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

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

For the year ended 30 June 2019

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Reporting Period

Reporting Period	
Current reporting period	Year ended 30 June 2019
Previous corresponding reporting period	Year ended 30 June 2018

Results to Announcement to the Market

Results to Announcement to the Market			
Revenue from ordinary activities	up	3% to	21,843,456
Profit (loss) from ordinary activities after tax attributable to members	up	216% to	1,314,777
Net profit (loss) for the period attributable to members	up	216% to	1,314,777
Dividends		**Amount per security**	**Franked amount per security**
Interim dividend		0.20 cents	0.20 cents
Final dividend		0.20 cents	0.20 cents
Total dividend		0.40 cents	0.40 cents
Record date for determining entitlements to Final dividend			27 September 2019
Payment date for Final dividend			1 November 2019

Results were extracted from the Financial Statements for the year ended 30 June 2019 which was audited by Ernst & Young.

Commentary on the results for the year ended 30 June 2019 is included in the Directors' Report section of the Annual Report for the year ended 30 June 2019.

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Net Tangible Assets Per Security

Reporting Period	30 June 2019	30 June 2018
Net tangible asset backing per ordinary security	(4.17) cents	(4.29) cents

Results to Announcement to the Market

Results to Announcement to the Market		
Dividends	**Date of Payment**	**Total amount of dividend**
Interim dividend – Year ended 30 June 2019	3 May 2019	0.20 cents
Final dividend – Year ended 30 June 2019	1 November 2019	0.20 cents
Amount per security	**Amount per security**	**Franked amount per security**
Current Year	0.40 cents	100%
Previous Year	0.90 cents	100%
Total dividend on all securities	**2019 $A'000**	**2018 $A'000**
Ordinary Securities	743	1,668
Total	**743**	**1,668**

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

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Details of Associates and Joint Venture Entities

Names of Associates		
Name of associate	30 June 2019 % Securities held	30 June 2018 % Securities held
Rundles Prime Pty Ltd	0%	50%

On 30 April 2019, Prime disposed of its 50% interest in Rundles Prime Pty Ltd a Melbourne based Accounting Firm. These investments were held by Prime Accounting & Wealth Management Pty Ltd (PWM), a Prime subsidiary company set up in conjunction with an Institutional Partner. This transaction brings to an end the minority equity interest investment strategy in Accounting Firms for Prime.

Results to Announcement to the Market

Aggregate share of profits (losses) of associates	Year ended 30 June 2019	Year ended 30 June 2018
Profit (loss) from ordinary activities before tax	493,565	771,360
Income tax on ordinary activities	(135,730)	(231,408)
Profit (loss) from ordinary activities after tax	357,835	539,952

Prime

Prime Financial Group Ltd
Annual Report 2019

For the year ended 30 June 2019

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Prime Financial Group

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

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Managing Director/CEO & Chairman's Message

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Dear Shareholders,

Overview

Prime Financial Group Ltd (Prime) are pleased to report increased earnings and the completion of the restructure of the firm in FY19, a significant milestone. Prime is now 'One Connected' professional services firm, operating across four key areas in Accounting & Business Advisory, Wealth Management, SMSF and Capital in its three core locations of Melbourne, Sydney and Brisbane.

Earnings & Organic Growth

	Members/Shareholders			Group		
FY19 Financial Highlights	**FY19**	**FY18**	**Change**	**FY 19**	**FY18**	**Change**
Underlying						
Revenue - contracts with customers	**$20.7m**	**$19.7m**	↑ **5%**			
Revenue - total	$21.8m	$21.3m	↑ 3%			
EBITDA	**$4.1m**	**$3.8m**	↑ **9%**	$5.4m	$5.5m	↓ (2%)
Margin	*19%*	*18%*	↑ *1%*	*25%*	*26%*	↓ *(1%)*
NPAT	**$2.4m**	**$2.2m**	↑ **8%**	$3.3m	$3.5m	↓ (5%)
Diluted EPS (cents per share)	**1.39**	**1.29**	↑ **8%**			
Reported						
NPAT	**$1.3m**	**($1.1m)**	**N/A**	$2.2m	$0.1m	N/A
Diluted EPS (cents per share)	**0.77**	**(0.67)**	**N/A**			
Dividends paid (cents per share)	0.40	0.90	↓ (56%)			

Underlying EBITDA for members/shareholders (Prime's key profitability measure) has increased from $3.8 million (FY18) to $4.1 million (FY19) (9%) and reported earnings (NPAT) for members/shareholders has increased from a loss of ($1.1) million (FY18) to a profit of $1.3 million (FY19).

Organic revenue growth from continuing operations increased by 5%. 'Wealth Management & SMSF' revenue was up 3%, in a year of challenges for the industry against the backdrop of The Hayne Royal Commission, whilst 'Accounting & Business Advisory plus Capital' revenue was up 7%.

Prime has a focus on continuing organic growth through a combination of additional group services for existing clients and new client growth, as 'One Connected' professional services firm, whilst also continuing to support our 30+ Accounting Firm relationships across Wealth Management, SMSF and Capital. This will be

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complimented by strong cost control to continue to improve reported earnings.

Completion of Restructure & Repositioning

Prime is well positioned having divested all minority equity interests (investments in other entities, substantially Accounting Firms) and closing the financing structure, Prime Accounting & Wealth Management Pty Ltd (PWM), that these investments were held in.

Prime have also consolidated offices in Melbourne (70% + of the Prime team) and relocated offices in Sydney and Brisbane. The consolidation and focus has allowed Prime to streamline costs in key service lines, discontinue non-core services, reposition our Wealth Management structure and reduce costs in our centralised services and the corporate office.

The final stage of the restructure and repositioning has cost $1.63 million in FY19 in non-recurring expenses, and incorporated the following;

Final Stage of Restructure and Repositioning	$
Sale of assets and acquisition related costs (7 assets)	414,627
Office closures & relocations (4 offices) including Melbourne	248,367
Wealth Management and service line repositioning	781,869
Centralised services and the corporate office consolidation	187,456
Total	**1,632,319**

These $1.63 million in expenses do not recur due to the completion of the restructure and repositioning, accordingly, reported earnings and cashflow from operations are both expected to improve materially due to the elimination of these items in FY20.

Funding of Restructure & Dividends

In order to fund this final stage of restructuring in FY19 and focus on organic growth, the Prime Board reduced the interim and final dividend to 0.20 cents per share (cps) for each period for a total of 0.40 cps for FY19. The Board also introduced a Dividend Re-investment Plan (DRP).

Future dividends have been set at a 40 – 60% payout ratio of reported and maintainable earnings, with the current payout ratio at 52% based on reported earnings for members/shareholders of 0.77 cps for FY19.

Subject to the final cash completion payment of $730,000 in FY20 for Altezza Partners Pty Ltd (now Prime Brisbane), improvement in operating cashflow and overall debt, Prime expect dividends for shareholders to increase in FY20.

Debt (Net)

Debt has increased from $7.7 million in FY18 to $9.4 million for FY19. Debt peaked at $9.8 million at the end of the first half FY19 and decreased by 30 June 2019. Overall debt increased to fund the internal working capital requirements of growing divisions, acquisitions and the completion/closure of PWM.

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Debt is a combination of working capital funding, being approximately one third, and two thirds related to acquisitions. Prime are targeting debt to be in the range of 2 - 2.5 times underlying EBITDA for members/shareholders. At 30 June 2019 debt was 2.3 times, based on underlying EBITDA for members/shareholders of $4.1 million.

Strategy - 'One Connected' Simplified Business & Reporting

As a simplified business, post restructure, Prime has a focus on continuing organic growth, cost control and underlying and reported earnings aligning.

To better report on the progress of this strategy Prime has reclassified it's financial accounts into two reporting segments, from previously one reporting segment, the two segments are, 'Wealth Management & SMSF' and 'Accounting & Business Advisory plus Capital'. This reporting structure provides current and prospective shareholders with a more detailed understanding of the drivers of performance of those segments and the cost of operating centralised services and the corporate office.

Acquisitions & Focus

Other than immaterial tuck-in acquisitions in Capital (Eaton Capital Holdings Pty Ltd and CMB Advisory Pty Ltd) and Wealth Management (MXA Financial Planning Pty Ltd) plus the completion/closure of PWM, Prime did not initiate acquisitions during FY19. Prime have reset, completed the restructure and focussed on future improvement in profitability and dividends through organic growth and doing less, better. Prime have a continued pause on acquisitions.

FY20 & The Future

In FY20, Prime will:

- actively integrate our service capability for our clients benefit
- build organic growth and reported earnings
- closely align underlying and reported EBITDA for members/shareholders
- improve cashflow
- manage debt lower
- seek to increase dividends on the basis that underlying EBITDA for members/shareholders is in a maintainable range of 2 - 2.5 times debt
- review the existing board structure, and
- prioritise people, client service and compliance.

Prime have navigated the challenges of FY19 and repositioned the firm, we would like to thank our clients for their ongoing custom, our team for their dedication and flexibility through the recent change process and our Accounting Firm relationships for their support.

Tim Carroll
Interim Chairman

Simon Madder
Managing Director & CEO

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Directors' Report

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The directors submit their report for the year ended 30 June 2019 together with the consolidated financial statements of Prime Financial Group Ltd ('PFG' 'Prime' or 'the Company') and the entities it controlled ('the Group') at the end of, or during, the year ended 30 June 2019, and independent audit report thereon.

Directors

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

Mr Tim Carroll

Independent Non-Executive Director and Interim Chairman

(Appointed as Non-Executive Director 27 November 2015 and appointed Interim Chairman on 1 March 2019)

Mr Carroll has over 20 years' experience in senior marketing and customer relationship management roles and is recognised as an expert in Entertainment, Brand, Digital & Social, Loyalty Marketing and Media. Mr Carroll was formerly the Chief Global Marketing Officer of Village Roadshow Corporation, Australia's No.1 entertainment company, having served from June 2000 through to 2011. Mr Carroll is currently the CEO of BUCKiTDREAM Inc, an innovative Entertainment Digital Marketing company. Mr Carroll is the Interim Chairman of the Audit, Remuneration and Nomination Committees.

Mr Simon Madder B.Comm

Managing Director & CEO

(Appointed 2 January 2007)

Mr Madder is the Managing Director and CEO of Prime. Mr Madder was the co-founder and Managing Director of Prime Development Fund Ltd (PDF) (since 1998). Mr Madder has 20+ years' experience in the financial services and advisory industry across operations, strategy and acquisitions. Mr Madder is a member of the Audit, Remuneration and Nomination Committees.

Mr Peter Madder FCA, FCPA

Executive Director

(Appointed as Director on 2 January 2007)

Mr Madder was the co-founder of PDF and has also been the Managing Partner of two accounting firms. Mr Madder has over 40 years' experience advising clients on financial matters as a Chartered Accountant, as well as experience across business structuring, corporate finance and acquisitions. Mr Madder is a member of the Audit, Remuneration and Nomination Committees.

Mr Paul Cowan B.EC, CA

Independent Non-Executive Chairman (Retired)
(Appointed as Director 12 November 2015,
Appointed as Chairman 15 November 2016, retired on 1 March 2019)

Mr Cowan is an Executive Director of River Capital Pty Ltd and has had extensive experience as a Director of a number of public companies including Brumby's Bakeries Holdings Ltd and Cash Converters International Ltd (October 2008 - November 2009). Mr Cowan has over 30 years' experience in the financial services sector including funds management and corporate advisory. Having commenced his working career with Price Waterhouse in 1980, Mr Cowan has a Bachelor of Economics degree from Monash University and is a qualified Chartered Accountant. Mr Cowan was the Chairman of the Audit, Remuneration and Nomination Committees.

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Company Secretary

Mr Simon Munday B.Sc, CA

Company Secretary & Chief Financial Officer (CFO)
(Appointed as Company Secretary 6 December 2017, Appointed as CFO 2 March 2018, resigned as CFO and Company Secretary on 16 December 2018)

Mr Munday is a Chartered Accountant with wide international experience in asset management, banking and insurance. Prior to joining Prime, Simon's experience was built through 9 years with Ernst & Young's financial services team in London and Melbourne in both Assurance and Transaction Advisory Services followed by four years in the role of CFO and Company Secretary with an APRA and ASIC regulated general insurer.

Mr Dale Gaskell-Kharsas B.Bus, CA

Company Secretary
(Appointed 27 November 2015, Resigned 6 December 2017, appointed 16 December 2018)

Mr Gaskell-Kharsas is a Chartered Accountant who has over 10 years' experience in a variety of accounting roles within public practice, large corporates and ASX listed companies.

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

	Ordinary Shares	Options over shares
Mr S Madder*	28,536,281	-
Mr P Madder**	9,912,702	-
Mr T Carroll	132,594	-

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

Dividends

The Board has resolved to declare a fully franked final dividend of 0.20 cents per ordinary share, bringing the total dividends declared in respect of the 12 months to 30 June 2019 to 0.40 cents per ordinary share. This compares to total dividends declared in respect of the prior twelve-month period of 0.90 cents per ordinary share. The Board also put in place a Dividend Re-investment Plan (DRP) for the interim and final dividend. Future dividend payout ratios are targeted at 40-60% of the reported and maintainable earnings.

