FIDUCIAN PORTFOLIO SERVICES LIMITED

ABN 13 073 845 931

ANNUAL REPORT TO SHAREHOLDERS

YEAR ENDED 30 JUNE 2007

FIDUCIAN

INTEGRITY • TRUST • EXPERTISE

integrity
trust *expertise*

The name Fiducian 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, members, 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

JOINT REPORT OF THE CHAIRMAN AND THE MANAGING DIRECTOR

Dear Shareholder,

On behalf of the Directors, we jointly report on the consolidated operating performance of Fiducian Portfolio Services Limited and its controlled operating entities for the year ended 30 June 2007.

Responsible for $3.7 billion in combined Funds under Management, Administration and Advice, Fiducian has continued to position itself as an operator well regarded by clients for its integrity, trust and expertise.

With significant capacity for further growth in revenue without a comparable or corresponding increase in costs, Fiducian has been built to last without vulnerability to pressures from external parties.

FINANCIAL RESULTS

Results for 2006-2007

Improving shareholder value is a primary objective and we have been pleased to once again report strong earnings per share growth over the prior year.

Fiducian continues to grow profitably through its business model and is pleased to report a consolidated net profit after income tax of $5.3 million, an increase of 48% on the prior year of $3.6 million. The consequential earnings before interest expense, tax, depreciation and amortisation is $8.3 million in comparison to $5.9 million last year.

In the half year to June strong growth continued and a consolidated profit after income tax of $3.1 million was achieved, an increase of 38% over the corresponding half-year in 2006 of $2.2 million.

CAPITAL MANAGEMENT

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 6.0 cents per share has been declared which will bring the total dividend for the 2007 financial year to 10.5 cents fully franked, a 50% increase on last year as reward for our shareholders. The final dividend will be paid on issued shares held on 24 August 2007 and is payable on 12 September 2007.

Cash Flow

Net cash flows from operating activities have posted a $6.2 million result (2006: $5.0 million). After capital and dividend outlays, net cash increased by $1.1 million (2006: $1.6 million) to $10.9 million, of which $5 million is required for regulatory purposes.

On Market Buy Back

Fiducian bought 1.173 million shares on market for a total consideration, including brokerage, of $2.99 million at an average price of $2.54. There were 33.032 million shares (2006: 33.274 million) on issue at year-end.

Acquisitions

No business acquisitions 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 are made to ensure that real value would be added for shareholders and that advisers' clients would not be disadvantaged. This criterion caused a number of potential acquisitions to be rejected.

Adviser options

In accordance with the approved Adviser Share Option Plan, 70,382 options were issued during the year and after 30 June 2007 it is proposed to issue 32,970 options, at an exercise price of $3.45, to advisers who have supported Fiducian during the year. However 247,884 options previously issued to advisers were cancelled during the year, but none are expected to be cancelled after year end as a result of revenue contributions falling short of contribution levels in the previous year.

Staff options

Management and Staff

In accordance with the approved Employee and Director Share Option Plan, 167,500 options were issued to management and staff during the year, as part of their remuneration and in recognition of their efforts. 283,750 options were exercised during the year and a further 27,545 options have been exercised since year-end to 3 August 2007.

2,000 options were cancelled due to staff departures.

Managing Director

The Managing Director has earned 100,000 options at an exercise price of $2.65, 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. During the year, he also exercised 200,000 options that were issued in previous years.

Non-Executive Directors

The Directors resolved during the year that options would no longer be available for issue to Non-Executive Directors. As a result, no options will be issued to Non-Executive Directors under the plan. 75,000 options previously issued were exercised during the year and two retired Directors exercised their options held.

FINANCIAL PLANNING

Operating under the Fiducian Financial Services brand and through the support of solid management, financial planning is growing into a quality national network of franchised and salaried financial advisers.

Network Strategy

Fiducian has concentrated on growing the franchised, salaried and independent adviser network by focusing on continuing to build up solid relationships with 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 net inflow productivity per adviser and we intend to continue with this strategy going forward.

Salaried Offices

Company-owned offices with salaried financial advisers are based in Sydney, Tasmania and Melbourne. In addition the Melbourne office has recently expanded substantially through the appointment of 4 additional, experienced advisers. Inflows continue to increase and are contributing strongly to overall results. Inflows from advisers in these offices now represent 32% of total inflows (2006: 29%).

Franchise Offices

Fiducian expects the highest level of compliance and client service from its franchise network, even though the generation of higher inflows is important. This commitment to quality has meant the departure of some franchisees and the appointment of other higher quality practitioners during the year so that there are now 29 franchised offices at year-end (2006: 26), resulting in substantially increased inflows, due largely to further increased productivity of existing franchises. Inflows from franchises comprised 49% of total inflows last year (2006: 51%).

Independent Dealers

Independent Dealer groups continued to grow Funds under Administration during the year. However, increasing contributions of total inflows from franchisees and salaried financial advisers resulted in independents representing 27% of total funds, down from 32% at the previous year-end.

PLATFORM ADMINISTRATION

Platform Administration encompasses portfolio wrap administration for superannuation and investment services. Fiducian administration ensures a seamless experience for both the financial adviser and investor. The Fiducian administration hallmark is daily processing and an industry reputation of quality turnaround processing times and accuracy.

Client and financial adviser reporting is also superior in both design and delivery. The provision of Trustee services is another key advantage. Value added services include technical services, para planning and marketing services, which are all part of the exceptional Fiducian service offering.

Personal Superannuation and IDPS

Funds under Administration grew in total by 29% (2006: 25%) and since the end of the financial year growth has continued strongly. At 30 June, 2007 the assets held in the Fiducian Investment Service and the Fiducian Superannuation Service were $387.7 million (2006 $298.5 million) and $892.6 million (2006 $692.5 million) respectively, being increases of 30% and 29%, respectively. Further opportunities for growth in this business exist through the white labelling of our administration systems for external larger scale adviser groups and providing access to select independent financial advisers not currently in the Fiducian network.

Corporate Superannuation

Whilst it grew by about 20%, it still forms only a small portion of Funds under Administration. It is a competitive business and has been structured as an offering to the small employer market, whose employees can be readily serviced through our financial adviser network. Fiducian continues to retain this business and views it as a useful compliment to the core personal superannuation and investment service offerings.

INVESTMENT MANAGEMENT

Fiducian Investments is a multi asset, multi manager style investment manager and designs funds that seek to deliver superior and consistent long-term results, whilst working to control short-term volatility.

Fiducian Funds continued to be a top performer in comparison to other funds within their respective asset classes over the 2006-07 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 5 years and other funds performed well.

The Investment Committee and Investment Team are both working well to ensure risk adjusted investment returns that benefit our clients.

In addition, Fiducian has continued to grow its role as the investment manager of a number of small wholesale mandates by notable charities, endowment funds and institutions. Further opportunities for growth in this business exist through the development of new and innovative investment products that fit within the spirit of our current business.

