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

Reporting Period

Reporting Period	
Current reporting period	Year ended 30 June 2018
Previous corresponding reporting period	Year ended 30 June 2017

Results for Announcement to the Market

Results for announcement to the market			
Revenue from ordinary activities	up	11% to	21,274,538
Profit (loss) from ordinary activities after tax attributable to members	down	139% to	(1,135,104)
Net profit (loss) for the period attributable to members	down	139% to	(1,135,104)
Dividends		**Amount per security**	**Franked amount per security**
Interim dividend		0.45 cents	0.45 cents
Final dividend		0.45 cents	0.45 cents
Total dividend		0.90 cents	0.90 cents
Record date for determining entitlements to Final dividend			28 September 2018
Payment date for Final dividend			1 November 2018

Results were extracted from the Financial Statements for the year ended 30 June 2018 which was audited by Ernst & Young.

Commentary on the results for the year ended 30 June 2018 is included in the Directors' Report section of the Annual Report for the year ended 30 June 2018.

Net Tangible Assets Per Security

	30 June 2018	30 June 2017 * Restated
Net tangible asset backing per ordinary security	(1.93) cents	0.03 cents

* Certain amounts shown here do not correspond to the FY17 Annual Report and reflect adjustments made, refer to Note 33 of the FY18 Annual Report.

Dividends

Dividends		
Dividends	**Date of Payment**	**Total amount of dividend**
Interim dividend –Year ended 30 June 2018	27 April 2018	0.45 cents
Final dividend –Year ended 30 June 2018	1 November 2018	0.45 cents
Amount per security	**Amount per security**	**Franked amount per security at % tax**
Current Year	0.90 cents	100%
Previous Year	0.85 cents	100%
Total dividend on all securities	**2018 $A'000**	**2017 $A'000**
Ordinary Securities	1,668	1,552
Total	**1,668**	**1,552**

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.

Details of Associates and Joint Venture Entitles

Name of Associates		
Name of associate	**30 June 2018 % Securities held**	**30 June 2017 % Securities held**
Rundles Prime Pty Ltd	50%	50%
Pacifica Pty Ltd	0%	35%
BStar Pty Ltd	0%	15%

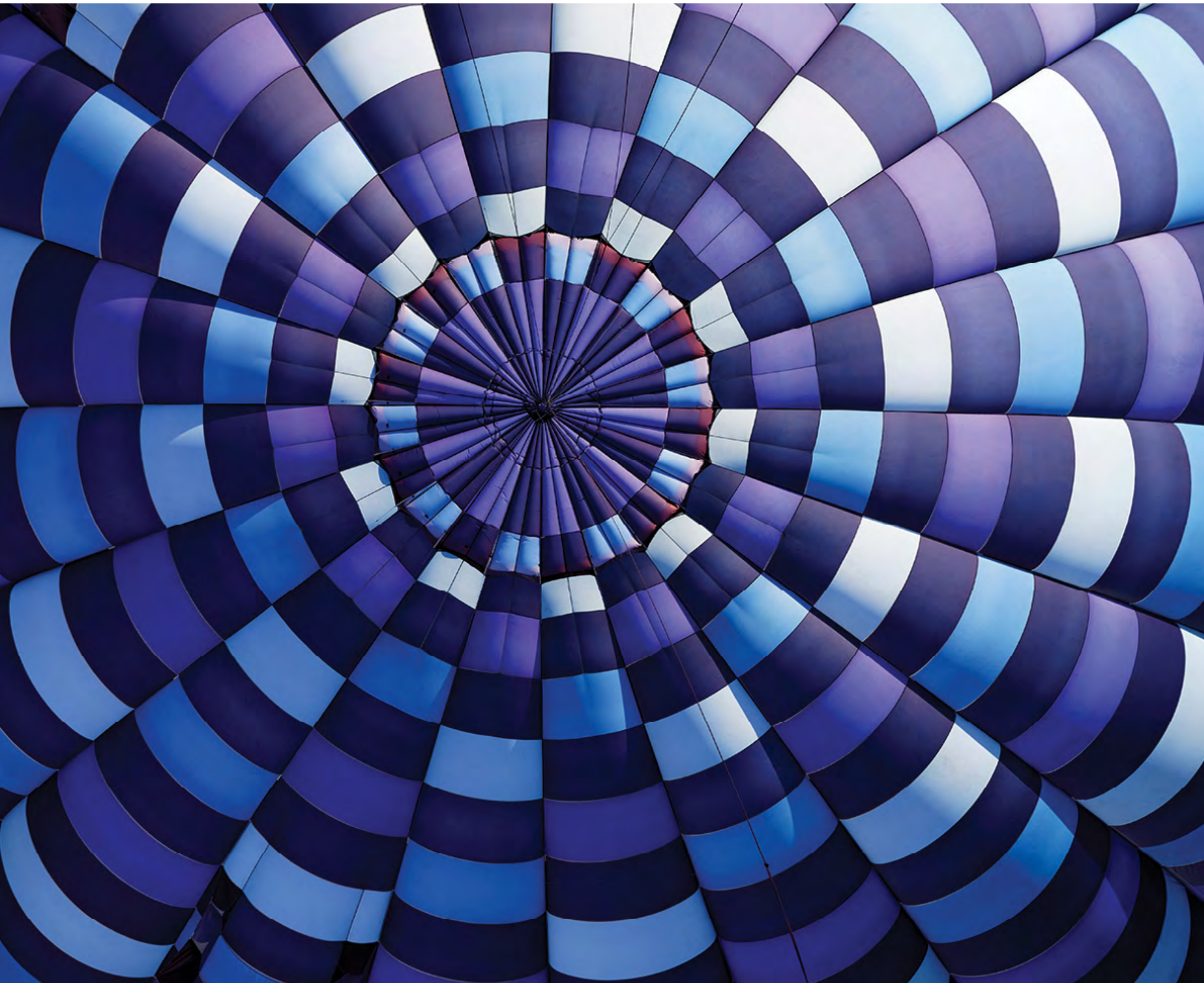
At 31 December 2017, BStar Pty Ltd was reclassified from an equity accounted investment to a financial asset during the period as the Group assessed that it did not have significant influence over the company. As a result, BStar Pty Ltd is not classified as an associate at 30 June 2018.

On 29 June 2018, the Group disposed of its investment in Pacifica Pty Ltd.

Aggregate Share of Profits (losses) of Associates and Joint Venture Entities

Aggregate share of profits (losses) of associates	Year ended 30 June 2018	Year ended 30 June 2017
Profit (loss) from ordinary activities before tax	771,360	974,370
Income tax on ordinary activities	(231,408)	(292,311)
Profit (loss) from ordinary activities after tax	539,952	682,059

Prime



Prime Financial Group Ltd

Annual Report

For The Year Ended 30 June 2018

Aspire | Innovate | Grow

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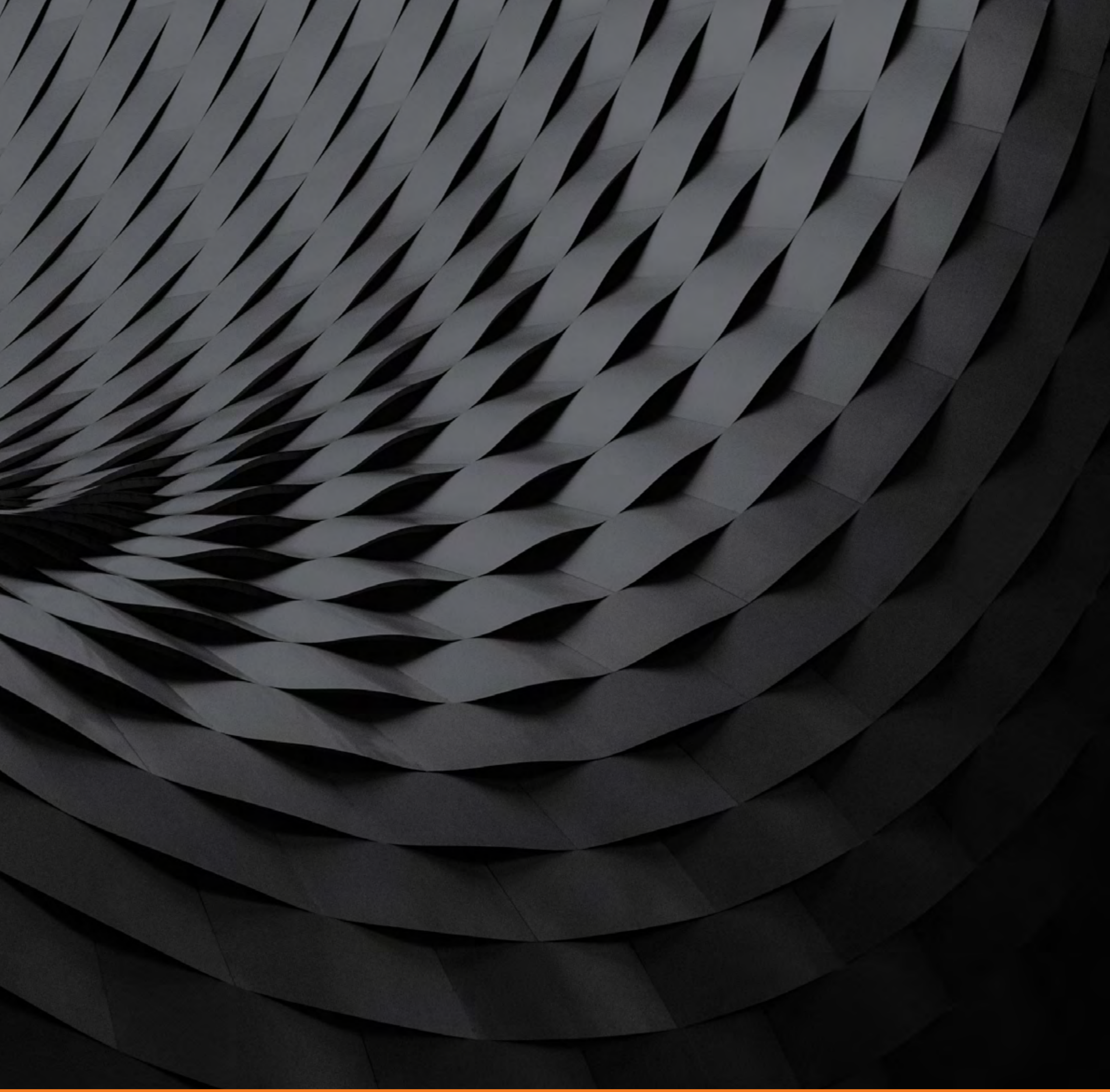


Prime Financial Group

Prime is an Integrated Accounting & Business Advisory, Wealth Management and Capital Advisory firm that operates a direct client advice model and partnership model with Accounting and Advisory firms. Prime's goal is for clients to receive complete Accounting, Wealth Management and Capital Advice.

Managing Director/CEO & Chairman's Message

Dear Shareholders,

In the year ended 30 June 2018 (FY18), the management team made significant progress to reposition Prime as a full-service professional services firm and to build out the Company's Accounting & Business Advisory, Wealth Management and Capital capabilities.

Our goal has consistently been to deliver a complete service offering that encompasses our three service areas to provide clients with a seamless and high-quality experience.

Strategic Repositioning to Deliver Enhanced Client Experience

Historically, Prime's Wealth Management services were delivered directly and through Joint Ventures with Accounting Firms, whilst Accounting & Business Advisory services were delivered through minority equity investments in Accounting Firms. Although previously a successful business model, a strategic review in FY17 identified the need for Prime to provide greater influence and control over Prime's entire service offering and ensure a consistent, high quality, seamless service was being delivered across all three lines of business.

