Prime

Integrated Wealth Management

ABN 70 009 487 674

Prime Financial Group Ltd
Annual Report 2014

Prime Financial Group Ltd (Prime) is an Australian Securities Exchange (ASX) listed National Wealth Management Group.

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

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

Prime's Asset Protection and Wealth Management heritage is in Accounting. Prime was founded by Accountants, borne out of the need of clients to have a single place for all their financial affairs to be managed.

Prime partners with Accountants to work together for the clients benefit, providing quality advice to enhance their complete financial position, using our three dimensional approach.

Prime manages over $1.0B of client assets for Business Owners and Family Groups with a focus on personalised advice to protect our clients current and future assets, build their wealth and provide a secure financial future. 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 generated through a Wealth Management operation that directly services its own clients and the clients of Prime's 30+ Investments in Wealth Management entities (co-owned with Accounting Firms). Prime also now has 10 Investments in Accounting and / or Self-Managed Superannuation entities.

Prime's unique approach to Asset Protection and Wealth Management Advice utilises Prime's proprietary Client Engagement Model. With a systematic and consistent service offering, the Client Engagement Model delivers high levels of service and value for Prime's clients, the Prime Accounting Firm and Prime's Financial Advisory Partners. The Client Engagement Model enables Prime to bring together teams of advisers across the wealth management and accounting disciplines to deliver 'Integrated Advice' tailored to each client's needs.

Prime aims to be acknowledged as a key trusted adviser and service hub to all of its clients, assisting them in protecting their assets and building their wealth.

STRATEGY

Prime's key strategic objectives are:

1. Secure new clients requiring Wealth Management services.
2. Retain current clients and extend the Wealth Management services provided to them.
3. Prioritise relationship development with new accounting firms and financial advisory groups for the purpose of Wealth Management using Prime's Client Engagement Model and Wealth Management Joint Venture Licensing structure.
4. Continue to deliver the highest levels of integrated financial advice to Prime's current clients using the Client Engagement Model.
5. Invest in Prime's people, processes and systems.
6. Develop and grow Prime's Investment offering; now incorporating the Managed Portfolio Service (MPS) and Protus Prime Commercial Property investment.
7. Grow Prime's Accounting Firm and Self-Managed Superannuation Entity Investees and invest in further investees.
8. Build and maintain Prime's positive brand presence.

Strategy – Wealth Management

In the last twelve months Prime's Wealth Management strategy continued to focus on business growth, through the implementation of Prime's Client Engagement Model, and building the Prime brand and platform. The Client Engagement Model was developed to assist with the recruitment of new accounting and financial advisory groups and operates under a Wealth Management Joint Venture Licensing structure.

During the past year Prime has:

- Built a significant pipeline of new Joint Venture Partner opportunities, which will flow through to FY2015 and future Financial Years;
- Increased Prime's investment offering to include Commercial Property Investment Management through Protus Prime; and
- Continued to build our branding and communication strategy for all key stakeholders.

Strategy – Accounting and Self-Managed Superannuation

In FY2013, the board concluded that a material opportunity existed to expand Prime's accounting firm investment strategy in combination with the Wealth Management Joint Venture Licensing structure. Much of FY2014 has been invested in building Prime's business development strategy and the key components and structure of the investment offering for accounting investees. Considerable time has been spent on testing the offering and exploring key opportunities; the results of which have further confirmed Prime's positive view of the market.

FINANCIAL RESULTS & BUSINESS ENVIRONMENT

Earnings

Prime's Earnings Before Interest and Tax (EBIT) for the 2014 Financial Year (FY2014) was slightly down 1% on the 2013 Financial Year (FY2013), at $3.72M. Prime's net profit after tax was $2.63M for FY2014, compared with $2.78M in FY2013.

Prime's overall revenue for FY2014 was 14% lower than FY2013 which was substantially due to lower Wealth Management New Business and Licensing Fee Revenue.

Prime's Accounting and Self-Managed Superannuation Revenue was up 8% for the year, reflecting a better business environment for accountants and their clients.

Prime's overheads fell 15% due to the delivery of $1.3M in expected benefits from internal restructuring in FY2013.

The generation of positive operational cash flow remained a priority in FY2014 and the Prime business delivered positive operational cash flows throughout the year.

Low Debt

Prime continues to take a prudent approach to debt with only a slight increase in its debt profile during the year to a current net debt level of $6.1M at 30 June 2014, up from $5.9M. This equates to a gearing ratio of 9.3%.

Dividend Policy

Directors confirmed a final dividend of 0.40 cents per share (CPS), which, when added to the interim dividend of 0.40 CPS, equates to a full-year dividend of 0.80 CPS. This represents a dividend payout ratio of approximately 54%.

Directors have increased the full-year dividend compared to FY2013 by 0.05 CPS.

SUMMARY

- EBIT down 1% on FY2013;
- Net Profit After Tax (NPAT) down 6% compared to FY2013;
- Final Dividend of 0.40 cents per share (CPS) versus 0.50 (CPS) Final Dividend in FY2013, Full Year Dividend FY2014 of 0.80 CPS, up from 0.75 CPS;
- Funds Under Management (FUM) of $1.058B, down $40M from FY2013;
- New FUM in FY2014 of approximately $84M, versus $82M in FY2013;
- Lost FUM in FY2014 of approximately $150M, versus $50M in FY2013;
- Increased client contact and service levels throughout the year;
- Wealth Management revenue down 14%, with New Business revenue down 27%, Recurring revenue up 2% and Licensing Fee revenue down 67%;
- Accounting and Self-Managed Superannuation revenue up 8% on FY2013, mainly due to an improved business environment for the portfolio of investees;
- Group overheads down $1.3M, a total of 15% on FY2013;
- Group Operating Margin lower at 29%, versus 30% in FY2013;
- Slightly higher debt during FY2014, with a gearing ratio of 9.3% versus 8.8% in FY2013; and
- Remained cash flow positive.

BUSINESS AND OPERATING ENVIRONMENT

In the 12 months from July 2013 to June 2014 (FY2014) the Australian stockmarket increased 13%. The Financial Services sector was more buoyant off the back of this confidence, albeit towards the tail end of the year 'The Future of Financial Advice (FoFA)' reforms were again in focus before being finalised.

The significant stockmarket improvement (+13%) had a positive impact on Prime's Recurring revenue however New Business revenue fell through lower Investment Brokerage, New Issues and IPO's plus a fall in Licensing Fee revenue.

Separate to the stockmarket environment, the other operational areas to impact Prime have been:

1. Preparing for the expansion of Prime's Accounting Firm Investment strategy and associated wealth management entities, including completing our first new accounting investment; and
2. Further growing and developing Prime's investment offering to incorporate a commercial property investment offering – Protus Prime.