INFORMATION TECHNOLOGY

The Fiducian Information Technology continues to provide our adviser network with proprietary state-of-the-art financial planning software (FORCe) 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, was distributed during the year. This next generation technology gives our advisers further advantages in the market place and should help attract other quality advisers to Fiducian. Further opportunities for growth in this business exist through the distribution of our proprietary state-of-the-art financial planning software to external adviser groups not currently linked to the Fiducian network and possibly overseas.

HUMAN RESOURCES

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.

Advisers 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 fulfil 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. Peter Leeson has been a Director since 1999 and was therefore involved at the time of the listing of Fiducian on the Australian Stock Exchange. He retires by rotation, but due to his pending retirement during the coming year is not seeking re-appointment. Being an active financial adviser of one of our largest franchise offices, his contribution has always been highly regarded and will be greatly missed.

Mr. Frank Khouri is an accountant and financial adviser of one of our fastest growing franchise offices and has previously served on the Advisers Council and been its chairman. He was appointed a Director of Fiducian and group companies on 6 July 2007. He retires by rotation in accordance with the constitution and, being eligible, seeks re-election with the support of all other Directors.

CURRENT ECONOMIC AND MARKET ENVIRONMENT

Global economic growth was strong over the 2006–2007 financial year and 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's investors should continue to benefit from exposure to a diversified asset base through implementing a multi-asset, multi manager investment style process to achieve consistent and less volatile investment returns over the longer-term.

FUTURE OUTLOOK

The Board expects steady profit growth in coming years as management continues to further leverage the full potential of its current four business pillars being Financial Planning, Platform Administration, Investment Management and Information Technology. In addition, management is focused on controlling any growth in expenditures.

The business plan for 2008 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 provide advantages to clients. They 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*

21 August 2007

CORPORATE DIRECTORY

DIRECTORS

R 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)

F Khouri B Bus FCPA FTIA (appointed 6 July 2007)

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 24 October 2007

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

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

OPERATING SUBSIDIARIES

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

Adelaide Bank Limited
169 Pirie Street
Adelaide SA 5000

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 2007.

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 26 for further details.

Chairman – non-executive

R Bucknell

Executive director

I Singh

Non-executive directors

P Leeson
A Koroknay
F Khouri (appointed 6 July 2007)

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

Dividends – Fiducian Portfolio Services Limited

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

	2007 $'000	2006 $'000
Final ordinary franked dividend for the year ended 30 June 2006 of 4.2 cents (2005: Unfranked 2.5 cents) per share paid on 29 September 2006.	1,411	841
Interim ordinary fully franked dividend for the year ended 30 June 2007 of 4.5 cents (2006: Fully franked 2.8 cents) per share paid on 2 March 2007.	1,513	941
Total dividends in respect of the year	2,924	1,782

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 2007 of 6.0 cents per ordinary share held at 24 August 2007 and payable on 12 September 2007.

Review of operations

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

	SEGMENT REVENUES		SEGMENT RESULTS	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Funds management and administration	23,813	19,475	7,302	4,783
Financial planning	7,735	6,578	351	422
Intersegment sales	(4,976)	(3,933)	-	-
	26,572	22,120		
Profit from ordinary activities before income tax expense			7,653	5,205
Income tax expense			2,344	1,612
Net profit attributable to members of Fiducian Portfolio Services Limited			5,309	3,593

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 $2,987,118 as a result of the buy back of 1,172,551 shares on the stock exchange at an average price of $2.54 per share during the year, and an increase of $800,755 as a result of the exercise of 930,682 share options at an average price of $0.86 per share.

Further, 100,000 options were issued to the Managing Director, 167,500 options were issued to staff and 70,382 options were issued to advisers 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 32,970 (2006: 70,382) options to advisers within three months of the announcement of the Group's results to the Australian Stock Exchange, at an exercise price of $3.45 (2006: $1.68), being 30% above the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2007.

Under the Rules no adviser options (2006: nil) are expected to be cancelled subsequent to the end of the financial year. To the date of this report 8,045 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 have granted 150,000 options at an exercise price of $2.65 to employees after year end (2006: 167,500 at $1.29), and 100,000 options at an exercise price of $2.65 to the Managing Director (2006:100,000 at $1.29) subject to shareholder approval. To the date of this report, 24,750 options have been exercised by employees and no options have been exercised by directors.

Under the Rules of the Employee and Director Share Option Plan and Adviser Share Option Plan, to the 3rd August 2007 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
5 September 2002	Advisers	$0.91	8,045
24 August 2004	Employees	$0.55	4,500
22 February 2005	Employees	$0.73	4,500
30 June 2006	Employees	$1.29	10,500
			27,545

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 26 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 27 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 2007 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 27 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, F Khouri, 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.

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 have been reviewed by the audit committee to ensure they 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 APES110 *Code of Ethics for Professional Accountants*.

During the year the fees paid or payable for services provided by the auditor (PricewaterhouseCoopers) of the parent entity, its related practices and non-related audit firms, are shown in Note 28 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, 21 August 2007

AUDITORS' INDEPENDENCE DECLARATION

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

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201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
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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 2007, 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
21 August 2007

CORPORATE GOVERNANCE STATEMENT

Fiducian Portfolio Services Limited (the company) and the Board of directors are committed to achieving and demonstrating the highest standards of corporate governance. 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 26 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 26 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 June 2007.

1.3 The Managing Director and Financial Controller have made the following certifications to the board, for the year ended 30 June 2007 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 and independent members, 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 requirement 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 and the development of management. 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 package, to ensure that it is reasonable and competitive. 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 compliance systems, procedures, policies and programs established to ensure disclosure by management to the Board of areas of operating and non-financial risk including disclosure documents required to be given under statute. 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 compliance of systems, procedures, policies and programs established to ensure disclosure and reporting relating to 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. Investment committee

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

6. 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.

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 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 2007:

DISTRIBUTION :	NO. OF HOLDERS
1 - 1,000	60
1,001 - 5,000	221
5,001 - 10,000	64
10,001 - 50,000	83
50,001 - 100,000	17
100,001 - and over	30
Total	475

There were 3 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 3 August 2007 are listed below:

	NAME	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
1	Indyshri Singh Pty Limited	8,898,500	26.94
2	HSBC Custody Nominees (Australia) Limited	4,082,946	12.36
3	National Nominees Limited	2,766,576	8.38
4	ANZ Nominees Limited	1,898,857	5.75
5	Citicorp Nominees Pty Limited	1,544,458	4.68
6	Cogent Nominees Pty Ltd	1,208,239	3.66
7	Hunter Place Services Pty Ltd	1,050,000	3.18
8	Erich Gustav Brosell	1,000,000	3.03
9	Norcad Investments Pty Ltd	977,998	2.96
10	Mr Andrew John Switajewski	523,937	1.59
11	D R Smith Holdings Pty Ltd	523,700	1.59
12	Mr Inderjit Singh	367,500	1.11
13	Imperial Pacific Fund Managers Pty Ltd	361,000	1.09
14	Mr William David Featherstone	330,000	1.00
15	Rannidob Pty Limited	299,778	0.91
16	Robcharta Nominees (NSW) Pty Limited	296,500	0.90
17	Bond Street Custodians Limited	292,094	0.88
18	Mr David Colin Archibald	252,000	0.76
19	Galt Nominees Limited	245,801	0.74
20	Ms Eija Kaarina Sutinen	232,700	0.70
		27,152,584	82.21

Unquoted equity securities

As at 30 June 2007:

TYPE OF SECURITY	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options – Directors	100,000	1
Options – Employees	340,750	44
Options – Advisers	648,424	27
	1,089,174	72

C. SUBSTANTIAL SHARE HOLDERS

Substantial share holders and associates as at 3 August 2007 (more than 5% of a class of shares) in the company are set out below:

NAME	NUMBER HELD	PERCENTAGE
Indyshri Singh Pty Limited and associates	9,486,500	28.72%
HSBC Custody Nominees (Australia) Limited	4,082,946	12.36%
National Nominees Limited	2,766,576	8.38%
Citicorp Nominees Pty Ltd	1,946,412	5.89%
ANZ Nominees Limited	1,898,857	5.75%

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.

