

# ANNUAL REPORT

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2015



**WILSON GROUP**  
— LIMITED —





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### Financial Calendar

Dividend record date .....	Monday, 7 September 2015
Dividend payment date .....	Friday, 18 September 2015
Annual General Meeting .....	Monday, 23 November 2015
Interim Results announcement .....	Thursday, 25 February 2016
Full Year Results announcement .....	Friday, 26 August 2016

The Company reserves the right to change these dates.

### Annual General Meeting

The 2015 Annual General Meeting will be held at 9am, 23 November 2015 at the Company's Brisbane office at Riparian Plaza, Level 24, 71 Eagle Street, Brisbane.

Notice of the Annual General Meeting will be forwarded to all shareholders separately.

## 00 > Glossary

Term	Definition
2014 Annual Report	means the Group's annual report for the 2014 financial year.
2015 Annual Report	means this document.
2014 financial year	means the period 1 July 2013 to 30 June 2014.
2015 financial year	means the period 1 July 2014 to 30 June 2015.
Antipodes	means Antipodes Global Investment Partners.
ASX Principles	means the Corporate Governance Principles and Recommendations, 3rd Edition, published by the ASX Corporate Governance Council.
Auditor	means PricewaterhouseCoopers.
Board	means the board of directors of the Company.
Board Committees	means the Audit, Compliance and Risk Management Committee and the Remuneration and Nominations Committee.
Chairman	means Mr Steven Skala AO, the Chairman of the Board.
Company	means Wilson Group Limited.
Company Secretary	means Mrs Eleanor Padman.
Deutsche Australia	means Deutsche Australia Limited, which holds a 18.55% shareholding in the Company.
EOSP	means the Wilson Group Employee Option Share Plan.
Foundation	means the charitable foundation founded by the Company in 1987 for long term sustainable giving, formerly known as the Wilson Foundation.
FUM	means funds under management.
Group	means Wilson Group Limited (formerly known as Wilson HTM Investment Group Ltd) and the entities that it controlled during the 2015 financial year.
Group Disclosure Officers	means each of the Managing Director, the Chief Financial Officer, Company Secretary and the managing director and chairman of Pinnacle.
Hyperion	means Hyperion Asset Management Ltd.
Key Management Personnel	means the individuals identified as such on page 27 of the 2015 Annual Report.
LTI	means long term incentives offered to individuals who were staff in the 2015 financial year by the Group.
LTISP	means the long term incentive share plan.
Managing Director	means Mr Alexander Grant.
Next Financial	means Next Financial Limited.
NLAT	means net loss after tax.
NLBT	means net loss before tax.
NPAT	means net profit after tax.
NPBT	means net profit before tax.
NTA	means net tangible assets.
Palisade	means Palisade Investment Partners Ltd.
Pinnacle	means Pinnacle Investment Management Limited.
Pinnacle Group	means Pinnacle Investment Management Limited and Pinnacle Boutiques.
Pinnacle Boutiques	means each of Hyperion, Palisade, Plato, Solaris, Resolution Capital, Sigma and Antipodes.
Pinnacle Segment	means Pinnacle and costs incurred by the Securities business and other subsidiaries in relation to Pinnacle.
Plato	means Plato Investment Management Ltd.
Principal Investments	means investments made by the Group in listed and unlisted equities and unit trusts on its own behalf and for its own benefit.

Term	Definition
Priority Funds	means each of Wilson Group Priority Growth Fund and Wilson Group Priority Core Fund, being two proprietary funds managed by Priority Investment Management Pty Ltd.
Resolution Capital	means Resolution Capital Limited.
Securities business	means the Group's corporate finance, equity capital markets, institutional sales, research and private wealth management businesses and business services.
Sigma	means Sigma Funds Management Pty Ltd.
Solaris	means Solaris Investment Management Limited.
STI	means short term incentive offered to individuals who were staff during the 2015 financial year by the Group.
VWAP	means volume weighted average price.

## 01 > Chairman's Letter

Dear Shareholder,

This has been a landmark year in the history of the Company. The sale of our Wilson HTM Securities business to a group led by staff, Deutsche Bank and Craigs Investment Partners Limited was completed on 1 July 2015. This sale reflects a most significant step in our strategic repositioning within the financial services industry through our focus on funds management. The current year's result and industry projections for growth in superannuation and managed funds support this journey which began 20 years ago.

I am pleased that the Group has, after adjustments, reported a consolidated net profit after tax of \$4.8 million, reflecting earnings of 4.5 cents per share.

As the Group has recorded a statutory accounting net loss after tax of \$9.0 million attributable to shareholders resulting from the loss associated with the disposal of the Securities business and de-recognition of the deferred tax asset (DTA), no final dividend will be paid for the 2015 financial year. However, shareholders should note that a fully franked special dividend of 2.25 cents per share will be paid to shareholders registered at the close of business on 7 September 2015.

Pinnacle achieved a 31% increase in funds under management across its boutiques, to \$16.1 billion. Pinnacle added to its portfolio during the year with Antipodes Global Investment Partners in which it now holds a 23% stake. Antipodes addresses a new market segment for Pinnacle through its offering in international equities.

The 2015 financial year saw strong performance in the Pinnacle Boutiques which led to profit growth in the Pinnacle segment with \$7.4 million net profit after tax, up 25% from 2014. Pinnacle's share of net profit after tax from its equity interest in the Pinnacle Boutiques was \$11.9 million, a 42% increase from last year.

Other key components of the Group's result include the following:

- > Net tangible assets of \$44.5 million or \$0.40 per share versus \$0.46 per share following the sale of the Securities business and de-recognition of the DTA
- > De-recognition of the DTA of \$9.4 million
- > Substantial one off transaction costs and accounting adjustments arising from the sale of the Securities business of \$4.4 million
- > Cash and Principal Investments of \$12.9 million at 30 June 2015 (excluding Pinnacle and the Securities business) with a further \$6 million in cash received after year end on completion of the sale of the Securities business and receipt of a Pinnacle loan repayment
- > Pinnacle loan from Wilson Group is now \$12 million.
- > Next Financial's instalment book reduced to \$nil with a corresponding net loss before tax of \$0.7 million.

Further details of the financial and operating performance of each business unit are provided in the Operating and Financial Review.

Our aim has always been to build a company that is profitable and able to pay dividends through different economic cycles. Moving forward, the Board will be focused on investing in and supporting its funds management businesses through its ownership of the Wilson Group Priority Funds and its 75% stake in Pinnacle. It will also be looking to reduce its corporate overheads.

Mr Chum Darvall AM resigned as a director with effect from 31 August 2015 and the Board would like to pay tribute to his long and valuable service as a director, as Chair of the Audit, Compliance and Risk committee and as a Pinnacle director. Mr Darvall will remain a director of Pinnacle. The Board thanks Mr Darvall for his dedication to the Group over many years and his commitment in delaying his resignation to allow the sale of the Securities business to complete and the 2015 annual report to be published. Erica Lane resigned as a director with effect from 26 November 2014 and the Board would like to acknowledge and thank her for her contribution. During the 2016 financial year, the Board will continue its refresh and will add directors with appropriate skills and qualifications.

Our people are the basis of the organisation and the primary drivers of performance. The Board thanks the executive management teams in both Pinnacle and Wilson Group and their staff, for their hard work and commitment in maintaining and growing the Group's profitability.

We also wish all of the staff and clients of the Securities business a long, successful and mutually rewarding future.

Finally, we thank you the shareholders and clients for your support and custom. We end this financial year with a different structure and an exciting future.

The Group's Annual General Meeting will be in Brisbane on 23 November 2015.

Yours faithfully,



Steven Skala AO  
31 August 2015

## 02 > Overview of Wilson Group Limited

Wilson Group Limited has a successful history dating back to 1895 with the establishment of various companies that grew into the Group as it is today, with its origins in stockbroking.

In 1995 the Company began a strategy of diversification and a move away from transactional based broking to a model centred around the investment management philosophy of client outperformance. This saw the establishment of Hyperion Asset Management in 1996 which was subsequently the backbone for the creation of Pinnacle in 2006 and its 'house of boutiques'. Today, Pinnacle's operations include seven boutiques with differing investment styles and products, addressing different asset classes, and providing fund managers with:

- > equity in the boutique
- > seed capital
- > distribution services, business support and responsible entity services to allow fund managers to focus on delivering fund outperformance
- > independence, including separate management reporting structures and boards of directors, whilst still offering the economies of scale and financial support inherent in being part of a larger investment group.

In July 2015, the Company sold its interest in its Securities business and re-branded itself as Wilson Group Limited. The diagram below shows its composition today, comprising its 75% interest in Pinnacle and the Pinnacle Boutiques and its 100% owned Wilson Group Priority Funds, Principal Investments and Next Financial. The Next Financial business will be closed during the 2016 financial year.









## 03 > Operating & Financial Review

### Financial Performance

- > Adjusted Group NPAT (before significant items) of \$4.8 million versus \$4.8 million in prior year.
- > Adjusted earnings per share from continuing operations 4.5 cents versus 4.7 cents per share.
- > Statutory Group NLAT attributable to shareholders of \$9.0 million (including significant items) versus NPAT of \$4.8 million.
- > Pinnacle segment NPAT of \$7.4 million up 25% from \$5.9 million.
- > No final dividend for 30 June 2015. Special fully franked dividend of 2.25 cents payable in September 2015.
- > NTA of \$44.5 million or \$0.40 per share versus \$0.46 per share following sale of Securities business and de-recognition of the DTA.
- > De-recognition of the DTA of \$9.4million.
- > One off costs and adjustments associated with the sale of the Securities business of \$4.4 million.
- > Cash and Principal Investments of \$12.9 million (excluding Pinnacle and the Securities Business) as at 30 June 2015. After year end, a further \$6 million received on sale of Securities business and Pinnacle loan repayment.
- > Pinnacle loan from Wilson Group of \$14 million (now \$12 million following receipt of \$2 million repayment).
- > Pinnacle Group FUM of \$16.1 billion up 31% from \$12.3 billion.

Composition of Group results (\$ million)	1H2015	2H2015	FY2015	FY2014
<b>Pinnacle <sup>1</sup></b>	<b>4.2</b>	<b>3.2</b>	<b>7.4</b>	<b>5.9</b>
Principal Investments	(0.3)	0.4	0.1	1.2
Priority Funds	(0.1)	(0.2)	(0.3)	(0.4)
Next Financial	(0.4)	(0.3)	(0.7)	(0.4)
<b>Wilson HTM (pre consolidation of Wilson Group Priority Core Fund)</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>(0.9)</b>	<b>0.4</b>
Consolidation of Wilson HTM Priority Core Fund <sup>2</sup>	0.0	0.0	0.0	2.3
<b>Wilson HTM</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>(0.9)</b>	<b>2.7</b>
Group Overhead (unallocated)	(1.0)	(1.2)	(2.2)	(2.3)
Tax benefit from continuing operations before significant items <sup>3</sup>	0.6	0.6	1.2	0.9
<b>Adjusted profit from continuing operations</b>	<b>3.0</b>	<b>2.5</b>	<b>5.5</b>	<b>7.2</b>
Operating result of discontinued operation - Securities business <sup>4</sup>	0.5	0.4	0.9	1.2
Minority Interests	(0.9)	(0.7)	(1.6)	(3.6)
<b>Profit before significant items</b>	<b>2.6</b>	<b>2.3</b>	<b>4.8</b>	<b>4.8</b>
Loss on held-for-sale classification of discontinued operation <sup>4</sup>	0.0	(4.4)	(4.4)	0.0
Derecognition of deferred tax assets <sup>3</sup>	0.0	(9.4)	(9.4)	0.0
<b>Profit / (loss) attributable to shareholders</b>	<b>2.6</b>	<b>(11.6)</b>	<b>(9.0)</b>	<b>4.8</b>
<sup>1</sup> Includes share of Pinnacle Boutiques profit after tax	5.2	6.7	11.9	8.4

<sup>2</sup> Relates to profit before tax attributable to non-controlling interests in the Wilson Group Priority Core Fund required to be consolidated into the Group's results

<sup>3</sup> Included in income tax (expense) / benefit from continuing operations

<sup>4</sup> Included in Profit/(loss) from discontinued operations in statement of comprehensive income

## 03 > Operating & Financial Review

### Nature of operations

During the 2015 financial year, the Group had two-business segments – Pinnacle and Wilson HTM. In prior years, Wilson HTM included the operating results of the Securities business, however this business has been classified as a discontinued operation upon its categorisation as held for sale during the year.

Following the sale of the Securities business on 1 July 2015, the Group has two business segments – Pinnacle and Wilson Group.

Pinnacle develops and supports boutique fund managers. Pinnacle is owned 75.01% by the Company, with the balance held by senior executives. Pinnacle has shareholdings of between 22.5% and 49.9% in each of the Pinnacle Boutiques which together have \$16.1 billion in FUM as at 30 June 2015. Pinnacle Boutiques generated revenues of \$72.9 million and NPAT of \$27.5 million up 31% and 53% respectively on the 2014 financial year. Pinnacle's share of NPAT from Pinnacle Boutiques was \$11.9 million up 42% on the prior year. Pinnacle and the Pinnacle Boutiques employed 105 staff as at 30 June 2015.

The financial results for the Group consolidate Pinnacle and apply equity accounting to the Pinnacle Boutiques. This approach is unchanged from the 2014 financial year. The revenues of Pinnacle relate to the provision of support services and third-party distribution. The Pinnacle Boutiques' key revenue streams are management and performance fees based on the value and performance of FUM. Note 39 in the financial statements shows the equity accounted contribution from Pinnacle Boutiques with further commentary in relation to Pinnacle on pages 12 to 14.

During the 2015 financial year, Wilson HTM was owned 100% by the Group and included the Securities business, Priority Funds, Next Financial and Principal Investments. During the year the Securities business was classified as held-for-sale and therefore is categorised as a discontinued operation. Following the sale of the Securities business, which completed on 1 July 2015, the Group has retained ownership of Priority Funds, Next Financial and Principal Investments.

The Group holds Principal Investments primarily through its investment in the Wilson Group Priority Funds. Gains and losses on fair value of Principal Investments are recognised through the profit

and loss statement. Refer to note 6 in the financial statements for further details.

Next Financial is the 100% owned structured product business owned by the Company. In late 2010, Next Financial ceased offering new products to focus on servicing existing products to their maturity or earlier if clients choose to redeem. The final instalment product matured during June 2015. This reduction has had a significant impact on revenue and assets and liabilities when comparing the financial statements with the prior comparative period. The commentary on Next Financial on page 16 and notes 14 and 25 in the financial statements provide further detail.

During the 2015 financial year, the Securities business had two key revenue streams being transactional and advisory. Transactional revenues comprise both retail and institutional brokerage and corporate finance transactional revenues. Advisory revenues comprise fees from private clients for discretionary and non-discretionary portfolio advice, financial planning, portfolio administration and funds management.

As at 30 June 2015, Wilson HTM employed 168 people. Following the disposal of the Securities business, Wilson Group employs 9 people.

### Principal Activities

The principal activities of the Group during the 2015 financial year are set out below. Whilst these were unchanged from the prior year, following the sale of the Securities business the operational and structural framework of the Group has now changed significantly.

#### Pinnacle

- > developing and operating funds management businesses;
- > providing distribution services, business support and responsible entity services to Pinnacle Boutiques; and
- > providing distribution services to other external parties.

#### Wilson HTM

- > specialty funds management through Priority Funds;
- > selected investments as Principal; and
- > servicing structured products for clients.

Discontinued operations (Securities business)

- corporate finance and research;
- wealth management to private clients;
- stockbroking to private and institutional clients; and
- corporate superannuation and insurance services.

### Business strategies and prospects for future financial years

Following the sale of the Securities business, the Group's strategy is to continue to pursue excellence in its funds management businesses, both directly through its 100% owned Priority Funds and indirectly through its 75.01% ownership of Pinnacle.

The Group will examine efficient capital management options and focus on reducing its corporate head office costs consistent with its new simpler organisational structure. The Group will also ensure that it manages any legacy issues arising from its former ownership of the Securities business and that Next Financial is brought to a conclusion.

Pinnacle will seek to strengthen its portfolio of boutique asset managers through investment and service provision including high quality distribution, responsible entity and funds management infrastructure services.

From time to time Pinnacle will consider assisting experienced and talented investment professionals to commence a new boutique in investment strategies where it knows demand to be strong and special talent to be needed. Pinnacle anticipates further strong growth, underpinned by expectations that the funds management industry, which it serves, will continue to expand over the coming decade and beyond.

### Economic Conditions and Material Business Risks

The material business risks facing the Group are equity market conditions and regulatory risk.

#### Equity Market Conditions

The Group's results and outlook are influenced by prevailing equity market conditions, and to a lesser extent, by broader economic trends and investor sentiment.

In Australia continuing record low interest rates, falling commodity prices and the weak dollar

resulted in a small improvement in the ASX200, with the share market's overall performance being relatively flat following periods of volatility throughout the year.

Despite the flat market conditions Pinnacle was able to grow its FUM and revenues and remains well positioned to capitalise on improved market conditions in the future. The Group's other funds management business, Priority Funds (comprising the Wilson Group Priority Core Fund and Wilson Group Priority Growth Fund) outperformed their ASX benchmarks during the year.

In the Securities business, brokerage was steady compared with the prior year, while equity capital markets activity improved during the 2015 financial year.

#### Regulatory Risk

During the 2015 financial year, the Group operated in a highly regulated environment, particularly in relation to the retail advisory and private wealth management services offered by the Securities business. Following the disposal of the Securities business, the regulatory framework in which the Group operates has changed materially but is no less onerous.

### Review of Group Results

Group net profit after tax before significant items for the 2015 financial year is \$4.8 million. The result was impacted by accounting adjustments for the prospective sale of the Securities business which occurred on 1 July 2015 of \$4.4 million and derecognition of the DTA of \$9.4 million. After these significant items the loss attributable to shareholders was \$9.0 million. The Securities business is considered a discontinued operation for the purposes of preparing the 2015 financial statements and therefore its results are separately disclosed in the statement of comprehensive income. As the business was held for sale at balance date, the assets and liabilities of the Securities business have also been separately grouped in the statement of financial position.

- The Pinnacle Segment reported a \$7.4 million net profit for the 2015 financial year, a 25% improvement. This was underpinned by a 42% increase to \$11.9 million in Pinnacle's share of net profits from the Pinnacle Boutiques. FUM increased by 31% to \$16.1 billion in the 2015 financial year.

## 03 > Operating & Financial Review

- › The Securities business, now disclosed as a discontinued operation, produced an operating profit after tax for the year of \$0.9 million, down from \$1.2 million in the prior year. In addition, the Group has recorded one-off costs and accounting adjustments associated with the sale transaction of \$4.4 million.
- › The Group's liquidity has grown with cash and Principal Investments of \$30.3 million (including discontinued operations) at 30 June 2015, up from \$26.3 million at 30 June 2014. \$10.5 million of the balance at 30 June 2015 is attributable to the Securities business, and \$19.8 million to continuing operations. The Group continues to have no corporate debt.
- › Following adjustments relating to the sale of the Securities business and the de-recognition of the DTA Group net tangible assets have decreased by 18% to \$44.5 million.
- › Earnings per share before significant items of 4.5 cents in comparison to 4.7 cents in the 2014 financial year.
- › The Board has declared a fully franked special dividend of 2.25 cents per share.

### Statement of Comprehensive Income

The following commentary provides an analysis of revenues and expenses for the 2015 financial year for continuing operations in comparison to the prior comparative period.

During the 2015 financial year, the Group's revenues and expenses were derived from Wilson HTM and Pinnacle but excluded the revenues and expenses of the Pinnacle Boutiques, the effect of which is reflected through Pinnacle's share of the equity accounted net profits. Further information in relation to Pinnacle Boutiques and their effect on the Group can be found at pages 12 to 14.

### Revenue from Continuing Operations

#### Fund Management Fees and Commissions

During the year, fund management fees and commissions increased by 7% to \$3.5 million. The increase is largely attributable to Pinnacle which provides administration services to managed funds.

#### Performance Fees

Performance fees for Pinnacle Boutiques are included in the equity accounted net profits attributable to

Pinnacle Boutiques and are not separately included in the Group's financial statements.

During the 2015 financial year a small performance fee was earned by the Wilson Group Priority Core Fund. Further information is provided in note 5 of the financial statements.

#### Next Financial revenues

The continued wind down of the Next Financial structured products business has resulted in revenues being \$1.0 million lower, a 78% reduction. The structured product book reduced to a \$nil balance by 30 June 2015 with the last of the instalment products reaching maturity during June 2015. Further information is provided in note 5 of the financial statements and the commentary on page 16.

#### Gains / (losses) on financial assets at fair value through profit or loss

Losses on financial assets at fair value which were recognised in profit or loss were \$0.3 million, down from a \$3.3 million gain in the prior year. Note however that the prior year includes \$2.0 million in fair value gains from the investment portfolio of the Wilson Group Priority Core Fund, which was deconsolidated from the group on 31 December 2013. Further information is provided in note 6 of the financial statements and the commentary on page 15.

### Expenses from Continuing Operations

*Employee benefits* expense increased by \$1.1 million to \$6.8 million. The increase partially relates to an increase in employee costs in the Pinnacle business during the year, including costs of the Pinnacle international equities business for the time it was 100% owned prior to it becoming a Pinnacle Boutique during the year.

*Commission and incentive expense* is \$1.5 million higher reflecting increased profitability in the Pinnacle funds management business and incentives for Wilson Group staff in recognition of their work in respect of the sale of the Securities business during the year.

*Impairment expense* of \$0.3 million has been recognised in relation to the impairment of loans to a Pinnacle Boutique. In the prior year a reversal of impairment of a prior year fair value adjustment of a loan from Pinnacle to Plato of \$0.2 million was recorded in recognition of Plato making its maiden profit.

*Computer and communication* expenses reduced by \$0.4 million due to the full year impact of cost reductions in IT outsourcing arrangements during the 2015 financial year.

*Property expenses* have remained stable during the 2015 financial year.

*Legal and professional fees* are up \$0.6 million in the 2015 financial year.

*Consultant fees* were down 28% or \$0.3 million compared with the prior reporting period due to a reduction in consulting requirements during the year.

*Structured Product expense and Finance cost expense* relate to the costs associated with Next Financial's instalment products, which has declined in the 2015 financial year as the product book reached maturity with a consequent decrease in product related debt. Further information is provided in the commentary on Next Financial on page 16 and notes 7, 22 and 24 in the financial statements.

