FIDUCIAN PORTFOLIO SERVICES LIMITED
ABN 13 073 845 931

ANNUAL REPORT

YEAR ENDED
30 JUNE 2008

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 have built 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.

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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, 2008.

FINANCIAL INFORMATION

Results for 2007-2008

In spite of difficult external market conditions globally over the 2007-08 financial year, Fiducian is pleased to report continued growth in net consolidated profit after income tax to $6.3 million. This is an increase of 18% on the prior year of $5.3 million.

The consequential earnings before interest expense, tax, depreciation and amortisation was $9.3 million compared to $8.3 million last year. In addition, Net Margin Income grew by 10.5% (2007: 21%), whilst operating expenses were contained and increased by only 6% (2007: 9%).

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

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 outlook. As a result, a fully franked final dividend of 6.5 cents per share has been declared which will bring the total fully franked dividend declared for the 2008 financial year to 13 cents, a significant increase over the 10.5 cents of the previous year. The final dividend will be paid on issued shares held on 27 August, 2008 and be payable on 17 September, 2008.

Cash Flow

Net cash flows of $6.00 million were achieved from operating activities (2007: $6.26 million). After capital items, share buy back and dividend outlays, net cash increased by $0.04 million (2007: $1.1million) to remain almost constant at $10.9 million, of which $5.0 million is required for regulatory purposes.

On Market Buy Back

Fiducian bought 635,359 shares on market during the year (2007: 1.173 million) for a total consideration, including brokerage, of $1,732,545 (2007: $2.99 million) at an average price per share of $2.72 (2007: $2.54). There are 32.762 million shares on issue at year end (2007: 33.032 million).

Acquisitions

No business acquisitions were made during the year, despite actively seeking beneficial opportunities. With each opportunity assessments 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. Except in exceptional circumstances, acquisitions are also required to quickly add to bottom line profit growth, along with increased funds under management and fund administration inflows. These criteria caused a number of potential acquisitions to be rejected.

Adviser options

In accordance with the approved Adviser Share Option Plan, 32,970 options were issued to advisers during the year and after 30 June, 2008 it is proposed to issue 31,900 options, at an exercise price of $2.70, to advisers who have supported Fiducian during the year. 252,085 options were exercised during the year and a further 25,609 options have been exercised since year end. 106,503 options, previously issued to advisers, were cancelled during the year.

Staff options

Management and Staff

In accordance with the approved Employee and Director Share Option Plan, 260,000 options, at an exercise price of $2.30, were issued to management and staff after the year end, as part of their remuneration and in recognition of their efforts. 113,425 options were exercised during the year and 10,625 options have been exercised since year end.

41,050 options were cancelled due to staff departures.

Managing Director

The Managing Director has earned 15,000 options, of a maximum of 100,000 options, at an exercise price of $2.30, based on the performance of Fiducian for the past year and in accordance with his remuneration package. These will be allotted, subject to the passing of the proposed shareholder resolution. No options were exercised that were issued in previous years.

Non Executive Directors

No options are proposed to be issued to non-executive Directors under the plan and no options are outstanding.

FINANCIAL PLANNING

The Fiducian Financial Services brand is continuing to grow into a quality national network of franchised and salaried financial advisers.

Network Strategy

Practice Development Managers based in Sydney, Melbourne and Brisbane continue to work hard to support and grow the adviser network throughout Australia. This support and assistance to financial advisers has led to higher levels of inflows per adviser and so this strategy will continue.

In addition, a strategy to provide support for financial advisers within accounting practices has been established and is expected to increase adviser inflows further in the coming year.

Salaried Offices

Company owned offices with salaried financial advisers based in Sydney, Melbourne Brisbane and Tasmania have continued to contribute to overall results. Inflows from advisers in these offices during the current year represented 29% of total inflows (2007: 32%).

Franchised Offices

Fiducian expects the highest level of compliance and client service from its franchise network, even though the generation of higher inflows is important. Our commitment to quality has meant the termination of 6 franchisees and the appointment of 5 others during the year. There are 28 franchised offices at year-end, a net decrease of one from last year. Inflows increased once again over the previous year, as effective practice development caused productivity of existing franchisees to improve. Inflows from franchisees comprised 41% of total inflows (2007: 49%).

It should be noted that diversification of total inflows to Fiducian in the form of increased badge administration and wholesale investment mandate arrangements has resulted in the above change in percentage contribution from the financial planning network to total inflows.

PLATFORM ADMINISTRATION

Platform Administration offers portfolio wrap administration for superannuation and investment services to the adviser market place. The hallmark of the Fiducian administration offering is quality in terms of daily processing, accuracy and customer service.

Funds under Administration

Funds under Administration fell in total by 6.6% to $1,195m (2007: growth 29% to $1,280m) due to the fall in the valuation of investment funds in the difficult financial markets of the past year.

Badge Arrangements

In addition to the core activity of administering Fiducian platform products, Fiducian uses its existing resources to administer products for external dealer groups through badge arrangements. One such arrangement is in place and another has recently been finalised. Although currently small in relative income terms, they should contribute positively to overall profits going forward.

Independent Advisers

In addition to providing administration services to Fiducian advisers and badge arrangements, services are provided to some Independent Advisers who hold their own AFSL license. Funds under administration for Independent Advisers declined in weakening share market conditions during the year, so that independents now represent only 15% of total funds, down from 27% at the previous year-end. Value added services provided include the provision of Trustee and Custodian services, technical support, para-planning and marketing assistance.

Corporate Superannuation

Corporate superannuation remained at about the same level as the previous year and 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 the Fiducian 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 is a multi asset, multi style investment manager and designs funds that seek to deliver above average returns over the short to medium term and by consistent averaging, tends to deliver superior returns, compared to their peers, over the longer term.

Blending of underlying portfolios within asset sectors and tilts towards different manager's styles, depending on the economic cycle also has the potential to reduce volatility.

In addition, the Investment Team and Investment Committee remain confident that the Fiducian philosophy of liquidity and transparency will also benefit investors.

Implementation of our processes has achieved consistently steady results over the long term. As a result, Fiducian continues to grow its role as the investment manager for clients of advisers, a number of small wholesale mandates by notable charities, endowment funds and some high net worth individuals.

INFORMATION TECHNOLOGY

The Fiducian Information Technology Team continues to provide our adviser network with proprietary state-of-the-art financial planning software (FORCe) and administration tools which have given Fiducian the ability to control, develop and retain an edge in reporting to clients and financial planners. This technology gives Fiducian advisers further advantages in the market place and should help attract other quality advisers to Fiducian.

HUMAN RESOURCES

Management and Staff

The Fiducian management team is focused on building a successful company. Both the Management and 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 fulfill its role as a sounding board for the company's Management and Board, and is a valuable resource and forum to allow financial advisers to alert the company of issues that may need attention.

Board of Directors

A five year strategy plan has been developed by management at the request of the Board, in addition to the normal annual Business Plan and Budgets. Management is now focused on achieving the goals and objectives set down in this strategy plan.

CURRENT ECONOMIC AND MARKET ENVIRONMENT

Over the 2007-08 financial year, the Australian share market index fell by over 13%, international share markets fell even more heavily and the listed property index fell by about 36%. Following this contraction of the Australian equity and listed property markets over the past year, the Australian share market now appears to be fairly priced. Similarly, valuation parameters for Australian listed property securities also now appear attractive.

As a result there is opportunity to reap rewards from any market rebound, but no one can foretell that time and therefore a proper financial plan from their adviser with an appropriate investment strategy should help investors achieve the outcomes designed for them.

FUTURE OUTLOOK

The Board expects profit to grow in coming years as management continues to focus on expanding its range of business activities and on realizing the full potential of Financial Planning, Platform Administration, Investment Management and Information Technology, whilst controlling expenditure.

The business plan for 2009 financial year looks at expanding the revenue base by further utilizing all segments of the Fiducian business model as a provider, not only to the tied 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.

