ANNUAL REPORT

FIDUCIAN GROUP LIMITED | 2017



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

ABN 41 602 423 610

New South Wales

Office Locations

- Abbotsford
- Ballina
- Bathurst
- Bondi Junction (x2)
- Castle Hill
- Caves Beach
- Coffs Coast
- Gosford
- Hunter
- Kellyville
- Ku-ring-gai
- Lane Cove
- Macarthur
- Manly
- Newcastle
- Ourimbah
- Randwick
- Roseville
- Southern Highlands
- St Ives
- Sydney CBD
- Tweed Heads
- Walcha
- Windsor
- Tamworth

CONTENTS

Australian Capital Territory

Office Location

Canberra

FINANCIAL HIGHLIGHTS
FOR 2017

UNPAT up
24%
to $8.7mil

FUMAA up
20%
to $5.7bil

Dividends up
28%
to 16.00 cents

67
Aligned Planners & Associates

103 Staff
around Australia from over 20 different countries of origin

Flagship funds performance ranking for three years to 30 June 2017 against all funds on leading surveys

Growth	**1**/188
Ultra Growth	**2**/115
Balanced	**4**/188
Cap Stable	**7**/120

44 Offices
across Australia

$97mil
Funds Under Advice acquired in 2016-17

Queensland

Office Locations

Buderim
Caboolture
Gold Coast
Sunshine Coast

FIVE YEAR FINANCIAL SUMMARY

FOR THE YEARS 2013 TO 2017

FINANCIAL HISTORY	2017	2016	2015	2014	2013
	$'000	$'000	$'000	$'000	$'000
FINANCIAL PERFORMANCE					
Gross Revenue	40,752	35,451	26,253	22,874	22,106
Underlying Net Profit After Tax (UNPAT)	8,710	7,036	5,748	4,501	3,719
Statutory Net Profit After Tax (NPAT)	7,512	5,839	4,622	3,983	3,270
Cost To Income Ratio (CTI) - ex amortisation %	60%	63%	62%	63%	70%
FINANCIAL POSITION					
Total Assets	36,277	33,690	28,770	26,363	22,446
Total Equity	27,620	24,127	21,191	19,351	18,320
Cash	9,548	9,691	12,374	11,194	9,440
SHAREHOLDER INFORMATION					
Number of shares outstanding	31,264,368	31,110,855	30,883,398	30,757,897	31,532,429
Market Capitalisation (in $ mil)	128	72	53	50	32
EPS based on UNPAT (in cents)	27.8	22.6	18.6	14.6	11.8
Dividends (in cents)	16.0	12.5	10.0	9.1	6.8
Share Price - 30 June closing (in $)	4.09	2.31	1.70	1.62	1.03

FOR THE FIVE YEARS 2013 TO 2017

24%
Annualised Profit Growth

24%
Annualised EPS Growth

10%
CTI % Reduction

JOINT REPORT OF THE CHAIRMAN AND THE MANAGING DIRECTOR

Highlights

- **Funds Under Management Advice & Administration up 20%**
- **Net underlying profit after tax up 24%**
- **Basic underlying earnings per share up 23%**
- **Established position as a comprehensive financial services provider of Platform Administration, Funds Management, and Financial Planning**

Dear Shareholder,

On behalf of the directors, we jointly report on the consolidated operating performance of Fiducian Group Limited and its controlled operating entities for the year ended 30 June 2017

FINANCIAL INFORMATION

RESULTS FOR 2017

The Fiducian Group result continues to show positive momentum in operational activity and application of the Board's strategy to grow the business.

Consolidated Operating Revenue increased by 15% and consolidated Net Revenue increased by 16% driven by business growth. Gross margin remained at 74% (2016: 74%)

During the year Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) increased by 26% to $12.22 million. Underlying Net Profit After Tax (UNPAT) is $8.71 million an increase of 24% over the 2016 results. This represents an Underlying earnings per share of 27.8 cents which is 23% ahead of the 2016 results. Underlying NPAT does not include amortisation or one off costs and therefore gives a clearer picture of the Group's cash generating ability going forward.

The Statutory Net Profit for the consolidated entity after providing for income tax was $7.51 million (2016: $5.84 million), an increase of 29%.

In summary, all major operating divisions contributed positively to the result.

Cash operating expenses have increased by 9.9% in 2017 (2016 increased by 25.3%). The Board is comfortable with the increase which is to support the Group's growth initiatives and revenues.

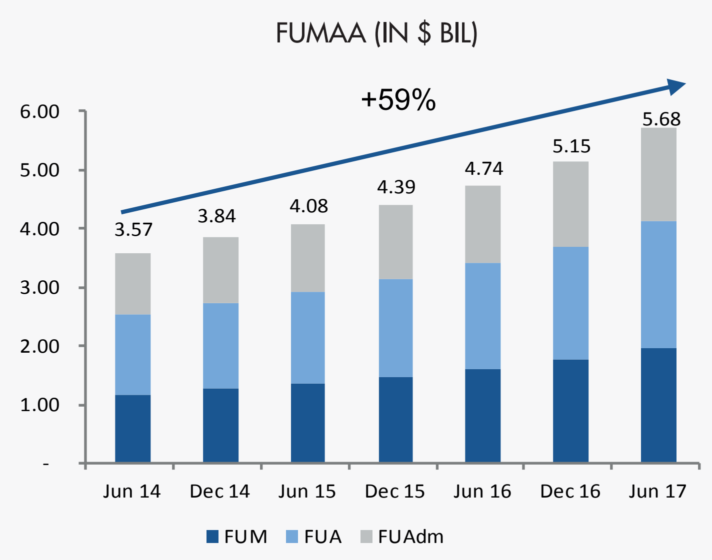
Fiducian follows a policy of training, building and retaining quality staff in good and poor economic times, so they can participate in the future expansion of the business and more importantly at this juncture, bring to bear their expertise which has been gained through years of loyal service.

Our diversity policy encourages persons of different race, gender, sexual orientation, religion, national or ethnic origin, age or disability and skills to participate and receive recognition, reward and management responsibility commensurate with their performance. Some staff positions changed during the year which allowed for a refreshing of some positions. Employees are from 20 different countries of origin, 45% are female with 31% in senior roles and 25% are over 55 years of age.

The combined Funds under Management, Administration and Advice (FUMAA) have steadily grown by 59% over the past 3 years to $5.68 billion as at June 2017.

FINANCIAL HIGHLIGHTS

Year Ending 30 June ($ in thousands)	2017	2016	% CHANGE
Operating Revenue*	**40,752**	**35,451**	↑ **15%**
Fees and Charges paid*	(10,480)	(9,385)	
Net Revenue	**30,272**	**26,066**	↑ **16%**
Gross Margin	74%	74%	
Underlying EBITDA	**12,220**	**9,673**	↑ **26%**
Depreciation	(86)	(100)	
Tax on underlying earnings	(3,424)	(2,537)	
Underlying NPAT (UNPAT)	**8,710**	**7,036**	↑ **24%**
Amortisation	(1,233)	(1,197)	
Income from Client Servicing Rearrangement (net of tax)	35	-	
Statutory NPAT	**7,512**	**5,839**	↑ **29%**
Basic EPS based on UNPAT (in cents)	**27.8**	**22.6**	↑ **23%**
Basic EPS based on NPAT (in cents)	24.0	18.8	
Funds Under Management, Advice and Administration (FUMAA)	**5,678 Mil**	**4,736 Mil**	↑ **20%**



CAPITAL MANAGEMENT

A key feature of the company is that it currently remains debt free and exhibits a positive working capital and cash flow position.

FINAL DIVIDEND

The Board remains prudent, but is confident that the future of the business is positive and likely to continue to strengthen. As a result, a fully franked final dividend of 8.90 cents per share has been declared which will bring the total fully franked dividend declared for the 2017 financial year to 16.00 cents, an increase of 28% (2016: 12.50 cents). The full year dividend represents 67% of the statutory NPAT for the year. The final dividend will be paid on 13th September 2017 on issued shares held on 30th August 2017.

ACQUISITIONS

During the year the Group has acquired around $97 million of Funds Under Advice for our salaried & franchised planners. The financial planners are now operating under a Fiducian licence and starting to contribute to our revenue. As acquisitions continue to assimilate into our processes, they should deliver increased revenue and demonstrate our disciplined approach to balancing growth and returns. Our funds under advice now stand at around $2.14 billion.

ON MARKET BUY-BACK

During the year, there was no buy-back of shares (2016: NIL shares). There are 31.26 million shares on issue at year end (2016: 31.11 million).

CASH FLOW

Net operating cash flows of $8.6 million were achieved (2016: $5.5 million). After adjusting for investing activities ($4.5 million) and financing activities ($4.2 million) net cash decreased by $0.1 million (2016: decrease $2.7 million). Cash at year end was $9.5 million (2016: $9.7 million). An amount of $5.1 million is required for regulatory purposes. Business acquisitions should assist our future revenue and earning capacity.

STAFF AND MANAGING DIRECTOR OPTIONS

In accordance with the terms and conditions of the approved Employee and Director Share Option Plan, 100,000 options (2016: 100,000) will be issued to the Managing Director in accordance with the contract of employment subject to approval at the Annual General Meeting. These options will be issued at $3.77, a discount of 5% over the average price in June and may be converted to shares by making a payment of their value to the company after 1 year and within 5 years. Options are only granted when the profit or share price increases by more than 15% growth over the previous year.

FINANCIAL PLANNING

During the year Funds under Advice grew from $1.82 billion in June 2016 to $2.14 billion in June 2017 due to acquisitions of financial planning businesses, increases in net inflows and rising financial markets. Fiducian expects the highest level of compliance and client service from its financial planning network. Even though the generation of higher inflows is important, our commitment is to quality. As such, our extensive internal training program that differentiates our financial planners from the marketplace and enables them to deliver superior quality advice in a compliant manner continues. As a consequence, client retention remains high.

Going forward, our focus will remain on generating inflows through organic and inorganic growth. This implies further acquisitions of financial planning client bases that satisfy our strict quality criteria and as well, expanding the franchisee network so we can continue to assist clients who wish to achieve their financial and lifestyle goals using our processes.

SALARIED OFFICES

Company owned offices with salaried financial planners are based in New South Wales, Victoria, Western Australia, Queensland and Tasmania and continue to contribute to overall results. Salaried offices now comprise over 48.8% of funds under advice. Acquisitions made during the year have assimilated well into our existing presence in Victoria and should add to our results.

FRANCHISED OFFICES

Franchised offices now comprise around 51.2% of our funds under advice. We have a total of 37 franchised financial planners nationally whom we continue to assist through practice development, marketing, financial planning software and investment products and strategies. In addition, referral arrangements continue to be initiated with accountants, some of whom are showing an interest in holistic financial planning. As a consequence we now have 9 accounting practices in our 'Associate' franchisee program which aims to convert them to a full operating franchise when educational and training programs are completed.

BUSINESS SERVICES

Fiducian Business Services (FBS) is our subsidiary company established to provide support to accountants for bookkeeping, accounts preparation and self-managed superannuation fund administration. It operates as Fiducian Accountants & Business Advisers (FABA) in New South Wales out of our Sydney CBD financial planning office. FBS has now been given a mandate to focus on growing its Self Managed Superannuation Fund administration business.

PLATFORM ADMINISTRATION

Platform Administration offers portfolio wrap administration for superannuation and investment services to financial planners as well as Managed Discretionary Accounts (MDAs) which offer investors direct access to a small number of shares that are managed for them. Negotiations are underway with prospects who could use our services to administer their client share and fund portfolios, also called Separately Managed Accounts. We have both the capability and capacity to offer this administration service to the external market in conjunction with the services we currently provide to our own platforms.

The hallmark of the Fiducian administration offering is quality in terms of daily processing, accuracy and customer service.

FUNDS UNDER ADMINISTRATION

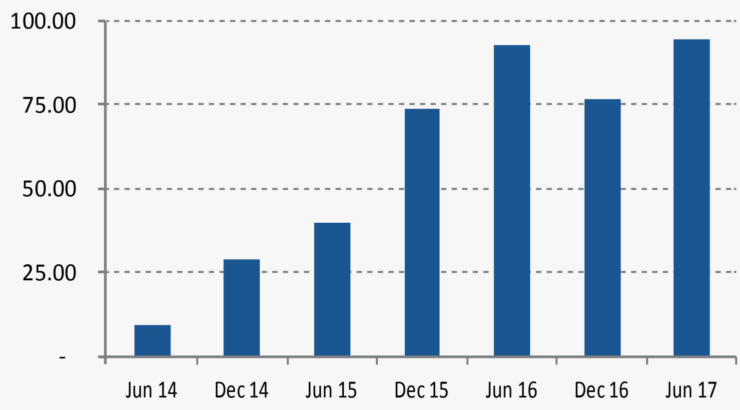
Funds under administration increased in total by 19.6 % to $1.58 billion (2016: $1.32 billion).