*Share of net profit of jointly controlled entities accounted for using the equity method.* This relates to the Group's share of the profits of the Pinnacle Boutiques which are equity accounted. Net profits after tax from Pinnacle Boutiques are up 42% or \$3.5 million on the prior comparative period. Pinnacle Boutique FUM which underpins the share of Pinnacle Boutique profits increased by 31 % to \$16.1 billion during the 2015 financial year. Further information is provided on page 11 and in notes 8, 38 and 39 of the financial statements.

*Non-Controlling Interest.* This relates to the interests of minority shareholders of Pinnacle. The minority holding increased from 20.3% to 24.99% during the financial year. In the prior year the non-controlling interest also included the minority unit holders of the Wilson Group Priority Core Fund up until the time it was de-consolidated from the Group on 31 December 2013. Refer to notes 30, 36 and 37 for further detail.

*Profit / (loss) from Discontinued Operation* relates to the Securities business that was classified as held-for-sale during the 2015 financial year, with completion of the sale occurring on 1 July 2015. This item includes both the operating profit of the Securities business during the year (and prior comparative period) and the loss on re-measurement of its assets and liabilities to fair value during the current year upon its held-for-sale classification.

## Consolidated Statement of Financial Position

The following commentary provides an analysis of assets and liabilities for the 2015 financial year for continuing operations. Note that the assets and liabilities of the Securities business are required to be grouped and separately disclosed as a current asset or liability respectively at balance date as held for sale. This does not apply to the comparative period where the carrying value of the classes of assets and liabilities continue to include the assets and liabilities of the Securities business.

*Cash.* Cash and cash equivalents attributable to continuing operations were \$13.6 million at 30 June 2015. Cash flows from operating activities were \$7.0 million for the current year.

*Investments accounted for using the Equity method.* This reflects Pinnacle's investment in the Pinnacle Boutiques. Investments increased by \$0.1 million as the value of equity accounted profits of \$11.9 million from Pinnacle Boutiques was similar to the overall value of dividends received of \$11.7 million and other equity accounting adjustments of \$0.2 million during the period. Further information is provided at notes 16 and 39 of the financial statements.

*Trade and Other Receivables.* The total value of trade and other receivables reduced by \$2.4 million due largely to the transfer of income receivable, prepayment and deposit balances related to held for sale assets in the Securities business. The value at balance date includes trade receivables of \$1.4 million relating predominantly to the Pinnacle business.

*Financial assets at fair value through profit or loss* were \$6.2 million, an increase of \$0.5 million on the prior period of which \$4.8 million relates to the Group's investment in the Wilson Group Priority Core Fund.

*Loans to Investors and Borrowings.* This decreased by \$4.0 million and \$3.2 million respectively reflecting the decline in product related debt supporting Next Financial's instalment product. Next Financial's instalment product book has now reached maturity and the loan balance has reduced to \$nil. Further information is provided at notes 14 and 22 of the financial statements.

## 03 > Operating & Financial Review

*Net Deferred Tax Assets (DTA).* The value of net deferred tax assets reduced by \$12.3 million during the year. \$9.4 million of deferred tax assets were de-recognised during the year. Further information is provided at notes 8 and 18 of the financial statements.

*Trade and other payables.* This reduced by \$4.0 million largely as a result of accrued expenses, bonuses and commissions of the Securities business which have been transferred to held for sale liabilities. Further information is provided at note 21 of the financial statements.

*Derivative Financial Assets and Liabilities.* Both items reduced by \$0.3 million compared with the 2014 financial year in line with the continued reduction in the Next Financial instalment book. The Next Financial instalment book reduced to a \$nil balance by 30 June 2015. Further information is provided at note 13 of the financial statements.

*Provisions.* This reduced by \$2.8 million due largely to the transfer of employee leave provisions (\$2.9 million) and make-good provisions (\$1.1 million) of the Securities business to held-for-sale liabilities. This reduction was offset by the recognition of a provision for transaction related costs of \$1.1 million in relation to staff related costs and run-off insurance payable under the sale agreement for the Securities business. Further information is provided at notes 23 and 26 of the financial statements.

*Other non-current liabilities.* This reduced to \$nil due to the transfer of deferred lease incentive and straight-line lease liabilities of the Securities business to held-for-sale liabilities. Further information is provided at note 27 of the financial statements.

*Disposal group assets and liabilities.* This represent the assets and liabilities of the Securities business that was classified as held-for-sale during the 2015 financial year. Further information regarding these assets and liabilities are provided at note 9 of the financial statements.

## Segment Result

### Pinnacle Segment

This segment comprises the Group's 75.01% equity share in Pinnacle which includes its investment in the Pinnacle Boutiques. The Pinnacle Segment contributed \$7.4 million net profit after tax to the Group result for the 2015 financial year compared with \$5.9 million in the 2014 financial year.

The 100% result in Pinnacle Group was \$7.5 million in net profit after tax up from \$6.5 million in the 2014 financial year. This was underpinned by Pinnacle's share of the Pinnacle Boutiques' profit after tax increasing by 42% from \$8.4 million in the prior comparative period to \$11.9 million.

The table below outlines the performance of the Pinnacle Group for the 2015 and 2014 financial years.

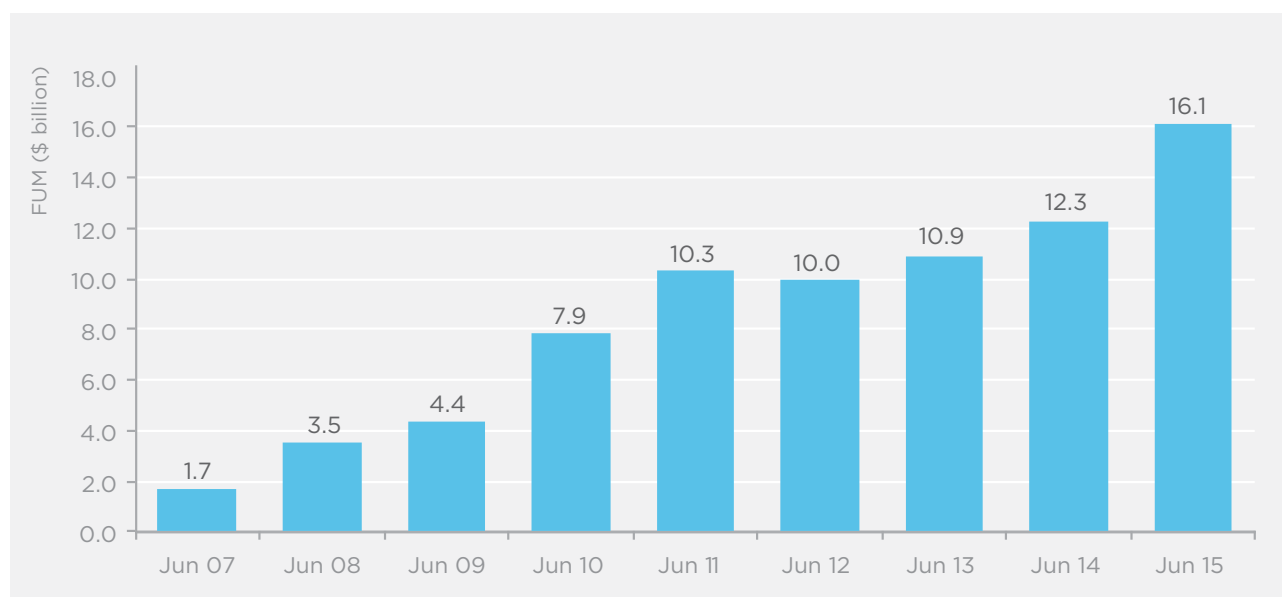
	FY2015	FY2014
<b>Pinnacle Boutiques (100% aggregate basis)</b>		
FUM (\$billion)	16.1	12.3
Revenue (\$million)	72.9	55.7
<b>Net profit before tax</b>	<b>38.9</b>	<b>26.2</b>
Tax expense	(11.4)	(8.2)
<b>Net profit after tax</b>	<b>27.5</b>	<b>18.0</b>
<b>Pinnacle</b>		
Revenue	5.9	4.3
Expenses	(10.3)	(6.2)
Share of Pinnacle Boutiques net profit after tax	<b>11.9</b>	<b>8.4</b>
Pinnacle Group statutory result #	<b>7.5</b>	<b>6.5</b>

# 100% of Pinnacle (The Group had a 75.01% interest as at 30 June 2015).

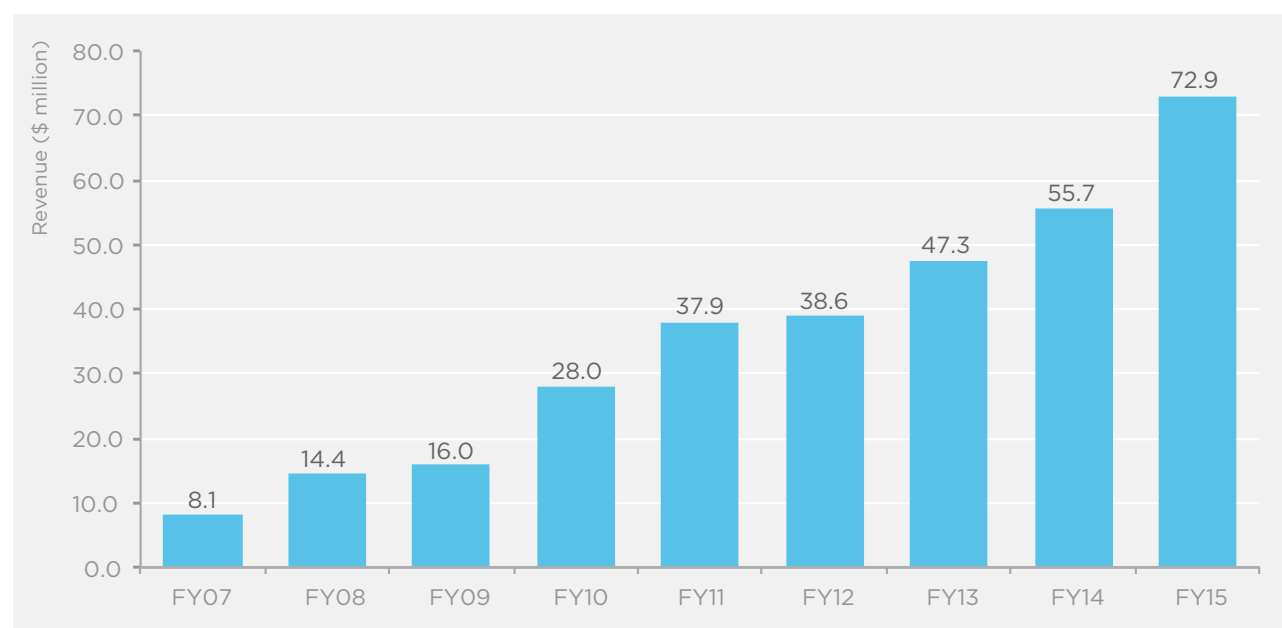
Further analysis on Pinnacle is provided below and in note 38 of the financial statements.



### Pinnacle Boutiques – FUM Growth<sup>1</sup>



### Pinnacle Boutiques – Revenue Growth<sup>2</sup>



Pinnacle's focus during the year was on continuing to support each of the Pinnacle Boutiques and assisting them to grow their business and profitability. The quality of the Pinnacle Boutiques was affirmed and demonstrated in many ways during the year, including by the investment returns they produced and the strength of market interest and support for their investment offerings. In April 2015, Antipodes was established, consistent with Pinnacle's intentions to create new investment managers in partnership with talented individuals.

<sup>1</sup> Pinnacle FUM includes 100% of FUM managed by the Pinnacle Boutiques. At 30 June 2015, the Company had a 75.01% interest in Pinnacle, which in turn has an interest in the Pinnacle Boutiques ranging from 22.5% to 49.9%.

<sup>2</sup> Revenue shown is 100% of all Pinnacle Boutiques' revenue. This is shown to indicate trend and excludes revenue derived by Pinnacle itself, which is consolidated into the Group's financial statements

## 03 > Operating & Financial Review

Following is an overview of each of the Pinnacle Boutiques during the 2015 financial year:



### Solaris Investment Management

Solaris is a specialist manager of listed Australian equities following a neutral style.

Solaris had \$3.0 billion in funds under management as at 30 June 2015.

Solaris' clients benefited from solid investment outperformance in the year, the Core strategy outperforming the S&P/ASX200 by 2.51%. Solaris' core strategy has outperformed the S&P/ASX 200 Index by 2.14% per annum since inception on 9 January 2008 (to 30 June 2015).

The 2015 financial year was one in which Solaris sought successfully to demonstrate its ability to generate alpha for its clients and enjoy team stability. In the forthcoming year, Solaris seeks to continue to provide its clients with solid investment performance.



### Hyperion Asset Management

Hyperion is a specialist manager of Australian equities following a concentrated quality growth style.

The 2015 financial year was a rewarding one for Hyperion clients. The fund generated outperformance for clients for the full year. Hyperion's long term track record of investment performance in both its large cap and small cap portfolios is first quartile amongst its competitors since inception.

The Hyperion Australian Growth Companies Fund ended the year with an absolute performance of 5.74% after fees (0.12% above the S&P ASX 300 Accumulation Index) and the Hyperion Small Growth Companies Fund ended the year with an absolute performance of 11.84% after fees (11.4% above the S&P ASX Small Ordinaries Accumulation Index).

Continued inflow combined with the performance of the Hyperion portfolios saw funds under management climb from \$4.9 billion at 30 June 2014 to \$5.4 billion at the end of the 2015 financial year. Hyperion hard closed its institutional strategies and soft closed its retail funds during the year to preserve its ability to produce future investment performance for clients.



### Resolution Capital

Resolution Capital is a dedicated global listed property securities manager.

Funds under management grew to \$3.9 billion during the year, representing a year on year growth of 34%.

Resolution Capital's long term outperformance track record remains pleasing with the global property strategy outperforming the benchmark FTSE EPRA/NAREIT Developed Index (in AUD TRI) by 490 basis points (before fees), for the year ended 30 June 2015.

The business is continuing to make very good progress on its ambition to diversify its client base with endorsement from a number of major asset consultants, research houses and institutional investors.



### Plato Investment Management

Plato is a specialist manager of Australian equities following a systematic quantitative style, with a focus on after tax investing for pension phase and accumulation phase superannuation.

During the year all of the Plato's beta one strategies outperformed their benchmarks, and Plato now has a strong three-year track record across its product mix.

Plato continues to have very significant interaction with consultants and prospective investors, including financial advisers. This interaction has proven positive, with the funds under management continuing to increase to over \$2 billion with strong inflows from retail investors.



### Palisade Investment Partners

Palisade is a specialist manager of unlisted infrastructure assets with pooled funds and separately managed portfolios for wholesale investors.

In the 2015 financial year Palisade made investments in targeted sectors on behalf of direct investment management clients and the funds it manages. The investment team has expanded to cater for growth in investments under management.

As at 30 June 2015 funds under management and investor commitments totalled \$2 billion (2014: \$1.6 billion). During the year the various funds and individual portfolios managed by Palisade available for investment delivered overall rates of return of between 10.1% and 15.5%.

Palisade continues to enjoy increased support of asset consultants, continues to raise further capital for investment and has a strong pipeline of investment opportunities.



### Sigma Funds Management

Sigma is a specialist manager of Australian equities embracing a value investment philosophy.

Sigma's strong valuation discipline combined with an explicit focus on business risk differentiates its approach and defines its results. Sigma is structured as an integrated Large and Small Cap investment team within an aligned partnership model, which is a key source of competitive advantage, providing greater insight across the entire Australian Equities universe.

During the year, two of Sigma's three strategies outperformed their benchmarks. The company now has a strong three-year track record across its product mix, with all strategies ahead over the 3 year period, and since inception. The company's flagship product, the Sigma Select Equities Fund remains a top quartile performer over the 3 year period and places the business in good shape to gain further traction with existing and new clients over the coming year.

Sigma continues to work closely with asset consultants and prospective investors to grow funds under management in a sensible manner and to diversify sources of revenue.



### Antipodes Global Investment Partners

Antipodes Partners is a pragmatic value manager of global and Asian equities founded in 2015 by Jacob Mitchell, former Deputy Chief Investment Officer of Platinum Asset Management, together with a number of ex-Platinum colleagues and like-minded value investors. Antipodes aspires to grow client wealth ahead of the broad market over the investment cycle without subjecting capital to undue levels of risk. The investment approach seeks to take advantage of the market's tendency for irrational exploration around changes in the operating environment, to identify great businesses that are not valued as such and build high conviction portfolios.

## 03 > Operating & Financial Review

### Strategies looking forward

Pinnacle intends to continue to provide high quality distribution, responsible entity and funds management infrastructure services, and to support each of the Pinnacle Boutiques to remain focussed on investing, to enable them to continue to perform strongly and to grow their FUM and profitability.

Pinnacle will continue to assist experienced and talented investment professionals to commence a new boutique in investment strategies where it knows demand to be strong and special talent to be needed.

Pinnacle anticipates further growth, underpinned by expectations that the funds management industry, which it serves, will continue to expand over the coming decade and beyond.

### Wilson HTM

During the 2015 financial year, the Wilson HTM segment comprised the Securities business, Priority Funds, Next Financial and Principal Investments. However, during the 2015 financial year the Securities business of Wilson HTM was classified as held for sale and therefore is classified as a discontinued operation in the financial statements. The sale of the Securities business completed on 1 July 2015 and its results and a description of the operations of the Securities business are provided on page 16.

The reported Wilson HTM segment results therefore include the results of Priority Funds, Next Financial and Principal Investments. The segment reported a net loss before tax<sup>3</sup> of \$0.9 million for the 2015 financial year. The result was comprised of Principal Investment gains of \$0.1 million (2014 - \$1.2 million), a loss from the Priority Funds business of \$0.3 million (2014 - \$0.4 million loss) and a loss in Next Financial of \$0.7 million (2014 - \$0.4 million).

The prior year result of the Wilson HTM segment was also impacted by the consolidation of the net profit before tax attributable to non-controlling interests in the Wilson Group Priority Core Fund.

### Priority Funds – Wilson Group Priority Growth and Wilson Group Priority Core

The Wilson Group Priority Growth Fund is an actively managed portfolio of primarily small and mid-capitalised Australian companies with strong long-term capital growth and outperformance potential. With a return of 14.2 % per annum and outperformance of 12.2 % per annum since its inception in July 2005, it has provided long-term returns to investors. Returns in the 2015 financial year were 6.3% compared with its benchmark S&P/ASX Small Ordinaries Accumulation returns of 0.4%.

The Wilson Group Priority Core Fund combines a selection of quality ASX 100 stocks with an allocation of small capitalised company stocks to drive outperformance. The Priority Core Fund became eligible for an independent investment rating in 2013 and was subsequently awarded the highest 5 star rating (please reference inside back cover) available from Morningstar. Since its inception on 22 June 2010, the Priority Core Fund has outperformed its benchmark, the All Ordinaries Accumulation Index, by 4.5 % per annum, with performance of 12.6 % per annum. Returns in the 2015 financial year were 7.0 % compared with benchmark returns of 1.3 %.

<sup>3</sup> Net profit before tax excludes profit before tax attributable to non-controlling interests in the Wilson Group Priority Core Fund required to be consolidated into the Group's results.

## Priority Growth Fund and Priority Core Fund Outperformance through to 30 June 2015

	1 Year %	2 Year % p.a.	3 Year % p.a.	5 Year % p.a.	7 Year % p.a.	Since Inception* % p.a.
Wilson Group Priority Growth Fund	6.34	4.91	5.92	3.84	7	14.25
S&P/ASX Small Ords Accum Index	0.44	6.59	2.46	1.35	(2.31)	2.07
Excess Return	5.9	(1.68)	3.46	2.49	9.31	12.18

	1 Year %	2 Year % p.a.	3 Year % p.a.	5 Year % p.a.	Since Inception* % p.a.
Wilson Group Priority Core Fund	6.98	12.04	18.27	13.7	12.59
All Ordinaries Accumulation Index	5.67	11.5	14.47	9.36	8.1
Excess Return	1.31	0.54	3.8	4.34	4.49

Benchmarks: Priority Growth Fund – S&P/ASX Small Ordinaries Accumulation Index. Inception date was 4 July 2005.

Priority Core Fund – S&P/ASX All Ordinaries Accumulation Index. Inception date was 22 June 2010.

Returns are expressed net of fees. Past Performance is not a reliable indicator of future performance.

The Priority Funds made a net loss of \$0.3 million before tax for the 2015 financial year.

## Next Financial

In late 2010, Next Financial ceased offering new products and focused on servicing existing products to their contractual maturity or earlier if clients chose to redeem. The instalment book reached maturity during the 2015 financial year, with the instalment book declining from \$3.9 million at 30 June 2014 to a \$nil balance at 30 June 2015.

Next Financial made a net loss of \$0.7 million before tax for the 2015 financial year. The Next Financial business will be finalised in the 2016 financial year.

## Principal Investments

Principal Investments comprises the Group's investments in equity securities and unit trusts.

As at 30 June 2015 Principal Investments included \$4.8 million invested in the Wilson Group Priority Core Fund, hedged by a \$2.7 million XJO Put Option short position.

In the prior year the Group was required to consolidate \$2.3 million net profit before tax attributable to non-controlling interests in the Wilson Group Priority Core Fund. The fund was deconsolidated on 31 December 2013 and therefore no amount is included for the 2015 financial year.

Further information is provided at notes 6 and 12 of the financial statements.

## Securities business

The Securities business result for the 2015 financial year is reflected in the profit/(loss) on discontinued operations. From revenues of \$52.0m the Securities business generated a \$1.6 million net profit before tax before significant items. The Securities business comprises Private Wealth Management, Corporate Finance and Institutional Equities.

The business has performed well and in line with underlying corporate conditions and investment markets. The returns as indicated from the All Ordinaries Index and Small Ordinaries Index were slightly down and this was reflected in the Private Wealth advisory revenues being below prior years. The brokerage revenue across the firm was stronger, driven by a strong Institutional Equities business. The Corporate Finance business also performed strongly with growth in revenue resulting from increased transaction flow. Notable transactions that the Securities business participated in were Medibank Private Ltd, Estia Health Ltd, Shriro Holdings Ltd and Touchcorp Ltd. The Research team supporting the business had coverage of 80 stocks which clients also had the benefit of access to model portfolios across asset classes.





## 04 › Community Investment

Wilson Group Limited is a strong supporter of the wider community, reflecting the Company's core value of caring about clients, employees and the causes which matter most to them.

### Foundation

Established in 1987 as a vehicle for long term sustainable giving, the Foundation has disbursed almost \$3 million to approximately 65 Australian charities.