The cash management strategy for the next financial year is, therefore, to utilize the growing profitability to improve the level of dividends being paid to shareholders and, unless there are meaningful opportunities to expend surplus cash, to use surplus cash to again buy 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*

27 August 2008

CORPORATE DIRECTORY

DIRECTORS

R Bucknell FCA
Chairman

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

P Leeson CFP, Dip. FP, retired 24 October, 2007

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	29 October 2008

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

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

WHOLLY OWNED OPERATING ENTITIES

Fiducian Financial Services Pty Ltd
Harold Bodinnar & Associates Pty Ltd
Money & Advice Pty Ltd
Fiducian Business Services 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 Securities 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 its wholly owned operating entities throughout the year ended 30 June 2008.

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 (d) for further details.

R Bucknell
I Singh
A Koroknay

F Khouri was appointed as director on 6 July, 2007 and remains in office at the date of this report .

P Leeson was a director from the beginning of the financial year until his retirement on 24 October, 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 wholly owned operating 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:

	2008 $'000	2007 $'000
Final ordinary franked dividend for the year ended 30 June 2007 of 6.0 cents (2006: Fully franked 4.2 cents) per share paid on 12 September 2007.	1,994	1,411
Interim ordinary fully franked dividend for the year ended 30 June 2008 of 6.5 cents (2007: Fully franked 4.5 cents) per share paid on 17 March 2008.	2,133	1,513
Total dividends in respect of the year	4,127	2,924

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 2008 of 6.5 cents per ordinary share held at 27 August 2008 and payable on 17 September 2008.

Review of operations

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

	SEGMENT REVENUES		SEGMENT RESULTS	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Funds management and administration	26,054	23,813	8,707	7,302
Financial planning	8,222	7,735	280	351
Intersegment sales	(5,680)	(4,976)	-	-
	28,596	26,572		
Profit from ordinary activities before income tax expense			8,987	7,653
Income tax expense			2,718	2,344
Net profit attributable to members of Fiducian Portfolio Services Limited			6,269	5,309

Comments on operations and results

Comments on the operations, business strategies, prospects and financial position are contained in the Joint Report of the Chairman and Managing Director.

Shareholder returns

The fall in the valuation of investment funds impacted on management fees received by Fiducian, as more fully detailed in the Joint Report of the Chairman and Managing Director. Despite this, Fiducian has maintained profit for the second half of this year and will distribute a dividend of 6.5 cents per share, consistent with that paid for the previous half-year.

The share price has declined in common with the ASX index, but to a significantly lesser extent than comparative companies.

Significant changes in the state of affairs

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

Contributed equity has reduced by $1,732,545 as a result of the buy back of 635,359 shares on the stock exchange at an average price of $2.72 per share during the year, and an increase of $263,694 as a result of the exercise of 365,510 share options at an average price of $0.62 per share.

Further, 100,000 options were issued to the Managing Director, 150,000 options were issued to staff and 32,970 options were issued to advisers during the year, whilst 147,553 options issued to staff and advisers were forfeited 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 31,900 (2007: 32,970) options to advisers within three months of the announcement of the Group's results to the Australian Securities Exchange, at an exercise price of $2.70 (2007: $3.45), being 8% above the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2008.

Under the same Rules 63,560 adviser options (2007: nil) are expected to be cancelled subsequent to the end of the financial year. To the date of this report 25,609 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 260,000 options at an exercise price of $2.30 to employees after year end (2007: 150,000 at $2.65) being 8% below the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2008 and 15,000 options at an exercise price of $2.30 to the Managing Director (2007:100,000 at $2.65) subject to shareholder approval. To the date of this report, 10,625 options have lapsed or have been exercised by employees and no options have been exercised by the Managing Director.

Under the Rules of the Employee and Director Share Option Plan and Adviser Share Option Plan, to the 22nd August 2008 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
24 August 2004	Advisers	$0.55	10,668
3 September 2003	Advisers	$0.48	14,941
24 August 2004	Employees	$0.55	2,000
22 February 2005	Employees	$0.73	5,000
3 July 2006	Employees	$1.29	3,125
			35,734

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. The carbon imprint of Fiducian has been calculated at an average of less than 3 tonnes per person, which is around half the rate for the average global citizen.

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	A Koroknay F Khouri

(b) Information on directors

R E Bucknell FCA. Chairman – non executive. Age 67

Experience and expertise

Chairman since inception in 1996. Extensive experience in accounting and business management over the past 44 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

1,069,000 ordinary shares in Fiducian Portfolio Services Limited.

I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP. Managing Director. Age 59

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 19 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.

KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(b) Information on director (continued)

Interest in shares and options

9,599,307 ordinary shares in Fiducian Portfolio Services Limited.
200,000 options for ordinary shares in Fiducian Portfolio Services Limited

P Leeson CFP, Dip. FP. Independent non-executive director. Age 70 (Retired 24 October 2007)

Experience and expertise

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

A Koroknay BA, LLB(Hons), LLM(Hons). Independent non-executive director. Age 59

Experience and expertise

Board member since January 2002. Practising lawyer since 1972 with extensive experience in legal aspects of the financial services industry. He is a consultant with the law firm HWL Ebsworth.

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

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

107,373 ordinary shares in Fiducian Portfolio Services Limited.
7,182 options for ordinary shares in Fiducian Portfolio Services Limited.

KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(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 2008, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS				MEETINGS OF COMMITTEES							
	Corporate		Trustee*		Audit		Internal Compliance		Invest-ment		Remun-ration	
	A	B	A	B	A	B	A	B	A	B	A	B
R E Bucknell	12	12	6	6	4	4	5	6	***	***	1	1
I Singh**	12	12	6	6	4	4	5	6	12	12	***	***
P Leeson #	4	4	4	4	***	***	***	***	***	***	***	***
A Koroknay	12	12	6	6	***	***	5	6	***	***	1	1
F Khouri	12	12	6	6	4	4	***	***	***	***	***	***

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 5 of the 5 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.*
 # Retired 24 October 2007

(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.

(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 agreements
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.

KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

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 $350,000 per annum and was approved by shareholders at the Annual General Meeting on 24 October 2007. No increase is being sought at the next Annual General Meeting.

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.

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 through the Fiducian Portfolio Services Limited Employee and Director Share Option Plan, and
- Retirement benefits.

The combination of these comprises the executive's 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. Their most recent review was in August, 2008.

KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

Base salary

Mr Singh receives a base pay that comprises the fixed component of pay and rewards, which reflects the market value for his 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. A majority of key performance indicators were met during the financial year, and Mr Singh is entitled to part of 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. Only the pre-tax profit criteria was met and Mr Singh is entitled to receive only 15,000 options at an exercise price of $2.30 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.

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 (retired 24 October 2007)
- F Khouri – *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 DISCLOSURES CONTINUED

(f) Remuneration report (continued)

Key management personnel of Fiducian Portfolio Services Limited and the Group

2008	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)*	146,100	-	-	-	-	-	146,100
A Koroknay (c)	40,752	-	-	2,889	-	-	43,641
P Leeson (d)(e)	11,667	-	-	-	-	-	11,667
F Khouri (d)(e)	35,996	-	-	2,889	-	-	38,885
Executive director							
I Singh (f)	436,001	-	-	13,999	-	75,447	525,447
Totals	670,516	-	-	19,777	-	75,447	765,740

(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 $590,141 for financial planning paid to companies in which directors or former directors have an interest.
(e) Adviser Options were issued to companies, in which P Leeson and F Khouri are shareholders and directors, in their capacity as financial advisers, and are not included above.
(f) 100,000 options were issued to Mr Singh in respect of the 2007 financial year, after shareholder approval at the AGM in October 2007. Consequently $75,447, being the calculated fair value of those options, has been included in his remuneration.

The 15,000 options proposed to be issued to Mr Singh in respect of the 2008 year are subject to shareholder approval prior to issue and their value is therefore not included.

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 tp 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.

KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

Key management personnel of Fiducian Portfolio Services Limited and the Group (contunued)

(e) This does not include Adviser Options 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.

C. Service Agreements and Induction Process

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.

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.

D. Share-based compensation

(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 25.

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.