We have experienced strong growth in Net Fund inflows driven by our salaried and franchisee financial planners (see graph next column.) We expect this positive trend to continue.

INDEPENDENT FINANCIAL PLANNERS (IFAs)

Funds under administration for IFAs are around 7.61% of

NET FUNDS INFLOWS - SIX MONTHLY (IN $ MIL)



total funds under administration. Efforts are underway to build new relationships and increase net inflows from non-aligned financial planner groups, in particular through SMA administration services.

SUPERANNUATION

The Superannuation Trustee Board established for our public offer, superannuation wrap fund in March 2015 with equal independent directors is now fully operational. The Board is supported by the office of Superannuation Trustee and has outsourced key operational process to other specialist service providers.

FUNDS MANAGEMENT

Fiducian manages clients' investments through its Manage the Manager system of investing. We carefully select a range of investment managers and blend them in our funds to advise on or manage this money through mandates or their funds. In this way, we seek to deliver above average returns over the short to medium term and deliver superior returns, compared with our peers, over the longer term.

The process also has the potential to reduce volatility while providing liquidity and transparency.

There were some notable performances over the three year return period for our flagship diversified funds. The performances of these funds to end of June 2017 are reported in the Morningstar Investment Performance Survey. The Growth and Balanced Funds were ranked 1st and 3rd out of 192 funds, the Capital Stable Fund was ranked 20th out of 122 funds and the Ultra Growth Fund was ranked 5th out of 127 funds on the survey. Over the last ten years, thirty seven annualised returns are reported for them of which thirty six results were ranked in the top quartile against Australian and International investment managers. This is an outstanding achievement.

INFORMATION TECHNOLOGY

Fiducian Information Technology division has been busy with enhancements and delivering straight-through-processing functionality to 'FasTrack', our administration system which provides greater control, efficiency and substantial cost savings and as well, opens up new business opportunities. The improvements now in place provide integration with our on-line reporting tools and financial planning software, 'FORCe' and as well, give greater flexibility to administer a wider range of investments. Further improvements towards electronic application and processing which allow flexibility to administer different configurations of products are currently being developed. A key feature was the timely development and implementation of system changes required by 30 June 2017 to administer a raft of new superannuation legislation with respect to contributions and pension caps.

HUMAN RESOURCES

MANAGEMENT AND STAFF

There were only a few staff changes during the year, largely at the junior levels. Effective reporting processes are in place for all subsidiaries which enhance Group Board oversight of our business activities. Key performance indicators have been documented for management in each area of the business to monitor their performance. Fiducian is an equal opportunity employer. Any person irrespective of race, gender, sexual orientation, religion, national or ethnic origin, age or disability is provided a similar opportunity to work and rise to seniority within the company subject to their skills, qualifications and experience for the role. There are persons from 20 different nationalities employed at Fiducian

PLANNERS COUNCIL, IT AND PLATFORM USER GROUPS

The Planners Council is drawn from our supporting financial planners and has again made a significant contribution to the company during the past year. It continues to fulfil its role as a sounding board for the company's management and Boards and is a valuable resource and forum to allow financial planners to alert the company to issues that may need consideration.

The IT User Group and the Platform User Group again deserve commendation for their contributions to the developments and enhancements to our financial planning software (FORCe), on-line reporting tool (Fiducian Online) and platform administration system (FasTrack).

BOARD OF DIRECTORS

The Board of directors is working constructively to evaluate and support management's recommendations for the company. The Business Plan for the year ahead has identified measures to lift profits including by acquisitions. Future performance can also be influenced by continuing strength in financial markets and decisive political leadership. Management remains committed to achieving the goals and objectives set down in the plan.

COMMUNITY SUPPORT

Fiducian continues to raise funds for charity. Sponsorship has also been extended to community organisations and sporting teams linked to our planning network. Vision Beyond AUS, a charity supported by the Fiducian Group, has grown to assist hospitals in India, Myanmar, Nepal and Cambodia. Over 24,000 men, women and children who live in abject poverty have now had their eyesight restored. We intend to continue our charitable support to the community.

CURRENT ECONOMIC AND MARKET ENVIRONMENT

Our economic analysis indicates that although there was some slowing of global activity early in calendar 2016 the general economic activity seems to be steadily improving. Widespread implementation of expansionary monetary stimulus has also dispelled the threat of deflation. Interest rates remain at record lows and sharp declines in the price of oil, in particular, could support domestic expenditure in developed economies. In Australia, unfortunately elevated corporate tax rates, a high minimum wage rate and rising electricity prices which are holding back the economy may not be resolved in a senate where a few independents are able to block any reform agenda. Nevertheless, we feel that the US should strengthen in 2018 and a modest recovery is likely in Europe. China and India should also continue to grow and support global growth. On the other hand, share markets now appear reasonably valued and while the spectre of an interest rate rise in the US remains, share markets could see some head winds appearing to moderate the rate of their recent strong gains. Interest rates remain low and even though some developed nations offer negative yields to investors in fixed interest securities, the mountain of cash continues to build. As a consequence, when interest rate rises occur, they are likely to be modest. This environment sets the scene for some moderation in expectations of returns from financial markets.

As always, we recommend that investors should consult a Fiducian financial planner to develop a financial plan with a diversified investment strategy that could help them achieve their financial goals.

OUTLOOK

The Board expects profit growth to continue steadily in the coming year as management continue to focus on realizing the potential of financial planning, platform administration, investment management, information technology and business/accounting services. The foundations of our business pillars are solid and growth strategies are in place by building scale on existing capacity and leveraging its relatively fixed cost base.

The revenue from recent business acquisitions should benefit the bottom line in this financial year. Additionally synergy benefits from these businesses are expected.

Expenditure controls and profits remain a priority. The Board intends to continue to build scale and maintain its acquisition and distribution growth strategy to deliver consistent double digit earnings growth in coming years.

We would like to thank all participants for their individual contributions to the growth and success of Fiducian in what has been an eventful yet successful year with many accompanying changes in legislation.

Robert Bucknell
Chairman

17 August 2017

Inderjit (Indy) Singh
Managing Director

17 August 2017

Fiducian Supported Charity - Vision Beyond AUS

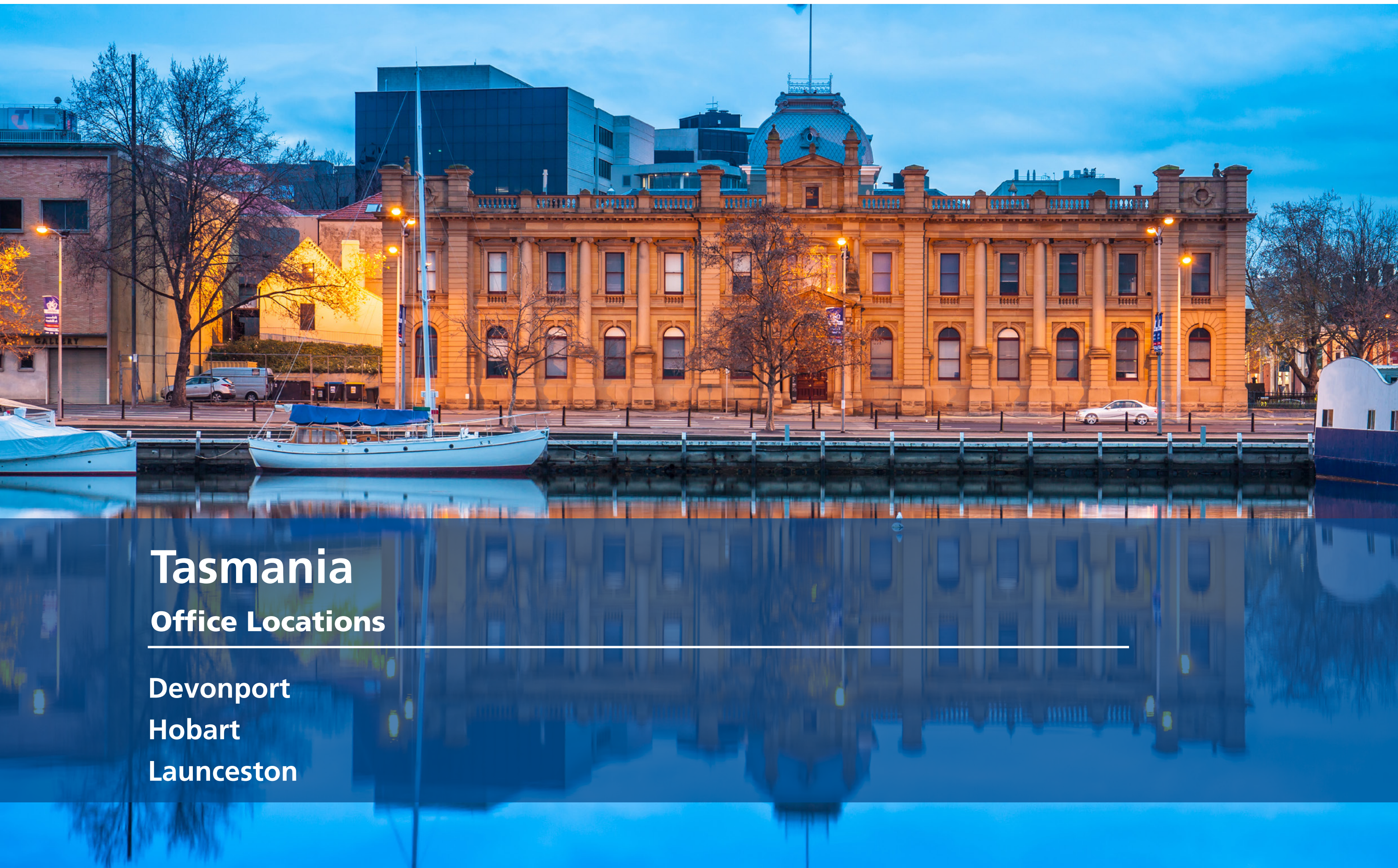
- **Registered charitable fund with tax deductible gift recipient status**
- **Dedicated to restore eyesight for people living in poverty**
- **Operating across 4 countries / 7 hospitals**
- **Over 24,000 men, women & children eyesight restored**

Western Australia

Office Location

South Perth

DIRECTORS' REPORT



Your directors present their report on the Fiducian Group Limited ("the Company") and its wholly owned operating entities (referred to hereafter as the Group) for the year ended 30 June 2017.

DIRECTORS

The following persons were directors of Fiducian Group Limited during the financial year and up to the date of this report:

R Bucknell

I Singh

F Khouri

S Hallab (Appointed 12 August 2016)

C Stone (Resigned 20 October 2016)

PRINCIPAL ACTIVITIES

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

(a) Operating an Investor Directed Portfolio Service and Managed Discretionary Account service, through its wholly owned subsidiary, Fiducian Investment Management Services Limited

(b) Acting as the Trustee of Fiducian Superannuation Service through its wholly owned subsidiary, Fiducian Portfolio Services Limited

(c) Acting as the Responsible Entity of Fiducian Funds through its wholly owned subsidiary, Fiducian Investment Management Services Limited

(d) Providing specialist financial planning services through its wholly owned operating subsidiary, Fiducian Financial Services Pty Limited

(e) Providing accountancy resource services through its wholly owned operating subsidiary, Fiducian Business Services Pty Limited

(f) Providing administration and professional services to the Group through its wholly owned subsidiary, Fiducian Services Pty Limited.

DIVIDENDS

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

	2017	2016
	$'000	$'000
Final ordinary fully franked dividend for the year ended 30 June 2016 of 7.00 cents (2015: Fully franked 5.50 cents) per share paid on 12 September 2016.	2,180	1,706
Interim ordinary fully franked dividend for the year ended 30 June 2017 of 7.10 cents (2016: Fully franked 5.50 cents) per share paid on 13 March 2017.	2,220	1,711
Total dividends paid during the year	4,400	3,417

In addition to the above, since the end of the financial year, the directors of the parent entity, Fiducian Group Limited have declared a final fully franked dividend for the year ended 30 June 2017 of 8.90 cents per ordinary share held at 30 August 2017 and payable on 13 September 2017.

REVIEW OF OPERATIONS

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

	SEGMENT REVENUES		SEGMENT RESULTS	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Funds Management	10,169	10,578	5,773	4,501
Superannuation[1]	4	6,544	1	6
Financial Planning	14,943	13,228	74	23
Administration	14,966	13,224	5,455	4,251
Business Services	670	975	(367)	(405)
Intersegment Sales[1]	-	(9,098)		
	40,752	35,451		
Profit from ordinary activities before income tax expenses			10,936	8,376
Income tax expenses			(3,424)	(2,537)
Net profit attributable to members of Fiducian Group Limited			7,512	5,839

[1] With effect from 1st July 2016 the Group has changed the policy for recording income and expenses relating to the superannuation segment to closely align with the underlying processes of recording these items. Accordingly, income and expenses payable to the internal service providers are recorded in their books directly and not routed through the Registrable Superannuation Entity (RSE). This has also obviated the need for elimination of intersegment sales.

