FIDUCIAN PORTFOLIO SERVICES LIMITED
ABN 13 073 845 931

2006 Annual Report to Shareholders

YEAR ENDED 30 JUNE 2006

10 Years of Service

FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

integrity
trust
expertise

The name Fiduciary is derived from the Latin word 'fiducia'. Over the years, persons of high integrity in positions of responsibility and who command trust and respect for their knowledge and expertise have been spoken of as exercising their duties in a fiduciary capacity.

The company logo of a lion personifies Strength, Character and Security – characteristics which sit well with the Integrity, Trust and Expertise associated with the meaning of our name.

It is therefore, within the ambit of working in a fiduciary manner and with high transparency, that we are building our services for the benefit of our clients, investors, staff and shareholders. We pride ourselves as having a high level of integrity and in inspiring a similar level among all our group members.

CONTENTS

This financial report covers both Fiducian Portfolio Services Limited as an individual entity and the consolidated entity consisting of Fiducian Portfolio Services Limited and its subsidiaries. The financial report is presented in Australian currency.

Fiducian Portfolio Services Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Fiducian Portfolio Services Limited
Level 4, 1 York Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Joint Report of the Chairman and Managing Director, and in the director's report on pages 9 to 12, both of which are not part of this financial report.

The financial report was authorised for issue by the directors on 29 August 2006. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.fiducian.com.au.

FIDUCIAN PORTFOLIO SERVICES 10 YEARS OF SERVICE

Established in 1996, Fiducian Portfolio Services Limited is a specialist financial services organisation that has grown over the past 10 years to become a major provider of financial products and services to many Australian investors and financial advisers.

A brief look back at some key company highlights over the past 10 years illustrates the growth of Fiducian and its influence in the Australian financial services arena.

1996

MAY 1996

Fiducian Portfolio Service Limited founded and established by Indy Singh.

1997

JANUARY 1997

The Fiducian Superannuation Service is launched. A mastertrust for personal superannuation and allocated pensions, the Fiducian Superannuation Service is the first of Fiducian's leading edge services designed for clients and financial advisers.

MARCH 1997

The Fiducian Investment Service is launched to provide investment saving portfolio administration services for our clients.

1998

JUNE 1998

The Fiducian Strategic Asset Allocation modelling software, specially designed to assist financial advisers construct strategic portfolios for their clients, is released to accredited dealers and advisers.

1999

APRIL 1999

The Portfolio Review modelling software allowing advisers to download and review the latest portfolio data for their clients is released to accredited dealers and advisers.

2000

MAY 2000

Fiducian Online Resource Centre (FORCe), an information and tool centre, is released to advisers with access to the latest portfolio data from Fiducian systems and also provides access to a wide range of investment and technical information thereby assisting advisers in providing financial planning services to their clients

SEPTEMBER 2000

Fiducian listed on the ASX as a stepping stone to future growth.This enabled Fiducian to commence building new technology platforms to support the enhanced services and solutions for advisers and clients for the future.

2001

JULY 2001

Fiducian established its own financial planning arm called Fiducian Financial Services Pty Ltd, a rapidly growing network of financial planning franchises.

OCTOBER 2001

The Fiducian Corporate Superannuation Service, a streamlined service providing administration, investment and reporting services to members of employer-sponsored superannuation funds is released.

DECEMBER 2001

New Client Administration Systems are implemented on schedule following significant investment in developing state of the art administration facilities, a strategic milestone in our aims of providing excellence in products and services for investors and advisers.

DECEMBER 2001

Fiducian moves to its new national headquarters at 1 York St in Sydney's CBD, Australia's financial heartland.

2002

MAY 2002

Fiducian Portfolio Services Limited acquired Bodinnars Personal Financial Planners, one of Sydney's oldest and most respected retirement and investment planning specialists, further expanding the financial planning services offered by the Group.

JULY 2002

FORCe on the web is released marking the first of Fiducian's new internet services. Financial advisers now have online access to information and reporting to assist them in providing superior service to their clients.

OCTOBER 2002

Internet access – Fiducian Online, is launched to help Fiducian investors keep up to date with their superannuation and investment portfolios.

2003

MARCH 2003

Fiducian launches FORCeFP financial planning software, the latest addition to the Fiducian Online Resource Centre (FORCe) tool set, specially designed to help financial advisers develop effective strategies, provide complying financial plans and efficiently manage their client database.

2004

APRIL 2004

A new look Fiducian Online is released with enhanced features to assist advisers and investors review and manage portfolios. It also enables employers to manage employee contributions to the Fiducian Corporate Superannuation Service easier than ever before.

APRIL 2004

The Fiducian Group grows with the acquisition of Money & Advice, a Tasmanian based financial planning company.

2005

AUGUST 2005

Fiducian Portfolio Services Limited reports a consolidated profit after income tax of $1.877 million for the 2005 financial year.

2006

MARCH 2006

Bodinnars Personal Financial Planners and Money & Advice commence trading as Fiducian Financial Services.

MAY 2006

Funds in the Fiducian platforms reach $1 Billion dollars. The growth in inflows into the platforms is complemented by the outstanding performance of Fiducian's range of 'Manage the Manager' style funds, the Fiducian Funds, which also have Funds under Management in excess of $1 Billion.

MARCH 2006

Fiducian Portfolio Services Limited was granted a RSE licence by the Australian Prudential Regulation Authority (APRA), under the new licencing requirements.

PRESENT

The front cover of this Annual Report is representative of tin, the metal that symbolises the anniversary of 10 years. We have always endeavoured to deliver service with integrity, trust and expertise.

JOINT REPORT OF THE CHAIRMAN AND THE MANAGING DIRECTOR

Dear Shareholder

On behalf of the Directors, we jointly report below on the consolidated operating performance of Fiducian Portfolio Services Limited and its controlled entities for the year ended 30 June 2006.

FINANCIAL INFORMATION

Results for 2005-2006

Fiducian continues to grow profitably through it business model and is pleased to report a net consolidated profit after income tax of $3.593 million, an increase of 85% on the prior year of $1.940 million (adjusted for AIFRS changes). The consequential earnings before interest, tax, amortisation and depreciation were $5.906 million compared to $3.548 million last year (adjusted for AIFRS changes).

The business model is built to last without being vulnerable to external parties and has significant capacity for further growth in revenue, without a comparable or corresponding increase in costs.

Final Dividend

The Board is confident about the future of the business in its current form, its profitability, prospects and likely cash flow outcomes. As a result, a fully franked final dividend of 4.2 cents per share has been declared which will bring the total dividend for the 2006 financial year to 7.0 cents fully franked (2005: 4.25 cents per share unfranked), a significant increase that rewards our shareholders. The final dividend will be paid on issued shares held on 12 September 2006 and be payable on 29 September 2006.

Half-Year Comparative Results

In the half year to June Fiducian continued its strong growth and achieved a consolidated profit after income tax of $2.087 million, an increase of 79% over the corresponding half-year in 2005 of $1.163 million. Funds under Administration also grew by 9.0% during the same period (2005: 9.0%).

Net Margin Income

Net Margin Income grew by 24% (2005: 33%), whilst operating expenses were contained and increased by only 7.0% (2005: 7.9%). Net Margin Income is expected to continue to grow, provided no major political or geographic disasters occur, whilst costs should be contained.

Funds under Administration

Funds under Administration grew in total by 25% (2005: 28%) and since the end of the financial year growth has continued strongly. At 30 June 2006 the assets held in the Fiducian Investment Service and the Fiducian Superannuation Service were $298.5 million (2005: $230.7 million) and $692.5 million (2005: $565.5 million) respectively, being increases of 29% and 23%, respectively.

Cash Flow

Net cash flows from operating activities were strong and posted a $5.033 million result (2005: $3.294 million). After capital and dividend outlays, net cash increased by $1.564 million (2005: $1.083) to $9.75 million, of which $5 million is restricted to meet regulatory statutory requirements.

On Market Buy Back

Fiducian bought 1.168 million shares on market for a total consideration, including brokerage, of $1.402 million at an average price of $1.20. There are 33.274 million shares (2005: 33.654 million) outstanding at year-end.

Acquisitions

No acquisitions of businesses were made during the year despite continually seeking further beneficial opportunities. With each opportunity, assessment of fair value and potential fit within the operational systems and culture of Fiducian were made to ensure that real value would be added for shareholders and that clients of advisers would not be disadvantaged. This criterion caused a number of potential acquisitions to be rejected.

DISTRIBUTION

Network Strategy

Fiducian has concentrated on growing the franchised, salaried and independent adviser network by focusing on building up and supporting its network offices. Practice Development Managers based in Sydney, Melbourne and Brisbane continue to work hard and aim to support and grow the adviser network throughout Australia. This support and assistance of financial planners appears to be leading to higher levels of inflows per adviser and we intend to continue with this strategy going forward.

Higher inflows are expected particularly from franchised and salaried financial advisers in the coming year. In summary these advisers continue to be firmly committed to Fiducian and represent 66% of total retail funds under administration on our platforms (2005: 64%).

Franchise Offices

Fiducian expects the highest level of compliance and client service from its franchise network, whilst the generation of higher inflows is important. This has meant the termination of some franchisees during the year so that there are now 26 franchised offices at year-end (2005: 30), but similar inflows have occurred, due to increased productivity of existing franchises. Inflows from franchises comprised 51% of total inflows last year (2005: 53%).

Tied Offices

The tied offices with salaried financial advisers based in Sydney, Tasmania and Melbourne are starting to expand profitability. The number of advisers and inflows has increased, which is contributing strongly to the overall results. Inflows from advisers in these offices now represent 31% of total inflows (2005: 29%).

Independent Dealers

Independent dealer groups continued to contribute 18% of total inflows during the year and now represent 32% of total funds, down from 36% at the previous year-end.

Corporate Superannuation

Whilst it grew by over 33%, Corporate Superannuation still forms only a small portion of funds under administration. Corporate Superannuation is a competitive business and has been structured as an offering to the small employer market, where employees can be readily serviced through our financial adviser network. Fiducian continues to retain this business and views it as a useful complement to the core personal superannuation and investment service offerings.

ISSUE OF OPTIONS FOR SHARES

Advisers

In accordance with the approved Adviser Share Option Plan 173,908 options were issued during the year and it is proposed to issue 91,220 options after 30 June 2006 at an exercise price of $1.68 to Advisers who have supported Fiducian during the year. 190,123 options previously issued to advisers were cancelled during the year.

Since the end of the financial year and to the date of this report 65,779 adviser options have been exercised.

Management and Staff

No options were issued to management and staff during the year, but as part of their remuneration and in recognition of their efforts, after year-end 36 members of the team were issued 172,500 options at an exercise price of $1.29. Secured loans at commercial interest rates totaling $295,260 were also granted to 5 senior staff members to assist them to exercise maturing options.

110,000 options were cancelled due to staff departures.

Since the end of the financial year and to the date of this report employees have exercised 66,400 options.

Directors

The Managing Director has earned 100,000 options at an exercise price of $1.29, in accordance with his remuneration package, as the relevant measures for such issue were exceeded. These will be allotted, subject to the passing of the proposed shareholder resolution.

No options are proposed to be issued to non-executive Directors under the plan. A total of 825,000 previously issued directors options have been cancelled as they lapsed during the year.

Since the end of the financial year and to the date of this report directors have exercised 218,014 options.

OTHER INFORMATION

Investment Management

Fiducian is a multi asset, multi style investment manager and designs funds that seek to deliver superior and consistent long-term results, whilst working to control short-term volatility. The Investment Committee and Investment Team are both working well to achieve these results that benefit our investors.

Fiducian Funds continued to be a top performer in comparison to other funds within their respective asset classes over the 2005-06 financial year. The longer-term performance, in particular, remains attractive to investors and continues to capture a strong percentage of inflows from within the Fiducian network. Both our Balanced and Growth funds were ranked in the top ten performing diversified funds, when measured over 1 and 3 year periods, and our International Share Fund ranked 1st in the core international funds category as reported earlier this financial year.

In addition, Fiducian was appointed as the investment manager for a number of small wholesale mandates by notable charities, endowment funds and some high net worth individuals. This is a new initiative by Fiducian and the investment team will look to build these and similar relationships in the coming financial year by confirming our commitment to service and ensuring an ongoing achievement of investment performance.

Information Technology

The Fiducian Information Technology continues to provide our adviser network with state-of-the-art financial planning software and administration tools and has given Fiducian the ability to control, develop and retain our edge in reporting to clients and financial planners. A new module of our financial planning software, which also provides superior client and practice management, is under testing and should be released in the first half of this year. This next generation technology will give our advisers further advantages in the market place and should help attract other quality advisers to Fiducian. It could also allow for the possible export of the Fiducian systems and procedures overseas.

Management and Staff

The Fiducian management team is focused and striving to develop and build a successful company. Both Management and the Board monitor the group's overall performance against operational plans and financial budgets. Key Performance Indicators have been identified in each area of the operations and used to monitor performance at least on a quarterly basis.

Adviser Council

This council is drawn from our supporting financial advisers and has again made a significant contribution to the company during the past year. It continues to fulfill its role as a sounding board for the company's Board, is a valuable resource for bringing information to the attention of management from financial advisers and is a forum to alert the company of issues needing resolution.

Board of Directors

Mr. Robert Bucknell has been the Chairman of the company since its inception and is an experienced accountant. His contribution to the Board is highly regarded in all aspects of the operations. He retires by rotation in accordance with the constitution and, being eligible, seeks re-election with the support of all other Directors.

JOINT REPORT OF THE CHAIRMAN AND THE MANAGING DIRECTOR CONTINUED

Current Economic and Market Environment

Global economic growth was strong over the 2005-6 financial year and the International Monetary Fund is expecting growth to be relatively strong over the coming year as well. The Australian economy has also grown solidly, although it appears to have entered a slower growth phase, following a slow-down in the housing sector and rising interest rates.

The domestic share market produced high returns over the course of the past year, but returns could be less spectacular this year. Our investment philosophy requires a diligent and disciplined approach across all phases of the business cycle and Fiducian will continue to implement a multi asset multi investment style to achieve consistent and less volatile investment returns over the longer-term.