2008 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*	100,000	-	100,000	-	200,000	200,000
F Khouri**	-	-	-	-	-	-

** 15,000 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.*

*** 7,182 Adviser options are held by an entity in which F Khouri has an interest.*

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	-	-	-	-	-	-

** 109,199 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 25.

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 by 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.

2008 NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF ADVISER OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	9,486,500	-	36,807	9,523,307
R E Bucknell	1,050,000	-	-	1,050,000
A Koroknay	-	-	-	-
F Khouri	-	107,373	-	107,373

2007 NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF DIRECTOR 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	-	-	-	-

Shares provided on exercise of options

No ordinary shares in the company were provided as a result of the exercise of remuneration options to any director of Fiducian Portfolio Services Limited and other key management personnel of the Group during the period (2007: 275,000).Entities with which a director has an interest exercised 107,373 adviser options during the year (2007: nil options). No amounts are unpaid on any shares issued on the exercise of options.

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 7 years, the Group's annual profit from ordinary activities after income tax has grown at a compound annual rate of 30%, and shareholder wealth has grown at a compound rate of 13.5%. During the same period, average executive remuneration has grown at a compound annual rate of 4.6%.

Value of remuneration: cash bonuses and options granted

For each cash bonus and grant of options included in the tables below, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The options vest after one year, with no conditions. The minimum value of the options yet to vest is therefore the value of the option on grant date. The maximum value of the options yet to vest has been determined assuming the share price on the date the options are exercised will not exceed $3.00 for the options that vest in the 2009 financial year.

KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

	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%	2008	100%	0%	30/10/2008	75,447	15,000
			2007	100%	0%	26/10/2007	75,630	171,000

Share-based compensation: Performance based Options

Further details relating to options are set out below.

2008 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	14.40%	75,447	-	-	75,447

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 date calculated in accordance with AASB 2 Share based Payment of options granted during the year as part of remuneration.
C = The value at exercise date 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.

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 date calculated in accordance with AASB 2 Share based Payment of options granted during the year as part of remuneration.
C = The value at exercise date of the options that were granted as part of remuneration and were exercised during the year.
D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

(g) Directors' superannuation

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

(h) Loans to directors

No loans were made to directors during the financial year (2007: Nil).

(i) Other transactions with key management personnel

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

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

KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

A former director, Mr P Leeson, is an authorised representative under the Fiducian Financial Services Pty Ltd 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. Mr Leeson retired as a director at the last meeting of shareholders on 24 October 2007.

A director, Mr F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd 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	
	2008 $	2007 $
Amounts recognised as an expense		
Directors' fees and committee fees	240,293	241,722
Legal & consulting fees	9,858	5,400
Commission paid or payable	590,141	768,061
	840,292	1,015,183

Shares under option

Unissued ordinary shares of Fiducian Portfolio Services Limited under option at the date of this report are disclosed in Note 25 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 2008 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 25 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 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.

KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

(f) Remuneration report (continued)

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.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in Note 26.

The board of directors is 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 26 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 22.

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, 27 August 2008

AUDITORS' INDEPENDENCE DECLARATION

PricewaterhouseCoopers
ABN 52 780 433 757

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

Auditors' Independence Declaration

As lead auditor for the audit of Fiducian Portfolio Services Limited for the year ended 30 June 2008 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.

D A Prothero
Partner
PricewaterhouseCoopers

Sydney
27 August 2008

Liability limited by a scheme approved under Professional Standards Legislation

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.

In developing, updating and applying its corporrate governance principles and practices, the Group supports the ASX Listing Rules and the Corporate Governance Principles and Recommendations (December 2007) issued by the Australian Securities Exchange. The Group has followed the ASX Corporate Governance Principles and Recommendations with the exceptions as noted under 1.2 and 2.5 below.

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 (d) on page 13 of the Directors' Report.

1. The board of directors

1.1 The board has an independent Chairman, a majority of independent Directors and operates in accordance with the other 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. The Group's framework is designed to enable the Board to provide strategic guidance and effective oversight of management. The Directors are interested in attracting suitably qualified persons as Directors where they can complement the skills already present on the Board.

Details of the members of the board, their qualifications, term of office, independent status and membership and attendance at committee meetings are set out in Note (d) on page 13 of the Directors' Report.

1.2 The Board has considered recommendation 2.4 of the ASX Corporate Governance Principles and has taken the view that participation by the full board is more effective than a smaller Nomination Commitee, particularly given the size of the board.

The Board undertakes an annual detailed self and peer assessment of all directors, which is then compared to the previous year, discussed by all directors at length and any weaknesses addressed. The matrix of directors' skills and experience to maximize effectiveness and contribution by the Board to the overall operation of the Group is also considered to ensure effective discussion and efficient decision making. The last assessment was conducted in June 2008.

1.3 The relationship between the board and senior management is critical to the Group's long-term success. The directors are responsible to the shareholders for the performance of the company in both the short and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is managed properly. Day to day management of the Group's affairs and implementation of the corporate strategy and policy indicatives are formally delegated by the board to the Managing Director.

1.4 The Managing Director and Financial Controller have made the following certifications to the board, for the year ended 30 June 2008 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.

2. Board committees

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of important aspects of the business and/or complex issues. Current committees of the board are the remuneration, compliance and audit committees, further detailed below. They are comprised of a mix of executive and non-executives company directors, and external specialists. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed regularly and summaries are available on the company's website. All matters determined by committees are submitted to the full board as recommendations for board decisions.

Minutes of committee meetings are tabled at the subsequent board meeting. Additional requirements for specific reporting by the committees to the board are addressed in the charter of the individual committees.

2.1. Remuneration committee

The 2 members of the Remuneration Committee are 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.

2.2 Compliance committees

(a) 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.

(b) 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.

2.3 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.

2.4 Investment committee

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

2.5 Managing Director's attendance at Compliance and Audit committees

The Board has ensured that the Compliance and Audit committees have a majority of independent members; as well it expects the managing Director to attend these committees as a member. Attendance by the Managing Director has been beneficial as clarification can be provided promptly and any corrective measures required can be actioned swiftly and efficiently.

3. 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. It is anticipated that a new audit engagement partner will be introduced for the year ended 30 June 2009.

4. 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.

5. Code of Conduct and Ethical decision making

The Directors and Management actively promote ethical and responsible decision making in line with the Company motto of 'Integrity, Trust and Expertise.' Additionally the Board and management believe that shareholder and public confidence is based upon the procedures in place internally which work to promote and ensure the highest standards of ethical behaviour are maintained. A Code of Conduct has been established.

6. 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.

7. Continuous disclosure and shareholder communication

The Managing Director has been nominated as the person responsible for communications with the Australian Securities 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. Primary responsibility for compliance with Group policy on balanced and timely disclosure rests with the Managing Director, and is assisted in this by Group General Counsel and the CFO.

Due to the small number of shareholders of Fiducian, there is no saving in electronic communication with shareholders, as annual Financial Reports require a minimum run size. However, all information is posted on the Fiducian website: www.fiducian.com.au.