FINANCIAL REPORT

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 controlled entities. 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 the financial report.

The financial report was authorised for issue by the directors on 21 August 2007. 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.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Revenue from ordinary activities	**5**	25,817	21,547	23,103	18,968
Dividend from subsidiary		-	-	-	400
Other Income	**6**	755	573	710	507
Commissions paid to advisers		(6,994)	(6,032)	(7,747)	(6,716)
Employee benefits expense		(7,465)	(6,376)	(5,375)	(4,707)
Depreciation and amortisation expense	**7(a)**	(664)	(701)	(472)	(654)
Other expenses	**7(b)**	(3,796)	(3,806)	(2,919)	(2,616)
Profit before income tax expense		7,653	5,205	7,300	5,182
Income tax expense	**8**	2,344	1,612	2,196	1,475
Profit for the year		5,309	3,593	5,104	3,707
Profit attributable to members of Fiducian Portfolio Services Limited	**25**	5,309	3,593	5,104	3,707
Earnings per share	**34**				
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic earnings per share		15.89 cents	10.70 cents		
Diluted earnings per share		15.21 cents	9.89 cents		

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

BALANCE SHEETS
AS AT 30 JUNE 2007

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
ASSETS					
Current assets					
Cash and cash equivalents	**10**	10,868	9,744	9,930	9,201
Trade and other receivables	**11**	3,077	2,679	3,015	2,676
Other financial assets at fair value through profit or loss	**12**	492	502	492	502
Total Current Assets		14,437	12,925	13,437	12,379
Non-current assets					
Receivables	**13**	561	679	561	679
Other financial assets	**14**	-	-	3,865	3,865
Property, plant and equipment	**15**	164	158	126	99
Deferred tax assets	**16**	720	521	597	450
Intangible assets	**17**	3,839	4,392	463	849
Total Non-Current Assets		5,284	5,750	5,612	5,942
Total assets		19,721	18,675	19,049	18,321
LIABILITIES					
Current liabilities					
Payables	**18**	2,623	1,962	2,341	1,692
Current tax liabilities	**19**	1,408	1,324	1,286	1,284
Total Current Liabilities		4,031	3,286	3,627	2,976
Non-current liabilities					
Payables	**20**	-	13	-	-
Deferred tax liabilities	**21**	56	155	54	154
Provisions	**22**	463	373	367	308
Total Non-Current Liabilities		519	541	421	462
Total liabilities		4,550	3,827	4,048	3,438
Net assets		15,171	14,848	15,001	14,883
EQUITY					
Contributed equity	**23**	10,451	12,549	10,451	12,549
Reserves	**24**	148	112	148	112
Retained profits	**25**	4,572	2,187	4,402	2,222
Total equity		15,171	14,848	15,001	14,883
Contingent liabilities	**29**				
Commitments for expenditure	**30**				

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
Total equity at the beginning of the financial year		14,848	13,786	14,883	13,707
Profit for the year		5,309	3,593	5,104	3,707
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	**23**	893	643	893	643
Buy back of shares, inclusive of transaction costs	**23**	(2,991)	(1,402)	(2,991)	(1,402)
Dividends provided for or paid	**9**	(2,924)	(1,782)	(2,924)	(1,782)
Employee share options exercised	**24**	36	10	36	10
Total transactions with equity holders		(4,986)	(2,531)	(4,986)	(2,531)
Total equity at the end of the financial year		15,171	14,848	15,001	14,883

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 2007

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		27,964	23,221	25,037	20,395
Payments to suppliers and employees (inclusive of goods and services tax)		(19,859)	(18,099)	(17,416)	(15,277)
		8,105	5,122	7,621	5,118
Interest received		710	575	665	509
Income taxes paid		(2,558)	(664)	(2,441)	(622)
Net cash inflow from operating activities	**33**	6,257	5,033	5,845	5,005
Cash flows from investing activities					
Payments for computer software		(1)	(27)	(1)	(27)
Loans to related parties (associates, advisers and staff)		(134)	(376)	(134)	(376)
Payments to acquire client portfolios		(15)	(15)	-	-
Dividend from subsidiary		-	-	-	400
Investment in related trust		-	(500)	-	(500)
Distributions from related trust		28	-	28	-
Repayment of loans by associates & advisers		217	38	217	38
Payments for property, plant and equipment		(115)	(48)	(113)	(45)
Net cash outflow from investing activities		(20)	(928)	(3)	(510)
Cash flows from financing activities					
Payments for shares bought back		(2,990)	(1,402)	(2,990)	(1,402)
Proceeds on exercise of options		801	643	801	643
Dividends paid		(2,924)	(1,782)	(2,924)	(1,782)
Net cash outflow from financing activities		(5,113)	(2,541)	(5,113)	(2,541)
Net increase in cash held		1,124	1,564	729	1,954
Cash at the beginning of the year		9,744	8,180	9,201	7,247
Cash and cash equivalents at the end of year	**10**	10,868	9,744	9,930	9,201

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 2007

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.*

Early adoption of standards

The Group has elected to apply the following standards to the annual reporting period beginning 1 July 2006:

- AASB 101 Presentation of Financial Statements (issued in October 2006).

This includes applying the pronouncement to the comparatives in accordance with AASB1018 Accounting Policies, Changes in Accounting Estimates and Errors. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have therefore been omitted.

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 2007 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.
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 income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

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 30). 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 2007 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 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 impairment of trade 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (outside settlement terms) are considered indicators that the trade receivable is impaired. 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

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.

(j) Investments and other financial assets (continued)

(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 13.

(k) Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 accumulated 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:

Furniture, office equipment and computers	2 – 8 years
Leasehold improvements	term of the lease

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).

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.

(m) Intangible assets (continued)

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.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and 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 27.

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.

(p) Employee benefits (continued)

Share-based payments (continued)

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) 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.

(u) 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.

(v) New accounting standards and interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) 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 affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's and the parent entities financial instruments.

(ii) AASB-I 10 Interim Financial Reporting and Impairment
AASB-I 10 is applicable to reporting periods commencing on or after 1 November 2006. The standard is not expected to have a material impact on the financial statements.