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 valuation of investment funds has improved substantially during the year and favourably impacted the management fees received by the Fiducian Group, as fully detailed in the joint report of the Chairman and Managing Director. This has enabled Fiducian to increase profit for the second half of the year and declare a dividend distribution of 8.90 cents per share, bringing the full year dividend to 16.00 cents per share (2016: 12.50 cents per share).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In continuation of the strategy to expand the financial planning network, the Group has provided funding for the acquisition of two financial planning businesses in Victoria and one in New South Wales. It is estimated that these businesses could contribute an additional $80 million in funds under advice to the Group.

The Group also made a bolt-on acquisition to the office in Melbourne. This business is estimated to contribute $17 million in funds under advice.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than the declaration of dividend after the end of the financial year, 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 Group, to affect significantly the operations of the Company, 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, there are no likely developments that may have significant impact on the expected results of operation of the Group.

ENVIRONMENTAL REGULATION

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

EMPLOYEE DIVERSITY

Fiducian is proud to be an equal opportunity employer. It endorses diversity and currently has a number of employees that bring different skill-sets from their countries of origin. We recognise that diversity includes, but is not limited to gender, age, ethnicity and cultural backgrounds. Our diversity policy encourages persons of different gender, ethnic backgrounds, ages and skills to participate and receive recognition, reward and authority commensurate with their performance. Employees are comprised of staff from over 20 countries of origin, 25% over 55 years, and 45% female with 31% in senior roles.

The Group's current gender diversity report is available to be viewed on the Group website.

KEY MANAGEMENT PERSONNEL DISCLOSURES

(A) DIRECTORS

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

Chairman (non-executive)	R Bucknell
Executive director	I Singh - Managing Director
Non-executive directors	F Khouri
	S Hallab (appointed 12 August 2016)
	C Stone (resigned on 20 October 2016)

(B) INFORMATION ON DIRECTORS

R Bucknell FCA. Chairman – non executive.

Experience and expertise

Chairman since inception in 1996. Extensive experience in accounting and business management over the past 51 years as a Chartered Accountant.

Other current directorships in listed entities

None

Former directorships in the last 3 years

Fiducian Portfolio Services Limited, which was de-listed on the ASX on 24 February 2015 at the time of restructure.

Special responsibilities

Chairman of the Group, the Remuneration Committee, and the Group Audit Risk and Compliance Committee.

Interest in shares and options

583,000 ordinary shares in Fiducian Group Limited.

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

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 28 years.

Other current directorships in listed entities

None

Former directorships in the last 3 years

Fiducian Portfolio Services Limited, which was de-listed from the ASX on 24 February 2015 at the time of restructure.

Special responsibilities

Managing Director

Interest in shares and options

10,523,851 ordinary shares in Fiducian Group Limited.

100,000 options for ordinary shares in Fiducian Group Limited

F G Khouri B Bus, FCPA, CTA Independent non-executive director

Experience and expertise

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

Other current directorships in listed entities

None

Former directorships in the last 3 years

Fiducian Portfolio Services Limited, which was de-listed on the ASX on 24 February 2015 at the time of restructure.

Special responsibilities

Member of the Audit Risk and Compliance Committees for both the Group and Superannuation Fund, and member of the Group and Superannuation Trustee Remuneration Committees.

Interest in shares and options

268,323 ordinary shares in Fiducian Group Limited

S Hallab B Ec (Accnt & Law), CA, GAICD, FAIST Independent non-executive director

Experience and expertise

Appointed to the Board 12 August 2016. Chartered Accountant and registered company auditor. Has over 35 years experience in finance and superannuation.

Other current directorships in listed entities

Company Secretary of Ensurance Limited (ASX Code: ENA). He was appointed to this role on 1 February 2017.

Former directorships in the last 3 years

None

Special responsibilities

Member of the Audit Risk and Compliance Committee, and member of the Remuneration Committee.

Interest in shares and options

Nil ordinary shares in Fiducian Group Limited

C H Stone

Mr Stone resigned from the Board before the end of financial year and therefore he has not been included for the purpose of the disclosure relating to the key management personnel. However, Mr Stone has been included in the remuneration report.

(C) COMPANY SECRETARY

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

(D) MEETINGS 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 2017, and the numbers of meetings attended by each director were:

	MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES			
	BOARD		AUDIT RISK & COMPLIANCE		REMUNERATION	
	A	B	A	B	A	B
R Bucknell	7	7	8	8	2	2
I Singh	7	7	-	-	-	-
F Khouri	7	7	8	8	2	2
S Hallab	6	6	4	4	1	1
C Stone	3	3	4	4	1	1

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the year.

The Board and Commitees have discharged their obligations during the year as required by their respective charters.

(E) OTHER KEY MANAGEMENT PERSONNEL

Mr I Singh as Managing Director of Fiducian Group Limited, had authority for and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year ended 30 June 2017. This authority and responsibility is unchanged from the previous year.

(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 - E includes remuneration disclosures that are required under Australian Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been included in the Director's Report and have been audited.

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

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward. The Board seeks to ensure that executive reward satisfies the following key criteria for good governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- 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. Non-executive directors are not entitled to options under the Employee and Director Share Option Plan.

Directors' fees

The current base remuneration was last reviewed in July 2017. The Chairman and Non-executive directors are paid a fixed fee for participation in Board and Committee meetings plus a fee based on time spent on any additional matters as approved by the Board. Directors with earnings derived from business placed with the Group may also receive remuneration as financial planners. 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 for the Company are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool is $450,000 a year which was approved by shareholders' at the Annual General Meeting on 20 October 2016.

Retirement allowance for directors

There are no retirement allowances for non-executive directors other than superannuation accumulation arising from any contributions made by them directly or as required from their renumeration.

(b) Executive Director

Remuneration and other terms of employment for the Managing Director are 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 Director Share Option Plan. Other major provisions of the agreement are set out below:

I Singh, *Managing Director*

- Term of agreement - until 30 June 2019
- Base salary, inclusive of superannuation and salary sacrifice benefits
- Short term performance incentives
- Long term incentives through the Fiducian Group Limited Employee Share Option Plan, and
- Retirement benefits
- The employment agreement may be terminated by either party with six months notice

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 June 2015.

Base salary

Mr Singh receives a base salary that comprises the fixed component of salary and the potential for 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 salary increases fixed in the executive's contract.

Short-term incentives (STI)

The STI aims to provide an incentive to Key Management Personnel to act in the best interests of the Fiducian Group (Company), it shareholders, clients, staff and all stakeholders, such that the Company achieves and possibly exceeds its targets for the financial year. In setting or paying a STI or bonus, the Remuneration Committee ensures that a bonus does not encourage undue risk taking that would be detrimental to any part of the Company or its clients

Board policy dictates that the Managing Director's performance for a financial year is reviewed and evaluated by the Remuneration Committee. The cornerstone to assessing the performance of the Managing Director is the fulfilment of three broad objectives namely:

a) Activities that ensure delivery of quality output to standards and timeliness which ensure compliance with statutory guidelines and as well, enhance customer and stakeholder relationships;

b) Production of results and growth outcomes that enable Business Plan objectives to be achieved; and

c) Leadership, management of staff, strengthening good corporate culture and managing risks.

Key Performance Indicators (KPIs) of the Managing Director which are a composite of the KPIs of all senior managers who directly report to him. The business and operating areas considered are Financial Planning, Funds Management, Platform Administration, Risk Management, Legal, Information Technology, Marketing, Finance and Business Development & Distribution. Each business area senior manager has a number of underlying KPIs that lie within the broad objectives a), b), and c) outlined above. The underlying KPIs of each senior manager may differ and depend on their roles and responsibilities. The Managing Director sets the underlying KPIs for each senior manager and so each business area has a number of performance measures required to be delivered during the year.

Achievement by senior managers of all the KPIs identified for them would satisfy the Board that sufficient personal exertion has been contributed towards achievement of the targets set in the Business Plan for the year, which is approved by the Board. A failure to achieve or deliver on any KPI item within the three broad objectives by any business area stated above is therefore considered a failure by the Managing Director to achieve all his KPIs.

The Remuneration Committee uses both objective and subjective measures in its evaluation and on the basis of the above methodology, the Managing Director achieved 84% of the KPIs set for the Fiducian Group.

The employment contract with the Managing Director stipulates that a maximum of 20% of that year's fixed remuneration should be paid to the Managing Director if all KPIs are satisfied. The Managing Director was therefore entitled to a STI of $86,585. The Managing Director however chose to take a lesser amount of $40,000.

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 of June market value for ordinary shares in the company: increasing by more then 15% over the previous year

The options are issued under the company's ESOP at the rate of 5,000 options for each 1% increase in annual profit in excess of 15% or 5000 options for each 1% increase in the 30 day average for June market value for ordinary shares in the Company whichever is higher and only after approval by the shareholders of the Company.

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 Non-executive Chairman
- I Singh Managing Director & Company Secretary
- F Khouri Non-executive Director
- S Hallab Non-executive Director (Appointed 12 August 2016)
- C Stone Non-executive Director (Resigned 20 October 2016)

Amounts of remuneration

Details of the remuneration of the key management personnel are set out in the following table:

2017	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENT	
NAME	CASH SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPERANNUATION	RETIREMENT BENEFITS	OPTIONS	TOTAL
	$	$	$	$	$	$	$
Non-executive directors							
R Bucknell[1,2] (Chairman)	113,000	-	-	-	-	-	113,000
F Khouri[3]	84,562	-	-	8,033	-	-	92,595
C Stone[4]	13,361	-	-	1,269	-	-	14,630
S Hallab[5]	25,543	-	-	2,427	-	-	27,970
Executive directors							
I Singh[6]	515,384	40,000	-	19,615	-	51,265	626,264
Totals	751,850	40,000		31,344		51,265	874,459

[1] Excludes GST if paid to another firm
[2] Including amounts paid to the director's company only in respect to director's duties
[3] This excludes fees of $217,240 for financial planning services paid to companies in which Mr Khouri has an interest in his capacity as a financial planner.
[4] The remuneration of Mr Stone relates to the period of 1 July 2016 till 20 October 2016 when Mr Stone resigned as Director of the parent entity.
[5] The remuneration of Mr Hallab relates to the period commencing from 12 August 2016 when Mr Hallab was appointed as Director of parent entity.
[6] Mr I Singh is entitled to 100,000 options in respect of the year ended 30 June 2017. These are subject to approval at the Annual General Meeting.

2016	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENT	
NAME	CASH SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPERANNUATION	RETIREMENT BENEFITS	OPTIONS	TOTAL
	$	$	$	$	$	$	$
Non-executive directors							
R Bucknell[1,2] (Chairman)	108,000	-	-	-	-	-	108,000
F Khouri[3]	91,735	-	-	8,715	-	-	100,450
C Stone	43,927	-	-	4,173	-	-	48,100
Executive directors							
I Singh[4]	490,692	25,000	16,724	19,308	-	25,071	576,795
Totals	734,354	25,000	16,724	32,196	-	25,071	833,345

[1] Excludes GST if paid to another firm

[2] Including amounts paid to the director's company only in respect to director's duties

[3] This excludes fees of $210,088 for financial planning services paid to companies in which Mr Khouri has an interest in his capacity as a financial planner

[4] Under the terms of his employment Mr I Singh is entitled to 100,000 options in respect of the year ended 30 June 2016. These are subject to approval at the Annual General Meeting. Non-monetary benefits relate to premium for TPD insurance.

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 them to understand Fiducian's charters, policies, procedures, culture and ethical values to enable new directors to carry out their duties in an effective and efficient manner.

D - Share-based compensation

(I) Option compensation and holdings

Options over shares in Fiducian Group 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 24.

The numbers of options for ordinary shares in the Company held directly by directors of Fiducian Group 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.

2017						
NAME	BALANCE AT THE START OF THE YEAR	EXERCISED	GRANTED DURING THE YEAR AS REMUNERATION[1]	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
I Singh[1]	100,000	100,000	100,000	-	100,000	-

[1] Under the terms of his employment Mr I Singh is entitled to 100,000 options relating to the 2016-17 which are subject to approval at the annual general meeting. Therefore, these have not been included above. Options granted during the year are in respect of the entitlement relating to 2015-16.

2016						
NAME	BALANCE AT THE START OF THE YEAR	EXERCISED	GRANTED DURING THE YEAR AS RE-MUNERATION[1]	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
I Singh[1]	100,000	-	-	-	100,000	100,000

[1] Under the terms of his employment Mr I Singh was entitled to 100,000 options relating to the 2015-16 which were subject to approval at the annual general meeting in October 2016. Therefore, it has not been included above.