The Foundation actively seeks to follow one of the core Wilson Group principles of supporting good ideas early in their life cycle based on solid research, by helping organisations to grow and build their capacity. Partnerships are often with organisations which are at "start up" stage, are entrepreneurial and seeking to expand, and which tackle complex social issues through innovative approaches.

Managed by an independent board of directors, the Foundation currently gives the bulk of donations to charities which are supported by individuals who are actively volunteering their time, skills and energy to help those in need.

Requests in support of specific projects which address set criteria are vetted for compliance. If successful, they are then assessed and competitively rated by a peer internal review committee. The committee makes recommendations to the board of the Foundation's Trustee, which approves distributions at the end of June each year. During the 2015 financial year, the projects set out below have been supported through donations of up to \$20,000 per charity.

### Child Wise: VIC

The National Child Abuse Prevention Helpline provides a service for people affected by child sexual abuse including victims, parents, relatives, teachers, friends, professionals, carers and many others. It is a central point of contact with professionals and encourages help seeking behaviour, enabling people affected by child abuse in various forms to reach out. It is also a prevention Helpline enabling those who are aware of indicators, red flags or triggers to gain information to protect and secure a safer future for all Australians. Funding provided by the Foundation has enabled the helpline to trial extended operating hours, to develop a set of formal guidelines which are culturally sensitive, and to more effectively market its reach and therefore expand its impact.

### Fighting Chance Australia: NSW

Fighting Chance is a non-profit organisation which exists to enrich the lives of young adults with disability in Australia. Funds have supported an innovative new business enterprise, Jigsaw, which seeks to find employment for young adults with mild disabilities who experience barriers to accessing meaningful work. Employees are based at Fighting Chance's offices where their specific physical needs are accommodated, and where they manage outsourced business projects such as electronic filing, scanning, auditing and collation of documents. In addition to creating jobs, helping develop self esteem and offering social interaction, Jigsaw also acts as a bridge to connect people with disabilities with the broader community.

### ICON Cancer Foundation: QLD

Icon Cancer Foundation is the not-for-profit arm of Icon Cancer Care and delivers one of the most comprehensive cancer trial programs in Australia to support new and emerging treatments. A donation from the Foundation has enabled ICON to purchase specialist medical equipment for its five Queensland clinics to help enhance the quality and delivery of patient care. Specifically, Vital Signs Monitors (VSM) and Blanket Warming Cabinets have been purchased to help reduce the risk of major side effects and emergencies, while also increasing patient comfort. The monitors are of major benefit to patients requiring frequent supervision who are acutely ill, or individuals undergoing powerful treatments with a high risk of complications. Cabinets are used to heat blankets to a pre-set temperature, restoring and regulating body temperature and aiding the impact of therapy such as radiation and chemotherapy.

### MND and Me Foundation: QLD

The MND and Me Foundation was formed to raise awareness of Motor Neurone Disease and its impact in the community. MND and Me has utilised the funds provided by the Foundation to purchase state of the art technical and audio visual equipment, to maximise use of the organisation's newly built Centre in Brisbane. A major objective of the Centre is to be a hub and a focal point to bring separate groups together to enable collaboration and information exchange, social activity and planning. The Centre will be instrumental in helping to foster a strong, supportive and interactive MND community for patients, their carers and their families.

## 04 > Community Investment

### OzHarvest Gold Coast: QLD

OzHarvest is the first perishable food rescue organisation in Australia. Support has helped OzHarvest deliver the equivalent of 10,000 meals to local Gold Coast charities, helping them feed those in need throughout the community. OzHarvest rescues excess food from providers and distributes it to small charities that receive minimal government funding. Regular food deliveries to these local organisations enable them to reduce their own food spending and preparation. Consequently they can more effectively direct donations and volunteer efforts into education, rehabilitation and other services. Funds have also enabled OzHarvest to deliver the NEST educational program around healthy eating (Nice, Easy, Simple Tips) to 40 leaders within local charities.

### The Reach Foundation: NSW

Reach supports young people to get the most out of life and aims to improve their wellbeing so they can be healthy and resilient to meet life's challenges, and fulfil their potential. Having funded a comprehensive review and revamp of the Birdcage program for young women during the 2014 financial year, the Foundation has now helped Reach to complete the final product development phase; the roll out and launch of Birdcage in NSW. This has enabled the formal delivery of Birdcage, which offers a safe, facilitated space for young women to explore contemporary issues. Reach will now be

able to gather support and referrals from schools and generate positive word of mouth, with the aim of including the program in the ongoing suite of Reach workshops.

### Hervey Bay Neighbourhood Centre: QLD

The Hervey Bay Neighbourhood Centre (HBNC) offers welfare assistance, information and referral, free legal advice service, social groups, counselling and financial counselling. The Foundation is supporting a Youth Mentoring Program established by the HBNC to assist children from the age of 6 to 16 who are considered to be at risk. These young people face difficulties integrating into the general community, and regrettably Hervey Bay has a higher percentage of at risk children than the Queensland state average. The Mentoring Program is offered to all schools, which in turn access it for the benefit of students who need assistance in different forms. This can be short or longer term emotional or educational support and counselling, or general life guidance.

### HeartKids Australia: Congenital Heart Disease Registry

The Foundation also seeks longer term partnerships with select charitable organisations where it can invest in their growth over a number of years. The aim is to help develop new products and services to build capacity and foster sustainability. Currently the Foundation is partnering with



HeartKids Australia through donating \$100,000 per annum, to seed fund feasibility studies and the pilot development of a national Congenital Heart Disease (CHD) Registry. HeartKids is a registered health charity dedicated to providing support to families of children with heart disease, be it congenital or acquired.

The Registry is essential to monitor the number of child and adult patients with CHD, to assist in tracking clinical outcomes and to provide vital data for the planning of future needs. The objectives of the Registry are to improve CHD treatment and survival, together with the quality of life and services available to those with CHD. It will be used to evaluate the outcomes and inform the planning of effective services, which are consistent with international best practice.

### Strategic sponsorships

During the 2015 financial year, the Group sponsored charitable events of importance to employees and clients. These included:

- Brisbane Big City Barbecue (founding sponsor)
- Care Outreach
- Santos LNG Brisbane to the Gold Coast Cycle Challenge (founding sponsor)
- Wilson HTM Tour de Bay (founding sponsor)

### Employee participation and volunteering

The Group actively supported employee participation and attendance at charitable fund raising and volunteering events, including those which benefitted the following:

- Angel Flight Australia
- AEIOU Foundation for Children with Autism
- Australian Mitochondrial Disease Foundation
- Beyond Blue
- Multiple Sclerosis Research Australia
- RSPCA
- Youngcare

### Workplace Giving Program

Through its Workplace Giving Program, the Group matches employee donations made via monthly pre tax payroll deductions. Matching is offered on a dollar for dollar basis to any eligible Australian charity, up to \$2,000 per employee per annum. In the 2015 financial year, a total of \$41,000 was distributed to 20 charities across Australia. This takes the overall total during the last 8 years since the program began to \$700,000, donated to almost 100 charities.

The Group also paid all associated distribution and reporting costs for the program. This ensured that each nominated charity partner received the full amount donated by each employee, plus the same amount again provided through the matching process.





## 05 > Directors' Profiles



### Mr Steven Skala AO

BA, LLB (Hons)(UQ), BCL (Oxon)

#### **Non-executive Chairman**

#### **Experience and expertise**

Mr Steven Skala AO joined the board in 2002, and was appointed Chairman on 2 March 2011. Since 2004, he has been Vice Chairman of Deutsche Bank AG Australia and New Zealand.

Until his appointment as Chairman of the Company, Mr Skala was one of two nominated representatives of Deutsche Bank. When he was appointed Chairman, he was released from his appointment as a representative of Deutsche Bank in the Group's affairs.

Mr Skala is a former commercial lawyer with more than 20 years experience in corporate law. Between 1982 and 1985, he was a partner of Brisbane law firm Morris Fletcher and Cross (now Minter Ellison). Between 1985 and 2004, Mr Skala was a partner of law firm Arnold Bloch Leibler and was head of its Corporate and Commercial Practice for several years.

#### **Listed Company Directorships held in last 3 years (current & recent):**

- > None

#### **Other Directorships**

- > Vice Chairman of Deutsche Bank AG Australia and New Zealand
- > Chairman of Blue Chilli Technology Pty Ltd
- > Director of Hexima Limited
- > Director of Deutsche Australia Limited
- > Director of Australian Broadcasting Corporation
- > Director of The Centre for Independent Studies
- > Director of The Sir John Monash Foundation
- > Director of Priority Funds Management Pty Ltd
- > Director of Next Financial Limited
- > Vice President of The Eliza and Walter Hall Institute of Medical Research
- > Panel Member of Adara Advisors Pty Limited
- > Member of International Council, the Museum of Modern Art (New York)
- > Member of the Global Foundation

#### **Special responsibilities:**

- > Chairman of the Board

#### **Interests in shares and options**

- > 853,753 ordinary shares in the Company



## Mr Alan Watson

BSc, GAICD

### Non-executive director

Lead Independent

### Experience and expertise

Mr Alan Watson joined the board on 15 July 2013, after he had completed a 30 year investment banking career, during which he has been Managing Director of several Australian, American and U.K. based investment banks. During this career he has worked in the Securities markets of the U.K., Australia, Canada, China and Japan. Immediately prior to his retirement Mr. Watson was with Macquarie Group, where he had been recruited to establish its European Securities business.

### Listed Company Directorships held in last 3 years (current & recent)

- › Director of Airboss of America Corporation
- › Director of Aurora Oil and Gas (appointed November 2010, resigned June 2014)
- › Director Elixir Petroleum (appointed October 2011, resigned May 2014)

### Other Directorships

- › Director of Tomsuca Investments Pty Limited
- › Director of Finter Superannuation Pty Limited
- › Director of Frensham Foundation

### Special responsibilities

- › Lead Independent Director
- › Chairman of Remuneration and Nominations Committee

### Interests in shares and options

- › None



## Mr Cholomondeley Darvall AM

BA, FAICD, SF FIN

### Non-executive director

### Experience and expertise

Mr Chum Darvall joined the board in October 2005. Mr Darvall served as Chief Executive Officer of Deutsche Bank from July 2002 to March 2011.

Mr Darvall joined Deutsche Bank in September 1994 as Director of Treasury and in 1998 became Head of Global Markets with responsibility for debt market related activities.

Prior to Deutsche Bank, Mr Darvall worked in the financial markets divisions of Westpac (1985-1994) and BA Australia Ltd (1981-1985), a subsidiary of Bank of America.

### Listed Company Directorships held in last 3 years (current & recent)

- › None

### Other Directorships

- › Vice Chairman of Deutsche Bank AG Australia and New Zealand (until 2 July 2014)
- › Chairman of TransGrid
- › Chairman of Metrics Credit Partners
- › Director of Victor Chang Cardiac Research Institute (until 1 March 2015)
- › Director of Pinnacle Investment Management Limited
- › Director of Financial Markets Foundation for Children
- › Director of Australian Cricketers' Association Player Hardship Fund
- › Member of Australia Council's Major Performing Arts Panel (until 15 May 2015)
- › Member of Macquarie University Council
- › Member of BPAY Development (NPP) Advisory Council (until 31 December 2014)
- › Member of Palisade Investment Partners Advisory Board

### Special responsibilities

- › Chairman of the Audit Compliance and Risk Management Committee
- › Member of the Remuneration and Nominations Committee

### Interests in shares and options

- › 300,000 ordinary shares in the Company
- › Until 1 July 2014, Mr Darvall was the nominee director of Deutsche Australia, which holds 20,502,303 shares in the Company



## Mr Steven Wilson AM

B Com, LLB (UQ), Hon PhD (QUT & Griffith), FAICD, SF Fin, MSAA

### Non-executive director

#### Experience and expertise

Mr Steven Wilson has over 37 years of professional investment experience, including 4 years with Cazenove & Co. in London before joining Wilson & Co in 1984. Since then he has spent 26 years as either Chairman, Managing Director or Joint Managing Director of the Company.

Under his leadership, Hyperion Asset Management was established in 1996, Priority Funds in 2005 and Pinnacle in 2006. In October 2011, Mr Wilson resigned from the position of Managing Director whilst remaining on the board as a Non-executive Director and also provides consultancy services.

Mr Wilson has previously served on several boards including as a Chairman of South Bank Corporation, Hyperion Asset Management, St John's Cathedral Completion Fund, Queensland Rugby Union and as a Director of Telstra Corporation, Tourism Queensland and the Council of QUT.

#### Listed Company Directorships held in last 3 years (current & recent)

- › None

#### Other Directorships

- › Chairman of Priority Investment Management Pty Ltd
- › Chairman of RHE No.2 Pty Ltd
- › Chairman of Next Financial Limited
- › Chairman of Barambah Wines
- › Director of Pinnacle Investment Management Limited
- › Director of The Centre for Independent Studies
- › Director of Australian Oil-Shale Holdings Ltd
- › Trustee of University of Queensland Rugby Union Foundation

#### Special responsibilities

- › Member of the Audit Compliance and Risk Management Committee
- › Chairman of Priority Funds Investment Committee

#### Interests in shares and options

- › 20,133,000 ordinary shares in the Company



## Mr Alexander Grant

B Econ UQ, Grad Dip SIA

### Managing Director

#### Experience and expertise

Mr Sandy Grant was appointed Managing Director on 11 April 2014, having been Acting Chief Executive Officer since July 2013. Mr Grant is also a director of Pinnacle.

Mr Grant has been the Fund Manager of the Wilson Group Priority Growth Fund since 2005, and co-manager of the Wilson Group Priority Core Fund since its inception in mid 2010. He has 35 years experience in the finance industry with a number of institutions.

Mr Grant joined Wilson HTM Ltd in 1992. He was Head of Institutional Stockbroking and a Director of Wilson HTM Ltd from 2004 to 2007. Mr Grant has been a company shareholder since 1995 and is a key investor in the Wilson Group Priority Funds.

#### Listed Company Directorships held in last 3 years (current & recent)

- › None

#### Other Directorships

- › Director of Pinnacle Investment Management Limited
- › Director of Next Financial Limited
- › Director of Priority Funds Management Pty Ltd
- › Director of Ariano Pty Ltd
- › Director of WIG Option Plan Managers Pty Ltd
- › Director of Investment Solutions Client Services Pty Ltd
- › Director of Next Financial Nominees Pty Ltd
- › Director of Next Financial Nominees No. 2 Pty Ltd
- › Director of Brisbane Boys' College Foundation Limited

#### Interests in shares and options

- › 5,628,738 ordinary shares in the Company





## 06 > Directors' Report

Your directors present their report on the Group, consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2015.

### Directors

The directors of the Company during the financial year were:

Mr S M Skala AO

Mr C Darvall AM

Mr S M Wilson AM

Mr A Watson

Mr A W M Grant

Ms E Lane served as a director until her resignation on 26 November 2014.

Information on the qualifications, experience and responsibilities of the directors is included in the directors' profiles on pages 21 to 23 of the 2015 Annual Report.

### Earnings per share

	2015 Cents	2014 Cents
<b>From adjusted NPAT*</b>		
Basic earnings per share	4.5	4.7
Diluted earnings per share	4.5	4.5
<b>From continuing operations</b>		
Basic earnings per share	(5.2)	3.5
Diluted earnings per share	(5.2)	3.4
<b>Total attributable to owners of Wilson Group Limited</b>		
Basic earnings per share	(8.5)	4.7
Diluted earnings per share	(8.5)	4.5

\* NPAT of \$4.8 million before significant items, being \$9.4 million de-recognition of the DTA and \$4.4 million arising from held for sale classification of the Securities business and associated transaction related costs. Refer page 6 - Operating and Financial Review

### Dividends

In the 2015 financial year, the following dividends were paid:

- > A fully franked dividend of 2.75 cents on 18 September 2014
- > A fully franked interim dividend of 1.6 cents on 17 April 2015

Since the end of the financial year, the Company has declared a special dividend of 2.25 cents per fully paid ordinary share to be paid on 18 September 2015

### Operating and Financial Review

The Operating and Financial Review can be found at pages 6 to 16 of the 2015 Annual Report.

### Significant changes in the state of affairs

Since the 2014 financial report, there has been a significant change in the state of affairs of the Group as a consequence of the divestment of the Securities business. The sale of the Securities business completed on 1 July 2015 to a consortium comprising senior executive management, Craigs Investment Partners and Deutsche Australia, following approval by shareholders at an extraordinary general meeting on 26 June 2015. The notice of meeting sent to shareholders for the extraordinary general meeting included an explanatory memorandum which set out further detail in relation to the transaction and an independent expert's report which concluded that the transaction was fair and reasonable to non-associated shareholders.

### Matters subsequent to the end of the financial year

Other than as set out in note 40 of the financial statements at page 132, there has not arisen in the interval between the end of the financial year and the date of this directors' report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the:

- › Group's operations in future financial years; or
- › Results of those operations in future financial years; or
- › Group's state of affairs in future financial years.

### Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

### Company Secretary

During the 2015 financial year, the role of Company Secretary was performed by:

- › Mr Don Mackenzie in the period 1 July 2014 to 23 December 2014
- › Mrs Eleanor Padman who was appointed on 23 December 2014.

### Audit Compliance and Risk Management Committee Member

Mr Don Mackenzie joined the Audit Compliance and Risk Management Committee in February 2015 as an external independent specialist with particular expertise in audit and accounting. Mr Mackenzie commenced his professional career with a chartered accounting firm and in 1976 commenced employment in a senior accounting role with a Queensland based rural ASX listed company. In 1993 he commenced practice as a Chartered Accountant providing corporate services predominantly to public companies and from 2008 he has acted in a personal capacity in that role. During this period Mr Mackenzie has also acted as a non-director independent member of audit committees for ASX listed companies including Structural Systems Limited (2002 to 2014), Silver Chef Limited (2005 to 2012) and Aveo Healthcare Limited (formerly Forest Place Group Limited) from 2004 to 2010. From 2010 Mr Mackenzie was appointed to the board of Forest Place Group Limited and also became the chairman of its audit committee until he resigned in March 2014.

### Meetings of Directors

The number of meetings of the Company's Board and of each Board committee held during the year ended 30 June 2015 and the number of meetings attended by each director were as follows:

	Meetings of Board and committees					
	Board		Audit Compliance & Risk Management		Remuneration & Nominations	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
S Skala AO	20	21	2	-	2	-
C Darvall AM	19	21	5	5	4	4
S Wilson AM	21	21	4	5	4	-
A Watson	19	21	3	-	4	4
E Lane*	6	6	2	2	2	2
A Grant	21	21	5	-	4	2

\*Ms Lane resigned with effect from 26 November 2014

### Remuneration Report

The remuneration report contains the following sections:

1. Key Management Personnel
2. Role of Remuneration and Nominations Committee
3. Executive remuneration policy and framework
4. Links between performance and outcomes
5. Details of Key Executive Management Personnel remuneration for Securities business and Priority Funds
6. Executive service agreements
7. Non-executive director remuneration
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Information in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

#### 1. Key Management Personnel

This remuneration report provides details of the remuneration of the Key Management Personnel of the Group for the year ended 30 June 2015. The Key Management Personnel for this period are listed in the tables below:

##### Executive Key Management Personnel

<i>Name</i>	<i>Position</i>
Alexander Grant	Managing Director
Bradley (Brad) Gale	Chair of Executive Committee (from 24 November 2014)
Ian Macoun	Chairman and managing director of Pinnacle
Alexander (Alex) Ihlenfeldt	Chief Financial Officer and director of Pinnacle

##### Non-Executive Key Management Personnel

###### Current

<i>Name</i>	<i>Position</i>
Steven Skala AO	Chairman
Cholomondeley (Chum) Darvall AM	Director
Steven Wilson AM	Director
Alan Watson	Director

###### Former

<i>Name</i>	<i>Position</i>
Erica Lane	Director (until 26 November 2014)

In accordance with the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Cth)*, the Key Management Personnel of the Group for the year ended 30 June 2015 comprised:

- each non-executive director of the Company
- executive director Alexander Grant
- Ian Macoun as chairman and managing director of Pinnacle and Alex Ihlenfeldt (from 1 July 2014) as chief financial officer and director of Pinnacle
- Brad Gale as chair of the executive committee of the Securities business from 24 November 2014

## 2. Role of Remuneration and Nominations Committee

The Remuneration and Nominations Committee is a committee of the Board. The Committee performs its role consistent with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality, high performing Board and executive team. It is primarily responsible for:

- ensuring that there are remuneration policies and practices to attract and retain executives and directors who will create value for shareholders
- ensuring the Group observes those remuneration policies and practices
- fairly and responsibly rewarding executives having regard to the performance of the Group and the interests of stakeholders
- ensuring compliance with the ASX Listing Rules, ASX Principles and the *Corporations Act 2001*
- assisting the Chairman to facilitate the review of Board performance annually
- the appointment of new directors, both executive and non-executive
- developing selection criteria for and identifying and assessing candidates for appointment to the Board, having regard to the Company's diversity policy
- establishing procedures for recommendation to the Chairman for the proper oversight of the Board and management.

The Remuneration and Nominations Committee does not provide recommendations on the remuneration of Ian Macoun, managing director and chairman of Pinnacle or any other Pinnacle employees. The responsibility for the remuneration of Mr Macoun sits with the board of Pinnacle, which includes three directors of the Company. Mr Macoun is responsible for recommending remuneration arrangement for Pinnacle employees to the board of Pinnacle.

The Charter for the Remuneration and Nominations Committee is incorporated in the Company's Corporate Governance Statement which can be found on the Company's website at <http://www.wilsonsgrouplimited.com.au/corporate-governance.html>

### 3. Executive remuneration policy and framework for the Securities business and Priority Funds

The Board is committed to achieving sustainable long-term growth and returns for investors. To this end, the remuneration policy aims to attract, motivate, develop and retain highly skilled executives and align their interests with shareholders. The remuneration framework consists of base salary, short term incentives and long term incentives.

#### **Base salary**

Base salary is structured as a package, which may be delivered as a combination of cash and prescribed non-financial benefits and includes minimum superannuation guarantee contributions.

Executives are offered a competitive base salary that comprises the fixed component of pay and rewards. Base salary for executives is reviewed annually to ensure the executive's pay is competitive with the market in the context of total remuneration. An executive's base salary is also reviewed on promotion.

There are no guaranteed base salary increases included in any executive's contract.

#### **Short term incentives (STI)**

STI, excluding commission structures, are an 'at risk' cash incentive payment which is paid to executives and staff at the discretion of the Board on an annual basis and in accordance with remuneration policies and the terms and conditions of employment.