Principal Activities

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

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

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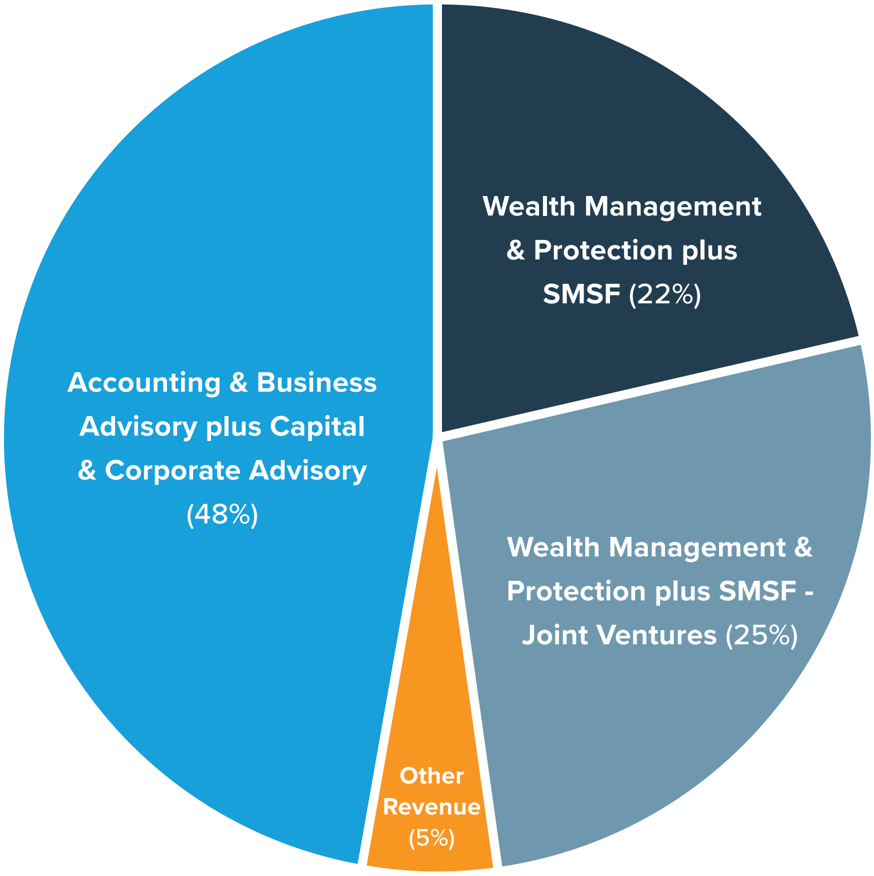
Operating & Financial Review

What We Do - Revenue by Service

Prime operates a direct client advice model under the Prime brand and a Joint Venture model with accounting firms (co-branded).

Eighty percent (80%) of total revenue is generated from existing customers.



Accounting & Business Advisory plus Capital & Corporate Advisory (48%)

Accounting

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

Capital & Corporate Advisory

- Business Sale & Advice
- Corporate Advisory
- Capital Raising

Wealth Management & Protection plus SMSF (47%)

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

→ **Wealth Management & Protection plus SMSF** (22%)

Prime liaises direcly with clients under the Prime brand

→ **Wealth Management & Protection plus SMSF - Joint Ventures** (25%)

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

Other Revenue (5%)

- Minority equity investments (equity accounted)
- Other income

Our Strategy

The following presents a summary of Prime's Strategic Plan:

Purpose	Goal	How
Advise investors, business owners and entrepreneurs on realising their aspirations, protecting and growing their wealth and accessing capital	To be the leading integrated advice firm of the future	Helping our clients and business partners access advice, services, grants, networks, education, expertise and capital

AREAS & OBJECTIVES

Customer

Provide clients with advice, growth opportunities and wealth management services

People

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

Financial

Align and grow reported and underlying EBITDA for members/shareholders, improve cashflow and reduce debt whilst improving dividends

Technology

Utilise business operations data and technology to improve the client experience and deliver Prime's business strategy

FY20 KEY PRIORITIES

Organic Growth

- Integrate Prime's Accounting & Business Advisory and Wealth Management client bases
- Deliver additional business and corporate advisory services for Business Owners and Businesses
- Promote Prime's Wealth Management & SMSF capability
- Improve and grow Prime's Accounting relationships

People & Culture

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

Systems & Efficiency

- Enhance controls, efficiency, compliance procedures and cashflow through business intelligence and enablement software and systems in one connected environment.

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Reported & Underlying Earnings

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

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

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

Underlying EBITDA for members/shareholders has increased from $3.8 million (FY18) to $4.1 million (FY19) (9%) and reported earnings (NPAT) for members/shareholders has increased from a loss of ($1.1) million to a profit of $1.3 million.

Organic revenue growth from continuing operations increased by 5%. 'Wealth Management & SMSF' revenue was up 3%, in a year of challenges for the industry against the backdrop of The Hayne Royal Commission, whilst 'Accounting & Business Advisory plus Capital' revenue was up 7%.

	Year Ended 30 June 2019 $	Year Ended 30 June 2018 $
Reported net profit after tax operations (Group)	2,226,653	130,732
Add: Tax expense	350,746	430,906
Add: Interest expense/(income)	558,721	502,910
EBIT (Group) *	3,136,120	1,064,549
Add: Depreciation	255,509	235,493
Add: Amortisation	886,757	698,580
Reported EBITDA (Group) **	4,278,386	1,998,621
Adjustments		
Restructure & Repositioning non-recurring expenses	1,632,319	660,270
Share based payment expenses/(benefit)	(518,835)	(284,393)
Fair value movements/adjustments on Financial assets/contingent consideration	(323)	88,323
(Profit)/Loss on disposal of investments	(35,042)	689,286
Impairments/credit loss expense	-	2,302,853
**Underlying EBITDA (Group) ** **	**5,356,505**	**5,454,960**
Underlying EBITDA (Members/Shareholders)	**4,098,745**	**3,771,524**
Reported EBITDA (Members/Shareholders)	**3,020,626**	**315,186**

*EBIT is defined as earnings before interest and tax

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

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Review of Financial Condition

In FY19, the Group generated net cash outflow of $0.7 million consisting of cash outflows from investing activities of $2.6 million offset by cash inflows from operating activities of $1.6 million and cash inflows from financing activities of $0.3 million.

At 30 June 2019, the Group's net debt, calculated as borrowings less cash and cash equivalents, was $9.4 million (30 June 2018: $7.7 million). Debt peaked at $9.8m at 31 December 2018 and has progressively declined to 30 June 2019.

Significant Changes In The State Of Affairs

Divestments and Acquisitions

The strategic review undertaken in FY17 to focus on becoming "One Connected" professional services firm, integrated across four key areas in Accounting & Business Advisory, Wealth Management, SMSF and Capital, was completed in FY19. The delivery of this strategy included the following transactions:

Eaton Capital Holdings Pty Ltd ('Eaton') and CMB Advisory Pty Ltd ('CMB')

In July 2018, Prime acquired the corporate advisory businesses of Eaton Capital Holdings Pty Ltd ('Eaton') and CMB Advisory Pty Ltd ('CMB'). The transactions have helped to grow the size of Prime's corporate advisory business and further adds to the core hubs capability in Melbourne, Sydney and Brisbane.

Munro's Financial Advisors Pty Ltd

During FY19 Prime closed its Perth office. As part of this closure Prime restructured and sold certain assets based in Perth, including Munro's Financial Advisors Pty Ltd. Details of that transaction are as follows.

In March 2019, Prime acquired the 50% non-controlling interest in Munro's Financial Advisors Pty Ltd for $246,118 with $123,059 of consideration paid upfront, $49,224 payable on 1 May 2020 and $73,835 payable on 1 May 2021.

In April 2019, Prime disposed of certain business assets being the client records, contracts and revenue rights of certain clients on Munro's Financial Advisors Pty Ltd for $492,236 with $344,565 of consideration received up front, $73,835 due on 1 May 2020 and $73,835 due on 1 May 2021. The transaction resulted in a gain on sale of $35,042 being the consideration receivable less goodwill arbitrarily allocated to the disposal of $457,194.

Prime Accounting and Wealth Management Pty Ltd (PWM)

PWM was set up in conjunction with an Institutional Partner to fund the acquisition of minority equity interests in accounting and wealth management firms. With the sale of the final minority equity interests, in June 2019, Prime completed the share buyback of PWM's remaining non-controlled percentage and PWM is now a 100% owned subsidiary of Prime.

Rundles Prime Pty Ltd and Rundles Financial Planning Pty Ltd

On 30 April 2019, PWM disposed of its 50% interest in Rundles Prime Pty Ltd (RP), a Melbourne based Accounting Firm, plus the sale of a 10% interest in Rundles Financial Planning Pty Ltd (RFP) for combined consideration of $2,695,313.

Significant Events After The Balance Date

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

Likely Developments And Expected Results Of Operations

Prime's strategy, focus and likely development are included in the Managing Director/CEO & Chairman's Report.

Environmental Regulation

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

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Share Options

Unissued shares

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

Shares Issued As A Result Of The Exercise Of Options

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

Indemnification And Insurance Of Directors And Officers

As outlined in the company's constitution, to the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company against any liability incurred by that person, as such an officer of the Company, and to a person other than the Company or a related body corporate of the Company, unless the liability arises out of conduct on the part of the officer which involves a lack of good faith, or is contrary to the Company's express instructions. The Company indemnifies every person who is or has been an officer of the Company against any liability for costs and expenses incurred by the person in his or her capacity as an officer of the Company, in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the person, or in which the person is acquitted, or in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Law. Insurance premiums were paid during the financial year, for all Directors and Officers of the consolidated entity. No indemnities have been given, or insurance premiums paid for auditors of the Company.

Director Meetings

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

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Mr T Carroll	12	12	-	-
Mr P Cowan	9	9	4	4
Mr S Madder	12	12	4	4
Mr P Madder	12	12	4	4

There were no Remuneration Committee or Nomination Committee meetings during the financial year.

Proceedings Of Behalf Of The Consolidated Entity

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

Corporate Governance Statement

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

Diversity Policy

The measurable objectives established for achieving gender diversity is to increase the number of females in the whole organisation and at senior management positions to 50%. The proportion of female employees in the whole organisation at present is 39% (2018: 37%), the proportion of females in senior management positions at present is 33% (2018: 33%) and there are no females on the board. A full copy of Prime's Diversity Policy can be found on Prime's website (https://www.primefinancial.com.au/shareholders/ corporate-governance).

Auditor Independence

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

Non-Audit Services

In FY19, Ernst & Young did not provide any non-audit services to Prime.

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Remuneration Report

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The Directors of Prime present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2019 (FY19). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for the Group's key management personnel (KMP):

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

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group. The KMP during FY19 were as follows:

- Tim Carroll, Non-executive Director (full financial year);
- Paul Cowan, Non-executive Director (retired on 1 March 2019);
- Simon Madder, Managing Director & CEO (full financial year);
- Peter Madder, Executive Director (full financial year); and
- Simon Munday, Chief Financial Officer (resigned 16 December 2018).

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

Executives must not enter into any hedging arrangements over unvested options under the Group's share-based payments arrangements. The Group would consider a breach of this policy as gross misconduct, which may lead to disciplinary action and potentially dismissal.

(i) Principles of compensation

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

- Fixed salary, including superannuation, that is determined from a review of the market and reflects core performance requirements and expectations;
- A performance cash bonus designed to reward achievement by individuals of performance objectives; and
- Participation in the Prime Employee Share Plan. By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company's objective is to align the interests of senior executives with those of shareholders and increase performance of the Company. The philosophy of deploying this remuneration structure/strategy is to provide a clear intention to improve the Company's fiscal performance and thereby increase underlying shareholder value.

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Fixed Remuneration

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

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

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

Short Term Incentive - Performance Cash Bonus

Senior executives who are remunerated under the Executive Remuneration Policy are eligible for an Annual Performance Cash Bonus. In determining whether or not executives are eligible for a Performance Cash Bonus, the Remuneration Committee review the achievement of both Financial and Non-Financial key performance indicators (KPIs) for the financial year compared with executives personal KPIs that had been set for the year.

The achievement of some or all of the KPIs will allow the Remuneration Committee to determine the level of Performance Cash Bonus that is paid. While no performance bonuses were paid, specific KPIs that are applied to management by the Remuneration Committee to measure performance are set out below:

- Underlying & reported profitability including Net Profit Before Tax, Net Profit After Tax and EBITDA;
- Underlying and reported Earnings per Share (EPS);
- Gearing levels;
- New and lost clients;
- Revenue growth including new business and recurring revenue;
- Debtor and work-in-progress management;
- Compliance;
- Risk management;
- Client satisfaction;
- Staff engagement;
- Delivery of strategic initiatives;
- Operating margins;
- Execution and integration of acquisitions and disposals; and
- Other Items identified of importance from time to time.

The Financial KPIs are a direct measure of the Company's performance. The Non-Financial KPIs are related directly to business drivers that generate financial performance. Through the achievement of these KPIs the Company aligns its interests with shareholders through an increase in value of the organisation. The aim is to align our senior executive's remuneration to Prime's strategic and business objectives and the creation of shareholder wealth. The table on the next page shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to Senior Executives.

Long Term Incentive

In the Extraordinary General Meeting on 14 July 2017, shareholders approved a Performance Rights Plan and the issue of performance rights under that plan, including the issue of shares upon vesting of those performance rights. At 30 June 2019, no rights to shares had been issued under the Performance Rights Plan.