To do this, we needed to move to a model where all three services were controlled and operated under the Prime brand, by Prime people that have an ownership in the firm and share a consistent vision under Prime's 'One Connected' business plan and strategy.

This was a material shift, which has seen Prime divest minority interests in Accounting Firms and invest in existing relationships with its joint venture partners and for Prime, to develop capabilities that extend past Wealth Management to specific Business Advisory skills including across Capital and Corporate Advisory.

Furthermore, Prime continues to leverage the strong alignment between the strategic goals of the Company's management team and its owners, to deliver on its 'One Connected' strategy, with over 40% of Prime currently owned by staff and associates.

Divestments & Acquisitions, Investment in Infrastructure & Services and Alignment

The last two years have been busy, difficult, exciting, challenging and have required commitment from both the long-standing team, new team members and shareholders.

Prime has made a number of important decisions during this transition period, which has seen it exit minority equity interests in Accounting & Business Advisory (in favour of its own 100% owned Accounting & Business Advisory division), acquire and integrate new businesses to provide additional scale and establish a new Capital division for additional client services. At the same time, management has invested in its new business model and existing capabilities, which since 30 June 2016, has resulted in:

- 150% increase in team members from 35 to over 90;
- 54% increase in revenue;
- A decrease in minority equity Accounting Firm investments from 10 to 2; and
- The 100% acquisition of four businesses, which are at various stages of integration (majority complete).

To support the Company's strategic repositioning, expanded professional team and the development of additional capabilities, Prime has further invested in the infrastructure that supports our team, including in Finance and IT and appointed Ernst & Young as its auditor.

The changes made over the past two years have been necessary and leave Prime well positioned for earnings growth and margin improvement in FY19 and beyond as we continue to scale and acquire more firms to become the integrated advice firm of the future.

Strategic Repositioning 90% Complete

Our two-year plans to reposition the Prime business are 90% complete, with only two minority equity investments in Accounting Firms remaining as at 30 June 2018. Over the last 12 months, Prime invested in Finance & IT resources to support its accelerated business expansion and future earnings growth. We continue to actively engage with our Accounting Firm Joint Venture partners as we work alongside them to provide an enhanced client experience for Wealth Management and other services.

The Future

With the right infrastructure in place, strategic plans being executed and the pipeline of opportunities to scale continuing to be built, Prime is well positioned to leverage its strategic investment to drive strong growth from its expanded service offering and improved client experience. In the current environment of significant industry change, where sub-scale businesses will struggle to compete, the management team is confident that value from the two years of investment to reposition the business will be realised.

From here and into FY19, FY20 and FY21 Prime will focus on:

- Expanding our capabilities in our core hub locations of Melbourne, Sydney and Brisbane;
- Growing our commercial footprint to drive revenue growth and improve financial performance;
- Acquiring and successfully integrating additional businesses under the Prime brand and infrastructure;
- Leveraging the investment in Finance and IT;
- Continuing to improve our client service and the performance of the team; and
- Addressing the inevitable challenges that come with the existing advice environment.

We are ambitious and conscious of the importance of improving performance but most importantly, we are confident that we can execute on our strategic plans to deliver a better outcome for all stakeholders.

We would like to thank our clients, partners, shareholders and team members for their participation in this growth plan for the future and look forward to a successful FY19 and beyond.

Paul Cowan
Chairman

Simon Madder
Managing Director & CEO

Directors' Report

The directors submit their report for the year ended 30 June 2018 together with the consolidated financial statements of Prime Financial Group Ltd ('Prime' or 'the Company') and the entities it controlled ('the Group') at the end of, or during, the year ended 30 June 2018, 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 Paul Cowan **B.Ec, CA**
Independent Non-Executive Chairman
(Appointed as Director 12 November 2015,
Appointed as Chairman 15 November 2016).

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 is the 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,
Resigned as Chief Financial Officer (CFO)
on 2 March 2018).

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 Tim Carroll
Independent Non-Executive Director
(Appointed 27 November 2015).

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 a member of the Remuneration and Nomination Committees.

Company Secretary

Mr Simon Munday **B.Sc, CA**
Company Secretary & Chief Financial Officer
(Appointed as Company Secretary 6 December 2017, Appointed as CFO 2 March 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 nine 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 **B.Bus, CA**
Company Secretary
(Appointed 27 November 2015,
Resigned 6 December 2017).

Mr Gaskell 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

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

	Ordinary Shares	Options over shares
Mr P Cowan	2,120,000	-
Mr S Madder*	27,743,609	-
Mr P Madder**	9,695,560	-
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 0.45 cents per ordinary share, bringing the total dividends declared in respect of the 12 months to 30 June 2018 to 0.90 cents per ordinary share. This compares to total dividends declared in respect of the prior twelve-month period of 0.85 cents per ordinary share, a 6% increase.

Principal Activities

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

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

Operating & Financial Review

What We Do – Revenue by Service

Wealth Managment

- Financial & Retirement Planning
- Investment Advice
- Separately Managed Accounts (SMAs)
- SMSF
- Life Insurance

Wealth Managment

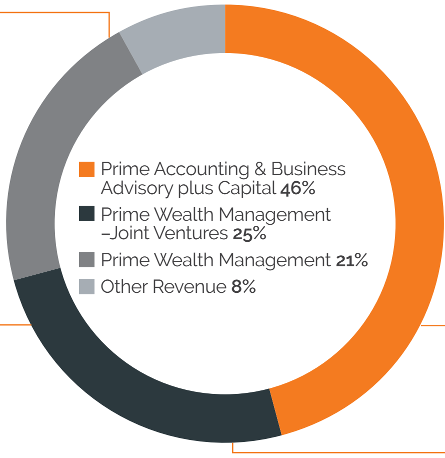
- Prime employees liaise directly with clients under the Prime brand

Wealth Managment – Joint Ventures

- 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 firm

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

- 80% of total revenue is generated from existing customers



Accounting & Business Advisory plus Capital

Traditional Accounting

- Accounting and Tax Compliance
- Virtual CFO services

Advisory Services

- SME Advisory
- Government Grants – R&D, EMDG and Accelerated Commercialisation
- Innovation & Commercialisation

Capital Advisory

- Corporate Advisory
- Mergers & Acquisitions
- Capital Raising

Other Revenue

- Two minority firm investments (equity accounted)
- Other revenue

Our Strategy

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

Strategic Plan		
Purpose	Advise investors, business owners and entrepreneurs on realising their aspirations, protecting and growing their wealth and accessing capital.	
Goal	To be the leading integrated advice firm of the future.	
How	Helping our clients and business partners access advice, services, grants, networks, education, expertise and capital.	
Area	**Strategic Objective**	**FY19 Key Priorities**
Customer	Provide clients with advice, growth opportunities and wealth management services.	**Organic Growth** • Improve and growth partnerships, proactive client advice and a total client service.
Financial	Target double digit earnings growth, scale revenue to $50 million and FUM to $3 billion.	**Acquisitions & Integration** • Make further acquisitions in core locations • Integrate and leverage corporate advisory acquisitions made in July 2018 (Eaton Partners and CMB)
People	Build a team that adds value to clients through proactive, goal oriented advice.	**People & Culture** • Further develop and empower our people to confidently advise our clients and engage with prospects – client service is a priority.
Technology	Invest in the future by utilising data and technology to improve our clients' experience and deliver Prime's business strategy.	**Systems & Efficiency** • System enhancement plus automation to increase efficiency, reduce cost to income ratio and further our client experience. • Leverage the investment in Finance & IT infrastructure to improve ROI on acquisitions.

Statutory Profitability

In the year ended 30 June 2018 ('FY18'), Prime's revenue increased by $2.2 million (11%) to $21.3 million. The increase in revenue was mainly driven by the impact of the acquisition of Altezza Partners Pty Ltd as well as robust wealth management organic growth.

In FY18, Prime generated a loss before tax for members of the parent entity of $1.1 million (Group: $0.6 million profit before tax) and the loss after tax for members of the parent entity was $1.1 million (Group: $0.1 million profit). The main driver of the loss for members of the parent entity was combined impairment losses and net losses on disposal of investments of $3.0 million. These items are non-cash items and are not expected to recur in future years.

Underlying Profitability

In this report, certain non-IFRS information, such as EBIT and EBITDA is used. This non-IFRS information is not audited.

Underlying EBITDA is a key measure used by management and the Board to assess and review business performance. Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation adjusted to exclude the following items:

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

The following table provides a reconciliation between statutory net profit after tax and Underlying EBITDA for the years ended 30 June 2017 and 30 June 2018.

	Year Ended 30 June 2018 $	Year Ended 30 June 2017 $
Profit after tax from operations (Group)	130,732	4,081,794
Add: Tax expense	430,906	46,325
Add: Interest expense/(income)	502,910	334,617
EBIT*	1,064,548	4,462,736
Add: Depreciation	235,493	121,540
Add: Amortisation	698,580	349,612
EBITDA**	**1,998,621**	**4,933,888**
Adjustments:		
Business acquisition costs, restructuring costs and non-recurring professional fees	660,270	86,049
Share based payment expenses/(benefit)	(284,393)	811,880
Fair value adjustment on contingent consideration	88,323	-
Loss on disposal of investments	689,286	-
Loan modification expense	-	392,960
Impairment losses	2,302,853	-
Underlying EBITDA**	**5,454,960**	**6,224,777**
Underlying EBITDA attributable to members	**3,771,524**	**4,630,911**

* *EBIT is defined as earnings before interest and tax*

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

Review of Financial Condition

In FY18, the Group generated a net cash inflow of $0.3 million consisting of cash flow from operating activities of $2.7 million partly offset by cash outflows from investing activities of $0.7 million and cash outflows from financing activities of $1.7 million.

At 30 June 2018, the Group's net debt, calculated as borrowings less cash and cash equivalents, was $7.7 million (30 June 2017: $8.0 million).

Significant Changes In The State Of Affairs

Divestments and Acquisitions

In FY18, Prime continued to implement its strategy to focus on its wholly owned operations and wealth management joint ventures and divest minority equity interests in accounting firms. The delivery of this strategy included the following transactions:

Pacifica Pty Ltd, PFG (NTH QLD) Pty Ltd and Prime Accounting & Wealth Management Pty Ltd

The following related transactions were announced on 2 July 2018 and resulted in a small net cash inflow for Prime:

- Disposal of Minority Equity Interest in Pacifica Pty Ltd – on 29 June 2018, Prime disposed of its 35% equity interest in Pacifica Pty Ltd (Pacifica), a Cairns based accounting firm. There was a gain on sale of $59,645.
- Increased Ownership in Wealth Management Joint Venture – on 29 June 2018, Prime increased its ownership in PFG (Nth Qld) Pty Ltd, the wealth management joint venture with Pacifica, from 22% to 65% and entered into a new 10-year wealth management agreement with Pacifica.
- Continued Process to Wind Down 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. In August 2018, Prime expects to complete the buy-back of 30% of the Institution's equity.

MPR Strategic Wealth Pty Ltd

On 7 June 2018, Prime disposed of its 50% equity accounted investment in MPR Strategic Wealth Pty Ltd for $80,000. The transaction produced a gain on sale of $24,173.