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 ASSUMPTIONS

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
2007				
Sales to external customers	23,103	2,714	-	25,817
Intersegment sales	-	4,976	(4,976)	-
Total sales revenue	23,103	7,690	(4,976)	25,817
Other revenue	710	45	-	755
Total segment revenue	23,813	7,735	(4,976)	26,572
Profit from ordinary activities before income tax expense	7,302	351	-	7,653
Income tax expense				2,344
Profit from ordinary activities after income tax expense				5,309
Segment assets	19,049	1,856	(1,184)	19,721
Segment liabilities	4,048	1,020	(518)	4,550
Acquisitions of plant and equipment, intangibles and other non-current segment assets	114	4	-	118
Depreciation, amortisation and impairment	472	192	-	664
Net cash inflow from operating activities	5,845	412	-	6,257

(b) Primary reporting – business segments (continued)

	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, amortisation and impairment	654	47	-	701
Net cash inflow from operating activities	5,005	28	-	5,033

5 REVENUE

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
From continuing operations					
Sales revenue					
Fees and commissions received		25,418	21,205	22,524	18,596
Other		399	342	579	372
Revenue from ordinary activities		25,817	21,547	23,103	18,968

6 OTHER INCOME

Interest received/receivable		712	571	667	505
Distributions from related trusts		53	-	53	-
Fair value gains on other financial assets at fair value through profit or loss (Note 12)		(10)	2	(10)	2
		755	573	710	507

7 EXPENSES

Profit before income tax includes the following specific expenses:

7(a) Depreciation, amortisation and impairment

Depreciation					
Furniture, office equipment and computers		69	83	44	59
Total depreciation		69	83	44	59
Amortisation					
Leasehold improvements		41	76	41	76
Capitalised computer software		345	477	345	477
Client portfolio acquisition costs		65	65	42	42
Total amortisation		451	618	428	595
Impairment					
Goodwill		144	-	-	-
Total depreciation, amortisation and impairment		664	701	472	654

7(b) Other expenses

Other expenses					
Professional services		292	478	267	302
Sales marketing and travel		452	399	346	320
Premises and equipment		745	687	423	412
Communication and computing		713	676	515	469
Printing and stationery		262	254	225	220
Auditors	**28**	340	418	322	374
Administration and other		992	894	821	519
		3,796	3,806	2,919	2,616
Net loss on disposal of property, plant and equipment		-	(5)	-	(5)
Doubtful debts		3	(6)	3	(10)
Rental expense relating to operating leases		663	651	384	412

8 INCOME TAX EXPENSE

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
(a) Income tax expense				
Current tax	2,640	1,827	2,442	1,696
Deferred tax	(298)	(254)	(247)	(254)
Under (over) provided in prior years	2	39	1	33
Income tax expense	2,344	1,612	2,196	1,475
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (Note 16)	(199)	(134)	(147)	(134)
(Decrease) increase in deferred tax liabilities (Note 21)	(99)	(120)	(100)	(120)
Deferred tax	(298)	(254)	(247)	(254)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	7,653	5,205	7,300	5,182
Tax at the Australian tax rate of 30%	2,296	1,562	2,190	1,555
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment	8	8	5	5
Tax offset for franked dividends	-	-	-	(120)
Sundry items	38	3	-	2
	2,342	1,573	2,195	1,442
Under (over) provision in prior years	2	39	1	33
Income tax expense	2,344	1,612	2,196	1,475
(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 23 (b)	(3)	(2)	(3)	(2)
	(3)	(2)	(3)	(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	
	2007 $'000	2006 $'000
Ordinary shares		
Final ordinary unfranked dividend for the year ended 30 June 2006 of 4.2 cents (2005: Unfranked 2.5 cents) per share paid on 29 September 2006.	1,411	841
Interim ordinary fully franked dividend for the year ended 30 June 2007 of 4.5 cents (2006: Fully franked 2.8 cents) per share paid on 2 March 2007.	1,513	941
Total dividends paid in cash	2,924	1,782

The Directors have declared the payment of a final fully franked dividend for the year ended 30 June 2007 in the amount of 6.0 cents per ordinary share to be paid on shares registered on 24 August 2007 and payable on 12 September 2007.

Franked dividends

The franked portions of the final dividends recommended after 30 June 2007 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 2007.

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Franking credits available for subsequent financial years based on a tax rate of 30%	2,221,765	867,681	1,830,810	568,653

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 $1,982,000 (2006: $1,411,000).

10 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cash at bank and in hand	2,313	1,413	1,400	894
Bank bills of exchange	8,408	8,185	8,408	8,185
Deposits securing bank guarantees	147	146	122	122
	10,868	9,744	9,930	9,201

(a) Cash at bank and on hand

Cash at bank earns interest rates of between 0.00% and 5.53%. (2006: 0.00% and 5.06%).

(b) Deposits at call

Deposits and bills of exchange bear interest rates of between 4.50% and 6.38%. (2006: 4.95% and 5.93%).

These deposits have an average maturity of 23 days.

11 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Amounts receivable from related entities:				
Controlled entities	-	-	134	140
Related trusts	2,438	2,044	2,301	2,044
Business development loans	48	59	48	59
Staff loans	46	-	46	-
Other receivables	228	200	146	34
Prepayments	360	422	349	411
	3,120	2,725	3,024	2,688
Less: Provision for doubtful receivables	(43)	(46)	(9)	(12)
	3,077	2,679	3,015	2,676
Movements in doubtful receivables				
Balance at beginning of year	(46)	(89)	(12)	(59)
Written off against provision	-	37	-	37
Movement	3	6	3	10
Balance at end of year	(43)	(46)	(9)	(12)

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 36.

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

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
At beginning of year	502	-	502	-
Additions	-	500	-	500
Revaluation – fair value gains/(losses)	(10)	2	(10)	2
At end of year	492	502	492	502
Investment in related trust, at call	492	502	492	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.

13 NON-CURRENT ASSETS – RECEIVABLES

Business development loans*	305	384	305	384
Loans to staff*	256	295	256	295
	561	679	561	679

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

Of the total business development loans of $353,000 (2006: $443,000)(being both current and non current), business development loans of $93,000 (2006: $286,000) 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 296,500 options at an average exercise price of $1.10. 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:

	2007 CARRYING AMOUNT	FAIR VALUE	2006 CARRYING AMOUNT	FAIR VALUE
	$'000	$'000	$'000	$'000
Business development loans	305	305	384	384
Loans to staff	256	256	295	295
	561	561	679	679

The fair values are based on cash flows discounted using a weighted average lending rate of 8.49% (2006 - 7.66%).

(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 36.

14 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING %		COST OF PARENT ENTITY'S INVESTMENT 2007	2006
					$,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		-	-
Fiducian Business Services Pty Ltd (formerly 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	*	-	-
Eric Bohl Consulting Pty Ltd	Australia	Ordinary	40	*	-	-
Leasa Collins Financial Planning Services Pty Ltd	Australia	Ordinary	40	*	-	-
Total investment by parent entity					3,865	3,865

These financial assets are carried at cost.