WEALTH MANAGEMENT REVENUE

In FY2014, Wealth Management Revenue decreased by 14% substantially because of a fall in Investment Brokerage, New Issues & IPO's and Wealth Management Licensing Revenue. These items are all of a more transactional nature and subject to higher levels of variation than Wealth Management Recurring Revenue or Revenue from Accounting & Self-Managed Superannuation Investees.

Financial & Retirement Planning, Superannuation & Investment Advice

Recurring Revenue (FUM) (Up 2%) – Recurring Revenue is driven by the level of client funds Prime manages, the value of those assets managed, the fees and charges on that FUM and the movement in Net FUM. Regarding the movement of FUM, the New FUM for FY2014 was $84M, versus $82M in FY2013. The Net Lost FUM for FY2014 was $66M; reflecting a poor level of lost FUM for the year at $150M, compared to $50M the previous year. The main driver for the lost FUM was the previous announced restructure which more significantly affected 1H14 (lost FUM of $117M) than 2H14 (lost FUM of $33M).

Investment Brokerage (down 27%) – 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 and FY2014 portfolio turnover was lower than the previous year.

New Issues and IPO's (down 32%) – 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, Prime clients participated in a number of fixed interest and more defensive investment opportunities / raisings, which did not replicate in FY2014.

Asset Protection and Legal Advice plus Life Insurance

Asset Protection and Legal Advice plus Life Insurance New Business (Down 19%) – 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.

Unfortunately demand for this service is cyclical in nature with demand lower over this period. In addition to this, Life Insurance companies continue to take a conservative approach to new client risk and underwriting clients has remained difficult. These factors combined have resulted in the underperformance in this area.

Asset Protection and Legal Advice plus Life Insurance Recurring Revenue (flat) – Due to lower levels of activity in the past two years the Recurring Revenue for providing ongoing service has been flat.

Wealth Management Licensing Revenue

Wealth Management licensing revenue (down 67%) - Prime's Client Engagement Model, delivered through a Wealth Management Joint Venture Licensing strategy, was again a contributor in FY2014 at $0.5M. This highly scalable structure has been used to transition existing accounting firm partners in previous years, which has now ceased, with the focus now on recruiting new accounting firm partners.

Accounting & Self-Managed Superannuation Revenue

Accounting and Self-Managed Superannuation Services Investees (up 8%) – During the year Prime had nine investees that contributed to the improvement in earnings. Encouragingly, Prime also announced our tenth investee during the year which will contribute in FY2015. The attraction of the Accounting investees continues to be the high degree of recurring revenue and work that is performed over a diverse group of clients. The performance in FY2014 improved on FY2013 as generally the portfolio of investees enjoyed a better business environment and growth in earnings.

BUSINESS DEVELOPMENT & GROWTH STRATEGY

Prime's focus on positioning itself as the Premier Partner to Accountants for Growth, Succession and Integrated Wealth Management, whilst delivering personalised advice for clients, remained strong in FY2014.

Wealth Management

Wealth Management constitutes 85% of Prime's overall revenue; accordingly the Business Development and Growth Strategy is particularly important. Priorities for business development have been:

- Recruiting new accounting firm partners for Joint Venture licenses and building the work in progress (WIP) with new prospective partners; and
- Building new leads for Prime's Wealth Management services, with a focus on larger investment advisory opportunities.

Prime has created a significant opportunity pipeline that we look forward to advancing in FY2015 and beyond.

In FY2014, Prime continued to build on the previous year's initiatives that have seen new leads increase (5%) from the previous period. This has been achieved through a more concentrated and disciplined application of the Client Engagement Model.

Although Prime's growth strategy concentrates on increasing new client numbers, Prime also prioritises the service offering that the substantial existing client base currently enjoys, including access to the benefits of the Client Engagement Model and other new services. Regular contact, 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 had nine contributing Accounting and / or Self-Managed Superannuation Investees, which grew to ten during the year, where Prime typically has a 15% - 50% non-controlling equity interest. Combined, they represent approximately 15% of Prime's overall revenue. These businesses all operate independent of each other with their own business plan, infrastructure and resourcing.

The common thread in all cases is that 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:

- Identifying future accounting investees and completing new investments;
- Proactively identifying potential merger or acquisition opportunities for existing investees and seeking to execute transactions that are beneficial for all stakeholders (for growth orientated accounting investees); and
- Implementing Prime's Client Engagement Model across accounting investees for a more seamless and structured business development process for cross servicing of clients.

Prime's Accounting and Self-Managed Superannuation Investees represent a valuable asset for Prime and increasingly offer further opportunity to expand Prime's investment footprint and become a significant value adding partner for these investees.

Prime Brand

Prime seeks to position itself as the Premier Partner to accounting firms for growth, succession and integrated wealth management, whilst delivering personalised advice for clients. The brand building work that commenced in FY2012 and FY2013 continued in FY2014.

The Team and Prime's Partners

I would like to thank the extended Prime team, whom have all approached their specific roles with dedication and passion, in the endeavour to deliver on the Prime Group goals.

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

The Year Ahead

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

The plan for the next twelve months is to:

1. Build Prime's presence by communicating the difference and distinct value Prime offers clients' in all key markets.
2. Provide clients with an increasingly diversified advisory offering across asset classes.
3. Recruit:
   - New Accounting Firms and Financial Advisory Groups for Wealth Management;
   - New Accounting Firms (Investees) for investment; and
   - New Team members that reflect our culture and commitment.
4. Secure new clients for Wealth Management services.
5. Retain existing clients and expand the Wealth Management services provided to them.
6. Deliver integrated advice to clients using Prime's Client Engagement Model.
7. Diversify revenue streams.
8. Invest in our people, processes and systems.

Prime thrives on having a clear plan to execute; prioritising new business despite difficult business conditions and innovating ahead of what may be the generally accepted model of the day. Prime will continue to position itself in order to take advantage of opportunities that will avail and that the group will proactively develop.

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

We will continue to grow our business in FY2015 and follow the path we have laid out to drive long-term value for shareholders.

Mr Simon Madder
Managing Director & CEO

Stuart James
Chairman

Directors' Report

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 2014 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

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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 $2,630,074. (2013: $2,784,512). The Group's EBIT decreased by 1% to $3,715,626 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 2014 financial year there were no significant changes in the state of affairs of the consolidated company.

STRATEGY

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In FY2013, the board concluded that a material opportunity existed to expand Prime's accounting firm investment strategy in combination with the Wealth Management Joint Venture Licensing structure. Much of FY2014 has been invested in building Prime's business development strategy and the key components and structure of the investment offering for accounting investees. Considerable time has been spent on testing the offering and exploring key opportunities; the results of which have further confirmed Prime's positive view of the market.

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 0.4 cents per ordinary share, bringing the total dividends declared in respect of the 12 months to 30 June 2014 to 0.8 cents per ordinary share. This compares to total dividends declared in the prior twelve month period of 0.75 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 $18,287 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. Mr James is the Chairman of Pulse Health Ltd (appointed November 2007), Non-Executive Director of Greencross Ltd (appointed October 2009) and Non-Executive Director of Affinity Education Group Limited (appointed December 2013). 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 17 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 37 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 15 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	7	7	2	2
Mr S Madder	7	7	2	2
Mr P Madder	7	7	2	2

A meeting of the Remuneration Committee was held during the year ending 30 June 2014 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 2014.