Future Outlook

The Board expects healthy profit growth in coming years as management continues to focus on expanding the distribution network, lifting Funds under Administration and controlling expenditure. The business plan for 2007 financial year looks at expanding the revenue base by further utilising all segments of Fiducian's business model as a provider, not only to the distribution network, but also to other external parties in Australia and where possible, overseas. Acquisitions that can be easily assimilated and absorbed within the Fiducian culture will continue to be assessed as and when available. However, such acquisitions will only be made at reasonable and fair price multiples and should quickly add to bottom line profit growth, along with increased funds under management and fund administration inflows.

The cash management strategy for the next financial year is, therefore, to utilise the growing profitability to improve the level of dividends being paid to shareholders and, unless there are meaningful opportunities to expend surplus cash, look at the possibility of again buying back shares from the market.

We would like to thank all participants for their individual contributions to the growth and success of Fiducian.

Yours faithfully

Robert Bucknell	Indy Singh
Chairman	*Managing Director*

29th August 2006

CORPORATE DIRECTORY

DIRECTORS

R E Bucknell FCA
Chairman

I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP
Managing Director

P Leeson CFP, Dip. FP

A Koroknay BA, LLB(Hons), LLM(Hons)

SECRETARY

I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of Fiducian Portfolio Services Limited will be held at

Level 4, 1 York Street, Sydney

Time 10.00 am

Date 26 October 2006

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 4
1 York Street
Sydney NSW 2000
(02) 8298 4600

CONTROLLED ENTITIES

Fiducian Financial Services Pty Ltd
Harold Bodinnar & Associates Pty Ltd
Money & Advice Pty Ltd

SHARE REGISTER

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

AUDITOR

PricewaterhouseCoopers
Chartered Accountants
Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171

BANKERS

Westpac Banking Corporation
34 Martin Place
Sydney NSW 2000

STOCK EXCHANGE LISTING

Fiducian Portfolio Services Limited (FPS) shares are listed on the Australian Stock Exchange.

WEBSITE ADDRESS

www.fiducian.com.au

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Fiducian Portfolio Services Limited and the entities it controlled throughout the year ended 30 June 2006.

Directors

The following persons were directors of Fiducian Portfolio Services Limited during the whole of the financial year and up to the date of this report. Refer to Note 28 for further details.

Chairman – non-executive

R Bucknell

Executive director

I Singh

Non-executive directors

P Leeson
A Koroknay

Principal activities

During the year the principal continuing activities of the Group consisted of:

(a) The Operator of Fiducian Investment Service
(b) The Trustee of Fiducian Superannuation Service
(c) The Responsible Entity of Fiducian Funds; and
(d) The Dealer for specialist financial planning services through its controlled entities:
   (i) Fiducian Financial Services Pty Ltd
   (ii) Harold Bodinnar & Associates Pty Ltd
   (iii) Money & Advice Pty Ltd

Impact of Australian International Reporting Standards (AIFRS)

This is the first consolidated financial report to be prepared in accordance with AIFRS. A summary of adjustments made to comparative financial figures is disclosed in Note 39 to the consolidated financial report.

Dividends – Fiducian Portfolio Services Limited

Dividends paid to members during the financial year were as follows:

	2006 $'000	2005 $'000
Final ordinary unfranked dividend for the year ended 30 June 2005 of 2.5 cents (2004: Unfranked 0.5 cents) per share paid on 27 September 2005.	841	174
Interim ordinary fully franked dividend for the year ended 30 June 2006 of 2.8 cents (2005: Unfranked 1.75 cents) per share paid on 22 February 2006.	941	589
Total dividends in respect of the year	1,782	763

In addition to the above dividends, since the end of the financial year, the directors have declared the payment of a final fully franked dividend for the year ended 30 June 2006 of 4.2 cents per ordinary share held at 12 September 2006 and payable on 29 September 2006

Review of operations

A summary of consolidated revenues and results by significant industry segments is set out below:

	SEGMENT REVENUES		SEGMENT RESULTS	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Funds management and administration	19,475	16,220	4,783	2,809
Financial planning	6,578	6,197	422	206
Intersegment sales	(3,933)	(3,828)	-	-
	22,120	18,589	5,205	3,015
Amortisation of goodwill on acquisition			-	(190)
Profit from ordinary activities before income tax expense			5,205	2,825
Income tax expense			1,612	885
Net profit attributable to members of Fiducian Portfolio Services Limited			3,593	1,940

Comments on operations and results

Comments on the operations and the results of those operations appears in the Joint Report of the Chairman and Managing Director.

Shareholder returns

The Group is pleased that the return to shareholders, both through dividends and capital growth, reflects the many initiatives implemented. There is significant improvement in most financial measures for the current year as detailed in the Joint Report of the Chairman and Managing Director.

The share price has benefited from the improved performance, and with further increases in net funds inflow profitability will continue to grow with resultant favourable movements in share prices.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

Contributed equity has reduced by $1,402,125 as a result of the buy back of 1,168,075 on the stock exchange at an average price of $1.20 per share during the year, and an increase of $624,324 as a result of the exercise of 787,758 share options at an average price of $0.79 per share.

Further, 825,000 options issued to directors and past directors, 110,000 options issued to staff and 190,123 options issued to advisers lapsed during the year.

Other than this, there were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year.

Under the Rules of the Adviser Share Option Plan, the Directors are required and expect to grant 91,220 (2005: 173,908) options to advisers within three months of the announcement of the Group's results to the Australian Stock Exchange, at an exercise price of $1.68 (2005: $0.87), being 30% above the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2006.

Under the Rules no adviser options (2005: 190,123) are expected to be cancelled subsequent to the end of the financial year. To the date of this report, 65,779 Adviser options have been exercised. The above is subject to any regulatory approvals, if required.

Under the Rules of the Employee and Director Share Option Plan, the Directors intend to further grant 172,500 options at an exercise price of $1.29 to 36 employees after year end (2005: Nil), and 100,000 options at an exercise price of $1.29 to the Managing Director (2005: 100,000) subject to shareholder approval. To the date of this report, 66,400 options have been exercised by employees and 218,014 options exercised by directors.

Under the Rules of the Employee and Director Share Option Plan and Adviser Share Option Plan the following shares have been issued since the end of the financial year as a result of options granted, on the dates listed, being exercised:

DATE OPTIONS GRANTED		ISSUE PRICE OF SHARES	NUMBER OF SHARES ISSUED
30 June 2002	Employees	$1.14	290,000
24 Aug 2004	Employees	$0.55	21,000
5 Sept 2002	Advisers	$0.91	119,823
3 Sept 2003	Advisers	$0.48	356,935
			787,758

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years.

Likely developments and expected results of operations

The Chairman and Managing Director have commented on expected results of operations in their Joint Report. Other than this, the directors have excluded further information on likely developments in the operations of the Group and the expected results of those operations in future financial years, since, in the opinion of the directors, it would prejudice the interests of the Group if this information was included.

Environmental regulation

The Group is not subject to significant environmental regulations under a Commonwealth, State or Territory law.

Information on directors and remuneration report

This is included in Note 28 of the Financial Report.

Shares under option

Unissued ordinary shares of Fiducian Portfolio Services Limited under option at the date of this report are disclosed in Note 29 of the Financial Report.

No option holder has any right under the options to participate in any other share issue of the company or any other entity until after the exercise of the option.

Shares issued on the exercise of options

The details of ordinary shares of Fiducian Portfolio Services Limited issued during the year ended 30 June 2006 on the exercise of options granted under the Fiducian Portfolio Services Limited Employee & Director Share Option Plan and the Adviser Share Option Plan are disclosed under Note 29 to the Financial Report.

Indemnification and insurance of officers

The Constitution of Fiducian Portfolio Services Limited provides the following indemnification of officers:

(a) to indemnify officers of the company and related bodies corporate to the maximum extent permitted by law unless a liability arises out of conduct involving a lack of good faith. In the case of a related body corporate, the indemnification of officers does not extend to any proceedings for a liability incurred by the officer based upon events that occurred before that body corporate became a related body corporate.

(b) to allow the company to pay a premium for a contract insuring directors, the secretary and executive officers of Fiducian Portfolio Services Limited and its related bodies corporate. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in the capacity as officers of the company or a related body corporate.

No liability has arisen under these indemnities as at the date of this report.

During the year Fiducian Portfolio Services Limited paid a premium under a combined policy of insurance for liability of officers of the company and related bodies corporate, professional indemnity and crime. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

The officers of the company covered by the insurance policy include the directors: R E Bucknell, I Singh, P Leeson, A Koroknay, other officers of Fiducian Portfolio Services Limited and independent members of the External Compliance and Investment Committees, J Evans, P Emery and M Devlin.

Proceedings on behalf of the company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The company employs the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or Group are important. Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in Note 30.

The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

During the year the fees paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms, are shown in Note 30 to the consolidated financial report.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 13.

Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.

I Singh
Director

Sydney, 29 August 2006

AUDITORS' INDEPENDENCE DECLARATION

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditors' Independence Declaration

As lead auditor for the audit of Fiducian Portfolio Services Limited for the year ended 30 June 2006, I declare that, 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 Fiducian Portfolio Services Limited and the entities it controlled during the year.

David Prothero

D A Prothero
Partner
PricewaterhouseCoopers

Sydney
29 August 2006

Liability limited by a scheme approved under Professional Standards Legislation

CORPORATE GOVERNANCE STATEMENT

The Board of directors supports and has regard to best practice guidelines in Corporate Governance and the recommendations released by the Australian Stock Exchange Corporate Governance Council. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the Group in this statement

A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. Attendance at Board and Board Committee meetings are set out in Note 28 of the Financial Report.

1. The board of directors

1.1 The board operates in accordance with the principles set out in its charter, a summary of which is available from the corporate governance information section of the company's website. The charter details the board's composition and responsibilities. Details of the members of the board, their experience, expertise, qualifications, term of office, independent status, membership of committees and attendance at Board and committee meetings are set out in Note 28 of the Financial Report.

1.2 The Board has undertaken an annual self assessment of all directors, which is then discussed by directors at length and any weaknesses addressed. The last review was conducted in July 2006.

1.3 The Managing Director and Financial Controller have made the following certifications to the board, for the year ended 30 June 2006 that:

- the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group, and are in accordance with relevant accounting standards.

  and

- the above statement is founded on a sound system of internal compliance and risk management, which implements the policies adopted by the Board, and that the company's risk management and internal compliance system is operating efficiently and effectively in all material respects.

1.4 The Board has established a number of committees, consisting of both executive and non-executive directors, to assist in the execution of its duties and to allow detailed consideration of important aspects of the business or complex issues. The current committees are summarised briefly in paragraphs 2 to 5 below. Each committee has its own written charter which sets out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee operates. A summary of the charters for each committee is available on the company's website. Minutes of committee meetings are tabled at the next subsequent Board meeting, with specific reporting requirements being addressed in the charter of the individual committees.

2. Remuneration committee

The Remuneration Committee is comprised of the non-executive Chairman and one other non-executive Director. The Committee evaluates the Managing Director using criteria such as business performance, accomplishment of short and long-term strategic objectives, the development of management and that the salary package is competitive and reasonable. The Remuneration Committee takes this documented evaluation into account and the assessment by external consultants, when deemed appropriate, when considering the Managing Director's remuneration. The Managing Director is responsible for the remuneration of all other senior managers and staff.

3. Compliance committees

3.1 An Internal Compliance Committee is comprised of the non-executive Chairman, one other non-executive Director, and the Managing Director. The Committee monitors all compliance systems, procedures, policies and programs established to ensure disclosure by management to the Board of areas of operating and non-financial risk. The compliance manager attends and participates at the meetings.

3.2 The External Compliance Committee is comprised of two independent members and the Managing Director. The Committee monitors all compliance and reporting to ensure compliance with obligations imposed by the corporations and superannuation laws and that the interests of fund members are protected. The compliance manager attends and participates at the meetings.

4. Audit committee

The Audit Committee is comprised of the non-executive Chairman, one other non-executive Director and the Managing Director. The financial controller and auditor attend and participate at meetings. The Committee monitors all accounting policies to ensure they comply with accepted accounting standards and practices.

5. External auditors

PricewaterhouseCoopers has been the appointed external auditor since inception in 1996. It is PricewaterhouseCoopers' policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner was introduced for the year ended 30 June 2004.

6. Investment committee

The Investment Committee is comprised of two external members, the Managing Director and senior staff involved in investment.

7. Risk assessment and management

A detailed Risk Management Strategy and Plan is formalised which details the policies in place in relation to risk management processes, compliance and internal control systems, procedures, registers and reporting. These strategies are available on the company website. In summary these strategies are designed to ensure that strategic, operational, legal, reputation and financial risks are identified, assessed effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

The head of each business unit reports monthly, by exception, against the Risk Management Plan to the Risk Manager. Further, detailed checklist reports are prepared quarterly by each business unit to confirm compliance with all licensing, corporations and superannuation law requirements to the External Compliance Committee, which then reports to the Board.

In addition, the Board each year approves a strategic plan together with operating objectives and budgets which also encompasses the Group's vision and mission. The Board monitors progress against these objectives and budgets, including the establishment and monitoring of KPI's of both a financial and non-financial nature. Also, regular financial reporting is received by the Board on such matters as the Group's liquidity, funds under management inflows and outflows, funds performances and economic and financial market changes impacts and forecasts. These measures assist the Board in managing business risk.

8. Share trading policy

The purchase and sale of company securities by directors and employees is detailed in a written policy statement on insider and personal trading. This policy is discussed with and given to each new director or employee as part of the induction process. Each director and employee is required to sign an annual declaration confirming their compliance. Generally, directors and employees are only allowed to buy or sell Fiducian securities during the six weeks immediately after the release to the market of financial information or any other major statement that may affect the share price. The Compliance Officer advises both directors and staff when such periods commence and conclude.

The directors are satisfied that the Group has complied with its policies on trading in securities.

A copy of the trading policy is available on the company's website.

9. Continuous disclosure and shareholder communication

The Managing Director has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public. Shareholders can receive updates on the Group's information released to the ASX on the ASX's website at www.asx.com.au or on the company's website.

When analysts are briefed on aspects of the Group's operations, the material used in the presentation is only that already released to the ASX and posted on the company's website.