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 2008:

DISTRIBUTION :	OPTIONS	ORDINARY SHARES
1 - 1,000	8	96
1,001 - 5,000	22	317
5,001 - 10,000	7	78
10,001 - 50,000	16	77
50,001 - 100,000	3	19
100,001 - and over	0	30
Total	56	617

There were 8 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 shareholders of quoted equity securities as at 18 August 2008 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	3,657,389	11.07
3	National Nominees Limited	3,482,300	10.54
4	ANZ Nominees Limited	1,878,545	5.69
5	J P Morgan Nominess Australia Limited	1,403,645	4.25
6	Hunter Place Services Pty Ltd	1,069,000	3.24
7	Norcad Investments Pty Ltd	977,998	2.96
8	Citigroup Nominees Pty Ltd (CFS Developing Companies)	685,858	2.08
9	D R Smith Holdings Pty Ltd	530,000	1.60
10	Mr Erich Gustav Brosell	500,000	1.51
11	Cogent Nominees Pty Ltd	496,970	1.50
12	Imperial Pacific Fund Managers Pty Ltd	412,302	1.25
13	Citigroup Nominees Pty Ltd (Cwlth Small Co Fund 2)	391,021	1.18
14	Mr Inderjit Singh	367,500	1.11
15	Bond Street Custodians Limited	364,536	1.10
16	Imperial Pacific Fund Managers Pty Ltd	361,000	1.09
17	Citigroup Nominees Pty Ltd (Cwlth Bank Super A/c)	285,259	0.86
18	Mr David Colin Archibald	252,000	0.76
19	Robcharta Nominees (NSW) Pty Limited	237,500	0.72
20	Perpetual Trustees Consolidated Limited	229,874	0.70
		26,481,197	80.15

Unquoted equity securities

As at 30 June 2008:

TYPE OF SECURITY	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options – Managing Director	200,000	2
Options – Employees	336,275	30
Options – Advisers	322,806	24
	859,081	56

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders and associates as at 18 August 2008 (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	9,599,307	29.06%
HSBC Custody Nominees (Australia) Limited	3,657,389	11.07%
National Nominees Limited	3,482,300	10.54%
ANZ Nominees Limited	1,878,545	5.69%

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 2-7, both of which are not part of this financial report.

The financial report was authorised for issue by the directors on 27 August 2008. 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 2008

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue from ordinary activities	**4**	27,768	25,817	25,282	23,103
Other Income	**5**	828	755	772	710
Dividend from subsidiary		-	-	200	-
Commissions paid to advisers		(6,898)	(6,994)	(8,109)	(7,747)
Employee benefits expense		(8,362)	(7,465)	(5,820)	(5,375)
Depreciation and amortisation expense	**6(a)**	(326)	(664)	(284)	(472)
Other expenses	**6(b)**	(4,023)	(3,796)	(3,134)	(2,919)
Profit before income tax expense		8,987	7,653	8,907	7,300
Income tax expense	**7**	2,718	2,344	2,632	2,196
Profit for the year		6,269	5,309	6,275	5,104
Profit attributable to members of Fiducian Portfolio Services Limited	**23**	6,269	5,309	6,275	5,104
Earnings per share	**32**				
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic earnings per share		19.06 cents	15.89 cents		
Diluted earnings per share		18.56 cents	15.21 cents		

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

BALANCE SHEETS
AS AT 30 JUNE 2008

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
ASSETS					
Current assets					
Cash and cash equivalents	**9**	10,912	10,868	9,831	9,930
Trade and other receivables	**10**	2,836	3,077	3,119	3,015
Other financial assets at fair value through profit or loss	**11**	480	492	480	492
Total Current Assets		14,228	14,437	13,430	13,437
Non-current assets					
Receivables	**12**	748	561	748	561
Other financial assets	**13**	-	-	3,875	3,865
Property, plant and equipment	**14**	277	164	227	126
Deferred tax assets	**15**	686	720	562	597
Intangible assets	**16**	3,604	3,839	249	463
Total Non-Current Assets		5,315	5,284	5,661	5,612
Total assets		19,543	19,721	19,091	19,049
LIABILITIES					
Current liabilities					
Payables	**17**	2,258	2.623	2,024	2,341
Current tax liabilities	**18**	850	1,408	896	1,286
Total Current Liabilities		3,108	4,031	2,920	3,627
Non-current liabilities					
Deferred tax liabilities	**19**	6	56	4	54
Provisions	**20**	474	463	376	367
Total Non-Current Liabilities		480	519	380	421
Total liabilities		3,588	4,550	3,300	4,048
Net assets		15,955	15,171	15,791	15,001
EQUITY					
Contributed equity	**21**	8,982	10,451	8,982	10,451
Reserves	**22**	259	148	259	148
Retained profits	**23**	6,714	4,572	6,550	4,402
Total equity		15,955	15,171	15,791	15,001
Contingent liabilities	**27**				
Commitments for expenditure	**28**				

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total equity at the beginning of the financial year		15,171	14,848	15,001	14,883
Profit for the year		6,269	5,309	6,275	5,104
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	**21**	263	893	263	893
Buy back of shares, inclusive of transaction costs	**21**	(1,732)	(2,991)	(1,732)	(2,991)
Dividends provided for or paid	**8**	(4,127)	(2,924)	(4,127)	(2,924)
Employee share options exercised	**22**	111	36	111	36
Total transactions with equity holders		(5,485)	(4,986)	(5,485)	(4,986)
Total equity at the end of the financial year		15,955	15,171	15,791	15,001

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 2008

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		30,852	27,964	27,994	25,037
Payments to suppliers and employees (inclusive of goods and services tax)		(22,334)	(19,859)	(20,054)	(17,416)
		8,518	8,105	7,940	7,621
Interest received		777	710	721	665
Income taxes (paid) / refunded		(3,292)	(2,558)	(3,037)	(2,441)
Net cash inflow / (outflow) from operating activities	**31**	6,003	6,257	5,624	5,845
Cash flows from investing activities					
Payments for computer software		(12)	(1)	(10)	(1)
Loans to related parties (associates, advisers and staff)		(333)	(134)	(333)	(134)
Investment in subsidiary		-	-	(10)	-
Payments to acquire client portfolios		(13)	(15)	-	-
Dividend from subsidiary		-	-	200	-
Distributions from related trust		68	28	68	28
Repayment of loans by associates & advisers		156	217	156	217
Payments for property, plant and equipment		(193)	(115)	(162)	(113)
Net cash inflow / (outflow) from investing activities		(327)	(20)	(91)	(3)
Cash flows from financing activities					
Payments for shares bought back		(1,733)	(2,990)	(1,733)	(2,990)
Proceeds on exercise of options		228	801	228	801
Dividends paid		(4,127)	(2,924)	(4,127)	(2,924)
Net cash inflow / (outflow) from financing activities		(5,632)	(5,113)	(5,632)	(5,113)
Net increase in cash held		44	1,124	(99)	729
Cash and cash equivalents at the beginning of the year		10,868	9,744	9,930	9,201
Cash and cash equivalents at the end of year	**9**	10,912	10,868	9,831	9,930

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 2008

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). Compliance with AIFS ensures that the financial report of Fiducian Portfolio Services Limited complies with International Financial Reporting Standards (IFRS).

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 2.

(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 2008 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.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompany a shareholding of more than one-half of the voting rights.

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.

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.

(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 commissions

Revenues 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.

(iv) Distributions from related trusts

Distributions from related trusts 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.

Fiducian Portfolio Services Limited and its Australian wholly-owned operating entities have not formed a tax consolidated group.

(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 28). 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 2008 reflect the fiduciary nature of the company's responsibility for the assets and liabilities of the trusts. The financial statements do not include the trusts' assets and liabilities as future economic benefits and obligations derived from the trusts' assets and liabilities do not accrue to the company. In accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, the trust assets and liabilities have not been disclosed as the directors consider the probability of the company having to meet the liabilities of the trusts is remote.

(g) Impairment of assets

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

(h) Cash and cash equivalents

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

(i) Trade receivables

Trade receivables are recognised at fair value and subsequently measured at amortised cost, less provision for doubtful receivables. Trade receivables are due for settlement no more than 120 days from the date of recognition for trade receivables 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. An allowance account (provision for impairment of trade receivables) is used 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 impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses 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 10 and 12.

(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 are 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. These units are all within the financial planning segment.

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 payables

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

(i) 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 at the amount expected to be paid when the liabilities are settled. Sick leave is brought to account as incurred.

(ii) 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.

(iii) 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 25.

(p) Employee benefits (continued)

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.

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, for example 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 interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

(iii) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

AASB-I 14 will be effective for annual reporting periods commencing on or after 1 January 2008. It provides guidance on the maximum amount that may be recognised as an asset in relation to a defined benefit plan and the impact of minimum funding requirements on such an asset. None of the Group's defined benefit plans are subject to minimum funding requirements and none of them is in a surplus position. The Group will apply AASB-I 14 from 1 July 2008, but it is not expected to have any impact on the Group's financial statements.

