607)	**(5,219,288)**
Non-current liabilities	(192,142)	(13,617)	-	(998,511)	-	**(1,204,270)**
Net assets	**442,670**	**6,357,687**	**2,620,613**	**2,246,769**	**597,060**	**12,264,799**

NOTE 12: INTANGIBLE ASSETS

	Notes	Consolidated Entity 2013 $	Consolidated Entity 2012 $
GOODWILL			
Cost	(a)	49,177,713	48,308,402
		49,177,713	48,308,402
DEVELOPMENT COSTS			
Cost		1,511,435	1,511,435
Accumulated amortisation		(922,471)	(702,000)
		588,964	809,435
Total intangibles		49,766,677	49,117,837

(A) RECONCILIATION OF GOODWILL

	Notes	2013 $	2012 $
Balance at the beginning of the year		48,308,402	48,121,567
Correction of prior year error	31	778,580	-
Additions via acquisition of subsidiary		90,731	186,835
Closing carrying value at end		49,177,713	48,308,402

Intangible assets represent goodwill on acquisitions of subsidiary companies in the wealth management industry and their goodwill on acquisition of businesses in the wealth management industry during the past five years. Goodwill has been accounted for at historical cost and carried forward on the basis of these subsidiaries/ businesses and the goodwill to which they relate having an indeterminate life.

NOTE 13: PAYABLES

	2013 $	2012 $
CURRENT		
Trade creditors	563,166	506,212
Other creditors and accruals	16,703	349,833
Earn-out agreement payable	332,000	332,000
GST payable	230,489	233,129
	1,142,358	1,421,174

NOTE 14: EMPLOYEE BENEFITS

	2013 $	2012 $
CURRENT		
Employee entitlements	288,864	434,543

NOTE 15: BORROWINGS

		Consolidated Entity	
	Notes	2013 $	2012 $
CURRENT			
Secured liabilities:			
Other borrowings		-	26,755
		-	26,755
NON-CURRENT			
Secured liabilities:			
Commercial bills	(a)	6,750,000	8,054,633
Bank loans	(b)	990,416	990,416
Other borrowings		-	4,902
		7,740,416	9,049,951

(a) The commercial bills are secured by a registered fixed and floating charge over all assets and uncalled capital of the Group, except the subsidiary Carroll Pike and Piercy Pty Ltd (CPP) which is secured by a second ranking debenture.

(b) This bank loan is secured by way of a fixed and floating charge over CPP, with Prime acting as guarantor to this bank loan.

NOTE 16: CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

		Consolidated Entity	
	Notes	2013 $	2012 $
Ordinary shares fully paid	(a)	67,912,633	66,698,217
Ordinary shares partly paid	(b)	18,860	18,860
		67,931,493	66,717,077

(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 sold.

(b) The 2,095,560 partly paid ordinary shares are partly paid to $0.009 with $0.891 to pay. Any or all of the partly paid shares may be paid in full or in part at the election of the holder at any time. The partly paid shares will confer fractional voting rights and dividend entitlements in accordance with and subject to the Listing Rules of Australian Securities Exchange.

(B) MOVEMENTS IN SHARES ON ISSUE

	Consolidated Entity			
	2013		2012	
	No. of shares	$	No. of shares	$
Beginning of the financial year	163,182,874	66,717,077	164,482,874	66,883,355
Issued during the year				
- Shares bought back and cancelled	-	-	(1,300,000)	(166,278)
- Shares issued	12,500,000	1,250,000	-	-
- Capital raising costs	-	(35,584)	-	-
End of the financial year	175,682,874	67,931,493	163,182,874	66,717,077

(C) TREASURY SHARES HELD

During the year PFG Employee Share Plan Pty Ltd (PFG ESP) purchased 3,883,333 (2012: 90,000) Prime shares. The total shares held by the PFG ESP are held in trust on behalf of employees or for future allocation to employees as part of the terms of the Employee Share Plan. Each share held by the PFG ESP retains the same voting rights, rights to dividends and capital distributions as those of other ordinary shareholders.