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

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 table below sets out information about earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	2019	2018	2017	2016	2015
Reported Profit/(loss) attributable to members/shareholders of the parent entity ($,000's)	1,315	(1,135)	2,922	3,602	(20,758)
Basic earnings per share (cents)	0.77	(0.67)	1.81	2.48	(14.09)
Dividend per share (cents)	0.40	0.90	0.85	0.80	0.80
Share price at the end of the financial year ($)	0.065	0.125	0.180	0.100	0.095

Overview of Non-executive Director Remuneration

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

Non-executive Directors are paid their fees within the maximum aggregate amount approved by shareholders for the remuneration of Non-executive Directors. The maximum aggregate amount for the remuneration of Non-executive Directors, which has been approved by Shareholders, is $375,000. During the 2019 Financial Year, $113,333 was paid to Non-executive Directors.

The Board will not seek an increase to the aggregate Non-executive Director fee pool limit at the 2019 Annual General Meeting (AGM).

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KMP Remuneration for the years ended 30 June 2019 and 30 June 2018

FY19									
	Short-term			Post-employment		Long-term	Share Based Payments	Total	Total performance related
	Salary/ Fees $	Cash bonus $	Non-Monetary $	Super $	Retirement benefits $	Annual Leave/ Long Service Leave $	Options $	$	%
Non-Executive Directors									
Mr P Cowan*	53,333	-	-	-	-	-	-	53,333	-
Mr T Carroll	60,000	-	-	-	-	-	-	60,000	-
Sub-total	**113,333**	**-**	**-**	**-**	**-**	**-**	**-**	**113,333**	
Executive Directors									
Mr S Madder**	471,314	-	-	25,000	-	-	(378,290)	118,024	-
Mr P Madder	230,166	-	-	-	-	-	-	230,166	-
Senior Executives									
Mr S Munday***	137,979	-	-	13,054	-	17,691	-	168,724	-
Total	**952,792**	**-**	**-**	**38,054**	**-**	**17,691**	**(378,290)**	**630,247**	

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

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

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

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FY18									
	Short-term			Post-employment		Long-term	Share Based Payments	Total	Total performance related
	Salary/ Fees $	Cash bonus $	Non-Monetary $	Super $	Retirement benefits $	Annual Leave/ Long Service Leave $	Options $	$	%
Non-Executive Directors									
Mr P Cowan*	80,000	-	-	-	-	-	-	80,000	-
Mr T Carroll	60,000	-	-	-	-	-	-	60,000	-
Sub-total	**140,000**	**-**	**-**	**-**	**-**	**-**	**-**	**140,000**	
Executive Directors									
Mr S Madder*	471,314	-	-	25,000	-	5,874	(487,511)	14,677	-
Mr P Madder	374,068	-	-	-	-	-	-	374,068	-
Senior Executives									
Mr S Munday**	88,027	-	-	9,781	-	7,762	-	105,570	-
Total	**1,073,409**	**-**	**-**	**34,781**	**-**	**13,636**	**(487,511)**	**634,315**	

* In May 2013, December 2015 and December 2016, Mr S Madder acquired shares under the PFG Employee Share Plan. The acquisition of shares was funded by loans from the Trustee who administers the plan. The awards are accounted for as share options under cash settled share-based payment awards. In the Extraordinary General Meeting on 14 July 2017, shareholders approved certain changes to the share-based payments. In FY18 the share options produced a benefit to profit and loss of $487,511 (FY17: expense of $866,312).

** Mr S Munday was appointed as Chief Financial Officer on 2 March 2018 and become a Senior Executive on that date.

KMP Options awarded, vested and lapsed during the year

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

At 30 June 2019	Awards to Mr Simon Madder			
Financial year awarded	FY13	FY13	FY16	FY17
Number of shares awarded during period	1,800,000	4,800,000	2,947,831	1,661,002
Grant date	1 May 13	1 May 13	18 Dec 15	21 Dec 16
Share price (cents)	19.30	9.72	10.60	10.50
Vesting/loan repayment date	2 May 21	2 May 21	2 May 21	2 May 21
Number vested during year	-	-	-	-
Number lapsed during year	-	-	-	-
Exercise price at vesting/loan repayment date (cents)	25.0	12.6	15.2	14.1
Fair value at reporting date (cents)	0.9	0.2	0.6	0.7

The acquisition of shares was funded by loans from the Trustee of the PFG Employee Share Plan (ESP) who administers the plan. The loans, are full recourse and supported by a personal guarantee from Mr S Madder plus a General Security Agreement over his related entity. While Mr S Madder's PFG ESP Loans are full recourse

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in nature, the arrangements provide that at any time prior to the expiry of the loans, Mr S Madder may require the Trustee to buy back the shares that are the subject of his loans are at a price per share that is equal to the greater of:

- 50% of the allocation price
- The volume weighted average price of a share during the 30 days immediately preceding the date Mr S Madder issues a buy-back notice; and
- An amount determined by an independent expert appointed at the request of Mr S Madder the identity of whom must be agreed to in writing by the Company as being the reasonable value of the shares as at the date Mr S Madder issues a buy-back notice.

For further details of the valuation of the share options in the above table please see note 23 of the financial report.

No other KMP have been awarded any share options.

Shareholdings of KMP

FY19	Balance 01/7/18	Received as remuneration	Options exercised	Net change other	Balance 30/6/19
Non-Executive Directors					
Mr P Cowan	2,120,000	-	-	(2,120,000)	-
Mr T Carroll	132,594	-	-	-	132,594
Sub-total	**2,252,594**	**-**	**-**	**(2,120,000)**	**132,594**
Executive Directors					
Mr S Madder	27,743,609	-	-	796,672	28,536,281
Mr P Madder	9,695,560	-	-	217,142	9,912,702
Senior Executives					
Mr S Munday	150,000	-	-	(150,000)	-
Total	**39,841,763**	**-**	**-**	**(1,260,186)**	**38,581,577**

FY18	Balance 01/7/17	Received as remuneration	Options exercised	Net change other	Balance 30/6/18
Non-Executive Directors					
Mr P Cowan	2,000,000	-	-	120,000	2,120,000
Mr T Carroll	-	-	-	132,594	132,594
Sub-total	**2,000,000**	**-**	**-**	**252,594**	**2,252,594**
Executive Directors					
Mr S Madder	27,293,400	-	-	450,209	27,743,609
Mr P Madder	11,055,446	-	-	(1,359,886)	9,695,560
Senior Executives					
Mr S Munday	-	-	-	150,000	150,000
Total	**40,348,846**	**-**	**-**	**(507,083)**	**39,841,763**

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Loans to KMP and their Related Parties

The Group, through the Prime Financial Group Ltd Employee Share Plan (PFG ESP), has provided Mr P Madder (through a nominee Madder Corporate Pty Ltd) full recourse loans to purchase 6,224,156 Shares (30 June 2018: 6,224,156 Shares) in Prime Financial Group Ltd.

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

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

	Balance of loans at the beginning of the period	Amounts advanced during period	Interest accrued on loans	Loan modification expense	Balance of loans at the end of the period
Year ended 30 June 2018	884,938	-	53,521	-	938,459
Year ended 30 June 2019	938,459	-	56,830	-	995,289

The loan agreements among other things includes the following terms:

- full recourse loan supported by a General Securities Agreement over Madder Corporate Pty Ltd supported by a personal guarantee from Peter Madder;
- interest accruing at 0.75% p.a. above the lenders rate as advised by the Trustee from time to time; and
- all loans are repayable on 10 May 2021.

Signed in accordance with a resolution of the directors:

Tim Carroll
Interim Chairman
Melbourne, 30 August 2019

Auditor's Independence Declaration

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Building a better working world

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

As lead auditor for the audit of Prime Financial Group Ltd for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

T M Dring
Partner
30 August 2019

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Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

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	Notes	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Revenue			
Wealth Management & SMSF		10,260,169	9,940,612
Accounting & Business Advisory plus Capital		10,459,254	9,769,373
Total Revenue from contracts with customers		**20,719,423**	**19,709,985**
Share of profit of associates		493,565	771,360
Other Income		565,714	735,768
Interest Income		64,754	57,425
Total Revenue	6	**21,843,456**	**21,274,538**
Expenses			
Employee benefits	7	(12,541,860)	(11,409,383)
Depreciation	7	(255,509)	(235,493)
Amortisation	7	(886,757)	(698,580)
Finance costs	7	(615,551)	(556,432)
IT and communication expenses		(1,232,231)	(1,227,376)
Insurance		(449,340)	(400,473)
Occupancy	7	(1,061,946)	(933,253)
Professional fees		(383,131)	(502,375)
Other expenses		(2,115,104)	(1,953,466)
Total operating expenses		**(19,541,429)**	**(17,916,831)**
Share based payment benefit	23	518,835	284,393
Fair value movement on financial assets	14	(1,410)	-
Fair value movement on contingent consideration		1,733	(88,323)
Profit/(Loss) on disposal of investments	4	35,042	(689,286)
Impairments		-	(1,080,395)
Credit Loss Expense	7	(278,828)	(1,222,458)
Total expenses		**(19,266,057)**	**(20,712,900)**
Profit before tax from continuing operations		**2,577,399**	**561,638**
Attributable to:			
- Members/shareholders of the parent entity		1,319,639	(1,121,798)
- Non-controlling interests		1,257,760	1,683,436
Income tax expense	8	(350,746)	(430,906)
Profit after tax from continuing operations		2,226,653	130,732
Attributable to:			
- Members/shareholders of the parent entity		1,314,777	(1,135,104)
- Non-controlling interests		911,876	1,265,836
Total comprehensive income		**2,226,653**	**130,732**
Earnings per share attributable to ordinary members/shareholders of the parent			
Basic earnings/(loss) per share (cents)	25	0.77	(0.67)
Diluted earnings/(loss) per share (cents)	25	0.77	(0.67)

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	30 June 2019 $	30 June 2018 $
Current assets			
Cash and cash equivalents	9	208,792	878,831
Trade and other receivables	10	2,490,001	2,918,261
Contract assets and other current assets	11	2,803,862	3,324,728
Total current assets		**5,502,655**	**7,121,820**
Non-current assets			
Property, plant and equipment	12	237,392	425,214
Investments accounted for using the equity method	13	-	3,019,982
Financial assets	14	2,246,784	1,825,951
Intangible assets	15	47,530,793	48,108,958
Total non-current assets		**50,014,969**	**53,380,105**
Total assets		**55,517,624**	**60,501,925**
Current liabilities			
Payables	16	3,125,603	2,944,415
Financial liability – Share buyback commitment	33	-	4,546,569
Current tax payable		380,884	881,314
Employee benefits	17	900,348	936,202
Borrowings – hire purchase and other contracts	19	243,501	316,523
Balance outstanding on acquisition of investments	20	1,162,296	1,352,522
Total current liabilities		**5,812,632**	**10,977,545**
Non-current liabilities			
Borrowings – bank facility	19	9,325,228	7,978,478
Borrowings – hire purchase	19	73,424	310,904
Deferred tax liabilities	8	87,340	181,553
Financial liability – share based payments	18	140,733	659,568
Balance outstanding on acquisition of investments	20	595,143	557,823
Total non-current liabilities		**10,221,868**	**9,688,326**
Total liabilities		**16,034,500**	**20,665,871**
Net assets		**39,483,124**	**39,836,054**
Equity			
Contributed equity	21	67,394,341	67,967,256
Treasury shares	21	(2,435,000)	(3,500,291)
Put option reserve	33	-	(4,546,569)
Accumulated losses		(26,698,637)	(26,208,707)
Equity attributable to equity holders of the parent		**38,260,704**	**33,711,689**
Non-controlling interests		1,222,420	6,124,365
Total equity		**39,483,124**	**39,836,054**

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	* Put Option reserve $	Contributed equity $	Retained earnings $	Non-controlling interest $	Total $
Balance at 1 July 2017*	**(4,546,569)**	**64,466,965**	**(22,819,948)**	**5,895,744**	**42,996,192**
Total comprehensive income for the period	-	-	(1,135,104)	1,265,836	130,732
Transactions with equity holders in their capacity as equity holders:					
Dividends paid	-	-	(1,667,828)	(1,037,215)	(2,705,043)
Transactions with non-controlling interests	-	-	(585,827)	-	(585,827)
Total transactions with equity holders in their capacity as equity holders	-	-	(2,253,655)	(1,037,215)	(3,290,870)
Balance at 30 June 2018*	**(4,546,569)**	**64,466,965**	**(26,208,707)**	**6,124,365**	**39,836,054**
Total comprehensive income for the period	-	-	1,314,777	911,876	2,226,653
Transactions with equity holders in their capacity as equity holders:					
Sale of treasury shares from PFG ESP	-	1,065,291	-	-	1,065,291
Share Capital	-	(572,915)	-	-	(572,915)
Transfer from put option	4,546,569	-	-	-	4,546,569
Dividends paid	-	-	(1,204,222)	(2,765,714)	(3,969,936)
Transactions with non-controlling interests	-	-	(600,485)	(3,048,107)	(3,648,592)
Total transactions with equity holders in their capacity as equity holders	4,546,569	492,376	(1,804,707)	(5,813,821)	(2,579,583)
Balance at 30 June 2019	**-**	**64,959,341**	**(26,698,637)**	**1,222,420**	**39,483,124**

*Prior period comparatives have been revised, refer note 33

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Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	30 June 2019 $	30 June 2018 $
Cash flows from operating activities			
Receipts from customers		22,861,223	21,322,593
Receipts from associates		321,918	602,480
Payments to employees and suppliers		(20,098,497)	(17,957,222)
Interest paid		(615,551)	(556,432)
Income tax paid		(830,159)	(728,521)
Net cash provided by operating activities	**24**	**1,638,934**	**2,682,898**
Cash flows from investing activities			
Receipts from business disposals		3,051,659	2,613,125
Payments for business acquisitions		(467,923)	(2,066,440)
Dividends advanced to non-controlling interests		(1,797,664)	(705,473)
Other transactions with non-controlling interests		(3,102,407)	-
Development expenditure		(249,352)	(422,725)
Payments for plant and equipment		(67,687)	(166,018)
Net cash provided by/(used in) investing activities		**(2,633,374)**	**(747,531)**
Cash flows from financing activities			
Sale of treasury shares		492,376	-
Dividends paid		(1,204,222)	(1,667,829)
Repayment of borrowings		(635,369)	(730,567)
Drawdown of borrowings		1,671,616	717,567
Net cash provided by/(used in) financing activities		**324,401**	**(1,680,825)**
Net increase/(decrease) in cash and cash equivalents		(670,039)	254,542
Cash and cash equivalents at beginning of the year		**878,831**	**624,289**
Cash and cash equivalents at end of the year		**208,792**	**878,831**

Notes to the Financial Statements

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1. Corporate information

The consolidated financial statements of Prime Financial Group Ltd (‘Prime’ or ‘the Company’) and its controlled entities (‘the Group’) for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 28 August 2019.