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).

CORPORATE GOVERNANCE STATEMENT

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 34%, the proportion of women in senior management positions at present is 38% and there are no women on the board.

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

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 AUDITED

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 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.

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. The overall level of compensation takes into account the performance of the Group over a number of years. When comparing the 2014 financial year against the average of the previous four financial years (2010 to 2013) the Group's profit from ordinary activity after income tax has decreased 20% and during the same period the key management personnel compensation has decreased 22%.

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 2014 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	Chief Operating Officer
Mr Campbell Kennedy	Chief Financial Officer and Company Secretary

(III) KEY MANAGEMENT PERSONNEL LOANS

Mr S Madder accepted an offer from PFG Employee Share Plan (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. The balance of this loan as at 30 June 2014 is $1,295,906 ($1,273,800 at 30 June 2013). During the 2014 financial year interest payable on the loan was $81,506 and loan repayments of $59,400 were made.

The PFG ESP made an advance of $51,428 ($48,968 at 30 June 2013) 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 2014 financial year is $3,905.

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. The balance of this loan as at 30 June 2014 is $738,427 ($725,831 at 30 June 2013). During the 2014 financial year interest payable on the loan was $46,443 and loan repayments of $33,847 were made.

The PFG ESP made an advance of $51,456 ($48,994 at 30 June 2013) 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 2014 financial year is $3,907.

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. The balance of this loan as at 30 June 2014 is $90,223 ($88,519 at 30 June 2013). During the 2014 financial year interest payable on the loan was $5,664 and loan repayments of $3,960 were made.

The Company also 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 balance of this loan as at 30 June 2014 is $186,380 ($174,697 at 30 June 2013). Interest payable on the loan for the 30 June 2014 financial year is $14,383. 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.

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. The balance of this loan as at 30 June 2014 is $25,631 ($25,147 at 30 June 2013). During the 2014 financial year interest payable on the loan was $1,609 and loan repayments of $1,125.

(IV) KEY MANAGEMENT PERSONNEL COMPENSATION

2014

	Short-term			Post employment		Long-term	Share-based payments	Total	Total performance related
	Salary/ fees $	Cash bonus $	Non-monetary $	Super $	Retirement benefits $	Annual leave/ Long service leave $	Options $	$	%
NON-EXECUTIVE DIRECTORS									
Mr S James	150,000	-	-	-	-	-	-	150,000	0
Sub-total	150,000	-	-	-	-	-	-	150,000	
EXECUTIVE DIRECTORS									
Mr S Madder	448,804	-	-	25,000	-	(27,609)	-	446,195	0
Mr P Madder*	327,976	-	-	-	-	-	-	327,976	0
OTHER KEY MANAGEMENT PERSONNEL									
Mr M Cohen	215,000	-	-	-	-	-	-	215,000	0
Mr C Kennedy	180,516	-	-	16,698	-	8,018	-	205,232	0
	1,322,296	-	-	41,698	-	(19,591)	-	1,344,403	

* Interests associated with Mr P Madder received $127,976 (2013: $127,976) 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 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. (2013: $327,976).

2013									
	Short-term			Post employment		Long-term	Share-based payments	Total	Total performance related
	Salary/ fees $	Cash bonus $	Non-monetary $	Super $	Retirement benefits $	Annual leave/ Long service leave $	Options $	$	%
NON-EXECUTIVE DIRECTORS									
Mr S James	146,904	-	-	3,096	-	-	-	150,000	0
Sub-total	146,904	-	-	3,096	-	-	-	150,000	
EXECUTIVE DIRECTORS									
Mr S Madder#	433,688	-	-	39,032	-	15,941	-	488,661	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	-	272	-	197,034	0
	1,302,834	20,000	-	58,374	-	16,213	-	1,397,421	

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).

NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

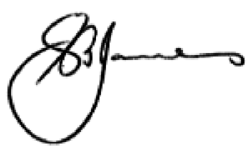
Key Management Personnel 2014

	Balance 01/7/13	Received as remuneration	Options exercised	Net change other	Balance 30/6/14
NON-EXECUTIVE DIRECTORS					
Mr S James	3,900,000	-	-	-	3,900,000
Sub-total	3,900,000	-	-	-	3,900,000
EXECUTIVE DIRECTORS					
Mr S Madder	22,684,567	-	-	-	22,684,567
Mr P Madder	8,592,074	-	-	-	8,592,074
OTHER KEY MANAGEMENT PERSONNEL					
Mr M Cohen	3,195,000	-	-	-	3,195,000
Mr C Kennedy	750,000	-	-	-	750,000
Total	39,121,641	-	-	-	39,121,641

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
Sub-total	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

Signed in accordance with a resolution of the Directors.



Mr Stuart James
Chairman

28 August 2014

Auditor's Independence Declaration

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 2014 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, 2014

CHARTERED ACCOUNTANTS
& ADVISORS

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated Entity	
	Notes	2014 $	2013 $
Wealth management revenue	3	10,401,024	12,121,362
Accounting revenue – share of net profit of associates and partnerships accounted for using the equity method		1,831,310	1,686,600
Other revenue	3	378,891	314,341
		12,611,225	14,122,303
Employee benefits	4	(4,250,237)	(5,606,696)
Depreciation and amortisation	4	(503,501)	(602,463)
Finance costs	4	(430,237)	(552,525)
Information technology and communication		(744,595)	(949,105)
Insurance		(245,243)	(260,920)
Occupancy		(407,092)	(359,942)
Other expenses		(1,432,611)	(1,256,547)
		(8,013,516)	(9,588,198)
Profit before income tax		4,597,709	4,534,105
Income tax expense	5	(1,320,847)	(1,032,257)
Profit after income tax		3,276,862	3,501,848
Other comprehensive income			-
Total comprehensive income for the period		3,276,862	3,501,848
Net profit attributable to:			
- Members of the parent entity		2,630,074	2,784,512
- Non-controlling interest		646,788	717,336
		3,276,862	3,501,848
Earnings per share			
Basic earnings per share (cents)	21	1.8	1.9
Diluted earnings per share (cents)	21	1.8	1.9