The Remuneration and Nominations Committee is responsible for reviewing recommendations from the Managing Director for STI and recommending them for Board approval.

Within the Securities business 37% of employees are remunerated through commission based performance bonus arrangements and this accounts for 57% of compensation paid. For staff within the Securities business who were not remunerated by reference to commission based performance bonuses during the 2015 financial year, STI were based on a share in an STI pool based on a percentage of net profits. Awards from the STI pool were made on a discretionary basis by reference to an individual's performance and following a recommendation from Brad Gale as chair of the executive committee of the Securities business.

In addition, the Remuneration and Nominations Committee designated an STI pool for members of the senior executive leadership team. Senior executives received a discretionary award conditional upon the Securities business remaining profitable whilst the transaction to sell the business progressed and its successful completion.

During the 2015 financial year the Managing Director also made recommendations to the Remuneration and Nominations Committee in relation to cash bonuses to be paid to individuals within Priority Funds or who were transferring out of the Securities business to the Company's head office. The discretionary cash bonus took into consideration key performance indicators and individual performance (both financial and non-financial) over the period. STI are generally payable after approval of the full year financial report by the Board following a recommendation by the Remuneration and Nominations Committee.

Following the mandatory commencement of the Future of Financial Advice (FOFA) legislation, and with effect from 1 July 2013, the Group ensures that its revenue-generating private wealth management staff are not receiving conflicted remuneration. This is monitored through the Group's internal compliance program.

Steven Wilson and Brad Gale were the only Key Management Personnel to receive or participate in commission based performance bonus schemes during the 2015 financial year. Relevant details of the commission based performance bonus payments appear on pages 34 and 37.



### **Long term incentives (LTI)**

LTI have been provided to certain employees under the Company's employee option share plan (EOSP). The EOSP is designed to encourage alignment of the interests of staff with increased value to shareholders in the long term. Participants are granted options, which only vest subject to specific conditions being met at the end of the vesting period.

Participation in the EOSP is at the Board's discretion. Options granted under the EOSP carry no dividend or voting rights.

The rules of the EOSP contain restrictions on removing the 'at-risk' aspect of the instruments granted to executives, including to Key Management Personnel.

### **Securities business**

In December 2012, the Board approved the allocation of up to 10 million options over ordinary shares in the Company under the EOSP to selected employees in the Securities business, following shareholder approval at the Company's general meeting on 27 November 2012. The vesting period for these options was 27 February 2015 to 30 June 2015 subject to service conditions and the payment of the exercise price. During the 2015 financial year, employees who were still employed by the Securities business exercised 7.45 million options. This included the exercise of options by Key Management Personnel. Further details appear at page 38.

### **Pinnacle**

The Board announced a new LTI arrangement for senior executives of Pinnacle to the market on 25 February 2015 (Pinnacle LTI scheme). On 26 June 2015, shareholders approved the participation of Key Management Personnel in the Pinnacle LTI scheme. Further detail was provided in the notice of meeting sent to shareholders, which can be found on the Company's website at: [www.wilsongrouplimited.com.au/corporate-governance.html](http://www.wilsongrouplimited.com.au/corporate-governance.html)

Under the terms of the Pinnacle LTI scheme, executives received a combination of Pinnacle equity and options in the Company. The key terms of the Pinnacle LTI scheme are set out below.

#### **Equity component**

The Company sold 4.29% of its equity in Pinnacle to senior executives, subject to claw back arrangements.

#### **Options component**

On 1 July 2015, the Company issued 4.25 million options in the Company to senior executives under the EOSP at a strike price of 98.6 cents per share.

The options vest in two equal tranches on 1 January 2018 and 1 January 2020 with a 6 month vesting period. Any options that remain unexercised at the end of the vesting period will lapse. The options are subject to claw back arrangements and bad leaver provisions.

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### 4. Links between performance and outcomes

Each year, the Managing Director conducts a formal performance review of senior executives in the Securities business which has regard to the following criteria:

- > Contribution
- > Expertise and competency
- > Behaviours, including:
  - Ensuring results are delivered with integrity, meeting client satisfaction and adhering to business ethics
  - A commitment to client service
  - Self-management and self-development
  - Teamwork

The Managing Director then makes a recommendation to the Remuneration and Nominations Committee in respect of whether additional STIs should be paid in addition to base salary, commissions and any other contractual benefits that have been paid during the course of the year.

During the 2015 financial year and in light of the imminent sale of the Securities business:

- > the Managing Director conducted formal performance reviews of senior executive staff who were not remaining with the Securities business and made recommendations to the Remuneration and Nominations Committee in respect of STIs. In making those recommendations, regard was had to the individual's overall performance in progressing the sale transaction to completion and the significant extra workloads assumed as part of that process.
- > Brad Gale made recommendations to the Remuneration and Nominations Committee in respect of STIs for employees remaining with the Securities business as chair of the Executive Committee. In making those recommendations, regard was had to an individual's contribution to maintaining the profitability and performance of the Securities business during the sale process.

The table below shows key financial performance indicators applicable to the Group's performance over the last 5 financial years.

	2015 adjusted***	2015 statutory result	2014	2013	2012	2011
<b>Net profit/(loss) after tax attributable to shareholders (\$m)</b>	4.8	(9.0)*	4.8	(1.6)	(7.6)	(3.4)
Closing share price (\$)	1.20	1.20	0.61	0.19	0.20	0.67
Dividend per share (cents)	1.6**	1.6**	2.75	Nil	Nil	2.00
Diluted earnings per share (cents)	4.5	(8.5)	4.5	(1.6)	(7.3)	(5.1)

\* After significant items

\*\* Interim dividend

\*\*\* Before significant items being \$9.4 million de-recognition of the DTA and \$4.4 million arising from held for sale classification of the Securities business and associated transaction related costs.

## 5. Details of Executive Key Management Personnel remuneration

The relative weightings of the three remuneration components for Key Management Personnel are set out in the table below for the year to 30 June 2015.

	% of total remuneration		
	Fixed Remuneration	Performance-based remuneration	
		STI	LTI
Alexander Grant	56%	22%	22%
Ian Macoun	51%	49%	0%
Alex Ihlenfeldt	47%	51%	2%
Brad Gale	78%	17%	5%

### Alexander Grant

In accordance with the terms of his appointment as Managing Director, Mr Grant's base salary was set at \$400,000 per annum (inclusive of superannuation) with effect from 1 December 2013.

At the time of Mr Grant's appointment, his contract entitled him to receive an STI (based on the overall Group profitability and a threshold profitability in Securities business) for the 2015 financial year. Given the Board's decision to dispose of the Securities business, the Board exercised its discretion to award Mr Grant receive an STI of \$170,000 which recognised the overall profitability of the Group, individual performance and his contribution to ensuring the successful completion of the sale of the Securities business.

On 26 November 2014, and following shareholder approval, Mr Grant was granted 1,200,000 options, vesting in two equal tranches of 600,000, on 27 February 2015 and 27 February 2016, with an exercise price of \$0.595, and otherwise on terms and conditions consistent with the EOSP. The exercise price was calculated as the higher of a 20% premium of Group NTA per share as at 31 December 2013, or VWAP between 1 January 2014 and 31 May 2014.

### Ian Macoun

Mr Macoun's base salary increased from \$450,000 to \$525,000 per annum (inclusive of superannuation) in the 2015 financial year.

In the 2015 financial year, Mr Macoun received an STI of \$525,000. STI is a discretionary amount awarded on the basis of meeting business and strategic objectives.

In addition and in accordance with the terms of the Pinnacle LTI scheme described on page 30:

- on 7 May 2015, the Company sold 0.76% of its equity in Pinnacle to Mr Macoun
- following the approval of shareholders on 26 June 2015, on 1 July 2015 the Company granted 750,000 options over its ordinary shares to Mr Macoun at a strike price of 98.6 cents.

As previously disclosed in the Prospectus for the Company's IPO, Mr Macoun and his associated entities continue to be parties to a shareholders agreement between Mr Macoun, Pinnacle and the Company. The shareholders agreement contains various rights and obligations, including a change of ownership clause in respect of the Company. Further information can be found on the Company's website at [www.wilsongrouplimited.com.au/corporate-governance.html](http://www.wilsongrouplimited.com.au/corporate-governance.html).

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### **Alex Ihlenfeldt**

Mr Ihlenfeldt received a base salary of \$272,009 inclusive of superannuation in the 2015 financial year. Mr Ihlenfeldt also received an STI of \$299,658. STI is a discretionary amount awarded on the basis of meeting business and strategic objectives.

In accordance with the terms of the Pinnacle LTI scheme described on page 30:

- > on 7 May 2015, the Company sold 0.43% of its equity in Pinnacle to Mr Ihlenfeldt
- > following the approval of shareholders on 26 June 2015, on 1 July 2015 the Company granted 425,000 options over its ordinary shares to Mr Ihlenfeldt at a strike price of 98.6 cents.

### **Brad Gale**

On 25 February 2014 and in accordance with his contract of employment dated 15 March 2012, the Company granted 500,000 options over its ordinary shares to Mr Gale under the EOSP. The options had an exercise price of \$0.75 and vested on 27 February 2015. The options were subject to service conditions and were otherwise on terms and conditions consistent with the EOSP

On 19 February 2013, Mr Gale received 250,000 options over its ordinary shares under the EOSP with a strike price of \$0.32. The vesting period for these options was 27 February 2015 to 30 June 2015 subject to service conditions and the payment of the exercise price.

In the period following his appointment as chair of the executive committee on 24 November 2014, Mr Gale received total salary and fees of \$340,072 inclusive of superannuation, comprised of base salary of \$202,083 and commission payments of \$137,989. Mr Gale was also paid an STI of \$75,000, which was a discretionary bonus based on his performance.

Remuneration details for executive Key Management Personnel (calculated in accordance with applicable accounting standards) are set out in the table below

Name	Short-term employee benefits			Post employment benefits		Long-term benefits	Share-based payments	Total	Portion of remuneration at risk - STI	Portion of remuneration at risk - LTI		
	Cash salary & fees	Cash bonus (STI)	Non-monetary benefits	Superannuation	Retirement Benefits	Long service leave	Options & Rights (LTI)		Termination benefits	\$	\$	
Managing Director:												
Alexander Grant	2015	366,420	170,000	-	35,000	-	40,214	169,599	-	781,233	22%	22%
	2014	368,317	242,000	-	25,000	-	5,807	24,548	-	665,672	36%	4%
Chairman and managing director of Pinnacle:												
Ian Macoun	2015	490,000	525,000	-	35,000	-	16,123	1,407	-	1,067,530	49%	-
	2014	425,000	193,395	-	25,000	-	-	-	-	643,395	30%	-
Other Key Management Personnel:												
Alex Ihlenfeldt*	2015	242,009	299,658	-	30,000	-	2,829	11,529	-	586,025	51%	2%
	2014	-	-	-	-	-	-	-	-	-	-	-
Brad Gale#	2015	322,572	75,000	-	17,500	-	5,151	20,517	-	440,740	17%	5%
	2014	-	-	-	-	-	-	-	-	-	-	-
Totals	2015	1,421,001	1,069,658	-	117,500	-	64,317	203,052	-	2,875,528	-	-
	2014	793,317	435,395	-	50,000	-	5,807	24,548	-	1,309,067	-	-

\* KMP from 1 July 2014

# KMP from 24 November 2014

### 6. Executive service agreements

Remuneration and other terms of employment for the executive Key Management Personnel are formalised in service agreements.

Alexander Grant was engaged under a service agreement with an initial fixed term to 30 June 2015. On 1 July 2015, the agreement reverted to a permanent employment contract. Either Mr Grant or the Group may terminate his engagement by giving six months' notice. The Group may make payment in lieu of notice. If Mr Grant's engagement is terminated for cause or because he resigns other than to give effect to his retirement, he forfeits any entitlement to an STI or to exercise any options granted as an LTI. If Mr Grant's engagement ends for any other reason, Mr Grant will remain entitled to exercise any options granted as an LTI and will be entitled to receive a payment (other than in the event of a change of control of the Company) that will not exceed 12 months base salary after the payment of statutory entitlements and which will be inclusive of any payment in lieu of notice.

Brad Gale was engaged under a service agreement dated 9 March 2012 which was amended and re-issued in February 2014 and provides for termination by either party on three months' notice except where termination is due to misconduct. In addition to his base salary, and subject to an annual review by the Group, Mr Gale is entitled to receive commission based performance benefits calculated at a percentage for brokerage, advisory and performance fee revenue.

Following the sale of the Securities business, Mr Gale is no longer employed by the Company or its related bodies corporate.

The chairman and managing director of Pinnacle, Ian Macoun, is engaged under an ongoing service agreement with Pinnacle that provides for termination by either party upon giving one month's notice except where termination is due to misconduct. A termination payment of at least \$900,000 is payable upon termination by the Group, unless termination is due to misconduct. In 2006, the Group advanced Mr Macoun a loan of \$1.119 million to acquire shares in Pinnacle and agreed to pay, at the time of repayment of the loan (being the time of sale of Pinnacle shares by Mr Macoun) a bonus with a net value equal to the outstanding balance of the loan. The loan is unsecured and interest free. There is a net nil exposure in relation to the loan and bonus. The tax liability of the Group that will arise on payment of the bonus has been expensed in prior years. In May 2015, Pinnacle advanced to interests associated with Mr Macoun a loan of \$547,293 to acquire shares in Pinnacle. The loan is interest free and limited recourse with various repayment terms on cessation of employment if before 31 December 2018 or following a sale of equity.

Alex Ihlenfeldt, the Chief Operating Officer and Chief Financial Officer and a director of Pinnacle, is engaged under an employment agreement dated 1 February 2011 and amended on 30 January 2012 and 7 May 2015. The contract provides for termination by either party on one month's notice except where termination is due to misconduct. In January 2012, Pinnacle advanced to a Mr Ihlenfeldt's nominated shareholding entity, an unsecured, interest free loan of \$416,072 to acquire shares in Pinnacle. Pinnacle also agreed to pay Mr Ihlenfeldt every 6 months a bonus with a net value equal to the outstanding interest and costs due under the loan. The loan is immediately repayable if Mr Ihlenfeldt ceases employment with Pinnacle or sells some or all his shares. In May 2015, Pinnacle advanced to interests associated with Mr Ihlenfeldt a loan of \$309,552 to acquire shares in Pinnacle. The loan is interest free and limited recourse with various repayment terms on cessation of employment if before 31 December 2018 or following a sale of equity.



## 7. Non-executive director remuneration

The structure of non-executive director remuneration is separate and distinct from that of executive remuneration.

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain non-executive directors with the appropriate skills and experience while incurring a cost that is acceptable to shareholders and other stakeholders.

Non-executive directors' fees are determined within an aggregate non-executive directors' fee pool limit, with any increase in the fee pool requiring approval by shareholders. The current aggregate fee pool currently stands at \$600,000 per annum and was approved by shareholders at the Company's annual general meeting on 24 October 2006. No changes were proposed or made during the 2015 financial year.

The fees paid to non-executive directors for board and committee positions of the Company are set out in the table below:

	Annual fees
Chairman	\$135,000
Non-executive Director	\$67,500
Audit Compliance and Risk management Committee	
– Chair	\$9,000
– Member	\$0
Remuneration and Nominations Committee	
– Chair	\$9,000
– Member	\$0

In February 2014, Steven Wilson entered into an agreement with Wilson HTM Services Pty Ltd to provide investment management services. This agreement is on the same terms and conditions as other independent consultants to Wilson HTM Services Pty Ltd. Mr Wilson received commission based performance benefits under his consultancy arrangement of \$28,083 for investment management services.

On 24 July 2015, the Board (excluding Mr Watson) resolved to pay Alan Watson a special fee of \$75,000 in respect of extra services and special exertion provided to the Company throughout the 2015 financial year.

Non-executive directors are not eligible to receive STIs but may be eligible to participate in the EOSP.

Further details concerning the EOSP are set out on page 30.

Remuneration and payment details for the non-executive directors in relation to the Company, committee positions and subsidiary fees for the 2015 financial year were \$553,625 and are presented in accordance with applicable accounting standards as shown in the table overleaf.

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		Short-term employee benefits			Post employment benefits		Long-term benefits	Share based payments					
Name		Cash salary & fees	Cash bonus (STI)	Non-monetary benefits	Superannuation	Retirement benefits	Long service leave	Options & Rights (LTI)	Termination Benefits	Total \$	Total excluding non fee remuneration	Portion of remuneration at risk - STI %	Portion of remuneration at risk - LTI %
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Non-executive directors:													
Steven Skala (i)	2015	148,288	-	-	11,712	-	-	-	-	160,000	160,000	-	0%
	2014	148,570	-	-	11,430	-	-	-	-	160,000	160,000	-	0%
Chum Darvall (ii)	2015	99,000	-	-	-	-	-	-	-	99,000	99,000	-	0%
	2014	94,500	-	-	-	-	-	-	-	94,500	94,500	-	0%
Steven Wilson (iii)	2015	143,083	-	-	-	-	-	-	-	143,083	115,000	-	0%
	2014	151,370	-	-	-	-	-	-	-	151,370	115,000	-	0%
Alan Watson (iv)	2015	144,863	-	-	6,637	-	-	-	-	151,500	151,500	-	0%
	2014	66,590	-	-	6,160	-	-	-	-	72,750	72,750	-	0%
Erica Lane (v)	2015	25,685	-	-	2,440	-	-	-	-	28,125	28,125	-	0%
	2014	34,932	-	-	3,231	-	-	-	-	38,163	38,163	-	0%
Totals	2015	560,919	-	-	20,789	-	-	-	-	581,708	553,625		
	2014	495,962	-	-	20,821	-	-	-	-	516,783	480,413		

(i) 2015: Mr Skala received Director's fees of \$135,000 plus a sum of \$25,000 under a contractual arrangement, whereby the Company contributes \$25,000 towards administrative support. 2014: Mr Skala received Director's fees of \$135,000 plus a sum of \$25,000 as per the previously mentioned contractual arrangement.

(ii) 2015: Mr Darvall received Director's fees of \$76,500 in his capacity as a Director and committee chair and \$22,500 in payment of Director's fees in relation to his directorship of Pinnacle. 2014: Mr Darvall received Director's fees of \$72,000 in his capacity as a Director and six months as a committee chair and \$22,500 in payment of Director's fees in relation to his directorship of Pinnacle.

(iii) 2015: Mr Wilson received \$67,500 as Director's fees, \$22,500 in relation to his directorship of Pinnacle, \$25,000 relation to his role of chair of the Priority Funds Investment Committee and \$28,083 in commission payments. 2014: Mr Wilson received \$67,500 as Director's fees, \$22,500 in relation to his directorship of Pinnacle, \$25,000 relation to his role of chair of the Priority Funds Investment Committee and \$36,370 in commission payments.

(iv) 2015: Mr Watson received director's fees of \$76,500 in his capacity as director and committee chair. Mr Watson was awarded the amount of \$75,000 for extra services and special exertion by the Board (excluding Mr Watson). 2014: Mr Watson was appointed 15 July 2013 and received director's fees of \$72,750 in his capacity as a director and committee chair (appointed committee chair 1 September 2013).

(v) 2015: Ms Lane resigned from the board effective 26 November 2014 and received director's fees of \$28,125 in her capacity as a director during the year. 2014: Ms Lane was appointed 9 December 2013 and received director's fees of \$38,163 in her capacity as a director.

### Retirement allowances for non-executive directors

The Company does not provide retirement allowances for non-executive directors, which is consistent with the guidance contained in the ASX Principles. Superannuation contributions required under the Australian superannuation guarantee legislation are deducted from the relevant directors' overall fee entitlements where their fees are paid through payroll.

### New non-executive director appointments

On appointment to the Board, new non-executive directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their engagement. All new non-executive directors participate in a briefing, which covers the operation of the Board and its committees and financial, strategic, operational and risk management issues. For further detail, refer to the Corporate Governance Statement on page 46 of the 2015 Annual Report.

## 8. Share based payment compensation

### Legacy LTI Plans

There are no remaining shares held under any legacy LTI plans and the various associated trusts have been terminated.

### Outstanding LTI grants

The terms and conditions of each grant of options or rights affecting remuneration in the previous, this or future reporting periods as at 30 June 2015 are as follows:

Grant date	Category	Expiry date	Exercise period	Exercise price	Value per right / option at grant date	Number of rights / options granted during the year	Number of rights / options exercised during the year	Number of rights / options forfeited during the year	Number of rights / options at end of financial year	% Vest-ed
11 Sept 2009	Options	11 Sep 14	2 years	\$0.00	\$1.02	0	68,000	28,000	0	100%
19 Feb 2013	Options	30 Jun 15	123 Days	\$0.27	\$0.19	0	4,075,000	825,000	0	100%
19 Feb 2013	Options	30 Jun 15	123 Days	\$0.32	\$0.17	0	2,275,000	0	0	100%
24 Feb 2014	Options	30 Jun 15	123 Days	\$0.75	\$0.12	0	500,000	0	0	100%
26 Nov 2014	Options	30 Jun 15	124 Days	\$0.60	\$0.16	600,000	600,000	0	0	100%
26 Nov 2014	Options	30 Jun 16	124 Days	\$0.60	\$0.20	600,000	0	0	600,000	0%

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Details of options and rights provided as remuneration to executive Key Management Personnel are set out below:

Name	Date of grant	Number of options / rights granted	Value (\$) of options/ rights granted (i)	Vesting date	Number of options/ rights vested (ii)	Value (\$) of options/ rights vested (iii)	Number of options/ rights forfeited/ lapsed/ sold	Value (\$) of options/ rights forfeited/ lapsed/ sold
<b>Key Management Personnel of the Group</b>								
Alexander Grant								
Options	19 Feb 2013	200,000	\$33,800	27 Feb 2015	200,000	\$33,800	-	-
Options	26 Nov 2014	600,000	\$94,860	27 Feb 2015	600,000	\$94,860	-	-
Options	26 Nov 2014	600,000	\$124,320	27 Feb 2016	-	-	-	-
<b>Sub-Total</b>		<b>1,400,000</b>	<b>\$252,980</b>		<b>800,000</b>	<b>\$128,660</b>	<b>-</b>	<b>-</b>
Brad Gale								
Options	19 Feb 2013	250,000	\$42,250	27 Feb 2015	250,000	\$42,250	-	-
Options	24 Feb 2014	500,000	\$58,250	27 Feb 2015	500,000	\$58,250	-	-
<b>Sub-Total</b>		<b>750,000</b>	<b>\$100,500</b>		<b>750,000</b>	<b>\$100,500</b>	<b>-</b>	<b>-</b>

(i) Fair values at grant date are independently calculated using a binomial approximation option pricing model that takes into account the exercise price, the terms of the right or option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right or option. Model inputs for the grants made in the financial year ended 30 June 2014 are set out in note 43 to the financial statements.