(iv) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

2 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 earnings multiples requiring the use of sustainable revenue estimates and comparable market transactions.

(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 discounted cash flow models which require the use of assumptions on discount rates, recurring revenues and cash flow projections.

(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).

3 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 managed investment schemes – Fiducian Funds.

Financial Planning

The company continued its specialist financial planning operations 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
2008				
Sales to external customers	25,282	2,486	-	27,768
Intersegment sales	-	5,680	(5,680)	-
Total sales revenue	25,282	8,166	(5,680)	27,768
Other revenue	772	56	-	828
Total segment revenue	26,054	8,222	(5,680)	28,596
Profit from ordinary activities before income tax expense	8,707	280	-	8,987
Income tax expense				2,718
Profit from ordinary activities after income tax expense				6,269
Segment assets	19,091	1,837	(1,385)	19,543
Segment liabilities	3,300	997	(709)	3,588
Acquisitions of plant and equipment, intangibles and other non-current segment assets	174	31	-	205
Depreciation, amortisation and impairment	284	42	-	326
Net cash inflow from operating activities	5,624	379	-	6,003

(b) Primary reporting – business segments (continued)

	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

4 REVENUE

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
From continuing operations					
Sales revenue					
Fees and commissions received		27,393	25,418	24,700	22,524
Other		375	399	582	579
Revenue from ordinary activities		27,768	25,817	25,282	23,103

5 OTHER INCOME

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Interest received/receivable		776	712	720	667
Distributions from related trusts		64	53	64	53
Fair value gains on other financial assets at fair value through profit or loss	**11**	(12)	(10)	(12)	(10)
		828	755	772	710

6 EXPENSES

Profit before income tax includes the following specific expenses:

6(a) Depreciation, amortisation and impairment

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Depreciation					
Furniture, office equipment and computers		67	69	48	44
Total depreciation		67	69	48	44
Amortisation					
Leasehold improvements		12	41	12	41
Capitalised computer software		182	345	182	345
Client portfolio acquisition costs		65	65	42	42
Total amortisation		259	451	236	428
Impairment					
Goodwill		-	144	-	-
Total depreciation, amortisation and impairment		326	664	284	472

6(b) Other expenses

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Other expenses					
Professional services		121	292	98	267
Sales marketing and travel		655	452	551	346
Premises and equipment		796	745	429	423
Communication and computing		778	713	541	515
Printing and stationery		234	262	189	225
Auditors	**26**	349	340	331	322
Administration and other		1,090	992	995	821
		4,023	3,796	3,134	2,919
Doubtful debts		(11)	3	-	3
Rental expense relating to operating leases		670	663	356	384

7 INCOME TAX EXPENSE

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Income tax expense					
Current tax		2,731	2,640	2,644	2,442
Deferred tax		(16)	(298)	(15)	(247)
Adjustments for current tax of prior periods		3	2	3	1
Income tax expense		2,718	2,344	2,632	2,196
Deferred income tax (revenue) expense included in income tax expense comprises:					
Decrease (increase) in deferred tax assets	**15**	34	(199)	35	(147)
(Decrease) increase in deferred tax liabilities	**19**	(50)	(99)	(50)	(100)
Deferred tax		(16)	(298)	(15)	(247)
(b) Numerical reconciliation of income tax expense to prima facie tax payable					
Profit from continuing operations before income tax expense		8,987	7,653	8,907	7,300
Tax at the Australian tax rate of 30%		2,696	2,296	2,672	2,190
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:					
Entertainment		13	8	11	5
Tax offset for franked dividends		-	-	(60)	-
Sundry items		6	38	6	-
		2,715	2,342	2,629	2,195
Under provision in prior years		3	2	3	1
Income tax expense		2,718	2,344	2,632	2,196
(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	**21(b)**	1	(3)	1	(3)
		1	(3)	1	(3)

(d) Tax consolidation legislation

Fiducian Portfolio Services Limited and its Australian wholly-owned operating entities have not formed a tax consolidated group.

8 DIVIDENDS

	PARENT ENTITY	
	2008 $'000	2007 $'000
Ordinary shares		
Final ordinary franked dividend for the year ended 30 June 2007 of 6.0 cents (2006: Fully franked 4.2 cents) per share paid on 12 September 2007.	1,994	1,411
Interim ordinary fully franked dividend for the year ended 30 June 2008 of 6.5 cents (2007: Fully franked 4.5 cents) per share paid on 17 March 2008.	2,133	1,513
Total dividends paid in cash	4,127	2,924

The Directors have declared the payment of a final fully franked dividend for the year ended 30 June 2008 in the amount of 6.5 cents per ordinary share to be paid on shares registered on 27 August 2008 and payable on 17 September 2008.

Franked dividends

The franked portions of the final dividends recommended after 30 June 2008 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 2008.

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	3,742	2,222	3,184	1,830

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 as a liability at year end, will be a reduction in the franking account of approximately $2,114,000 (2007: $1,994,000).

9 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Cash at bank and in hand	2,776	2,313	1,721	1,400
Bank bills of exchange	7,988	8,408	7,988	8,408
Deposits securing bank guarantees	148	147	122	122
	10,912	10,868	9,831	9,930

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 34.

10 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Amounts receivable from related entities:				
Controlled entities	-	-	418	134
Related trusts	2,159	2,438	2,093	2,301
Business development loans	48	48	48	48
Staff loans	36	46	36	46
Other receivables	260	228	182	146
Prepayments	387	360	351	349
	2,890	3,120	3,128	3,024
Less: Provision for impairment of receivables	(54)	(43)	(9)	(9)
	2,836	3,077	3,119	3,015
Movements in provision for impairment of receivables				
Balance at beginning of year	(43)	(46)	(9)	(12)
Written off against provision	-	-	-	-
Movement	(11)	3	-	3
Balance at end of year	(54)	(43)	(9)	(9)

At 30 June 2008, a provision for impairment exists for trade receivables outstanding greater than 120 days. There has been no history of default and no material losses are expected.

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 34.

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

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At beginning of year	492	502	492	502
Additions	-	-	-	-
Revaluation – fair value gains/(losses)	(12)	(10)	(12)	(10)
At end of year	480	492	480	492
Investment in related trust, at call	480	492	480	492

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 5.

Information about the Group's and the parent entity's exposure to credit and price risk is provided in Note 34.

12 NON-CURRENT ASSETS – RECEIVABLES

Business development loans*	517	305	517	305
Loans to staff*	231	256	231	256
	748	561	748	561

**Refer to Note 10 for the current portion of these receivables.*

Of the total business development loans of $565,000 (2007: $353,000)(being both current and non current), business development loans of $261,000 (2007: $93,000) are advanced to entities in which the parent entity has a 40% equity interest in each.

The loans to 5 staff members were granted for a maximum term of 3 years, at commercial interest rates and secured.

(a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

(b) Fair values

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

	2008		2007	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	$'000	$'000	$'000	$'000
Business development loans	517	517	305	305
Loans to staff	231	231	256	256
	748	748	561	561

Information about the Group's and the parent entity's exposure to credit and interest rate risk is provided in Note 34.

13 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING %		COST OF PARENT ENTITY'S INVESTMENT 2008 $'000	2007 $'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		10	-
Inheritance Planners Pty Ltd	Australia	Ordinary	100		-	-
Money & Advice Pty Ltd	Australia	Ordinary	100		440	440
Froud Collins Planning Pty Ltd	Australia	Ordinary	40	*	-	-
Leasa Collins Financial Planning Services Pty Ltd	Australia	Ordinary	40	*	-	-
Total investment by parent entity					3,875	3,865

These financial assets are carried at cost.

*** Investments in associates**

Froud Collins Planning 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 29). 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.