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 2014

	Notes	Consolidated Entity 30 June 2014 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	250,934	707,071
Trade and other receivables	8	3,495,137	3,198,368
Other current assets		912,433	597,493
Total current assets		4,658,504	4,502,932
NON-CURRENT ASSETS			
Receivables	8	4,013,681	5,364,335
Plant and equipment	9	1,127,627	1,306,299
Investments accounted for using the equity method	11	12,237,052	12,123,159
Intangible assets	12	50,059,207	49,766,677
Deferred tax assets	5	51,218	18,608
Total non-current assets		67,488,785	68,579,078
Total assets		72,147,289	73,082,010
CURRENT LIABILITIES			
Bank overdraft	18(b)	56,846	50,251
Payables	13	1,090,359	1,142,358
Current tax payable	5	1,471,322	776,554
Employee benefits	14	279,190	288,864
Total current liabilities		2,897,717	2,258,027
NON-CURRENT LIABILITIES			
Borrowings	15	7,490,416	7,740,416
Total non-current liabilities		7,490,416	7,740,416
Total liabilities		10,388,133	9,998,443
Net assets		61,759,156	63,083,567
EQUITY			
Contributed equity	16	68,429,403	67,931,493
Treasury shares held	16	(6,878,074)	(4,106,169)
Non-controlling interest		933,734	466,628
Accumulated losses	17	(725,907)	(1,208,385)
Total equity		61,759,156	63,083,567

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 2014

	Attributable to owners of Prime Financial Group Ltd			
	Contributed equity $	Retained earnings $	Non-controlling interest $	Total $
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
Balance at 1 July 2013	63,825,324	(1,208,385)	466,628	63,083,567
Total comprehensive income for the period	-	2,630,074	646,788	3,276,862
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	(1,577,875)	(508,759)	(2,086,634)
Purchase of share made by Prime for an employee share trust	(2,771,905)	-	-	(2,771,905)
Capital raising via share placement	500,500	-	-	500,500
Capital raising costs	(2,590)	-	-	(2,590)
Transactions with non-controlling interests	-	(569,721)	329,077	(240,644)
Total transactions with equity holders in their capacity as equity holders	(2,273,995)	(2,147,596)	(179,682)	(4,601,273)
Balance at 30 June 2014	61,551,329	(725,907)	933,734	61,759,156

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 2014

		Consolidated Entity	
	Notes	**2014 $**	**2013 $**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		12,460,778	15,325,344
Payments to suppliers and employees		(8,507,357)	(10,239,742)
Interest received		16,000	76,449
Interest paid		(430,237)	(552,525)
Income tax paid		(658,689)	(1,382,718)
Net cash provided by operating activities	18(a)	2,880,495	3,226,808
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends paid to non-controlling interests		(508,759)	(885,335)
Receipts from Investment		(113,893)	-
Transactions with non-controlling interests		(240,644)	(370,363)
Payments for plant and equipment		(485,899)	(16,539)
Net cash used in investing activities		(1,349,195)	(1,272,237)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital raising		497,910	1,214,416
Repayment of borrowings		(250,000)	(1,336,290)
Purchases of shares made by Prime for an employee share trust		(729,725)	(658,544)
Dividends paid		(1,512,217)	(807,939)
Net cash provided by/ (used in) financing activities		(1,994,032)	(1,588,357)
Net increase/ (decrease) in cash and cash equivalents		(462,732)	366,214
Cash and cash equivalents at beginning of year		656,820	290,606
Cash and cash equivalents at end of the year	18(b)	194,088	656,820

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 (Prime) and controlled entities as a consolidated entity. Prime is a company limited by shares, incorporated and domiciled in Australia.

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, unless otherwise stated.

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 2014 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. 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.

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 these returns through its power over the entity.

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.

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 loses 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 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 on a percentage of completion basis depends on the nature of the agreement and ongoing obligations of Prime.

NOTE 1: BASIS OF PREPARATION continued

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 or loss.

The useful lives for each class of assets are:

	2014	**2013**
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.

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.

NOTE 1: BASIS OF PREPARATION continued

(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 respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long term employee benefits

The liability for annual leave and long service leave recognised in non-current liabilities, not expected to be settled within 12 months of the reporting date provided there is an unconditional right to defer settlement of the liability. 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 the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(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.

(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 balance sheet are shown inclusive of GST.

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

(m) Comparatives

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

(n) Business combinations

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

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

NOTE 1: BASIS OF PREPARATION continued

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

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

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. 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 earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Prime, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year (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 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.

Consolidation of wealth management entities in which the group holds 50%

Prime has determined it controls the wealth management entities. 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 financial statements of the entity.

The consolidated entity has typically 50% shareholding in the accounting firm and SMSF entities and treats these entities as investments in associates, 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.

NOTE 3: REVENUE

	Consolidated Entity	
	2014 **$**	**2013** **$**
REVENUES FROM OPERATING ACTIVITIES		
WEALTH MANAGEMENT NEW BUSINESS		
Investment brokerage	1,418,647	1,953,850
New issues and IPO's	345,442	511,652
Asset protection and life insurance	393,881	485,159
Other	113,656	146,070
WEALTH MANAGEMENT RECURRING REVENUE		
Funds under management	6,746,930	6,651,842
Asset Protection and life insurance	483,418	483,976
Other	399,050	368,813
CLIENT ENGAGEMENT MODEL LICENCE FEE	500,000	1,520,000
Total revenue from operating activities	10,401,024	12,121,362
REVENUES FROM, NON-OPERATING ACTIVITIES		
Interest Received – associates	16,000	16,000
Interest received – key management personnel	157,417	17,113
Interest received - other	205,474	281,228
Total revenue from non-operating activities	378,891	314,341
Total revenues	10,779,915	12,435,703

NOTE 4: EXPENSES

	Consolidated Entity	
	2014 $	2013 $
Profit/(Loss) from ordinary activities before income tax has been determined after:		
DEPRECIATION OF NON-CURRENT ASSETS		
Software	148,402	148,402
Office equipment	8,864	11,877
Plant and equipment	32,594	39,378
Motor Vehicles	-	26,755
Leasehold Improvements	19,712	24,122
Total depreciation of non-current assets	209,572	250,534
AMORTISATION OF NON-CURRENT ASSETS		
Development Costs	162,470	220,471
Other	131,459	131,458
	293,929	351,929
FINANCE COSTS		
Interest expense	430,237	552,525
EMPLOYEE BENEFITS EXPENSE		
Salary and wages	3,981,201	5,275,280
Superannuation	269,036	331,416
Total employee benefits expense	4,250,237	5,606,696

NOTE 5: INCOME TAX

	Consolidated Entity	
	2014 $	**2013** $
(A) THE COMPONENTS OF TAX EXPENSE:		
Current tax	1,365,181	1,034,410
Deferred tax	(44,334)	(2,153)
Total Income tax expense	1,320,847	1,032,257
(B) THE PRIMA FACIE TAX ON PROFIT DIFFERS FROM THE INCOME TAX PROVIDED IN THE FINANCIAL STATEMENTS AS FOLLOWS:		
Total profit before income tax	4,597,709	4,534,105
At the statutory income tax rate of 30% (2013: 30%)	1,379,313	1,360,232
Add: Tax effect of:		
- Dividends received from associates	-	11,786
- Other non-allowable items	30,804	63,349
Less: Tax effect of:		
- Other allowable deductions	(85,572)	(376,375)
- Capitalisation deductions	(3,698)	(14,949)
- Imputation credits received	-	(11,786)
Income tax expense attributable to ordinary activities	1,320,847	1,032,257
(C) TAX ASSETS AND LIABILITIES		
Current tax payable		
- Opening Balance	776,554	1,124,561
- Tax paid	(670,413)	(849,614)
- Current tax payable	1,365,181	1,034,410
- Over provision in prior years	-	(532,803)
Closing balance	1,471,322	776,554
Deferred tax assets		
- Provision for employee entitlements	98,957	105,161
- Provision for audit fees	24,000	12,900
- Capital raising costs	10,207	12,795
	133,164	130,856
Deferred tax liabilities		
- Deferred revenue	81,946	112,248
Net Deferred tax assets / (liabilities)	51,218	18,608
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	461,319