Prime Financial Group Ltd is a for profit company limited by shares and incorporated and domiciled in Australia. The Company’s shares are publicly traded on the Australian Securities Exchange (‘ASX’).

2. Basis of preparation of the financial report

2.1 Basis of preparation

The consolidated financial statements for the year ended 30 June 2019 have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements are presented in Australian dollars and have been prepared on a historical cost basis. It complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.2 Basis of consideration

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed

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2. Basis of preparation of the financial report - continued

of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

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

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

2.3 Summary of significant accounting policies

(a) Revenue recognition

AASB 15 supersedes AASB 118 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model for ascertaining whether, how much, and when, revenue is recognised. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

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

The Group undertook a detailed assessment of its revenue contracts on adoption of the standard, which has been applied from 1 July 2018 using the modified approach. No material impact on the financial statements has been recognised as a result of adopting this standard.

During the Group's detailed assessment, the Group concluded there was no significant financing component for revenue generated from contracts with customers.

Wealth Management & SMSF Revenue

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

Accounting & Business Advisory plus Capital Revenue

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

Contract Assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. For goods and services, the Group performs for customers before the customer pays

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consideration or before payment is due, a contract asset is recognised for the earned consideration. The Group's contract assets is from work in progress earned for the Group, and are initially recognised for revenue from services provided to Accounting & Business Advisory as well as Capital clients. Upon completion and acceptance from the customer, there is a reclassification from contract assets (note 11) to trade receivables (note 10).

Disaggregated Revenue

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

(b) Cash and cash equivalent

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

(c) Plant and equipment

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

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

The assets' residual value and useful lives are reviewed and adjusted as appropriate at the end of the reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included within the profit or loss.

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

(d) Leases

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

The total lease expense over the term of the lease will remain the same as the previous lease standard AASB 117, however the timing of the lease expense will change, with a higher portion of the expense being recognised in the earlier years of the lease term. The Group has measured its ROU asset for its current property leases, and the transition between the accounting policies will result in an adjustment in opening retained earnings for FY20. Under this approach no adjustment is required for the comparative years. The adoption of AASB 16 is expected to increase assets by approximately $4.47 million and liabilities by $4.41 million. The difference between the ROU asset and the lease liability will be recognised as an adjustment to the Group's retained earnings as at 1 July 2019.

(e) Intangibles

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration

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2. Basis of preparation of the financial report - continued

transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The Group's goodwill has been allocated between two operating segments (1) Wealth Management & SMSF and; (2) Accounting & Business Advisory plus Capital, and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Expenditure during the research phase is expensed and expenditure incurred in development is recognised as an intangible asset and amortised over the useful life of the asset.

A summary of the policies applied to the Group's intangible assets is as follows:

- Customer relationships – amortised on astraight-line basis over 5-10 years;

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- Development costs – amortised on a straight-line basis over 3-5 years.

(f) Impairment of assets

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

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

(g) Taxes

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

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

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

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax consolidation

The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement where applicable to those companies in the group, to contribute to the income tax payable in proportion to their contribution to net profit before tax of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under the tax funding agreements with the applicable tax consolidated entities are recognised amounts receivable from

2. Basis of preparation of the financial report - continued

or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of the applicable tax consolidated group member, resulting in neither a contribution by the parent entity to that subsidiary nor a distribution by that subsidiary to the parent entity.

(h) Employee benefits

Wages and salaries and annual leave

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

Other long-term employee benefits

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(i) Investments

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

The Group generally deems it has significant influence if it has more than 20% of the voting rights, but does not have control of the entity.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

(j) Financial instruments

Initial recognition and measurement

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

Classification and subsequent measurement

The adoption of AASB 9 has not had a significant impact on the balance sheet or equity on applying the classification and measurement requirements of AASB 9. Trade receivables and Loans are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments

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of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under AASB 9. Therefore, reclassification for these instruments is not required. There has been no change to the valuation of the unquoted equity instruments and is measured at fair value through profit and loss.

Impairment

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

Derecognition

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

(k) Loans to Directors

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

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(m) Comparatives

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

(n) Business combinations

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

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

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.

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2. Basis of preparation of the financial report - continued

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

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

The difference between the acquisition date fair value of identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(o) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(p) Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of dilutive potential ordinary shares.

(q) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(s) Assets held for sale

Assets are classified as held for sale if their carrying

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amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Assets classified as held for sale are not amortised or depreciated. Assets classified as held for sale and any associated liabilities are presented separately from the other assets in the consolidated balance sheet.

(t) Share based payments accounting policy

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

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in profit and loss. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a Black Scholes model, further details of which are given in Note 23.

2.4 New standards, interpretations and amendments

The Group applied for the first time AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below and also within the summary of significant accounting policies section (a) Revenue recognition and (g) Financial instruments.

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

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

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

New accounting standards issued but not effective

Relevant Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

AASB 16 Leases

AASB 16 Leases is applicable for annual reporting periods beginning on or after 1 January 2019. It requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e.,

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2. Basis of preparation of the financial report - continued

the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

3. Significant accounting judgements, estimates and assumptions

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

Consolidation of wealth management entities

Prime has determined it controls certain wealth management entities which it owns 40-50% of the voting shares of. The determination was made due to Prime holding the required Australian Financial Services License, controlling cash flows, providing business development, marketing initiatives and staffing and preparing the financial statements of the entities.

Equity accounted investments

The consolidated entity owns up to 50% of the voting shares in a certain accounting firm and treats this entity as an investment in associates, accounted for under the equity method. The Group determined that it had significant influence but did not control the accounting firms. The determination was made due to Prime not controlling cash flows, not providing business development, marketing initiatives and staffing and not preparing the financial statements of the entities.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group tests its intangible assets and investments accounted for using the equity method for impairment on at least an annual basis using a discounted cash flow (DCF) model. The methodology and key assumptions used to determine the recoverable amount for operating segments and test for impairment are disclosed in Note 15.

Contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Share option valuations

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

Allowance for expected credit losses

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

4. Business combinations and acquisition of non-controlling interests

Eaton Capital Holdings Pty Ltd and CMB Advisory Pty Ltd

In July 2018, Prime acquired the corporate advisory business of Eaton Capital Holdings Pty Ltd ('Eaton') for $200,000. Prime acquired Eaton to obtain a Capital Advisory client list, pipeline of opportunities and staff intellectual property. No tangible assets were acquired, or liabilities assumed as part of the acquisition, whilst the fair value of intangible assets and goodwill acquired were: Customer Rights Intangible Asset of $28,319, an associated deferred tax lability of $7,788 and goodwill of $179,469. All consideration related to the Eaton transaction was paid during the period. The goodwill recognised is primarily attributed to the expected synergies and other benefits that will arise by increasing Prime's Capital business offerings. The goodwill is not deductible for income tax purposes.

In July 2018, Prime acquired the corporate advisory business of CMB Advisory Pty Ltd ('CMB') for $54,752, giving Prime 100% of the voting rights. Prime acquired CMB to obtain an AFSL license for Prime's Capital Advisory services. No tangible assets were acquired, or liabilities assumed as part of the acquisition, whilst no intangible assets were also recognised. Consideration of $31,000 has been paid in relation to the acquisition, whilst the outstanding non-contingent consideration of $23,752 is recognised as a current liability. Prime expects this amount will be paid prior to 30 June 2020.

MXA Financial Planning Pty Ltd

In July 2018 Prime acquired the financial planning business from MXA Financial Planning Pty Ltd (MXA) for $241,188. Prime acquired MXA to obtain a wealth management client list and staff intellectual property as part of building out Prime's Brisbane presence. No tangible assets were acquired, or liabilities assumed as part of the acquisition, whilst the fair value of intangible assets and goodwill acquired were: Customer Rights Intangible Asset of $46,236, an associated deferred tax liability of $12,715 and goodwill of $207,667. The goodwill recognised is primarily attributed to the expected synergies and other benefits that will arise by increasing Prime's Wealth Management business offerings. The goodwill is not deductible for income tax purposes.

Consideration of $90,432 was paid during the period whilst $150,716 of outstanding consideration has been recognised as a liability at 30 June 2019. The outstanding consideration includes contingent consideration of $136,704 and is dependent on meeting certain conditions related to revenue performance in FY21. The contingent consideration is valued with reference to the probability of performance conditions being met, discounted back to present value using a discount rate of 5%. At 30 June 2019 the fair value of the contingent consideration was $136,704.

Munro's Financial Advisors Pty Ltd and related items

In March 2019, Prime acquired the 50% non-controlling interest in Munro's Financial Advisors Pty Ltd for $246,118 with $123,059 of consideration paid up front, $49,224 payable on 1 May 2020 and $73,835 payable on 1 May 2021. This was an equity transaction which decreased non-controlling interests by $1,964 and retained earnings by $244,155. The outstanding consideration includes contingent consideration of $123,059 and is valued with reference to the probability of performance conditions being met, discounted back to present value using a discount rate of 5%. At 30 June 2019 the fair value of the contingent consideration was $114,780.

In April 2019, Prime disposed of certain business assets being the client records, contracts and revenue rights of certain clients on Munro's Financial Advisors Pty Ltd for $492,236 with $344,565 of consideration received upfront, $73,835 due on 1 May 2020 and $73,835 due on 1 May 2021. The transaction resulted in a gain on sale of $35,042 being the consideration receivable less goodwill allocated to the disposal of $457,194. The deferred consideration may be reduced if the actual revenue received by the purchaser is less than the benchmark revenue included in the sale agreement.

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Rundles Financial Planning Pty Ltd, & Rundles Prime Pty Ltd

In April 2019, Prime disposed of its 50% interest in Rundles Prime Pty Ltd (RP), a Melbourne based Accounting Firm, plus the sale of a 10% interest in Rundles Financial Planning Pty Ltd (RFP). These investments were held by Prime Accounting & Wealth Management Pty Ltd (PWM), a Prime subsidiary company set up in conjunction with an Institutional Partner. This transaction completes the divestment of Prime's minority equity interests in Accounting Firms. The total sale proceeds from these transactions are $2,695,313.

The disposal of the interest in Rundles Prime Pty Ltd resulted in a gain on sale of $78,177 calculated as consideration of $2,457,102 less the carrying value of the investment on 30 April 2019 of $2,378,925. The disposal of the interest in Rundles Financial Planning Pty Ltd was an equity transaction which increased non-controlling interests by $42,896 and retained earnings by $195,314. Rundles Financial Planning Pty Ltd continues to be controlled and consolidated by Prime.

Prime Accounting and Wealth Management Pty Ltd

In June 2019, the Group completed the share buyback of PWM. PWM is now a 100% subsidiary of the Group. This completes the wind down of PWM, which had been setup in conjunction with an Institutional Partner to fund the acquisition of minority equity interests in accounting and wealth management firms.