	Consolidated Entity	
	2013 $	2012 $
Opening balance	3,447,656	3,402,814
Purchase of shares for the employee share trust	658,513	44,842
Closing balance	4,106,169	3,447,656

(D) CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2013, the Board paid dividends of $805,545 (2012: $2,426,376). The Board's policy for dividend payments is a payout ratio of 50% - 60% which is subject to potential acquisitions and debt reduction. The FY2013 dividend payout ratio is 44% based on reported EPS of 1.7 cents per share.

The Board has no current plans to issue further shares on the market.

As at 30 June 2013, the Group had met its bank covenant requirements.

NOTE 16: CONTRIBUTED EQUITY CONTINUED

The Board monitors capital through the gearing ratio (net debt/ total capital). The target for the Group's gearing ratio is between 5% - 15%. The gearing ratios based on operations at 30 June 2012 and 2013 were as follows:

		Consolidated Entity	
	Notes	2013 $	2012 $
Total borrowings#		6,800,251	8,086,290
Less cash and cash equivalents		(707,071)	(290,606)
Net debt		6,093,180	7,795,684
Total equity		63,083,567	61,373,703
Total capital		69,176,747	69,169,387
Gearing ratio:		8.8%	11.3%

Includes interest-bearing loans and borrowings. Refer to Note 18(c). Excludes the Macquarie bank loan which has an offsetting receivable.

NOTE 17: ACCUMULATED PROFITS/(LOSSES)

		Consolidated Entity	
	Notes	2013 $	2012 $
Accumulated Losses	(a)	(1,208,385)	(2,900,708)
(A) ACCUMULATED LOSSES			
Balance at the beginning of year		(2,900,708)	(3,288,782)
Total comprehensive income for the year		2,784,512	2,814,450
Total available for appropriation		(116,196)	(474,332)
Dividends paid		(805,545)	(2,426,376)
Transactions with non-controlling interests		(286,644)	-
Balance at end of year		(1,208,385)	(2,900,708)

NOTE 18: CASH FLOW INFORMATION

	Consolidated Entity	
	2013 $	2012 $
(A) RECONCILIATION OF THE NET PROFIT AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS:		
Net profit	2,784,512	2,814,450
Non-cash Items		
Depreciation/amortisation	552,525	530,974
Equity accounted profit after tax net of dividends & distributions received	254,660	(747,527)
Loss on disposal of associate	-	705,174
Changes in assets and liabilities		
(Increase)/decrease in current receivables	448,638	(880,556)
(Increase)/decrease in other assets and receivables	(40,947)	(1,102)
Increase/ (decrease) in payables	(276,422)	463,205
(Decrease)/increase in provisions	(145,697)	(80,411)
(Decrease)/increase in deferred tax	(2,454)	(8,221)
(Decrease)/increase in tax payable	(348,007)	(259,546)
Net cash flow from operating activities	3,226,808	2,536,440

	Consolidated Entity	
	2013 $	2012 $
(B) RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash balance comprises:		
Cash at bank	707,071	290,606
Bank overdraft	(50,251)	-
Closing cash balance	656,820	290,606

(C) FINANCING FACILITIES AVAILABLE

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $10,750,000. At the end of the reporting period these facilities have been utilised to the amount of $6,800,251. The facility includes a limit of $1,150,000 for potential acquisitions and a limit of $1,000,000 for an overdraft. The facility is reducing by $250,000 per quarter until 31 December 2015 when the available facility will be $8,250,000. Interest rates are set at the time of rollover of the bills which is usually at 30 day intervals. As at 30 June 2013 the effective interest rate was 4.32% per annum. *There is an additional 1.3% line fee on the total facility.