NOTE 6: DIVIDENDS ON ORDINARY SHARES

	Consolidated Entity 2014 $	2013 $
(A) DIVIDENDS PAID DURING THE YEAR		
(i) Current year interim Fully franked dividend of 0.40 cents per share (2013: 0.25 cents per share)	709,833	402,772
(ii) Previous year final Fully franked dividend of 0.50 cents per share (2013: 0.25 cents per share)	868,042	402,773
	1,577,875	805,545
(B) PROPOSED DIVIDEND		
Proposed dividend as at the date of this report at 0.40 cents per share (2013: 0.50 cents per share) not recognised as a liability		
Proposed dividend payment	709,833	868,042
(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:	7,052,201	6,088,033
Impact on the franking account of dividends recommended by the Directors since the year end but not recognised as a liability at year end	(304,214)	(372,018)
	6,747,987	5,716,015

NOTE 7: CASH AND CASH EQUIVALENTS

CURRENT		
Cash at bank	250,934	707,071
	250,934	707,071

NOTE 8: RECEIVABLES

	Notes	2014 $	2013 $
CURRENT			
Trade receivables		2,359,675	1,902,258
Amounts receivable from associates		1,135,462	1,278,110
		3,495,137	3,198,368
NON-CURRENT			
Amounts receivable from associates		3,827,301	3,429,534
Loan to executives	(a)	186,380	272,659
Loan to employees		-	1,662,142
		4,031,681	5,364,335

NOTE 8: RECEIVABLES continued

(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 balance of this loan as at 30 June 2014 is $186,380 ($174,697 at 30 June 2013). Interest payable on the loan for the 30 June 2014 financial year is $14,383. 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 (refer to note 23).

NOTE 9: PLANT AND EQUIPMENT

		Consolidated Entity	
	Notes	2014 $	2013 $
SOFTWARE			
At cost		1,958,480	1,957,939
Accumulated depreciation		(1,038,096)	(889,694)
	9(a)	920,384	1,068,245
OFFICE EQUIPMENT			
At cost		351,693	354,658
Accumulated depreciation		(293,334)	(284,470)
	9(a)	58,359	70,188
PLANT AND EQUIPMENT			
At cost		528,004	499,535
Accumulated depreciation		(460,200)	(427,606)
	9(a)	67,804	71,929
MOTOR VEHICLES			
At cost		-	44,326
Accumulated depreciation		-	(44,326)
	9(a)	-	-
LEASEHOLD IMPROVEMENTS			
At cost		259,574	254,719
Accumulated depreciation		(178,494)	(158,782)
	9(a)	81,080	95,937
TOTAL PLANT AND EQUIPMENT			
At cost		3,097,751	3,111,177
Accumulated depreciation		(1,970,124)	(1,804,878)
Total written down amount		1,127,627	1,306,299

(A) RECONCILIATIONS

	Consolidated Entity	
	2014 **$**	**2013** **$**
Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year.		
SOFTWARE		
Carrying amount at beginning	1,068,245	1,216,647
Additions	541	-
Depreciation expense	(148,402)	(148,402)
	920,384	1,068,245
OFFICE EQUIPMENT		
Carrying amount at beginning	70,188	80,174
Additions	(2,965)	1,891
Depreciation expense	(8,864)	(11,877)
	58,359	70,188
PLANT AND EQUIPMENT		
Carrying amount at beginning	71,929	96,659
Additions	28,469	14,648
Depreciation expense	(32,594)	(39,378)
	67,804	71,929
MOTOR VEHICLES		
Carrying amount at beginning	-	26,755
Additions	-	-
Depreciation expense	-	(26,755)
	-	-
LEASEHOLD IMPROVEMENTS		
Carrying amount at beginning	95,937	120,059
Additions	4,855	-
Depreciation expense	(19,712)	(24,122)
	81,080	95,937

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	2014 %	2013 %
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	100
Madder & Co Financial Services Pty Ltd	Australia	50	50
MCB Financial Services Pty Ltd	Australia	100	100
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	100
Green Taylor Financial Services Pty Ltd	Australia	50	50
Prior & Co Financial Services Pty Ltd	Australia	100	100
RMM Financial Services Pty Ltd	Australia	50	50
RJS Financial Solutions Pty Ltd	Australia	50	50
Rundles Financial Services Pty Ltd	Australia	50	50
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.

2014 Controlled Entities Name	Butler Settineri Financial Services Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (NTH QLD) Pty Ltd	Other individual immaterial subsidiaries	Total
Country of incorporation	Australia	Australia	Australia		
Percentage owned by non-controlling interest	50%	50%	49%		
Current assets	194,980	270,781	33,490	1,433,260	1,932,511
Non-current assets	362,768	360,630	2,021,970	809,061	3,554,429
Current liabilities	155,079	181,346	82,315	714,916	1,133,656
Non-current liabilities	-	-	-	-	-
Net assets	**402,669**	**450,065**	**1,973,145**	**1,527,405**	**4,353,284**
Revenue	279,606	577,797	702,530	3,696,016	5,255,949
Profit/ (loss) before tax	67,548	214,178	185,388	1,360,276	1,827,390

2013 Controlled Entities Name	Butler Settineri Financial Services Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (NTH QLD) Pty Ltd	Other individual 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	
	2014 $	2013 $
Associated Companies	12,237,052	12,123,159

Interests are held in the following associated companies:

Name	Country of Incorporation	Ownership Interest held by Consolidated Entity	
		2014 %	2013 %
Bstar Pty Ltd	Australia	15	15
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 2014.

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.