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5. Group information

Information about subsidiaries

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

	Country of Incorporation	2019 % Owned	2018 % Owned
Parent Entity:			
Prime Financial Group Ltd	Australia		
Subsidiaries of Prime Financial Group Ltd continued			
ACN 097 206 874 Pty Ltd	Australia	100	100
Addisons Financial Services Pty Ltd	Australia	100	100
Aintree Group Financial Services Pty Ltd	Australia	50	50
ALS Financial Services Pty Ltd	Australia	50	50
Alternative Asset Investments Pty Ltd	Australia	50	50
Altezza Partners Pty Ltd	Australia	100	100
Altezza Wealth Management Pty Ltd	Australia	100	100
Beksan Pty Ltd	Australia	100	100
Bishop Collins Wealth Management Pty Ltd	Australia	50	50
Brentnalls NSW Financial Services Pty Ltd	Australia	50	50
Bstar Financial Services Pty Ltd	Australia	50	50
Butler Settineri Financial Services Pty Ltd	Australia	70	70
Claremont Financial Planning Pty Ltd	Australia	100	100
CP Financial Planners Pty Ltd	Australia	50	50
Crispin & Jeffery Financial Services Pty Ltd	Australia	50	50
David Hicks and Co Financial Services Pty Ltd	Australia	50	50
DM Financial Planners Pty Ltd	Australia	65	65
ExpertSuper Pty Ltd	Australia	100	-
Kreston Dormers Financial Services Pty Ltd	Australia	40	40
GG Financial Services Pty Ltd	Australia	50	50
Green Taylor Financial Services Pty Ltd	Australia	50	50
Healthfundr Australia Pty Ltd (Deregistered)	Australia	-	100
HF Financial Services Pty Ltd	Australia	100	100
Hughes O’Dea Corredig Financial Services Pty Ltd	Australia	50	50
IMMS Financial Planning Pty Ltd	Australia	50	50
Lenbridge Financial Pty Ltd (Deregistered)	Australia	-	100
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
MPR Accountants & Advisors Pty Ltd	Australia	100	100
MPR Financial Services Pty Ltd (Deregistered)	Australia	-	100
MPR Wealth Management Pty Ltd	Australia	100	100
Munro’s Financial Advisors Pty Ltd	Australia	100	50
MVA Bennett Financial Services Pty Ltd	Australia	50	50
NP Wealth Management Pty Ltd	Australia	100	100
ORD Financial Services Pty Ltd	Australia	100	100
Pacifica Financial Services Pty Ltd	Australia	65	65
Pascoe Partners Financial Services Pty Ltd	Australia	100	100
PFG (NTH QLD) Pty Ltd	Australia	65	65
PFG Employee Share Plan Trust	Australia	100	100
PFG Legal Services Pty Ltd	Australia	75	75

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	Country of Incorporation	2019 % Owned	2018 % Owned
Subsidiaries of Prime Financial Group Ltd continued			
PMK Financial Services Pty Ltd	Australia	100	100
Prime Accounting & Business Advisory Pty Ltd	Australia	100	100
Prime Accounting & Wealth Management Pty Ltd	Australia	100	33
Prime Advisory Group Pty Ltd	Australia	100	100
Prime Corporate Advisory Pty Ltd	Australia	100	-
Prime Corporate Pty Ltd	Australia	100	100
Prime Development Fund Pty Ltd	Australia	100	100
Prime Management Services Pty Ltd	Australia	100	100
Prime Innovation Pty Ltd	Australia	100	100
Primeselect Financial Services Pty Ltd	Australia	100	100
Primestock Capital Pty Ltd (Formerly CMB Advisory Pty Ltd)	Australia	100	-
Primestock CPP Pty Ltd	Australia	100	100
Primestock Finance Group Pty Ltd	Australia	100	100
Primestock Financial Planning Pty Ltd	Australia	100	100
Primestock Financial Services Pty Ltd	Australia	100	100
Primestock Insurance Broking Pty Ltd	Australia	100	100
Primestock Superannuation Services Pty Ltd	Australia	100	100
Primestock Wealth Management Pty Ltd	Australia	100	100
Primestock Securities Ltd	Australia	100	100
Prior & Co Financial Services Pty Ltd	Australia	100	100
PRM Financial Services Pty Ltd	Australia	100	100
Protus Prime Funds Management Limited (Deregistered)	Australia	-	100
Protus Prime Property Group Pty Ltd	Australia	50	50
R & D Tax Consultants Pty LTD	Australia	100	100
RJS Financial Solutions Pty Ltd	Australia	50	50
RMM Financial Services Pty Ltd	Australia	50	50
Rothsay Financial Services Pty Ltd	Australia	50	50
Rundles Financial Planning Pty Ltd	Australia	40	17
Selingers Financial Services Pty Ltd	Australia	50	50
Signum Business Advisors Financial Services Pty Ltd	Australia	50	50
SMSF Corporate Services Pty Ltd	Australia	100	100
SPBS Financial Services Pty Ltd	Australia	50	50
Stanwycks Financial Services Pty Ltd	Australia	50	50
Techfundr Pty Ltd (Deregistered)	Australia	-	100
Vipiana & Associates Financial Services Pty Ltd	Australia	50	50
WM Financial Services Pty Ltd	Australia	50	50

5. Group information - continued

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

2019 Controlled Entities Name	Prime Accounting & Wealth Management Pty Ltd	Rundles Financial Planning Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (Nth Qld) Pty Ltd
Country of incorporation	Australia	Australia	Australia	Australia
Percentage owned by non-controlling interests	0%	60%	50%	35%
Current assets	-	43,634	251,697	354,213
Non-Current assets	-	595,386	421,080	391,396
Current liabilities	-	(145,637)	(103,353)	(212,196)
Non-Current liabilities	-	-	-	-
Net assets	-	493,383	569,424	533,413
Revenue	-	733,426	691,729	888,274
Profit/(loss) before tax	-	409,251	277,143	427,612

2018 Controlled Entities Name	Prime Accounting & Wealth Management Pty Ltd	Rundles Financial Planning Pty Ltd	Green Taylor Financial Services Pty Ltd	PFG (Nth Qld) Pty Ltd
Country of Incoporation	Australia	Australia	Australia	Australia
Percentage owned by non-controlling interests	67%	83%	50%	35%
Current assets	5,513,359	35,308	250,387	430,061
Non-Current assets	3,005,660	326,049	197,412	482,545
Current liabilities	(516,680)	(166,689)	(30,047)	(97,996)
Non-Current liabilities	-	-	-	-
Net assets	8,002,339	194,668	417,752	814,610
Revenue	1,046,977	703,159	701,786	1,005,151
Profit/(loss) before tax	940,188	404,704	279,998	589,954

* On 30 June 2019 the Group completed the share buy-back from an Institutional Partner of the remaining shares in Prime Accounting and Wealth Management Pty Ltd, resulting in the entity becoming a 100% subsidiary of the Group.
** On 30 April 2019 the Group sold 10% of its interest in Rundles Financial Planning Pty Ltd.

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6. Revenue

	2019 $	2018 $
Wealth Management & SMSF revenue	10,260,169	9,940,612
Accounting, Business Advisory plus Capital revenue	10,459,254	9,769,374
Equity accounted profit	493,565	771,360
Other Income	565,714	735,767
Interest income	64,754	57,425
Total revenue from ordinary activities	**21,843,456**	**21,274,538**

7. Expenses

	2019 $	2018 $
Finance Costs		
Financial Liabilities measures at amortised cost		
Interest on bank overdrafts and loans	589,736	502,505
Interest on borrowings – hire purchase and other contracts	25,815	53,927
Total finance costs	**615,551**	**556,432**
Other expenses		
Rental expense on operating leases	1,061,946	933,253
Depreciation and amortisation		
Depreciation	255,509	235,493
Amortisation	886,757	698,580
Employee benefits expense		
Salaries and wages expense	10,562,450	9,629,558
Superannuation expense	828,169	729,512
Other employee expenses	1,151,241	1,050,313
Total employee benefits expense	**12,541,860**	**11,409,383**

Credit Loss Expense

In the year ended 30 June 2019, the Group recognised the following Credit Loss Expenses: $278,828.

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8. Income tax

	2019 $	2018 $
(a) The components of tax expense		
Current tax	572,058	507,146
Deferred tax	(94,123)	(231,403)
Other adjustments	(127,189)	155,163
Total income tax expense	**350,746**	**430,906**
(b) The prima facie tax on profit differs from the Income tax provided in the financial statements as follows:		
Total Profit/(Loss) before income tax	2,577,399	561,638
At the Australian statutory income tax rate of 27.5%	708,785	154,450
Add: Tax effect of:		
Permanent adjustments	(82,534)	121,293
Adjustments in respect of current income tax of previous years and other items	(280,037)	155,163
Other	4,532	-
Income tax expense attributable to ordinary activities	**350,746**	**430,906**

(c) Deferred tax

Deferred tax relates to the following:

	30 June 2019 $	30 June 2018 $
Deferred tax assets/(liabilities)		
Financial liability – share based payments	38,702	181,381
Employee provisions	247,596	257,455
Unrealised losses on investments	116,298	297,109
Losses available for offsetting against future income tax	759,683	319,662
Provision for expected credit losses	22,785	24,325
Intangible Assets – Customer Relationships	(839,433)	(968,037)
Accrued Revenue	(490,954)	(341,160)
Other	57,983	47,712
Net deferred tax liabilities	**(87,340)**	**(181,553)**

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9. Cash and cash equivalents

	30 June 2019 $	30 June 2018 $
Current		
Cash at bank	208,792	878,831
	208,792	**878,831**

10. Trade and other receivables

	30 June 2019 $	30 June 2018 $
Current		
Trade Receivables	2,572,857	3,006,714
Provision for expected credit losses	(82,856)	(88,453)
Total current trade and other receivables	2,490,001	2,918,261
Provision for expected credit losses		
Reconciliation of changes in the provision for expected credit loss		
Balance at beginning of the year	88,453	228,768
Additional expected credit loss provision recognised	278,828	88,453
Provision used	(284,425)	(228,768)
Reversal of impairment	-	-
Balance at end of the year	82,856	88,453
Aged Analysis		
The ageing analysis of receivables is as follows:		
0 - 30 days	1,717,072	2,083,115
31 - 60 days	307,478	13,303
61 - 90 days (past due not impaired)	213,389	162,624
91+ days (past due not impaired)	252,061	659,219
Aged receivables (considered impaired)	82,856	88,453
Total	**2,572,857**	**3,006,714**

Provision for Expected Credit Losses (ECLs)

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

Current trade receivables are generally on 30 days credit terms.

The Group adopted a provision matrix to calculate its ECL and provision for its trade receivables balance at 30 June 2019. The provision rates are based both upon the Group's service line and various customer segment groupings with similar loss patterns. This included Geography (notably Melbourne and Brisbane for the Accounting & Business Advisory service line), product type and customer profile. This generated a historical credit loss experience which was adjusted for in the ECL for the Group. At every reporting date the historical rates used within the Groups provision matrix to calculate the ECL is updated for trade and other receivables.

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

The Group have written-off the uncollectable trade receivables which Prime do not expect to obtain

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from the relevant customers and continue to take this approach at every reporting date. This includes confirmation of non-payment, financial difficulties, credit ratings and/or delinquency of payments. A credit is applied against the profit & loss if an amount is written off.

Please refer to note 11 for commentary on contract assets.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for.

11. Contract assets and other current assets

	30 June 2019 $	30 June 2018 $
Current		
Contract assets	1,785,287	1,195,584
Distributions advanced to non-controlling interests	696,517	1,470,669
Prepayments	60,810	397,068
Deposits held	-	223,364
Other assets	261,248	38,043
Total contract assets and other current assets	**2,803,862**	**3,324,728**

Contract assets

Consistent with the approach for trade and other receivables, the Group applies a simplified approach to recognising expected credit losses for contract assets as the Group do not contain a significant financing component for its trade receivables or contract assets. Contract assets are initially recognised for revenue earned through work in progress, predominantly for accounting and business advisory services as well as the capital advisory service line and monitored on both a monthly and ongoing basis. Upon completion of sale and acceptance by the customer and the provider, invoices are issued to the provider for the amount receivable and reclassified from contract assets to trade receivables. The trade receivable balance represents the Group's unconditional right to receive the cash (note 10).

12. Property, plant and equipment

	Software $	Office equiptment $	Plant and machinery $	Leasehold improvements $	Total $
Cost					
At 1 July 2017	2,003,219	743,919	528,004	483,578	3,758,720
At 30 June 2018	2,003,219	909,677	528,004	483,837	3,924,737
Additions	-	34,304	-	33,383	67,687
At 30 June 2019	2,003,219	943,981	528,004	517,220	3,992,424
Depreciation and impairment					
At 1 July 2017	2,003,219	418,223	528,004	314,584	3,264,030
At 30 June 2018	2,003,219	587,510	528,004	380,790	3,499,523
Depreciation charge for the year	-	182,578	-	72,931	255,509
At 30 June 2019	2,003,219	770,088	528,004	453,721	3,755,032
Net book value					
At 30 June 2019	-	173,893	-	63,499	237,392
At 30 June 2018	-	322,167	-	103,047	425,214

13. Investments accounted for using the equity method

	30 June 2019 $	30 June 2018 $
Investments accounted for using the equity method	-	3,019,982

Investments are held in the following associated companies:

Name	Country of Incorporation	30 June 2019 %	30 June 2018 %
Rundles Prime Pty Ltd	Australia	-	50

On 30 April 2019, the Group disposed of its investment in Rundles Prime Pty Ltd.

At 30 June 2019, the Group's investment in Crispin and Jeffery's SMSF Service Agreement was reclassified from an equity accounted investment to a financial asset during the period as the Group assessed that it did not have significant influence over the company.

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. 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.