Macquarie Bank has in place an agreement with CPP to provide facilities amounting to $1,000,000. As at 30 June 2013, the outstanding loan payable is $990,416. CPP has a corresponding loan receivable with its employees totalling $1,278,398. The repayment date is 31 December 2015.

NOTE 19: EXPENDITURE COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

PDF has entered into a commercial rental lease for Level 17, 644 Chapel Street, South Yarra, Victoria on 1 July 2010. The commercial rental lease has a life of four years from 1 July 2010. Future minimum rental payable under the operating lease is as follows:

	Consolidated Entity	
	2013 $	2012 $
OPERATING LEASE COMMITMENTS		
- within one year	277,616	266,939
- after one year but not more than 5 years	-	277,616
Total	277,616	544,555

NOTE 20: COMMITMENTS AND CONTINGENCIES

PDF provides cross guarantees to Pacifica Pty Ltd for $444,500 (2012: $444,500) and Rundles Prime Pty Ltd for $250,000 (2012: $250,000).

NOTE 21: EARNINGS PER SHARE

	2013 $	2012 $
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit after tax	2,784,512	2,814,450
Earnings used in calculating basic and diluted earnings per share	2,784,512	2,814,450

	2013 No. of shares	2012 No. of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	163,916,489	161,611,591
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	163,916,489	161,611,591
Basic earnings per share (cents)	1.7	1.7
Diluted earnings per share (cents)	1.7	1.7

NOTE 22: AUDITOR'S REMUNERATION

	Consolidated Entity	
	2013 $	2012 $
Amounts received or due and receivable by the auditor for:		
Auditing or reviewing the financial report	96,000	96,000
	96,000	96,000

NOTE 23: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of Prime Financial Group Ltd and its controlled entities listed in Note 10.

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

Transactions with key management personnel of the entity or its parent and their personally-related entities

Refer note 8 in relation to advances made to Mr S Madder, Mr C Kennedy and Mr P Madder to acquire shares in the Company.

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

Interests associated with Mr P Madder received $127,976 (2012: $204,871) for executive services provided to the Company plus an additional $200,000 as a payment for the assignment of intellectual property, which forms the basis of the Company's new client engagement model. The minimum annualised payment under this agreement is $200,000 for a maximum of 5 years, expiring no later than 30 November 2016, but this can be cancelled by the Company at any time by 12 months notice. The agreement also provides for an uplift payment based upon the sale and payment to the Company for new licences to joint venture partners of that intellectual property. The total payments for the year were $327,976 (2012: $321,540).

Mr S Madder accepted an offer from PFG Employee Share Plan Pty Ltd (PFG ESP) to fund by way of a loan the acquisition of 6,600,000 shares in Prime Financial Group Ltd at an issue price of 19.3c ($0.193) per plan share. The loan agreement among other things makes provision for, interest to be charged at commercial rates, the loan to be repaid within 4 years, security in the form of a mortgage over Mr Madder's principal residence and the circumstances and terms on which the trustee may be required to buy-back the plan shares.

Mr P Madder through a nominee accepted an offer from PFG ESP to fund by way of a loan the acquisition of 3,760,784 shares in Prime Financial Group Ltd at an issue price of 19.3c ($0.193) per plan share. The loan agreement among other things makes provision for, interest to be charged at commercial rates, the loan to be repaid within 4 years, security in the form of a general securities agreement over the nominee.

Mr C Kennedy accepted an offer from PFG ESP to fund by way of a loan the acquisition of 440,000 shares in Prime Financial Group Ltd at an issue price of 19.3c ($0.193) per plan share. The loan agreement among other things makes provision for, interest to be charged at commercial rates, the loan to be repaid within 4 years and at the option of Mr Kennedy not to proceed with the share acquisition.

Mr M Cohen accepted an offer from PFG ESP to fund by way of a loan the acquisition of 125,000 shares in Prime Financial Group Ltd at an issue price of 19.3c ($0.193) per plan share. The loan agreement among other things makes provision for, interest to be charged at commercial rates, the loan to be repaid within 4 years and at the option of Mr Cohen not to proceed with the share acquisition.