SHAREHOLDER INFORMATION

A. DISTRIBUTION OF EQUITY SECURITY HOLDERS BY SIZE OF HOLDING

Analysis of numbers of equity security holders by size of holding, as at 31 July 2006:

DISTRIBUTION :	NO. OF HOLDERS
1 - 1,000	21
1,001 - 5,000	196
5,001 - 10,000	57
10,001 - 50,000	44
50,001 - 100,000	18
100,001 - and over	33
Total	369

There were 5 holders of a less than marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders.

The names of the twenty largest registered share holders of quoted equity securities as at 25 August 2006 are listed below:

Ordinary shares

	NAME	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
1	Indyshri Singh Pty Limited	8,773,500	26.26
2	Westpac Custodian Nominees Limited	3,828,655	11.46
3	Citicorp Nominees Pty Limited (CFS Developing Co's)	2,550,480	7.63
4	Galt Nominees Limited (Kerr Family account)	2,279,980	6.82
5	Erich Gustav Brosell	1,943,800	5.82
6	ANZ Nominees Limited (Cash Income A/c)	1,612,694	4.83
7	Hunter Place Services Pty Ltd	1,000,000	2.99
8	Norcad Investments Pty Ltd	977,998	2.93
9	Washington H Soul Pattinson & Company	850,000	2.54
10	Galt Nominees Limited	800,000	2.39
11	D R Smith Holdings Pty Ltd	523,700	1.57
12	Inderjit Singh	367,500	1.10
13	Imperial Pacific Fund Managers Pty Ltd	361,000	1.08
14	National Nominees Limited	333,932	1.00
15	Cogent Nominees Pty Ltd	309,537	0.93
16	Rannidob Pty Limited (Rannidob P/L Super Fund)	299,778	0.90
17	David Colin Archibald	260,000	0.78
18	Robcharta Nominees (NSW) Pty Limited	259,000	0.78
19	William David Featherstone	251,523	0.75
20	Inderjit Singh	200,000	0.60
		27,783,077	83.16

Unquoted equity securities

As at 30 June 2006:

TYPE OF SECURITY	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options – Directors	318,014	5
Options – Employees	459,000	13
Options – Advisers	1,154,844	45
	1,931,858	63

C. SUBSTANTIAL SHARE HOLDERS

Substantial share holders and associates as at 25 August 2006 (more than 5% of a class of shares) in the company are set out below:

Ordinary shares

NAME	NUMBER HELD	PERCENTAGE
Indyshri Singh Pty Limited and associates	9,361,000	28.02%
Westpac Custodian Nominees Limited	3,828,655	11.46%
Galt Nominees Limited and associates	3,079,980	9.22%
Citicorp Nominees Pty Ltd	2,723,232	8.15%
Erich Gustav Brosell	1,946,700	5.83%

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands each holder of ordinary shares has 1 vote and upon a poll 1 vote for each share held.

Options

No voting rights.

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Revenue from ordinary activities	**5**	21,547	18,153	18,968	15,829
Dividend from subsidiary		-		400	
Other Income	**6**	573	436	507	391
Commissions paid to advisers		(6,032)	(5,587)	(6,716)	(5,843)
Employee benefits expense		(6,376)	(6,199)	(4,707)	(4,489)
Depreciation and amortisation expense	**7a**	(701)	(723)	(654)	(692)
Other expenses	**7b**	(3,806)	(3,255)	(2,616)	(2,576)
Profit before income tax expense		5,205	2,825	5,182	2,620
Income tax expense	**8**	1,612	885	1,475	831
Profit for the year		3,593	1,940	3,707	1,789
Profit attributable to members of Fiducian Portfolio Services Limited	**27**	3,593	1,940	3,707	1,789
Earnings per share	**36**				
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic earnings per share		10.70 cents	5.50 cents		
Diluted earnings per share		9.89 cents	5.32 cents		

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS
AS AT 30 JUNE 2006

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
ASSETS					
Current assets					
Cash and cash equivalents	**10**	9,744	8,180	9,201	7,247
Trade and other receivables	**11**	2,679	2,063	2,676	2,388
Income tax receivable	**12**	-	387	-	325
Other financial assets at fair value through profit or loss	**13**	502	-	502	-
Total Current Assets		12,925	10,630	12,379	9,960
Non-current assets					
Receivables	**14**	679	393	679	393
Other financial assets	**15**	-	-	3,865	3,865
Property, plant and equipment	**16**	158	274	99	192
Deferred tax assets	**17**	521	387	450	316
Intangible assets	**18**	4,392	4,906	849	1,341
Total Non-Current Assets		5,750	5,960	5,942	6,107
Total assets		18,675	16,590	18,321	16,067
LIABILITIES					
Current liabilities					
Payables	**19**	1,962	1,685	1,692	1,389
Current tax liabilities	**20**	1,324	509	1,284	502
Provisions	**21**	-	86	-	20
Total Current Liabilities		3,286	2,280	2,976	1,911
Non-current liabilities					
Payables	**22**	13	28	-	-
Deferred tax liabilities	**23**	155	275	154	274
Provisions	**24**	373	221	308	175
Total Non-Current Liabilities		541	524	462	449
Total liabilities		3,827	2,804	3,438	2,360
Net assets		14,848	13,786	14,883	13,707
EQUITY					
Contributed equity	**25**	12,549	13,308	12,549	13,308
Reserves	**26**	112	102	112	102
Retained profits	**27**	2,187	376	2,222	297
Total equity		14,848	13,786	14,883	13,707
Contingent liabilities	**31**				

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Total equity at the beginning of the financial year		13,786	13,421	13,707	13,493
Profit for the year		3,593	1,940	3,707	1,789
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	**25**	643	-	643	-
Buy back of shares, inclusive of transaction costs	**25**	(1,402)	(846)	(1,402)	(846)
Dividends provided for or paid	**9**	(1,782)	(763)	(1,782)	(763)
Employee share options exercised	**26**	10	34	10	34
Total transactions with equity holders		(2,531)	(1,575)	(2,531)	(1,575)
Total equity at the end of the financial year		14,848	13,786	14,883	13,707

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		23,221	19,907	20,395	17,149
Payments to suppliers and employees (inclusive of goods and services tax)		(18,099)	(16,902)	(15,277)	(14,639)
		5,122	3,005	5,118	2,510
Interest received		575	443	509	398
Income taxes (paid) / refunded		(664)	(154)	(622)	21
Net cash inflow from operating activities	**35**	5,033	3,294	5,005	2,929
Cash flows from investing activities					
Payments for computer software		(27)	(26)	(27)	(26)
Loans to related parties (associates, advisers and staff)		(376)	(179)	(376)	(179)
Purchase of subsidiary, net of cash acquired		-	(421)	-	(436)
Payments to acquire client portfolios		(15)	(200)	-	-
Dividend from subsidiary		-	-	400	-
Investment in related trust		(500)	-	(500)	-
Repayment of loans by associates & advisers		38	272	38	272
Payments for property, plant and equipment		(48)	(46)	(45)	(24)
Net cash outflow from investing activities		(928)	(600)	(510)	(393)
Cash flows from financing activities					
Payments for shares bought back		(1,402)	(848)	(1,402)	(848)
Proceeds on exercise of options		643	-	643	-
Dividends paid		(1,782)	(763)	(1,782)	(763)
Net cash outflow from financing activities		(2,541)	(1,611)	(2,541)	(1,611)
Net increase in cash held		1,564	1,083	1,954	925
Cash at the beginning of the year		8,180	7,097	7,247	6,322
Cash and cash equivalents at the end of year	**10**	9,744	8,180	9,201	7,247

The above cash flow statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Fiducian Portfolio Services Limited as an individual entity and the Group consisting of Fiducian Portfolio Services Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards other authoritive pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS).

The parent entity's financial statements and notes also comply with AIFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 Financial *Instruments: Presentation and Disclosure.*

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

These financial statements are the first Fiducian Portfolio Services Limited financial statements prepared in accordance with AIFRS. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* have been applied in preparing these financial statements.

Financial statements of Fiducian Portfolio Services Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Fiducian Portfolio Services Limited 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 are restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in Note 39.

Early adoption of standards

The Group has elected to apply the following standards to the annual reporting period beginning 1 July 2005:

- AASB 119 *Employee Benefits* (issued in December 2004).

This includes applying the standards to the comparatives in accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards.*

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Fiducian Portfolio Services Limited (company or parent entity) as at 30 June 2006 and the results of all controlled entities for the year then ended. Fiducian Portfolio Services Limited and its subsidiaries together are referred to in this financial report as the Group.

Intercompany transactions and balances on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Investments in subsidiaries are accounted for at cost in the parent company's financial statements.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Management fees and commission

Revenue comprising trustee and management fees are recognised on an accruals basis.

(ii) Interest income

Interest income is recognised on a time proportion basis using an effective interest method, see Note 1(j). When a receivable is impaired, the Group reduces the carrying amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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 which are enacted or subsequently enacted in Australia. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(d) Income tax (continued)

Tax consolidation

Fiducian Portfolio Services Limited and its wholly owned subsidiaries have not implemented the tax consolidation legislation and are still considering the costs and benefits of doing so.

If the Group decides to form a tax consolidated group, the Australian Taxation Office will be notified of this decision upon lodgement of the next tax return.

(e) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 32). Payments made under operating leases (net of any incentives received by the lessee) are charged to the income statement on a straight-line basis over the period of the lease.

(f) Trustee company and Responsible Entity

The company acts as a Trustee of Fiducian Superannuation Service and Responsible Entity of Fiducian Funds. The accounting policies adopted by the company in the preparation of the financial statements for the year ended 30 June 2006 reflect the fiduciary nature of the company's responsibility for the assets and liabilities of the trusts.

The financial statements do not include the trusts' assets and liabilities as future economic benefits and obligations derived from the trusts' assets and liabilities do not accrue to the company. In accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, the trust assets and liabilities have not been disclosed as the directors consider the probability of the company having to meet the liabilities of the trusts is remote.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade receivables

Trade receivables are recognised at fair value and subsequently measured at amortised cost, less provision for doubtful receivables. Trade receivables are due for settlement no more than 120 days from the date of recognition for trade receivable and financial planning fees, and no more than 30 days for other receivables.

Collectibility of trade receivables is reviewed on an ongoing basis. Receivables, which are known to be uncollectible, are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(j) Investments and other financial assets

From 1 July 2004 to 30 June 2005

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

(j) Investments and other financial assets (continued)

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, were brought to account at cost and dividend and distribution income was recognised in the income statement when receivable. On long term investments, unrealised changes in market value were recognised in the income statement.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments required to comply with AASB 132 and AASB 139 is that fair value is the measurement basis. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes to carrying amounts were taken to retained earnings or reserves.

For further information concerning the adjustments on transition date reference should be made to the following notes:

- Other financial assets at fair value through profit or loss – Note 13
- Other financial assets – Note 15
- Reserves and retained profits – Notes 26 and 27
- Explanation of transition to AIFRS – Note 39

From 1 July 2005

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and other financial assets. The classification depends on the purposes for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Loans and receivables are included in receivables in the balance sheet in Notes 11 and 14

(k) Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they were incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	2 – 8 years
Leasehold improvements	20 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in Note 1(g).

(l) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Client portfolios

Consideration payable for the acquisition of client portfolios is deferred and amortised on a straight line basis over a period of 10 years. Client portfolios are also tested for impairment annually, or more frequently if events or changes in circumstances indicate that they may be impaired, and is carried at cost less accumulated amortisation and impairment losses.

Deferred expenditure

Costs in respect of the development of new computer systems are deferred to future periods to the extent that it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be reliably measured. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, up to 5 years.

The carrying amounts of all capitalised expenditure are tested for impairment annually to determine whether they exceed their recoverable amount.

(n) Trade and other creditors

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. No such provision is required at year end.

(p) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee services up to the reporting date and are measured as the amount unpaid at the reporting date at the amounts expected to be paid when the liabilities are settled. Sick leave is brought to account as incurred.

(p) Employee benefits (continued)

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and 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 cost method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Share-based compensation benefits are provided to employees and advisers via the two share option plans. Information relating to these schemes is set out in Note 29.

Options granted before 7 November 2002 and vested before 1 January 2005

No expense is recognised in respect of options issued to employees for nil consideration. Shares issued following the exercise of options are recognised at that time and the proceeds received allocated to share capital.

Options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted under the Fiducian Employee & Director Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(r) Dividends

Provision is made only 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 financial year but not distributed at balance date.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Financial instrument transaction costs

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts, except for financial assets or liabilities that are measured at fair value through profit or loss.

At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Group was immaterial.

(u) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO is included with other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

(v) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(w) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) UIG 4 Determining whether an Asset Contains a Lease

UIG 4 is applicable to annual periods beginning on or after 1 January 2006. The group has elected not to adopt UIG 4 early. It will apply UIG 4 in its 2007 financial statements and UIG 4 transition provisions, on the basis of facts and circumstances that existed as of 1 July 2006. Implementation of UIG 4 is not expected to change the accounting for any of the Group's current arrangements.

(ii) AASB 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]

AASB 2005-9 is applicable to annual reporting periods beginning on or after 1 January 2006. The amendments relate to the accounting for financial guarantee contracts. The Group has not elected to adopt the amendments early. Implementation of AASB2005-9 is not expected to change the accounting for any of the Group's current arrangements.

(iii) AASB 2005-6 Amendments to Australian Accounting Standards [AASB 121]

AASB 2005-6 is applicable to annual reporting periods ending on or after 31 December 2006. The amendment relates to monetary items that form part of a reporting entities net investment in a foreign operation. The Group does not have any monetary items forming part of net investment in a foreign operation. The amendment to AASB 121 will therefore have no impact on the Group's financial statements.

(iv) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards

[AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. AASB 7 and AASB 2005-10 are applicable to annual reports beginning on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not effect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's financial instruments.

2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors. The Board supervises overall risk management policies and exposures, including policies covering specific areas, such as interest rate and credit risks, and investing excess liquidity. Refer also to item 7 of the Corporate Governance Statement.

(a) Market price risk

The Group is exposed to equity securities price risk. This arises from management fees received on balances in investment and superannuation funds managed by the Group that have exposures to equity and other markets. The group is not exposed to commodity price risk.