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2019	Rundles Prime Pty Ltd	Pacifica Pty Ltd	Other associates	Total
(i) Associates' net profit before income tax	987,143	-	-	987,143
(ii) Associates' revenue	3,682,524	-	-	3,682,524
Balance at the beginning of the financial year	2,365,794	-	654,188	3,019,982
Contributions/(Receipts) to and from existing investments	13,131	-	(38,783)	(25,652)
Impairment of investment	-	-	-	-
Reclassification to financial asset	-	-	(615,405)	(615,405)
Disposal of investment	(2,378,925)	-	-	(2,378,925)
Carrying amount of investments in associates at the end of financial year	-	-	-	-
(iii) Associates' assets and liabilities				
Current assets	-	-	-	-
Non-current assets	-	-	-	-
Current liabilities	-	-	-	-
Non-current liabilities	-	-	-	-
Equity	-	-	-	-
Group's share in equity	-	-	-	-
Goodwill	-	-	-	-
Carrying value of investment	-	-	-	-

2018	Rundles Prime Pty Ltd	Pacifica Pty Ltd	Other associates	Total
(i) Associates' net profit before income tax	874,209	409,198	117,135	1,400,542
(ii) Associates' revenue	4,159,147	3,273,100	117,135	7,549,382
Balance at the beginning of the financial year	2,299,784	2,009,827	3,465,650	7,775,261
Contributions to existing investments	66,010	(122,724)	29,327	(27,387)
Impairment of investment	-	-	(1,087,983)	(1,087,983)
Reclassification to financial asset	-	-	(337,500)	(337,500)
Disposal of investment	-	(1,887,103)	(1,415,306)	(3,302,409)
Carrying amount of investments in associates at the end of financial year	**2,365,794**	**-**	**654,188**	**3,019,982**
(iii) Associates' assets and liabilities				
Current assets	1,641,644	-	-	1,641,644
Non-current assets	4,045,370	-	-	4,045,370
Current liabilities	(316,588)	-	-	(316,588)
Non-current liabilities	(2,357,326)	-	-	(2,357,326)
Equity	3,013,100	-	-	3,013,100
Group's share in equity	1,506,550	-	-	1,506,550
Goodwill	859,244	-	654,188	1,513,432
Carrying value of investment	**2,365,794**	**-**	**654,188**	**3,019,982**

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14. Financial assets

The financial assets at the period end are as follows:

	30 June 2019 $	30 June 2018 $
Loan receivable	995,289	938,459
Investment in BStar Pty Ltd	330,014	337,500
Investment in Crispin & Jeffery – SMSF	615,405	-
Other unquoted equity instruments	306,076	549,992
	2,246,784	**1,825,951**

The loan receivable relates to a loan to Madder Corporate Pty Ltd, a nominee company of Mr P Madder. The loans were provided by the PFG ESP to fund the allocation of 6,224,156 Shares (30 June 2018: 6,224,156 Shares) in Prime. During the year ended 30 June 2019 the interest accrued on the loans was $56,830.

Bstar Pty Ltd and Crispin & Jeffery are classified as Level 3 financial assets and are measured at fair value through profit and loss. The fair value technique used was a capitalisation of earnings approach. The key inputs in this valuation were underlying earnings and the earnings multiple. The fair valuation at 30 June 2019 of Bstar Pty Ltd resulted in a loss of $7,486 for the period.

At 30 June 2018, the Group's investment in Crispin and Jeffery's SMSF Service Agreement was reclassified from an equity accounted investment to a financial asset during the period as the Group assessed that it did not have significant influence over the company.

On 31 May 2019 the Group sold its investment in another unquoted equity instrument for it's carrying value of $249,992. The fair valuation of another unquoted equity instrument at 30 June 2019 resulted in a profit on valuation of $6,076.

15. Intangible assets

	Goodwill $	Customer relationships $	Development costs $	Total $
Cost				
At 1 July 2017	55,673,553	2,962,662	2,464,753	61,100,968
Additions	-	-	422,725	422,725
Acquisition of a subsidiary	-	696,748	-	696,748
Other	(459,729)	656,755	-	197,026
At 30 June 2018	55,213,824	4,316,165	2,887,478	62,417,467
Additions	441,879	74,555	249,352	765,786
Acquisition/(disposal) of a subsidiary	(457,194)	-	-	(457,194)
At 30 June 2019	55,198,509	4,390,720	3,136,830	62,726,059
Amortisation and impairment				
At 1 July 2017	11,293,889	349,613	1,966,435	13,609,937
Amortisation	-	446,419	252,153	698,572
At 30 June 2018	11,293,889	796,032	2,218,588	14,308,509
Amortisation	-	542,205	344,552	886,757
At 30 June 2019	11,293,889	1,338,237	2,563,140	15,195,266

	Goodwill $	Customer relationships $	Development costs $	Total $
Net book value				
At 30 June 2019	43,904,620	3,052,483	573,690	47,530,793
At 30 June 2018	43,919,935	3,520,133	668,890	48,108,958

The Group performed its annual impairment test in June 2018 and June 2019. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. While at 30 June 2019, the market capitalisation was below the book value of its equity, indicating a potential impairment of goodwill, the consolidated entity has performed a detailed impairment assessment and concluded that no impairment is required in the current year (2018: none). As noted, the consolidated entity has considered many factors in determining that no impairment is required.

The Group has two operating segments. One segment relates to Wealth Management and Self-Managed Superannuation (SMSF) and the other to Accounting & Business Advisory plus Capital. Prime determines key assumptions based on the historical and expected future performance of assets that make up the segments. The recoverable amounts of the segment are based on value in use calculations using cash flow projections from financial projections approved by the Board. Prime's determination of cash flow projections are based on past performance and its expectation for the future. The split of goodwill is shown in the table below:

	Goodwill $
Net book value	
Wealth Management & SMSF	23,374,718
Accounting & Business Advisory + Capital	20,529,901
Total Goodwill at 30 June 2019	**43,904,620**

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

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

For the Group, the present value of future cash flows has been calculated using a post-tax discount rate of 11.0% (2018: 11.9%), revenue growth rate between 4.7% to 5.5% (2018: 5.5%), an increase in expenses between -2.5% to 2.5% (2018: 2.5%) and a terminal growth rate of 2.5% (2018: 2.5%).

For the Wealth Management & SMSF segment, the conservative revenue growth rate assumed range was 0.9% to 5.5%, with FY20's lower growth rate reflecting the year-on-year impact from divesting from non-core business such as Munro's Financial Advisors Pty Ltd and the reduction in share of minority equity accounted investments and other income. The expense increase range is from -6.4% to 2.5%, which forecasts a reduction in non-recurring costs experienced in FY19, including sale of assets and acquisition related costs, office closures and relocations, Wealth Management service restructuring and service line repositioning, plus centralised services and corporate office consolidation.

The Accounting & Business Advisory plus Capital segment growth rates range between 8.5% (largely due to the FY19 investment in Capital) and 5.0%. Expense increases range between 1.5 to 2.5% utilising existing capacity and infrastructure.

The Group's discount rate represents the current market assessment of the risks specific to the operating segment, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated

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in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on Prime's assessment of an applicable risk-free rate plus a Prime-specific credit spread. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

The directors have considered the sensitivity of the impairment assessments to a reasonably possible change in the above key assumptions. The following sensitivities would result in an impairment: 14% reduction in expected cash flows; reduction in the revenue growth rate to 3.9%; or increase in the discount rate to 12.4%.

Acquisitions

Eaton Capital Holdings Pty Ltd and CMB Advisory Pty Ltd

On 26 July 2018, Prime acquired the corporate advisory business of Eaton Capital Holdings Pty Ltd (Eaton) for $200,000. Prime acquired Eaton to obtain a Capital Advisory client list, pipeline of opportunities and staff intellectual property. No tangible assets were acquired, or liabilities assumed as part of the acquisition, whilst the fair value of intangible assets and goodwill acquired were: Customer Rights Intangible Asset of $28,319, an associated deferred tax lability of $7,788 and goodwill of $179,469. All consideration related to the Eaton transaction was paid during the period. The goodwill recognised is primarily attributed to the expected synergies and other benefits that will arise by increasing Prime's Capital business offerings. The goodwill is not deductible for income tax purposes.

On 26 July 2018, Prime acquired the corporate advisory business of CMB Advisory Pty Ltd (CMB) for $54,752, giving Prime 100% of the voting rights. Prime acquired CMB to obtain an AFSL license for Prime's Capital Advisory services. No tangible assets were acquired, or liabilities assumed as part of the acquisition, whilst no intangible assets were also recognised. Consideration of $31,000 has been paid in relation to the acquisition, whilst the outstanding non-contingent consideration of $23,752 is recognised as a current liability. Prime expects this amount will be paid prior to 30 June 2020.

MXA Financial Planning Pty Ltd

On 26 July 2018 Prime acquired the financial planning business from MXA Financial Planning Pty Ltd (MXA) for $241,188. Prime acquired MXA to obtain a wealth management client list and staff intellectual property as part of building out Prime's Brisbane Wealth Management presence. No tangible assets were acquired, or liabilities assumed as part of the acquisition, whilst the fair value of intangible assets and goodwill acquired were: Customer Rights Intangible Asset of $46,236, an associated deferred tax liability of $12,715 and goodwill of $207,667. The goodwill recognised is primarily attributed to the expected synergies and other benefits that will arise by increasing Prime's Wealth Management business offerings. The goodwill is not deductible for income tax purposes.

Consideration of $90,331 was paid during the period whilst $150,757 of outstanding consideration has been recognised as a liability at 30 June 2019. The outstanding consideration includes contingent consideration of $150,738 and is dependent on meeting certain conditions related to revenue performance in FY20 and FY21. The contingent consideration is valued with reference to the probability of performance conditions being met, discounted back to present value using a discount rate of 5%. At 30 June 2019 the fair value of the contingent consideration was $136,704.

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16. Payables

	2019 $	2018 $
Trade creditors	897,520	1,004,407
Other creditors and accruals	1,548,393	845,429
GST payable	679,690	1,094,579
	3,125,603	**2,944,415**

17. Provisions

	2019 $	2018 $
Employee Benefits	12,541,860	11,409,383
Annual and Long service leave		
Balance at the beginning of the year	936,202	769,124
Arising during the year	623,576	671,557
Arising from acquisition	-	-
Utilised	(659,430)	(504,479)
Balance at the end of the year	**900,348**	**936,202**

18. Financial liability - shared based payments

The PFG ESP has provided Mr S Madder and eligible employees with the ability to acquire shares in Prime Financial Group Ltd pursuant to a loan scheme. On the basis that Mr S Madder and the employees have the option to require the Company to buy back the shares at the end of the term of the, the awards are accounted for as share options under cash settled share-based payment awards. At 30 June 2019, the financial liability in relation to these share-based payments was $140,733 (30 June 2018: $659,568). Please see note 23 for further details.

19. Capital Management

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

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

In FY19, Prime paid dividends of $1,204,222 (FY18: $1,667,828). The Board's policy for dividend payments is typically a payout ratio of 40-60% of the reported and maintainable earnings.

As at 30 June 2019, the Group met its bank facility 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% - 20%. The gearing ratios based on operations at 30 June 2018 and 30 June 2019 were as follows:

	30 June 2019 $	30 June 2018 $
Borrowings - bank facility	9,325,228	7,978,478
Borrowings - hire purchase and other contracts	316,925	627,427
Less: cash and cash equivalents	(208,792)	(878,831)
Net debt	9,433,361	7,727,074
Total equity attributable to members/shareholders of the parent entity	38,260,704	33,711,689
Total equity attributable to members/shareholders of the parent entity and net debt	47,694,065	41,438,763
Gearing ratio	19.8%	18.6%

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $12,630,000. The agreement expires on 9 July 2020. At the end of the reporting period those facilities have been utilised to the amount of $9,325,228. The unused amount is $3,304,772. The facility is to assist with future investments and for general purposes. At 30 June 2019 the effective interest rate was 3.66% per annum. There is an additional 1.00% line fee for the total facility.

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20. Balance outstanding on acquisition of investments

	30 June 2019 $	30 June 2018 $
Current	1,162,296	1,352,522
Non-current	595,143	557,823
Total	**1,757,439**	**1,910,345**

	30 June 2019 $	30 June 2018 $
Balance at the beginning of the year	**1,910,345**	**2,249,713**
Additions	542,058	-
Settlements	(693,231)	(427,691)
Movement in Fair value	(1,733)	88,323
Balance at the end of the year	**1,757,439**	**1,910,345**

On 14 March 2019, Prime acquired the 50% non-controlling interest in Munro's Financial Advisors Pty Ltd for $246,118 with $123,059 of consideration paid up front, $49,224 payable on 1 May 2020 and $73,835 payable on 1 May 2021. The outstanding consideration includes contingent consideration of $123,059 and is valued with reference to the probability of performance conditions being met, discounted back to present value using a discount rate of 5%. At 30 June 2019 the fair value of the contingent consideration was $114,780. The deferred consideration may be reduced if the actual revenue received by the purchaser is less than the benchmark revenue included in the sale agreement. It is expected that the actual revenue will exceed the benchmark revenue and no adjustment will be required to the deferred consideration.

On 26 July 2018, Prime acquired the corporate advisory business of CMB Advisory Pty Ltd for $54,752, giving Prime 100% of the voting rights. Consideration of $31,000 has been paid in relation to the acquisition, whilst the outstanding non-contingent consideration of $23,752 is recognised as a current liability. Prime expects this amount will be paid prior to 30 June 2020.

On 26 July 2018 Prime acquired the financial planning business from MXA Financial Planning Pty Ltd (MXA) for $241,188. Consideration of $90,331 was paid during the period whilst $150,757 of outstanding consideration has been recognised as a liability at 30 June 2019. The outstanding consideration includes contingent consideration of $150,738 and is dependent on meeting certain conditions related to revenue performance in FY20 and FY21. It is expected that these revenue targets will be met within this timeframe. At 30 June 2019 the fair value of the contingent consideration was $136,704, based on a discount rate of 5%.

On 15 June 2017, Prime acquired 100% of the voting shares of Altezza Partners Pty Ltd. The purchase consideration included contingent consideration dependent on meeting certain conditions in the three-year period to 30 June 2020. At 30 June 2019, the fair value of the contingent consideration was $1,420,921 (30 June 2018: $1,757,823). The maximum contingent consideration payable is $1,800,000. As the acquired company is expected to achieve its performance considerations, the present value of consideration has been calculated as the maximum consideration payable discounted using a rate of 5%.