*** Investments in associates**

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 32). 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.

15 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Plant and equipment				
Furniture, office equipment and computers	1,011	1,127	737	857
Less: Accumulated depreciation	(847)	(969)	(611)	(758)
	164	158	126	99

15 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 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
Year ended 30 June 2007				
Opening net book amount	52	69	37	158
Additions	40	64	11	115
Disposals	-	(233)	-	(233)
Depreciation / amortisation charge	(32)	197	(41)	124
Closing net book amount	60	97	7	164
At 30 June 2007				
Cost or fair value	367	256	388	1,011
Accumulated depreciation	(307)	(159)	(381)	(847)
Net book amount	60	97	7	164

15 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 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
Year ended 30 June 2007				
Opening net book amount	19	43	37	99
Additions	38	64	11	113
Disposals	-	(233)	-	(233)
Depreciation / amortisation charge	(17)	205	(41)	147
Closing net book amount	40	79	7	126
At 30 June 2007				
Cost or fair value	140	209	388	737
Accumulated depreciation	(100)	(130)	(381)	(611)
Net book amount	40	79	7	126

16 NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Doubtful Debts	13	14	3	4
Employee benefits	386	294	294	247
Accrued expenditure	80	11	80	11
Provision for audit and taxation services	89	79	84	74
Provision for depreciation	95	86	95	86
Amortisation of share issue price	57	37	41	28
Net deferred tax assets	720	521	597	450
Movements:				
Opening balance at 1 July	521	387	450	316
Credited to the income statement (Note 8)	199	134	147	134
Closing balance at 30 June	720	521	597	450
Deferred tax assets likely to be recovered within 12 months	568	234	461	336
Deferred tax assets likely to be recovered after 12 months	152	287	136	114
	720	521	597	450

17 NON-CURRENT ASSETS – INTANGIBLE ASSETS

Deferred expenditure				
Capitalised expenditure – computer software	5,342	5,341	5,342	5,341
Less: Accumulated amortisation	(5,161)	(4,816)	(5,161)	(4,816)
	181	525	181	525
Client portfolios				
Cost of acquisition of client portfolios	648	648	418	418
Less: Accumulated amortisation	(189)	(124)	(136)	(94)
	459	524	282	324
Goodwill				
Goodwill on acquisition	3,663	3,663	-	-
Less: Accumulated amortisation and impairment	(464)	(320)	-	-
	3,199	3,343	-	-
	3,839	4,392	463	849

17 NON-CURRENT ASSETS – INTANGIBLE ASSETS CONTINUED

(a) Movements

Movements in each category are set out below:

	CONSOLIDATED			
	ACQUISITION OF CLIENT PORTFOLIOS	GOODWILL ON ACQUISITION	CAPITALISED COMPUTER SOFTWARE*	TOTAL
	$'000	$'000	$'000	$'000
At 1 July 2005				
Cost	648	3,663	5,288	9,599
Accumulated amortisation and impairment	(60)	(320)	(4,313)	(4,693)
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	3,663	5,341	9,652
Accumulated amortisation and impairment	(124)	(320)	(4,816)	(5,260)
Net book amount	524	3,343	525	4,392
Year ended 30 June 2007				
Opening net book amount	524	3,343	525	4,392
Additions	-	-	1	1
Impairment charge	-	(144)	-	(144)
Amortisation charge**	(65)	-	(345)	(410)
Closing net book amount	459	3,199	181	3,839
At 30 June 2007				
Cost	648	3,663	5,342	9,653
Accumulated amortisation and impairment	(189)	(464)	(5,161)	(5,814)
Net book amount	459	3,199	181	3,839

* *Capitalised computer 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 $410,000 (2006: $567,000) is included in depreciation, amortisation and impairment expense in the income statement.*

17 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 an impairment charge recorded against goodwill during the financial year ended 30 June 2007 of $144,000 (2006: nil).

18 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade payables	906	790	826	703
Other payables	1,046	610	862	507
Amounts due to related entities	-		109	
Client portfolio deferred settlement	13	15	-	-
Employee entitlements accrued	658	547	544	482
	2,623	1,962	2,341	1,692

19 CURRENT LIABILITIES – CURRENT TAX LIABILITIES

Income tax	1,408	1,324	1,286	1,284

20 NON-CURRENT LIABILITIES – PAYABLES

Client portfolio deferred settlement	-	13	-	-

21 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit and loss				
Income receivable	4	4	4	3
Expenses payable	-	-	-	-
Depreciation and amortisation	54	150	52	150
Unrealised gains (losses)	(2)	1	(2)	1
Net deferred tax liabilities	56	155	54	154
Movements:				
Opening balance 1 July	155	275	154	274
Credited to the income statement (Note 8)	(99)	(120)	(100)	(120)
Closing balance 30 June	56	155	54	154
Deferred tax liabilities likely to be settled within 12 months	54	5	52	4
Deferred tax liabilities likely to be settled after 12 months	2	150	2	150
	56	155	54	154

22 NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits – long service leave	463	373	367	308

23 CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
(a) Share capital				
Ordinary shares – fully paid	10,451	12,549	10,451	12,549

(b) Movements in ordinary share capital

DATE	DETAILS	NUMBER OF SHARES	AVERAGE PRICE	$,000
1 Jul 2005	Opening Balance	33,654,320		13,308
Jul 2005 to Jun 2006	Shares bought back on-market and cancelled	(1,168,075)	$ 1.20	(1,395)
	Options exercised	787,758	$ 0.79	623
	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
Jul 2006 to Jun 2007	Shares bought back on-market and cancelled	(1,172,551)	$ 2.54	(2,979)
	Options exercised	930,682	$ 0.86	801
				10,371
	Transfer from share-based payments reserve			92
	Buy-back transaction costs			(9)
	Current tax credit recognised directly in equity			(3)
30 Jun 2007	Balance	33,032,134		10,451

(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 July 2006 and June 2007 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 originally announced to the market on 15 December 2005, and was extended on 29 April 2006, 25 October 2006 and again on 18 April 2007. During the financial year the shares were acquired at an average price of $2.54 per share, with prices ranging from $1.41 to $2.99. The total cost of $2,988,000, including $9,000 of transaction costs, was deducted from equity.

At 30 June 2007, 13,410 shares remained available to be repurchased under the buy back, and were repurchased on 25 July 2007.

24 RESERVES

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Share based payments reserve				
Balance 1 July	112	102	112	102
Option expense	128	30	128	30
Transfer to share capital (options exercised)	(92)	(20)	(92)	(20)
Balance 30 June	148	112	148	112

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

25 RETAINED PROFITS

Balance 1 July	2,187	376	2,222	297
Net profit for the year	5,309	3,593	5,104	3,307
Dividend from subsidiary	-	-	-	400
Dividends paid (Note 9)	(2,924)	(1,782)	(2,924)	(1,782)
Balance 30 June	4,572	2,187	4,402	2,222

26 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 F Khouri (appointed 6 July 2007)

(b) Information on directors

R E Bucknell FCA. Chairman – non executive. Age 66

Experience and expertise

Chairman since inception in 1996. Extensive experience in accounting and business management over the past 40 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, and Audit, Remuneration and Internal Compliance Committees.