NP Wealth Management Pty Ltd and related transaction

In October 2017, the Group disposed of its rights to revenue from services provided to certain SMSF clients. This investment was accounted for as an equity accounted investment. As part of the same transaction, the Group purchased 50% of the ordinary share capital in NP Wealth Management Pty Ltd (formerly Nexia Perth Financial Planning Pty Ltd), a wealth management joint venture in which the Group already owned 50% of the ordinary share capital. The net proceeds from the transaction were $200,000. The proceeds from the disposal of the equity accounted investment were calculated as $586,369. This resulted in the loss on the disposal of the related equity accounted investment of $773,104. The consideration for the purchase of 50% of the ordinary share capital in NP Wealth Management Pty Ltd was calculated as $386,369.

Employee Share Plan Accounting, Prior Period Restatements and FY18 Impairments

In FY18, Prime made an investment in its finance function and, in January 2018, appointed Ernst & Young as its auditor. The benefits of these changes included an increased level of scrutiny and governance in financial reporting, a stronger focus on data analytics and business intelligence and enhanced systems. The increased scrutiny resulted in certain prior period restatements and impairments in the year ended 30 June 2018. In aggregate the prior period restatements increased profit after tax for the year ended 30 June 2017 by $325,666 and increased net assets at 30 June 2016 and 30 June 2017 by $943,992 and $1,654,050 respectively. These adjustments are not expected to recur and provide a more robust baseline for growth.

Prime's previous auditors, William Buck Audit (Vic) Pty Ltd, issued a Disclaimer of Opinion Audit Report on Prime's FY17 Annual Report. The disclaimer was limited to queries in relation to the accounting for the Prime Financial Group Employee Share Plan ('PFG ESP'). The prior period adjustments referenced above include adjustments in relation to the accounting for the PFG ESP. These PFG ESP related restatements resulted in net assets increasing at 30 June 2016 and 30 June 2017 and a reduction in profit in FY17. The adjustments are substantially non-cash items. Please see Notes 23 and 33 of the Financial Report for further details.

Significant Events After The Balance Date

In July 2018, Prime acquired the corporate advisory businesses of Eaton Capital Holdings Pty Ltd ('Eaton') and CMB Advisory Pty Ltd ('CMB'). The transactions are expected to double the size of Prime's corporate advisory business and further adds to core hubs capability in Melbourne, Sydney and Brisbane. Upfront consideration of approximately $250k will be paid for the businesses, with the majority of the consideration deferred and subject to revenue performance in FY19 and FY20.

On 29 August 2018, the directors of Prime Financial Group Ltd declared a final dividend on ordinary shares in respect of the FY18 financial year. The total amount of the dividend is $833,914 which represents a fully franked dividend of 0.45 cents per share. The dividend has not been provided for in the 30 June 2018 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.

Likely Developments And Expected Results Of Operations

Prime will continue to pursue its strategy of creating shareholder value through organic growth and acquisition opportunities. Further commentary on Prime's strategy is 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.

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 Prime Financial Group Ltd.

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 P Cowan	10	10	3	3
Mr S Madder	10	10	3	3
Mr P Madder	10	10	3	3
Mr T Carroll	10	9	-	-

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 (http://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 37% (2017: 36%), the proportion of females in senior management positions at present is 33% (2017: 44%) and there are no females on the board. A full copy of Prime's Diversity Policy can be found on Prime's website (http://www.primefinancial.com.au/shareholders/corporate-governance).

Change of Auditor

On 19 January 2018, Ernst & Young was appointed as auditor of Prime Financial Group Ltd at an Extraordinary General Meeting. Ernst & Young replaced William Buck Audit (Vic) Pty Ltd who was removed as auditor.

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 FY18, Ernst & Young received $5,000 in relation to the provision of non-audit services. The non-audit services related to accounting advice provided prior to Ernst & Young being appointed as auditor of Prime Financial Group Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Remuneration Report

The Directors of Prime Financial Group Ltd present the Remuneration Report for the Company and its controlled entity for the year ended 30 June 2018 (FY18). 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 FY18 were as follows:

- Paul Cowan, Non-executive Director (full financial year);
- Tim Carroll, Non-executive Director (full financial year);
- Simon Madder, Managing Director & CEO (full financial year);
- Peter Madder, Executive Director (full financial year; resigned as Chief Financial Officer 2 March 2018); and
- Simon Munday, Chief Financial Officer (appointed 2 March 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 Financial Group Ltd 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.

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 2018, no rights to shares had been issued under the Performance Rights Plan.

Overview of the 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.

	2018	2017 Restated*	2016	2015	2014
Profit/(loss) attributable to members of the parent entity ($,000's)	(1,135)	2,922	3,602	(20,758)	2,630
Basic earnings per share (cents)	(0.67)	1.81	2.48	(14.09)	1.83
Dividend per share (cents)	0.90	0.85	0.80	0.80	0.80
Share price at the end of the financial year ($)	0.125	0.180	0.100	0.095	0.105

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

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 2018 Financial Year, $140,000 was paid to Non-executive Directors.

The Board will not seek an increase to the aggregate Non-executive Director fee pool limit at the 2018 AGM.

KMP Remuneration for the years ended 30 June 2018 and 30 June 2017

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

Prime

FY17		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	72,500	-	-	-	-	-	-	72,500	-
Mr T Carroll	60,000	-	-	-	-	-	-	60,000	-
Sub-total	**132,500**	**-**	**-**	**-**	**-**	**-**	**-**	**132,500**	
Executive Directors									
Mr S Madder	466,314	-	-	30,000	-	9,780	866,312	1,372,406	-
Mr P Madder	374,068*	-	392,960**	-	-	-	-	767,028	-
Total	**972,882**	**-**	**392,960**	**30,000**	**-**	**9,780**	**866,312**	**2,271,934**	**-**

* *In FY17, interests associated with Mr Peter Madder received $290,738 for executive services provided to the Company plus an additional $83,330 as payment for the assignment of intellectual property, which forms the basis of the Company's client engagement model. This payment expired on 30 November 2016 and the executive services agreement was increased to $374,068 per annum.*

** *In the Extraordinary General Meeting on 14 July 2017, shareholders approved the modification of a loan provided to Mr Peter Madder in 2013 to fund the acquisition of Prime shares. The related loan modification expense of $392,960 is included in the table above.*

KMP Options awarded, vested and lapsed during the year

Mr Simon 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 Simon Madder plus a General Security Agreement over his related entity.

While Mr Simon 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:

1. 75% of the allocation price;
2. the volume weighted average price of a share during the 30 days immediately preceding the date Mr Simon Madder issues a buy-back notice; and
3. an amount determined by an independent expert appointed at the request of Mr Simon 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 Simon Madder issues a buy-back notice.

In May 2017, the directors agreed to extend the term of the 2013 award for another four years and to also extend the term of the December 2015 and December 2016 awards to align with the term of the 2013 award. In an Extraordinary General Meeting ('EGM') on 14 July 2017, a resolution was approved to modify the terms of the loan provided to Mr Simon Madder in 2013, by reducing the allocation price of 4,800,000 shares from 19.3 cents to 9.72 cents and amending the buy-back price above to refer to 50% of the allocation price. As communicated at the EGM on 14 July 2017, the change was in accordance with the contractual entitlements of the executive service agreement entered into between the Company and Mr Simon Madder in November 2009.

On the basis that Mr. Simon Madder has the option to require the Company to buy back the shares at any time during the term of the loan for a price per share based on the above formula, the awards are being accounted for as share options under cash settled share-based payment awards.

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

At 30 June 2018	Awards to Mr Simon Madder			
Financial year awarded	FY13	FY13	FY16	FY17
Number of share 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
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)	2.3	4.7	4.0	4.3

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

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**

FY17

	Balance 01/7/16	Received as remuneration	Options exercised	Net change other	Balance 30/6/17
Non-Executive Directors					
Mr P Cowan	2,000,000	-	-	-	2,000,000
Mr T Carroll	-	-	-	-	-
Sub-total	**2,000,000**	**-**	**-**	**-**	**2,000,000**
Executive Directors					
Mr S Madder	25,632,398	-	-	1,661,002	27,293,400
Mr P Madder	10,179,367	-	-	876,079	11,055,446
Total	**37,811,765**	**-**	**-**	**2,537,081**	**40,348,846**

Loans to KMP and their Related Parties

The Group, through the Prime Financial Group Ltd Employee Share Plan (PFG ESP), has provided Mr Peter Madder (through a nominee Madder Corporate Pty Ltd) full recourse loans to purchase 6,224,156 Shares (30 June 2017: 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 2017	1,089,397	120,394	68,107	(392,960)	884,938
Year ended 30 June 2018	884,938	-	53,521	-	938,459

The term of the loans was extended in the year ended 30 June 2017. In FY17, the Remuneration Committee recommended that the 2013 loan was further modified in accordance with the contractual entitlements of the executive service agreement entered into between the Company and Mr Peter Madder. The modification was approved in the EGM on 14 July 2017.

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:

Paul Cowan
Chairman

Melbourne, 29 August 2018

Auditor's Independence Declaration

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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 2018, I declare to the best of my knowledge and belief, there have been:

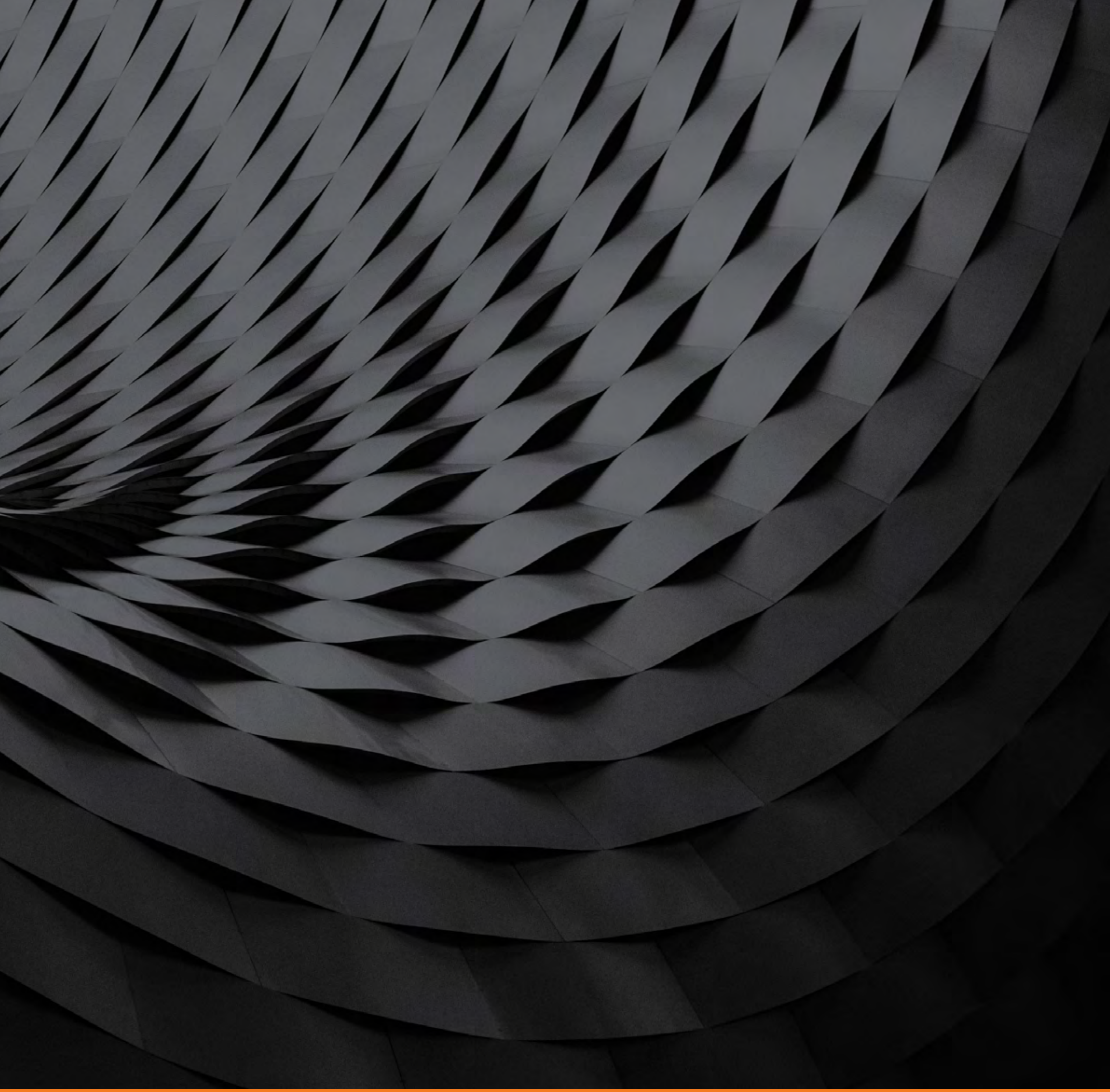
a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