NOTE 23: RELATED PARTY DISCLOSURES CONTINUED

Transactions with investments in associates

(i) The entities listed in Note 10 are all associated investments of PDF or Prime. PDF derives consulting fees from its equity investments in accounting, SMSF and advisory firms.

The aggregate of the transactions between PDF and its associated investments are:

	Consolidated Entity	
	2013 $	**2012 $**
Revenue from accounting and advisory firms	1,686,600	2,083,189
	1,686,600	2,083,189

As at 30 June 2013, PDF has an outstanding loan receivable from the accounting firms of $949,400 (loan receivable of $1,070,123 at 30 June 2012). PDF also has an outstanding loan payable to its associated joint ventures of $1,002,926 relating to unpaid dividends (loan payable of $1,288,883 at 30 June 2012).

As at 30 June 2013, Carroll Pike & Piercy Pty Ltd (CPP) has an outstanding loan receivable from the employees of CPP of $1,278,398 ($1,749,840 at 30 June 2012).

COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	Consolidated Entity	
	2013 $	**2012 $**
Short-term employment benefits	1,322,834	1,518,430
Post employment benefits	58,374	88,437
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	1,381,208	1,606,867

NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL:

Key Management Personnel 2013	Balance 01/7/12	Received as remuneration	Options exercised	Net change other	Balance 30/6/13
NON-EXECUTIVE DIRECTORS					
Mr S James	3,900,000	-	-	-	3,900,000
EXECUTIVE DIRECTORS					
Mr S Madder	7,951,709	-	-	14,732,858	22,684,567
Mr P Madder	4,831,290	-	-	3,760,784	8,592,074
OTHER KEY MANAGEMENT PERSONNEL					
Mr M Cohen	70,000	-	-	3,125,000	3,195,000
Mr C Kennedy	310,000	-	-	440,000	750,000
Total	17,062,999	-	-	22,058,642	39,121,641

Key Management Personnel 2012	Balance 01/7/11	Received as remuneration	Options exercised	Net change other	Balance 30/6/12
NON-EXECUTIVE DIRECTORS					
Mr S James	3,900,000	-	-	-	3,900,000
Mr S Bennett (resigned 27 March 2013)	496,843	-	-	-	496,843
Sub-total	4,396,843	-	-	-	4,396,843
EXECUTIVE DIRECTORS					
Mr S Madder	8,587,439	-	-	(635,730)	7,951,709
Mr P Madder	4,195,560	-	-	635,730	4,831,290
OTHER KEY MANAGEMENT PERSONNEL					
Mr M Cohen	70,000	-	-	-	70,000
Mr M Johnson	679,920	-	-	-	679,920
Mr C Kennedy	310,000	-	-	-	310,000
Total	18,239,762	-	-	-	18,239,762

NOTE 24: SEGMENT INFORMATION

The Group operates in one business segment, being investing in and providing wealth management, solely in Australia.

NOTE 25: FINANCIAL RISK MANAGEMENT

(A) FINANCIAL LIABILITY AND FINANCIAL ASSET MATURITY ANALYSIS

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, loans to and from subsidiaries and associates, bills. The major financial risks that Prime is exposed to through its financial instruments are interest rate, liquidity and credit risk. This is reviewed on a monthly basis by the Board.

Cash flows expected to be realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

(i) Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2013 a majority of group debt is floating. The Group has no material exposure to changes in interest rates.

The consolidated entity's bank loans outstanding, totalling $7,790,667 (2012: $9,049,951), are interest payment loans. Monthly cash outlays of approximately $28,046 (2012: $40,046) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2012: 100) basis points would have an adverse/favourable effect on profit before tax of $77,907 (2012: $90,500) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

(ii) Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

(iii) Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Group. At 30 June 2013, Prime's receivables consist of amounts owing from trade receivables, employees, key management personnel and amounts receivable from associates.