(ii) On the vesting of each option/right, the holder became entitled to receive one fully paid ordinary share in the Company on exercise of the option/right.

(iii) The amount is based on fair value of the option or right at grant date.

### 9. Equity instrument disclosures relating to Key Management Personnel

#### Options and rights holdings

The number of options and rights over ordinary shares in the Company held during the 2015 financial year by the director's of the Company and other Key Management Personnel of the Group, including personally related parties, are set out below.

	2015	2014
Balance at start of year	220,000	2,419,975
Granted compensation	1,200,000	0
Exercised	(1,550,000)	(142,462)
Expired and other changes*	730,000	(2,057,513)
<b>Balance at end of year</b>	<b>600,000</b>	<b>220,000</b>

\* Includes changes due to staff commencing or ceasing to be Key Management Personnel during the year.

#### Shareholdings

The numbers of shares in the Company held during the financial year by each Director of the Company and other Key Management Personnel of the Group, including their related parties, are set out overleaf.

**2015 – Ordinary Shares  
Wilson Group Limited**

Name	Balance at start of year	Granted during reporting year as compensation	Received during the year on the exercise of options and rights	Other changes during the year	Balance at the end of the year
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**Non-executive Directors:**

Steven Skala	853,753	0	0	0	853,753
Chum Darvall	300,000	0	0	0	300,000
Steven Wilson	18,913,000	0	0	1,220,000	20,133,000
Alan Watson	0	0	0	0	0

**Former Non-executive Director:**

Erica Lane	0	0	0	0	0
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**Executive Director:**

Alexander Grant	3,870,090	0	800,000	958,648	5,628,738
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**Key Management Personnel:**

Ian Macoun	100,000	0	0	0	100,000
Alex Ihlenfeldt	0	0	0	1,458,498	1,458,498
Brad Gale (from 24 November 2014)	0	0	750,000	(250,000)	500,000

**2015 – Ordinary Shares  
Pinnacle Investment Management Limited**

Name	Balance at start of year	Granted during reporting year as compensation	Received during the year on the exercise of options and rights	Other changes during the year	Balance at the end of the year
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**Executive directors**

Ian Macoun	31,680	0	0	1,791	33,471
Alex Ihlenfeldt	0	0	0	3,369	3,369

**10. Loans to Key Management Personnel**

Details of loans made to Directors of the Company and other Key Management Personnel of the Group, including their related parties, are set out below.

**(i) Aggregates for Key Management Personnel**

	Balance at the start of the year \$	Interest paid and payable for the year \$	Loan issued during the year \$	Other changes during the year \$	Interest not charged \$	Balance at the end of the year \$	Number in Group at the end of the year
2015	1,119,000	-	856,845	416,072	97,113	2,391,887	2

**(ii) Individuals with loans above \$100,000 during the financial year**

	Balance at the start of the year \$	Interest paid and payable for the year \$	Loan issued during the year \$	Other changes during the year \$	Interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
Ian Macoun	1,119,000	-	547,293	-	70,145	1,666,293	1,666,293
Alex Ihlenfeldt	0	-	309,552	416,072	26,968	725,624	725,624

The loans referenced in the above table were advanced by Pinnacle for the purpose of acquiring shares in Pinnacle.

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arms length basis.

## 06 > Directors' Report

### 11. Other transactions with Key Management Personnel

#### Steven Skala AO

Mr Skala is a non-executive director of the Company, Vice Chairman of Deutsche Bank AG Australia and New Zealand and is a director of Deutsche Australia.

Deutsche Bank AG is a substantial shareholder of the Company through Deutsche Australia Limited who holds 18.55% of the Company's shares (2014 - 19.80%).

#### Chum Darvall AM

Chum Darvall is a non-executive director of the Company and was a vice chairman of Deutsche Bank AG Australia and New Zealand until 1 July 2014. Mr Darvall is a member of Palisade's advisory board for which he is paid \$60,000 per annum plus GST. Mr Darvall is also the chairman of Metrics Credit, which has a distribution agreement with, and pays fees to, Pinnacle on normal commercial terms.

#### Steven Wilson AM

In February 2014, Mr Wilson entered into an agreement with Wilson HTM Ltd, now a former subsidiary of the Company, to provide investment management services. This agreement is on the same terms and conditions as other Wilson HTM Ltd advisers. For the year ended 30 June 2015, \$28,083 was paid to Mr Wilson under this agreement (2014 - \$36,370).

During the 2015 financial year some of the directors of the Company and other Key Management Personnel of the Group (including their related parties) transacted broking and investment advisory business with Group entities and former Group entities from time to time on terms no more favourable than those available to all employees within the Group.

### 12. Equity Capital

#### Shares issued on exercise of remuneration options

1,550,000 ordinary shares in the Company were allocated to Key Management Personnel as a result of the exercise of options during the financial year ended 30 June 2015.

#### Shares under option/rights

Unissued ordinary shares of the Company under option at 30 June 2015 are as follows:

Date options/rights granted	Expiry date	Exercise price of options	Number under options/rights
26 November 2014	30 June 2016	\$0.60	600,000
Total			600,000

On 1 July 2015, 4,250,000 options were issued to senior executives of Pinnacle with an exercise price of 98.6 cents. The options can be exercised in two equal tranches, which expire on 30 June 2018 and 30 June 2020 respectively.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

#### Shares issued on the exercise of options

There were 7,518,000 ordinary shares in the Company issued on the exercise of options granted under the EOSP during the year ended 30 June 2015. 6,983,602 ordinary shares were issued by way of fresh capital, with the balance of 534,398 coming from treasury stock held by the Company. No shares have been issued since that date.

**End of Remuneration report**



### Insurance of officers

The Company has paid a premium for a contract insuring all directors and executive officers of the Company and certain related bodies corporate against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The directors have not included in this report details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and executive officers insurance liability contract as disclosure is prohibited under the terms of the contract.

The Company has agreed to indemnify each person who is, or has been a director, officer or agent of the Company or certain of its related bodies corporate against all liabilities to another person (other than to the Company or a related body corporate) that may arise from their position as director, officer or agent, except where the liability arises out of conduct involving a lack of good faith. The Company is required to meet the full amount of any such liabilities, including costs and expenses for a period of seven years.

No liability has arisen since the end of the previous financial year which the Company would, by operation of the above indemnities, be required to meet.

Pinnacle is indemnified by the insurance arrangements described. Next Financial a wholly owned subsidiary of the Company, also maintains separate insurance policies.

### 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 the Group are important.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out overleaf.

The Board has considered the position and, in accordance with the advice received from the Audit Compliance and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the Auditor, as set out below, 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 Compliance and Risk 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 APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the Auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

## 06 > Directors' Report

During the 2015 financial year the following fees were paid or are payable for services provided by the Auditor, its related practices and non-related audit firms:

	Consolidated	
	2015 \$	2014 \$
<b>Assurance services</b>		
<b>1. Audit services</b>		
PricewaterhouseCoopers Australia firm:		
Audit and review of financial reports and other audit work under the Corporations Act 2001	280,540	244,343
<b>Total remuneration for audit services</b>	<b>280,540</b>	<b>244,343</b>
<b>2. Other assurance services</b>		
PricewaterhouseCoopers Australia firm:		
Audit of regulatory returns	52,860	63,105
Audit of compliance plans	54,952	38,686
Other assurance services	43,146	-
<b>Total remuneration for other assurance services</b>	<b>150,958</b>	<b>101,791</b>
<b>Total remuneration for assurance services</b>	<b>431,498</b>	<b>346,134</b>
<b>Taxation services</b>		
PricewaterhouseCoopers Australia firm:		
Tax services, including review of company income tax returns	130,531	89,522
<b>Total remuneration for taxation services</b>	<b>130,531</b>	<b>89,522</b>
<b>Advisory services</b>		
PricewaterhouseCoopers Australia firm:		
Other services	-	29,700
<b>Total remuneration for advisory services</b>	<b>-</b>	<b>29,700</b>
<b>Total remuneration of PricewaterhouseCoopers Australia firm</b>	<b>562,029</b>	<b>465,356</b>
<b>Total remuneration of auditors</b>	<b>562,029</b>	<b>465,356</b>

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act* 2001 is set out on page 45 of the 2015 Annual Report.

### Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### Auditor

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

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



S M Skala AO  
CHAIRMAN  
WILSON GROUP LIMITED

Melbourne  
31 August 2015

## 07 > Auditor's Independence Declaration

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### Auditor's Independence Declaration

As lead auditor for the audit of Wilson Group Limited for the year ended 30 June 2015, 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 Wilson Group Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'M O'Donnell'.

Michael O'Donnell  
Partner  
PricewaterhouseCoopers

Brisbane  
31 August 2015

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001  
T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

## 08 > Corporate Governance

### Introduction

This Corporate Governance statement, which has been approved by the Board, describes the Company's corporate governance practices and framework which were in place during the 2015 financial year.

In the 2016 financial year, as a result of the sale of the Securities business and the subsequent impacts that sale has had on the corporate structure and strategic direction of the Group, a number of the Company's governance policies and practices will require revisiting.

### Summary

The Group's compliance with the ASX Principles during the 2015 financial year is summarised in the table below:

	ASX Principle	Comply / Non-comply
<b>Principle 1:</b>	<b>Lay solid foundations for management and oversight</b>	
Recommendation 1.1	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of the board, the chair and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	Comply
Recommendation 1.2	A listed entity should: <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	Comply
Recommendation 1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	
Recommendation 1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	
Recommendation 1.5	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them and either:               <ul style="list-style-type: none"> <li>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(2) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012</li> </ul> </li> </ul>	Comply

## 08 > Corporate Governance

	ASX Principle	Comply / Non-comply
Recommendation 1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Comply
Recommendation 1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Comply
<b>Principle 2</b>	<b>Structure the Board to add value</b>	
Recommendation 2.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</li> </ul> </li> <li>(b) or, if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Complied until resignation of Ms E Lane on 26 November 2014. See paragraph 2.4 on future Board composition
Recommendation 2.2	A listed entity should have and disclose a statement as to the mix of skills and diversity that the board is looking to achieve in its membership.	Comply
Recommendation 2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.1 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director</li> </ul>	Comply



	ASX Principle	Comply / Non-comply
Recommendation 2.4	A majority of the board of a listed entity should be independent directors	Non-Comply – see paragraph 2.4 below for further detail
Recommendation 2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Non-Comply – see paragraph 2.5 below for further detail
Recommendation 2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Comply
<b>Principle 3:</b>	<b>Promote ethical and responsible decision making</b>	
Recommendation 3.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it</li> </ul>	Comply
<b>Principle 4:</b>	<b>Safeguard integrity in financial reporting</b>	
Recommendation 4.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	Non-comply – all committee members are non-executives. See paragraph 4.1 below for further detail
Recommendation 4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Comply

## 08 > Corporate Governance

	ASX Principle	Comply / Non-comply
Recommendation 4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Comply
<b>Principle 5:</b>	<b>Make timely and balanced disclosure</b>	
Recommendation 5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Comply
<b>Principle 6:</b>	<b>Respect the rights of shareholders</b>	
Recommendation 6.1	A listed entity should provide information about itself and its governance to investors via its website.	Comply
Recommendation 6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Comply
Recommendation 6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Comply
Recommendation 6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Comply
<b>Principle 7:</b>	<b>Recognise and manage risk</b>	
7.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a committee or committees which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) if it does not have a committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	Comply
7.2	The board or a committee of the board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</li> <li>(b) disclose in relation to each reporting period, whether such a review has taken place.</li> </ul>	Non-comply – see paragraph 7.2 below for further detail

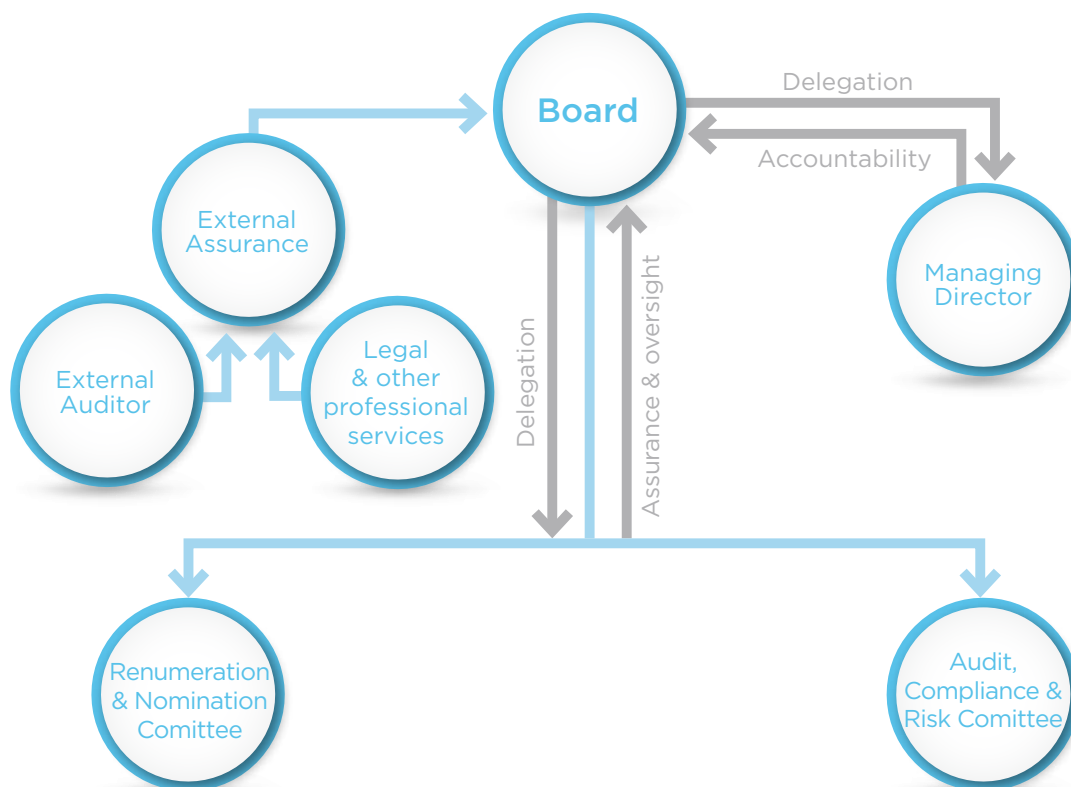
	ASX Principle	Comply / Non-comply
Recommendation 7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Comply
Recommendation 7.4	A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks.	Non-comply – see paragraph 7.4 below for further detail
<b>Principle 8</b>	<b>Make timely and balanced disclosure</b>	
Recommendation 8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Complied until resignation of Ms E Lane on 26 November 2014. See paragraph 8.1 on future Board composition.
Recommendation 8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Comply
Recommendation 8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Comply

## 08 > Corporate Governance

### 1. Foundations for Management and Oversight

The relationship between the Board, the Managing Director and senior executive management is critical to the Group's long term success.

The Group's governance framework can be represented diagrammatically as follows:



#### 1.1 Responsibilities of the Board

The responsibilities of the Board include:

- > the composition of the Board itself, including the appointment and retirement or removal of directors
- > reviewing the performance of the directors
- > determining the remuneration of the Chairman
- > having input into and final approval of management's development of corporate strategy and performance objectives and refining direction where considered appropriate
- > monitoring and approving the progress of major capital expenditure initiatives, capital managements and acquisitions and divestitures
- > monitoring and questioning management's performance and progress in the achievement of agreed objectives
- > approving and monitoring financial and other reporting
- > oversight of the Group including its control and accountability systems
- > reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance
- > monitoring industry developments relevant to the Group and its business
- > developing suitable key indicators of financial performance for the Group and its business
- > overall corporate governance of the Group, including the strategic direction, establishing goals for the management and monitoring the achievement of these goals
- > oversight of Board sub-committees.

The Chairman is responsible for leading the Board, representing the Group to the public generally, ensuring directors are properly briefed, regularly reviewing the performance of the Managing Director and of the Board, facilitating Board discussions and, in conjunction with the Managing Director, growing the sustainable per share value of the Securities business. The Board charter requires that the roles of the Chairman and the Managing Director be undertaken by separate people.

The Managing Director is responsible for the day to day operations of the Securities business, ensuring that the Board is kept abreast of the major matters affecting the Securities business, and in conjunction with senior executive management reviewing operations, financial performance, staff engagement, client services and implementing strategies and policies for the Securities business. From 24 November 2014 to 30 June 2015, as part of the process of the sale of the Securities business to senior executive management, Craigs Investment Partners Limited and the Deutsche Bank group, Mr Brad Gale assumed the role of chair of the executive committee and day to day management of the Securities business. During this period, Mr Gale continued to report to the Managing Director and the Board.

The chairman and managing director of Pinnacle is responsible for the day to day operations of Pinnacle and for implementing Pinnacle's strategies and policies. He prepares business plans and reports to the Pinnacle board on achievements against objectives set out in the business plans and reviews operations, financial performance, strategy implementation and client services.

Any powers not specifically reserved for the Board are deemed to have been delegated to the Managing Director and the chairman and managing director of Pinnacle.

## 1.2 Election and selection of new directors

Under the Company's constitution, all directors must retire from office (and may seek re-election) no later than the third annual general meeting following their last election. When a director stands for election or re-election, the Board provides shareholders with information in relation to a director's biographical details, qualifications, skills and experience, as well as details of any other directorships or material interests they hold. The Board provides its recommendation in relation to any proposed re-election of a director in the notice of meeting that is sent to shareholders.

Deutsche Australia, as the Company's major shareholder, was entitled under the constitution to appoint a number of directors based on the percentage of shares it held and the size of the Board. In the 2015 financial year, Deutsche Australia did not exercise this right and did not have a nominee director on the Board. Following the sale of the Securities business, shareholders approved that the Company's constitution be amended to remove Deutsche Australia's special right to appoint directors.

Prospective candidates for election to the Board are reviewed by the Remuneration and Nominations Committee. The Remuneration and Nominations Committee considers the experience, skills, gender and background of the candidates and the requirements of the Board, to ensure the Board's overall composition enables it to discharge its responsibilities and lead the Company effectively.

## 1.3 Service agreements

All directors and senior executives have a written agreement with the Company setting out the terms of their appointment.

## 1.4 Company Secretary

The Company Secretary is appointed by the Board and is also the General Counsel. The Company Secretary attends Board and Board Committee meetings and is responsible for providing the Board with advice on legal and corporate governance issues. The Company Secretary is responsible for the operation of the secretariat function, including implementing the Company's governance framework and, in conjunction with the Managing Director, giving practical effect to the Board's decisions. The Company Secretary is accountable to the Board through the Chairman, on all matters to do with the proper functioning of the Board.

## 08 > Corporate Governance

### 1.5 Diversity

The Company has a gender diversity policy which applies to the Company and to the Securities business and provides that:

- > external recruiters should be encouraged to consider candidates of both genders
- > for all senior executive and senior manager roles, at least one female, where possible, is to be identified as a potential successor
- > flexible work arrangements and a competitive paid parental leave scheme be offered to parents returning to work
- > the Group's learning and development initiatives should support diversity objectives
- > the Group encourages the participation of female employees in external mentoring and networking initiatives
- > the Remuneration and Nominations Committee is tasked with ensuring gender fairness as part of annual salary reviews

In the 2015 financial year, the Company met its reporting obligations under the *Workplace Gender Equality Act 2012*. In addition, the Board received reports against a number of measurable objectives in respect of gender diversity progress being:

- > average fixed remuneration for male and female employees
- > return to work rates following parental leave
- > employee turnover
- > training and development participation by gender where the Company has provided individuals with financial assistance for that purpose.

The table below shows the Company's progress in return to work rates, employee turnover and training and development, measured as at 30 June 2015:

	Return to Work Rates		Employee Turnover		Training & Development Participation	
	Male	Female	Male	Female	Male	Female
2014 financial year	N/A	75%	53%	47%	56%	10%
2015 financial year	N/A	33%	47%	53%	49%	11%
Change	0	42% ↓	6% ↓	6% ↑	7% ↓	1% ↑

The table below shows the average number of and remuneration for male and female employees across the Group in the 2015 financial year (excluding Pinnacle) and comparatives for the prior year. The date provided is correct at 30 June 2015.

	Board*		Senior Executive**		Remaining Organisation (excluding Pinnacle)	
	Number	Average fees	Number	Average remuneration***	Number	Average remuneration***
<b>FY2015</b>						
Male	4	\$138,395	9	\$332,399	112	\$196,145
Female	0 ****	N/A	1	\$236,900	46	\$101,197
<b>FY2014</b>						
Male	4	\$119,655	8	\$296,826	119	\$193,427
Female	1	\$67,500	1	\$230,000	54	\$106,250

\* excludes the Managing Director

\*\* Senior Executive being defined as a member of the executive committee and one level below the Board

\*\*\* Includes base salary, superannuation and commission based performance payments where applicable

\*\*\*\* Ms Erica Lane resigned from the Board with effect from 26 November 2014



The Board intends to continue to address female representation as part of the ongoing refresh of its composition.

The percentage of female employees in the Group (excluding Pinnacle) in various roles as at 30 June 2015 was:

- › Board – 0% (0 of 4)
- › Senior executive – 10% (1 of 10)
- › Female employees across the organisation – 28% (47 of 168)

## 1.6 Review of Board and director performance

During the 2015 financial year, the Board commenced a process to conduct an assessment of its performance, the performance of individual non-executive directors, the Chairman and the Managing Director. The process was not concluded during the 2015 financial year as it was considered appropriate to defer this in light of the substantial work being undertaken by the directors in connection with the sale of the Securities business.

## 1.7 Review of senior executive performance

Performance reviews were also conducted of senior executives of the Company. In relation to the Securities business, annual performance reviews have historically been carried out after the end of the financial year and therefore were not undertaken by the Company in July 2015 as the business had been sold.

# 2. Structure of the Board

## 2.1 Remuneration and Nominations Committee

The Remuneration and Nominations Committee is chaired by Alan Watson, with Chum Darvall and Alexander Grant (following Erica Lane's resignation) as committee members. The Company Secretary also acts as Secretary of the committee.

The role of the Remuneration and Nominations Committee includes:

- › ensuring that there are remuneration policies and practices to attract and retain executives and directors who will create value for shareholders
- › ensuring the Group observes those remuneration policies and practices
- › fairly and responsibly rewarding executives having regard to the performance of the Group and the interests of stakeholders
- › ensuring compliance with the ASX listing Rules, ASX Principles and the *Corporations Act* 2001
- › assisting the Chairman to facilitate the review of Board performance annually
- › the appointment of new directors, both executive and non-executive
- › developing selection criteria for and identifying and assessing candidates for appointment to the Board, having regard to the Company's diversity policy
- › establishing procedures for recommendation to the Chairman for the proper oversight of the Board and management.