(b) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to clients with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any financial institution.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping adequate cash funds available and seeking committed credit lines only when necessary.

(d) Cash flow and fair value interest rate risk

The Group has significant interest-bearing assets, and the Group's income and operating cash flows are exposed to changes in market interest rates.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(m). The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations which require the use of assumptions.

(ii) Estimated impairment of client portfolios

The Group tests annually whether acquired client portfolios have suffered any impairment, in accordance with the accounting policy stated in Note 1(m). The recoverable amounts of cash-generating units have been determined based on market value assessments which require the use of assumptions.

(iii) Deferred expenditure

The Group tests annually whether deferred expenditure has suffered any impairment, in accordance with the accounting policy stated in Note 1(m). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions.

4 SEGMENT INFORMATION

(a) Description of segments

Business segments

The Group is organised into the following divisions by product and service type.

Funds Management and Administration

The company operates in a single segment as Trustee for a public offer superannuation fund – Fiducian Superannuation Service, Operator of an Investor Directed Portfolio Service, Fiducian Investment Service and Responsible Entity for an investment trust scheme – Fiducian Funds.

Financial Planning

The company continued to develop during the year a specialist financial planning operation through its subsidiaries, Fiducian Financial Services Pty Ltd, Harold Bodinnar & Associates Pty Ltd and Money & Advice Pty Ltd.

Geographical segments

The Group operates in a single geographical segment, Australia.

(b) Primary reporting – business segments

	FUNDS MANAGEMENT AND ADMINISTRATION	FINANCIAL PLANNING	INTER-SEGMENT ELIMINATIONS	CONSOLIDATED
	$'000	$'000	$'000	$'000
2006				
Sales to external customers	18,968	2,579	-	21,547
Intersegment sales	-	3,933	(3,933)	-
Total sales revenue	18,968	6,512	(3,933)	21,547
Other revenue	507	66	-	573
Total segment revenue	19,475	6,578	(3,933)	22,120
Profit from ordinary activities before income tax expense	4,783	422	-	5,205
Income tax expense				1,612
Profit from ordinary activities after income tax expense				3,593
Segment assets	18,321	1,067	(713)	18,675
Segment liabilities	3,438	578	(189)	3,827
Acquisitions of plant and equipment intangibles and other non-current segment assets	72	3	-	75
Depreciation and amortisation expense	654	47	-	701
Net cash inflow from operating activities	5,005	28	-	5,033

4 SEGMENT INFORMATION CONTINUED

	FUNDS MANAGEMENT AND ADMINISTRATION	FINANCIAL PLANNING	INTER-SEGMENT ELIMINATIONS	CONSOLIDATED
	$'000	$'000	$'000	$'000
2005				
Sales to external customers	15,829	2,324	-	18,153
Intersegment sales	-	3,828	(3,828)	-
Total sales revenue	15,829	6,152	(3,828)	18,153
Other revenue	391	45	-	436
Total segment revenue	16,220	6,197	(3,828)	18,589
Profit from ordinary activities before income tax expense	2,809	206	(190)	2,825
Income tax expense				885
Profit from ordinary activities after income tax expense				1,940
Segment assets	16,067	1,404	(881)	16,590
Segment liabilities	2,360	614	(170)	2,804
Acquisitions of plant and equipment intangibles and other non-current segment assets	50	192	-	242
Depreciation and amortisation expense	668	28	190	886
Net cash inflow from operating activities	2,929	365	-	3,294

5 REVENUE

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
From continuing operations				
Sales revenue				
Fees and commissions received	21,205	17,687	18,596	14,946
Other	342	466	372	883
	21,547	18,153	18,968	15,829

6 OTHER INCOME

Interest received/receivable	571	436	505	391
Fair value gains on other financial assets at fair value through profit or loss (Note 13)	2	-	2	-
Revenue from ordinary activities	573	436	507	391

7 EXPENSES

Profit before income tax includes the following specific expenses:

(a) Depreciation and amortisation

Depreciation				
Plant and equipment	83	112	59	88
Total depreciation	83	112	59	88
Amortisation				
Leasehold improvements	76	76	76	76
Capitalised computer software	477	480	477	480
Client portfolio acquisition costs	65	55	42	48
Total amortisation	618	611	595	604
Total depreciation and amortisation	701	723	654	692

(b) Other expenses

Professional services	478	375	302	263
Sales marketing and travel	399	372	320	317
Premises and equipment	687	600	412	398
Communication and computing	676	546	469	458
Printing and stationery	254	300	220	254
Administration and other	1,312	1,062	893	886
	3,806	3,255	2,616	2,576
Net loss on disposal of property, plant and equipment	(5)	6	(5)	6
Doubtful debts	(6)	(35)	(10)	(34)
Rental expense relating to operating leases	651	558	412	385

8 INCOME TAX EXPENSE

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
(a) Income tax expense				
Current tax	1,827	1,052	1,696	990
Deferred tax	(254)	(152)	(254)	(153)
Under (over) provided in prior years	39	(15)	33	(6)
Income tax expense	1,612	885	1,475	831
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (Note 17)	(134)	(17)	(134)	(17)
(Decrease) increase in deferred tax liabilities (Note 23)	(120)	(135)	(120)	(136)
Deferred tax	(254)	(152)	(254)	(153)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	5,205	2,825	5,182	2,620
Tax at the Australian tax rate of 30%	1,562	848	1,555	786
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Amortisation of intangibles	-	(8)	-	-
Entertainment	8	47	5	45
Tax offset for franked dividends	-	-	(120)	-
Sundry items	3	13	2	6
	1,573	900	1,442	837
Under (over) provision in prior years	39	(15)	33	(6)
Income tax expense	1,612	885	1,475	831
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Current tax – credited directly to equity Note 25 (b)	2	-	2	-
	2	-	2	-

(d) Tax consolidation legislation

Fiducian Portfolio Services Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation as of 1 July 2005, and are still considering the benefits of doing so. As a consequence this financial report has been prepared on a non-tax consolidated basis.

The accounting policy in relation to this legislation is set out in Note 1(d).

9 DIVIDENDS

	PARENT ENTITY	
	2006 $'000	2005 $'000
Ordinary shares		
Final ordinary unfranked dividend for the year ended 30 June 2005 of 2.5 cents (2004: Unfranked 0.5 cents) per share paid on 27 September 2005.	841	174
Interim ordinary fully franked dividend for the year ended 30 June 2006 of 2.8 cents (2005: Unfranked 1.75 cents) per share paid on 22 February 2006.	941	589
Total dividends paid in cash	1,782	763

The Directors have declared the payment of a final fully franked dividend for the year ended 30 June 2006 in the amount of 4.2 cents per ordinary share to be paid on shares registered on 12 September 2006 and payable on 29 September 2006.

Franked dividends

The franked portions of the final dividends recommended after 30 June 2006 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ending 30 June 2006.

	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
Franking credits available for subsequent financial years based on a tax rate of 30%	867,681	653,668	568,653	247,502

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for:

a. franking credits that will arise from the payment of the amount of the provision for income tax.
b. franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.
c. franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits from subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised a liability at year end, will be a reduction in the franking account of approximately $1,398,000 (2005: Nil).

10 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash at bank and on hand	1,413	2,586	894	1,676
Bank bills of exchange	8,185	5,449	8,185	5,449
Deposits securing bank guarantees	146	145	122	122
	9,744	8,180	9,201	7,247

11 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Amounts receivable from related entities:				
Controlled entities	-	-	140	501
Related trusts	2,044	1,573	2,044	1,573
Business development loans	59	44	59	44
Other receivables	200	238	34	82
Prepayments	422	297	411	247
	2,725	2,152	2,688	2,447
Less: Provision for doubtful receivables	46	89	12	59
	2,679	2,063	2,676	2,388
Movements in doubtful receivables				
Balance at beginning of year	89	124	59	93
Written off against provision	(37)	-	(37)	-
Movement	(6)	(35)	(10)	(34)
Balance at end of year	46	89	12	59

Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk rate of both current and non-current receivables is set out in Note 38.

12 CURRENT ASSETS – INCOME TAX

Income tax receivable	-	387	-	325

13 CURRENT ASSETS – OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

At beginning of year	-	-	-	-
Additions	500	-	500	-
Revaluation – fair value gains	2	-	2	-
At end of year	502	-	502	-
Investment in related trust, at call	502	-	-	-
	502	-	502	-

Changes in fair values of other financial assets at fair value through profit or loss are recorded in Other Income in the income statement. Refer to Note 6.

14 NON-CURRENT ASSETS – RECEIVABLES

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Business development loans*	384	393	384	393
Loans to staff	295	-	295	-
	679	393	679	393

**Refer to Note 11 for the current portion of these receivables.*

Of the total business development loans of $437,000 (being both current and non current), business development loans of $286,000 (2005: $315,000) are advanced to entities in which the parent entity has a 40% equity interest in each.

The loans to 5 staff members were granted to assist in the exercise of 259,000 options at an average exercise price of $1.14. The loans are for 3 years at commercial interest rates and secured.

(a) Fair values

The fair values and carrying values of non-current receivables of the Group are as follows:

	2006 CARRYING AMOUNT	FAIR VALUE	2005 CARRYING AMOUNT	FAIR VALUE
	$'000	$'000	$'000	$'000
Business development loans	384	307	393	271
Loans to staff	295	295	-	-
	679	602	393	271

The fair values are based on cash flows discounted using a current lending rate of 7.66% (2005 – 7.72 %).

(b) Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in Note 38.

15 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING %		COST OF PARENT ENTITY'S INVESTMENT 2006	2005
					$,000	$,000
Fiducian Financial Services Pty Ltd	Australia	Ordinary	100		100	100
Harold Bodinnar & Associates Pty Ltd	Australia	Ordinary	100		3,325	3,325
SSP Pty Ltd	Australia	Ordinary	100		-	-
Social Security Professionals Pty Ltd	Australia	Ordinary	100		-	-
Inheritance Planners Pty Ltd	Australia	Ordinary	100		-	-
Money & Advice Pty Ltd	Australia	Ordinary	100		440	440
Froud Planning Pty Ltd	Australia	Ordinary	40	**A**	-	-
Eric Bohl Consulting Pty Ltd	Australia	Ordinary	40	**A**	-	-
Leasa Collins Financial Planning Services Pty Ltd	Australia	Ordinary	40	**A**	-	-
Total investment by parent entity					3,865	3,865

These financial assets are carried at cost.

A Investments

Froud Planning Pty Ltd, Eric Bohl Consulting Pty Ltd, and Leasa Collins Financial Planning Services Pty Ltd, all 40% associates, have not been equity accounted in the consolidated financial statements as there is no director significant influence and the investments were made to protect lending to these entities (Note 33). In addition, the parent entity, under the shareholder agreements, is entitled to a management fee only once these entities become profitable and has waived its rights to participate in the profits or losses of these associates. The parent entity also has no director or management participation in the operation of these associates.

16 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Plant and equipment				
Plant and equipment at cost	1,127	1,086	857	816
Less: Accumulated depreciation	969	812	758	624
	158	274	99	192

16 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT CONTINUED

Movements

Reconciliation of the carrying amounts of each class of property, plant and equipment are set out below.

	FURNITURE AND OFFICE EQUIPMENT	COMPUTERS	LEASEHOLD IMPROVEMENTS	TOTAL
	$'000	$'000	$'000	$'000
Consolidated At 1 July 2004				
Cost or fair value	303	365	377	1,045
Accumulated depreciation	(214)	(222)	(188)	(624)
Net book amount	89	143	189	421
Year ended 30 June 2005				
Opening net book amount	89	143	189	421
Additions	11	34	-	45
Disposals	-	(5)	-	(5)
Depreciation / amortisation charge	(30)	(81)	(76)	(187)
Closing net book amount	70	91	113	274
At 30 June 2005				
Cost or fair value	314	395	377	1,086
Accumulated depreciation	(244)	(304)	(264)	(812)
Net book amount	70	91	113	274
Year ended 30 June 2006				
Opening net book amount	70	91	113	274
Additions	13	35	-	48
Disposals	-	(5)	-	(5)
Depreciation / amortisation charge	(31)	(52)	(76)	(159)
Closing net book amount	52	69	37	158
At 30 June 2006				
Cost or fair value	327	425	377	1,129
Accumulated depreciation	(275)	(356)	(340)	(971)
Net book amount	52	69	37	158

16 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT CONTINUED

	FURNITURE AND OFFICE EQUIPMENT	COMPUTERS	LEASEHOLD IMPROVEMENTS	TOTAL
	$'000	$'000	$'000	$'000
Parent entity				
At 1 July 2004				
Cost or fair value	89	329	377	795
Accumulated depreciation	(56)	(216)	(188)	(460)
Net book amount	33	113	189	335
Year ended 30 June 2005				
Opening net book amount	33	113	189	335
Additions	1	23		24
Disposals		(3)		(3)
Depreciation / amortisation charge	(13)	(75)	(76)	(164)
Closing net book amount	21	58	113	192
At 30 June 2005				
Cost or fair value	90	349	377	816
Accumulated depreciation	(69)	(291)	(264)	(624)
Net book amount	21	58	113	192
Year ended 30 June 2006				
Opening net book amount	21	58	113	192
Additions	12	33	-	45
Disposals	-	(3)	-	(3)
Depreciation / amortisation charge	(14)	(45)	(76)	(135)
Closing net book amount	19	43	37	99
At 30 June 2006				
Cost or fair value	102	378	377	857
Accumulated depreciation	(83)	(335)	(340)	(758)
Net book amount	19	43	37	99

17 NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Doubtful Debts	14	27	4	18
Employee benefits	294	203	247	172
Accrued expenditure	11	(6)	11	(6)
Provision for audit and taxation services	79	78	74	50
Provision for depreciation	86	67	86	67
Amortisation of share issue price	37	18	28	15
Net deferred tax assets	521	387	450	316
Movements:				
Opening balance at 1 July	387	370	316	299
Credited to the income statement (Note 8)	134	17	134	17
Closing balance at 30 June	521	387	450	316
Deferred tax assets to be recovered after more than 12 months	287	85	114	82
Deferred tax assets to be recovered within 12 months	234	302	336	234
	521	387	450	316