14 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Plant and equipment				
Furniture, office equipment and computers	1,204	1,011	899	737
Less: Accumulated depreciation	(927)	(847)	(672)	(611)
	277	164	227	126

14 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 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
Year ended 30 June 2008				
Opening net book amount	60	97	7	164
Additions	43	73	77	193
Disposals	-	-	-	-
Depreciation / amortisation charge	(23)	(45)	(12)	(80)
Closing net book amount	80	125	72	277
At 30 June 2008				
Cost or fair value	410	329	465	1,204
Accumulated depreciation	(330)	(204)	(393)	(927)
Net book amount	80	125	72	277

14 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 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
Year ended 30 June 2008				
Opening net book amount	40	79	7	126
Additions	32	53	77	162
Disposals	-	-	-	-
Depreciation / amortisation charge	(13)	(36)	(12)	(61)
Closing net book amount	59	96	72	227
At 30 June 2008				
Cost or fair value	172	262	465	899
Accumulated depreciation	(113)	(166)	(393)	(672)
Net book amount	59	96	72	227

15 NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
The balance comprises temporary differences attributable to:					
Amounts recognised in profit or loss					
Doubtful Debts		16	13	3	3
Employee benefits		357	386	275	294
Accrued expenditure		43	80	42	80
Provision for audit and taxation services		95	89	90	84
Provision for depreciation		93	95	93	95
Unrealised gains (losses)		6	-	6	-
Amortisation of client portfolios		76	57	53	41
Net deferred tax assets		686	720	562	597
Movements:					
Opening balance at 1 July		720	521	597	450
Credited to the income statement	**7**	(34)	199	(35)	147
Closing balance at 30 June		686	720	562	597
Deferred tax assets likely to be recovered within 12 months		511	568	410	461
Deferred tax assets likely to be recovered after 12 months		175	152	152	136
		686	720	562	597

16 NON-CURRENT ASSETS – INTANGIBLE ASSETS

Deferred expenditure				
Capitalised expenditure – computer software	5,354	5,342	5,352	5,342
Less: Accumulated amortisation	(5,343)	(5,161)	(5,343)	(5,161)
	11	181	9	181
Client portfolios				
Cost of acquisition of client portfolios	648	648	418	418
Less: Accumulated amortisation	(254)	(189)	(178)	(136)
	394	459	240	282
Goodwill				
Goodwill on acquisition	3,663	3,663	-	-
Less: Accumulated amortisation and impairment	(464)	(464)	-	-
	3,199	3,199	-	-
	3,604	3,839	249	463

16 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 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
Year ended 30 June 2008				
Opening net book amount	459	3,199	181	3,839
Additions	-	-	12	12
Impairment charge	-	-	-	-
Amortisation charge**	(65)	-	(182)	(247)
Closing net book amount	394	3,199	11	3,604
At 30 June 2008				
Cost	648	3,663	5,354	9,665
Accumulated amortisation and impairment	(254)	(464)	(5,343)	(6,061)
Net book amount	394	3,199	11	3,604

** 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 $247,000 (2007: $410,000) is included in depreciation, amortisation and impairment expense in the income statement.*

16 NON-CURRENT ASSETS – INTANGIBLE ASSETS CONTINUED

(b) Impairment tests for goodwill

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

(c) Impact of possible changes in key assumptions

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

(d) Impairment charge

There has been no impairment charge recorded against goodwill during the financial year ended 30 June 2008 (2007: $144,000).

17 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade payables	760	906	736	826
Other payables	809	1,046	741	862
Amounts due to related entities	-		10	109
Client portfolio deferred settlement	-	13	-	-
Employee entitlements accrued	689	658	537	544
	2,258	2,623	2,024	2,341

Information about the Group's and the parent entity's exposure to credit and interest rate risk is shown in Note 34.

18 CURRENT LIABILITIES – CURRENT TAX LIABILITIES

Income tax	850	1,408	896	1,286

19 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
The balance comprises temporary differences attributable to:					
Amounts recognised in profit and loss					
Income receivable		4	4	4	4
Unrealised gains (losses)		-	(2)	-	(2)
Depreciation and amortisation		2	54	-	52
Net deferred tax liabilities		6	56	4	54
Movements:					
Opening balance 1 July		56	155	54	154
Credited to the income statement	**7**	(50)	(99)	(50)	(100)
Closing balance 30 June		6	56	4	54
Deferred tax liabilities likely to be settled within 12 months		6	54	4	52
Deferred tax liabilities likely to be settled after 12 months		-	2	-	2
		6	56	4	54

20 NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits – long service leave	474	463	376	367

The provision for long service leave includes all pro-rata entitlements where employees have not yet completed the required period of service and also those where employees are entitled to pro-rata payments. The entire amount is presented as non-current as no amounts are expected to be settled within the next 12 months.

21 CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Share capital				
Ordinary shares – fully paid	8,982	10,451	8,982	10,451

(b) Movements in ordinary share capital

DATE	DETAILS	NUMBER OF SHARES	AVERAGE PRICE	$,000
1 Jul 2006	Opening Balance	33,274,003		12,549
	Shares bought back on-market and cancelled	(1,172,551)	$2.54	(2,979)
	Buy-back transaction costs			(9)
	Current tax credit recognised directly in equity			(3)
	Options exercised	930,682	$0.86	801
	Transfer from share-based payments reserve			92
30 Jun 2007	Balance	33,032,134		10,451
	Shares bought back on-market and cancelled	(635,359)	$2.72	(1,728)
	Buy-back transaction costs			(5)
	Current tax credit recognised directly in equity			1
	Options exercised	365,510	$0.62	228
	Transfer from share-based payments reserve			35
30 Jun 2008	Balance	32,762,285		8,982

(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 2007 and June 2008 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 during 2006 and 2007, and again on 31 March 2008. During the financial year the shares were acquired at an average price of $2.72 per share, with prices ranging from $2.31to $2.90. The net cost of $1,732,000, including $5,000 of transaction costs, was deducted from equity.

At 30 June 2008, 471,000 shares remained available to be repurchased under the most recently announced buy back.

(e) Options

Information relating to option plans and options issued, excercised and lapsed during the year is set out in Note 25.

(f) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital. This is balanced against the need to maintain a minimum level of capital as required under the Group's AFSL licences, and the Group has operated well in excess of these minimums.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares upon exercise of outstanding options. There has been no borrowing to maintain capital adequacy.

22 RESERVES

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Share based payments reserve					
Balance 1 July		148	112	148	112
Option expense		146	128	146	128
Transfer to share capital (options exercised)		(35)	(92)	(35)	(92)
Balance 30 June		259	148	259	148

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

23 RETAINED PROFITS

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Balance 1 July		4,572	2,187	4,402	2,222
Net profit for the year		6,269	5,309	6,075	5,104
Dividend from subsidiary		-	200	-	
Dividends paid	**8**	(4,127)	(2,924)	(4,127)	(2,924)
Balance 30 June		6,714	4,572	6,550	4,402

24 KEY MANAGEMENT PERSONNEL DISCLOSURES

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
(a) Key mangement personnel compensation					
Short-term employee benefits		670,516	664,082	670,516	664,082
Post employment benefits		19,777	17,093	19,777	17,093
Share-based payments		75,447	75,630	75,447	75,630
		765,740	756,805	765,740	756,805

Detailed remuneration disclosures are provided in sections A-E of the Remuneration Report contained in the Directors Report.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on exercise of such options, together with terms and conditions of the options, can be found in section D of the Remuneration Report.

(ii) Option holdings

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

(b) Equity instrument disclosures relating to key management personnel (continued)

2008 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*	100,000	-	100,000	-	200,000	200,000
F Khouri**	-	-	-	-	-	-

** 15,000 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.*

*** 7,182 Adviser options are held by an entity in which F Khouri has an interest.*

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	-	-	-	-	-	-

** 109,199 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 25.

(ii) Shareholdings

The numbers of shares in the company held by 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.

2008 NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF ADVISER OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	9,486,500	-	9,486,500	-
R E Bucknell	1,050,000	-	1,050,000	-
A Koroknay	-	-	-	-
F Khouri	-	107,373	-	107,373

2007 NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF DIRECTOR OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	9,261,000	-	225,500	9,486,500
R E Bucknell	1,000,000	-	50,000	1,050,000
P Leeson	90,000	200,000	152,000	138,000
A Koroknay	-	-	-	-

Shares provided on exercise of options

No ordinary shares in the company were provided as a result of the exercise of remuneration options to any director of Fiducian Portfolio Services Limited and other key management personnel of the Group during the period (2007: 275,000).Entities with which a director has an interest exercised 107,373 adviser options during the year (2007: nil options). No amounts are unpaid on any shares issued on the exercise of options.