The Group has no significant concentration of credit risk. The carrying amounts of financial assets best represent the maximum credit risk exposure at the statement of financial position date.

All other loan and receivable amounts, though unsecured, are not considered a significant credit risk. Amounts owing from employees and key management personnel are in escrow until paid by the employees; shares can only be released from escrow upon satisfaction of amounts owing by the employee. All receivables are non-current and not considered to be impaired.

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NOTE 25: FINANCIAL RISK MANAGEMENT CONTINUED

(B) FINANCIAL INSTRUMENTS

(i) Fair values

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the statement of financial position and Notes to the financial statements. The Company did not directly hold any listed shares and equities at 30 June 2013 (2012: nil).

Financial instruments	Fixed interest rate maturing in 1 year or less		Fixed interest rate maturing 1 to 5 years		Floating interest rate maturing in 1 year or less	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
(i) Financial assets						
Cash	707,071	290,606	-	-	-	-
Receivables	-	2,060,827	2,884,201	1,618,380	-	-
Total financial assets	707,071	2,351,433	2,884,201	1,618,380	-	-
(ii) Financial liabilities						-
Bank overdraft	-	-	-	-	50,251	-
Commercial bills	-	-	-	-	-	-
Other borrowings	-	26,755	-	4,902	-	-
Bank loans	-	-	990,416	990,416	-	-
Payables	-	-	-	-	-	-
Total financial liabilities	-	26,755	990,416	995,318	50,251	-

Floating interest rate maturing in 1 to 5 years		Non-interest bearing maturing 1 year or less		Total carrying amount as statement of financial position		Weighted average effective interest rate	
2013 $	2012 $	2013 $	2012 $	2013 $	2012 %	2013 $	2012 %
-	-	-	-	707,071	290,606	2.2%	2.4%
-	-	5,678,502	5,401,336	8,562,703	9,080,543	7.5%	8.0%
-	-	5,678,502	5,401,336	9,269,774	9,371,149		
-	-	-	-	50,251	-	9.1%	-
6,750,000	8,054,633	-	-	6,750,000	8,054,633	4.2%	5.3%
-	-	-	-	-	31,657	-	8.3%
-	-	-	-	990,416	990,416	7.8%	8.5%
-	-	1,142,358	1,421,174	1,142,358	1,421,174		-
6,750,000	8,054,633	1,142,358	1,421,174	8,933,025	10,497,880		

NOTE 26: PARENT ENTITY DISCLOSURES

	Parent Entity	
	2013 $	**2012 $**
(A) CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	22,093,103	23,733,779
Non-current assets	42,572,545	41,952,755
Total assets	64,665,648	65,686,534
LIABILITIES		
Current liabilities	5,277,569	5,676,139
Non-current liabilities	112,248	151,686
Total liabilities	5,389,817	5,827,825
Net assets	59,275,831	59,858,709
EQUITY		
Contributed equity	67,931,494	66,717,077
Accumulated losses	(8,655,663)	(6,858,368)
Total equity	59,275,831	59,858,709
(B) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Profit for the year	(991,750)	2,488,053
Other comprehensive income	-	-
Total comprehensive income	(991,750)	2,488,053

NOTE 27: ECONOMIC DEPENDENCY

The consolidated entity is not economically dependent upon another entity for revenue or financial support.