18 NON-CURRENT ASSETS – INTANGIBLE ASSETS

Deferred expenditure				
Capitalised expenditure and computer software	5,341	5,314	5,341	5,314
Less: Accumulated amortisation	4,816	4,339	4,816	4,339
	525	975	525	975
Client portfolios				
Cost of acquisition of client portfolios	648	648	418	418
Less: Accumulated amortisation	124	60	94	52
	524	588	324	366
Goodwill				
Goodwill on acquisition	3,663	3,663	-	-
Less: Accumulated amortisation	320	320	-	-
	3,343	3,343	-	-
	4,392	4,906	849	1,341

18 NON-CURRENT ASSETS – INTANGIBLE ASSETS CONTINUED

(a) Movements

Movements in each category are set out below:

	ACQUISITION OF CLIENT PORTFOLIOS	GOODWILL ON ACQUISITION	CAPITALISED COMPUTER SOFTWARE*	TOTAL
	$'000	$'000	$'000	$'000
At 1 July 2004				
Cost	478	3,707	5,288	9,473
Accumulated amortisation and impairment	(5)	(320)	(3,859)	(4,184)
Net book amount	473	3,387	1,429	5,289
Year ended 30 June 2005				
Opening net book amount	473	3,387	1,429	5,289
Additions	170	-	-	170
Amortisation charge	(55)	(44)	(454)	(553)
Closing net book amount	588	3,343	975	4,906
At 30 June 2005				
Cost	648	3,707	5,288	9,643
Accumulated amortisation and impairment	(60)	(364)	(4,313)	(4,737)
Net book amount	588	3,343	975	4,906
Year ended 30 June 2006				
Opening net book amount	588	3,343	975	4,906
Additions	-	-	53	53
Impairment charge	-	-	-	-
Amortisation charge**	(64)	-	(503)	(567)
Closing net book amount	524	3,343	525	4,392
At 30 June 2006				
Cost	648	3,707	5,341	9,696
Accumulated amortisation and impairment	(124)	(364)	(4,816)	(5,304)
Net book amount	524	3,343	525	4,392

* *Capitalised software costs is an internally generated intangible asset. The assets in this category have been amortised on the basis of a 5 year useful life.*

** *Amortisation of $567,000 (2005: $553,000) is included in depreciation and amortisation expense in the income statement.*

18 NON-CURRENT ASSETS – INTANGIBLE ASSETS CONTINUED

(b) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment. The recoverable amount of a CGU is determined based on market value calculations. These calculations use recurring income measures consistent with market valuations of similar financial services businesses.

(c) Impact of possible changes in key assumptions

There are no key assumptions made in the assessment of impairment of goodwill.

(d) Impairment charge

There has been no impairment charge recorded against goodwill or other intangible assets during the financial year ended 30 June 2006 (2005: nil).

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

19 CURRENT LIABILITIES – PAYABLES

Trade payables	790	693	703	596
Other payables	610	519	507	395
Client portfolio deferred settlement	15	15	-	-
Employee entitlements accrued	547	458	482	398
	1,962	1,685	1,692	1,389

20 CURRENT LIABILITIES – CURRENT TAX LIABILITIES

Income tax	1,324	509	1,284	502

21 CURRENT LIABILITIES – PROVISIONS

Disputed claims				
Carrying amount at beginning of year	86	86	20	20
Amounts paid	-	-	-	-
Reversal of provision, as no longer required	(86)	-	(20)	-
Carrying amount at end of year	-	86	-	20

The directors are of the opinion that no further liability for payroll tax will arise, and the provision has been reversed.

22 NON-CURRENT LIABILITIES – PAYABLES

Client portfolio deferred settlement	13	28	-	-

23 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
The balance comprises temporary differences attributable to:				
Amounts recognised in profit and loss				
Income receivable	4	3	3	2
Expenses payable	-	(11)	-	(11)
Depreciation and amortisation	150	283	150	283
Unrealised gains	1	-	1	-
Net deferred tax liabilities	155	275	154	274
Movements:				
Opening balance 1 July	275	410	274	410
Credited to the income statement (Note 8)	(120)	(135)	(120)	(136)
Closing balance 30 June	155	275	154	274
Deferred tax liabilities to be settled after 12 months	150	283	150	283
Deferred tax liabilities to be settled within 12 months	5	(8)	4	(9)
	155	275	154	274

24 NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits – long service leave	373	221	308	175

25 CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(a) Share capital				
Ordinary shares – fully paid	12,549	13,308	12,549	13,308

(b) Movements in ordinary share capital

DATE	DETAILS	NUMBER OF SHARES	AVERAGE PRICE	$,000
1 Jul 2004	Opening Balance	34,821,025		14,154
Nov 2004 to Mar 2005	Shares bought back on-market and cancelled	(1,166,705)	$ 0.72	(839)
	Buy-back transaction costs			(9)
	Current tax credit recognised directly in equity			2
30 Jun 2005	Balance	33,654,320		13,308
Jan 2006 to Jun 2006	Shares bought back on-market and cancelled	(1,168,075)	$ 1.20	(1,395)
Jan 2006 to Jun 2006	Options exercised	787,758	$ 0.79	623
				12,536
	Transfer from share-based payments reserve			20
	Buy-back transaction costs			(5)
	Current tax credit recognised directly in equity			(2)
30 Jun 2006	Balance	33,274,003		12,549

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Share buy-back

Between January and June 2006 the company purchased and cancelled ordinary shares on-market in order to reduce the company's capital and surplus liquidity. The buy-back and cancellation was announced to the market on 15 December 2005, and was extended on 29 April 2006 to a maximum of 1,300,000 shares. During the period the shares were acquired at an average price of $1.20 per share, with prices ranging from $1.00 to $1.32. The total cost of $1,400,000, including $5,000 of transaction costs, was deducted from equity.

At 30 June 2006, 131,925 shares remained available to be repurchased under the buy back.

The founding Managing Director now holds or has an interest in approximately 28.02% (2005: 27.22%) of the issued ordinary shares in the company at the date of this report.

26 RESERVES

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Share based payments reserve				
Balance 1 July	102	(33,296)	102	(33,296)
Option expense	30	33,398	30	33,398
Transfer to share capital (options exercised)	(20)	-	(20)	-
Balance 30 June	112	102	112	102

The share based payments reserve is used to recognise the fair value of options issued but not exercised.

27 RETAINED PROFITS/(ACCUMULATED LOSSES)

Balance 1 July	376	(801)	297	(729)
Net profit for the year	3,593	1,940	3,307	1,789
Dividend from subsidiary	-	-	400	-
Dividends paid (Note 9)	(1,782)	(763)	(1,782)	(763)
Balance 30 June	2,187	376	2,222	297

28 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Fiducian Portfolio Services Limited during the financial year:

Chairman (non-executive)	R Bucknell
Executive director	I Singh – Managing Director
Non-executive directors	P Leeson A Koroknay

(b) Information on directors

R E Bucknell FCA. Chairman – non executive. Age 65

Experience and expertise

Chairman since inception in 1996. Extensive experience in accounting and business management over the past 30 years as a Chartered Accountant in public practice.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Chairman of the Group, Audit, Remuneration and Internal Compliance Committees.

Interest in shares and options

1,000,000 ordinary shares in Fiducian Portfolio Services Limited.
50,000 options over ordinary shares in Fiducian Portfolio Services Limited.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP. Managing Director. Age 57

Experience and expertise

Founder and Managing Director since inception in 1996. General Management and hands-on experience in the investment of savings and superannuation funds over the past 17 years.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Managing Director, Member of Investment, Audit and Internal and External Compliance Committees.

Interest in shares and options

9,261,000 ordinary shares in Fiducian Portfolio Services Limited.
200,000 options over ordinary shares in Fiducian Portfolio Services Limited

P Leeson CFP, Dip. FP. Independent non-executive director. Age 68

Experience and expertise

Board member since January 1999. 29 years as a senior army officer and an active financial planner since 1984.

Other current directorships

None

Former directorships in the last 3 years

None

Interest in shares and options

90,000 ordinary shares in Fiducian Portfolio Services Limited.
25,000 options over ordinary shares in Fiducian Portfolio Services Limited

A Koroknay BA, LLB(Hons), LLM(Hons). Independent non-executive director. Age 57

Experience and expertise

Board member since January 2002. Practising lawyer since 1972 with extensive experience in the financial services industry. He is a consultant with the law firm Home Wilkinson Lowry.

Other current directorships

Non-executive director: Hunter Hall Global Value Limited (since March 2004)

Former directorships in the last 3 years

None

Special responsibilities

Member of Remuneration, Audit and Internal Compliance Committees.

Interest in shares and options

None

(c) Company secretary

The company secretary is Mr I Singh CFP, M Comm. (Bus), ASIA, ASFA, Dip FP. Mr Singh has been the company secretary since inception in 1996, and is supported by legal counsel employed by Fiducian.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(d) Meeting of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2006, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS				MEETINGS OF COMMITTEES							
	Corporate		Trustee*		Audit		Compliance		Investment		Remuneration	
	A	B	A	B	A	B	A	B	A	B	A	B
R E Bucknell	12	12	11	11	4	4	6	7	***	***	1	1
I Singh	12	12	11	11	4	4	5**	7**	12	12	***	***
P Leeson	11	12	10	11	***	***	***	***	***	***	***	***
A Koroknay	12	12	11	11	4	4	7	7	***	***	1	1

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the year.
** = Meetings of the Board in its capacity as Trustee of the Fiducian Superannuation Service.*
*** = In addition, I Singh attended 7 of the 7 meetings held with the two independent members of the External Compliance Committee.*
**** = Not a member of the relevant committee at the time of meeting.*

(e) Other key management personnel

The following person has authority for and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	*Position*	*Employer*
I Singh	Managing Director	Fiducian Portfolio Services Limited

The above person was also the key management person during the year ended 30 June 2005.

(f) Remuneration report

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and the amount of remuneration
B. Details of remuneration
C. Service agreement
D. Share-based compensation and equity instrument disclosures
E. Additional information

The information provided under headings A – D includes remuneration disclosures that are required under Accounting Standards AASB 124 Related Party Disclosures, and are audited. The disclosures in Section E are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

A. Principles used to determine the nature and the amount of remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive rewards with the achievements of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

a. competitiveness and reasonableness
b. acceptability to shareholders
c. performance linkage / alignment of executive compensation
d. transparency
e. capital management

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

A. Principles used to determine the nature and the amount of remuneration (continued)

(a) Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2005. The Chairman and other external directors are paid a fixed fee plus a fee based on time spent on committees (Directors with earnings derived from commissions based on business placed with the Group may also receive commissions as advisers). The Chairman's fixed fee is higher than other non-executive directors based on comparative roles, time and fees in the external market.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool currently stands at $250,000 per annum.

Retirement allowances

There are no retirement allowances for non-executive directors other than superannuation accumulation arising from any contributions made by them to the Fiducian Superannuation Service.

(b) Key management remuneration package

The executive pay and reward framework has four components:

a. base pay and benefits
b. short-term performance incentives
c. long-term incentives through participation in the Fiducian Portfolio Services Limited Employee Option Plan, and
d. other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration package. The Group intends to revisit its long-term equity linked performance incentives specifically for executives and staff during the year ended 30 June 2007.

In consultation with an external remuneration consultant, at least every 3 years, the Group has structured an executive remuneration package that is market competitive and complimentary to the reward strategy of the organisation. This provides a mix of fixed and variable pay, and a blend of short and long-term incentives that is set by the Remuneration Committee.

Base pay

Mr Singh is offered a competitive total employment package, which may be delivered as a combination of cash and non prescribed non-financial benefits at the executive's discretion, that comprises a base component and incentives. The total package is reviewed annually by the Remuneration Committee.

There are no guaranteed base pay increases fixed in the executive's contract.

Benefits

Executive benefits include death and TPD/ Trauma insurance cover.

Retirement benefits

Retirement benefits are delivered under the Fiducian Superannuation Service. This fund provides accumulation benefits based on the SGC contributions by the specified executive, on commercial terms and conditions. Other retirement benefits may be provided directly by the Group only if approved by shareholders.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

A. Principles used to determine the nature and the amount of remuneration (continued)

Short-term incentives

Mr Singh is entitled to a discretionary cash performance bonus of up to 20% of his total package as assessed by the Remuneration Committee against performance indicators and objectives set by the Board. It is limited to being met within the budget or out of over-budget financial performance. Not all of the indicators and objectives were met so no bonus will be paid for the past year.

Long-term incentives

Mr Singh is entitled to a discretionary performance bonus of up to 100,000 options per year determined as at 30 June each year, based on the following measures:

- the company's pre-tax profit OR
- the 30 day average for June market value for ordinary shares in the company.

increasing by at least 15% over the previous year.

The options are issued under the company's ESOP at the rate of 5,000 options for each one percent increase in excess of 15% and only after approval by shareholders in the company. Both these criteria were met and Mr Singh is entitled to receive 100,000 options at an exercise price of $1.29 cents per share, subject to shareholder approval.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, including Mr Singh, the only key management personnel of Fiducian Portfolio Services Limited, are set out in the following tables. The key management personnel of both the company and the Group are the following executive and non-executive directors:

- R Bucknell – *Chairman*
- I Singh – *Managing Director & Company Secretary*
- A Koroknay – *Non- executive Director*
- P Leeson – *Non-executive Director*

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

B. Details of remuneration (continued)

Key management personnel of Fiducian Portfolio Services Limited and the Group

2006	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS		SHARE-BASED PAYMENT	
NAME	CASH SALARY AND FEES (a)	CASH BONUS	NON-MONETARY BENEFITS	SUPER-ANNUATION	RETIREMENT BENEFITS	OPTIONS (e)	TOTAL
	$	$	$	$	$	$	$
Non-executive directors							
R E Bucknell (b) *(Chairman)*	132,300	-	-	-	-	-	132,300
A Koroknay (c)	39,882	-	-	2,477	-	-	42,359
P Leeson (d)(e)	27,523	-	-	2,477	-	-	30,000
Executive director							
I Singh	343,344	-	69,517	12,139	-	36,590	461,590
Totals	543,049	-	69,517	17,093	-	36,590	666,249

(a) Excludes GST if paid to another firm.
(b) Including amounts paid to the director's company.
(c) Including amounts paid to the director's firm only in respect of director's duties.
(d) This excludes gross commission of $663,230 for financial planning paid to a company in which the director has an interest.
(e) 100,000 options were issued to Mr Singh in respect of the 2005 financial year, after shareholder approval at the AGM in October 2005. Consequently $36,590, being the calculated fair value of those options, has been included in his remuneration.