TM Dring
Partner
29 August 2018



Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 $	Year ended 30 June 2017 Restated* $
Revenue from provision of services and other income		20,503,178	18,131,397
Equity accounted profit		771,360	974,370
Total Revenue	**6**	**21,274,538**	**19,105,767**
Expenses			
Employee benefits	7	(11,409,383)	(8,914,211)
Depreciation	7	(235,493)	(121,540)
Amortisation	7	(698,580)	(349,612)
Finance costs	7	(556,432)	(402,724)
IT and communication expenses		(1,227,376)	(1,333,964)
Insurance		(400,473)	(329,060)
Occupancy	7	(933,253)	(738,477)
Professional fees		(502,375)	(292,957)
Other expenses		(1,953,466)	(1,290,263)
Share based payment (expense)/benefit	23	284,393	(811,880)
Loan modification expense	33	-	(392,960)
Fair value movement on contingent consideration		(88,323)	-
Loss on disposal of investments	4	(689,286)	-
Impairments	7	(2,302,853)	-
		(20,712,900)	**(14,977,648)**
Profit before tax from continuing operations		**561,638**	**4,128,119**
Attributable to:			
- Members of the parent entity		(1,121,798)	2,534,253
- Non-controlling interests		1,683,436	1,593,866
Income tax expense	8	(430,906)	(46,325)
Profit after tax from continuing operations		**130,732**	**4,081,794**
Attributable to:			
- Members of the parent entity		(1,135,104)	2,922,160
- Non-controlling interests		1,265,836	1,159,634
Total comprehensive income		**130,732**	**4,081,794**
Earnings per share attributable to ordinary equity holders of the parent			
Basic earnings/(loss) per share (cents)	25	(0.67)	1.81
Diluted earnings/(loss) per share (cents)	25	(0.67)	1.81

** Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	30 June 2018 $	30 June 2017 Restated* $	30 June 2016 Restated* $
Current assets				
Cash and cash equivalents	9	878,831	624,289	1,262,750
Trade and other receivables	10	2,918,261	3,589,047	1,605,321
Other current assets	11	3,324,728	2,703,291	1,411,758
Total current assets		**7,121,820**	**6,916,627**	**4,279,829**
Non-current assets				
Property, plant and equipment	12	425,214	494,690	-
Investments accounted for using the equity method	13	3,019,982	7,775,261	11,362,738
Financial assets	14	1,825,951	884,938	1,089,397
Intangible assets	15	48,108,958	47,491,031	35,434,610
Deferred tax assets	8	-	-	207,870
Total non-current assets		**53,380,105**	**56,645,920**	**48,094,615**
Total assets		**60,501,925**	**63,562,547**	**52,374,444**
Current liabilities				
Payables	16	2,944,415	2,078,362	771,874
Current tax payable		881,314	907,189	1,322,742
Employee benefits	17	936,202	769,124	342,655
Borrowings – hire purchase and other contracts	19	316,523	183,631	-
Balance outstanding on acquisition of investments	20	1,352,522	580,213	466,153
Total current liabilities		**6,430,976**	**4,518,519**	**2,903,424**
Non-current liabilities				
Borrowings – bank facility	19	7,978,478	8,018,025	3,584,583
Borrowings – hire purchase	19	310,904	417,245	-
Deferred tax liabilities	8	181,553	452,536	-
Financial liability – share based payments	18	659,568	943,961	132,081
Balance outstanding on acquisition of investments	20	557,823	1,669,500	-
Total non-current liabilities		**9,688,326**	**11,501,267**	**3,716,664**
Total liabilities		**16,119,302**	**16,019,786**	**6,620,088**
Net assets		**44,382,623**	**47,542,761**	**45,754,356**
Equity				
Contributed equity	21	67,967,256	67,967,256	68,252,826
Treasury shares	21	(3,500,291)	(3,500,291)	(6,386,627)
Non-controlling interests		6,124,365	5,895,744	6,606,924
Accumulated losses		(26,208,707)	(22,819,948)	(22,718,767)
Total equity		**44,382,623**	**47,542,761**	**45,754,356**

** Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Contributed equity $	Retained earnings $	Non-controlling interest $	Total $
Balance at 1 July 2016	**60,117,402**	**(21,913,962)**	**6,606,924**	**44,810,364**
Adjustments to previously lodged financial statements (Note 33)	1,748,797	(804,805)	-	943,992
Balance at 1 July 2016 (Restated*)	**61,866,199**	**(22,718,767)**	**6,606,924**	**45,754,356**
Total comprehensive income for the period	-	2,922,160	1,159,634	4,081,794
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	(1,527,666)	(414,403)	(1,942,069)
Shares issued	1,620,000	-	-	1,620,000
Purchase of treasury shares for PFG ESP	(118,331)	-	-	(118,331)
Sale of treasury shares from PFG ESP	1,099,097	-	-	1,099,097
Adjustments to previously lodged financial statements	-	(714,156)	-	(714,156)
Transactions with non-controlling interests	-	(781,519)	(1,456,411)	(2,237,930)
Total transactions with equity holders in their capacity as equity holders	**2,600,766**	**(3,023,341)**	**(1,870,814)**	**(2,293,389)**
Balance at 30 June 2017 (Restated*)	**64,466,965**	**(22,819,948)**	**5,895,744**	**47,542,761**
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	**64,466,965**	**(26,208,707)**	**6,124,365**	**44,382,623**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Notes	30 June 2018 $	30 June 2017 $
Cash flows from operating activities			
Receipts from customers		21,322,593	18,885,134
Receipts from associates		602,480	795,793
Payments to employees and suppliers		(17,957,222)	(15,143,117)
Interest paid		(556,432)	(402,724)
Income tax paid		(728,521)	(1,091,862)
Net cash provided by operating activities	**24**	**2,682,898**	**3,043,224**
Cash flows from investing activities			
Receipts from business disposals		2,613,125	1,869,881
Payments for business acquisitions		(2,066,440)	(3,342,750)
Distributions advanced to non-controlling interests		(705,473)	(1,244,853)
Development expenditure		(422,725)	(498,318)
Payments for plant and equipment		(166,018)	(386,905)
Expenses relating to the restructure of investments		-	(271,321)
Other transactions with non-controlling interests		-	(1,375,303)
Net cash provided by/(used in) investing activities		**(747,531)**	**(5,249,569)**
Cash flows from financing activities			
Sale/(purchase) of shares for the PFG employee share plan		-	510,837
Dividends paid		(1,667,829)	(1,544,331)
Capital raising/(reduction) by subsidiary company		-	(1,096,787)
Net proceeds from/(repayment of) borrowings		(12,996)	3,698,165
Net cash provided by/(used in) financing activities		**(1,680,825)**	**1,567,884**
Net increase/(decrease) in cash and cash equivalents		**254,542**	**(638,461)**
Cash and cash equivalents at beginning of the year		624,289	1,262,750
Cash and cash equivalents at end of the year		**878,831**	**624,289**

Notes to the Financial Statements

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 2018 were authorised for issue in accordance with a resolution of the directors on 29 August 2018.

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 2018 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. An additional statement of financial position as at 30 June 2016 is presented in these consolidated financial statements due to the correction of an error retrospectively. Please see Note 33 for details.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2018. 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 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.

2. Basis of preparation of the financial report continued

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

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably, regardless of when the payment is received.

Revenue in relation to the rendering of services is recognised depending on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognized to the extent of expenses recognised that are recoverable.

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate method. Dividends and distributions received from associates are accounted for in accordance with the equity method of accounting for investments in associates. All revenue is stated net of the amount of goods and services tax (GST).

(b) Cash and cash equivalents

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

(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

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

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease. Each lease payment is allocated between the liability and finance costs. Finance costs are charged to the profit and loss over the period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

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

(e) Intangibles

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for noncontrolling 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. Where goodwill has been allocated to a cash generating unit (CGU) 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 amortization 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.

2. Basis of preparation of the financial report
continued

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 a straight-line basis over 5-10 years;
- 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 amortization 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 whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under the tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(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

The liability for annual leave and long service leave, not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(i) Investments

Investments in associates

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

The Group generally deems 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. 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

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

Financial instruments are initially measured at fair value plus transaction costs.

2. Basis of preparation of the financial report
continued

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

Financial assets comprise trade receivables, unquoted equity services and loans to related parties.

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

Impairment of financial assets

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

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

Derecognition

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

(k) 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.

(l) Comparatives

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

(m) 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.

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.

(n) 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.

(o) 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.

2. Basis of preparation of the financial report continued

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.

(p) 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.

(q) 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.

(r) Assets held for sale

Assets are classified as held for sale if their carrying 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.

(s) Share based payments accounting policy

Prime's accounting policy for share based payments is below. This accounting policy was not included in the financial statements for the year ended 30 June 2017.

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 certain amendments to the standards, which are effective for annual periods

beginning on or after 1 January 2017. 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:

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

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 15 Revenue from contracts with customers

AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for periods beginning on or after 1 January 2018. AASB defines principles for recognising revenue and introduces new disclosure requirements. It applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Group has completed an initial assessment of the potential impact of the adoption of AASB 15 on its consolidated financial statements and determined that the impact is not reasonably expected to be material.

AASB 16 Leases

AASB 16 Leases (AASB 16) 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., the right-of-use asset). Lessees will be required to separately recognize 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. The Group is currently undertaking an assessment of the potential impact of this standard.

AASB 9 – Financial Instruments

AASB 9 Financial Instruments (AASB 9) replaces AASB 139 Financial Instruments: Recognition and Measurement. It is effective for annual reporting periods beginning on or after 1 January 2018. It includes changes to the classification, measurement and derecognition of financial assets and financial liabilities. The Group is currently undertaking an assessment of the potential impact of this standard.

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 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 certain accounting firm and self-managed superannuation fund (SMSF) investments and treats these entities as investments in associates, accounted for under the equity method. The Group determined that it had significant influence but did not control the accounting firm and SMSF entities. 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 cash generating units (CGUs) 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.