The Remuneration and Nomination Committee does not have responsibility for, or oversight of, remuneration arrangements for Pinnacle and the Pinnacle Boutiques which are the responsibility of the Pinnacle board.

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An external consultant or advisor may be engaged where it is considered appropriate to assist the Remuneration and Nominations Committee to identify and select candidates with the desired skills and experience and to add diversity to the Board.

During the 2015 financial year, the Remuneration and Nomination Committee met 4 times with all members present on each occasion.

The Company has in place distinct remuneration frameworks for non-executive directors and for other Key Management Personnel. Non-executive directors receive fees reflecting the demands which are made on, and the responsibilities of, the non-executive directors. Non executive directors' fees and payments are reviewed annually by the Board.

Further details of the remuneration arrangements in place for non-executive directors and the Key Management Personnel are set out in the remuneration report commencing on page 27. The Charter for the Remuneration and Nominations Committee appears on the Company's website at <http://www.wilsonsgrouplimited.com.au/corporate-governance.html>

### 2.2 Board skills matrix

The experience, qualifications and skills of the Board includes expertise in the following areas relevant to the Group:

- > Retail Stockbroking
- > Institutional Sales
- > Equity Capital Markets
- > Funds Management
- > Mergers and Acquisitions
- > Business Analysis
- > Remuneration models
- > Risk and compliance
- > Legal
- > Accounting
- > Marketing and distribution
- > Media
- > Technology
- > Investor relations

### 2.3 Independence and Length of Service

The composition of the Board and the biographies of its directors, including their experience, expertise, qualifications, term of office and independence status, are set out on pages 21 to 23 of the 2015 Annual Report.

The Board has adopted the test of director independence set out in Box 2.3 of the ASX Principles. Having regard to this definition, the Board considers a director to be independent if he or she is not a member of management and is free of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with a director's ability to act in the best interests of the Company. The Board has not adopted any quantitative thresholds in relation to dealing with entities in which a director may have a financial interest and instead performs assessments on a case by case basis. At 30 June 2015, Steven Wilson and Alexander Grant have a substantial holding in the issued shares of the Company.

Consistent with obligations imposed by the *Corporations Act* 2001 and the ASX Listing Rules, directors are required to declare any conflicts of interest and, where deemed necessary, do not participate in any

discussions or any decisions which relate to the conflict. The Board regularly assesses the independence of the non-executive directors based on their disclosure of interests and the principles set out in Box 2.3 of the ASX Principles. As at the date of this report:

- Alan Watson is the lead independent non-executive director
- Chum Darvall ceased to be the nominated director of Deutsche Australia on 1 July 2014. Mr Darvall has been entitled to conduct himself on the basis that he is independent of, and unaffiliated to, the Deutsche Bank group during the 2015 financial year. Given his past relationship and Deutsche Australia's substantial shareholding, the Board has determined that it will not consider Mr Darvall to be an independent non-executive director until a period of 3 years elapses
- Steven Skala is a director of Deutsche Australia and is not considered to be independent due to that affiliation.
- Steven Wilson is not considered independent as he has a substantial shareholding in the Company's securities and has an ongoing relationship with the Group and its clients in a consultancy capacity.

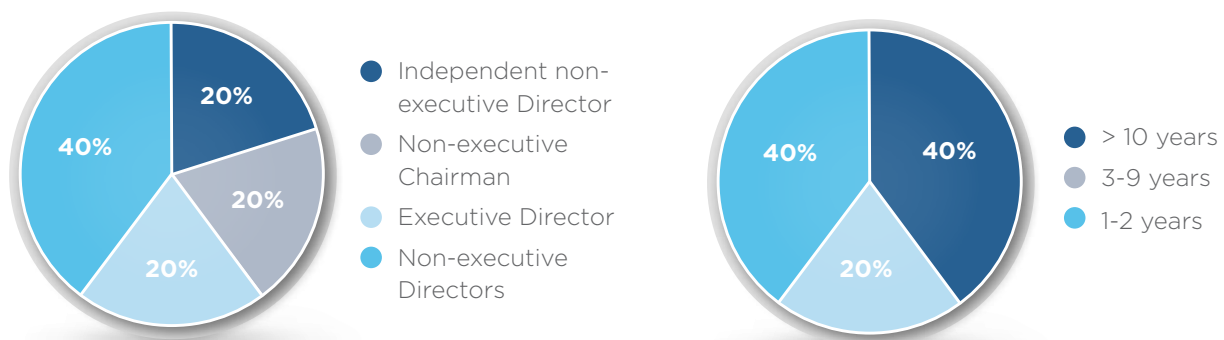
The Board believes in an appropriate balance between independence, ownership, organisational experience and specific knowledge, particularly given the Company is an organisation which backs entrepreneurs. The appointment of a lead independent director is appropriate in these circumstances.

#### 2.4 Balance of Independent and Non-Independent Directors

The composition of the Board is guided by the Company's constitution and the relevant provisions of the Board charter, which require the Board to be between 3 and 10 directors comprised of at least half non-executive directors and at least two independent directors (as defined in the ASX Principles) having a mix of complementary skills and experience from a diverse range of backgrounds, including gender.

As at the date of this report, the Board comprised five directors, four of whom are non-executive directors, of which one is considered independent. It is considered to be in the best interests of shareholders to change the current composition of the Board to add further independent directors following the divestment of the Securities business.

The charts below show the current lengths of tenure of directors and the balance between independent non-executive directors, non-executive directors and executive directors:



Following the resignations of Mr Chum Darvall (with effect from 31 August 2015) and the announced retirement of Mr Steven Skala as Chairman the Board will appoint a new independent non-executive director. It is anticipated that Mr Steven Wilson will remain a director. The Board considers that Mr Wilson's long history with the Company has not impacted his ability to remain independent of executive management.

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### 2.5 Separate roles of Chairman and Managing Director

During the 2015 financial year, and to ensure appropriate checks and balances, the roles of Chairman and Managing Director were held by separate directors.

Steven Skala is not considered to be independent as he is Vice-Chairman of Deutsche Bank AG Australia and New Zealand and is a director of Deutsche Australia, a major shareholder of the Company.

The non-executive directors meet regularly, without the Managing Director or management present, to discuss the operation of the Board and other matters. Relevant matters arising from these meetings are tabled with the full Board at the following Board meeting.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Group's expense.

### 2.6 Induction of new directors

Orientation programs are in place for all newly appointed directors.

Directors are encouraged to continue their education by attending external training and education sessions that keep directors informed of relevant regulatory and market developments and ensure that each director is well placed to effectively discharge his or her responsibilities.

## 3. Ethical and Responsible Decision Making

The Company has a Code of Ethics and Values which has been endorsed by the Board and applies to all directors. Its purpose is to give directors mandatory principles to be followed in performing their duties and to give them a clear understanding of best practice in corporate governance.

The Company has also developed and implemented a Code of Conduct which applies to all directors, employees, contractors and consultants of the Company and its related bodies corporate, including Pinnacle. The Code of Conduct is reviewed regularly and processes are in place to promote and achieve its implementation within the Group.

The Code of Conduct requires that directors, employees, consultants and contractors:

- > be faithful and diligent, and actively pursue the Group's best interests and at all times maintain reasonable ethical, professional and technical standards
- > devote the whole of their time, attention and skill during normal working hours and at other times as reasonably necessary to their duties
- > do not act in conflict with the best interests of the Group
- > do not compete with the Group
- > do not, in performing their duties, accept any financial or other benefit except from the Group
- > do not conduct themselves in a manner, whether during or after work hours, that causes damage or potential damage to the Group's property or reputation
- > do not use internet, email or voicemail at their workplace for excessive personal use or to view or distribute offensive or illegal material
- > do not unlawfully discriminate against, or sexually harass, another person.

Both the Code of Ethics and Value and the Code of Conduct are available on the Company's website at <http://www.wilsonsgrouplimited.com.au/corporate-governance.html>

## 4. Integrity in Financial Reporting

### 4.1 Audit, Compliance and Risk Committee

The Audit, Compliance and Risk Committee is chaired by Chum Darvall. During the 2015 financial year, its members were initially Steve Wilson and Erica Lane, and then following Ms Lane's resignation in November 2014, Mr Wilson and Don Mackenzie. The Company Secretary also acts as Secretary of the Committee.

Mr Darvall has experience of audit, risk and accounting requirements having been a member of various audit and risk committees for many years at Deutsche Bank AG Australia and New Zealand and elsewhere.

Mr Wilson, who worked as a tax accountant for Ernst & Young and as Head of Research of Wilson HTM, has accounting and investment analysis skills. Mr Wilson has served on many audit, compliance and risk committees including Telstra Corporation, Queensland Tourism Corporation and Southbank Corporation.

Mr Mackenzie is an external independent specialist with particular expertise in audit and accounting. Mr Mackenzie has acted as a director/non-director independent member of audit committees for several ASX listed companies including Structural Systems Limited, Silver Chef Limited and Aveo Healthcare Limited (formerly Forest Place Group Limited).

The role of the Audit, Compliance and Risk Management Committee is to:

- › ensure an appropriate Committee structure is in place so as to facilitate a proper review function by the Board
- › monitor the establishment of an appropriate internal control framework, including information systems, and its operation and considering enhancements
- › monitor corporate risk assessment and compliance with internal controls
- › oversee business continuity planning and risk mitigation arrangements
- › review reports on any material defalcations, frauds and thefts from the Group
- › review reports on the adequacy of insurance coverage
- › monitor compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Company Secretary in relation to those requirements
- › review significant transactions which are not a normal part of the Group's business
- › review the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor
- › liaise with the external auditors and ensure that the annual audit is conducted in an effective manner that is consistent with Committee members' information and knowledge and is adequate for shareholder needs
- › review management processes supporting external reporting
- › review financial statements and other financial information distributed externally
- › review audit, compliance and risk services provided by the Group to third parties for compliance by the Group with its contractual obligations in delivering those services
- › review external audit reports to ensure that, where major deficiencies of breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management
- › review and monitor compliance with the Code of Ethics.

The responsibilities of the Audit, Compliance and Risk Committee apply only to the Group and its controlled entities. The Audit, Compliance and Risk Committee does not perform any function in respect of entities where the Company does not have the capacity to determine the outcome of decisions in relation to financial and operating policies. These entities include the Pinnacle Boutiques, the boards of which are responsible for audit, compliance and risk oversight.

During the 2015 financial year, the Audit, Compliance and Risk Management Committee met 5 times with all members attending, with the exception of Mr Wilson who attended 4 meetings. The Audit, Compliance and Risk Management Committee members have appropriate compliance and risk expertise, are financially literate and have an appropriate understanding of the industry in which the Company operates.

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Further details of the Audit, Compliance and Risk Management Committee's role are set out in the Audit, Compliance and Risk Management Committee charter which is available on the Company's website at <http://www.wilsongrouplimited.com.au/corporate-governance.html>.

### 4.2 Senior Management Assurance

For the year ended 30 June 2015, the Board has received the appropriate reports and assurances from the Managing Director and Chief Financial Officer as to the effectiveness of the Company's management of its material business risks. The Board has received written certification from the Managing Director and the Chief Financial Officer that, in relation to the Company's financial reporting processes, the declaration provided in accordance with section 295A of the *Corporations Act* 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### 4.3 Participation of External Auditors

The performance of the external auditor is reviewed annually. PricewaterhouseCoopers (appointed in 2002) is the Group's auditor. It is PricewaterhouseCoopers' policy to rotate audit engagement partners on listed companies at least every five years. The last rotation occurred in the 2014 financial year.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the directors' report at page 43 and in the financial statements. The external auditors provide a declaration of their independence to the Audit, Compliance and Risk Management Committee.

The external auditor attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

## 5. Continuous Disclosure

The Company is committed to giving all shareholders timely and equal access to information concerning the Company. The Company's Continuous Disclosure Policy is available on the Company's website at <http://www.wilsongrouplimited.com.au/pdfs/ContinuousDisclosurePolicy.pdf>

The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each meeting of the Board. The Board has appointed the Group Disclosure Officers to assist it in meeting these obligations. The Board has specific responsibility for disclosure in relation to the following matters:

- > financial results;
- > dividends;
- > profit outlooks, including a material upgrade or downgrade to the Group's expected results;
- > the award of a new, or the termination of an existing, significant mandate for the funds under management;
- > resignations and appointments of directors and key personnel;
- > material changes to employment, service and consultancy agreements with the Managing Director and any director; and
- > key strategic decisions.

All information disclosed to the ASX is made available via the Company's website. This includes ASX announcements, annual reports and half-year reports, notice of members' meetings, briefings by the Managing Director, media releases and material presented at investor, media and analyst briefings.

## 6. Respecting the Rights of Shareholders

### 6.1 Publication of Information

The Group strives to ensure that Company announcements are made in a manner which is factual, timely, clear and objective, so as not to omit any information material to decisions of shareholders and potential investors in the Company.

Information concerning the Company and the Group, including copies of announcements made through the ASX and the annual report and half yearly report, is made available to shareholders and prospective investors in the Company via the Company's website.

### 6.2 Investor Relations Program

The Group's investor relations are the responsibility of the Managing Director.

### 6.3 Participation of shareholders at meetings

The Board promotes effective communication with shareholders and encourages their participation at general meetings, and in particular the annual general meeting. The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. The Board has adopted, as part of its Board Charter, procedures to assist the Company to deliver effective shareholder communication.

Shareholder participation is encouraged as follows:

- The location of the annual general meeting is rotated between different State capital cities to encourage attendance from a cross-section of shareholders
- The annual report is distributed to all shareholders according to their stated or inferred preferences.
- Proposed major changes in the Group which may impact on share ownership rights and the removal and appointment of directors are submitted to a vote of shareholders at a general meeting
- The external auditors attend the annual general meeting and are available to answer questions from shareholders on the conduct of the audit and the preparation and content of the audit report
- The half yearly report contains summarised financial information and a review of the operations of the Group during the period.

### 6.4 Electronic communications

The Company has a continuing commitment to electronic communication with shareholders and stakeholders generally including via its website. Shareholders may elect to receive information from the Company's share registry electronically. Electronic on-line voting is made available for shareholders both for annual general meetings and extraordinary general meetings.

## 7. Recognising and Managing Risk

### 7.1 Risk Management Committee

The Audit, Compliance and Risk Committee is responsible for overseeing and managing risk. Information about the composition and role of this committee has been provided at paragraph 4.1 above.



## 08 > Corporate Governance

### 7.2 Annual review of Risk Management Framework

The risks facing the Company and the Securities business were considered by the Board and senior management on a continuing basis until the sale of the Securities business. During the 2015 financial year, more detailed risk management analysis was performed in relation to:

- › the Anti-Money Laundering/Counter-Terrorism Financing risks faced by the Securities business
- › the business continuity and disaster recovery requirements of the Securities business
- › the insurance requirements of the Group, in light of the sale of the Securities business

Risk management for the funds management business is the responsibility of the Pinnacle managing director and the Pinnacle board.

### 7.3 Internal Audit

During the 2015 financial year, the Group did not have an internal audit function. Instead:

- › the compliance function for the Securities business was responsible for conducting internal testing of process and controls to ensure regulatory compliance
- › external audit services were engaged in respect of IT controls and financial reporting

In addition to the regular risk monitoring and reporting that occurs at the levels of management and the Audit, Compliance and Risk Committee, the Board receives regular updates from management on the key risk areas of the Group. The Board also receives regular written assurances from the Managing Director and the Chief Financial Officer that the information they provide to the Board with regard to the integrity of the financial statements is based on a robust and appropriate system of risk management and internal control and that this system is operating effectively in relation to financial reporting risks.

The Funds Management business does not maintain an internal audit function.

### 7.4 Economic, Environmental and Social Sustainability Risks

The Company's exposure to economic sustainability risks is the most material risk it faces. It is also the risk of which the Board is most mindful with constant monitoring of the economic environment in which the Company operates being an ongoing part of daily operational and strategic thinking.

The Company's operations do not expose it to any material environmental risks, nor does it operate in any industry where it has the potential to damage ecosystems. However, the Company may have an indirect exposure to environmental risks if the Priority Funds or Pinnacle Boutiques have a material investment exposure to some industries. Such exposures are monitored by investment committees.

The Company's exposure to social sustainability risks are managed through its internal policies and practices in relation to workplace conduct, whistle blower procedures, use of technology and social media, dispute resolution and management of client confidential data.

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## 8. Fair and Responsible Remuneration

### 8.1 Remuneration Committee

The Remuneration and Nominations Committee is responsible for overseeing remuneration for the Company's employees including the Securities business prior to its sale. Relevant information is provided at paragraph 2.1 above.

The Remuneration and Nomination Committee does not currently oversee remuneration arrangements for Pinnacle, which is the responsibility of its board and its managing director.

### 8.2 Remuneration Policies and Practices

Remuneration arrangements, policies and practices for non-executive directors, executive directors and senior executives are disclosed in the Group's remuneration report at page 27.

There are no schemes in place for retirement benefits for non-executive directors, other than superannuation.

The Group's LTI and STI schemes, including the Pinnacle LTI scheme, do not currently provide for the reduction, cancellation or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

### 8.3 'At Risk' Remuneration

The Company prohibits staff members (including Key Management Personnel) who are participants in equity based remuneration and LTI schemes from hedging or otherwise limiting their economic risk from participating in the scheme. Further information on LTI is set out in the remuneration report at page 27.



## 09 > Financial Statements

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Wilson Group Limited and its subsidiaries. The financial statements are presented in Australian currency.

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

Wilson Group Limited  
Level 38, 71 Eagle Street  
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the director's report, which is not part of these financial statements.

These financial statements were authorised for issue by the Directors on 31 August 2015. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. Relevant documents can be found on our website: [www.wilsongrouponlimited.com.au](http://www.wilsongrouponlimited.com.au)

## 09 > Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 (Restated) \$'000
<b>Revenue from continuing operations</b>	<b>5</b>	<b>7,647</b>	<b>7,703</b>
Fair value (losses)/gains on financial assets at fair value through profit or loss	6	(265)	3,283
Employee benefits expense		(6,810)	(5,697)
Commissions and incentives expense		(3,181)	(1,646)
Consultants fees		(627)	(876)
Legal and professional services expense		(637)	-
Computers and communications expense		(482)	(867)
Travel and entertainment expense		(379)	(330)
Market information expense		(376)	(308)
Insurance expense		(404)	(526)
Impairment expense	7	(310)	173
Marketing and advertising expense		(129)	(191)
Depreciation and amortisation expense	7	(89)	(33)
Structured product expense		(43)	(130)
Management fees		(14)	(281)
Property expense		(1,028)	(1,008)
Transaction processing expense		-	(180)
Finance cost expense	7	(384)	(824)
Other expenses from operating activities		(177)	(423)
Share of net profit of jointly controlled entities accounted for using the equity method	39(d)	11,932	8,444
<b>Profit before income tax</b>		<b>4,244</b>	<b>6,283</b>
Income tax (expense)/benefit	8	(8,138)	878
<b>(Loss)/profit from continuing operations</b>		<b>(3,894)</b>	<b>7,161</b>
(Loss)/profit from discontinued operations	9	(3,464)	1,221
<b>(Loss)/profit for the year</b>		<b>(7,358)</b>	<b>8,382</b>
(Loss)/profit and total comprehensive income for the year is attributable to:			
<b>Owners of Wilson Group Limited</b>		<b>(8,960)</b>	<b>4,792</b>
Non-controlling interests		1,602	3,590
		<b>(7,358)</b>	<b>8,382</b>
<b>Earnings per share:</b>		<b>Cents</b>	<b>Cents</b>
<b>From continuing operations</b>			
Basic earnings per share	42	(5.2)	3.5
Diluted earnings per share	42	(5.2)	3.4
<b>Total attributable to owners of Wilson Group Limited</b>			
Basic earnings per share	42	(8.5)	4.7
Diluted earnings per share	42	(8.5)	4.5

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

## 09 > Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	13,570	20,604
Trade and other receivables	11	3,160	5,592
Financial assets at fair value through profit or loss	12	6,195	5,746
Derivative financial assets	13	89	385
Loans to investors	14	-	3,959
Other current assets	15	3,637	-
Assets of disposal group classified as held for sale	9	17,094	-
<b>Total current assets</b>		<b>43,745</b>	<b>36,286</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	53	1,237
Net deferred tax assets	18	-	12,263
Intangible assets	19	-	16
Investments accounted for using the equity method	16	19,408	19,362
Other non-current assets	20	753	5,850
<b>Total non-current assets</b>		<b>20,214</b>	<b>38,728</b>
<b>Total assets</b>		<b>63,959</b>	<b>75,014</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	5,093	9,044
Borrowings	22	-	3,215
Derivative financial liabilities	13	-	353
Provisions	23	1,939	3,616
Other current liabilities	24	-	305
Liabilities of disposal group classified as held for sale	9	12,225	-
<b>Total current liabilities</b>		<b>19,257</b>	<b>16,533</b>
<b>Non-current liabilities</b>			
Provisions	26	232	1,375
Other non-current liabilities	27	-	2,661
<b>Total non-current liabilities</b>		<b>232</b>	<b>4,036</b>
<b>Total liabilities</b>		<b>19,489</b>	<b>20,569</b>
<b>Net assets</b>		<b>44,470</b>	<b>54,445</b>
<b>EQUITY</b>			
Contributed equity	28	61,466	57,534
Reserves	29(a)	(307)	1,231
Accumulated losses	29(b)	(20,486)	(6,924)
<b>Capital and reserves attributable to owners of Wilson Group Limited</b>		<b>40,673</b>	<b>51,841</b>
Non-controlling interests	30	3,797	2,604
<b>Total equity</b>		<b>44,470</b>	<b>54,445</b>

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

## 09 > Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Notes	Attributable to owners of Wilson Group Limited				Non-controlling interests \$'000	Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000		
<b>Balance at 1 July 2013</b>		<b>57,051</b>	<b>1,149</b>	<b>(11,456)</b>	<b>46,744</b>	<b>1,264</b>	<b>48,008</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>4,792</b>	<b>4,792</b>	<b>3,590</b>	<b>8,382</b>
<b>Transactions with owners in their capacity as owners:</b>							
Share-based payments transactions	29	-	443	-	443	-	443
Transfer from reserves	29	361	(361)	-	-	-	-
Transactions with non-controlling interests		-	-	(260)	(260)	(2,250)	(2,510)
Movement in treasury stock held by employee share trusts	28	122	-	-	122	-	122
		<b>483</b>	<b>82</b>	<b>(260)</b>	<b>305</b>	<b>(2,250)</b>	<b>(1,945)</b>
<b>Balance at 30 June 2014</b>		<b>57,534</b>	<b>1,231</b>	<b>(6,924)</b>	<b>51,841</b>	<b>2,604</b>	<b>54,445</b>
<b>Balance at 1 July 2014</b>		<b>57,534</b>	<b>1,231</b>	<b>(6,924)</b>	<b>51,841</b>	<b>2,604</b>	<b>54,445</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>(8,960)</b>	<b>(8,960)</b>	<b>1,602</b>	<b>(7,358)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Share-based payments transactions	29	-	(158)	-	(158)	-	(158)
Transactions with non-controlling interests		-	-	-	-	(409)	(409)
Dividends paid to shareholders	29	-	-	(4,602)	(4,602)	-	(4,602)
Movement in treasury stock held by employee share trusts	28	132	-	-	132	-	132
Transfer from reserves	29	1,380	(1,380)	-	-	-	-
Issue of shares on exercise of options		2,420	-	-	2,420	-	2,420
		<b>3,932</b>	<b>(1,538)</b>	<b>(4,602)</b>	<b>(2,208)</b>	<b>(409)</b>	<b>(2,617)</b>
<b>Balance at 30 June 2015</b>		<b>61,466</b>	<b>(307)</b>	<b>(20,486)</b>	<b>40,673</b>	<b>3,797</b>	<b>44,470</b>

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



## 09 > Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		65,575	67,938
Payments to suppliers and employees		(71,248)	(67,476)
Receipts of premiums on put options over listed securities		339	519
Payments of premiums on put options over listed securities		(339)	(552)
Dividends received		12,503	8,556
Interest received		605	1,609
Finance and borrowings costs paid		(425)	(672)
Loan facility advances - clients		3,959	3,338
Loan facility repayment - clients		(3,215)	(3,294)
Proceeds from sale of financial assets at fair value through profit or loss		5,592	2,782
Payments to purchase financial assets at fair value through profit or loss		(6,399)	(3,985)
<b>Net cash inflow from operating activities</b>	<b>41</b>	<b>6,947</b>	<b>8,763</b>
<b>Cash flows from investing activities</b>			
Repayment of loans by other entities		17	442
Payments for property, plant and equipment		(106)	(37)
Payments for intangible assets		(6)	-
Proceeds from investments in subsidiaries		246	-
Cash transfer on deconsolidation of subsidiary		(33)	-
Loan advances from related parties		1,321	100
Loan advances to related parties		(2,278)	(480)
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(839)</b>	<b>25</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by fund unitholders		-	4,471
Payments for redemptions to fund unitholders		-	(262)
Dividends paid to non-controlling interests		(409)	(260)
Dividends paid		(4,602)	-
Proceeds from issue of shares and other equity securities		2,430	-
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(2,581)</b>	<b>3,949</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,527</b>	<b>12,737</b>
Cash and cash equivalents at the beginning of the financial year		20,604	7,867
Less cash transferred to assets of disposal group held for sale	<b>9(c)</b>	(10,561)	-
<b>Cash and cash equivalents at end of year</b>	<b>10</b>	<b>13,570</b>	<b>20,604</b>

The consolidated statement of cash flows includes cash flows from continuing and discontinued operations.