(II) Share holdings

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

2017				
NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	10,423,851	100,000	-	10,523,851
R Bucknell	800,000	-	(217,000)	583,000
F Khouri	251,373	-	16,950	268,323
C Stone	33,700	-	(33,700)	-

2016				
NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	10,373,764	-	50,087	10,423,851
R Bucknell	800,000	-	-	800,000
F Khouri	251,373	-	-	251,373
C Stone	33,700	-	-	33,700

Shares provided on exercise of options

100,000 ordinary shares in the Company were provided as a result of the exercise of remuneration options to the managing director during the period (2015-16: Nil). 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 previous year. For the current year ended 30 June 2017 there has been an increase in the base salary of the Managing Director. Cash bonuses granted in respect of the current financial year ended on 30 June 2017 is $40,000 (2016: $25,000) and the grant of options entitlements have been only in accordance with the incentive programs. The Managing Director is entitled to 100,000 options in respect of the current year ended 30 June 2017 (2016: 100,000 options).

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.

LOANS TO DIRECTORS

No loans were made to directors during the financial year (2015-16: Nil). Details of loans to related parties of the directors has been disclosed in Note 28 Related Party Transactions.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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 remuneration from the company for financial planning services. All transactions are on normal commercial terms and conditions.

Directors Mr S Hallab (from his appointment) and Mr C Stone (until his resignation) were paid director's fees for their personal contribution to the Board.

Aggregate amounts of each of the above types of other transactions with directors of Fiducian Group Limited:

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Directors' fees	248,195	256,550
Financial planning remuneration paid and payable	217,240	210,088
	465,435	466,638

SHARES UNDER OPTION

Unissued ordinary shares of Fiducian Group Limited under option at the date of this report are disclosed in Note 24 to 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 options.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The details of ordinary shares of Fiducian Group Limited issued during the year in respect of 2017 and 2016 years on the exercise of options granted under the Fiducian Group Limited Employee & Director Share Option Plan are disclosed under Note 24 to the Financial Report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Constitution of Fiducian Group Limited provides the following indemnification of officers:

- To indemnify officers of the Company and related bodies corporate to the maximum extent permitted by law.
- To allow the Company to pay a premium for a contract insuring directors, the secretary and executive officers of Fiducian Group 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 their capacity as officers of the company or a related body corporate.

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

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

The officers of the company covered by the insurance policy include the current and previous directors: R E Bucknell, I Singh, F Khouri, C Stone (past director), S Hallab, other officers of Fiducian Group Limited and independent members of the Investment Committees A Breen, B Lacey, M Devlin and J Evans (past member)

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 may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or Group are important.

The 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*

The fees paid or payable for services provided during the year 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 25.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 2016/191, 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.

CORPORATE GOVERNANCE

A description of the Group's current corporate governance practices is available on the Group's website and can be viewed at http://www.fiducian.com.au/linkref/corporate governance statement.pdf.

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

Inderjit (Indy) Singh
Managing Director

Sydney,
17 August 2017

Auditor's Independence Declaration

As lead auditor for the audit of Fiducian Group Limited for the year ended 30 June 2017, 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 Group Limited and the entities it controlled during the period.

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
17 August 2017

Victoria

Office Locations

Berwick	Nth Melbourne	St Kilda
Chadstone	Ringwood	Surrey Hills
Mt Waverley	Sale	

FINANCIAL STATEMENTS

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

Fiduican Group Limited
Level 4, 1 York Street,
Sydney, NSW 2000.

This financial statements were authorised for the issue by the directors on 17 August 2017. The directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	CONSOLIDATED	
		2017	2016
		$'000	$'000
Revenue from ordinary activities	4	40,426	35,108
Other Income	5	326	343
Payments to advisers and service providers		(10,480)	(9,385)
Employee benefits expense		(12,210)	(11,731)
Depreciation, impairment and amortisation expense	6(a)	(1,319)	(1,297)
Other expenses	6(b)	(5,807)	(4,662)
Profit before income tax expense		10,936	8,376
Income tax expense	7	(3,424)	(2,537)
Profit for the year		7,512	5,839
Other comprehensive income for The full year, net of tax		-	-
Total comprehensive income for the year		7,512	5,839
Profit is attributable to:			
Owners of Fiducian Group Limited		7,512	5,839
		7,512	5,839
Earnings per share	30		
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share (in cents)		24.04 cents	18.81 cents
Diluted earnings per share (in cents)		24.00 cents	18.77 cents

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	NOTES	CONSOLIDATED	
		2017	2016
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	**9**	9,548	9,691
Trade and other receivables	**10**	4,369	3,951
Total Current Assets		13,917	13,642
Non-current assets			
Loans Receivables	**11**	6,323	3,479
Property, plant and equipment	**13**	223	298
Intangible assets	**15**	15,814	16,271
Total Non-Current Assets		22,360	20,048
Total assets		36,277	33,690
LIABILITIES			
Current liabilities			
Trade and other payables	**16**	5,576	6,624
Current tax liabilities	**17**	1,280	835
Total Current Liabilities		6,856	7,459
Non-current liabilities			
Net deferred tax liabilities	**18**	1,420	1,766
Provisions	**19**	381	338
Total Non-Current Liabilities		1,801	2,104
Total liabilities		8,657	9,563
Net assets		27,620	24,127
EQUITY			
Contributed equity	**20**	7,141	6,855
Reserves	**21**	120	67
Retained profits	**22**	20,359	17,205
Total equity		27,620	24,127

The above statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2017

	NOTES	CONTRIBUTED EQUITY	RESERVES $'000	RETAINED PROFITS	TOTAL
		$'000	$'000	$'000	$'000
Balance as at 30 June 2015		6,366	42	14,783	21,191
Profit for the year		-	-	5,839	5,839
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	5,839	5,839
Transactions with equity holders in their capacity as equity holders					
Share issued for the acquisition of business		489	-	-	489
Dividends provided for or paid	**8**	-	-	(3,417)	(3,417)
Options expense	**21**	-	25	-	25
Total transactions with equity holders		489	25	(3,417)	(2,902)
Balance as at 30 June 2016		6,855	67	17,205	24,127
Profit for the year		-	-	7,512	7,512
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	7,512	7,512
Transactions with equity holders in their capacity as equity holders					
Share issued for the acquisition of business		123	-	-	123
Share issued on exercise of option		163	-	-	163
Dividends provided for or paid	**8**	-	-	(4,400)	(4,400)
Transfer to retained profits		-	(42)	-	(42)
Transfer from reserves		-	-	42	42
Options expense	**21**	-	95	-	95
Total transactions with equity holders		286	53	(4,358)	(4,019)
Balance as at 30 June 2017		7,141	120	20,359	27,620

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	CONSOLIDATED 2017	CONSOLIDATED 2016
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		44,151	38,098
(Inclusive of goods and services tax)			
Payments to suppliers and employees		(32,281)	(29,402)
(Inclusive of goods and services tax)			
		11,870	8,696
Interest received		326	343
Income taxes paid		(3,511)	(3,496)
Net cash inflow from operating activities	**29**	8,685	5,543
Cash flows from investing activities			
Payments in relation to acquisitions		(1,742)	(4,929)
Net payment to and on behalf of advisers for business development		(2,889)	149
Payments for property, plant and equipment		(10)	(29)
Proceeds from client servicing rearrangement		50	-
Net cash outflow from investing activities		(4,591)	(4,809)
Cash flows from financing activities			
Shares issued on exercise of options		163	-
Dividends paid		(4,400)	(3,417)
Net cash outflow from financing activities		(4,237)	(3,417)
Net decrease in cash held		(143)	(2,683)
Cash and cash equivalents at the beginning of the year		9,691	12,374
Cash and cash equivalents at the end of year	**9**	9,548	9,691

The above statement of cash flows should be read in conjunction with the accompanying notes.

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 Fiducian Group Limited and its subsidiaries.

(A) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Fiducian Group Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial report of Fiducian Group Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of financial reports requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment 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 report incorporates the assets and liabilities of all entities controlled by Fiducian Group Limited (Company or parent entity) as at 30 June 2017 and the results of all controlled entities for the year then ended. Fiducian Group Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed, to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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. Investments in subsidiaries are accounted for at cost in the parent company's financial report.

The acquisition method of accounting is used to account for the business combinations by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income.

(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 Fees, payments to advisers and service providers

Revenues comprising trustee and management fees are recognised on an accruals basis. Fees, payments to advisers and service providers related to this revenue are recognised at the same time and on the same basis.

(II) Interest income

Interest income is recognised on a time proportionate basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) INCOME TAX

The income tax expense or benefit 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 and 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 reports. 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 nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position 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 use those temporary differences and losses.

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

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

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

Tax consolidation

With effect from 1 March 2015 Fiducian Group Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation with Fiducian Group Limited as the head entity of the tax consolidated group. As a consequence these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The head entity has entered into a tax sharing agreement and a tax funding agreement with the members of the tax consolidated group. Under the tax funding agreement the members of the Group are required to contribute to the head entity for their current tax liabilities. The assets and liabilities arising under the tax funding agreements are recognised as intercompany assets and liabilities at call. Members of the tax consolidated group via the tax sharing agreement may be called to provide for the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amount has been recognised in respect of this component of the agreement as the outcome is considered remote.

(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 27). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(F) TRUSTEE COMPANY AND RESPONSIBLE ENTITY

The Group acts as a Trustee of Fiducian Superannuation Service through a subsidiary, Fiducian Portfolio Services Ltd, and acts as the operator of an Investor Directed Portfolio Service, Fiducian Investment Service and the Responsible Entity of Fiducian Funds ("the trusts") through another subsidiary, Fiducian Investment Management Services Ltd. The accounting policies adopted by these Companies in the preparation of their financial reports and that of the Group for the year ended 30 June 2017 reflect the fiduciary nature of these company's responsibilities and that of the Group for the assets and liabilities of the trusts. The financial reports 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 these Companies or the Group. 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 these companies or the Group having to meet the liabilities of the trusts as remote.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 tested 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 impairment. 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.

Collectability 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 impairment allowance 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 statement of comprehensive income 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 statement of comprehensive income.

(J) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The purchase consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the acquirer. The purchase consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the acquisition date.

The excess of the purchase consideration and the acquisition-date fair value over the share of the net identifiable assets acquired, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) 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.

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 statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position and in Notes 10 and 11. Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method and are presented net of provisions for impairment.

(L) 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.

(M) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income 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 reporting 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 statement of comprehensive income.

(N) 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 or client portfolio at the date of acquisition. Goodwill on acquisitions is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Client portfolios

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

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

systems where deemed appropriate. Costs capitalised include direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

Capitalised expenditure is tested for events or changes in circumstances that indicate that they may be impaired and whether they exceed their recoverable amount.

(O) TRADE AND OTHER PAYABLES

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

(P) 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 reporting 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

(Q) 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. Personal/carers and 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 via the share option plans. Information relating to this scheme is set out in Note 24.

Subsequent options issued to employees for no consideration have the fair value of options granted under the Fiducian Employee & Director Share Option Plan 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, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(R) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments along with the consideration paid is deducted from equity and the shares are regarded as treasury shares until they are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly incremental costs (net of income taxes) is recognised directly in equity. Treasury shares are bought with the intention of cancellation and are not reissued.

(S) 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.

(T) 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.

(U) GOODS AND SERVICES TAX

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

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

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

(V) ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(W) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The Group has decided not to early adopt any of the standards available for early adoption. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments (effective from 1 January 2018)

This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. When adopted the standard will impact the accounting for loan receivables since AASB 9 requires the recognition of impairment provisions based on expected credit losses rather than incurred credit losses as is the case under AASB 139.

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer so the notion of control replaces the notion of risks and rewards. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of financial statements with more informative and relevant disclosures. Fiducian is in the process of assessing the implications for revenue recognition for the segments of its business.

AASB 16 Leases (effective from 1 January 2019)

The standard introduces a single lease accounting model and removes the current distinction between operating and financial leases. It requires the recognition of an asset (the right to use leased item) and financial liability to pay rentals for the lease contract. Fiducian is in the process of assessing the implication of this standard on its operating leases.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may, 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, by comparing its current amount with its recoverable amount in accordance with the accounting policy stated in Note 1(N). 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 assesses at the end of each reporting period whether there is any indication that the investment or accounting portfolios may be impaired in accordance with the accounting policy stated in Note 1(N). If any such indication exists, the Group shall estimate the recoverable amount of the asset. 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.

3. SEGMENT INFORMATION

(A) DESCRIPTION OF SEGMENTS

Business segments

The business activities of the Group have been segregated into business segments based on legal entities and reviewed by management accordingly. The business segments are as follows:

Superannuation

The Group through its subsidiary, Fiducian Portfolio Services Ltd, operates in a segment as RSE for a public offer superannuation fund, Fiducian Superannuation Service.