2014	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	805,892	754,000	735,895	698,177	619,000	**3,612,964**
(ii) Associate's revenue	3,564,801	3,541,160	3,306,986	3,018,004	4,971,147	**18,402,098**
(iii) Carrying amount of investment in associate						
Balance at the beginning of the financial year	2,905,640	3,355,975	1,481,234	1,744,717	2,635,593	**12,123,159**
- Contributions to existing investments	14,417	61,286	77,712	-	(39,522)	**113,893**
Carrying amount of investment in associate at the end of the financial year	**2,920,057**	**3,417,261**	**1,558,946**	**1,744,717**	**2,596,071**	**12,237,052**

2014	Wynn & Bennett Pty Ltd	Hughes O'Dea Corredig Pty Ltd	Rundles Prime Pty Ltd	Pacifica Pty Ltd	Other individually immaterial associates	Total
(iv) Associate's assets and liabilities						
Current assets	1,394,944	1,321,771	1,121,599	929,064	3,124,671	**7,892,049**
Non-current assets	171,786	5,839,522	3,705,039	2,945,181	-	**12,661,528**
Current liabilities	(1,008,125)	(350,327)	(1,225,931)	(23,711)	(2,401,911)	**(5,010,005)**
Non-current liabilities	(229,588)	(23,688)	-	(962,357)	-	**(1,215,633)**
Net assets	**329,017**	**6,787,278**	**3,600,707**	**2,888,177**	**722,760**	**14,327,939**

2013	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**

	Consolidated Entity	
	2014 $	**2013 $**
Share of profit from accounting and advisory firms	1,831,310	1,686,600
	1,831,310	1,686,600

NOTE 12: INTANGIBLE ASSETS

		Consolidated Entity	
	Notes	2014 $	2013 $
GOODWILL			
Cost	(a)	49,177,713	49,177,713
		49,177,713	49,177,713
DEVELOPMENT COSTS			
Cost		1,966,435	1,511,435
Accumulated amortisation		(1,084,941)	(922,471)
	(a)	881,494	588,964
Total intangibles		50,059,207	49,766,677

(A) MOVEMENT OF INTANGIBLE ASSETS

		Consolidated Entity	
	Notes	2014 $	2013 $
(I) GOODWILL			
Carrying amount at beginning		49,177,713	48,308,402
Correction of prior year error		-	778,580
Additions via acquisition of subsidiary		-	90,731
Closing carrying value at end		49,177,713	49,177,713
(II) DEVELOPMENT COSTS			
Carrying amount at beginning		588,964	809,435
Additions		455,000	-
Amortisation		(162,470)	(220,471)
Closing carrying value at end		881,494	588,964

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 seven 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 indefinite life.

NOTE 13: PAYABLES

Trade creditors	508,773	563,166
Other creditors and accruals	9,363	16,703
Earn-out agreement payable	332,000	332,000
GST payable	240,223	230,489
	1,090,359	1,142,358

NOTE 14: EMPLOYEE BENEFITS

CURRENT		
Employee entitlements	279,190	288,864

NOTE 15: BORROWINGS

		Consolidated Entity	
	Notes	2014 $	2013 $
NON-CURRENT			
Secured liabilities:			
Commercial bills	(a)	6,500,000	6,750,000
Bank loans	(b)	990,416	990,416
		7,490,416	7,740,416

(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 CPP Prime 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	2014	2013
Ordinary shares fully paid	(a)	68,410,543	67,912,633
Ordinary shares partly paid	(b)	18,860	18,860
		68,429,403	67,931,493

(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.

NOTE 16: CONTRIBUTED EQUITY continued

(B) MOVEMENTS IN SHARES ON ISSUE

	Consolidated Entity	2014	Consolidated Entity	2013
	No of shares	$	No of shares	$
Beginning of the financial year	175,682,874	67,931,493	163,182,874	66,717,077
Issued during the year				
- Shares issued	3,850,000	500,500	12,500,000	1,250,000
- Capital raising costs	-	(2,590)	-	(35,584)
End of the financial year	179,532,874	68,429,403	175,682,874	67,931,493

(C) TREASURY SHARES HELD

During the year PFG Employee Share Plan Pty Ltd (PFG ESP) purchased 5,133,333 (2013: 3,883,333) 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	
	2014 $	2013 $
Opening balance	4,106,169	3,447,656
Purchase of shares for the employee share trust*	2,771,905	658,513
Closing balance	6,878,074	4,106,169

* As a result of consolidating the PFG ESP, the trustee changed for some employee share plan's which resulted in historical amounts receivable now classified as treasury shares in the consolidated financial statements.

(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 2014, the Board paid dividends of $1,577,875 (2013: $805,542). The Board's policy for dividend payments is a payout ratio of 50% - 60% which is subject to potential acquisitions and debt reduction. The FY2014 dividend payout ratio is 54%.

As at 30 June 2014, the Group had met its bank covenant requirements.

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 2013 and 2014 were as follows:

	Consolidated Entity	
	2014 $	**2013 $**
Total borrowings[#]	6,556,846	6,800,251
Less cash and cash equivalents	(250,934)	(707,071)
Net debt	6,305,912	6,093,180
Total equity	61,759,156	63,083,567
Total capital	68,065,068	69,176,747
Gearing ratio:	9.3%	8.8%

[#] 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	**2014 $**	**2013 $**
Accumulated Losses	(a)	(725,907)	(1,208,385)
(A) ACCUMULATED LOSSES			
Balance at the beginning of year		(1,208,385)	(2,900,708)
Total comprehensive income for the year		2,630,074	2,784,512
Total available for appropriation		1,421,689	(116,196)
Dividends paid		(1,577,875)	(805,545)
Transactions with non-controlling interests		(569,721)	(286,644)
Balance at end of year		(725,907)	(1,208,385)

NOTE 18: CASH FLOW INFORMATION

	Consolidated Entity	
	2014 $	2013 $
(A) RECONCILIATION OF THE NET PROFIT AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS:		
Net profit	2,630,074	2,784,512
Non-cash Items		
Depreciation/ amortisation	503,501	602,463
Equity accounted profit after tax net of dividends & distributions received	286,641	254,660
Changes in assets and liabilities		
(Increase)/decrease in current receivables	(682,606)	398,700
(Increase)/decrease in other assets and receivables	(314,940)	(40,947)
Increase/ (decrease) in payables	(194,659)	(276,422)
(Decrease)/increase in provisions	(9,674)	(145,697)
(Decrease)/increase in deferred tax	(32,610)	(2,454)
(Decrease)/increase in tax payable	694,768	(348,007)
Net cash flow from operating activities	2,880,495	3,226,808
(B) RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash balance comprises:		
Cash at bank	250,934	707,071
Bank overdraft	(56,846)	(50,251)
Closing cash balance	194,088	656,820

(C) FINANCING FACILITIES AVAILABLE

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $9,750,000. At the end of the reporting period these facilities have been utilised to the amount of $6,556,846. 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 part of a larger facility expiring 31 December 2015. As at 30 June 2014 the effective interest rate was 4.17% 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 2014, the outstanding loan payable is $990,416. CPP has a corresponding loan receivable with its employees totalling $1,323,039. The repayment date is 31 December 2015.

NOTE 19: EXPENDITURE COMMITMENTS

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	
	2014 $	**2013 $**
OPERATING LEASE COMMITMENTS		
- within one year	-	277,616
- after one year but not more than 5 years	-	-
Total	-	277,616

NOTE 20: COMMITMENTS AND CONTINGENCIES

PDF provides cross guarantees to Pacifica Pty Ltd for $444,500 (2013: $444,500) and Rundles Prime Pty Ltd for $250,000 (2013: $250,000).