(c) Loans to directors

No loans were made to directors during the financial year (2007: Nil).

(d) Other transactions with key management personnel

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

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

A former director, Mr P Leeson, is an authorised representative under the Fiducian Financial Services Pty Ltd 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. Mr Leeson retired as a director at the last meeting of shareholders on 24 October 2007.

A director, Mr F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd 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	
	2008	2007
	$	$
Amounts recognised as an expense		
Directors' fees and committee fees	240,293	241,722
Legal & consulting fees	9,858	5,400
Commission paid or payable	590,141	768,061
	840,292	1,015,183

Shares under option

Unissued ordinary shares of Fiducian Portfolio Services Limited under option at the date of this report are disclosed in Note 25 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 2008 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 25 to the Financial Report.

25 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 volume weighted average price at which the company's share are traded on the Australian Securities Exchange during the month preceding the date the options are granted. The directors determined to issue 150,000 options (2007:167,500) options to staff during the year at an exercise price of $2.65 (2007: $1.29), and 41,050 options expired (2007: 2000).

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 15,000 options at an exercise price of $2.30 (2007: 100,000 options at $2.65) to the executive director in respect of the year ended 30 June 2008.

(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 2008 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 2011 as total adviser options and preference shares issued since inception total only 6,815,617.

25 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 – 2008								
ESOP – Managing Director – Note 25(a)								
26 Oct 2006	26 Oct 2011	$1.29	100,000	-	-	-	100,000	100,000
30 Oct 2007	30 Oct 2012	$2.65	-	100,000	-	-	100,000	-
			100,00	100,000	-	-	200,000	100,000
ESOP – Staff – Note 25(a)								
24 Aug 2004	24 Aug 2009	$0.55	107,500	-	(76,500)	(2,000)	29,000	29,000
22 Feb 2005	22 Feb 2010	$0.73	65,750	-	(25,550)	(1,800)	38,400	38,400
3 Jul 2006	3 Jul 2011	$1.29	167,500	-	(11,375)	(17,250)	138,875	111,100
31 Jul 2007	3 Jul 2012	$2.65	-	150,000	-	(20,000)	130,000	-
			340,750	150,000	(113,425)	(41,050)	336,275	178,500
ASOP – Advisers – Note 25(b)								
5 Sep 2002	5 Sep 2007	$0.91	104,341	-	(57,586)	(46,755)	-	-
3 Sep 2003	3 Sep 2008	$0.48	176,931	-	(98,430)	-	78,501	78,501
24 Aug 2004	24 Aug 2009	$0.55	139,650	-	(96,069)	(23,944)	19,637	19,637
23 Aug 2005	23 Aug 2010	$0.87	157,120	-	-	(34,314)	122,806	-
29 Aug 2006	29 Aug 2011	$1.68	70,382	-	-	-	70,382	-
30 Sept 2007	30 Sept 2012	$3.45	-	32,970	-	(1,490)	31,480	-
			648,424	32,970	(252,085)	(106,503)	322,806	98,138
Total			1,089,174	282,970	(365,510)	(147,553)	859,081	376,638
Weighted average exercise price			$0.88	$2.74	$0.62	$1.14	$1.56	$0.97

The volume weighted average share price at the date of exercise of options exercised during the year ended 30 June 2008 was $2.74 (2007 - 2.24)

25 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 – 2007								
ESOP – Managing Director – Note 25(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 25(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	-
			459,000	167,500	283,750	2,000	340,750	138,600
ASOP – Advisers – Note 25(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	-
29 Aug 2006	29 Aug 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	419,872
Weighted average exercise price			$0.84	$1.37	$0.86	$1.26	$0.88	$0.63

The volume weighted average remaining contractual life of share options outstanding at the end of the period was 2.81 years (2007 – 2.32 years).

25 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 2008 was 75 cents per option for executive director, 53 cents per option for staff and 36 cents per share for advisers (2007 – 79 cents per share for executive director 25 cents for staff and 18 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 2008 included:

		ESOP – DIRECTOR		ESOP – EMPLOYEES		ESOP – ADVISERS	
		2008	2007	2008	2007	2008	2007
(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	$2.65	$1.29	$1.29	$1.29	$3.45	$1.68
(c)	grant date:	30 Oct 2007	3 July 2006	31 July 2007	26 Oct 2011	31 July 2007	3 July 2006
(d)	expiry date:	30 Oct 2012	3 July 2011	31 July 2012	26 Oct 2011	31 July 2012	3 July 2011
(e)	share price at grant date:	$2.90	$1.90	$2.85	$1.36	$2.85	$1.36
(f)	expected price volatility of the company's shares:	55%	50%	55%	50%	55%	50%
(g)	expected dividend yield:	4.0%	4.8%	4.0%	6.2%	4.0%	6.2%
(h)	risk-free interest rate:	6.55%	5.75%	6.30%	5.75%	6.30%	5.75%
(I)	lapse (exit) rate	0%	0%	25%	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	
	2008 $	2007 $	2008 $	2007 $
Options issued under ESOP	155,553	63,190	155,553	63,190

26 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	
	2008 $	2007 $	2008 $	2007 $
(a) Audit services				
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports	108,500	99,700	90,500	81,700
Other audit related work, including audit of entities for which the parent entity is trustee, manager or responsible entity	227,050	228,100	227,050	228,100
(b) Non-audit services				
Audit-related services				
PricewaterhouseCoopers Australian firm:				
Audit of regulatory returns	13,500	12,600	13,500	12,600
Total remuneration	349,050	340,400	331,050	322,400

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.

27 CONTINGENT LIABILITIES

The parent entity and Group had contingent liabilities at 30 June 2008 in respect of:

(a) bank guarantees for property leases of parent and group entities amounting to $567,000 (2007: $554,000).
(b) bank guarantee for AFS licence of a subsidiary amounting to $20,000 (2007: $20,000).

Client retention service fee

Under the terms of salary agreements made by Harold Bodinnar & Associates Pty Ltd with certain long serving salaried financial advisers, those advisers are entitled to a service fee subsequent to their retirement from the company, under 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	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Advisers have met eligibility conditions but not yet retired	185	177	-	-
Advisers still to meet all eligibility conditions	538	397	-	-
	723	574	-	-

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

28 COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Capital expenditure				
Commitments in relation to systems development payable within one year	137	-	137	-
(b) Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	267	669	255	657
Later than one year but not later than 5 years	435	702	429	684
	702	1,371	684	1,341

29 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 13.

The consolidated financial statements incorporate the assets, liabilities and results of Fiducian Financial Services Pty Ltd, Harold Bodinnar & Associates Pty Ltd, Money & Advice Pty Ltd and Fiducian Business Services 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 2008 and 2007 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	
	2008 $	2007 $
Current receivables (sales of goods and services)	417,678	134,315
Current payables (purchases of goods and services)	9,599	109,696

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.

29 RELATED PARTY TRANSACTIONS CONTINUED

(d) Transactions with related parties

The following transactions occurred with related parties:

	OWNERSHIP INTEREST*	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Wholly owned group					
Fiducian Financial Services Pty Ltd	100%				
Dividend paid to parent entity		-	-	200,000	-
Commission paid		-	-	3,394,091	3,096,487
Management fees and systems costs recovered		-	-	382,352	376,323
Harold Bodinnar & Associates Pty Ltd	100%				
Commissions paid		-	-	2,177,138	1,777,274
Management fees		-	-	305,870	274,456
Money & Advice Pty Ltd	100%				
Commissions paid		-	-	110,994	102,540
Expenses paid and systems costs recovered		-	-	176,365	152,742
Fiducian Business Services Pty Ltd	100%	-	-	-	-
Other related parties					
Froud Collins Planning Pty Ltd	40%				
Commissions paid		379,567	378,706	-	-
Business development loan			65,126		65,126
Leasa Collins Financial Planning Pty Ltd	40%				
Commissions paid		59,344	124,003	-	-
Business development loan		179,650	28,338	179,650	28,338
Related trusts					
Fiducian Investment Service	Nil				
Operator fees income		5,710,231	3,584,218	5,710,231	3,584,218
Fiducian Superannuation Service	Nil				
Trustee fees income		15,042,707	13,918,127	15,042,707	13,918,127
Fiducian Funds	Nil				
Responsible entity fees income		4,216,033	3,313,700	4,216,033	3,313,700

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

30 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.