4. Business combinations and acquisition of non-controlling interests

NP Wealth Management Pty Ltd and related items

In October 2017, the Group disposed of its rights to revenue from services provided to certain SMSF clients. This investment was accounted for as an equity accounted investment. As part of the same transaction, the Group purchased 50% of the ordinary share capital in NP Wealth Management Pty Ltd (formerly Nexia Perth Financial Planning Pty Ltd), a wealth management joint venture in which the Group already owned 50% of the ordinary share capital. The net proceeds from the transaction were $200,000. The proceeds from the disposal of the equity accounted investment were calculated as $586,369. This resulted in the loss on the disposal of the related equity accounted investment of $773,104. The consideration for the purchase of 50% of the ordinary share capital in NP Wealth Management Pty Ltd was calculated as $386,369.

Pacifica Pty Ltd, PFG (NTH QLD) Pty Ltd and Prime Accounting and Wealth Management Pty Ltd

On 29 June 2018, Prime disposed of its 35% equity interest in Pacifica Pty Ltd (Pacifica), a Cairns based accounting firm. As part of the same transaction, Prime entered into a 10-year exclusive agreement to provide wealth management services to the clients of Pacifica Pty Ltd through PFG (NTH QLD) Pty Ltd, a controlled entity. The Group received net consideration of $1,250,000 in relation to these two transactions. The transactions resulted in a gain on sale of the Pacifica Pty Ltd equity accounted investment of $59,645 being the difference between the effective consideration received of $1,946,718 and the carrying value of the asset of $1,887,103. A customer relationship intangible asset of $696,748 was recognised in relation to the new exclusive agreement with Pacifica Pty Ltd.

On 29 June 2018, prior to the disposal of Pacifica Pty Ltd, Prime Corporate Pty Ltd (a 100% owned subsidiary of the Group) acquired the Group's 35% equity investment in Pacifica Pty Ltd and the Group's 65% equity investment in PFG (NTH QLD) Pty Ltd from Prime Accounting and Wealth Management Pty Ltd (PWM), another controlled Group entity for $2,447,490. This consideration was equal to the amount that PWM paid to acquire the interests in the two entities in FY15. At 29 June 2018, PWM had a non-controlling interest of 67%, so, as a result of the transaction, the Group's effective ownership of PFG (NTH QLD) Pty Ltd increased from 22% to 65%. PFG (NTH QLD) Pty Ltd is the wealth management joint venture with Pacifica Pty Ltd.

Prime also agreed to buy back 30% of the non-controlling interest in PWM through a share buy-back as well as advancing all dividend amounts owed to the non-controlling interest. Prime expects to complete the buy-back in August 2018.

PWM now hold two investments being 50% of the equity in Rundles Prime Pty Ltd, an equity accounted investment, and 50% of the equity in Rundles Financial Planning Pty Ltd, the wealth management joint venture with Rundles Prime Pty Ltd.

MPR Strategic Wealth Pty Ltd

On 7 June 2018, Prime disposed of its 50% equity accounted investment in MPR Strategic Wealth Pty Ltd for $80,000. The transaction produced a gain on sale of $24,173.

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	2018 % Owned	2017 % Owned
Parent Entity:			
Prime Financial Group Ltd	Australia		
Subsidiaries of Prime Financial Group Ltd:			
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	22
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	Australia	100	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	Australia	100	100
Lym Securities Pty Ltd	Australia	100	100
M V Anderson Financial Services Pty Ltd	Australia	50	50
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	Australia	100	100
MPR Wealth Management Pty Ltd	Australia	100	100
Munro's Financial Advisors Pty Ltd	Australia	50	50

	Country of Incorporation	2018 % Owned	2017 % Owned
Subsidiaries of Prime Financial Group Ltd continued:			
NP Wealth Management Pty Ltd	Australia	100	50
ORD Financial Services Pty Ltd	Australia	100	100
Pacifica Financial Services Pty Ltd	Australia	65	22
Pascoe Partners Financial Services Pty Ltd	Australia	100	100
PFG (NTH QLD) Pty Ltd	Australia	65	22
PFG Legal Services Pty Ltd	Australia	75	75
PMK Financial Services Pty Ltd	Australia	100	100
Prime Accounting & Business Advisory Pty Ltd	Australia	100	100
Prime Accounting & Wealth Management Pty Ltd	Australia	33	33
Prime Advisory Group Pty Ltd	Australia	100	100
Prime Corporate Pty Ltd	Australia	100	100
Prime Development Fund Pty Ltd (PDF)	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 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	Australia	100	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	17	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	Australia	100	100
Vipiana & Associates Financial Services Pty Ltd	Australia	50	50
Wong and Mayes 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.

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 incorporation	Australia	Australia	Australia	Australia
Percentage owned by non controlling interest	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**

2017 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 interest	67%	83%	50%	78%
Current assets	1,376,523	32,976	332,145	58,972
Non-Current assets	6,023,518	186,253	409,903	687,114
Current liabilities	(651,948)	(85,903)	(195,266)	(202,682)
Non-Current liabilities	-	-	-	-
Net assets	**6,748,093**	**133,326**	**546,782**	**543,404**
Revenue	1,097,853	600,319	616,833	859,556
Profit/(loss) before tax	**673,613**	**261,883**	**271,675**	**464,896**

6. Revenue

	2018 $	2017 *Restated $
Wealth management revenue	9,940,612	9,365,421
Accounting, business advisory and capital revenue	9,769,374	8,486,708
Equity accounted profit	771,360	974,370
Other Income	793,192	279,268
Total revenue from ordinary activities	**21,274,538**	**19,105,767**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

7. Expenses

	2018 $	2017 *Restated $
Finance Costs:		
Financial Liabilities measures at amortised cost:		
Interest on bank overdrafts and loans	502,505	367,239
Interest on borrowings – hire purchase and other contracts	53,927	35,485
Total finance costs	**556,432**	**402,724**
Other expenses:		
Rental expense on operating leases	933,253	738,477
Depreciation and amortisation		
Depreciation	235,493	121,540
Amortisation	698,580	349,612
Employee benefits expense		
Salaries and wages expense	9,629,558	8,114,442
Superannuation expense	729,512	700,137
Other employee expenses	1,050,313	99,632
Total employee benefits expense	**11,409,383**	**8,914,211**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

Impairments

In the year ended 30 June 2018, the Group recognized the following impairment losses:

- Impairment of trade receivables and other related assets – $1,222,458;
- Impairment of equity accounted investments – Bstar Pty Ltd – $795,723; and
- Impairment of equity accounted investments – other individually immaterial associates – $284,672.

At 31 December 2017, BStar Pty Ltd was also 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.

8. Income tax

	2018 $	2017 Restated* $
(a) The components of tax expense		
Current tax	507,146	706,731
Deferred tax	(231,403)	(660,406)
Other adjustments	155,163	-
Total income tax expense	**430,906**	**46,325**
(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	561,638	4,128,119
At the Australian statutory income tax rate of 27.5% (2017:30.0%)	154,450	1,238,436
Add: Tax effect of:		
Permanent adjustments	121,293	(230,127)
Adjustments in respect of current income tax of previous years and other items	155,163	(961,984)
Income tax expense attributable to ordinary activities	**430,906**	**46,325**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

(c) Deferred tax

Deferred tax relates to the following:

	Year ended 30 June 2018 $	Year ended 30 June 2017 *Restated $
Deferred tax assets/(liabilities)		
Financial liability – share based payments	181,381	283,188
Employee provisions	257,455	230,737
Unrealised losses on investments	297,109	-
Losses available for offsetting against future income tax	319,662	-
Provision for bad and doubtful debts	24,325	-
Intangible Assets – Customer Relationships	(968,037)	(783,915)
Accrued Revenue	(341,160)	(215,756)
Other	47,712	33,210
Net deferred tax assets/(liabilities)	**(181,553)**	**(452,536)**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

9. Cash and cash equivalents

	30 June 2018 $	30 June 2017 $
Current		
Cash at Bank	878,831	624,289
	878,831	**624,289**

10. Trade and other receivables

	30 June 2018 $	30 June 2017 $
Current		
Trade Receivables	3,006,714	3,817,815
Provision for impairment	(88,453)	(228,768)
Total current trade and other receivables	**2,918,261**	**3,589,047**
Impairment of receivables		
Reconciliation of changes in the provision for impairment of receivables		
Balance at beginning of the year	228,768	-
Additional impairment loss recognised	88,453	228,768
Provision used	(228,768)	-
Reversal of impairment	-	-
Balance at end of the year	**88,453**	**228,768**
Aged Analysis		
The ageing analysis of receivables is as follows:		
0 - 30 days	2,083,115	2,997,921
31 - 60 days	13,303	2,090
61 - 90 (past due not impaired)	162,624	166,616
91+ days (past due not impaired)	659,219	422,420
91+ days (considered impaired)	88,453	228,768
Total	**3,006,714**	**3,817,815**

Provision for impairment of receivables

Current trade receivables are generally on 30 days and are assessed for recoverability based on the underlying terms of the individual contract. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired.

10. Trade and other receivables continued

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. Other current assets

	30 June 2018 $	30 June 2017 $
Current		
Accrued income	1,195,584	719,186
Distributions advanced to non-controlling interests	1,470,669	1,791,584
Prepayments	397,068	4,202
Deposits held	223,364	188,319
Other assets	38,043	-
Total other assets	**3,324,728**	**2,703,291**

12. Property, plant and equipment

	Software $	Office equipment $	Plant and machinery $	Leasehold improvements $	Total $
Cost					
At 1 July 2016	2,003,219	351,693	528,004	259,574	3,142,490
At 30 June 2017	2,003,219	743,919	528,004	483,578	3,758,720
Additions	-	165,758	-	259	166,017
At 30 June 2018	**2,003,219**	**909,677**	**528,004**	**483,837**	**3,924,737**
Depreciation and impairment					
At 1 July 2016	2,003,219	351,693	528,004	259,574	3,142,490
At 30 June 2017	2,003,219	418,223	528,004	314,584	3,264,030
Depreciation charge for the year	-	169,287	-	66,206	235,493
At 30 June 2018	**2,003,219**	**587,510**	**528,004**	**380,790**	**3,499,523**
Net book value					
At 30 June 2018	**-**	**322,167**	**-**	**103,047**	**425,214**
At 30 June 2017	**-**	**325,696**	**-**	**168,994**	**494,690**

13. Investments accounted for using the equity method

	30 Jun 2018	30 June 2017
Investments accounted for using the equity method	3,019,982	7,775,261

Interests are held in the following associated companies:

Name	Country of Incorporation	2018 %	2017 %
Rundles Prime Pty Ltd	Australia	50	50
BStar Pty Ltd	Australia	-	15
Pacifica Pty Ltd	Australia	-	35

On 29 June 2018, the Group disposed of its investment in Pacifica Pty Ltd. Please see note 4 for further details.

At 31 December 2017, BStar Pty Ltd 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.

13. Investments accounted for using the equity method continued

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**

2017	Rundles Prime Pty Ltd	Pacifica Pty Ltd	Other associates	Total
(i) Associates' net profit before income tax	904,005	646,007	705,656	2,255,668
(ii) Associates' revenue	3,887,892	3,288,358	1,887,204	9,063,454
Balance at the beginning of the financial year	2,397,785	2,028,638	6,936,314	11,362,737
Additions/(Disposals)	-	-	(3,565,961)	(3,565,961)
Contributions to existing investments	(98,001)	(18,812)	95,298	(21,515)
Carrying amount of investments in associates at the end of financial year	**2,299,784**	**2,009,826**	**3,465,651**	**7,775,261**
(iii) Associates' assets and liabilities				
Current assets	1,486,729	933,413	498,836	2,918,978
Non-current assets	4,118,675	2,770,103	4,028,425	10,917,203
Current liabilities	(202,962)	(233,578)	(326,816)	(763,356)
Non-current liabilities	(2,389,342)	(622,610)	(616,518)	(3,628,470)
Net assets	**3,013,100**	**2,847,328**	**3,583,927**	**9,444,355**

14. Financial assets

The financial assets at the period end are as follows:

	30 June 2018 $	30 June 2017 *Restated $
Loan receivable	938,459	884,938
Investment in BStar Pty Ltd	337,500	-
Other unquoted equity instruments	549,992	-
	1,825,951	**884,938**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33*

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 2017: 6,224,156 Shares) in Prime. During the year ended 30 June 2018 the interest accrued on the loans was $53,521.