NOTE 21: EARNINGS PER SHARE

	2014 $	**2013 $**
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit after tax	2,630,074	2,784,512
Earnings used in calculating basic and diluted earnings per share	2,630,074	2,784,512

	2014 No. of shares	**2013 No. of shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	143,708,320	145,642,920
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	143,708,320	145,642,920
Basic earnings per share (cents)	1.8	1.9
Diluted earnings per share (cents)	1.8	1.9

NOTE 22: AUDITOR'S REMUNERATION

	Consolidated Entity	
	2014 $	2013 $
Amounts received or due and receivable by the auditor for:		
Auditing or reviewing the financial report	98,000	96,000
	98,000	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:

OTHER TRANSACTIONS WITH DIRECTOR AND/OR SPECIFIED EXECUTIVES AND THEIR PERSONALLY-RELATED ENTITIES

Interests associated with Mr P Madder received $127,976 (2013: $127,976) 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 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. (2013: $327,976).

Mr S Madder accepted an offer from PFG Employee Share Plan (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. The balance of this loan as at 30 June 2014 is $1,295,906 ($1,273,800 at 30 June 2013). During the 2014 financial year interest payable on the loan was $81,506 and loan repayments of $59,400 were made.

The PFG ESP made an advance of $51,428 ($48,968 at 30 June 2013) 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 2014 financial year is $3,905.

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. The balance of this loan as at 30 June 2014 is $738,427 ($725,831 at 30 June 2013). During the 2014 financial year interest payable on the loan was $46,443 and loan repayments of $33,847 were made.

The PFG ESP made an advance of $51,456 ($48,994 at 30 June 2013) 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 2014 financial year is $3,907.

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. The balance of this loan as at 30 June 2014 is $90,223 ($88,519 at 30 June 2013). During the 2014 financial year interest payable on the loan was $5,664 and loan repayments of $3,960 were made.

The Company also 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 balance of this loan as at 30 June 2014 is $186,380 ($174,697 at 30 June 2013). Interest payable on the loan for the 30 June 2014 financial year is $14,383. 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.

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. The balance of this loan as at 30 June 2014 is $25,631 ($25,147 at 30 June 2013). During the 2014 financial year interest payable on the loan was $1,609 and loan repayments of $1,125.

Transactions with investments in associates

The entities listed in Note 11 are all associated investments of PDF or Prime. PDF derives consulting fees from its equity investments in accounting, SMSF and advisory firms.

As at 30 June 2014, PDF has an outstanding loan receivable from the accounting firms of $941,700 (loan receivable of $949,000 at 30 June 2013). PDF also has an outstanding loan payable to its associated wealth management of $1,299,803 relating to unpaid dividends (loan payable of $1,002,926 at 30 June 2013).

As at 30 June 2014, CPP Prime Pty Ltd (CPP) has an outstanding loan receivable from the employees of CPP of $1,323,039 ($1,278,398 at 30 June 2013).

COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	Consolidated Entity	
	2014 $	2013 $
Short-term employment benefits	1,322,296	1,322,834
Post employment benefits	41,698	58,374
Other long-term benefits	(19,591)	16,213
Termination benefits	-	-
Share-based payments	-	-
	1,344,403	1,397,421

NOTE 24: SEGMENT INFORMATION

The Group operates in one business segment, being investing in and providing wealth management services, 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 2014 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 $7,547,262 (2013: $7,790,667), are interest payment loans. Monthly cash outlays of approximately $29,457 per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2013: 100) basis points would have an adverse/favourable effect on profit before tax of $75,472 (2013: $77,907) 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 counter party will fail to discharge an obligation or commitment that it has entered into with the Group. At 30 June 2014, 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.

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 Group did not directly hold any listed shares and equities at 30 June 2014 (2013: 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		Floating interest rate maturing in 1 to 5 years	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
(i) Financial assets								
Cash	250,934	707,071	-	-	-	-	-	-
Receivables	-	-	1,128,080	2,884,201	-	-	-	-
Total financial assets	250,934	707,071	1,128,080	2,884,201	-	-	-	-
(ii) Financial liabilities								
Bank overdraft	-	-	-	-	56,846	50,251	-	-
Commercial bills	-	-	-	-	-	-	6,500,000	6,750,000
Other borrowings	-	-	-	-	-	-	-	-
Bank loans	-	-	990,416	990,416	-	-	-	-
Payables	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	990,416	990,416	56,846	50,251	6,500,000	6,750,000

Financial Instruments	Non-interest bearing maturing 1 year or less		Total carrying amount as statement of financial position		Weighted average effective interest rate	
	2014 $	2013 $	2014 $	2013 $	2014 %	2013 %
(i) Financial assets						
Cash	-	-	250,934	707,071	1.2%	2.2%
Receivables	6,380,738	5,678,502	7,508,818	8,562,703	7.5%	7.5%
Total financial assets	6,380,738	5,678,502	7,759,752	9,269,774		
(ii) Financial liabilities						
Bank overdraft	-	-	56,846	50,251	8.8%	9.1%
Commercial bills	-	-	6,500,000	6,750,000	4.2%	4.2%
Other borrowings	-	-	-	-	-	-
Bank loans	-	-	990,416	990,416	7.8%	7.8%
Payables	1,090,359	1,142,358	1,090,359	1,142,358	-	-
Total financial liabilities	1,090,359	1,142,358	8,637,621	8,933,025		

NOTE 26: PARENT ENTITY DISCLOSURES

	Parent Entity	
	2014 $	2013 $
(A) CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	18,821,806	22,093,103
Non-current assets	43,510,125	42,572,545
Total assets	62,331,931	64,665,648
LIABILITIES		
Current Liabilities	3,964,419	5,277,569
Non-current liabilities	765,052	112,248
Total Liabilities	4,729,471	5,389,817
Net Assets	57,602,460	59,275,831
EQUITY		
Contributed equity	68,429,403	67,931,494
Accumulated losses	(10,826,943)	(8,655,663)
Total equity	57,602,460	59,275,831
(B) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Profit for the year	(593,405)	(991,751)
Other comprehensive income	-	-
Total comprehensive income	(593,405)	(991,751)

PARENT ENTITY FINANCIAL INFORMATION - INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE ENTITIES

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Prime Financial Group Ltd. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

NOTE 27: SUBSEQUENT EVENTS

On 18th July 2014, Prime announced that it had settled an initial 10% investment in progressive Melbourne based Accounting and Advisory firm "MPR Group". The total cash consideration for the purchase was $472,052.

As part of the acquisition a Wealth Management entity utilising Prime's Client Engagement Model was established. The Wealth Management entity will be owned 50% by Prime and 50% by the MPR Group.