Funds Management

The Group through its subsidiary, Fiducian Investment Management Services Ltd, acts as an operator of an Investor Directed Portfolio Service, Fiducian Investment Service and as Responsible Entity for managed investment schemes.

Financial Planning

The Group continued its specialist financial planning operations through its subsidiary, Fiducian Financial Services Pty Ltd.

Business Services

The Group provides accountancy resource services through its subsidiary, Fiducian Business Services Pty Ltd. Although this segment does not meet the quantitative thresholds required by AASB 8, management has concluded that this segment should be reported as it is closely monitored by management.

Funds Management

The Group through its subsidiary, Fiducian Investment Management Services Ltd, acts as an operator of an Investor Directed Portfolio Service, Fiducian Investment Service and as Responsible Entity for managed investment schemes.

3. SEGMENT INFORMATION (CONTINUED)

Administration

The administration and professional services are provided to the Group by a subsidiary, Fiducian Services Pty Ltd. Management views this as an operating segment.

Geographical segments

The Group operates in Australia and in India. The Indian operations which are in the course of winding up are not considered material for a separate geographical segment disclosure during the financial year 2017.

3. SEGMENT INFORMATION (CONTINUED)

(B) PRIMARY REPORTING - BUSINESS SEGMENTS

	FUNDS MANAGE-MENT	SUPERAN-NUATION[1]	FINANCIAL PLANNING	ADMINIS-TRATION	BUSINESS SERVICES	SEGMENT ELIMINA-TIONS[1]	CONSOLI-DATED
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Revenue from external customers	12,711	-	15,279	11,633	803	-	40,426
Inter-segment sales [1,2]	(2,640)	-	(532)	3,307	(135)	-	-
Other Revenue	98	4	196	26	2	-	326
Total segment revenue	10,169	4	14,943	14,966	670	-	40,752
Profit from ordinary activities before income tax expense	5,773	1	74	5,455	(367)	-	10,936
Income tax expense							(3,424)
Profit from ordinary activities after income tax expense							7,512
Segment assets	8,130	243	23,932	14,228	861	(11,118)	36,276
Segment liabilities	3,511	-	4,780	2,322	(63)	(1,893)	8,657
Acquisitions of plant and equipment, intangibles and other non-current segment assets	-	-	1,008	12	3	-	1,023
Depreciation, amortisation and impairment	-	-	1,211	30	78	-	1,319

[1] With effect from 1st July 2016 the Group has changed the policy for recording income and expenses relating to the superannuation segment to closely align with the underlying processes of recording this items. Accordingly, income and expenses payable to the internal service providers are recorded in their books directly and not routed through the Registrable Superannuation Entity (RSE). This has also obviated the need for elimination of intersegment sales.

[2] Intersegment sales for the current period represents internal service charges from Administration entity to other business lines.

3. SEGMENT INFORMATION (CONTINUED)

(B) PRIMARY REPORTING - BUSINESS SEGMENTS (CONTINUED)

	FUNDS MANAGEMENT	SUPERANNUATION	FINANCIAL PLANNING	ADMINISTRATION	BUSINESS SERVICES	SEGMENT ELIMINATIONS	CONSOLIDATED
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2016							
Revenue from external customers	14,783	14,703	4,725	(226)	1,123	-	35,108
Inter-segment sales	(4,335)	(8,166)	8,498	13,251	(150)	(9,098)	-
Other Revenue	130	7	5	199	2	-	343
Total segment revenue	10,578	6,544	13,228	13,224	975	(9,098)	35,451
Profit from ordinary activities before income tax expense	4,501	6	23	4,251	(405)	-	8,376
Income tax expense							(2,537)
Profit from ordinary activities after income tax expense							5,839
Segment assets	6,946	1,970	21,221	12,851	1,172	(10,470)	33,690
Segment liabilities	2,486	188	5,091	3,000	42	(1,245)	9,563
Acquisitions of plant and equipment, intangibles and other non-current segment assets	-	-	8,747	19	6	-	8,772
Depreciation, amortisation and impairment	-	-	1,079	42	176	-	1,297

3. SEGMENT INFORMATION (CONTINUED)

(C) OTHER SEGMENT INFORMATION

(I) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the board is measured in a manner consistent with that in the statements of comprehensive income.

Segment revenue reconciles to total revenue from continuing operation as follows:

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Total segment revenue	40,426	44,206
Inter-segment eliminations	-	(9,098)
Total revenue from continuing operations (note 4)	40,426	35,108

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $40,426,000 (2016: $35,108,000).

(II) Segment assets

Total assets are measured in a manner consistent with that of the financial report. These assets are allocated based on the operations of the segment and the physical location of the asset.

All assets are located in Australia and in India (which are not material).

(III) Segment liabilities

Total liabilities are measured in a manner consistent with that of the financial report. These liabilities are allocated based on the operations of the segment.

4. REVENUE FROM ORDINARY ACTIVITIES

	CONSOLIDATED	
	2017	2016
	$'000	$'000
From continuing operations		
Sales revenue		
Fees received [1]	39,666	34,960
Other	760	148
Revenue from ordinary activities	40,426	35,108

[1] Includes expense recovery fee of $3,943,000 (2016: $2,813,000). For details refer to the Note 6 expenses.

5. OTHER INCOME

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Interest received/receivable	326	343
Other income	326	343

6. EXPENSES

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Profit before income tax includes the following expenses:		
a) Depreciation and amortisation expense		
Depreciation		
Furniture office equipment and computers	29	46
Leasehold improvements	57	54
Total depreciation	86	100
Amortisation		
Capitalised computer software	12	15
Client portfolio acquisition costs	1,186	1,163
Total amortisation	1,198	1,178
Impairment		
Goodwill	35	19
Total depreciation, amortisation and impairment expense	1,319	1,297
b) Other expenses		
Professional services	383	751
Sales marketing and travel	1,233	1,090
Rental expense relating to operating leases	939	925
Premises and equipment	285	165
Communication and computing	771	715
Printing and stationery	203	225
Auditors (Note 25)	524	539
Administration and other	2,035	1,718
Expense Recovery[1]	(566)	(1,466)
	5,807	4,662

[1] Fiducian Group Limited on behalf of its subsidiary, Fiducian Portfolio Services Limited, as trustee for the Fiducian Superannuation Service (FSS), is entitled to the reimbursement of expenses incurred by it in the operation of FSS and paid out of the Expense Reserve maintained in FSS. Expense recovery above includes an amount of $297,000 (2016: $1,212,000) relating to this reimbursement. Effective 1 September 2015 under a new administration agreement entered into by the Trustee on behalf of FSS with Fiducian Services Pty Ltd ('the administrator") the expenses of FSS are paid on the Trustee's behalf by the administrator and is reimbursed by FSS by way of an Expense Recovery Fee paid out of the Expense Reserve in FSS. For the current year the Expense recovery Fee of $3,943,000 (2016: $2,813,000) has been included in Revenue from ordinary activities in Note 4 as part of Fees received.

7. INCOME TAX EXPENSE

	CONSOLIDATED	
	2017	2016
	$'000	$'000
a) Income tax expense		
Current tax	4,003	2,904
Deferred tax	(579)	(367)
Income tax expense	3,424	2,537
Deferred income tax/(revenue) expense included in income tax expense comprises:		
(Increase) in deferred tax assets (Note 14)	(232)	(5)
(Decrease) in deferred tax liabilities (Note 18)	(347)	(362)
Deferred tax	(579)	(367)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	10,936	8,376
Tax at the Australian tax rate of 30%	3,281	2,513
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	4	10
Sundry items	42	14
Income tax under provided in previous year	97	-
Income tax expense	3,424	2,537

(c) Tax consolidation legislation

Fiducian Group Limited and its wholly owned subsidiaries have formed a tax consolidated group with effect from 1 March 2015. As a consequence these financial statements have been prepared on a tax-consolidated basis where the head entity has assumed the tax liabilities initially recognised by the standalone taxpayers.

8. DIVIDENDS

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Final ordinary fully franked dividend for the year ended 30 June 2016 of 7.00 cents (2015: Fully franked 5.50 cents) per share paid on 12 September 2016.	2,180	1,706
Interim ordinary fully franked dividend for the year ended 30 June 2017 of 7.10 cents (2016: Fully franked 5.50 cents) per share paid on 13 March 2017.	2,220	1,711
Total dividends in respect of the year	4,400	3,417

The Directors have declared a final fully franked dividend for the year ended 30 June 2017 in the amount of 8.90 cents per Ordinary share to be paid on shares registered on 30 August 2017 and payable on 13 September 2017.

Franked dividends

The franked portions of the final dividends recommended after 30 June 2017 will be franked out of existing franking credits.

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Franking credits available for the subsequent financial year based on a tax rate of 30%	11,541	9,475

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 $1,192,000 (2016: $934,000).

9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Cash at bank and in hand	9,548	9,691
	9,548	9,691

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Amounts receivable from related entities:		
Related trusts	3,300	3,055
Business development loans *	238	263
Staff loans *	3	3
Other receivables	833	425
Prepayments	282	287
	4,656	4,033
Less: provision for impairment of receivables	(287)	(82)
	4,369	3,951

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

Movements in provision for impairment of receivables		
Balance at beginning of the year	(82)	(30)
Additional provision during the year	(205)	(52)
Balance at end of the year	(287)	(82)

At 30 June 2017, a provision for impairment exists for trade receivables outstanding greater than 120 days where management considers that the receivable is impaired. There has been no history of default and no material losses are expected, other than the provisions made.

Information about the Group's exposure to credit and interest rate risk in relation to trade and other receivables is provided in Note 32.

11 NON-CURRENT ASSETS - LOANS RECEIVABLES

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Business development loans *	6,427	3,453
Staff loans *	24	26
Less: provision for impairment of loans	(128)	-
	6,323	3,479

* Refer to note 10 for the current portion of these receivables

(A) IMPAIRED RECEIVABLES AND RECEIVABLES PAST DUE

$128,000 has been provided against a business development loan of $128,000 in the current year (2016: Nil).

11 NON-CURRENT ASSETS - RECEIVABLES (CONTINUED)

(B) FAIR VALUES

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

	2017		2016	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	$'000	$'000	$'000	$'000
Business development loans*	6,299	6,299	3,453	3,453
Staff loans*	24	24	26	26
	6,323	6,323	3,479	3,479

Business development loans and staff loans are carried at amortised cost; their carrying value is a reasonable approximation of fair value.

12 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

The Group's principal subsidiaries as at 30 June 2017 are set out below.

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING %
Fiducian Investment Management Services Ltd ("FIM")[1]	Australia	Ordinary	100
Fiducian Portfolio Services Ltd ("FPS")[2]	Australia	Ordinary	100
Fiducian Services Pty Ltd ("FSL")[3]	Australia	Ordinary	100
Fiducian Financial Services Pty Ltd ("FFS")[4]	Australia	Ordinary	100
Fiducian Business Services Pty Ltd ("FBS")[5]	Australia	Ordinary	100

[1] The company acts as the Responsible entity of the Fiducian Funds and the operator of the Fiducian Investment Service

[2] The company acts as the Trustee for the Fiducian Superannuation Service

[3] The company provides the administration and professional services to the other entities within the Group

[4] The principal activity of the company is the development of a specialist financial planning services network

[5] The principal activity of the company is to provide bookkeeping, accounting and tax processing services

In addition to the above subsidiaries, Fiducian Business Services has 90% equity investment in Fiducian Resourcing Services Pvt Ltd, a company incorporated in India, providing accounting and tax processing services to the Group. The operations of this company which are in the process of being wound up are not considered material to the Group in 2017.

13. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT

	CONSOLIDATED 2017	CONSOLIDATED 2016
	$'000	$'000
Plant and Equipment		
Furniture, office equipment and computers	1,598	1,587
Less: accumulated depreciation	(1,375)	(1,289)
	223	298

Movements

Reconciliation of the carrying amount 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 2015				
Cost	288	454	835	1,577
Accumulated depreciation	(195)	(408)	(586)	(1,189)
Net book amount	93	46	249	388
Year ended 30 June 2016				
Opening net book amount	93	46	249	388
Additions	2	8	-	10
Disposals	-	-	-	-
Depreciation/amortisation charge	(24)	(22)	(54)	(100)
Closing net book amount	71	32	195	298
At 30 June 2016				
Cost	290	462	835	1,587
Accumulated depreciation	(219)	(430)	(640)	(1,289)
Net book amount	71	32	195	298
Year ended 30 June 2017				
Opening net book amount	71	32	195	298
Additions	5	6	-	11
Disposals	-	-	-	-
Depreciation/amortisation charge	(18)	(11)	(57)	(86)
Closing net book amount	58	27	138	223
At 30 June 2017				
Cost	295	468	835	1,598
Accumulated depreciation	(237)	(441)	(697)	(1,375)
Net book amount	58	27	138	223

14. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	CONSOLIDATED	
	2017	2016
	$'000	$'000
The balance comprises temporary differences attributable to:		
Doubtful debts	124	25
Employee benefits	538	487
Accrued expenditure	290	207
Provision for audit and taxation services	123	93
Provision for FBT	19	16
Restructure expenses	111	145
Deferred tax assets before set off	1,205	973
Set off against deferred tax liabilities (note 18)	(1,205)	(973)
	-	-
Movements:		
Opening balance at 1 July	973	968
Taken to the statement of comprehensive income	232	5
Deferred tax assets before set off	1,205	973
Set off against deferred tax liabilities	(1,205)	(973)
	-	-

15. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Deferred expenditure		
Capitalised expenditure – computer software	5,029	5,022
Less: Accumulated amortisation	(5,014)	(5,002)
	15	20
Client portfolios		
Cost of acquisition of client portfolios	13,561	12,978
Less: Accumulated amortisation	(4,898)	(3,712)
	8,663	9,266
Goodwill		
Goodwill on acquisition	7,600	7,449
Less: Accumulated amortisation	(464)	(464)
	7,136	6,985
	15,814	16,271

15. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

(A) MOVEMENTS

Movements in each category are set out below:

	ACQUISITION OF CLIENT PORTFOLIOS	GOODWILL ON ACQUISITION	CAPITALISED COMPUTER SOFTWARE	TOTAL
	$'000	$'000	$'000	$'000
Consolidated at 1 July 2015				
Cost	6,299	5,471	4,999	16,769
Accumulated depreciation	(2,549)	(464)	(4,987)	(7,999)
Net book amount	3,750	5,007	12	8,770
Year ended 30 June 2016				
Opening net book amount	3,750	5,007	12	8,769
Additions*	6,743	1,997	22	8,763
Disposals/write off	(64)	-	-	(64)
Impairment charge	-	(19)	-	(19)
Amortisation charge**	(1,163)	-	(15)	(1,178)
Closing net book amount	9,266	6,985	19	16,271
At 30 June 2016				
Cost	12,978	7,449	5,021	25,448
Accumulated depreciation	(3,712)	(464)	(5,002)	(9,177)
Net book amount	9,266	6,985	19	16,271
Year ended 30 June 2017				
Opening net book amount	9,266	6,985	19	16,271
Additions*	763	241	8	1,012
Sale of business	(180)	(90)	-	(270)
Amortisation charge**	(1,186)	-	(12)	(1,198)
Closing net book amount	8,663	7,136	15	15,814
At 30 June 2017				
Cost	13,561	7,600	5,029	26,190
Accumulated depreciation	(4,898)	(464)	(5,014)	(10,376)
Net book amount	8,663	7,136	15	15,814

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

** Amortisation of $ 1,198,000 (2016 : $1,178,000) is included in depreciation, and amortisation expense in the statement of comprehensive income.

15. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

(B) IMPAIRMENT TESTS FOR GOODWILL AND CLIENT PORTFOLIOS

Goodwill and client portfolios are 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

Changes in assumptions made in the assessment of impairment of goodwill relate to updating the earnings multiple used to estimate sustainable revenues. These assumptions are compared to market each year and adjusted appropriately.

(D) IMPAIRMENT CHARGE

During the year, no impairment charge recorded against goodwill (2016: $19,000).

(E) SENSITIVITY ANALYSIS

The estimates and judgments included in the fair value calculations are based on historical experience and other factors, including management's and the Directors' expectations of future events that are believed to be reasonable under the current circumstances. Other than (D) above there have been no impairment recognised for the Fiducian Group CGUs in the impairment assessment performed at 30 June 2017. Based on management's current assessment, the recoverable amount of Fiducian's CGU exceeds the carrying amount by $8.36 million. The Fiducian Group's CGU recoverable amount is sensitive to reasonably possible movements in key assumptions including changes to the earnings multiple of 3.1 used to determine the fair value of the CGU. Management has modeled below the impact of changes in these key assumptions with the following result:

- if earning multiple were to decrease to 2.9, the CGU's recoverable amount would exceed carrying amount by $7.46 million.
- if earning multiple were to decrease to 2.7, the CGU's recoverable amount would exceed carrying amount by $6.11 million.

(F) BUSINESS COMBINATION

During the year the Group made the following acquisitions:

SEGMENT	FINANCIAL PLANNING
FIDUCIAN ENTITY	**FIDUCIAN FINANCIAL SERVICES PTY LTD**
Date	27/04/2017
Purchased	Client portfolio
Vendor staff employed by Group	Yes
Maximum purchase price	$696,569
Paid by 30 June 2017	$498,699
Deferred consideration at 30 June 2017	$197,870
Value attributed on the Statement of Financial Position as at 30 June 2017	100%
Business combination or asset only	Business Combination
Provisional fair value of assets recognized as a result of acquisition are as follows:	
Intangible assets	$696,569
Deferred tax liabilities	($208,971)
Net Identifiable assets acquired	$487,598
Goodwill	$208,971
Net assets acquired	$696,569

While each acquisition is considered on its own merits, a number of synergies are expected to result once the business combination has been fully implemented. This may include leverage from the existing scale Fiducian has from its infrastructure in Risk, Compliance, IT, Legal, Finance and other support functions, products and processes.

15. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

The acquired business did not contribute significantly to the group's current year profits. However, if the acquisitions had taken place on 1 July 2016, management estimate a maximum revenue impact of $230k for the year ended 30 June 2017. It is not practicable to estimate the profit contribution given the significant change in the cost bases to the operation of the business once within the Fiducian Group.

Under the terms of the agreement for the acquisitions the deferred consideration may be reduced in respect of any clients that have not transferred to the Group within the period specified in the agreements or should the recurring income be lower than contracted for.

16. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Trade payables	1,799	2,015
Other payables*	1,917	1,751
Client portfolio deferred settlement	448	1,572
Annual leave entitlements accrued	665	600
Long service leave entitlements accrued	747	686
	5,576	6,624

Information about the Group's exposure to credit and interest rate risk is shown in Note 32.

* Other payables include retirement benefits payable to planners covered under salary agreements with Fiducian Financial Services Pty Limited. Under the terms of the agreement with certain long serving salaried financial planners, those planners 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 is based on service period and payment is subject to further ongoing conditions, including client retention, provision of support services to the entity to achieve this aim. The benefit is personal to the planner, is not transferable, can be stopped by or repaid to Fiducian Financial Services Pty Ltd should there be a breach of conditions, and will be reduced if the planner purchases some or all of their client base at or after retirement. This arrangement has been accounted for in accordance with AASB 119 Employee Benefits.

17. CURRENT LIABILITIES - CURRENT TAX LIABILITIES

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Income tax	1,280	835
	1,280	835

18. NON-CURRENT LIABILITIES-DEFERRED TAX LIABILITIES

	CONSOLIDATED	
	2017	2016
	$'000	$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss:		
Deferred tax liabilities on intangible assets	2,625	2,738
Deferred tax liabilities before set off	2,625	2,738
Set off against deferred tax assets (Note 14)	(1,205)	(973)
Net deferred tax liabilities	1,420	1,766
Movements:		
Opening balance at 1 July	2,738	1,091
Addition during the year	233	2,009
Taken to the statement of comprehensive income	(346)	(362)
Deferred tax liabilities at 30 June before set off	2,625	2,738
Set off against deferred tax assets	(1,205)	(973)
Net deferred tax liabilities	1,420	1,766
Expiration of net deferred tax liabilities		
within 12 months	381	366
after 12 months	1,039	1,400
	1,420	1,766

19. NON - CURRENT LIABILITIES-PROVISIONS

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Employee benefits: long service leave	381	338
	381	338

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 material amounts are expected to be settled within the next 12 months.

20. CONTRIBUTED EQUITY

(A) SHARE CAPITAL

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Ordinary shares - fully paid	7,141	6,855
	7,141	6,855

20. CONTRIBUTED EQUITY (CONTINUED)

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL

DATE	DETAILS	NUMBER OF SHARES	AVERAGE PRICE	$'000
1 July 2015	Opening balance	30,883,398	-	6,366
	Shares issued for the acquisition of business	133,552	$1.83	244
	Shares issued for the acquisition of business	93,905	$2.61	245
30 June 2016	Balance	31,110,855		6,855
	Shares issued for the acquisition of business	53,513	$2.29	123
	Shares issued on exercise of options	100,000	$1.63	163
30 June 2017	Balance	31,264,368		7,141

(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

The Company did not buy and cancel any ordinary shares on-market during the year.

At 30 June 2017, 500,000 shares remained available to be re-purchased under the most recently announced buy-back notice to the ASX.

(E) OPTIONS

Information relating to Fiducian Group Employee & Director and options issued, exercised and lapsed during the year is set out in Note 24.

(F) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital of the wholly owned subsidiaries within the Group are to safeguard its ability to continue as a going concern, to individually continue to meet externally imposed capital requirements of APRA and ASIC under its Registrable Superannuation Entity (RSE) License, Responsible Entity (RE) licence and their Australian Financial Services (AFS) License, and to continue to provide returns to shareholders and benefits for other stakeholders.

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

The externally imposed requirements are:

a. Under its ASIC RE licence, the RE, Fiducian Investment Management Services Limited, must maintain $5,000,000 net tangible assets at all times during the financial year.

b. Under its AFS licence, Fiducian Portfolio Services Limited must maintain $150,000 cash at all times during the financial year.

The requirement under the AFS licence and RE licences are maintained by placing cash on deposit with an ADI. The requirement under the AFS licence is monitored monthly when management accounts are prepared, and is reported to the Board monthly at each meeting.

21. RESERVES

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Movements		
Share-based payments reserve		
Balance 1 July	67	42
Option expense	95	25
Transfer to retained profits (on exercise of options)	(42)	-
Balance at 30 June	120	67

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

22. RETAINED PROFITS

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Movements		
Balance 1 July	17,205	14,783
Net profit for the year	7,512	5,839
Dividends paid (Note 8)	(4,400)	(3,417)
Transfer from share-based payment reserve (on exercise of options)	42	-
Balance at 30 June	20,359	17,205

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(A) KEY MANAGEMENT PERSONNEL

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Short-term employee benefits	791,850	776,078
Post-employment benefits	31,344	32,196
Share-based payment	51,265	25,071
	874,459	833,345

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, together with terms and conditions of the options, can be found in section D of the Remuneration Report.

(II) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Fiducian Group Limited, including their personally related and associated entities, are set out below.

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(B) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (CONTINUED)

2017						
NAME	BALANCE AT THE START OF THE YEAR	EXERCISED	GRANTED DURING THE YEAR AS RE-MUNERATION	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
I Singh[1]	100,000	100,000	100,000	-	100,000	-

[1] Under the terms of his employment Mr I Singh is entitled to 100,000 options relating to the 2016-17 which are subject to approval at the annual general meeting Therefore, these have not been included above. Options granted during the year are in respect of the entitlement relating to 2015-16.

2016						
NAME	BALANCE AT THE START OF THE YEAR	EXERCISED	GRANTED DURING THE YEAR AS RE-MUNERATION	LAPSED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
I Singh[1]	100,000	-	-	-	100,000	100,000

[1] Under the terms of his employment Mr I Singh was entitled to 100,000 options relating to the 2015-16 which were subject to approval at the annual general meeting in October 2016. Therefore, it has not been included above.

(III) Shareholdings

The numbers of shares in the Company held during the financial year by each director of Fiducian Group Limited, including their personally related and associated entities, are set out below. There were no shares granted during the period as compensation.

2017				
NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	10,423,851	100,000	-	10,523,851
R Bucknell	800,000	-	(217,000)	583,000
F Khouri	251,373	-	16,950	268,323
C Stone	33,700	-	(33,700)	-

2016				
NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
I Singh	10,373,764	-	50,087	10,423,851
R Bucknell	800,000	-	-	800,000
F Khouri	251,373	-	-	251,373
C Stone	33,700	-	-	33,700

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(B) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (CONTINUED)

Shares provided on exercise of options

100,000 ordinary shares in the company were provided as a result of the exercise of remuneration options to the Managing Director of Fiducian Group Limited, as key management person of the Group, during the period (2016: Nil). 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 (2016: Nil). Details of loans to related parties of the directors has been disclosed in Note 28 Related Party Transactions.

(D) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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 financial planning remuneration from the Group. All transactions are on normal commercial terms and conditions.

Directors Mr S Hallab (from his appointment) and Mr C Stone (till his resignation) were paid director's fees for their personal contribution to the Board.

Aggregate amounts of each of the above types of other transactions with directors of Fiducian Group Limited:

	CONSOLIDATED	
	2017	2016
	$	$
Directors' fees	248,195	256,550
Financial planning fees paid or payable	217,240	210,088
	465,435	466,638

Details of these fees and explanations for the increase have been provided in the Remuneration report included in the Director's report.