NOTE 28: SUBSEQUENT EVENTS

There has not been any matter or circumstance that has risen since the end of the reporting period, that has significantly affected, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

NOTE 29: RESTATEMENT

The adoption of AASB 10 has the following impact on the financial position of the Group:

	30 June 2012 previously reported	Adjustments Note (a)	30 June 2012 restated
	$	$	$
CURRENT ASSETS			
Cash and cash equivalents	250,913	39,693	290,606
Trade and other receivables	4,470,593	(127,796)	4,342,797
Other current assets	388,969	167,577	556,546
Total current assets	5,110,475	79,474	5,189,949
NON-CURRENT ASSETS			
Receivables	4,737,746	-	4,737,746
Plant and equipment	1,538,132	2,162	1,540,294
Investments accounted for using the equity method	20,432,670	(7,603,963)	12,828,707
Intangible assets	49,117,837	-	49,117,837
Deferred tax assets	16,154	-	16,154
Total non-current assets	75,842,539	(7,601,801)	68,240,738
Total assets	80,953,014	(7,522,327)	73,430,687
CURRENT LIABILITIES			
Payables	2,500,191	1,079,017	1,421,174
Current tax payable	807,887	(316,674)	1,124,561
Provisions	434,543	-	434,543
Borrowings	26,755	-	26,755
Total current liabilities	3,769,376	762,343	3,007,033
NON-CURRENT LIABILITIES			
Borrowings	9,049,951	-	9,049,951
Total non-current liabilities	9,049,951	-	9,049,951
Total liabilities	12,819,327	762,343	12,056,984
NET ASSETS	68,133,687	(6,759,984)	61,373,703
EQUITY			
Contributed equity	66,717,077	-	66,717,077
Treasury shares held	(3,447,656)	-	(3,447,656)
Non-controlling interest	-	1,004,990	1,004,990
Accumulated profits/ (losses)	4,864,266	(7,764,974)	(2,900,708)
TOTAL EQUITY	68,133,687	(6,759,984)	61,373,703

NOTE 29: RESTATEMENT CONTINUED

The adoption of AASB 10 has the following impact on the financial position of the Group:

	30 June 2011 previously reported	Adjustments Note (a)	30 June 2011 restated
	$	$	$
CURRENT ASSETS			
Cash and cash equivalents	406,293	2,008	408,301
Trade and other receivables	5,885,732	(553,451)	5,332,281
Other current assets	306,899	248,545	555,444
Total current assets	6,598,924	(302,898)	6,296,026
NON-CURRENT ASSETS			
Receivables	1,712,635	-	1,712,635
Plant and equipment	1,503,537	(4)	1,505,533
Investments accounted for using the equity method	21,361,901	(7,298,336)	14,063,565
Intangible assets	48,374,657	-	48,374,657
Deferred tax assets	7,933	-	7,933
Total non-current assets	72,960,663	(7,296,340)	65,664,323
Total assets	79,559,587	(7,599,238)	71,960,349
CURRENT LIABILITIES			
Bank overdraft	183,924	-	183,924
Payables	2,130,297	1,172,359	957,938
Current tax payable	1,007,284	(376,823)	1,384,107
Provisions	514,657	-	514,657
Borrowings	11,728	-	11,728
Total current liabilities	3,847,890	795,536	3,052,354
NON-CURRENT LIABILITIES			
Borrowings	7,754,964	-	7,754,964
Total non-current liabilities	7,754,964	-	7,754,964
Total liabilities	11,602,854	795,536	10,807,318
NET ASSETS	67,956,733	(6,803,702)	61,153,031
EQUITY			
Contributed equity	66,883,355	-	66,883,355
Treasury shares held	(3,402,814)	-	(3,402,814)
Non-controlling interest	-	961,272	961,272
Accumulated profits/ (losses)	4,476,192	(7,764,974)	(3,288,782)
TOTAL EQUITY	67,956,733	(6,803,702)	61,153,031

The adoption of AASB 10 has the following impact on the financial performance of the Group:

	30 June 2012 previously reported	Adjustments Note (b)	30 June 2012 restated
	$	$	$
Wealth revenue	9,999,123	1,401,951	11,401,074
Accounting revenue - share of net profit of associates and partnerships accounted for using the equity method	2,083,189	-	2,083,189
Other income	313,367	-	313,367
	12,395,679	1,401,951	13,797,630
Employee benefits	(4,587,057)	99,287	(4,487,770)
Depreciation and amortisation	(399,514)	(132,108)	(531,622)
Finance costs	(674,536)	-	(674,536)
Information technology and communication	(866,027)	101,544	(764,483)
Insurance	(243,340)	-	(243,340)
Occupancy	(345,512)	(19,628)	(365,140)
Loss on sale of investment	(705,174)	-	(705,174)
Other expenses	(1,370,607)	2,583	(1,368,024)
Share of net profit of associates and partnerships accounted for using the equity method	500,917	(500,917)	-
Profit before income tax	3,704,829	952,712	4,657,541
Income tax expense	(890,379)	(425,629)	(1,316,008)
Profit after income tax	2,814,450	527,083	3,341,533
Other comprehensive income	-	-	-
Total comprehensive income for the period	2,814,450	527,083	3,341,533
Net profit attributable to:			
Members of the parent entity	2,814,450	-	2,814,450
Non-controlling interest	-	527,083	527,083
Earnings per share	2,814,450	527,083	3,341,533
Basic earnings per share (cents)	1.7	-	1.7
Diluted earnings per share (cents)	1.7	-	1.7

(a) and (b) relates to the consolidation of wealth management entities as disclosed in Note 2(c) rather than equity accounting as previously applied.

(a) and (b) also relates to additional adjustments which link to the correction of an error rather than the restatement on adoption of AASB10 and referenced in Note 31.

NOTE 30: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

A. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

- AASB 9: Financial Instruments, AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12], AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8] (applicable for annual reporting periods commencing on or after 1 January 2015)

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The changes also incorporate the classification and measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

  The changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
  - simplifying the requirements for embedded derivatives
  - removing the tainting rules associated with held-to-maturity assets
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
  - financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013)

  These standards provide a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities.

  The standard is not expected to impact the company.

- AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] and 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 January 2013)

These standards amend the accounting requirements for employee benefits and in particular pensions and other post retirement benefits. The amendments:

- Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements;
- Introduce enhanced disclosures about defined benefit plans;
- Require employee benefits not settled wholly before twelve months after the end of the annual reporting period to be captured as an 'other long term benefit' rather than 'short term benefits', and whilst presented as a current item in the statement of financial position such benefits would be measured differently under the amendments;
- Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits;
- Clarify miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; and
- Incorporate other matters submitted to the IFRS Interpretations Committee.

The standard will impact the measurement of the annual leave liability resulting in a balance difference to that previously recorded.

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (applicable for annual reporting periods commencing on or after 1 July 2013).

  This standard removes all the individual key management personnel disclosures contained in Aus paragraphs 29.1 to 29.9.3 of AASB 124. The changes apply to each disclosing entity, or group of which a disclosing entity is the parent that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act for their first annual reporting period beginning on or after 1 July 2013.

- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2013)

  This standard principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The standard is not expected to impact the company.

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2014)

  This standard adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The standard is not expected to impact the company.

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014)

  This Standard amends the disclosure requirements in AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The company has not yet assessed the impact of this standard.

The Company does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.

NOTE 31: CORRECTION OF ERROR

As part of the early adoption of AASB 10 Consolidated Financial Statements the consolidated entity undertook a thorough review of business combinations which had occurred in prior periods.

As a consequence of this review it was noted that an amount of $778,580 had been incorrectly allocated to sundry receivables and not directly to goodwill at the time of the relevant business combination.

The error has been corrected by restating each of the affected line items within the statement of financial position for the prior periods. To this end, trade receivables have decreased by $778,580 and goodwill has increased by $778,580. There was no consequential impact on the statement of profit and loss and other comprehensive income having applied the requirements of AASB 136 Impairment of Assets in assessing the restated carrying value of goodwill for impairment purposes.