On 1st July 2014, Prime entered into a commercial rental lease for Level 17, 644 Chapel Street, South Yarra, Victoria. The commercial rental lease has a life of five years from 1st July 2014.

NOTE 28: 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 Consolidated Entity has decided not to early adopt. A discussion of those future requirements and their impact on the Consolidated Entity is as follows:

- *AASB 9: Financial Instruments, 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], 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], AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part C] and AASB 2014-1 Amendments to Australian Accounting Standards [Part E] (applicable for annual reporting periods commencing on or after 1 January 2018)*

  AASB 9 includes requirements for the classification and measurement of financial assets and the accounting requirements for financial liabilities.

  The changes made to accounting requirements by these standards 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
  - 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
  - amending the rules for financial liabilities that the entity elects to measure at fair value, requiring changes in fair value attributed to the entity's won credit risk to be presented in other comprehensive income
  - adding Chapter 6 Hedge Accounting which supersedes the general hedge accounting requirements as they exist in AASB 139 and the addition of new disclosure requirements. The Chapter 6 requirements include a new approach to hedge accounting, intended to more closely align hedge accounting with risk management activities.

  The Consolidated Entity has not yet assessed the impact of this standard.

- *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 Consolidated Entity.

- *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 standard is not expected to impact the Consolidated Entity.

NOTE 28: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS continued

- *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139] (applicable for annual reporting periods commencing on or after 1 January 2014)*

  This standard makes amendments to define an investment entity and require that, with limited exceptions, an investment entity not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities to AASB 12 Disclosure of Interests in Other Entities and AASB 127 Separate Financial Statements. The standard is not expected to impact the Consolidated Entity.

- *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part B] (applicable for annual reporting periods commencing on or after 1 January 2014) and AASB 2014 -1 Amendments to Australian Accounting Standards [Part C] (applicable for annual reporting periods commencing on or after 1 July 2014)*

  The changes made to AASB 1031 in respect of materiality withdraw the substantive content contained within the standard and provide signpost references to materiality in other Australian Accounting Standards. The standard is not expected to impact the Consolidated Entity.

- *AASB 2014 -1 Amendments to Australian Accounting Standards [Part A] (applicable for annual reporting periods commencing on or after 1 July 2014)*

  Part A of this Standard makes various amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle, including:

  - AASB 1 – clarification in the basis of conclusion.
  - AASB 2 – amendments to certain definitions contained within the standard.
  - AASB 3 – clarification that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date and clarification that AASB 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
  - AASB 8 – amendments to disclosures.
  - AASB 13 – clarification regarding the measurement of short-term receivables and payables and clarification that the scope of the portfolio exception in paragraph 52 of AASB 13 includes all contracts accounted for within the scope of AASB 139 or AASB 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in AASB132.
  - AASB 116 and AASB 138 – clarification that when an item of property, plant and equipment or intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
  - AASB 124 – clarification that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

  - AASB 140 – clarification that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 Business Combinations and investment property as defined in AASB140 Investment Property requires the separate application of both standards independently of each other.

The standard is not expected to impact the Consolidated Entity.

- *AASB 2014 -1 Amendments to Australian Accounting Standards [Part B] (applicable for annual reporting periods commencing on or after 1 July 2014)*

  Part B of this Standard makes amendments to AASB 119 Employee Benefits in relation to the requirements for contributions from employees or third parties that are linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method applied to the gross benefit.

  The standard is not expected to impact the Consolidated Entity.

- *IFRS 15 Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017)*

  IFRS 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

  IFRS 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

  IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

  The Consolidated Entity has not yet assessed the impact of this standard.

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

Prime Financial Group Limited
Directors' Declaration

The Directors of the company declare that

1. the financial statements and notes, as set out on pages 19 to 53, 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 2014 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 2014

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 of comprising Prime Financial Group Limited (the Company) and the entities it controlled at 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 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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.

CHARTERED ACCOUNTANTS
& ADVISORS

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

William Buck

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 on 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 2014 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 2014. 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 2014, 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 Prime Financial Group Limited and its controlled entities' for the year ended 30 June 2014 included on Prime Financial Group Limited and its controlled entities' web site. The company's directors are responsible for the integrity of the Prime Financial Group Limited and its controlled entities' web site. We have not been engaged to report on the integrity of the Prime Financial Group Limited and its controlled entities' 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, 2014

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows:

The information is current as at 25 July 2014.

(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	53	27,382
1,001 – 5,000	162	521,912
5,001 – 10,000	179	1,447,296
10,001 – 100,000	424	16,973,186
100,001 and over	210	158,467,538
	1,028	177,437,314

(B) TWENTY LARGEST SHAREHOLDERS

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

		Listed Ordinary Shares	
		No. of shares $	Percentage of ordinary shares %
	Name		
1.	Domain Investment (Melbourne) Pty Ltd	17,858,144	10.1
2.	PFG Employee Share Plan Pty Ltd	15,466,666	8.7
3.	May Road Pty Ltd	10,250,000	5.8
4.	Sonning Road Pty Ltd	5,959,031	3.4
5.	Bardex Finance Pty Ltd	5,375,806	3.0
6.	29th Marsupial Pty Ltd	5,367,704	3.0
7.	Mr Stuart James & Mrs Gillian James	3,900,000	2.2
8.	Mr Vaughan Webber	3,595,730	2.0
9.	Fenning Court Pty Ltd	3,330,000	1.9
10.	Mark Johnson	3,122,198	1.8
11.	Mr Simon Madder	3,048,823	1.7
12.	Somaco Pty Ltd	3,000,000	1.7
13.	Mr James Moffatt	2,846,546	1.6
14.	NSR Investments Pty Ltd	2,785,000	1.6
15.	Lyndoc Holdings Pty Ltd	2,382,993	1.3

		Listed Ordinary Shares	
		No. of shares $	Percentage of ordinary shares %
	Name		
16.	Fifty Second Celebration Pty Ltd	2,000,000	1.1
17.	Mr Gabor Eugene Hubay	1,866,491	1.1
18.	Equitas Nominees Pty Limited	1,799,216	1.0
19.	SM Superannuation Pty Ltd	1,617,025	0.9
20.	Common Sense Investments Pty Ltd	1,550,000	0.9

(C) VOTING RIGHTS

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

Notes

Notes

Corporate directory

PRIME FINANCIAL GROUP LTD
ABN 70 009 487 674
Level 17, Como Office Tower
644 Chapel Street
South Yarra VIC 3141

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

DIRECTORS
S. James
S. Madder
P. Madder

COMPANY SECRETARY
C. Kennedy

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

Phone (03) 9827 6999
Facsimilie (03) 9827 9100

SOLICITORS
Holman Fenwick Willan

BANKERS
Westpac Banking Corporation

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

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

PRIME FINANCIAL GROUP LTD
Level 17, Como Office Tower
644 Chapel Street
South Yarra VIC 3141
Phone (03) 9827 6999
Facsimile (03) 9827 9100
www.primefinancial.com.au
www.primestock.com.au