The 100,000 options proposed to be issued to Mr Singh in respect of the 2006 year are subject to shareholder approval prior to issue and their value is therefore not included.

Adviser Options were issued to a company, in which P Leeson is a shareholder and director, in his capacity as financial adviser.

500,000 options previously issued to Mr Singh expired during the year.

200,000 options previously issued to Mr Bucknell expired during the year.

50,000 options previously issued to Mr Leeson expired during the year.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

B. Details of remuneration (continued)

Key management personnel of Fiducian Portfolio Services Limited and the Group

2005	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS		SHARE-BASED PAYMENT	
NAME	CASH SALARY AND FEES (a)	CASH BONUS	NON-MONETARY BENEFITS	SUPER-ANNUATION	RETIREMENT BENEFITS	OPTIONS (e)	TOTAL
	$	$	$	$	$	$	$
Non-executive directors							
R E Bucknell (b) *(Chairman)*	104,000	-	-	-	-	-	104,000
A Koroknay (c)	33,454	-	-	1,376	-	-	34,830
P Leeson (d)(e)	23,624	-	-	1,376	-	-	25,000
RJ Doughty (f)	45,871	-	9,460	3,774	-	-	59,105
PDK Jensen (f)	6,250	-	-	563	-	-	6,813
Executive director							
I Singh	324,800	-	94,580	10,519	-	-	429,899
Totals	537,999	-	104,040	17,608	-	-	659,647

(a) Excludes GST if paid to another firm.
(b) Including amounts paid to the director's company
(c) Including amounts paid to the director's firm only in respect of director's duties.
(d) This excludes gross commission of $535,042 for financial planning paid to a company in which the director has an interest.
(e) No options were issued to or exercised by directors during the year. Consequently no amounts have been included in director remuneration. Adviser Options were issued to a company, in which P Leeson is a shareholder and director, in his capacity as financial adviser.
(f) salary only for the period of directorship.

C. Service Agreements

Remuneration and other terms of employment for the specified executive managing director is formalised in a service agreement. No other employee has a service agreement. The managing director's agreement provides for the provision of performance based cash bonuses and, where eligible, participation in the Employee and Director Share Option Plan. Other major provisions of the agreement are set out below:

I Singh, *Managing Director*

- Term of agreement – until 30 June 2009
- Base salary, inclusive of superannuation and salary sacrifice benefits, for the year ended 30 June 2006 of $425,000
- Death cover of $1 million and TPD/Trauma cover of $0.5 million
- Performance base – cash bonus of up to 20% of the base salary package
  – a maximum of 100,000 options
- Payment of a termination benefit on early termination by the Managing Director or by mutual consent equal to 6 months of the gross annual remuneration.

D. Share-based compensation and equity instrument disclosures

(i) Options provided as remuneration

Options are granted by directors to the specified executive or directors under the Employee and Director Share Option Plan, which was approved by shareholders on 28 July 2000. Staff are eligible to participate in the plan at the discretion of the directors.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

D. Share-based compensation and equity instrument disclosures (continued)

Options are granted under the plan for no consideration. The exercise price is payable on conversion to ordinary shares and each option is convertible into one ordinary share. The exercise price is based on not less than 90% of the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the month before the options are granted. Options granted under the plan carry no dividend or voting rights until exercised and lapse if not exercised within 5 years of the date of granting.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	DATE EXERCISABLE
12 Sep 2000	12 Sep 2005	$1.20	$0.00	100% after 12 Sep 2001 and before 12 Sep 2005
29 Oct 2001	29 Oct 2006	$1.27	$0.00	100% after 29 Oct 2002 and before 29 Oct 2006
26 Oct 2005	26 Oct 2010	$0.87	$0.36	100% after 26 Oct 2006 and before 26 Oct 2010

Details of options over ordinary shares in the company provided as remuneration to each director of Fiducian Portfolio Services Limited and the key management personnel of the Group, including their personally related entities, are set out below:

NAME	NUMBER OF OPTIONS GRANTED DURING THE YEAR		NUMBER OF OPTIONS VESTED AND LAPSED DURING THE YEAR	
	2006	2005	2006	2005
Directors of Fiducian Portfolio Services Limited and key management personnel of the Group				
R E Bucknell	-	-	200,000	-
I Singh*	100,000	-	500,000	-
P Leeson	-	-	50,000	-
A Koroknay	-	-	-	-

** 100,000 options are proposed to be issued in accordance with Mr Singh's employment contract after the end of the year, subject to approval by shareholders.*

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2006 included (no options were granted in 2005):

(a) options are granted for no consideration, 100% vest after 1 year
(b) exercise price: $0.87
(c) grant date: 26 October 2005
(d) expiry date: 26 October 2010
(e) share price at grant date: $0.90
(f) expected price volatility of the company's shares: 60%
(g) expected dividend yield: 2.5%
(h) risk-free interest rate: 5.25%

Shares provided on exercise of options

No ordinary shares in the company were provided as a result of the exercise of remuneration options to any director of Fiducian Portfolio Services Limited and other key management personnel of the Group during the period.

An entity with which a director has an interest exercised 157,158 adviser options on 30 January 2006, at an exercise price of $0.48. No amounts are unpaid on any shares issued on the exercise of options.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

D. Share-based compensation and equity instrument disclosures (continued)

(ii) Option holdings

2006 NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
I Singh	600,000	100,000	(500,000)	200,000	100,000
R E Bucknell	250,000	-	(200,000)	50,000	50,000
P Leeson*	75,000	-	(50,000)	25,000	25,000
A Koroknay	-	-	-	-	-

**86,808 Adviser options are held, in addition, by an entity in which P Leeson has an interest.*

2005 NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
I Singh	600,000	-	-	600,000	600,000
R E Bucknell	250,000	-	-	250,000	250,000
P Leeson*	75,000	-	-	75,000	75,000
A Koroknay	-	-	-	-	-

**243,736 Adviser options were held, in addition, by an entity in which P Leeson has an interest*

(iii) Share holdings

The numbers of shares in the company held directly by each current director of Fiducian Portfolio Services Limited as at the date of this report and the specified executive of the Group, including their personally related and associated entities, are set out below.

2006 NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	9,161,000	-	100,000	9,261,000
R E Bucknell	1,000,000	-	-	1,000,000
P Leeson	84,188	-	5,812	90,000
A Koroknay	-	-	-	-

2005 NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	9,006,000	-	155,000	9,161,000
R E Bucknell	150,000	-	850,000	1,000,000
P Leeson	59,188	-	25,000	84,188
A Koroknay	-	-	-	-

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

E. Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. Over the past 5 years, the Group's profit from ordinary activities after income tax has grown at an average rate of 51% per annum, and shareholder wealth has grown by an average 6.7% per annum. During the same period, average executive remuneration has grown by approximately 4.2% per annum.

Value of remuneration: cash bonuses and options granted

For each cash bonus and grant of options included in the tables below, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The options vest after one year, with no conditions. The minimum value of the options yet to vest is therefore the value of the option on grant date. The maximum value of the options yet to vest has been determined assuming the share price on the date the options are exercised will not exceed $2.00 for the options that vest in the 2007 financial year.

	CASH BONUS		OPTIONS					
NAME	PAID %	FORFEITED %	FINANCIAL YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH OPTIONS VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST $	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST $
I Singh	0%	100%	2002	100%	0%	-	-	-
			2006	-	-	26/10/2006	36,590	113,000

28 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

E. Additional information (continued)

Share-based compensation: Options

Further details relating to options are set out below.

2006 NAME	A REMUNERATION CONSISTING OF OPTIONS (%)	B VALUE AT GRANT DATE $	C VALUE AT EXERCISE DATE $	D VALUE AT LAPSE DATE $	E TOTAL OF COLUMNS B-D $
I Singh	7.90%	36,590	-	-	36,590

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.
B = The value at grant data calculated in accordance with AASB 2 Share based Payment of options granted during the year as part of remuneration.
C = The value at exercise data of the options that were granted as part of remuneration and were exercised during the year.
D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

(g) Directors' superannuation

Directors have superannuation monies invested in Fiducian Superannuation Service. These monies are invested subject to the normal terms and conditions applying to this superannuation fund.

(h) Loans to key management personnel

No loans were made to key management personnel during the financial year (2005: Nil).

(i) Other transactions with key management personnel

A director, Mr R E Bucknell, is a director and shareholder of Hunter Place Services Pty Ltd, a company which provides his services as a director to the company.

A director, Mr A Koroknay, is a consultant with the legal firm Home Wilkinson Lowry, which provides legal services to the Group during the year on normal commercial terms and conditions.

A director, Mr P Leeson, is a proper authority holder under the Fiducian Financial Services Pty Limited Australian Financial Services Licence and is a director and shareholder of Provident Financial Planning Pty Ltd, which is a franchisee of Fiducian Financial Services Pty Ltd. Provident Financial Planning Pty Ltd places business with and receives commissions from the Group. All transactions are on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with current directors of Fiducian Portfolio Services Limited:

	CONSOLIDATED	
	2006 **$'000**	**2005** **$'000**
Amounts recognised as an expense		
Directors' fees and committee fees	145,530	163,830
Legal fees	16,404	1,270
Commission paid or payable	602,936	535,042
	764,870	700,142

29 SHARE BASED PAYMENTS

(a) Employee and director share option plan (ESOP)

The parent entity has established the ESOP, which is designed to provide incentives to employees and directors. All grants of options under the ESOP are subject to compliance with the Corporations Act 2001 and ASX Listing Rules.

The directors may, from time to time, determine which employees and directors may participate in the ESOP, and the number of options that may be issued to them. The directors have an absolute discretion to determine who will participate and the number of options that may be issued. The ESOP provides for an upper limit on the number of options that may be outstanding, the exercise price, exercise period and expiry, and adjustments in the event of capital restructuring.

Options are granted under the plan for no consideration. Employee options are granted for a five year period, 35% of each tranche vests after one year, 80% vest after two years and 100% vest after three years. Director options vest after one year. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share on payment of the exercise price.

The exercise price of options is based on weighted average price at which the company's share are traded on the Australian Stock Exchange during the month preceding the date the options are granted.

Subject to prior approval by shareholders, the company may issue each year 25,000 options to each non-executive director (up to a maximum of 125,000 for any director), 50,000 to the Chairman (up to a maximum of 350,000) and a maximum of 100,000 to the executive director for each year of service, subject to performance criteria. The Directors have resolved not to issue any options to non-executive directors and 100,000 options to the executive director in respect of the year ended 30 June 2006.

(b) Adviser share option plan (ASOP)

The parent entity has established the ASOP, which is designed to provide incentives to adviser groups to reflect their ongoing commitment by way of contributions of income to the parent entity. All grants of options under the ASOP are subject to compliance with the Corporations Act 2001 and ASX Listing Rules. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share on payment of the exercise price.

The board may invite an adviser group to participate in the ASOP. Where the adviser group has accepted this invitation, the adviser group will be eligible to participate in the ASOP in a particular year. No consideration is payable in respect of acceptance of an invitation to participate nor for the grant of options. Each option allows the holder to acquire one ordinary share on exercise of the option provided income to the Group is maintained in the two years after issue, or the options lapse in whole or in part.

The number of options to be issued in respect of an adviser group for a financial year is determined (by a formula) at the date of announcement of Fiducian's audited annual results to the ASX following the financial year.

The ASOP provides for an upper limit on the number of options that may be outstanding, the exercise price, exercise period and expiry, and adjustments in the event of capital restructuring. The ASOP was extended to 2007 or when 17,347,000 options and preference shares have been issued. Options are granted for no consideration.

The directors have determined to extend the ASOP to 2007 as total adviser options and preference shares issued since inception total only 6,712,265.

Under the Rules of the Adviser Share Option Plan, the Directors are required and expect to grant 91,220 (2005:173,908) options to advisers within three months of the announcement of the Group's results to the Australian Stock Exchange, at an exercise price of $1.68 (2005: $0.87), being 30% above the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2006.

Under the Rules no adviser options (2005: 190,123) are expected to be cancelled subsequent to the end of the financial year. To the date of this report, 65,779 Adviser options have been exercised. The above is subject to any regulatory approvals, if required.