Shares under option

Unissued ordinary shares of Fiducian Group Limited under option at the date of this report are disclosed in Note 24 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 Group Limited issued during the year ended 30 June 2017 on the exercise of options granted under The Fiducian Group Limited Employee & Director Share Option Plan is disclosed under Note 24 to the financial report.

24. SHARE BASED PAYMENTS

(A) EMPLOYEE AND DIRECTOR SHARE OPTION PLAN (ESOP)

The establishment of the Fiducian Group 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.

Fiducian Group Limited ('FGL') 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 where 35% vest after one year, a further 45% vest after two years and the balance vest after three years. Director options vest after one year and can be exercised before expiry date. 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 the volume weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the month preceding the date the options are granted. During the year 100,000 options were issued (2016: Nil) to the Managing Director at an exercise price of $2.18 and no employee options expired during the same period (2016: Nil).

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 being met in accordance with his executive agreement. The Directors have resolved to issue 100,000 options (2016: 100,000) at an exercise price of $3.77 to the executive director in respect of the year ended 30 June 2017.

The assessed fair value at reporting date of the share based payments during the year ended 30 June 2017 was $0.62 per option (2016: $0.58). The fair value at reporting date has been independently calculated using th Black Scholes pricing model. The assumptions included in the valuation of these options include a risk-free interest rate of 1.25%, a nil dividend yield on the ordinary shares of the Company and a volatility in the Company's share price of 30% based on historical share price.

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

(A) EMPLOYEE AND DIRECTOR SHARE OPTION PLAN (ESOP)

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED & EXERCIS-ABLE AT THE END OF YEAR
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Consolidated 2017								
ESOP-Managing Director								
23-Oct-14	23-Oct-19	$1.63	100,000	-	100,000	-	-	-
20-Oct-16	20-Oct-21	$2.18	-	100,000	-	-	100,000	-
			100,000	100,000	100,000	-	100,000	-
Weighted average exercise price			$1.63	$2.18	$1.63	-	$2.18	-

The volume weighted average remaining contractual life of share options outstanding at the end of the period was 4.31 years (2016 : 3.32 Years)

24. SHARE BASED PAYMENTS (CONTINUED)

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED & EXERCIS-ABLE AT THE END OF YEAR
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Consolidated 2016								
ESOP-Managing Director								
23-Oct-14	23-Oct-19	$1.63	100,000	-	-	-	100,000	100,000
			100,000	-	-	-	100,000	100,000
Weighted average exercise price			$1.63	-	-	-	$1.63	-

(B) 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 $51,265 (2016: $25,071)

25. 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	
	2017	2016
	$	$
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports	138,974	124,218
Other audit related work, including audit of entities for which a group entity is trustee, manager or responsible entity (gross of any amounts reimbursed)	385,026	415,379
Total remuneration	524,000	539,597

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to its statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important.

26. CONTINGENT LIABILITIES

The parent entity and Group had contingent liabilities at 30 June 2017 in respect of bank guarantees for property leases of parent and group entities amounting to $405,000 (2016: $444,000).

27. COMMITMENTS FOR EXPENDITURE

(A) CAPITAL EXPENDITURE

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Commitment payable within one year	-	-

(B) OPERATING LEASES

The Group leases various offices under non-cancellable operating leases expiring within 12 months to four years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of leases are renegotiated.

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Within one year	1,082	1,052
Later than one year but not later than 5 years	1,648	2,633
	2,730	3,685

28. RELATED-PARTY TRANSACTIONS

(A) PARENT ENTITY

The parent entity within the Group is Fiducian Group Limited at year end.

(B) SUBSIDIARIES

Interests in subsidiaries are set out in Note 12.

The consolidated financial report incorporate the assets, liabilities and results of the subsidiaries set out in Note 12 in accordance with the accounting policy described in Note 1(b).

(C) KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 23.

(D) TRANSACTIONS WITH RELATED PARTIES

(I) Transactions between the Group and other related entities

a. Operator fee income received from related trusts

b. Trustee fee income received from related trusts

c. Recovery of group costs from related trusts

d. Collection of fees by Responsible entities from the related funds.

The above transactions were on normal commercial terms and conditions and at market rates. All transactions between Group entities are eliminated on consolidation.

(II) Transactions with related parties of directors

a. Financial planning fees paid by Fiducian Financial Services Pty Limited to entities associated with the directors

b. Financial planning fees paid by Fiducian Financial Services Pty Limited to entities associated with relatives of the directors

c. Loans to related parties of directors

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

The following transactions occurred with related parties:

28. RELATED-PARTY TRANSACTIONS (CONTINUED)

	CONSOLIDATED		
	OWNERSHIP INTEREST[1]	2017	2016
		$	$
Related trusts			
Fiducian Investment Service	Nil		
Operator fees income		4,425,672	3,819,931
Expense recovery		339,192	357,247
Interest		197,521	120,817
Fiducian Superannuation Service	Nil		
Operator fees income		13,412,420	14,744,496
Expense recovery		3,900,862	1,211,754
Interest		523,633	454,175
Fiducian Funds	Nil		
Operator fees income		11,423,119	9,473,136
Expense recovery		269,150	258,589
Interest		193,654	301,586
Entities associated with directors or their relatives			
Hawkesbury Financial Services Pty Ltd[2]			
Financial planning fees paid		217,240	210,088
Fiducian Financial Services Bondi Junction Pty Ltd[3]			
Financial planning fees paid		41,021	37,492

[1] "Ownership Interest" means the percentage of capital of the Company held directly and/or indirectly through another entity by Fiducian Group Limited.

[2] Payments to Franchisee associated with director, F Khouri in the normal course of business in arm's length transactions.

[3] Payments to Franchisee associated with a relative of R Bucknell, in the normal course of business in arm's length transactions.

LOANS TO RELATED PARTIES OF DIRECTORS	BALANCE AT 1 JULY 2016	INTEREST PAID/PAYABLE FOR THE YEAR	PAID DURING THE YEAR	BALANCE AT 30 JUNE 2017	NUMBER OF KMP IN THIS AGGREGATION
	$	$	$	$	
Aggregate details of business development and staff loans made to key management personnel of the Group, including their close family members and entities related to them.	79,023	3,337	52,058	26,965	2

Business development and staff loans have been made at arm's length and at the same terms and conditions provided to other franchisees and staff.

(E) 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:

	CONSOLIDATED	
	2017	2016
	$	$
Current receivables (income from related trusts)	3,300,383	2,640,643

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

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Profit for the year	7,512	5,839
Non-cash employee (expense)/ benefit	257	292
Depreciation,amortisation and impairment	1,319	1,297
Changes in operating assets and liabilities:		
Change in accounts receivable	(282)	(473)
Change in income tax payable	491	(622)
Change in trade creditors	(201)	282
Change in other creditors	167	(737)
Change in deferred income tax liability	(578)	(335)
Net cash inflow from operating activities	8,685	5,543

30. EARNINGS PER SHARE

	CONSOLIDATED	
	2017	2016
Earnings per share using weighted average number of ordinary shares outstanding during the period:		
(A) BASIC EARNING PER SHARE (IN CENTS)		
Profit from continuing operations attributable to the ordinary equity of the company	24.04	18.81
(B) DILUTED EARNING PER SHARE (IN CENTS)		
Profit from continuing operations attributable to the ordinary equity and potential ordinary equity of the company	24.00	18.77

(C) WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR

	CONSOLIDATED	
	2017	2016
	NUMBER	NUMBER
Weighted average number of ordinary shares used as denominator in calculating basic earnings per share	31,250,210	31,036,045
Adjustments for calculation of diluted earnings per share options	49,517	73,223
Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating diluted earnings per share	31,299,278	31,109,268

30. EARNINGS PER SHARE (CONTINUED)

(D) RECONCILIATION OF EARNINGS USED IN CALCULATING BASIC AND DILUTED EARNINGS PER SHARE

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Net profit and earnings used to calculate basic and diluted earnings per share	7,512	5,839

(E) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

Options granted to employees under the Fiducian Group Limited Employee Share Option Plan (ESOP) 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 24.

31. EVENTS OCCURRING AFTER BALANCE DATE / REPORTING DATE

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 Group, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years.

32. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate 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 holds the following financial instruments :

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Financial assets		
Cash and cash equivalents	9,548	9,691
Trade and other receivables	10,692	7,429
	20,240	17,120
Financial liabilities		
Trade and other payables	5,957	6,962

(A) MARKET RISK

(I) Foreign exchange risk

The Group has limited operations outside Australia and is not exposed to any material foreign exchange risk.

(II) Interest rate risk

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

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) MARKET RISK (CONTINUED)

	30 JUNE 2017		30 JUNE 2016	
	WEIGHTED AVERAGE INTEREST RATE	BALANCE	WEIGHTED AVERAGE INTEREST RATE	BALANCE
	%	$'000	%	$'000
Cash at bank and on deposit	1.34%	9,548	1.74%	9,691
Business development and staff loans	3.88%	6,564	4.30%	3,744
		16,112		13,435

Bank deposits are at call and staff and planner loans have terms extending between 1 and 8 years, and may be repayable sooner in certain circumstances. Interest rates are reviewed and adjusted at least quarterly.

The Group's main interest rate risk arises from cash and cash equivalents and loans with variable interest rates.
At 30 June 2017 if interest rates change by +/- 100 basis points (2016: +/- 100 basis points) from the year end rates with all other variables held constant, post-tax profit would have been $113,000 higher or lower (2016: $ 94,000).

(B) CREDIT RISK

Credit risk for the Group arises from trade receivables, cash at bank and on deposits and business development and staff loans.

Risk Management
The Group has low credit risk from trade receivables, as management fee and financial planning income is settled within a month of it falling due, and financial planning fees are only paid following the receipt of this income, thereby mitigating credit risk.

For cash at bank and on deposits, the credit quality is assessed against external credit ratings and only parties with a minimum rating as detailed below in the table are accepted. For business development and staff loans which are unrated management assess the credit quality of the franchisee based on an extensive credit rating scorecard taking into account financial position, collateral to provide security for the loan and cultural alignment to the business. The compliance with credit limits are monitored regularly by line management.

	CONSOLIDATED	
	2017	2016
	$'000	$'000
Cash at bank and on deposit		
AA-	9,548	9,691
Business development and staff loans		
Unrated	6,564	3,744

Security
Under the terms of agreement for business development loans, the Group has a security deed over all the assets of the franchisee's business registered in the Personal Property Securities Register. This security may be called upon if the franchisee defaults under the terms of agreement.

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

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) LIQUIDITY RISK

The Group maintains sufficient liquid reserves to meet all foreseeable working capital, investment and regulatory licensing requirements. The Group has a $4 million undrawn overdraft facility (2016: Nil) available with their bank.

	CONSOLIDATED	
	2017	2016
Financial Liabilities	$'000	$'000
Due in less than 1 year	5,576	6,624
Due between 1 and 2 years	381	338
	5,957	6,962

(D) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurements or for disclosure purposes.

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The Group did not have any assets or liabilities recognised at fair value as at 30 June 2017.

(E) ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE BUT FOR WHICH FAIR VALUE IS DISCLOSED

Business development loans and staff loans are carried at amortised cost; their carrying value is a reasonable approximation of fair value.

Cash and cash equivalents include cash in hand, deposits held with bank and other short-term investments in an active market.

Trade receivables include the contractual amount for settlement of the trade debts due to the Group. The carrying amount of the trade receivables is assumed to approximate their fair values due to their short-term nature.

Trade and other payables include amounts due to creditors and accruals and represent the contractual amounts and obligations due by the Company for expenses. The carrying amount of the trade and other payables are assumed to approximate the fair value due to their short-term nature.

Business development and staff loans represent contractual payments by advisers and staff over the period of loan. Loans classified as current have not been discounted as the carrying values are a reasonable approximation of fair value due to the short-term nature. Non-current loans have been valued at the present value of estimated future cash flows discounted at the market interest rates for these type of loans.

33. UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that the voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements.

A subsidiary of the Group, FIM, acts as Responsible entity ("RE") for the Fiducian Funds and has significant influence over the funds due to its power to participate in financial and operating policies of the investee through the powers vested in it by the various contractual agreements. The Group considers all these funds to be structured entities. The RE receives management fees and netting fees from the funds. The Group does not invest in any of the funds it manages nor have any other forms of involvement such as the provision of funding, liquidity support or providing guarantees. Despite this, the Group has determined that it has an interest in the funds based on the variability of returns from management fees it receives linked to the net asset valuation of the respective funds.

The funds' objectives are to achieve medium to long- term capital growth and their investment strategy does not include the use of leverage. The funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets.