As a further consequence of this review it was noted that the previous classification and resultant financial statement disclosure of the consolidated entity's share of profits from associates accounted for using the equity method was also incorrect. The error has no impact on the group's reported financial performance or financial position in prior periods; it is a disclosure reclassification only, and has been corrected by restating each of the affected line items within the statement of profit or loss and other comprehensive income and statement of financial position for the prior periods.

To this end, accounting and SMSF consulting fees has decreased by $1,686,600 and share of profits from associates accounted for using the equity method has increased by $1,686,600.

Further, trade receivables has decreased by $354,015 and investments accounted for using the equity method has increased by $354,015.

Directors' Declaration

The Directors of the company declare that:

1. the financial statements and notes, as set out on pages 23 to 64, 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 2013 and of the performance for the year ended on that date of the consolidated group; and
   (c) the attached financial statements are in compliance with international Financial Reporting Standards, as stated in note 1 to the financial statements.
2. the Managing Director and Chief Executive Officer, and Chief Financial Officer have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) The financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Stuart James
Director

28 August 2013

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIME FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report
We have audited the accompanying consolidated financial report comprising Prime Financial Group Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2013, the statement of profit of loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIME FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion
In our opinion:

a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:
    i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
    ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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.

Auditor's Opinion
In our opinion, the Remuneration Report of Prime Financial Group Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report
This auditor's report relates to the financial report of Prime Financial Group Limited for the year ended 30 June 2013 included on Prime Financial Group Limited's web site. The company's directors are responsible for the integrity of the Prime Financial Group Limited's web site. We have not been engaged to report on the integrity of the Prime Financial Group Limited's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck.

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

J.C. Luckins
Director
Dated this 28th day of August, 2013

ASX Additional Information

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows:
The information is current as at 31 July 2013.

(A) DISTRIBUTION OF EQUITY SECURITIES

The number of shareholders, by size of holding, in each class of share are:

Category (size of holding)	Ordinary Shares	
	No. of holders	No. of shares
1 – 1,000	50	28,375
1,001 – 5,000	161	511,936
5,001 – 10,000	197	1,608,552
10,001 – 100,000	442	17,298,881
100,001 and over	188	154,139,570
	1,038	173,587,314

(B) TWENTY LARGEST SHAREHOLDERS

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

		Listed Ordinary Shares	
	Name	No. of shares $	Percentage of ordinary shares %
1	Domain Investment (Melbourne) Pty Ltd	17,858,144	10.29
2	PFG Employee Share Plan Pty Ltd	15,466,666	8.91
3	May Road Pty Ltd	6,400,000	3.69
4	Sonning Road Pty Ltd	5,959,031	3.43
5	Bardex Finance Pty Ltd	5,375,806	3.10
6	29th Marsupial Pty Ltd	5,367,704	3.09
7	NSR Investments Pty Ltd	5,215,000	3.00
8	Mr Stuart James & Mrs Gillian James	3,900,000	2.25
9	Fenning Court Pty Ltd	3,620,000	2.09
10	Mr Vaughan Webber	3,595,730	2.07
11	Mr Simon Madder	3,048,823	1.76
12	Somaco Pty Ltd	3,000,000	1.73
13	DPS Capital Pty Ltd	2,675,000	1.54
14	Mark Johnson	2,500,000	1.44
15	Equitas Nominees Pty Ltd	2,462,247	1.42
16	Lyndoc Holdings Pty Ltd	2,382,993	1.37
17	Fifty Second Celebration Pty Ltd	2,000,000	1.15
18	LCY Super Pty Ltd	2,000,000	1.15
19	Mr Gabor Eugene Hubay	1,866,491	1.08
20	Hamco Nominees Pty Ltd	1,844,753	1.06

(C) VOTING RIGHTS

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

Corporate directory

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S. Madder
P. Madder

COMPANY SECRETARY
C. Kennedy

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SOLICITORS
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BANKERS
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