29 SHARE BASED PAYMENTS CONTINUED

Set out below are summaries of options granted under various option plans:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	EXPIRED DURING THE YEAR NUMBER	BALANCE AT END OF THE YEAR NUMBER	EXERCISABLE AT END OF THE YEAR NUMBER
Consolidated and parent entity – 2006								
ESOP - Directors - Note 25(a)								
12 Sep 2000	12 Sep 2005	$1.20	825,000	-	-	(825,000)	-	-
29 Oct 2001	29 Oct 2006	$1.27	218,014	-	-	-	218,014	218,014
26 Oct 2005	26 Oct 2010	$0.87	-	100,000	-	-	100,000	-
			1,043,014	100,000	-	(825,000)	318,014	218,014
ESOP – Staff – Note 25(a)								
12 Sep 2000	12 Sep 2005	$1.20	110,000	-	-	(110,000)	-	-
30 Jun 2002	30 Jun 2006	$1.14	290,000	-	(290,000)	-	-	-
5 Sep 2002	5 Sep 2007	$0.82	150,000	-	-	-	150,000	150,000
24 Aug 2004	24 Aug 2009	$0.55	220,000	-	(21,000)	-	199,000	69,650
22 Feb 2005	22 Feb 2010	$0.73	110,000	-	-	-	110,000	38,500
			880,000	-	(311,000)	(110,000)	459,000	258,150
ASOP – Advisers – Note 25(b)								
7 Sep 2001	7 Sep 2006	$1.27	287,474	-	-	-	287,474	287,474
5 Sep 2002	5 Sep 2007	$0.91	408,691	-	(119,823)	(99,304)	189,564	189,564
3 Sep 2003	3 Sep 2008	$0.48	812,002	-	(356,935)	(90,819)	364,248	364,248
24 Aug 2004	24 Aug 2009	$0.55	139,650	-	-	-	139,650	-
23 Aug 2005	23 Aug 2010	$0.87	-	173,908	-	-	173,908	-
			1,647,817	173,908	(476,758)	(190,123)	1,154,844	841,286
Total			3,570,831	273,908	(787,758)	(1,125,123)	1,931,858	1,317,450
Weighted average exercise price			$0.91	$0.87	$0.79	$1.12	$0.84	$0.89

29 SHARE BASED PAYMENTS CONTINUED

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	EXPIRED DURING THE YEAR NUMBER	BALANCE AT END OF THE YEAR NUMBER	EXERCISABLE AT END OF THE YEAR NUMBER
Consolidated and parent entity – 2005								
ESOP - Directors - Note 25(a)								
12 Sep 2000	12 Sep 2005	$1.20	825,000	-	-	-	825,000	825,000
29 Oct 2001	29 Oct 2006	$1.27	218,014	-	-	-	218,014	218,014
			1,043,014	-	-	-	1,043,014	1,043,014
ESOP – Staff – Note 25(a)								
12 Sep 2000	12 Sep 2005	$1.20	110,000	-	-	-	110,000	110,000
30 Jun 2002	30 Jun 2006	$1.14	290,000	-	-	-	290,000	290,000
5 Sep 2002	5 Sep 2007	$0.82	160,000	-	-	(10,000)	150,000	120,000
24 Aug 2004	24 Aug 2009	$0.55	-	330,000	-	(110,000)	220,000	-
22 Feb 2005	22 Feb 2010	$0.73	-	110,000	-	-	110,000	-
			560,000	440,000	-	120,000	880,000	520,000
ASOP – Advisers – Note 25(b)								
7 Sep 2001	7 Sep 2006	$1.27	457,201	-	-	(169,727)	287,474	287,474
5 Sep 2002	5 Sep 2007	$0.91	534,708	-	-	(126,017)	408,691	408,691
3 Sep 2003	3 Sep 2008	$0.48	839,878	-	-	(27,876)	812,002	-
24 Aug 2004	24 Aug 2009	$0.55	-	139,650	-	-	139,650	-
			1,831,787	139,650	-	323,620	1,647,817	696,165
Total			3,434,801	579,650	-	(443,620)	3,570,831	2,259,179
Weighted average exercise price			$0.97	$0.58	-	$0.93	$0.91	$1.14

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.04 years (2005 – 2.17 years).

After the end of the financial year, no further Adviser options have expired.

After the end of the year 172,500 options were issued to staff at an exercise price of $1.29.

29 SHARE BASED PAYMENTS CONTINUED

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2006 was 37 cents per option for directors and staff and 12 cents per share for advisers (2005 – 15 cents per share for directors and staff and 10 cents per share for advisers). The fair value at grant date is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2006 included:

		ESOP – DIRECTORS		ESOP – EMPLOYEES		ESOP - ADVISERS	
		2006	2005	2006	2005	2006	2005
(a)	options are granted for no consideration, have a five year life , and each tranche vests and is exercisable progressively after 1 year.						
(b)	exercise price	$0.87	-	-	$0.55 $0.73	$0.87	$0.55
(c)	grant date:	26-Oct-05	-	-	24-Aug-04 22-Feb-05	23-Aug-05	24-Aug-04
(d)	expiry date:	26-Oct-10	-	-	24-Aug-09 22-Feb-10	23-Aug-10	24-Aug-09
(e)	share price at grant date:	$0.90	-	-	$0.58 $0.76	$0.90	$0.58
(f)	expected price volatility of the company's shares:	60%	-	-	60%	60%	60%
(g)	expected dividend yield:	2.5%	-	-	2.5%	2.5%	2.5%
(h)	risk-free interest rate:	5.25%	-	-	5.25%	5.25%	5.25%
(I)	lapse (exit) rate	0%	-	-	25%	35%	35%

The expected price volatility is based on the historic volatility at grant date (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Options issued under ESOP	14,470	18,585	14,470	18,585
Options issued under ASOP	15,119	14,813	15,119	14,813
	29,589	33,398	29,589	33,398

30 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Assurance services				
1 Audit services				
PricewaterhouseCoopers Australian firm:				
Audit or review of financial reports of the entity or any entity in the Group	85,760	78,450	64,360	62,500
Other audit related work, including audit of entities for which the parent entity is trustee, manager or responsible entity	270,628	135,650	270,628	135,650
2 Other assurance services				
AIFRS accounting services	17,500	-	17,500	-
Other assurance services	4,872	1,900	2,872	1,900
Total audit and other assurance services	378,760	216,000	355,360	200,050
Taxation services				
PricewaterhouseCoopers Australian firm:				
Taxation compliance services, including review of company income tax returns	29,515	91,200	8,719	88,200
Advisory services				
Related practices of PricewaterhouseCoopers Australian firm:				
Advisory services	10,082	-	10,082	-
Total remuneration	418,357	307,200	374,161	288,250

It is the Group's practice to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice and due diligence advice on acquisitions and new business ventures.

31 CONTINGENT LIABILITIES

The parent entity and Group had contingent liabilities at 30 June 2006 in respect of:

(a) property leases of parent and group entities amounting to $233,000 (2005 $233,000).

(b) AFS licence of a subsidiary amounting to $20,000 (2005 $20,000).

Client retention service fee

Under the terms of salary agreements made by Harold Bodinnar & Associates Pty Ltd with financial advisers previously under contract, long serving advisers are entitled to a service fee subsequent to their retirement from the company, under certain conditions designed to protect the company's client base. Eligibility to this service fee consists of a mix of service period and income thresholds, and is intended to protect the entity from loss of clients to long serving advisers after they retire. The amount is based on certain income criteria that may increase or decrease prior to retirement date. Payment of this fee is subject to further ongoing conditions, including client retention and the provision of support services to the entity to achieve this aim, and is payable in arrears out of income earned from the retained client base over a period of two years. The benefit is personal to the adviser, is not transferable, can be stopped by or repaid to Harold Bodinnar & Associates Pty Ltd should there be a breach of conditions, and will be reduced if the adviser purchases some or all of their client base at or after retirement.

At the date of this report, the present value of the contingent liability is made up as follows:

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Advisers eligible and due to be paid in future financial periods	35,702	69,538	-	-
Advisers have met eligibility conditions but not yet retired	147,015	109,183	-	-
Advisers still to meet all eligibility conditions	264,474	173,775	-	-
	447,191	352,496	-	-

No material losses are anticipated in respect of the above contingent liabilities.

32 COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	427	610	415	374
Later than one year but not later than 5 years	1,343	643	1,314	125
	1,770	1,253	1,729	499

33 RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity within the Group is Fiducian Portfolio Services Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 15.

The consolidated financial statements incorporate the assets, liabilities and results of Fiducian Financial Services Pty Ltd, Harold Bodinnar & Associates Pty Ltd and Money & Advice Pty Ltd in accordance with the accounting policy described in Note 1(b).

(c) Transactions with related parties

Transactions between Fiducian Portfolio Services Limited and other entities in the wholly-owned group during the years ended 30 June 2006 and 2005 consisted of:

A commission paid by Fiducian Portfolio Services Limited

B provision of software by Fiducian Portfolio Services Limited

C recovery of group costs, such as insurance, by Fiducian Portfolio Services Limited

D interest free working capital advanced by and repaid to Fiducian Portfolio Services Limited

E Collection of commission by AFS licensed companies on behalf of other members of the group.

The above transactions were on normal commercial terms and conditions and at market rates.

(d) Outstanding balances arising from sales/purchases of services provided

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	PARENT ENTITY	
	2006 $'000	2005 $'000
Current receivables (sales of goods and services)	141	502

No provisions for doubtful receivables have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad and doubtful receivables due from related parties.

33 RELATED PARTY TRANSACTIONS CONTINUED

(d) Transactions with related parties

The following transactions occurred with related parties:

	OWNERSHIP INTEREST*	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
Wholly owned group					
Fiducian Financial Services Pty Ltd	100%				
Dividend paid to parent entity		-	-	400,000	-
Commission paid		-	-	2,345,145	1,959,484
Management fees and systems costs recovered		-	-	375,152	372,185
Harold Bodinnar & Associates Pty Ltd	100%				
Commissions paid		-	-	1,442,860	1,257,184
Money & Advice Pty Ltd	100%				
Commissions paid		-	-	104,405	88,940
Other related parties					
Shao Planning Pty Ltd	0%				
Commissions paid		-	35,766	-	-
Froud Planning Pty Ltd	40%				
Commissions paid		319,107	258,257	-	-
Business development loan		82,988	99,964	82,988	99,964
Eric Bohl Consulting Pty Ltd	40%				
Commissions paid		192,176	211,227	-	-
Business development loan		170,948	168,162	170,948	168,162
Leasa Collins Financial Planning Pty Ltd	40%				
Commissions paid		114,121	103,366	-	-
Business development loan		31,843	46,584	31,843	46,584
Related trusts					
Fiducian Investment Service	Nil				
Operator fees income		4,732,409	3,612,308	4,732,409	3,612,308
Fiducian Superannuation Service	Nil				
Trustee fees income		11,691,302	9,338,234	11,691,302	9,338,234
Fiducian Funds	Nil				
Responsible entity fees Income		2,315,917	1,631,149	2,315,917	1,631,149

** 'Ownership Interest' means the percentage of capital of the company held directly and/or indirectly through another entity by Fiducian Portfolio Services Limited.*

34 ECONOMIC DEPENDENCY

The trading activity of the entity depends upon remaining as Operator of the Fiducian Investment Service, Trustee of Fiducian Superannuation Service and Responsible Entity of Fiducian Funds.

35 RECONCILIATION OF PROFIT OR LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Profit for the year	3,593	1,940	3,707	1,789
Dividend and interest income	-	-	(400)	-
Depreciation and amortisation	701	823	654	789
Value of fixed assets written off	7	5	4	3
Net (gain) loss on sale of non-current assets	(3)	-	(1)	-
Changes in operating assets and liabilities:				
Decrease/(increase) in accounts receivable	(558)	(49)	(587)	(232)
Increase/(decrease) in income tax receivable	-	(4)	-	58
Increase/(decrease) in income tax payable	387	-	325	-
Decrease/(increase) in prepayments	-	(42)	-	(31)
Decrease/(increase) in other assets at fair value	(2)	-	(2)	-
Increase/(decrease) in trade creditors	97	(12)	107	-
Increase/(decrease) in other creditors	91	(130)	112	(165)
Increase/(decrease) in related entities balance	-	-	361	(108)
Decrease/(increase) in future income tax benefit	(134)	393	(134)	467
Increase/(decrease) in provision for deferred income tax	695	344	662	332
Increase/(decrease) in other provisions	159	26	197	27
Net cash inflow from operating activities	5,033	3,294	5,005	2,929

36 EARNINGS PER SHARE

	CONSOLIDATED	
	2006	2005
Earnings per share using weighted average number of ordinary shares outstanding during the period:		
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity of the company	10.70 cents	5.50 cents
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity and potential ordinary equity of the company	9.89 cents	5.32 cents

(c) Weighted average number of shares used as the denominator

	CONSOLIDATED	
	2006 NUMBER	2005 NUMBER
Weighted average number of shares used as the denominator:		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	33,592,691	34,102,998
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	36,334,860	35,301,862

(d) Reconciliation of earnings used in calculating basic and diluted earnings per share

	CONSOLIDATED	
	2006 $'000	2005 $'000
Net profit and earnings used calculating basic and diluted earnings per share	3,593	1,940

(e) Information concerning the classification of securities

Options granted to employees under the Fiducian Portfolio Services Limited Employee Share Option Plan (ESOP) and Adviser Share Option Plan (ASOP) are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 29.

37 EVENTS OCCURRING AFTER BALANCE DATE

Under the Rules of the Adviser Share Option Plan, the Directors are required and expect to grant 91,220 (2005: 173,908) options to advisers within three months of the announcement of the Group's results to the Australian Stock Exchange, at an exercise price of $1.68 (2005: $0.87), being 30% above the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2006.

Under the Rules no adviser options (2005: 190,123) are expected to be cancelled subsequent to the end of the financial year. To the date of this report, 65,779 Adviser options have been exercised. The above is subject to any regulatory approvals, if required.

Under the Rules of the Employee and Director Share Option Plan, the Directors intend to further grant 172,500 options at an exercise price of $1.29 to 36 employees after year end (2005: Nil), and 100,000 options at an exercise price of $1.29 to the Managing Director (2005: 100,000) subject to shareholder approval. To the date of this report, 66,400 options have been exercised by employees and 218,014 options exercised by directors.

38 FINANCIAL INSTRUMENTS

(a) Credit risk exposures

The credit risk on financial assets of the Group which have been recognised on the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts. Bank bills of exchange purchased at a discount to face value are carried on the statement of financial position at an amount less than the amount realisable at maturity. The total credit risk exposure of the Group could also be considered to include the difference between the carrying amount and the realisable amount.

(b) Interest rate exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

	CONSOLIDATED 2006				
		FIXED INTEREST MATURING IN:			
	FLOATING INTEREST RATE $'000	I YEAR OR LESS $'000	OVER 1 TO 5 YEARS $'000	NON INTEREST BEARING $'000	TOTAL $'000
Financial Assets					
Cash and deposits	1,413	8,331	-	-	9,744
Receivables	738	-	-	2,620	3,358
	2,151	8,331	-	2,620	13,102
Weighted average interest rate	5.50%	5.90%	-		
Financial Liabilities					
Payables	-	-	-	1,962	1,962
Weighted average interest rate	-	-	-		
Net financial assets	2,151	8,331	-	658	11,140

38 FINANCIAL INSTRUMENTS CONTINUED

(b) Interest rate exposures (continued)

	CONSOLIDATED 2005				
		FIXED INTEREST MATURING IN:			
	FLOATING INTEREST RATE $'000	1 YEAR OR LESS $'000	OVER 1 TO 5 YEARS $'000	NON INTEREST BEARING $'000	TOTAL $'000
Financial Assets					
Cash and deposits	2,586	5,594	-	-	8,180
Receivables	396	-	-	1,763	2,159
	2,982	5,594	-	1,763	10,339
Weighted average interest rate	4.70%	5.68%			
Financial Liabilities					
Payables	-	-	-	1,685	1,685
Weighted average interest rate	-	-			
Net financial assets	2,982	5,594	-	78	8,654

(c) Reconciliation of Net Financial Assets to Net Assets

	CONSOLIDATED	
	2006 $'000	**2005 $'000**
Net financial assets as above	11,140	8,654
Non-financial assets and liabilities:		
Other assets	-	297
Other financial assets at fair value through profit and loss	502	-
Non-current assets	5,071	5,567
Income tax receivable	-	387
Provisions	(373)	(307)
Other current tax liabilities	(1,324)	(509)
Other non-current liabilities	(168)	(303)
Net assets per statement of financial position	14,848	13,786

(d) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group equal their carrying amounts.