Interest in shares and options

1,050,000 ordinary shares in Fiducian Portfolio Services Limited.

26 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(b) Information on directors (continued)

I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP. Managing Director. Age 58

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 18 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

9,486,500 ordinary shares in Fiducian Portfolio Services Limited.
100,000 options for ordinary shares in Fiducian Portfolio Services Limited

P Leeson CFP, Dip. FP. Independent non-executive director. Age 69

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

138,000 ordinary shares in Fiducian Portfolio Services Limited.
109,199 options over ordinary shares in Fiducian Portfolio Services Limited

A Koroknay BA, LLB(Hons), LLM(Hons). Independent non-executive director. Age 58

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 (retired 24 August 2007) and Internal Compliance Committees.

Interest in shares and options

None

26 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(b) Information on directors (continued)

F G Khouri B Bus, FCPA, FTIA. Independent non-executive director. Age 53

Experience and expertise

Appointed to the Board 6 July 2007. Public accountant and business adviser since 1976 to small and medium enterprises, currently as a partner in the firm HG Khouri & Associates.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Member of the Board Audit Committee (appointed 24 August 2007).

Interest in shares and options

11,045 ordinary shares in Fiducian Portfolio Services Limited.
100,811 options for ordinary shares in Fiducian Portfolio Services Limited.

(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.

(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 2007, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS				MEETINGS OF COMMITTEES							
	Corporate		Trustee*		Audit		Compliance		Investment		Remunration	
	A	B	A	B	A	B	A	B	A	B	A	B
R E Bucknell	15	15	9	9	5	5	6	7	***	***	1	1
I Singh**	15	15	9	9	5	5	6	7	12	12	***	***
P Leeson	15	15	9	9	***	***	***	***	***	***	***	***
A Koroknay	13	15	9	9	5	5	6	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 8 of the 8 meetings held with the two independent members of the External Compliance Committee.*
**** = Not a member of Board or 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 2007.

26 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(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
E. Additional information

The information provided under headings A – D includes remuneration disclosures that are required under Accounting Standards AASB 124 Related Party Disclosures. These disclosures have been transferred from the Director's report and have been 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 Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward 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 by being transparent and within appropriate capital management.

(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. The directors have resolved that non-executive directors are no longer entitled to options under the Employee and Director Share Option Plan.

Directors' fees

The current base remuneration was last reviewed in June 2007. 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 and was approved by shareholders at the Annual General Meeting on 26 October 2006.

Retirement allowances for Directors

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) Executive Director

Remuneration and other terms of employment for the Managing Director is formalised in 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.

26 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

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

(b) Executive Director (continued)

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.
- Death and TPD/Trauma cover.
- Short term performance incentives.
- Long term incentives.
- Retirement benefits.

The combination of these comprises the executives' total remuneration package.

An external remuneration consultant advises the Remuneration Committee, at least every 3 years, to ensure that the Group has structured an executive remuneration package that is market competitive and complimentary to the reward strategy of the organisation.

Base salary

Mr Singh is offered a competitive base pay that comprises the fixed component of pay and rewards, which is set to reflect the market for a comparable role. The base salary is reviewed annually by the Remuneration Committee at the commencement of each financial year.

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

Benefits

Executive benefits include death cover of $1 million and TPD/ Trauma insurance cover of $0.5 million.

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. Most key performance indicators were outperformed during the financial year, and Mr Singh is entitled to the full bonus payment. However Mr Singh has declined to accept the payment.

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 $2.65 cents per share, subject to shareholder approval.

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 the shareholders. Payment of a termination benefit on early termination by the Managing Director or by mutual consent is equal to 6 months of the gross annual remuneration.

26 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

B. Details of remuneration

The key management personnel of the Group were the following executive and non-executive directors during the year:

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

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.

Key management personnel of Fiducian Portfolio Services Limited and the Group

2007	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)*	140,100	-	-	-	-	-	140,100
A Koroknay (c)	57,645	-	-	2,477	-	-	60,122
P Leeson (d)(e)	39,023	-	-	2,477	-	-	41,500
Executive director							
I Singh (f)	427,314	-	-	12,139	-	75,630	515,083
Totals	664,082	-	-	17,093	-	75,630	756,805

(a) Excludes GST if paid to another firm.
(b) Including amounts paid to the director's company only in respect to director's duties.
(c) Including amounts paid to the director's firm only in respect of director's duties.
(d) This excludes gross commission of $844,867 for financial planning paid to a company in which the director has an interest.
(e) Adviser Options were issued to a company, in which P Leeson is a shareholder and director, in his capacity as financial adviser.
(f) 100,000 options were issued to Mr Singh in respect of the 2006 financial year, after shareholder approval at the AGM in October 2006. Consequently $75,630, 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 2007 year are subject to shareholder approval prior to issue and their value is therefore not included.

26 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 (continued)

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

500,000 options previously issued to Mr Singh expired during the 2006 year.

200,000 options previously issued to Mr Bucknell expired during the 2006 year.

50,000 options previously issued to Mr Leeson expired during the 2006 year.

26 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

C. *Service Agreements*

In preparation for appointment to the Board, all non-executive directors undergo an induction program and receive an induction pack of documents necessary for the new director to understand Fiducian's policies, procedures, culture and ethical values to enable the new director to carry out his duties in an effective and efficient manner.

The service agreement of the Executive Director is detailed in paragraph A(b) earlier. There are no service agreements with non-executive directors or employees.

D. *Share-based compensation (audited)*

(i) Option compensation and holdings

Options for shares in Fiducian Portfolio Services Limited are granted under the Employee and Director Share Option Plan, which was approved by shareholders on 28 July 2000. The Plan is described under Note 27.

The numbers of options for ordinary shares in the company held directly by directors of Fiducian Portfolio Services Limited and details of options for ordinary shares in the company provided as remuneration to the key management personnel of the Group, are set out below.

2007 NAME	BALANCE AT THE START OF THE YEAR	EXERCISED	GRANTED DURING THE YEAR AS REMUNERATION	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
I Singh*	200,000	(200,000)	100,000	-	100,000	100,000
R E Bucknell	50,000	(50,000)	-	-	-	-
P Leeson**	25,500	(25,000)	-	-	-	-
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.*

***109,199 Adviser options are held, in addition, by an entity in which P Leeson has an interest.*

2006 NAME	BALANCE AT THE START OF THE YEAR	EXERCISED	GRANTED DURING THE YEAR AS REMUNERATION	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
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.*

Note: The assessed fair value at grant date of options granted to the individuals is detailed in Note 27.

26 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

D. Share-based compensation (audited) (continued)

(ii) Share holdings

The numbers of shares in the company held current directors of Fiducian Portfolio Services Limited, including their personally related and associated entities, are set out below. No shares were granted during the period as compensation.