The nature and extent of the Group's interest in the funds has been aggregated and is summarised below:

2017				
TYPE OF FUND	ACCRUED INCOME*	MAXIMUM EXPOSURE TO LOSS	FUND NET ASSET VALUE	FUND'S INVESTMENT PORTFOLIO
	$'000	$'000	$'000	$'000
Australian Equity Funds	401	401	499,174	499,624
Global Equity Funds	318	318	402,851	403,326
Property Fund	83	83	104,323	104,415
Diversified Funds	150	150	760,045	760,567
Technology Fund	70	70	63,568	63,646
Fixed Interest Fund	2	2	122,756	122,760

* Shown as other receivables in Current Assets under trade and other receivables subheading in the statement of Financial Position

2016				
TYPE OF FUND	ACCRUED INCOME*	MAXIMUM EXPOSURE TO LOSS	FUND NET ASSET VALUE	FUND'S INVESTMENT PORTFOLIO
	$'000	$'000	$'000	$'000
Australian Equity Funds	349	349	426,920	420,400
Global Equity Funds	243	243	306,653	304,316
Property Fund	76	76	101,035	100,318
Diversified Funds	144	144	639,584	632,918
Technology Fund	45	45	40,688	40,115
Fixed Interest Fund	1	1	95,839	95,774

* Shown as other receivables in Current Assets under trade and other receivables subheading in the statement of Financial Position

Unless specified otherwise, the Group's maximum exposure to loss is the total of its on-balance sheet position as at the reporting date. There are no additional off balance sheet arrangements which would expose the Group to potential loss.

During the year the Group earned management fees and netting fees from the structured entities.

A subsidiary of the Group, FPSL, acts as the trustee of the Fiducian Superannuation Service under the provisions of the Trust deed for the fund. FPSL has a fiduciary and statutory obligation to manage the assets of the fund on behalf of

33. UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

the beneficiaries and as a subsidiary of the Group it is considered that the Group exercises significant influence over the superannuation fund and therefore the superannuation fund is considered a structured entity as defined above. For its service the subsidiary receives a management fee for managing the investment from the members of the fund. In addition to this the subsidiary is entitled to reimbursement of expenses incurred by it in the operation of the service (for details refer to note 6).

The nature and extent of the subsidiary's interest in the fund is summarised below:

2017				
TYPE OF FUND	ACCRUED INCOME*	MAXIMUM EXPOSURE TO LOSS	FUND NET ASSET VALUE	FUND'S INVESTMENT PORTFOLIO
	$'000	$'000	$'000	$'000
Fiducian Superannuation Service	1,897	1,897	1,143,902	1,152,902

* Shown as other receivables in Current Assets under trade and other receivables subheading in the statement of Financial Position

2016				
TYPE OF FUND	ACCRUED INCOME*	MAXIMUM EXPOSURE TO LOSS	FUND NET ASSET VALUE	FUND'S INVESTMENT PORTFOLIO
	$'000	$'000	$'000	$'000
Fiducian Superannuation Service	1,379	1,379	986,032	975,300

* Shown as other receivables in Current Assets under trade and other receivables subheading in the statement of Financial Position

34. PARENT ENTITY FINANCIAL INFORMATION

The stand-alone summarised financial statements of the Company is as follows:

	2017	2016
	$'000	$'000
(a) Balance sheet		
Current Assets	16,378	11,881
Non Current Assets	9,349	10,323
Total Assets	25,727	22,204
Current Liabilities	-	-
Non Current Liabilities	-	-
Total Liabilities	-	-
Net Assets	25,727	22,204
Equity		
Share capital	7,141	6,855
Reserves	120	67
Retained Earnings	18,466	15,282
Equity	25,727	22,204
(b) Total comprehensive income		
Dividend from subsidiary and other income	7,550	9,676

34. PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

(c) Contingent liability of the parent entity

The Company did not have any contingent liabilities as at 30 June 2017

(d) Contractual commitment for the acquisition of property, plant or equipment.

As at 30 June 2017 the Company did not have any contractual commitments for the acquisition of property, plant or equipment.

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statement.

(f) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statement of Fiducian Group Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

35. DEED OF CROSS-GUARANTEE

The Company has in place a deed of cross-guarantee, substantially in the form of ASIC Pro Forma 24 with each wholly owned member of the Fiducian Group, with the exception of Fiducian Portfolio Services Ltd. which has been excluded from the Group following the release of an ASIC class order disallowing APRA regulated entities from being part of a closed group covered by a deed of cross guarantee. Since the financial statements of this excluded entity are not material to the consolidated financial statements management did not consider it necessary to disclose additional consolidation information related to the closed group excluding this entity.

The effect of the deed of cross-guarantee is that each participating member that has entered into the deed, guarantees to each creditor of any participating member of the Fiducian Group that has entered into the deed payment in full of any debt owed to that creditor in the event of winding up of that relevant participating member of the Fiducian Group.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 28 to 68 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 2017 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.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the wholly owned group identified in note 12 will be able to meet any obligations or liabilities to which they are, or may become subject by virtue of the deed of cross guarantee described in note 35.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director 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.

Inderjit (Indy) Singh

Managing Director

Sydney,

17 August 2017

Independent auditor's report to the shareholders of Fiducian Group Limited

Report on the audit of the financial report

Our opinion

In our opinion the accompanying financial report of Fiducian Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended and

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2017
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

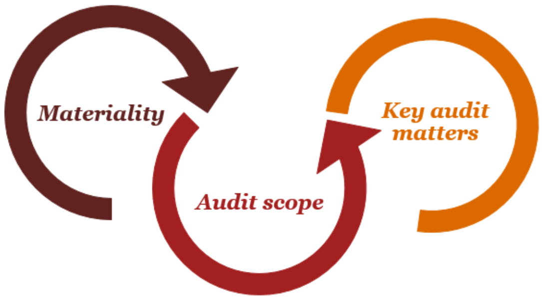
Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $546,800, which represents approximately 5% of the Group's profit before tax.

- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured and is a generally accepted benchmark.

- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit procedures covered the Group's most significant operations being the Financial planning, Administration and Funds Management operations.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Accuracy of revenue *(Refer to note 3) [$40.7m]* Revenue of the Group includes income from financial planning activities ($15.5 m), funds management activities ($10.2 m) and administration ($15 m). This was a key audit matter due to the materiality of each of these revenue streams, and the complexity of financial planning revenue due to the variety of contractual terms with financial planners.	We obtained a breakdown, by value, of all revenue streams from the trial balance and tested the reconciliation of this to the general ledger or reports from product system as applicable. Our procedures included evaluating and testing certain controls relating to the accurate recognition and calculation of revenue. We performed analytical review procedures over the material revenue streams by assessing the movement of revenue relative to changes in underlying funds under administration, advice and management. The movements in the streams tested were consistent with our expectations based on percentage change in the underlying funds under administration, advice and management. We tested a sample of revenue transactions by recalculating fees or agreeing fees to external support across all revenue streams. This included comparing the inputs such as fee rates to relevant documents such as Product Disclosure Statements. We tested the automatic calculation of the financial planning fee in the system and tested a sample of varied rates applied to the client agreements such as application forms.
Recoverability of loans to advisers *(Refer to note 11) [$6.6m]* The Group provides loans to certain financial planners. These loans totalled $6.6m at the reporting date (FY16 $3.7m). The recoverability of the loans was a key audit matter due to the size of these loans and judgement involved in assessing the ability of each adviser to repay the loans as and when they fall due.	We assessed the credit risk management framework applied during the year. For a sample of loans, we evaluated management's assessment of recoverability by validating loan performance against contractual obligations and testing collateral/security arrangements to loan contracts and Personal Property Security Registers. We evaluated management's year-end assessment of the recoverability of loans to advisers, including by making enquiries of management about any changes in each borrower's circumstances.
Impairment assessment of intangible assets *(Refer to note 15) [$15.8]* The balance sheet includes intangible assets relating to portfolios of financial advice clients and goodwill arising from acquisitions made by the financial planning business of the Group. The combined carrying value of client portfolios and goodwill as at the reporting date was $15.8m. At each period end, management considers whether there were	Our procedures in relation to impairment included updating our understanding of prevailing market conditions and factors that could materially affect the fair value and usage of financial planning business and considering whether these may represent indicators of impairment. We obtained management's assessment and the key assumptions applied in making the conclusion. We compared market multiples to an independent

Key audit matter	How our audit addressed the key audit matter
any indicators that these assets might be impaired. This was a key audit matter due to the size of intangible assets and goodwill and due to the judgement involved in the periodic impairment assessment in respect of assumptions around expected future cash flows and client attrition rates.	source and performed stress testing over these. We assessed the appropriateness of the Group's disclosure in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the Financial highlights, Five year financial summary, Joint report of the Chairman and the Managing director, Corporate directory, the Directors' Report and Shareholder information included in the Group's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 18 to 23 of the Directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Fiducian Group Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

PricewaterhouseCoopers

Craig Stafford
Partner

Sydney
17 August 2017

South Australia

Office Location

Adelaide City Central

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 1 August 2017

DISTRIBUTION	OPTION HOLDERS	ORDINARY SHARE HOLDER
1 - 1,000	-	197
1,001 - 5,000	-	393
5,001 - 10,000	-	135
10,001 - 50,000	-	142
50,001 - 100,000	1	24
100,001 - and over	-	25
Total holders	1	916

There were 20 holders of a less than marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the 20 largest registered shareholders of quoted equity securities as at 1 August 2017, are listed below

	NAME	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
1	INDYSHRI SINGH PTY LIMITED	8,895,933	28.45%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,420,992	7.74%
3	LONDON CITY EQUITIES LIMITED	1,916,303	6.13%
4	SHRIND INVESTMENTS PTY LTD (INDYSHRI SUPER FUND A/C)	1,627,918	5.21%
5	BNP PARIBAS NOMS PTY LTD	1,171,610	3.75%
6	NATIONAL NOMINEES LIMITED	1,048,755	3.35%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	890,718	2.85%
8	CITICORP NOMINEES PTY LIMITED (COLONIAL FIRST STATE INV A/C)	866,328	2.77%
9	CITICORP NOMINEES PTY LIMITED	666,869	2.13%
10	NORCAD INVESTMENTS PTY LTD	650,000	2.08%
11	MR VICTOR JOHN PLUMMER	600,000	1.92%
12	HUNTER PLACE SERVICES PTY LTD	583,000	1.86%
13	D R SMITH HOLDINGS PTY LTD	500,000	1.60%
14	MR IVAN TANNER + MRS FELICITY TANNER (THE SUPERNATURAL S/F A/C)	448,400	1.43%
15	GARRETT SMYTHE LTD	339,000	1.08%
16	BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	279,215	0.89%
17	HFR PTY LTD (THE F & M KHOURI S/FUND A/C)	268,323	0.86%
18	BNP PARIBAS NOMS (NZ) LTD	253,709	0.81%
19	BOND STREET CUSTODIANS LIMITED (GANES VALUE GROWTH A/C)	223,509	0.71%
20	MR IAN HAROLD HOLLAND	165,000	0.53%
		23,815,582	76.15%

UNQUOTED EQUITY SECURITIES

As at 1 August 2017

TYPE OF SECURITY	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options - Managing Director	100,000	1
	100,000	1

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders and associates as at 1 August 2017 (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	10,523,851	33.66%
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,420,992	7.74%
LONDON CITY EQUITIES LIMITED	1,916,303	6.13%

D. VOTING RIGHTS

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

ORDINARY SHARES

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

OPTIONS

No voting rights

CORPORATE DIRECTORY

DIRECTORS

R Bucknell FCA
Chairman

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

F Khouri B Bus, FCPA, CTA

C Stone B Comm, LLB, LLM, CA, ACIS
(Resigned on 20 October 2016)

S Hallab B Ec (Accnt & Law), CA, GAICD, FAIST
(Appointed on 12 August 2016)

SECRETARY

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

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of
Fiducian Group Limited

Will be held at Level 4, 1 York Street, Sydney.

Time: 10:00 am

Date: Thursday 19 October 2017

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

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

WHOLLY OWNED OPERATING ENTITIES

Fiducian Business Services Pty Limited

Fiducian Financial Services Pty Limited

Fiducian Investment Management Services Limited

Fiducian Portfolio Services Limited

Fiducian Services Pty Limited

SHARE REGISTER

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

AUDITOR

PricewaterhouseCoopers
Chartered Accountants
One International Towers
Watermans Quay, Barangaroo
Sydney NSW 2000

BANKERS

Westpac Banking Corporation
275 Kent Street
Sydney NSW 2000

ANZ Banking Group
388 Collins Street
Melbourne VIC 3000

National Australia Bank Limited
500 Bourke Street
Melbourne VIC 3000

AUSTRALIAN SECURITIES EXCHANGE LISTING

Fiducian Group Limited (ASX:FID)

WEBSITE ADDRESS

www.fiducian.com.au

FIDUCIAN GROUP LIMITED
Level 4, 1 York Street, Sydney NSW 2000 Australia
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