At 30 June 2019, the outstanding consideration in relation to the purchase of MPR Accountants & Advisors Pty Ltd in FY19 was $61,282 (30 June 2018: $152,522).

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21. Issued capital and reserves

Ordinary shares issued

	Note	30 June 2019 $	30 June 2018 $
Ordinary shares fully paid	(a)	67,948,396	67,948,396
Ordinary share partly paid	(b)	18,860	18,860
Total		**67,967,256**	**67,967,256**

(a) Fully paid ordinary shares carry one vote per share and carry the right to dividends and the proceeds on winding up of the parent entity in proportion to the number of shares issued.

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

Movements in shares on issue

	2019		2018	
	No. of shares	$	No. of shares	$
Beginning of the financial year	**193,032,874**	**67,967,256**	**193,032,874**	**67,967,256**
Issued during the year				
- Shares Issued	-	-	-	-
- Sale of treasury shares from PFG ESP	-	(572,915)	-	-
End of the financial year	**193,032,874**	**67,394,341**	**193,032,874**	**67,967,256**

Treasury shares

	2019		2018	
	No. of shares	$	No. of shares	$
Beginning of the financial year	**22,602,171**	**3,500,291**	**22,602,171**	**3,500,291**
Issued during the year				
- Purchase of treasury shares for the PFG ESP	-	-	-	-
- Sale of treasury shares from PFG ESP	(5,519,643)	(1,065,291)	-	-
End of the financial year	**17,082,528**	**2,435,000**	**22,602,171**	**3,500,291**

Share based payment arrangements

The Group has share based payment arrangements relating to Mr S Madder and certain employees. Refer to Note 23 for further details.

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22. Dividends

	2019 $	2018 $
(a) Dividends paid during the year		
(i) Current year interim - Fully franked dividend of 0.20 cents per share *(2018 Interim: 0.45 cents per share)*	370,308	833,914
(ii) Previous year final - Fully franked dividend of 0.45 cents per share *(2017 Final: 0.45 cents per share)*	833,914	833,914
	1,204,222	1,667,828
(b) Proposed dividend		
Proposed dividend as at the date of this report at 0.20 cents per share *(2018: 0.45 cents per share)* not recognised as a liability		
Proposed dividend payment	372,208	833,914
(c) Franking credit balance		
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits.	4,540,821	4,540,821
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end	(141,482)	(357,392)
	4,399,339	**4,183,429**

23. Share-based payments

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

23a. Types of share-based payment plans

i. Awards to Mr Simon Madder

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

While Mr S Madder's PFG ESP loans are full recourse in nature, the arrangements provide that at any time prior to the expiry of the loans, Mr Simon Madder may require the Trustee to buy back the shares that are the subject of his loans at a price per share that is equal to the greater of:

- 50% of the allocation price;
- the volume weighted average price of a share during the 30 days immediately preceding the date Mr S Madder issues a buy-back notice; and
- an amount determined by an independent expert appointed at the request of Mr S Madder (the identity of whom must be agreed to in writing by the Company) as being the reasonable value of the shares as at the date Mr S Madder issues a buy-back notice.

ii. Awards to Employees

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

The loans have a fixed term and shares are allocated on the basis that they are held by the Trustee. In these circumstances, participants may not deal with the shares that have been allocated to them until the loan amount that is attributable to the shares has been repaid. The loan may be repaid at any time during the loan term.

At the end of the loan term, participants are required to repay an amount equal to the loan balance that is outstanding in respect of the plan shares unless alternative arrangements are entered into with the Trustee. At that time participants may:

- pay the Trustee an amount equal to the amount of the loan that is then outstanding in respect of the plan shares. Upon making this payment the vested plan shares will be transferred to the participant; or
- if a participant elects not to take a transfer of the plan shares or fails to make any election on or before the repayment date then the participant shall be deemed to have agreed to transfer its plan shares back to the Trustee and the Trustee shall either:
  - sell the plan shares; or
  - purchase the vested plan shares for a price equal to the then current market value of the vested plan shares and hold them pending their future allocation under the plan.

The Trustee will accept the transfer of the vested plan shares in full satisfaction of the amount of the loan that remains outstanding. If the net proceeds of the sale or purchase exceed the amount of the loan that is then outstanding in respect of the vested plan shares then the surplus will be remitted to the participant. If the net proceeds of the sale or purchase do not exceed the amount of the loan that is still outstanding in respect of the vested plan shares then no amount will be paid to the participant.

On the basis that the employees have the option to require the Company to settle the arrangements at the end of the term of the loan for the difference between the share price at the time and the outstanding loan balance, the awards are being accounted for as share options under cash settled share-based payment awards.

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

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23. Share-based payments - continued

23b. Recognised share-based payment expenses/benefits

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

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Expense/(benefit) arising from cash-settled share-based payment transactions	(518,835)	(284,393)
Total expense arising from share-based payment transactions	**(518,835)**	**(284,393)**

23c. Movements during the year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year ended 30 June 2019:

	Number	WAEP (cents)	Number	WAEP (cents)
	Year ended 30 June 2019	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2018
Outstanding at 1 July	21,128,833	14.7	11,208,833	15.5
Granted during period	-	-	9,920,000	13.7
Forfeited during period	-4,075,000	14.8	-	-
Exercised during period	-	-	-	-
Expired during period	-	-	-	-
Outstanding at 30 June	17,053,833	15.6	21,128,833	14.7
Exercisable at 30 June	17,053,833	15.6	21,128,833	14.7

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

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23d. Share option valuation model

The fair value of the share options are calculated at each reporting date using the Black-Scholes model. The following table lists key inputs to the models used for the plans at 30 June 2019 and 30 June 2018:

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

At 30 June 2018	Awards to Mr Simon Madder				Awards to Employees		
Grant date	1 May 13	1 May 13	18 Dec 15	21 Dec 16	Jul 17		
Vesting/loan repayment date	2 May 21	2 May 21	2 May 21	2 May 21	33% Jun 18	33% Jun19	33% Jun 20
Expected life of share options (years)	2.84	2.84	2.84	2.84	1.0	1.0	2.0
Exercise price at vesting/ loan repayment date (cents):	25.0	12.6	15.2	14.1	12.8	13.7	14.7
Fair value at reporting date (cents)	2.3	4.7	4.0	4.3	4.4	6.4	6.9
Share price at reporting date (cents)	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Risk-free interest rate	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Expected Volatility	55.71%	55.71%	55.71%	55.71%	53.37%	53.37%	60.25%
Loan interest rate	6.98%	6.98%	6.98%	6.98%	6.98%	6.98%	6.98%

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

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24. Cash flow information

	2019 $	2018 $
Reconciliation of the net profit after tax to the net cash flows from operations		
Net profit	2,226,653	130,732
Non-cash items		
Depreciation	255,509	235,493
Amortisation	886,757	698,580
Impairment	-	1,080,395
Credit Loss Expense	278,828	1,222,458
Interest income on loans	(56,830)	(53,521)
(Profit)/Loss on disposal on investments	(35,042)	689,286
Fair value movement in Financial Assets	1,410	-
Fair value movement in contingent consideration	(1,733)	88,323
Share based payments benefit	(518,835)	(284,393)
Other	(541,146)	(158,851)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	428,260	(551,672)
(Increase)/decrease in other assets excluding amounts advanced to non-controlling interests	(201,126)	(953,179)
Increase/(decrease) in deferred tax liabilities	(145,776)	(468,009)
(Decrease)/increase in payables	(401,711)	866,053
(Decrease)/increase in employee benefit provisions	(35,854)	167,078
(Decrease)/increase in current tax payable	(500,430)	(25,875)
Net cash flows from operating activities	**1,638,934**	**2,682,898**

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

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

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

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

	2019 $	2018 $
Profit/(loss) from continuing operations attributable to members/shareholders of the parent entity:	1,314,777	(1,135,104)

	2019 Thousands	2018 Thousands
Weighted average number of ordinary shares for basic EPS*	170,740	168,356
Effects of dilution from:		
- Share options	24	1,912
Weighted average number of ordinary shares adjusted for the effect of dilution**	170,764	170,268

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

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

26. Expenditure commitments

The Group has entered into operating leases on several rental properties, with lease terms between three and five years.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are, as follows:

	2019 $	2018 $
Within one year	965,775	753,279
After one year but not more than five years	3,830,486	963,318
	4,796,261	**1,716,597**

27. Commitments and contingencies

At 30 June 2018, the Group provided a cross guarantee to Rundles Prime Pty Ltd for $580,000. On 10 May 2019, following the disposal of Rundles Prime Pty Ltd on 30 April 2019, Prime was released from its obligations under this guarantee. Rundles Prime Pty Ltd was an investment accounted for using the equity method.

28. Auditors remuneration

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

	2019 $	2018 $
Amounts received or due and receivable by the auditor for:		
Auditing or reviewing the financial report	154,000	165,000
	154,000	**165,000**

In FY18, Ernst & Young received $5,000 for non-audit services.
There were no non-audit related services provided in FY19.

29. Related party disclosures

Note 5 provides information about the Group's structure, including details of the subsidiaries and the holding company. Note 13 provides details of the Group investments accounted for using the equity method.

Other key related party transactions are as follows:

Share-based payment plans

In 2008, Prime established the PFG ESP. The purpose of the PFG ESP is to provide eligible employees with the ability to acquire shares in Prime Financial Group Ltd pursuant to a loan scheme.
Mr S Madder was awarded shares under the PFG ESP in May 2013, December 2015 and December 2016. The acquisition of shares was funded by loans from the Trustee who administers the plan. The loans, which have four-year terms, are full recourse and supported by a personal guarantee from Mr S Madder plus a General Security Agreement over his related entity. Please see Note 23 for further details.

Director loans

The Group, through the Prime Financial Group Ltd Employee Share Plan (PFG ESP), has provided Mr P Madder (through a nominee Madder Corporate Pty Ltd) full recourse loans to purchase 6,224,156 Shares (2018 6,224,156 Shares) in Prime Financial Group Ltd.

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

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

	Balance of the loans at the beginning of the period	Amounts advance during period	Interest accrued on loans	Loan modification expense	Balance of the loans at the end of the period
At 30 June 2018	884,938	-	53,521	-	938,459
At 30 June 2019	938,459	-	56,830	-	995,289

The loan agreements among other things includes the following terms:

- full recourse loan supported by a General Securities Agreement over Madder Corporate Pty Ltd supported by a personal guarantee from P Madder;
- interest accruing at 0.75% p.a. above the lenders rate as advised by the Trustee from time to time; and
- all loans are repayable on 10 May 2021.

Other transactions with directors

In FY19, interests associated with Mr P Madder received $230,166 (2018: $374,068) for executive services provided to the Company. In FY19 and FY18, the Group provided Wealth Management, Accounting & Business Advisory plus Capital Advisory services to Mr T Carroll and related entities on arms-length terms.

Compensation for key management personnel

	2019 $	2018 $
Short term employment benefits	952,792	1,073,409
Post-employment benefits	38,054	34,781
Other long-term benefits	17,691	13,636
Termination benefits	-	-
	1,008,537	**1,121,826**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period. In FY19, Mr Simon Madder's share options (described above) produced a benefit to profit and loss of $378,290 (FY18: benefit of $487,511). The FY19 benefit/expense is not included in the table above.