At 31 December 2017, BStar Pty Ltd 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. 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 was a capitalisation of earnings approach. The key inputs in this valuation were underlying earnings and the earnings multiple.

15. Intangible assets

	Goodwill $	Customer relationships $	Development costs $	Total * Restated $
Cost				
At 1 July 2016	46,728,499	-	1,966,435	48,694,934
Additions	-	-	498,318	498,318
Acquisition of a subsidiary	8,945,054	2,962,662	-	11,907,716
At 30 June 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**
Amortisation and impairment				
At 1 July 2016	11,293,889	-	1,966,435	13,260,324
Amortisation	-	349,613	-	349,613
At 30 June 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**

15. Intangible assets continued

	Goodwill $	Customer relationships $	Development costs $	Total * Restated $
Net book value				
At 30 June 2018	43,919,935	3,520,133	668,890	48,108,958
At 30 June 2017 (Restated*)	44,379,664	2,613,049	498,318	47,491,031

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33*

The Group performed its annual impairment test in June 2017 and June 2018. 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 2018, 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 (2017: none). As noted, the consolidated entity has considered many factors in determining that no impairment is required.

Prime has two cash generating units (CGU). One CGU relates to Wealth Management and the other to Accounting & Business Advisory and Capital. Prime determines key assumptions based on the historical and expected future performance of assets that make up the CGUs. Due to the nature of certain historical acquisitions the resultant goodwill cannot always be allocated to one of the CGUs on a non-arbitrary basis and as such is allocated to and tested for impairment at the operating segment level. The recoverable amounts of the CGUs 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.

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

The present value of future cash flows has been calculated using a post-tax discount rate of 11.9% (2017: 10.5%), revenue growth rate of 5.5% (2017: 5.0%), an increase in expenses of 2.5% (2017: 3.0%) and a terminal growth rate of 2.5% (2017: 2.5%)

The 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 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: 10% reduction in expected cash flows; reduction in the revenue growth rate to 4%; or increase in the discount rate to 13.1%.

16. Payables

	2018 $	2017 $
Trade creditors	1,004,407	1,412,970
Other creditors and accruals	845,429	25,211
GST payable	1,094,579	640,181
	2,944,415	**2,078,362**

17. Provisions

	2018 $	2017 *Restated $
Employee Benefits	11,409,383	8,914,211
Annual and Long service leave		
Balance at the beginning of the year	**769,124**	**342,655**
Arising during the year	671,557	814,721
Arising from acquisition	-	-
Utilised	(504,479)	(388,252)
Balance at the end of the year	**936,202**	**769,124**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33*

18. Financial liability – share based payments

The PFG ESP has provided Mr Simon 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 Simon 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 2018, the financial liability in relation to these share-based payments was $659,568 (30 June 2017: $943,961). 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 FY18, Prime paid dividends of $1,667,828 (FY17: $1,436,514). The Board's policy for dividend payments is typically a payout ratio of 50-60% of net profit after tax attributable to members of the parent entity adjusted for certain items such as non-cash items, one-off non-operational items and share-based payment benefits/expenses.

As at 30 June 2018, 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 2017 and 30 June 2018 were as follows:

	30 June 2018 $	30 June 2017 $
Borrowings - bank facility	7,978,478	8,018,025
Borrowings - hire purchase and other contracts	627,427	600,876
Less: cash and cash equivalents	(878,831)	(624,289)
Net debt	**7,727,074**	**7,994,612**
Total equity attributable to members of the parent entity	38,258,258	41,647,017
Total equity attributable to members of the parent entity and net debt	**45,985,332**	**49,641,629**
Gearing ratio	16.8%	16.1%

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $12,000,000. The agreement expires on 9 July 2020. At the end of the reporting period those facilities have been utilised to the amount of $7,978,478. The unused amount is $4,021,522. The facility is to assist with future investments and for general purposes. At 30 June 2018 the effective interest rate was 3.56% per annum. There is an additional 1.00% line fee for the total facility.

20. Balance outstanding on acquisition of investments

On 15 June 2017, Prime acquired 100% of the voting shares of Altezza Partners Pty Ltd (Altezza). The purchase consideration included contingent consideration dependent on meeting certain conditions in the three-year period to 30 June 2020. At 30 June 2018, the fair value of the contingent consideration was $1,757,823 (30 June 2017: $1,669,500). 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 2018, the outstanding consideration in relation to the purchase of MPR Accountants & Advisors Pty Ltd in FY17 was $152,522 (30 June 2017: $580,213).

21. Issued capital and reserves

Ordinary shares issued

	Note	30 June 2018	30 June 2017 *Restated
Ordinary shares fully paid	(a)	67,948,396	67,948,396
Ordinary share partly paid	(b)	18,860	18,860
		67,967,256	**67,967,256**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

(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

	2018		2017	
	No. of shares	$	No. of shares	$ *Restated
Beginning of the financial year	193,032,874	67,967,256	179,532,874	68,252,826
Issued during the year				
- Shares Issued	-	-	13,500,000	1,620,000
- Sale of treasury shares from PFG ESP	-	-	-	(1,905,570)
End of the financial year	**193,032,874**	**67,967,256**	**193,032,874**	**67,967,256**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

21. Issued capital and reserves continued

Treasury shares

	2018		2017	
	No. of shares	$	No. of shares	$ *Restated
Beginning of the financial year	22,602,171	3,500,291	30,516,929	6,386,627
Issued during the year				
- Purchase of treasury shares for the PFG ESP	-	-	962,081	118,331
- Sale of treasury shares from PFG ESP	-	-	(8,876,839)	(3,004,667)
End of the financial year	22,602,171	3,500,291	22,602,171	3,500,291

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

Share based payment arrangements

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

22. Dividends

	2018 $	2017 *Restated $
(a) Dividends paid during the year		
(i) Current year interim - Fully franked dividend of 0.45 cents per share *(2017 Interim: 0.40 cents per share)*	833,914	718,257
(ii) Previous year final - Fully franked dividend of 0.45 cents per share *(2016 Final: 0.40 cents per share)*	833,914	718,257
	1,667,828	**1,436,514**
(b) Proposed dividend		
Proposed dividend as at the date of this report at 0.45 cents per share *(2017: 0.45 cents per share)* not recognised as a liability		
Proposed dividend payment	833,914	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	4,803,037
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end	(357,392)	(357,392)
	4,183,429	**4,445,645**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

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 Simon 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 Simon Madder plus a General Security Agreement over his related entity.

While Mr Simon 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:

- 75% of the allocation price;
- the volume weighted average price of a share during the 30 days immediately preceding the date Mr Simon Madder issues a buy-back notice; and
- an amount determined by an independent expert appointed at the request of Mr Simon 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 Simon Madder issues a buy-back notice.

In May 2017, the directors agreed to extend the term of the 2013 award for another four years and to also extend the term of the December 2015 and December 2016 awards to align with the term of the 2013 award. In an Extraordinary General Meeting ('EGM') on 14 July 2017, a resolution was approved to modify the terms of the loan provided to Mr Simon Madder in 2013, by reducing the allocation price of 4,800,000 shares from 19.3 cents to 9.72 cents and amending the buy-back price above to refer to 50% of the allocation price. As communicated at the EGM on 14 July 2017, the change was in accordance with the contractual entitlements of the executive service agreement entered into between the Company and Mr Simon Madder in November 2009.

On the basis that Mr. Simon Madder has the option to require the Company to buy back the shares at any time during the term of the loan for a price per share based on the above formula, the awards are being accounted for as share options under cash settled share-based payment awards.

23. Share-based payments continued

ii. Awards to Employee

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.

23b. Recognised share-based payment expenses/benefits

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

	Year ended 30 June 2018 $	Year ended 30 June 2017 *Restated $
Expense/(benefit) arising from cash-settled share-based payment transactions	(284,393)	811,880
Total expense arising from share-based payment transactions	**(284,393)**	**811,880**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33*

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 2018:

	Number	WAEP (cents)	Number	WAEP (cents)
	Year ended 30 June 2018	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2017
Outstanding at 1 July	**11,208,833**	**15.5**	**15,601,508**	**22.3**
Granted during period	9,920,000	13.7	1,661,002	13.8
Forfeited during period	-	-	-	-
Exercised during period	-	-	-	-
Expired during period	-	-	(6,053,677)	22.9
Outstanding at 30 June	**21,128,833**	**14.7**	**11,208,833**	**15.5**
Exercisable at 30 June	21,128,833	14.7	11,208,833	15.5

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

23. Share-based payments continued

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 2018 and 30 June 2017:

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% Jul 18	33% Jul 19	33% Jul 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%

At 30 June 2017	Awards to Mr Simon Madder			
Grant date	1 May 13	1 May 13	18 Dec 15	21 Dec 16
Vesting/loan repayment date	2 May 21	2 May 21	2 May 21	2 May 21
Expected life of share options (years)	3.84	3.84	3.84	3.84
Exercise price at vesting/ loan repayment date (cents):	25.0	12.6	15.2	14.1
Fair value at reporting date (cents)	5.6	9.4	8.4	8.8
Share price at reporting date (cents)	18.0	18.0	18.0	18.0
Risk-free interest rate	2.06%	2.06%	2.06%	2.06%
Dividend yield	0%	0%	0%	0%
Expected Volatility	51.2%	51.2%	51.2%	51.2%
Loan interest rate	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.

24. Cash flow information

	2018 $	2017 *Restated $
Reconciliation of the net profit after tax to the net cash flows from operations		
Net profit	(1,135,104)	2,922,160
Non-cash items		
Depreciation	235,493	121,540
Amortisation	698,580	349,612
Loan modification expense	-	392,960
Impairment	2,302,853	-
Interest income on loans	(53,521)	(68,107)
Loss on disposal on investments	689,286	-
Fair value movement in contingent consideration	88,323	-
Share based payments expenses/(benefit)	(284,393)	811,880
Other	(115,473)	86,707
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	670,786	(1,983,726)
(Increase)/decrease in other assets excluding amounts advanced to non-controlling interests	(953,179)	(807,247)
(Increase)/decrease in deferred tax assets	-	207,870
Increase/(decrease) in deferred tax liabilities	(468,009)	(307,829)
(Decrease)/increase in payables	866,053	1,306,488
(Decrease)/increase in employee benefit provisions	167,078	426,469
(Decrease)/increase in current tax payable	(25,875)	(415,553)
Net cash flows from operating activities	**2,682,898**	**3,043,224**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33*

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:

	2018 $	2017 *Restated $
Profit/(loss) from continuing operations attributable to members of the parent entity:	(1,135,104)	2,922,160

	2018 Thousands	2017 Thousands
Weighted average number of ordinary shares for basic EPS**	168,356	161,190
Effects of dilution from:		
- Share options	1,912	13
Weighted average number of ordinary shares adjusted for the effect of dilution**	**170,268**	**161,203**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33*

** *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:

	2018 $	2017 $
Within one year	753,279	737,292
After one year but not more than five years	963,318	920,344
	1,716,597	**1,657,636**

27. Commitments and contingencies

At 30 June 2018, the Group continued to provide a cross guarantee to Rundles Prime Pty Ltd for $580,000 (30 June 2017: $580,000). Rundles Prime Pty Ltd is an investment accounted for using the equity method. The Group has a 50% equity ownership in the entity. At FY17, the Group provided a guarantee of $444,500 to Pacifica Pty Ltd. This guarantee expired on 29 June 2018 as part of the disposal of Pacifica Pty Ltd.