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

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

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## 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Wilson Group Limited and its subsidiaries ("the Group") - refer to note 38.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for profit entity for the purpose of preparing financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time in the annual reporting period commencing 1 July 2014:

- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2014-1 Amendments to Australian Accounting Standards

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

The other standards either have no impact or only apply to affect the disclosures in the notes to the financial statements.

#### (iii) Early adoption of standards

The Group has elected not to apply any of the pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

#### (iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss, and assets and liabilities of the disposal group measured at the lower of cost and fair value less costs to sell.

#### (v) Critical accounting estimates

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

#### (vi) Adjustment of prior period balances

Prior period balances have been adjusted where changes in the business have resulted in additional or altered disclosures in the current period. This includes the adjustment of prior period balances as a result of the classification of the Securities business as a discontinued operation during the year (refer note 9).

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (b) Principles of consolidation

#### (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wilson Group Limited ("Company" or "Parent Entity") as at 30 June 2015 and the results of all subsidiaries for the year then ended. Wilson Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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 deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains 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 consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

#### (ii) Employee share trusts

The Group has formed trusts to administer the Group's employee share plans. Where the substance of the relationship is that control rests with the Group, the employee share trust is consolidated and the shares held by the trust are disclosed as treasury stock and deducted from contributed equity (refer to note 28 and note 43(a)).

#### (iii) Entities under joint control

Entities under joint control are all entities over which the Group has a shareholding of between 20% and 49.99% of the voting rights, that the entity is not deemed to control under relevant accounting standards. The entities have been assessed to meet the classification of a joint venture under AASB 11, due to the requirement for unanimous decision making in relation to a number of strategic matters contained in the shareholders agreements. Further, the Group does not have rights to the assets, and obligations for the liabilities of the entities. Investments in entities under joint control are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in entities under joint control includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 39).

The Group's share of the post-acquisition profits or losses and other comprehensive income of entities under joint control is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from entities under joint control are recognised as a reduction in the carrying amount of the investment in the consolidated financial statements.

When the Group's share of losses in an entity under joint control equals or exceeds its interest in the entity under joint control, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity under joint control.

Unrealised gains on transactions between the Group and entities under joint control are eliminated to the extent of the Group's interest in the entities under joint control. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of entities under joint control have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### **(iv) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Wilson Group Limited.

When the Group ceases to consolidate or equity account for an instrument because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

#### **(c) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. In relation to the Group this function is performed by the Board of directors.

#### **(d) Foreign currency translation**

##### **(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### **(e) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable net of the amount of Goods and Services Tax (GST).

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

#### **(i) Brokerage, commission and management fees**

Brokerage, commission and management fee income are recognised when the Group has performed the related service and the amount of revenue can be reliably measured.

#### **(ii) Performance fees**

Performance fee income is recognised when the Group has met the relevant performance benchmarks.

#### **(iii) Equity capital markets and corporate advisory income**

Equity capital markets and corporate advisory income are recognised when the Group has performed the related service.

#### **(iv) Interest income**

Interest income is recognised 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 loan, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

#### **(v) Dividends**

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence (refer to note 1(m)).

#### **(vi) Service charges to entities under joint control**

Service charges to entities under joint control are recognised when the relevant services are performed.

### **(f) Income tax**

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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

nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company 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 is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### **(i) Tax consolidation legislation**

Wilson Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. 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, Wilson Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred amounts, Wilson Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

#### **(g) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 35). Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The capitalised lease incentive (note 20) represents the value of leasehold improvements provided to the Group which are recognised as an asset in accordance with the Urgent Issues Group (UIG) Interpretation 115 Operating Leases - Incentives. An equal corresponding liability is recognised as deferred lease incentive (refer below). The asset and liability is amortised on a straight-line basis over the lease term.

Lease incentive income from operating leases is recognised in other income on a straight line basis over the lease term. The deferred lease incentive is the amount of lease incentive received (note 27).

Where applicable a provision for make-good is also recognised in respect of leased premises (note 26).



## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control regardless of whether equity instruments or other assets are acquired. The 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 Group. The consideration transferred also includes the fair value of any 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, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's 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, 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 remeasured to fair value with changes in fair value recognised in profit or loss.

### (i) Impairment of assets

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 levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, 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 and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Cash held in trust for clients is reported as other cash and cash equivalents and is included within trade payables.

### (k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 3 working days from the date of recognition for any Australian Securities Exchange (“ASX”) related balances and generally due 30 days from the date of recognition for all other balances. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. 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 (more than 30 days overdue) 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 consolidated 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 consolidated statement of comprehensive income.

### (l) Loans to investors

Loans are non-derivative financial assets with fixed and 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. Loans to investors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. To determine the amortised cost balance, the loan balance is also adjusted by fees received and paid as part of the instalment product. These fees include the initial establishment and advisory fees which are capitalised and included in the loan balance.

Loans to investors under the instalment warrant products include an embedded derivative which enables the client to put its share portfolio to the Group for the original investment amount at maturity or during the period of the instalment. Under AASB 139, the embedded derivative is separated from the loan balance by grossing up the loan balance by the fair value of the derivative. The embedded derivative is then accounted for in accordance with note 1(n).

All loans are collateralised by equity securities and put options either granted by highly rated counterparties or traded on a major exchange. A daily margining system is used to ensure adequate collateral is held against all loans. The margining system assigns a collateral value to securities based on their market capitalisation and liquidity. In the event the collateral supporting a loan falls below the required level, a margin call is made which if not paid may result in the closing out of the loan.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (m) Investments and other financial assets

#### *Classification*

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. The classification of investments is determined at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

#### **(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans to investors are classified as current assets as the client may terminate their investment at any time. Loans and receivables are included in trade and other receivables (note 11), loans to investors (note 14) and other current assets (note 15).

#### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. At initial recognition financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### *Measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### *Fair value*

The fair values of quoted investments are based on current bid prices. Units in managed funds are valued at the pre-distribution exit price at year end. If the market for a financial asset is not active (and for unlisted securities) the Group establishes fair value by using valuation techniques. These include reference to recent arm's length transactions or to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### *Impairment*

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recognised in profit or loss.

#### (n) Derivative financial instruments - futures and options

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

Derivative instruments include equity futures, interest rate futures and equity options. The Group uses derivative instruments to hedge against the risks associated with its instalment warrant product and the interest rate risk associated with individually managed account loans. Hedge accounting is not applied in respect of these instruments.

#### (o) Fair value estimation

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

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying values 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 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.

#### (p) Property, plant and equipment

All 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 repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

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

- Plant and equipment            2 - 5 years
- Furniture and fittings        2 - 5 years
- Leasehold improvements    3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

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 (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

### (q) Intangible assets

#### (i) Client list

A client list acquired as part of a business combination is recognised separately from goodwill. The client list is carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows from the client list over its estimated useful life, which is 2.5 years.

#### (ii) 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 systems. Costs capitalised include external direct costs of materials and services 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 from the point at which the asset is ready to use.

IT development costs include only those costs directly attributable to the development phase that can be reliably measured and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

### (r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. This includes bank funding for loans to clients as the Group does not have the right to defer settlement if called by the financier.

### (t) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

### (u) Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. An equivalent amount is recognised in Property, Plant and Equipment and amortised over the term of the lease.

### (v) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as trade and other payables.

#### (ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service 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 end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurement as a result of experience adjustments and changes in assumption are recognised in the statement of comprehensive income.

The obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

#### (iii) Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### **(iv) Share-based payments**

Share-based compensation benefits are provided to certain employees via the Wilson Group Employee Option Share Plan and where applicable, WHIG long term incentive share plan and Pinnacle long term employee incentive agreements. Information relating these plans are set out in note 43.

The fair value of options and rights granted under the plans is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined and the impact of any non-vesting conditions by reference to the fair value of the options and rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The plans are administered by AET Structured Finance Services Pty Ltd, see note 1(b)(ii). When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

The fair value at grant date of the plans is independently determined using option pricing models that take into account the exercise price, the vesting period, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the vesting period.

### **(v) Profit-sharing and bonus plans**

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### **(vi) Termination benefits**

Termination benefits may be payable when employment is terminated otherwise than in accordance with the employment contract, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### **(vii) Long-term employee incentive agreements**

The Group has a long term employee incentive scheme which enables certain employees of Pinnacle, under full recourse and limited recourse loan arrangements, to acquire shares in Pinnacle. The scheme is designed to align the interests of the employees with those of Pinnacle shareholders.

The fair value of the limited recourse loan arrangements under the long term employee incentive scheme is recognised as an employee benefits expense with a corresponding increase in share based payment reserve. The total amount to be expensed is determined by reference to the fair value of the limited recourse loan arrangements, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Pinnacle accounts for the inflows and outflows associated with these arrangements on a net basis, as the arrangements are expected to be settled net.



Certain jointly-controlled entities have similar incentive schemes and Pinnacle provides cash funding to certain employees of these entities in order for the employees to acquire shares in the jointly-controlled entities.

Pinnacle accounts for these contributions as investments in jointly-controlled entities. Remuneration is recorded in these entities and Pinnacle records its share of the profits or losses of the entity upon equity accounting.

A liability is recorded to the extent that Pinnacle has a net obligation to the employee of the jointly-controlled entities under the employee contract.

### **(w) Contributed equity**

Ordinary shares are classified as equity (note 28).

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

### **(x) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### **(y) Earnings per share**

#### **(i) Basic earnings per share**

Basic earnings after tax per share is calculated by dividing:

- the profit attributable to owners 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, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 28(d)).

#### **(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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### **(z) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. 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 taxation authority is included with other receivables or payables in the consolidated 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 taxation authority's, are presented as operating cash flows.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (aa) Disposal group held for sale and discontinued operations

The assets and liabilities of a disposal group are classified as held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Assets of the disposal group classified as held-for-sale are presented separately from other assets in the consolidated statement of financial position. The liabilities of the disposal group classified as held-for-sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria under AASB5 to be classified as held for sale. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income.

### (ab) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### (ac) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

#### (i) *AASB 9 Financial Instruments* (effective from 1 January 2018)

*AASB 9 addresses the classification*, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The standard is not applicable until 1 January 2018 but is available for early adoption.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The new hedging rules will also have no impact as the Group does not currently undertake hedge accounting. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The Group has not yet assessed how its impairment provisions would be affected by the new rules.

#### (ii) *AASB 15 Revenue from contracts with customers* (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The Group is currently assessing the impact of the new rules and has identified that recognition of performance fee income could be affected. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### **(ad) Parent Entity financial information**

The financial information for the Parent Entity, Wilson Group Limited, disclosed in note 44 has been prepared on the same basis as the consolidated financial statements, except as set out below.

##### **(i) Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost in the financial statements of Wilson Group Limited. Dividends received from associates are recognised in the Parent Entity's profit or loss, rather than being deducted from the carrying amount of these investments.

##### **(ii) Tax consolidation legislation**

Wilson Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Wilson Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Wilson Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Wilson Group Limited for any current tax payable assumed and are compensated by Wilson Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Wilson Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

##### **(iii) Financial guarantees**

Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

##### **(iv) Share based payments**

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution to that subsidiary. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries, with a corresponding credit to equity.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. A core focus of the Group's overall risk management program focuses on the volatility of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk governance is managed through the Board's Audit, Compliance and Risk Management Committee, which provides direct oversight of the Group's risk management framework and performance. The Board approves written principles for risk management covering areas such as principal investments, including the use of appropriate hedging strategies, underwriting risk and cash flow management. The management of risk throughout the Group is achieved through the procedures, policies, systems, people competencies and risk monitoring functions that form part of the overall Group risk management framework. This is achieved through regular updates in the form of targeted risk management analysis and reporting functions that provide an assessment of the Group's risk exposure levels and performance to benchmarks / tolerance limits.

The Group holds the following financial instruments (excluding financial assets of the disposal group classified as held for sale):

	2015 \$'000	2014 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	13,570	20,604
Trade and other receivables	2,259	4,279
Financial assets at fair value through profit or loss	6,195	5,746
Derivative financial assets	89	385
Loans to investors	-	3,959
Loans to entities under joint control (current)	3,637	-
Loans to shareholders and entities under joint control (non-current)	753	3,717
	<b>26,503</b>	<b>38,690</b>
<b>Financial liabilities</b>		
Trade and other payables	5,093	9,044
Borrowings	-	3,215
Derivative financial liabilities	-	353
	<b>5,093</b>	<b>12,612</b>

#### (a) Market risk

##### (i) Foreign exchange risk

The Group is not materially exposed to foreign exchange risk.

##### (ii) Price risk

Through its business transactions and investments, the Group is exposed to equity securities price risk. This risk is the potential for losses in Group earnings as a result of adverse market movements and arises from investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through profit or loss.

The Group manages the price impact of market risk on a daily basis through an established risk management framework. This includes the procedures, policies and functions undertaken by the business to manage market risk within tolerances set by the Board. Equity derivatives are used as an active risk mitigation function and the Group currently utilises such derivatives to reduce market risk of its equity exposures. The performance of the Group's direct equity exposures and market risk mitigants are monitored on a regular basis.

The majority of the Group's equity investments are Australian listed equity securities and unlisted unit trusts.

### Sensitivity

The table below summarises the impact of increases/decreases in equity securities prices on the Group's after tax profit for the year and on equity. The analysis is based on the assumption that the financial assets at fair value through profit or loss had increased/decreased by 15% (2014 - 15%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	Impact on post-tax profit		Impact on equity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Group	± 650	± 603	± 650	± 603

### (iii) Interest rate risk

The Group's main interest rate risk arose from borrowings to fund the loans to structured product investors, holding cash and cash equivalents and from short-term borrowings at variable rates. During 2015 and 2014, the Group's cash and cash equivalents and borrowings were denominated in Australian dollars. The Group reviews its interest rate exposure as part of the Group's cash flow management and takes into consideration the yields, duration and alternative financing options as part of the renewal of existing positions.

The Group has been exposed to interest rate risk through the issue of fixed rate loans. The Group provided fixed rate loans to investors for one year, however the funding provided to the Group is at variable rates. There were no fixed rate loans during the 12 months to 30 June 2015. Interest rate risk also occurs through the issue of instalment products which are structured securities issued to the investor. This product results in the Group entering into a loan agreement with an external financial institution. The Group hedges these risks through the use of interest rate futures contracts.

The final structured product matured in June 2015 and associated loans repaid at 30 June 2015.

As at the reporting date, the Group had the following cash and cash equivalents and borrowings:

	30 June 2015		30 June 2014	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Cash and cash equivalents	2.3%	13,570	2.4%	20,604
Loans to investors	-%	-	5.4%	3,959
Borrowings	-%	-	4.6%	(3,215)
<b>Net exposure to cash flow interest rate risk</b>		<b>13,570</b>		<b>21,348</b>

The Group's fixed rate borrowings, loans to investors and loans to entities under joint control are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

### Sensitivity

At 30 June 2015, if interest rates had changed by +/-100 basis points from the year end rates with all other variables held constant, after tax profit and equity for the year would have been \$95,000 lower/higher (2014 - change of 100 basis points: \$149,000 lower/higher).

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### Details of the contracts that the Group held at 30 June 2015

As at 30 June 2015 the Group had entered into no interest rate swap agreements.

### Details of the contracts that the Group held at 30 June 2014

As at 30 June 2014 the Group had entered into various interest rate swap agreements with Westpac in relation to a total loan liability of \$3.2 million for an average duration of 90 days at an average rate of 4.58%.

### (b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, financial assets at fair value through profit or loss, loans to controlled entities and entities under joint control, tax related receivables from controlled entities, loans to shareholders, loans to employee shareholders, loans to investors and outstanding receivables.

Credit risk relates to the risk of a client or counterparty defaulting on their financial obligations resulting in a loss to the Group. These obligations primarily relate to brokerage, equity capital markets and corporate advisory transactions and management fees. Trade receivables include receivables resulting from equity brokerage transactions. Credit risk in relation to these receivables is mitigated by the Group having the contracted right to liquidate the underlying equity securities to settle the receivable. The Group does not carry material trade receivable exposure to either a single counterparty or a group of counterparties. For banks and financial institutions, only independently rated parties with a minimum rating of BBB+ / A-1 are accepted as counterparties.

The credit risk on loans issued to investors under the instalment warrant product is mitigated via the structure of the instalment. Shares purchased as part of the investment which are held beneficially for the investor, along with the option issued by the Group (embedded within the instalment product), are held as security for the loan. As a result there is limited recourse to the investor. To hedge the embedded option issued by the Group to the investor, the Group purchases American style (exercise) put options over the individual underlying shares. They are either over-the-counter (OTC) or exchange traded options (ETO). All OTC options purchased are issued by counterparties that have a minimum S&P long term credit rating of AA at the time of issuing the OTC option. They must also be approved in accordance with the relevant funding provider/financier's requirements. As part of the instalment product, investors can also borrow the initial upfront costs including the establishment fee and interest costs. A strict approval process is performed to ensure that loans are only issued to investors that meet appropriate lending requirements. All shares purchased as part of the instalments product are held with third party custodians (Pershing Securities Australia Pty Ltd or ABN AMRO Clearing Sydney Pty Ltd).

The Group held the following credit risks:

	2015 \$'000	2014 \$'000
Cash and cash equivalents	13,570	20,604
Trade and other receivables	2,259	4,279
Financial assets at fair value through profit or loss	6,195	5,746
Derivative financial assets	89	385
Loans to investors	-	3,959
Loans to controlled entities and entities under joint control (current)	3,637	-
Loans to shareholders and entities under joint control (non-current)	753	3,717
	<b>26,503</b>	<b>38,690</b>

The Group records trade receivables and loans to investors in the following classifications:

Neither past due nor impaired trade receivables and loans to investors are those that are within their relevant contractual payment terms and there is no evidence to suggest that the client or counterparty will fail to meet their obligations.

Past due but not impaired trade receivables and loans to investors are those that have fallen outside of their contractual settlement terms. However there remains an expectation of full recovery based on the value of the underlying equities and the financial position of the client or counterparty.

Past due and impaired trade receivables and loans to investors are those that have fallen outside of the prescribed settlement terms and/or there is evidence to suggest that the client or counterparty will fail to meet their obligations. Refer to note 1(k) for more information on the trade receivables policy of the Group.

	2015 \$'000	2014 \$'000
<b>Trade and other receivables</b>		
Neither past due nor impaired	1,463	4,241
Past due but not impaired	796	35
Past due and impaired	-	3
	<b>2,259</b>	<b>4,279</b>
<b>Loans</b>		
Neither past due nor impaired	4,390	7,676
<b>Total trade and loan receivables</b>	<b>6,649</b>	<b>11,955</b>

#### Impaired trade and loan receivables

As at 30 June 2015 receivables of the Group with a nominal value of \$nil (2014 - \$3,000) were impaired. The amount of the provision recognised in respect of these receivables was \$nil (2014 - \$3,000). The individually impaired receivables mainly relate to customers, which are in difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows:

	2015 \$'000	2014 \$'000
1 to 3 months	-	-
3 to 6 months	-	-
Over 6 months	-	3
	<b>-</b>	<b>3</b>

#### Past due but not impaired

As of 30 June 2015, trade receivables of \$796,000 (2014 - \$35,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of these receivables is as follows:

	2015 \$'000	2014 \$'000
1 to 3 months	528	27
3 to 6 months	160	7
Over 6 months	108	1
	<b>796</b>	<b>35</b>



## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### Credit quality

The credit quality of financial assets can be assessed by reference to external credit ratings. These credit ratings are only available for cash assets and non-exchange traded derivative financial assets:

	2015 \$'000	2014 \$'000
<b>Cash at bank and short-term bank deposits</b>		
AA-	13,557	20,599
A+	13	5
	<b>13,570</b>	<b>20,604</b>
<b>Derivative financial assets</b>		
A+	-	339
A	-	-
Exchange traded options and unrated assets	89	46
	<b>89</b>	<b>385</b>

### (c) Liquidity risk

The Group manages liquidity risk by continuously monitoring actual and forecast cash flows. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding through available cash and readily liquefiable investments in the Group's Principal Investments portfolio, and its corporate debt facilities.