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30. Segment information

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

These reportable segments are as follows;

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

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

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

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

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30. Segment information - continued

	Wealth & SMSF $	ABA & Capital $	Corporate $	Consolidated $
2018				
Segment revenue	9,940,611	9,769,374	-	19,709,985
Other Income	735,768	771,360	-	1,507,128
Interest Income	-	-	57,425	57,425
Total Segment Revenue	**10,676,379**	**10,540,734**	**57,425**	**21,274,538**
Deduct				
Segment expenses	(7,175,747)	(7,924,177)	(1,326,402)	(16,426,326)
Segment Profit/(Loss)	3,500,632	2,616,557	(1,268,977)	4,848,212
Depreciation	-	-	(235,493)	(235,493)
Amortisation	-	-	(698,580)	(698,580)
Interest Expense	-	-	(556,432)	(556,432)
Share Based Payment Expense/(Benefit)	-	-	284,393	284,393
Fair value movement on Financial Assets	-	-	(88,323)	(88,323)
Fair value movement on Contingent Consideration	-	-	689,286	689,286
Profit/(Loss) on disposal of investment	-	-	(1,080,395)	(1,080,395)
Expected Credit Losses	-	-	(1,222,458)	(1,222,458)
Reported Profit Before Tax	**3,500,632**	**2,616,557**	**(5,555,551)**	**561,638**
Attributable to:				
Members/Shareholders of the parent entity	2,443,988	1,989,765	(5,555,551)	(1,121,798)
Non-controlling interests	1,056,644	626,792	-	1,683,436
Reported Profit Before Tax	**3,500,632**	**2,616,557**	**(5,555,551)**	**561,638**
Tax	-	-	(430,906)	(430,906)
Reported Profit After Tax	**3,500,632**	**2,616,557**	**(5,986,457)**	**130,732**
Attributable to:				
Members/Shareholders of the parent entity	2,443,988	1,989,765	(5,568,857)	(1,135,104)
Non-controlling interests	1,056,644	626,792	(417,600)	1,265,836
Reported Profit After Tax	**3,500,632**	**2,616,557**	**(5,986,457)**	**130,732**
Segment Assets	30,802,112	27,577,389	1,183,963	59,563,464
Non-Segment Assets				938,461
Total Assets				**60,501,925**
Segment liabilities	(1,311,969)	(3,619,241)	(1,041,304)	(5,972,514)
Non-Segment Liabilities				(14,693,357)
Total Liabilities				**(20,665,871)**
Segment Net Assets	29,490,143	23,958,148	142,659	
Total Net Assets				**39,836,054**

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31. Financial assets and financial liabilities

31a. Financial assets

	30 June 2019 $	30 June 2018 $
Financial assets at fair value through profit and loss		
Unquoted equity instruments	1,251,495	887,492
Financial assets at amortised costs		
Trade and other receivables	2,490,001	2,918,261
Loans to directors	995,289	938,459
Cash and cash equivalents	208,792	878,831
Total financial assets	**4,945,577**	**5,623,043**
Total current	2,698,793	3,797,092
Total non-current	2,246,784	1,825,951

31b. Financial liabilities

	Interest rate %	Maturity	30 June 2019 $	30 June 2018 $
Current interest-bearing loans and borrowings				
Obligations under hire purchase and other contracts	5.9%	30/06/2020	243,501	316,523
Non-Current interest-bearing loans and borrowings				
Obligations under hire purchase contracts	6.0%	15/10/2020	73,424	310,904
Bank facility	4.7%	09/07/2020	9,325,228	7,978,478
Total non-current interest-bearing loans and borrowings			9,398,652	8,289,382
Other financial liabilities				
Payables			3,125,603	2,944,415
Financial liabilities – share based payments			140,733	659,568
Financial liabilities – share buyback commitment			-	4,546,569
Balance outstanding on acquisitions			1,757,439	1,910,345
Total other financial liabilities			5,023,775	10,060,897
Total financial liabilities			14,665,928	18,666,802
Total current financial liabilities			4,531,400	9,160,029
Total non-current financial liabilities			10,134,528	9,506,773
Total financial liabilities			**14,665,928**	**18,666,802**

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Financial liabilities - Share buyback option

During the period Prime's obligation under a forward contract to purchase its own equity instrument (via performing a share buy-back of PWM from the institutional investor) was realised. The financial liability is recognised at a fair value of $4,546,569 as at 30 June 2018. Following the completion of the share buyback of the remaining shares of PWM on 30 June 2019, the share buyback option can no longer be exercised and so no liability is required.

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $12,630,000. The agreement expires on 9 July 2020. At the end of the reporting period those facilities have been utilised to the amount of $9,325,228. The unused amount is $3,304,772. The facility is to assist with future investments and for general purposes. At 30 June 2019 the effective interest rate was 3.66% per annum. There is an additional 1.00% line fee for the total facility.

Please see note 20 for further details of the balance outstanding on acquisition of investments.

31c. Fair values

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

	2019		2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Unquoted equity instruments	1,251,495	1,251,495	887,492	887,492
Loans to directors	995,289	995,289	938,459	938,459
Total	2,246,784	2,246,784	1,825,951	1,825,951
Financial liabilities				
Interest-bearing loans and borrowings				
- Obligations under hire purchase and other contracts	316,925	316,925	627,427	627,427
- Bank facility	9,325,228	9,325,228	7,978,478	7,978,478
Financial liabilities - share based payments	140,733	140,733	659,568	659,568
Financial liabilities - share buyback commitment	-	-	4,546,569	4,546,569
Balance outstanding on acquisitions	1,757,439	1,757,439	1,910,345	1,910,345
Total	**11,540,325**	**11,540,325**	**15,722,387**	**15,722,387**

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

The fair value of financial liabilities relating to share-based payments have been calculated using a Black-Scholes model. Please see note 23 for further details.

Fair value measurement

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

Fair value measurement hierarchy for assets and liabilities:

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

			Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant observable inputs
	Date of valuation	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value:					
Unquoted equity securities	30 June 2018	887,492	-	-	887,492
Liabilities measured at fair value:					
Balance outstanding on acquisitions	30 June 2018	1,910,345	-	-	1,910,345

Unquoted equity securities

	30 June 2019 $	30 June 2018 $
Balance at the beginning of the year	**887,492**	**-**
Additions	615,405	887,492
Settlements	(249,992)	-
Movement in Fair value	(1,410)	-
Balance at the end of the year	**1,251,495**	**887,492**

Unquoted equity securities in BStar Pty Ltd

Bstar Pty Ltd is classified as a Level 3 financial asset and is measured at fair value through profit and loss. The fair value technique used to value this asset is a capitalisation of earnings approach. The key inputs in this valuation were the underlying earnings and the earnings multiple. The earnings multiple used in the valuation at 30 June 2019 was 4.5 times. A 10% increase (decrease) in the earnings multiple or underlying earnings would result in an increase (decrease) in fair value of $33,000.

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Unquoted equity securities – financial services sector

The fair value of unquoted equity securities – financial services sector consists of an investment purchased in FY18. The asset is measured based on the Board's assessment of the latest valuation information prepared by the companies for the purposes of capital raising. Unquoted equity securities – financial services sector are classified as a Level 3 financial assets and are measured at fair value through profit and loss. A 10% increase (decrease) in the valuation of these securities would result in an increase (decrease) in fair value of $30,608.

Unquoted equity securities - Investible Holdings Pty Ltd and Crispin and Jeffery's SMSF Service Agreement

During 2019, a financial asset in Investible Holdings Pty Ltd, was sold and realised for its carrying value. At 30 June 2018, the Group's investment in Crispin and Jeffery's SMSF Service Agreement was reclassified from an equity accounted investment to a financial asset during the period as the Group assessed that it did not have significant influence over the company. The earnings multiple used in the valuation at 30 June 2019 was 5.5 times. A 10% increase (decrease) in the earnings multiple or underlying earnings would result in an increase (decrease) in fair value of $63,000.

Balance outstanding on acquisitions

Please see note 20 for details of the balance outstanding on acquisition of investments.

31d. Financial instruments risk management objectives and policies

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank facility which has a floating interest rate. The Group monitors interest rates to assess the impact of changes in interest rates.
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on Group/(loss) before tax
2019	
0.50% increase in interest rates	(48,211)
0.50% decrease in interest rates	48,211
2018	
0.50% increase in interest rates	(43,030)
0.50% decrease in interest rates	43,030

Equity risk

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

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Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. Credit risk is managed primarily by monitoring receivables and the credit ratings of relevant banks and financial institutions. The credit risk relating to the loan to directors was assessed by the Board when the related loans were entered.

Liquidity risk

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

Excessive risk concentration

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

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

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

31. Financial assets and financial liabilities - continued

Years ended 30 June 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	69,922	246,600	8,289,383	-	**8,605,905**
Contingent consideration	-	1,222,196	69,044	619,105	-	**1,910,345**
Financial liabilities - share based payments	-	-	-	659,568	-	**659,568**
Financial liabilities - share buyback commitment	-	-	4,546,569	-	-	**4,546,569**
Trade and other payables	2,944,415	-	-	-	-	**2,944,415**
	2,944,415	1,292,118	4,862,213	9,568,056	-	**18,666,802**

	1 July 2018	Cash flows	Changes in fair values	Other	30 June 2019
Bank facility	-	69,922	179,418	9,402,789	-
Obligations under hire purchase and other contracts	-	1,222,196	1,255,066	478,553	-
Total liabilities from financing activities	2,944,415	1,292,118	4,862,213	9,568,056	-

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32. Parent entity disclosures

	30 June 2019 $	30 June 2018 $
(a) Statement of financial position		
Current assets	13,673,789	11,712,200
Non-current assets	38,638,273	39,409,034
Total assets	52,312,063	51,121,234
Current liabilities	7,911,700	8,045,653
Non-current liabilities	-	-
Total liabilities	7,911,700	8,045,653
Net assets	44,400,363	43,075,581
Contributed equity	64,959,341	64,466,965
Accumulated losses	(20,558,978)	(21,391,384)
Total equity	44,400,363	43,075,581
(b) Statement of profit or loss and other comprehensive income		
Loss for the year	(295,706)	(841,195)
Other comprehensive income	-	-
Total comprehensive income	(295,706)	(841,195)

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.

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33. Correction of prior period error

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Amounts reported as comparative information have changed as a result of an adjustment in the accounting of a put option related to Prime's obligation to purchase its own equity instrument (via performing a share buy-back of PWM from the institutional investor). The financial liability is recognised at a fair value of $4,546,569 as at 30 June 2018. Following the completion of the share buyback of the remaining shares of PWM on 30 June 2019, the share buyback option can no longer be exercised and so no liability is required.

	30 June 2018 $	Change $	Restated 30 June 2018 $
Current liabilities			
Financial liability – Share buyback commitment	-	4,546,569	4,546,569
Segment expenses	-	4,546,569	4,546,569
Equity			
Contributed equity	67,967,256	-	67,967,256
Treasury shares	(3,500,291)	-	(3,500,291)
Put option reserve	-	(4,546,569)	(4,546,569)
Equity attributable to equity holders of the parent	38,258,258	(4,546,569)	33,711,689
Non-controlling interests	6,124,365	-	6,124,365
Total equity	**44,382,623**	**(4,546,569)**	**39,836,054**

34. Significant events after balance date

On 29 August 2019, the directors of Prime Financial Group Ltd declared a final dividend on ordinary shares in respect of the FY19 financial year. The total amount of the dividend is $370,308 which represents a fully franked dividend of 0.20 cents per share. The dividend has not been provided for in the 30 June 2019 financial statements.

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

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Directors' Declaration

1. The Financial Statements and Notes, as set out on pages 25 to 76, 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 2019 and of the performance for the year ended on that date of the consolidated group; and
   (c) the attached financial statements are in compliance with international Financial Reporting Standards, as stated in Note 2 to the financial statements.

2. The Managing Director and Chief Executive Officer, and Company Secretary have each declared that:
   (a) The financial records of the company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
   (b) The Financial Statements and Notes for the financial year comply with the Accounting Standards; and
   (c) The Financial Statements and Notes for the financial year give a true and fair view.

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

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

Tim Carroll	**Simon Madder**
Interim Chairman	Managing Director & CEO

Melbourne
Date: 30 August 2019

Independent Auditor's Report

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Prime Financial Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

Key Audit Matters

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

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

Impairment assessment of goodwill

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

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 21 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Prime Financial Group Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

T M Dring
Partner
Melbourne
30 August 2019

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ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is presented below. This information is current as at 27 August 2019.

(a) Distribution of equity securities

Ordinary share capital – 190,937,314 fully paid ordinary shares are held by 894 individual shareholders. The number of shareholders, by size of holding, in each class of share are:

	Ordinary Shares	
Category (size of holding)	No. of holders	No. of shares
1 - 1,000	51	23,383
1,001 - 5,000	137	428,013
5,001 - 10,000	149	1,191,427
10,001 - 100,000	361	14,540,082
100,001 over	196	174,754,409
Total	894	190,937,314

(b) Twenty largest shareholders

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

		Listed Ordinary Shares	
	Name	Number of shares	% of ordinary shares
1	DOMAIN INVESTMENT (MELBOURNE) PTY LTD	19,888,478	10.42
2	ASCENSION BUSINESS INVESTMENTS PTY LTD <ASCENSION BUSINESS INV A/C>	13,628,571	7.14
3	SONNING ROAD PTY LTD <PSB SUPERANNUATION FUND A/C>	7,817,142	4.09
4	GOGORM SUPER PTY LTD <GOGORM SUPER FUND A/C>	6,139,113	3.22
5	WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C>	5,900,000	3.09
6	PFG EMPLOYEE SHARE PLAN PTY LTD	5,874,455	3.08
7	CULVERWOOD SUPERANNUATION PTY LTD <CULVERWOOD A/C>	4,342,200	2.27
8	MS CHEN ZHANG	4,202,853	2.20
9	NSR INVESTMENTS PTY LTD <NSR SUPER FUND A/C>	4,107,000	2.15
10	BROWN EYE PTY LTD	3,726,166	1.95
11	COMMON SENSE INVESTMENTS PTY LTD	3,650,747	1.91
12	DRAKEVALE PTY LTD <JOANNE&PETER KENNEDY S/F A/C>	3,337,296	1.75
13	MR SIMMON MADDER	3,135,932	1.64

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	Name	Listed Ordinary Shares	
		Number of shares	% of ordinary shares
14	SOMACO PTY LTD <THE S & M COHEN FAMILY A/C>	3,000,000	1.57
15	MR PETER WATSON	2,700,000	1.41
16	MR WILLIAM MARK OLSEN + MRS JANET THERESE OLSEN	2,635,000	1.38
17	FENNING COURT PTY LTD <SCOBLE FAMILY A/C>	2,475,000	1.30
18	DOMAIN INVESTMENT (MELBOURNE) PTY LTD	2,443,593	1.28
19	THE GENUINE SNAKE OIL COMPANY PTY LTD <MORSON GROUP SUPER FUND A/C>	2,200,000	1.15
20	MR PAUL SAMUEL COWAN + MRS BELINDA CAROLINE COWAN< PS COWAN SUPER FUND A/C>	2,180,571	1.14

(c) Voting rights

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

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Corporate Information

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S. Madder, Managing Director & CEO

P. Madder, Executive Director

Company Secretary

D. Gaskell-Kharsas

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Bankers

Westpac Banking Corporation

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