28. Auditors remuneration

The auditor of Prime Financial Group Ltd and its controlled entities is Ernst & Young. Ernst & Young was appointed as auditor on 19 January 2018 replacing William Buck (Vic) Pty Ltd (William Buck) who were removed as auditor.

	2018 $	2017 $
Amounts received or due and receivable by the auditor for		
- Auditing or reviewing the financial report	165,000	109,000
	165,000	**109,000**

In FY18, Ernst & Young received $5,000 for non-audit services. In FY17, William Buck did not receive any fees for non-audit services.

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 Simon 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 Simon Madder plus a General Security Agreement over his related entity. Please see Note 23 for further details.

29. Related party disclosures continued

Director loans

The Group, through the Prime Financial Group Ltd Employee Share Plan (PFG ESP), has provided Mr Peter Madder (through a nominee Madder Corporate Pty Ltd) full recourse loans to purchase 6,224,156 Shares (2017 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 2017	1,089,397	120,394	68,107	(392,960)	884,938
Year ended 30 June 2018	884,938	-	53,521	-	938,459

The term of the loans was extended in the year ended 30 June 2017. In FY17, the Remuneration Committee recommended that the 2013 loan was further modified in accordance with the contractual entitlements of the executive service agreement entered into between the Company and Mr Peter Madder. The modification was approved in the EGM on 14 July 2017.

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.

Other transactions with directors

In FY18, interests associated with Mr Peter Madder received $374,068 (2017: $290,738) for executive services provided to the Company. In FY17, the associated entity also received an additional $83,330 as payment for the assignment of intellectual property, which forms the basis of the Company's client engagement model. This payment expired on 30 November 2016 and the executive services agreement was increased to $374,068 per annum.

In FY17 and FY18, the Group provided Wealth Management, Accounting & Business Advisory and Capital Advisory services to Mr T. Carroll and related entities on arms-length terms.

Prime

Compensation for key management personnel

	2018 $	2017 $
Short term employment benefits	1,073,409	972,882
Post-employment benefits	34,781	30,000
Other long-term benefits	13,636	9,780
Termination benefits	-	-
	1,121,826	**1,012,662**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period.

In FY18, Mr Simon Madder's share options (described above) produced a benefit to profit and loss of $487,511 (FY17: expense of $866,312). The FY18 benefit/expense is not included in the table above.

30. Segment information

The Group operates in one reportable segment providing integrated advice solely in Australia.

31. Financial assets and financial liabilities

31a. Financial assets

	30 June 2018 $	30 June 2017 *Restated $
Financial assets at fair value through profit and loss		
Unquoted equity instruments	887,492	-
Financial assets at amortised costs		
Trade and other receivables	2,918,261	3,589,047
Loans to directors	938,459	884,938
Total financial assets	**4,744,212**	**4,473,985**
Total current	2,918,261	3,589,047
Total non-current	1,825,951	884,938

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33*

31. Financial assets and financial liabilities continued

31b. Financial liabilities

	Interest rate %	Maturity	30 June 2018 $	30 June 2017 *Restated $
Current interest-bearing loans and borrowings				
Obligations under hire purchase and other contracts	5.4%	30/06/2019	316,523	183,631
Non-Current interest-bearing loans and borrowings				
Obligations under hire purchase contracts	5.9%	03/10/2020	310,904	417,245
Bank facility	4.6%	09/07/2020	7,978,478	8,018,025
Total non-current interest-bearing loans and borrowings			**8,289,382**	**8,435,270**
Other financial liabilities				
Payables			2,944,415	2,078,362
Financial liabilities – share based payments			659,568	943,961
Balance outstanding on acquisitions			1,910,345	2,249,713
Total other financial liabilities			**5,514,328**	**5,272,036**
Total financial liabilities			**14,120,233**	**13,890,937**
Total current financial liabilities			4,613,460	2,842,206
Total non-current financial liabilities			9,506,773	11,048,731
Total financial liabilities			**14,120,233**	**13,890,937**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33*

Westpac Bank has in place an agreement with the Group to provide facilities amounting to $12,000,000. The agreement expires on 9 July 2020. At the end of the reporting period those facilities have been utilised to the amount of $7,978,478. The unused amount is $4,021,522. The facility is to assist with future investments and for general purposes. At 30 June 2018 the effective interest rate was 3.56% 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:

	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Unquoted equity instruments	887,492	887,492	-	-
Loans to directors	938,459	938,459	884,938	884,938
Total	**1,825,951**	**1,825,951**	**884,938**	**884,938**
Financial liabilities				
Interest-bearing loans and borrowings				
- Obligations under hire purchase and other contracts	627,427	627,427	600,876	600,876
- Bank facility	7,978,478	7,978,478	8,018,025	8,018,025
Financial liabilities - share based payments	659,568	659,568	943,961	943,961
Balance outstanding on acquisitions	1,910,345	1,910,345	2,249,713	2,249,713
Total	**11,175,818**	**11,175,818**	**11,812,575**	**11,812,575**

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.

31. Financial assets and financial liabilities continued

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 2018	887,492	-	-	887,492
Liabilities measured at fair value:					
Balance outstanding on acquisitions	30 June 2018	1,910,345	-	-	1,910,345

			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)
Liabilities measured at fair value:					
Balance outstanding on acquisitions	30 June 2017	2,249,713	-	-	2,249,713

At 30 June 2017, the Group did not hold any financial assets measured at fair value.

Unquoted equity securities in BStar Pty Ltd

At 31 December 2017, the Group's investment in BStar Pty Ltd was reclassified from an equity accounted investment to a financial asset. 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 2018 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 $37,500.

Unquoted equity securities – financial services sector

The fair value of unquoted equity securities – financial services sector consists of two investments purchased in FY18. The assets are 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 $55,000.

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
2018	
0.50% increase in interest rates	(43,030)
0.50% decrease in interest rates	43,030
2017	
0.50% increase in interest rates	(43,095)
0.50% decrease in interest rates	43,095

Equity price 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.

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 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.

31. Financial assets and financial liabilities continued

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

Year 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
Trade and other payables	2,944,415	-	-	-	-	2,944,415
	2,944,415	**1,292,118**	**315,644**	**9,568,056**	**-**	**14,120,233**

Year ended 30 June 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	11,455	172,176	8,435,270	-	8,618,901
Contingent consideration	-	370,741	209,472	1,669,500	-	2,249,713
Financial liabilities - share based payments	-	-	-	943,961	-	943,961
Trade and other payables	2,078,363	-	-	-	-	2,078,363
	2,078,363	**382,196**	**381,648**	**11,048,731**	**-**	**13,890,938**

	1 July 2017	Cash flows	Changes in fair values	Other	30 June 2018
Bank facility	8,018,025	(39,547)	-	-	7,978,478
Obligations under hire purchase and other contracts	600,876	26,551	-	-	627,427
Total liabilities from financing activities	**8,618,901**	**(12,996)**	**-**	**-**	**8,605,905**

32. Parent entity disclosures

	2018 $	2017 Restated* $
(a) Statement of financial position		
Current assets	11,712,200	12,325,884
Non-current assets	39,409,034	40,905,390
Total assets	**51,121,234**	**53,231,274**
Current liabilities	8,045,653	5,021,191
Non-current liabilities	-	-
Total liabilities	**8,045,653**	**5,021,191**
Net assets	**43,075,581**	**48,210,083**
Contributed equity	64,466,965	64,466,965
Accumulated losses	(21,391,384)	(16,256,882)
Total equity	**43,075,581**	**48,210,083**
(b) Statement of profit or loss and other comprehensive income		
Loss for the year	(841,195)	(616,747)
Other comprehensive income	-	-
Total comprehensive income	**(841,195)**	**(616,747)**

* *Certain amounts shown here do not correspond to the FY17 financial statements and reflect adjustments made, refer to Note 33.*

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.

33. Adjustments to previously lodged financial statements

The following five adjustments have been made to previously lodged financial statements. In aggregate the adjustments increase profit after tax for the year ended 30 June 2017 by $325,666 and increase net assets at 30 June 2016 and 30 June 2017 by $943,992 and $1,654,050 respectively.

1. Employee share plan

Prime's previous auditors, William Buck Audit (Vic) Pty Ltd ('William Buck'), issued a Disclaimer of Opinion Audit Report on Prime's Annual Report for the year ended 30 June 2017. The disclaimer of opinion was limited to queries in relation to the accounting for the PFG ESP. William Buck's Audit Report stated that it was unable to obtain sufficient appropriate audit evidence in relation to the accounting of the PFG ESP. As a result, William Buck concluded that it was not able to express an opinion on Prime's FY17 financial report or FY17 remuneration report. Prime was very disappointed with the disclaimer audit report, particularly considering William Buck's issuance of unqualified audit opinions in each of the last four years since the first grants under the PFG ESP. Prime also believed it provided all information requested by William Buck in relation to the PFG ESP.

33. Adjustments to previously lodged financial statements continued

The accounting treatment adopted for the grants to the directors and employees is as follows:

Arrangements	Summary of arrangements	Adjusted accounting treatment
2013, 2015 and 2016 grants to Mr P. Madder (Director and Chief Financial Officer)	Prime provided full recourse loans to a nominee company of Mr P. Madder to fund the purchase of shares in Prime. The loans are supported by general securities agreements over the nominee company and a personal guarantee from Mr P. Madder. The term of the loans was extended in the year ended 30 June 2017. In FY17, the Remuneration Committee recommended that the 2013 loan was further modified in accordance with the contractual entitlements of the executive service agreement entered into between the Company and Mr P. Madder. The modification was approved in the EGM on 14 July 2017.	The loans are included within financial assets in the consolidated statement of financial position. The modification to the loan at the Extraordinary General Meeting on 14 July 2017 was recognised as an expense of $392,960 in the statement of profit or loss and other comprehensive income for the year ended 30 June 2017.
2013, 2015 and 2016 grants to Mr Simon Madder (Managing Director and Chief Executive Officer)	Prime provided full recourse loans to a nominee company of Mr Simon Madder to fund the purchase of shares in Prime. The loans are supported by general securities agreements over a related entity of Mr Simon Madder and a personal guarantee from Mr Simon Madder. The term of the loans was extended in the year ended 30 June 2017. In FY17, the Remuneration Committee recommended that the 2013 loan was further modified in accordance with the contractual entitlements of the executive service agreement entered into between the Company and Mr Simon Madder. The modification was approved in the EGM on 14 July 2017. While Mr Simon Madder's loans are full recourse in nature, the arrangements provide that prior to the expiry of the loan term Mr Simon Madder may require the Trustee to buy back the Shares that are the subject of his ESP Loan at a price per share that is equal to the greater of:	Due to the buy-back option, the arrangements are cash settled share based payments within the scope of AASB 2 Share based payments. The share options vested on or prior to the grant date. On the grant date a share based payment expense and share based payment liability are recognised. The liability is valued using a share option pricing model. The liability is subsequently remeasured at each reporting date resulting in a share based expense or benefit in profit and loss.