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

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Profit for the year	6,269	5,309	6,275	5,104
Impairment of goodwill	-	144	-	-
Non-cash employee benefit expense	200	325	149	245
Dividend and investment income	(64)	(53)	(264)	(53)
Depreciation and amortisation	326	664	284	472
Value of fixed assets written off	-	231	-	233
Net (gain) loss on sale of non-current assets	1	(376)	1	(232)
Changes in operating assets and liabilities:				
Decrease/(increase) in accounts receivable	216	(335)	166	(282)
Increase/(decrease) in income tax payable	(558)	84	(390)	2
Decrease/(increase) in other assets at fair value	12	10	12	10
Increase/(decrease) in trade creditors	(146)	116	(90)	123
Increase/(decrease) in other creditors	(237)	436	(121)	355
Increase/(decrease) in related entities balance	-	-	(383)	115
Decrease/(increase) in future income tax benefit	34	(199)	35	(147)
Increase/(decrease) in provision for deferred income tax	(50)	(99)	(50)	(100)
Net cash inflow from operating activities	6,003	6,257	5,624	5,845

32 EARNINGS PER SHARE

	CONSOLIDATED	
	2008	2007
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	19.06 cents	15.89 cents
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity and potential ordinary equity of the company	18.56 cents	15.21 cents

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

	CONSOLIDATED	
	2008 NUMBER	2007 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	32,897,744	33,408,937
Adjustments for calculation of diluted earnings per share: Options:	873,825	1,506,796
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	33,771,569	34,915,733

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

	CONSOLIDATED	
	2008 $'000	2007 $'000
Net profit and earnings used calculating basic and diluted earnings per share	6,269	5,309

(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 25.

33 EVENTS OCCURRING AFTER BALANCE DATE

Under the Rules of the Adviser Share Option Plan, the Directors are required and expect to grant 31,900 (2007: 32,970) options to advisers within three months of the announcement of the Group's results to the Australian Securities Exchange, at an exercise price of $2.70 (2007: $3.45), being 8% above the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2008.

Under the same Rules 63,560 adviser options (2007: nil) are expected to be cancelled subsequent to the end of the financial year. To the date of this report 25,609 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 260,000 options at an exercise price of $2.30 to employees after year end (2007: 150,000 at $2.65) being 8% below the volume weighted average trading price of fully paid ordinary shares sold in the ordinary course of trading during June 2008, and 15,000 options at an exercise price of $2.30 to the Managing Director (2007:100,000 at $2.65) subject to shareholder approval. To the date of this report, 10,625 options have been exercised by employees and no options have been exercised by the Managing Director.

34 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity 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.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, and aging analysis for credit risk.

The Board sets policies which are implemented by management, reviewed monthly for interest rate risk, credit risk and the investment of excess liquidity.

The Group and parent entity hold the following financial instruments:

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Financial Assets				
Cash and cash equivalents	10,912	10,868	9,831	9,930
Trade and other receivables	3,584	3,638	3,867	3,576
Financial assets at fair value through profit or loss	480	492	480	480
	14,976	14,998	14,178	13,986
Financial Liabilities				
Trade and other payables	2,258	2,623	2,024	2,341

(a) Market risk

(i) Foreign exchange risk

The Group operates only in Australia and is not exposed to foreign exchange risk.

(ii) Price risk

The Group and parent entity are exposed to equity securities and other investment price risk. This arises from (a) unlisted investments held by the Group and classified on the balance sheet at fair value through profit or loss and (b) from the derivation of fees for the management of investment and superannuation funds.

To minimise its price risk the Group and parent entity offer a range of investment funds in a variety of domestic and international equities, property and fixed interest securities, and across a number of investment managers. Exposure to these funds is driven by clients and their financial advisers, and is not managed by the Group. Not all of the funds are publicly traded or invest in publicy traded securities. Sensitivity analysis is therefore based on the assumption that all funds under advice, administration and management had increased or decreased by 10% (2007 – 10%) against actual market movements, with all other variables held constant other than commission that is paid out of such income.

34 FINANCIAL RISK MANAGEMENT CONTINUED

(a) market risk (continued)

(ii) Price risk (continued)

	IMPACT ON POST-TAX PROFIT		IMPACT ON EQUITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Overall market movement on management fees	2,023	1,810	2,023	1,810

The price risk for the unlisted securities directly held is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

(iii) Interest rate risk

The Group's main interest rate risk arises from deposits in Australian Dollars, and short term loans to staff and advisers. The group has no borrowings.

	30 JUNE 2008		30 JUNE 2007	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash at bank and on deposit	6.0%	2,924	5.2%	2,460
Bank bills of exchange	7.9%	7,988	6.4%	8,408
Staff & adviser loans	9.6%	832	8.3%	655
		11,744		11,523

Bank bills of exchange mature in less than 30 days and staff and adviser loans have terms extending between 2 and 3 years, and may be repayable sooner in certain circumstances.

The Group's main interest rate risk arises from cash and cash equivalents with variable interest rates. At 30 June 2008 if interest rates had changed by +/- 80 basis points from the year end rates with all other variables held constant, post-tax profit would have been $66,000 higher or lower (2007 : $65,000).

34 FINANCIAL RISK MANAGEMENT CONTINUED

(b) Credit risk

The Group and parent entity have negligible credit risk from receivables, as management fee and commission income is received within one month of it falling due, and commissions are only paid following the receipt of this income.

The credit quality of other financial assets can be assessed against external credit ratings as follows:

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash and cash equivalents				
AA	2,924	2,460	1,843	1,522
BBB+	7,988	8,408	7,988	8,408
	10,912	10,868	9,831	9,930
Investment in related trust				
Unrated	480	492	480	492

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on page 71.

(c) Liquidity risk

The Group and parent entity maintain sufficient liquid reserves to meet all foreseeable working capital, investment and regulatory licensing requirements. The group has no undrawn credit or other borrowing facilities in place.

(d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement, or for disclosure purposes. The carrying value less impairment provision for receivables and payables are assumed to approximate their fair values due to their short term nature. The carrying value of financial assets at fair value through profit or loss is assumed to approximate its fair value since it is revalued daily against the fund's net asset value. The carrying value of bank bills of exchange are assumed to approximate their fair values as they are discounted at current earnings rates from the face value payable at maturity.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 30 to 73 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 2008 and of their performance for the financial year ended 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

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, 27 August 2008

INDEPENDENT AUDIT REPORT TO THE SECURITY HOLDERS

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Independant auditor's report to the security holders of Fiducian Portfolio Services Limited

Report on the financial report

We have audited the accompanying financial report of Fiducian Portfolio Services Limited (the company), which comprises the balance sheet as at 30 June 2008, 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 both Fiducian Portfolio Services Limited and Fiducian Portfolio Services Group (the consolidated entity). The consolidated entity comprises both Fiducian Portfolio Services Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial 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 controls 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.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial 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.

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.

Independence

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

Auditor's opinion

In our opinion:

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

  (i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2008 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 2001*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in page 13 of the directors' report and Note 24 in the financial report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Fiducian Portfolio Services Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Fiducian Portfolio Services Limited for the year ended 30 June 2008 included on Fiducian Portfolio Services Limited web site. The consolidated entity's directors are responsible for the integrity of the Fiducian Portfolio Services Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. 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 report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

D A Prothero
Partner

Sydney
27 August 2008

Liability Limited by a scheme approved under Professional Standards Legislation.

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