2007 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	9,261,000	200,000	25,500	9,486,500
R E Bucknell	1,000,000	50,000	-	1,050,000
P Leeson	90,000	25,000	23,000	138,000
A Koroknay	-	-	-	-

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	-	-	-	-

Shares provided on exercise of options

275,000 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 (2006: Nil). An entity with which a director has an interest exercised no adviser options during the year (2006: 157,158 options). No amounts are unpaid on any shares issued on the exercise of options.

26 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 6 years, the Group's profit from ordinary activities after income tax has grown at an average rate of 71% per annum, and shareholder wealth has grown by an average 31.9% per annum. During the same period, average executive remuneration has grown by approximately 5.8% 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 exercise will not exceed $3.00 for the options that vest in the 2008 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%	2007	-	-	26/10/2007	75,630	171,000
			2006	100%	0%	-	-	-

Share-based compensation: Options

Further details relating to options are set out below.

2007 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	14.70%	75,630	-	-	75,630

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.

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.

26 KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(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 directors

No loans were made to key management personnel during the financial year (2006: 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 and minor consulting services.

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 an authorised representative 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.

A director appointed after 30 June, Mr F Khouri, is an authorised representative under the Fiducian Financial Services Pty Limited Australian Financial Services Licence and is a director and shareholder of Hawkesbury Financial Services Pty Ltd, which is a franchisee of Fiducian Financial Services Pty Ltd. Hawkesbury Financial Services Pty Ltd places business with and receives commissions from the company. 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	
	2007 $	2006 $
Amounts recognised as an expense		
Directors' fees and committee fees	241,722	145,530
Legal & consulting fees	5,400	16,404
Commission paid or payable	768,061	602,936
	1,015,183	764,870

27 SHARE BASED PAYMENTS

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

The establishment of the Fiducian Portfolio Services Limited ESOP was approved by shareholders at the 2000 annual general meeting. The ESOP is designed to provide long-term incentives for senior managers and directors to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

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. The directors have resolved that the ESOP no longer applies to non-executive directors.

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. The directors determined to issue 167,500 options (2006: Nil) options to staff during the year at an exercise price of $1.29, and 2,000 options expired.

Subject to prior approval by shareholders, the company may issue each year a maximum of 100,000 options to the executive director for each year of service, subject to performance criteria. The Directors have resolved to issue 100,000 options at an exercise price of $2.65 (2006: 100,000 options at $1.29) to the executive director in respect of the year ended 30 June 2007.

(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 three 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 6,782,647.

27 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	FORFEITED DURING THE YEAR NUMBER	BALANCE AT END OF THE YEAR NUMBER	VESTED AND EXERCISABLE AT END OF THE YEAR NUMBER
Consolidated and parent entity – 2007								
ESOP – Directors – Note 23(a)								
29 Oct 2001	29 Oct 2006	$1.27	218,014	-	(218,014)	-	-	-
26 Oct 2005	26 Oct 2010	$0.87	100,000	-	(100,000)	-	-	-
26 Oct 2006	26 Oct 2011	$1.29	-	100,000	-	-	100,000	-
			318,014	100,000	(318,014)	-	100,000	-
ESOP – Staff – Note 23(a)								
5 Sep 2002	5 Sep 2007	$0.82	150,000	-	(150,000)	-	-	-
24 Aug 2004	24 Aug 2009	$0.55	199,000	-	(89,500)	(2,000)	107,500	86,000
22 Feb 2005	22 Feb 2010	$0.73	110,000	-	(44,250)	-	65,750	52,600
3 Jul 2006	3 Jul 2011	$1.29	-	167,500	-	-	167,500	134,000
			459,000	167,500	(283,750)	(2,000)	340,750	272,600
ASOP – Advisers – Note 23(b)								
7 Sep 2001	7 Sep 2006	$1.27	287,474	-	(39,590)	(247,884)	-	-
5 Sep 2002	5 Sep 2007	$0.91	189,564	-	(85,223)	-	104,341	104,341
3 Sep 2003	3 Sep 2008	$0.48	364,248	-	(187,317)	-	176,931	176,931
24 Aug 2004	24 Aug 2009	$0.55	139,650	-	-	-	139,650	-
23 Aug 2005	23 Aug 2010	$0.87	173,908	-	(16,788)	-	157,120	-
3 Jul 2006	3 Jul 2011	$1.68	-	70,382	-	-	70,382	-
			1,154,844	70,382	328,918	(247,884)	648,424	281,272
Total			1,931,858	337,882	(930,682)	(249,884)	1,089,174	553,872
Weighted average exercise price			$0.84	$1.37	$0.86	$1.26	$0.88	$0.79

27 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	FORFEITED DURING THE YEAR NUMBER	BALANCE AT END OF THE YEAR NUMBER	VESTED AND EXERCISABLE AT END OF THE YEAR NUMBER
Consolidated and parent entity – 2006								
ESOP - Directors - Note 23(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 23(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 23(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

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.00 years (2006 – 2.04 years).

27 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 2007 was 79 cents per option for executive director, 25 cents per option for staff and 18 cents per share for advisers (2006 – 37 cents per share for executive director and staff and 12 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 2007 included:

		ESOP – DIRECTORS		ESOP – EMPLOYEES		ESOP – ADVISERS	
		2007	2006	2007	2006	2007	2006
(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	$1.29	$0.87	$1.29	-	$1.68	$0.87
(c)	grant date:	3 July 2006	26 Oct 2005	26 Oct 2006	-	3 July 2006	23 Aug 2005
(d)	expiry date:	3 July 2011	26 Oct 2010	26 Oct 2011	-	3 July 2011	23 Aug 2010
(e)	share price at grant date:	$1.90	$0.90	$1.36	-	$1.36	$0.90
(f)	expected price volatility of the company's shares:	50%	60%	50%	-	50%	60%
(g)	expected dividend yield:	4.8%	2.5%	6.2%	-	6.2%	2.5%
(h)	risk-free interest rate:	5.75%	5.25%	5.75%	-	5.75%	5.25%
(I)	lapse (exit) rate	0%	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	
	2007 $	2006 $	2007 $	2006 $
Options issued under ESOP	63,190	14,470	63,190	14,470
Options issued under ASOP	64,777	15,119	64,777	15,119
	127,967	29,589	127,967	29,589

28 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	
	2007 $	2006 $	2007 $	2006 $
1 Audit services				
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports	99,700	85,760	81,700	64,360
Other audit related work, including audit of entities for which the parent entity is trustee, manager or responsible entity	198,100	270,628	198,100	270,628
2 Non-audit services				
Audit-related services PricewaterhouseCoopers Australian firm:				
Audit of regulatory returns	12,600	17,500	12,600	17,500
Other assurance services	-	4,872	-	2,872
Total audit and other assurance services	310,400	378,760	292,400	355,360
Taxation services				
PricewaterhouseCoopers Australian firm:				
Taxation compliance services	30,000	29,515	30,000	8,719
Other services				
Related practices of PricewaterhouseCoopers Australian firm:				
Advisory services	-	10,082	-	10,082
Total remuneration	340,400	418,357	322,400	374,161

It is the Group's policy 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.