Arrangements	Summary of arrangements	Adjusted accounting treatment
2013, 2015 and 2016 grants to Mr Simon Madder (Managing Director and Chief Executive Officer) (continued)	(a) 50% of the allocation price; (b) the volume weighted average price of a Share during the 30 days immediately preceding the date Mr Simon Madder issues a buy-back notice; and (c) an amount determined by an independent expert appointed at the request of Mr Simon 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 Simon Madder issues a buy-back notice.	
2013 and 2015 grants to employees	Prime provided non-recourse loans to employees to fund the purchase of shares in Prime. The employees have the option to settle the arrangements in cash.	The arrangements are cash settled share based payments within the scope of AASB 2 Share based payments. The share options vested on or prior to the grant date On the grant date a share based payment expense and share based payment liability are recognised. The liability is valued using a share option pricing model. The liability is subsequently remeasured at each reporting date resulting in a share based expense or benefit in profit and loss.

In the financial statements for the year ended 30 June 2017 and prior periods, Prime recognised the loans provided to directors and employees within treasury shares and adjusted for the modifications to the loans in the year ended 30 June 2017 in consolidated equity. Treasury shares and consolidated equity have been restated to reflect the revised accounting treatment.

33. Adjustments to previously lodged financial statements continued

2. Reversal of goodwill impairment

In August 2016, the Group disposed of its 30% interest in Rothsay Accounting Services Pty Ltd. The sale proceeds of $1,669,881 equalled the purchase price and the disposal occurred 18 months after the acquisition in February 2015. In addition, no goodwill was recognised as part of this acquisition. Prime's previous auditors stated that a goodwill impairment of $485,318 was required and the impairment was recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2017. Prime has reversed this impairment adjustment as a prior period restatement, as no impairment was deemed appropriate for the reasons described above.

3. Customer relationship intangible assets

The Group recognised customer relationship intangible assets in relation to the acquisitions of MPR Accountants & Advisors Pty Ltd ('MPR') and Watermans International Holdings Pty Ltd in the year ended 30 June 2017. The customer relationship intangible assets have been restated as follows:

- Prime has reassessed the acquisition date value of the MPR customer relationship intangible asset. Prime's previous auditors required that a valuation which was higher than Prime's best estimate be included in the financial statements for the year ended 30 June 2017. The acquisition date valuation of the MPR customer relationship intangible asset has been reduced by $2,172,909 from $4,621,939 to $2,449,030 and the amortisation period has been reduced from 10 years to eight years. This has resulted in a $156,065 reduction in the amortisation included in profit and loss for the year ended 30 June 2017.
- In the financial statements for the year ended 30 June 2017, deferred tax liabilities were not recognised on the customer relationship intangible assets. The financial statements for the year ended 30 June 2017 have been restated to include deferred tax liabilities in relation to the customer relationship intangible assets.

4. Long service leave employee benefits

At 30 June 2016 and 30 June 2017, the Group's long service leave provision related to employees which had been employed by the Group for more than 10 years. The employee benefits provision has been restated to recognise a liability for the present value of expected future payments to be made in respect of services provided by all employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

5. Tax

At 30 June 2017, the current tax payable was overstated. This provision has been reassessed resulting in a reduction in current tax payable partly offset by an increase in deferred tax liabilities.

The adjustments have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2017 $	30 June 2016 $
Impact on equity (increase/(decrease) in equity):		
Adjustment 1 - Employee share plan		
Financial assets	884,938	1,089,397
Deferred tax assets/(liabilities)	283,188	39,624
Financial liability	(943,961)	(132,081)
Adjustment 2 - Reversal of goodwill impairment		
Intangible assets - Goodwill	485,318	-
Adjustment 3 - Customer relationship intangible assets		
Intangible assets - Customer relationship intangible assets	(2,016,844)	-
Intangible assets - Goodwill	3,061,707	-
Deferred tax assets/(liabilities)	(781,551)	-
Adjustment 4 - Long service leave employee benefits		
Deferred tax assets	95,993	22,692
Intangible assets - Goodwill	101,294	-
Employee benefits	(319,978)	(75,640)
Adjustment 5 - Tax		
Deferred tax assets/(liabilities)	(218,120)	-
Current tax payable	1,022,066	-
Total assets	2,895,594	1,151,713
Total liabilities	(1,241,544)	(207,721)
Net impact on equity	**1,654,050**	**943,992**

33. Adjustments to previously lodged financial statements continued

	Year ended 30 June 2017 $
Impact on Consolidated Statement of Profit and Loss and Other Comprehensive Income (increase/(decrease) in profit):	
Adjustment 1 - Employee share plan	
Interest income	(195,893)
Share based payment income/(expenses)	(811,880)
Loan modification expense	(392,960)
Income tax benefit/(expense)	243,564
Adjustment 2 - Reversal of goodwill impairment	
Goodwill impairment	485,318
Adjustment 3 - Customer relationship intangible assets	
Amortisation	156,065
Income tax benefit/(expense)	107,248
Adjustment 4 - Long service leave	
Employee benefits	(99,632)
Income tax benefit/(expense)	29,890
Adjustment 5 - Current tax payable	
Income tax benefit/(expense)	803,946
Total adjustment to profit and loss	**325,666**
Attributable to: members of the parent entity	325,666

Diluted earnings per share has been restated to include an adjustment for shares issued to directors and employees for no consideration when they exercise their rights under the share option plan.

For the year ended 30 June 2017, the above items increased basic and diluted earnings per share by 0.19 cents per share from 1.62 cents per share to 1.81 cents per share. The adjustments did not impact other comprehensive income or the operating, investing and financing cash flows for the period.

34. Significant events after balance date

In July 2018, Prime acquired the corporate advisory businesses of Eaton Capital Holdings Pty Ltd ('Eaton') and CMB Advisory Pty Ltd ('CMB'). The transactions are expected to double the size of Prime's corporate advisory business and further adds to core hubs capability in Melbourne, Sydney and Brisbane. Upfront consideration of approximately $250k will be paid for the businesses, with the majority of the consideration deferred and subject to revenue performance in FY19 and FY20.

On 29 August 2018, the directors of Prime Financial Group Ltd declared a final dividend on ordinary shares in respect of the FY18 financial year. The total amount of the dividend is $833,914 which represents a fully franked dividend of 0.45 cents per share. The dividend has not been provided for in the 30 June 2018 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.

Directors' Declaration

The Directors of the company declare that:

1. The Financial Statements and Notes, as set out on pages 21 to 71, 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 2018 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 Chief Financial Officer have each declared that:

   (a) The financial records of the company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;

   (b) The Financial Statements and Notes for the financial year comply with the Accounting Standards; and

   (c) The Financial Statements and Notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that 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.

Paul Cowan
Chairman

Simon Madder
Managing Director & CEO

Melbourne

Date: 29 August 2018

Independent Auditor's Report

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Prime Financial Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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.

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 Prime Financial Group's previous acquisitions. The Group performs an annual impairment assessment, or more frequently, if there is an indication that goodwill may be impaired. It involves a comparison of the carrying value of the operating segment with its recoverable amount. 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 of the impairment assessment requires valuation expertise to assist in the testing of the underlying impairment model and assumptions. Accordingly, we involved our valuation specialists to test the methodology and mechanical accuracy of the impairment model and the reasonableness of key assumptions. In performing our audit procedures, we: ▶ Assessed whether the forecast cash flows were consistent with the most recent 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 accuracy of the Group's previous forecasts by performing a comparison of historical forecasts to actual results. We also assessed the adequacy of the disclosures associated with the goodwill impairment assessment.

Accounting for share based payments

Why significant	How our audit addressed the key audit matter
As set out in Note 2.3(s), employees and directors of the group receive remuneration in the form of share based payments. The group accounts for the share based payments with reference to the underlying terms and conditions of each award. These are disclosed in Note 23a. This was considered a key audit matter due to: ▶ the previous auditors of the Group issuing a disclaimer of opinion in respect of the prior period financial report, which was attributable to share based payments; ▶ the prior period restatement reflected in the financial report, which is outlined in Notes 1 and Note 33; and ▶ the accounting complexity associated with these awards.	Our audit procedures included the following: ▶ Evaluated the group's accounting polices relating to shared based payments and whether they satisfied the requirements of Australian Accounting Standards. ▶ Assessed the terms and conditions of the grants made in the prior periods and the subsequent accounting treatment of these by the Group. ▶ Utilised our valuation specialists to test the reasonableness of the methodology and key assumptions used in the valuation of the share based payments. ▶ Assessed the adequacy of the disclosures included in the financial report, including adjustments to previously lodged financial statements.

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 2018 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.

- 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.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Prime Financial Group Ltd for the year ended 30 June 2018, 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
29 August 2018

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 24 August 2018.

(a) Distribution of equity securities

Ordinary share capital – 190,937,314 fully paid ordinary shares are held by 943 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	53	24,379
1,001 - 5,000	150	480,077
5,001 - 10,000	160	1,297,387
10,001 - 100,000	379	15,302,238
100,001 over	201	173,833,233
Total	**943**	**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	21,711,737	11.37%
2	ASCENSION BUSINESS INVESTMENTS PTY LTD <ASCENSION BUSINESS INV A/C>	13,500,000	7.07%
3	PFG EMPLOYEE SHARE PLAN PTY LTD	10,662,396	5.58%
4	SONNING ROAD PTY LTD <PSB SUPERANNUATION FUND A/C>	7,600,000	3.98%
5	GOGORM SUPER PTY LTD <GOGORM SUPER FUND A/C>	5,700,805	2.99%
6	MS SHANNON OLIVIA TODD	5,233,325	2.74%
7	CULVERWOOD SUPERANNUATION PTY LTD <CULVERWOOD A/C>	4,600,000	2.41%
8	MS CHEN ZHANG	3,881,169	2.03%
9	MAY ROAD PTY LTD <MAY ROAD A/C>	3,550,000	1.86%
10	DRAKEVALE PTY LTD <JOANNE&PETER KENNEDY S/F A/C>	3,337,296	1.75%
11	HISHENK PTY LTD	3,050,000	1.60%

		Listed Ordinary shares	
	Name	Number of shares	% of ordinary shares
12	MR SIMON MADDER	3,048,823	1.60%
13	BROWN EYE PTY LTD	3,000,000	1.57%
14	COMMON SENSE INVESTMENTS PTY LTD	3,000,000	1.57%
15	SOMACO PTY LTD <THE S & M COHEN FAMILY A/C>	3,000,000	1.57%
16	FENNING COURT PTY LTD <SCOBLE FAMILY A/C>	2,475,000	1.30%
17	LYNDOC NOMINEES PTY LTD <LYNDOC SUPER FUND NO 2 A/C>	2,382,993	1.25%
18	THE GENUINE SNAKE OIL COMPANY PTY LTD <MORSON GROUP SUPER FUND A/C>	2,290,000	1.20%
19	29TH MARSUPIAL PTY LTD <THE BLUE CHIP UNIT A/C>	2,130,408	1.12%
20	MR PAUL SAMUEL COWAN + MRS BELINDA CAROLINE COWAN <PS COWAN SUPER FUND A/C>	2,120,000	1.11%

(c) Voting rights

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

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Prime

Corporate Information

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Directors

P. Cowan, Chairman
S. Madder, Managing Director & CEO
P. Madder
T. Carroll

Company Secretary

S. Munday

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Bankers

Westpac Banking Corporation

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