39 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSS

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRSs)

(a) At the date of transition to AIFRS: 1 July 2004

		CONSOLIDATED			PARENT ENTITY		
	NOTES	PREVIOUS AGAAP $'000	EFFECT OF TRANSITION TO AIFRS $'000	AIFRS $'000	PREVIOUS AGAAP $'000	EFFECT OF TRANSITION TO AIFRS $'000	AIFRS $'000
ASSETS							
Current assets							
Cash and cash equivalents		7,097	-	7,097	6,322	-	6,322
Receivables		1,721	-	1,721	1,806	-	1,806
Income tax receivable		383	-	383	383	-	383
Other assets		255	-	255	216	-	216
Total Current Assets		9,456	-	9,456	8,727	-	8,727
Non-current assets							
Receivables		447	-	447	447	-	447
Investments		-	-	-	3,909	-	3,909
Property, plant and equipment		421	-	421	335	-	335
Deferred expenditure		1,429	-	1,429	1,429	-	1,429
Deferred tax assets	(a)(b)	776	2	778	776	1	777
Intangible assets	(a)(b)	3,860	(5)	3,855	414	(4)	410
Total Non-Current Assets		6,933	(3)	6,930	7,310	(3)	7,307
Total assets		16,389	(3)	16,386	16,037	(3)	16,034
LIABILITIES							
Current liabilities							
Payables		2,109	-	2,109	1,830	-	1,830
Current tax liabilities		-	-	-	-	-	-
Provisions		283	-	283	217	-	217
Total Current Liabilities		2,392	-	2,392	2,047	-	2,047
Non-current liabilities							
Payables		43	-	43	-	-	-
Deferred tax liabilities		440	-	440	440	-	440
Provisions		161	-	161	121	-	121
Total Non-Current Liabilities		644	-	644	561	-	561
Total liabilities		3,036	-	3,036	2,608	-	2,608
Net assets		13,353	(3)	13,350	13,429	(3)	13,426
EQUITY							
Contributed equity		14,154	-	14,154	14,154	-	14,154
Reserves	(c)	-	69	69	-	69	69
Retained profits/(accumulated losses)		(801)	(72)	(873)	(725)	(72)	(797)
Total equity		13,353	(3)	13,350	13,429	(3)	13,426

39 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs CONTINUED

(b) At the end of the last reporting period under previous AGAAP: 30 June 2005

		CONSOLIDATED			PARENT ENTITY		
	NOTES	PREVIOUS AGAAP $'000	EFFECT OF TRANSITION TO AIFRS $'000	AIFRS $'000	PREVIOUS AGAAP $'000	EFFECT OF TRANSITION TO AIFRS $'000	AIFRS $'000
ASSETS							
Current assets							
Cash and cash equivalents		8,180	-	8,180	7,247	-	7,247
Receivables		1,766	-	1,766	2,141	-	2,141
Income tax receivable		387	-	387	325	-	325
Other assets		297	-	297	247	-	247
Total Current Assets		10,630	-	10,630	9,960	-	9,960
Non-current assets							
Receivables		393	-	393	393	-	393
Investments		-	-	-	3,865	-	3,865
Property, plant and equipment		274	-	274	192	-	192
Deferred expenditure		975	-	975	975	-	975
Deferred tax assets	(a)(b)	383	4	387	309	7	316
Intangible assets	(a)(b)	3,768	163	3,931	390	(24)	366
Total Non-Current Assets		5,793	167	5,960	6,124	(17)	6,107
Total assets		16,423	167	16,590	16,084	(17)	16,067
LIABILITIES							
Current liabilities							
Payables		1,685	-	1,685	1,389	-	1,389
Current tax liabilities		509	-	509	502	-	502
Provisions		86	-	86	20	-	20
Total Current Liabilities		2,280	-	2,280	1,911	-	1,911
Non-current liabilities							
Payables		28	-	28	-	-	-
Deferred tax liabilities		275	-	275	274	-	274
Provisions		221	-	221	175	-	175
Total Non-Current Liabilities		524	-	524	449	-	449
Total liabilities		2,804	-	2,804	2,360	-	2,360
Net assets		13,619	167	13,786	13,724	(17)	13,707
EQUITY							
Contributed equity		13,306	2	13,308	13,306	-	13,306
Reserves	(c)	-	102	102	-	102	102
Retained profits/(accumulated losses)		313	63	376	418	(119)	299
Total equity		13,619	167	13,786	13,724	(17)	13,707

39 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs CONTINUED

(2) Reconciliation of profit for the year ended 30 June 2005

		CONSOLIDATED			PARENT ENTITY		
	NOTES	PREVIOUS AGAAP $'000	EFFECT OF TRANSITION TO AIFRS $'000	AIFRS $'000	PREVIOUS AGAAP $'000	EFFECT OF TRANSITION TO AIFRS $'000	AIFRS $'000
Revenue		17,687	-	17,687	14,946	-	14,946
Other income		902	-	902	1,274	-	1,274
Commissions paid to advisers		(5,587)	-	(5,587)	(5,843)	-	(5,843)
Employee benefits expense	(c)	(6,097)	(102)	(6,199)	(4,387)	(102)	(4,489)
Depreciation and amortisation expense	(a)(b)	(886)	163	(723)	(668)	(24)	(692)
Other expenses		(3,255)		(3,255)	(2,576)		(2,576)
Profit before income tax expense		2,764	61	2,825	2,746	(126)	2,620
Income tax expense	(a)(b)	887	(2)	885	840	(9)	831
Profit attributable to members of Fiducian Portfolio Services Limited		1,877	63	1,940	1,906	(117)	1,789

(3) Reconciliation of cash flow statement for the year ended 30 June 2005.

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Intangible assets – Goodwill

Under AASB 3 *Business Combinations*, amortisation of goodwill is prohibited, and is replaced by annual impairment testing focusing on the cash flows of the related cash-generating unit. Under previous Australian AGAAP goodwill was amortised on a straight-line basis over the period during which the benefits were expected to arise and not exceeding 20 years. The effect of this is:

(i) At 1 July 2004

There is no effect on the Group.

(ii) At 30 June 2005

For the Group in the Balance Sheet there has been a decrease in amortisation and increase in intangible assets of $191,000. Retained earnings have increased by $191,000.

(iii) For the year ended 30 June 2005

For the Group in the Income Statement amortisation expense has decreased by $191,000.

(b) Intangible assets – Client portfolios

Under AASB 138 Intangible Assets, amortisation of identified intangible assets that have indefinite useful lives, such as client portfolios, is prohibited, and will be tested for impairment annually treating each portfolio as a cash-generating unit. The directors have determined that client portfolios have a limited measurable life of 10 years, over which period they will be amortised subject to annual impairment testing. Under previous AGAAP the cost of purchased client portfolios was amortised on a straight-line basis over the period during which the benefits were expected to arise over a period not exceeding 20 years; in addition, the holding values of client portfolios were tested for recoverability on a discounted cash flow basis annually. The effect of this is:

39 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs CONTINUED

(b) Intangible assets – Client portfolios (continued)

(i) At 1 July 2004

For the Group in the Balance Sheet there has been a decrease in client portfolios of $5,000. Retained earnings have decreased by $3,000 and deferred tax assets have increased by $2,000. For the parent entity in the Balance Sheet there has been a decrease in client portfolios of $4,000. Retained earnings have decreased by $3,000 and deferred tax assets have increased by $1,000.

(ii) At 30 June 2005

For the Group in the Balance Sheet there has been a decrease in client portfolios of $28,000. Retained earnings have decreased by $20,000 and deferred tax assets have increased by $8,000. For the parent entity in the Balance Sheet there has been a decrease in client portfolios of $24,000. Retained earnings have decreased by $17,000 and deferred tax assets have increased by $7,000.

(iii) For the year ended 30 June 2005

For the Group in the Income Statement amortisation expense has increased by $23,000 and income tax expense has decreased by $6,000. For the parent entity in the Income Statement amortisation expense has increased by $20,000 and income tax expense has decreased by $6,000.

(c) Share-based payments

Under AASB 2 Share-based payments, from 1 July 2004 the Group is required to recognise an expense for those options that were issued to employees, directors and advisers under the Employee and Director Share Option Plan (ESOP) and Adviser Share Option Plan (ASOP) after 7 November 2002 but that had not vested by 1 January 2005. Under AGAAP no expense was recognised for equity-based compensation until such options were exercised.The effect of this is:

(i) At 1 July 2004

For the Group and parent entity in the Balance Sheet there has been a decrease in retained earnings of $69,000 and a corresponding increase in reserves.

(ii) At 30 June 2005

For the Group in the Balance Sheet there has been a decrease in retained earnings of $102,000 and a corresponding increase in reserves.

(iii) For the year ended 30 June 2005

For the Group and parent entity in the Income Statement there has been an increase in employee benefits expense of $33,000.

39 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs CONTINUED

(e) Deferred tax asset and deferred tax liability

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to amounts recognised directly in equity.

The adoption of AIFRS has resulted in a change in accounting policy. The application of AASB 112 *Income Taxes* has resulted in the recognition of deferred tax assets and liabilities as described in Notes 17 and 23.

(i) At 1 July 2004 and at 30 June 2005

The effects on the deferred tax asset of the adoption of AIFRS are as follows (tax rate of 30%):

		1 JULY 2004		30 JUNE 2005	
	NOTES	CONSOLIDATED $'000	PARENT $'000	CONSOLIDATED $'000	PARENT $'000
Application of AASB 112 to adjustments arising from adoption of other AASB's					
Goodwill	(a)	-	-	-	-
Client Portfolios	(b)	2	1	8	7
Increase in deferred tax asset		2	1	8	7

(ii) For the year ended 30 June 2005

For the Group this has decreased income tax expense by $6,000. For the parent entity tax expense has decreased by $6,000.

(f) Retained earnings

The effect on retained earnings of the changes set out above are as follows:

		1 JULY 2004		30 JUNE 2005	
	NOTES	CONSOLIDATED $'000	PARENT $'000	CONSOLIDATED $'000	PARENT $'000
Goodwill	(a)	-	-	191	-
Client portfolios	(b)	(3)	(3)	(26)	(17)
Share-based payments	(c)	(69)	(69)	(102)	(102)
Total adjustment, attributable to equity holders of the parent		(72)	(72)	63	(119)

39 EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSS CONTINUED

(5) Adjustments on transition to AASB 132 Financial Instruments: *Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement:* 1 July 2005.

	CONSOLIDATED			PARENT ENTITY		
	30 JUNE 2005 $'000	ADJUSTMENT $'000	1 JULY 2005 $'000	30 JUNE 2005 $'000	ADJUSTMENT $'000	1 JULY 2005 $'000
ASSETS						
Current assets						
Cash and cash equivalents	8,180	-	8,180	7,247	-	7,247
Trade and other receivables	1,766	297	2,063	2,141	247	2,388
Income tax receivable	387	-	387	325	-	325
Other assets	297	(297)	-	247	(247)	-
Other financial assets at fair value through profit or loss	-	-	-	-	-	-
Total Current Assets	10,630	-	10,630	9,960	-	9,960
Non-current assets						
Receivables	393	-	393	393	-	393
Other financial assets	-	-	-	3,865	-	3,865
Property, plant and equipment	274	-	274	192	-	192
Deferred expenditure	975	(975)	-	975	(975)	-
Deferred tax assets	387	-	387	316	-	316
Intangible assets	3,931	975	4,906	366	975	1,341
Total Non-Current Assets	5,960	-	5,960	6,107	-	6,107
Total assets	16,590	-	16,590	16,067	-	16,067
LIABILITIES						
Current liabilities						
Payables	1,685	-	1,685	1,389	-	1,389
Current tax liabilities	509	-	509	502	-	502
Provisions	86	-	86	20	-	20
Total Current Liabilities	2,280	-	2,280	1,911	-	1,911
Non-current liabilities						
Payables	28	-	28	-	-	-
Deferred tax liabilities	275	-	275	274	-	274
Provisions	221	-	221	175	-	175
Total Non-Current Liabilities	524	-	524	449	-	449
Total liabilities	2,804	-	2,804	2,360	-	2,360
Net assets	13,786	-	13,786	13,707	-	13,707
EQUITY						
Contributed equity	13,308	-	13,308	13,306	2	13,308
Reserves	102	-	102	102	-	102
Retained profits/(accumulated losses)	376	-	376	299	(2)	297
Total equity	13,786	-	13,786	13,707	-	13,707

Refer to Notes 1 (l), 1 (o) and 1 (w) for further information on the transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement on 1 July 2005.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 18 to 73 to by are in accordance with the *Corporations Act 2001*, including

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 47 to 55 of the financial report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

I Singh
Director

Sydney, 29 August 2006

INDEPENDENT AUDIT REPORT TO THE MEMBERS

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Audit opinion

In our opinion, the financial report of Fiducian Portfolio Services Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Fiducian Portfolio Services Limited and the Fiducian Portfolio Services Group (defined below) as at 30 June 2006, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Fiducian Portfolio Services Limited (the company) and the Fiducian Portfolio Services Group (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website:

http://www.pwc/au/financialstatementaudit

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001, Accounting Standards* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

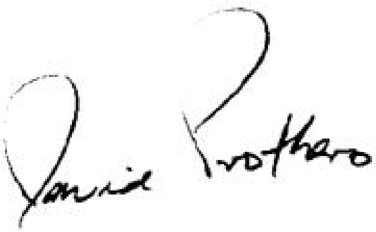
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers



D A Prothero
Partner

Sydney
29 August 2006

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