29 CONTINGENT LIABILITIES

The parent entity and Group had contingent liabilities at 30 June 2007 in respect of:

(a) bank guarantees for property leases of parent and group entities amounting to $554,000 (2006: $233,000).
(b) bank guarantee for AFS licence of a subsidiary amounting to $20,000 (2006: $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	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Advisers eligible and due to be paid in future financial periods	-	36	-	-
Advisers have met eligibility conditions but not yet retired	177	147	-	-
Advisers still to meet all eligibility conditions	397	264	-	-
	574	447	-	-

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

30 COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	669	427	657	415
Later than one year but not later than 5 years	702	1,343	684	1,314
	1,371	1,770	1,341	1,729

31 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 14.

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 2007 and 2006 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	
	2007 $'000	2006 $'000
Current receivables (sales of goods and services)	134	141

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.

31 RELATED PARTY TRANSACTIONS CONTINUED

(d) Transactions with related parties

The following transactions occurred with related parties:

		CONSOLIDATED		PARENT ENTITY	
	OWNERSHIP INTEREST*	2007 $	2006 $	2007 $	2006 $
Wholly owned group					
Fiducian Financial Services Pty Ltd	100%				
Dividend paid to parent entity		-	-	-	400,000
Commission paid		-	-	3,096,487	2,345,145
Management fees and systems costs recovered		-	-	376,323	375,152
Harold Bodinnar & Associates Pty Ltd	100%				
Commissions paid		-	-	1,777,274	1,442,860
Management fees		-	-	274,456	247,029
Money & Advice Pty Ltd	100%				
Commissions paid		-	-	102,540	104,405
Expenses paid and systems costs recovered		-	-	152,742	86,224
Other related parties					
Froud Planning Pty Ltd	40%				
Commissions paid		378,706	319,107	-	-
Business development loan		65,126	82,988	65,126	82,988
Eric Bohl Consulting Pty Ltd	40%				
Commissions paid		127,301	192,176	-	-
Business development loan		-	170,948	-	170,948
Leasa Collins Financial Planning Pty Ltd	40%				
Commissions paid		124,003	114,121	-	-
Business development loan		28,338	31,846	28,338	31,846
Related trusts					
Fiducian Investment Service	Nil				
Operator fees income		3,584,218	4,732,409	3,584,218	4,732,409
Fiducian Superannuation Service	Nil				
Trustee fees income		13,918,127	11,691,302	13,918,127	11,691,302
Fiducian Funds	Nil				
Responsible entity fees income		3,313,700	2,315,917	3,313,700	2,315,917

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

32 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.

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

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Profit for the year	5,309	3,593	5,104	3,707
Impairment of goodwill	144	-	-	-
Non-cash employee benefit expense	325	159	245	197
Dividend and investment income	(53)	-	(53)	(400)
Depreciation and amortisation	664	701	472	654
Value of fixed assets written off	231	7	233	4
Net (gain) loss on sale of non-current assets	(376)	(3)	(232)	(1)
Changes in operating assets and liabilities:				
Decrease/(increase) in accounts receivable	(335)	(558)	(282)	(587)
Increase/(decrease) in income tax payable	84	387	2	325
Decrease/(increase) in other assets at fair value	10	(2)	10	(2)
Increase/(decrease) in trade creditors	116	97	123	107
Increase/(decrease) in other creditors	436	91	355	112
Increase/(decrease) in related entities balance	-	-	115	361
Decrease/(increase) in future income tax benefit	(199)	(134)	(147)	(134)
Increase/(decrease) in provision for deferred income tax	(99)	695	(100)	662
Net cash inflow from operating activities	6,257	5,033	5,845	5,005

34 EARNINGS PER SHARE

	CONSOLIDATED	
	2007	2006
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	15.89 cents	10.70 cents
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity and potential ordinary equity of the company	15.21 cents	9.89 cents

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

	CONSOLIDATED	
	2007 NUMBER	2006 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	33,408,937	33,592,691
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	34,915,733	36,334,860

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

	CONSOLIDATED	
	2007 $'000	2006 $'000
Net profit and earnings used calculating basic and diluted earnings per share	5,309	3,593

(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 27.

35 EVENTS OCCURRING AFTER BALANCE DATE

Under the Rules of the Adviser Share Option Plan, the Directors are required and expect to grant 32,970 (2006: 70,382) options to advisers within three months of the announcement of the Group's results to the Australian Stock Exchange, at an exercise price of $3.45 (2006: $1.68), being 30% above the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2007.

Under the Rules no adviser options (2006: nil) are expected to be cancelled subsequent to the end of the financial year. To the date of this report 8,045 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 have granted 150,000 options at an exercise price of $2.65 to employees after year end (2006: 167,500 at $1.29), and 100,000 options at an exercise price of $2.65 to the Managing Director (2006:100,000 at $1.29) subject to shareholder approval. To the date of this report, 24,750 options have been exercised by employees and no options have been exercised by directors.

36 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 2007				
		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	2,313	8,555	-	-	10,868
Receivables	607	-	-	3,031	3,638
	2,920	8,555	-	3,031	14,506
Weighted average interest rate	5.77%	6.37%			
Financial Liabilities					
Payables	-	-	-	2,623	2,623
Weighted average interest rate	-	-			
Net financial assets	2,920	8,555	-	408	11,883

36 FINANCIAL INSTRUMENTS CONTINUED

(b) Interest rate exposures (continued)

	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

(c) Reconciliation of Net Financial Assets to Net Assets

	CONSOLIDATED	
	2007 $'000	2006 $'000
Net financial assets as above	11,883	11,140
Non-financial assets and liabilities:		
Other financial assets at fair value through profit and loss	492	502
Non-current assets	4,723	5,071
Provisions	(463)	(373)
Other current tax liabilities	(1,408)	(1,324)
Other non-current liabilities	(56)	(168)
Net assets per statement of financial position	15,171	14,848

(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.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 20 to 69 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 2007 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 50 to 56 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, 21 August 2007

INDEPENDENT AUDIT REPORT TO THE MEMBERS

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Report on the financial report and the AASB 124 Remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Fiducian Portfolio Services Limited (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the company.

We have also audited the remuneration disclosures contained in the financial report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ('remuneration disclosures'), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading remuneration report in page 4 of the directors' report and Note 26 in the financial report.

Directors' responsibility for the financial report and the AASB 124 Remunerations disclosures contained in the directors' report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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

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

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report and remuneration disclosures of the company for the financial year ended 30 June 2007 included on Fiducian Portfolio Services Limited's web site. The company's directors are responsible for the integrity of Fiducian Portfolio Services Limited's web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report and remuneration disclosures identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or remuneration disclosures. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration disclosures to confirm the information included in the audited financial report and remuneration disclosures presented on this web site.

Independence

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

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Fiducian Portfolio Services Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations Act 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's opinion on the AASB 124 Remuneration disclosures contained in the directors' report.

In our opinion, the remuneration disclosures that are contained in page 11 of the directors' report and Note 26 of the financial report comply with Accounting Standard AASB 124.

PricewaterhouseCoopers

D A Prothero
Partner

Sydney
21 August 2007

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