At 30 June 2015 the Group has \$19.7 million in cash and Principal Investments, which excludes \$10.5 million in cash of the Securities business that has been transferred to assets classified as held for sale (refer note 9).

The corporate debt facility available at 30 June 2015 included an overdraft facility of \$2.5 million that could be used to provide short term funding, if this were to be required. This overdraft facility was removed at 1 July 2015 upon amendment of the Group's banking facility with Commonwealth Bank of Australia in conjunction with the sale of the Securities business. At no time in the past three financial years, has the Group drawn on its corporate debt facilities.

A subsidiary of the Company during the financial year, Wilson HTM Ltd, is a participant of the ASX and is required to maintain a defined liquid capital ratio in relation to its trading risk requirements. This liquid capital requirement is monitored on a regular basis and reported to the Australian Securities and Investments Commission (ASIC) monthly. Subsidiaries of the Company, Next Financial, Pinnacle Funds Services Limited, Wilson HTM Corporate Finance Ltd, Pinnacle and Pinnacle RE Services Limited hold Australian Financial Services Licences (AFSL) and hold amounts in liquid assets as per regulations of the ASIC on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Wilson HTM Ltd and Wilson HTM Corporate Finance Ltd were disposed on 1 July 2015 as a result of the sale of the Securities business – refer note 40.

## Financing arrangements

The Group had access to the following undrawn borrowing facilities (excluding bank funding for loans to clients) at the end of the reporting period:

	2015 \$'000	2014 \$'000
<b>Overdraft and intra-day settlement facilities</b>		
Expiring within one year	10,000	-
Expiring between one and two years	-	10,000
Expiring beyond two years	-	-
	<b>10,000</b>	<b>10,000</b>

Further information on financing arrangements is detailed in note 25.

## Maturities of financial liabilities

The table below analyses the Group's financial liabilities. The financial liabilities are broken down into maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

### Contractual maturities of financial liabilities

	3 days or less \$'000	4 - 30 days \$'000	30 days to 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
<b>At 30 June 2015</b>							
Non interest bearing	-	3,624	1,469	-	-	5,093	5,093
Fixed rate	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>3,624</b>	<b>1,469</b>	<b>-</b>	<b>-</b>	<b>5,093</b>	<b>5,093</b>
<b>At 30 June 2014</b>							
Non interest bearing	-	6,045	2,762	237	-	9,044	9,044
Fixed rate	-	-	3,215	-	-	3,215	3,215
Derivative financial liabilities	-	-	353	-	-	353	353
<b>Total financial liabilities</b>	<b>-</b>	<b>6,045</b>	<b>6,330</b>	<b>237</b>	<b>-</b>	<b>12,612</b>	<b>12,612</b>

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (d) Fair value measurements

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

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (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 following table presents the Group's assets and liabilities measured and recognised at fair value on a recurring basis:

30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Trading derivatives	89	-	-	89
Trading securities	5,837	-	358	6,195
<b>Total assets</b>	<b>5,926</b>	<b>-</b>	<b>358</b>	<b>6,284</b>

No liabilities were held at fair value at 30 June 2015.

30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Trading derivatives	46	339	-	385
Trading securities	5,287	-	459	5,746
<b>Total assets</b>	<b>5,333</b>	<b>339</b>	<b>459</b>	<b>6,131</b>
<b>Liabilities</b>				
Derivatives used for hedging	-	353	-	353
<b>Total liabilities</b>	<b>-</b>	<b>353</b>	<b>-</b>	<b>353</b>

There were no transfers between levels for recurring fair value measurements during the current year. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

The carrying amounts of cash and cash equivalents, trade receivables and payables, loans to investors, loans to entities under joint control and loans to shareholders 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. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

### Fair value measurements using significant unobservable inputs (level 3)

Level 3 items are unlisted equity securities held by the Group. The following table presents the changes in level 3 instruments for the years ended 30 June 2015 and 30 June 2014:

	Unlisted equity securities \$'000
<b>Opening balance 1 July 2013</b>	<b>536</b>
Transfer to level 1	(152)
Unrealised gains recognised in fair value (losses)/gains on financial assets at fair value through profit or loss	75
<b>Closing balance 30 June 2014</b>	<b>459</b>
Unrealised losses recognised in fair value (losses)/gains on financial assets at fair value through profit or loss	(101)
<b>Closing balance 30 June 2015</b>	<b>358</b>

#### (i) Transfer between levels 1 and 3

In 2014 a return of capital by one of the unlisted companies in which the Group holds an investment resulted in the Group receiving shares in a listed company. This investment in a listed company was shown in level 1 as at 30 June 2014.

#### (ii) Valuation process

Trading Securities valued under Level 3 are investments in unlisted companies. Where possible, the investments are valued based on the price per security of the most recent transaction involving the securities of the company. Where there is no recent information or the information is otherwise unavailable, the value is derived from calculations based on the value per security of the underlying net tangible assets of the investee company.

#### (e) Settlement risk

The Group is indirectly exposed to settlement risk through the non-payment by clients of equity buy positions within the prescribed timeframe for payment of such transactions (usually 3 days from the date of transaction) as a result of its clearing and settlement arrangement with Pershing Financial Services Australia Pty Ltd. A review of all outstanding balances is completed on a daily basis to ensure clients are able to settle positions as they fall due. The Group has not incurred any material loss resulting from non-settlement.

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### 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

#### (a) Critical accounting estimates and assumptions

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

##### (i) Estimated impairment of assets

The Group tests at least annually whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1. Where required, the recoverable amounts of assets have been determined based on value-in-use calculations. These calculations require the use of assumptions.

##### (ii) Income taxes

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the Group can recognise deferred tax assets relating to carried forward tax losses and deductible timing differences to the extent that it is considered probable that there will be future taxable profits relating to the same taxation authority against which the carried forward tax losses and deductible timing differences will be utilised. The Group has forecast future taxable profits by applying assumptions to budgeted results to extrapolate forecast taxable profits for future financial years.

##### (iii) Valuation of 'Over-the-counter' (OTC) option instruments

The Group purchases derivative instruments from appropriate financial institutions, for which the fair values of the OTC options are assessed monthly at mark-to-market. The Group receives valuation confirmations from counterparties to the derivatives to substantiate closing value. Changes in fair value are recognised immediately in the consolidated statement of comprehensive income.

##### (iv) Loans to investors - amortised cost using effective interest rate

Loans under instalment warrants are recognised at their amortised cost using the effective interest method. The embedded derivative, which enables the client to put its share portfolio to the Group for the original investment amount at maturity or during the period of the instalment, is recognised in the consolidated statement of financial position at fair value.

##### (v) Provision for legal claims

The Group makes judgements concerning the potential impact of legal claims. These calculations require the use of assumptions concerning the likely success of each claim and the potential amount of compensation payable.

## (b) Critical judgements in applying the Group's accounting policies

### (i) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Refer to note 2(d) for further details.

### (ii) Entities subject to joint control

Entities subject to joint control are not considered controlled entities for the purposes of AASB 10 on the basis that all key strategic and operational decisions require a unanimous vote by the Board of directors.

### (iii) Business combinations

As part of the acquisition accounting for business combinations, where appropriate, management have determined the fair value of both the consideration transferred for the acquisition and the identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination. The calculation and allocation of fair values is based on evidence available to management at the time of the business combination and requires the use of estimates. The recognition and measurements of amounts recorded at acquisition may remain provisional for up to 12 months from the date of acquisition due to the time necessarily required to resolve uncertainty and complete the initial accounting.

### (iv) Assets classified as held for sale

Assets classified as held for sale during the period were measured at the lower of their carrying value or fair value less costs to sell, at the time of reclassification, as required by AASB5. The determination of fair values is based on evidence available to management at the time of the reclassification and requires the use of estimates and judgements regarding the ultimate sale consideration for the disposal group, including the fair value of contingent consideration. Subsequent re-assessment of the fair value of the disposal group is brought to account as profit or loss of the discontinued operation, as appropriate, at the time of re-assessment.

### (v) Share-based payments

The Group measures equity settled share-based payment transactions by reference to the value of the equity instruments at the date at which they are granted. The fair value is determined by management using option pricing models that use estimates and assumptions. Management exercises judgement in preparing the valuations and these may affect the value of any share-based payments recorded in the financial report.

### (vi) Contingencies

The Group has made certain judgements and estimates relating to the contingent liabilities outlined in note 34. These assumptions are based on all existing information available at the signing date of the Financial Report.

## 4 Segment information

### (a) Description of segments

During the prior corresponding period the Group re-assessed its business segmentation resulting in two reporting segments being identified, Wilson HTM and Pinnacle, based on internal management reports used to make strategic decisions that are reviewed by the Board of directors. The business segmentation is considered from a product and services perspective and the two reportable segments identified consist of:

#### Pinnacle

- developing and operating funds management businesses;
- providing distribution, infrastructure support and administration services to the Pinnacle Boutiques; and
- provides distribution support to other external parties.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### Wilson HTM

- > specialty funds management through Priority Funds;
- > selected investments as Principal; and
- > servicing structured products for clients.

The Wilson HTM segment previously included the results of the Securities business, which is now classified as a discontinued operation – refer note 9 for further details.

### (b) Operating segments

2015	Wilson HTM \$'000	Pinnacle \$'000	Consolidated \$'000
<b>Segment Revenue</b>			
Revenue from continuing operations	1,446	5,649	7,095
Interest income on structured products	305	-	305
Other interest revenue	4	-	4
<b>Total segment revenue</b>	<b>1,755</b>	<b>5,649</b>	<b>7,404</b>
Unallocated revenue			243
<b>Consolidated revenue</b>			<b>7,647</b>
<b>Segment result excluding non-controlling interests</b>	<b>(1,049)</b>	<b>5,825</b>	<b>4,776</b>
Segment result attributable to non-controlling interests	-	1,602	1,602
<b>Segment result</b>	<b>(1,049)</b>	<b>7,427</b>	<b>6,378</b>
Net unallocated expenses			(2,134)
<b>Profit before income tax from continuing operations</b>			<b>4,244</b>
Income tax expense			(8,138)
<b>Loss from continuing operations</b>			<b>(3,894)</b>
Loss from discontinued operations			(3,464)
<b>Loss for the year</b>			<b>(7,358)</b>
<b>Other information regarding operating segments</b>			
Share of profits of entities accounted for using the equity method	-	11,932	11,932
Depreciation and amortisation expense	30	59	89
Interest and finance charges - corporate	(68)	538	470
Unallocated - interest and finance charges - corporate			(325)
Total interest and finance charges - corporate			145
Amortisation using effective interest rate	115	-	115
Interest and finance charges - client	124	-	124
Total finance cost expense			384
Fair value (losses)/gains on financial assets at fair value through profit or loss	(682)	417	(265)



## (b) Operating segments

2014	Wilson HTM \$'000	Pinnacle \$'000	Consolidated \$'000
<b>Segment Revenue</b>			
Revenue from continuing operations	1,225	4,855	6,080
Interest income on structured products	1,198	-	1,198
Other interest revenue	83	-	83
<b>Total segment revenue</b>	<b>2,506</b>	<b>4,855</b>	<b>7,361</b>
Unallocated revenue			342
<b>Consolidated revenue</b>			<b>7,703</b>
<b>Segment result excluding non-controlling interests</b>	<b>352</b>	<b>4,561</b>	<b>4,913</b>
Segment result attributable to non-controlling interests*	2,250	1,340	3,590
<b>Segment result</b>	<b>2,602</b>	<b>5,901</b>	<b>8,503</b>
Net unallocated expenses			(2,220)
<b>Profit before income tax from continuing operations</b>			<b>6,283</b>
Income tax benefit			878
<b>Profit from continuing operations</b>			<b>7,161</b>
Profit from discontinued operations			1,221
<b>Profit for the year</b>			<b>8,382</b>
<b>Other information regarding operating segments</b>			
Share of net profit of entities accounted for using the equity method	-	8,444	8,444
Depreciation and amortisation expense	26	7	33
Interest and finance charges - corporate	(59)	597	538
Unallocated - interest and finance charges - corporate			(385)
Total interest and finance charges - corporate			153
Amortisation using effective interest rate	243	-	243
Interest and finance charges - client	428	-	428
Total finance cost expense			824
Fair value gains on financial assets at fair value through profit or loss	3,283	-	3,283

\*The non-controlling interest attributable to the Wilson HTM segment relates to interests in the Wilson Group Priority Core Fund. The fund was deconsolidated from the Group effective 31 December 2013 (refer note 37).

**Segment revenue**

Sales between segments are carried out at arms length and are eliminated on consolidation. The revenue from external parties reported to the Board of directors is measured in a manner consistent with that in the Consolidated Statement of Comprehensive Income.

The entity is domiciled in Australia and revenue is predominantly sourced from customers within Australia.

**Net profit before income tax**

The Board of directors assess the performance of the operating segments based on a measure of net profit before income tax. This measurement basis excludes some corporate overheads and Group costs which are not allocated to segments.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 5 Revenue from continuing operations

	2015 \$'000	2014 \$'000
<b>Services revenue</b>		
Brokerage	7	55
Fund management fees and commissions	3,457	3,232
Performance fee income	26	-
Service charges to entities under joint control	2,263	1,555
Interest income on structured products (Next Financial)	305	1,198
Management and advisor fees (Next Financial)	-	129
Amortisation of loan establishment fees (Next Financial)	25	54
	<b>6,083</b>	<b>6,223</b>
<b>Other revenue</b>		
Directors fees	44	44
Interest received or due	392	516
Dividends and distributions	788	687
Gain on deconsolidation of subsidiary	56	-
Other revenue	284	233
	<b>1,564</b>	<b>1,480</b>
	<b>7,647</b>	<b>7,703</b>

### 6 Fair value (losses)/gains on financial assets at fair value through profit or loss

	2015 \$'000	2014 \$'000
<b>Held as Principal *</b>	<b>(667)</b>	<b>1,169</b>
Minority interests in the Wilson Group Priority Core Fund **	-	2,031
	<b>(667)</b>	<b>3,200</b>
Next Financial	(15)	83
Pinnacle	417	-
	<b>(265)</b>	<b>3,283</b>

\* Relates to fair value gains and losses of Principal Investments held directly by the Group. Distributions and dividends received on Principal Investments are included in revenue from continuing operations (refer note 5).

\*\*Represents the minority interest share of the Wilson Group Priority Core Fund's fair value gains and losses. The Fund was deconsolidated on 31 December 2013 (refer note 37).

## 7 Expenses

	2015 \$'000	2014 \$'000
<b>Profit before income tax includes the following specific expenses:</b>		
<b>Finance cost expense (i)</b>		
Interest and finance charges - corporate	145	153
Amortisation using effective interest rate	115	243
Interest and finance charges - client	124	428
	<b>384</b>	<b>824</b>
<b>Rental expense relating to operating leases</b>		
Minimum lease payments	685	650
<b>Total rental expense relating to operating leases</b>	<b>685</b>	<b>650</b>
<b>Depreciation and amortisation</b>		
Depreciation - property, plant and equipment	31	23
Depreciation - capitalised lease incentive	11	9
Amortisation - software	1	1
Amortisation - goodwill	46	-
<b>Total depreciation and amortisation expense</b>	<b>89</b>	<b>33</b>
<b>Impairment</b>		
Impairment - loans to related parties and investments accounted for using the equity method	310	(173)
<b>Total impairment expense</b>	<b>310</b>	<b>(173)</b>

(i) Interest and finance charges are shown divided into two components, those attributable to the corporate treasury functions and those related to the client operations of Next Financial (refer to note 25).

## 8 Income tax

### (a) Income tax expense/(benefit)

	2015 \$'000	2014 \$'000
Income tax benefit is attributable to:		
Profit/(loss) from continuing operations	8,138	(878)
Profit from discontinued operations	663	850
<b>Total income tax expense/(benefit)</b>	<b>8,801</b>	<b>(28)</b>
Current tax	(1,352)	(822)
Deferred tax	10,142	953
Adjustments for tax in respect of prior periods	11	(159)
	<b>8,801</b>	<b>(28)</b>
Deferred income tax benefit included in income tax benefit comprises:		
Decrease in deferred tax assets (note 18)	10,358	1,273
Decrease in deferred tax liabilities (note 18)	(216)	(320)
	<b>10,142</b>	<b>953</b>

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	2015 \$'000	2014 \$'000
<b>Profit from continuing operations before income tax</b>	<b>4,244</b>	<b>6,283</b>
<b>(Loss)/profit from discontinued operations before income tax</b>	<b>(2,801)</b>	<b>2,071</b>
<b>Profit before income tax</b>	<b>1,443</b>	<b>8,354</b>
<b>Tax at the Australian tax rate of 30% (2014 - 30%)</b>	<b>433</b>	<b>2,506</b>
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Share of profits of jointly controlled entities	(3,580)	(2,533)
Share of profits of consolidated funds	-	(374)
Impairment	93	(52)
Non-deductible expenditure	498	257
Sundry items	61	(342)
Loss on held for sale classification	749	-
	(1,746)	(538)
Adjustments for tax in respect of prior periods	11	(159)
Deferred tax assets not recognised*	10,536	669
	10,547	510
<b>Total income tax expense/(benefit)**</b>	<b>8,801</b>	<b>(28)</b>

\* Relates to deferred tax assets in relation to the Pinnacle and Wilson Group income tax consolidated groups which have not been recognised on the basis that it is not considered probable that the tax losses giving rise to the deferred tax assets will be recovered.

\*\* Includes \$663,000 of income tax expense recognised in (loss)/profit from discontinued operations (refer to note 9).

### (c) Tax losses not recognised

	2015 \$'000	2014 \$'000
Unused tax losses of Pinnacle for which no deferred tax asset has been recognised	17,756	12,879
Unused tax losses of Wilson Group for which no deferred tax asset has been recognised	27,032	-
<b>Potential tax benefit at 30%</b>	<b>13,436</b>	<b>3,864</b>

### (d) Tax consolidation legislation

Wilson Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2003. Next Financial and its subsidiaries joined the tax consolidated group on 1 April 2009. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Wilson Group Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Wilson Group Limited for any current tax payable assumed and are compensated by Wilson Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Wilson Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which may be issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables.

## 9 Assets and liabilities of disposal group classified as held for sale and discontinued operation

On 15 May 2015 the Company entered into transaction documents with Craigs Investment Partners, Deutsche Australia and staff representatives for the purchase of 100% of the issued shares of entities comprising the Securities business. On 26 June 2015 shareholders approved the sale, with completion of the transaction occurring on 1 July 2015. Refer notes 38 and 40 for further details.

As a result of undertaking the sale process, the Securities business is required to be disclosed as a discontinued operation and its assets and liabilities classified as held for sale. Details of the results and cash flows of the discontinued operation, and its assets and liabilities held for sale, are provided below:

### (a) Results of discontinued operation

	2015 \$'000	2014 \$'000
Revenue	51,982	52,868
Expenses	(50,405)	(50,797)
<b>Results from operating activities</b>	<b>1,577</b>	<b>2,071</b>
Remeasurement of disposal group to fair value less costs to sell	(2,497)	-
Transaction-related costs	(1,881)	-
<b>(Loss)/profit before tax from discontinued operations</b>	<b>(2,801)</b>	<b>2,071</b>
Income tax expense	(663)	(850)
<b>(Loss)/profit from discontinued operation</b>	<b>(3,464)</b>	<b>1,221</b>

### (b) Cash-flows of discontinued operation

	2015 \$'000	2014 \$'000
Net cash (outflow)/inflow from operating activities	(1,076)	604
Net cash inflow from financing activities	6,360	3,946
Net cash inflow from investing activities	-	-
<b>Net cash inflow for the year</b>	<b>5,284</b>	<b>4,550</b>

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (c) Assets and Liabilities held for sale

	2015 \$'000
<b>Assets</b>	
Cash and cash equivalents	10,561
Trade and other receivables	3,659
Deferred tax assets	2,716
Other non-current assets	158
<b>Assets of disposal group held for sale</b>	<b>17,094</b>
<b>Liabilities</b>	
Trade and other receivables	6,093
Provisions	4,160
Other non-current assets	1,972
<b>Liabilities of disposal group held for sale</b>	<b>12,225</b>

## 10 Current assets - Cash and cash equivalents

	2015 \$'000	2014 \$'000
Available cash at bank and on hand	13,556	20,135
Other committed cash at bank and on hand	14	466
Cash held in trust on behalf of clients (note 21)	-	3
	<b>13,570</b>	<b>20,604</b>

### (a) Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

### (b) Restrictions on the use of cash

Other committed cash at bank and on hand includes:

- cash received for net prepaid interest from instalment holders of \$nil (2014 - \$300,000) for which a corresponding liability is included in other current liabilities - refer note 24.

Cash held in trust is held on behalf of clients and represents uninvested funds by the client. A corresponding liability is recognised within trade and other payables (note 21).

### (c) Cash at bank deposits

Cash at bank deposits bear floating interest rates between 2.00% and 3.15% (2014 : 2.5% and 3.3%). These deposits have an average maturity of 30 days.

### (d) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

## 11 Current assets - Trade and other receivables

	2015 \$'000	2014 \$'000
Trade receivables	1,416	1,228
Related party receivable	29	66
Other income receivable	814	1,793
Prepayments	901	1,313
Other receivables and deposits	-	1,192
	<b>3,160</b>	<b>5,592</b>

### (a) Effective interest rates and credit risk

All of the Group's receivables are classified as current and are non-interest bearing.

There is no significant concentration of credit risk with relation to current receivables as the Group has a large number of clients across a range of investor categories. Refer to note 2 for more information on the financial risk management policy of the Group.

### (b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

## 12 Current assets - Financial assets at fair value through profit or loss

	2015 \$'000	2014 \$'000
Australian listed equity securities	-	41
Other unlisted equity securities	358	459
Unlisted unit trusts	5,837	5,246
	<b>6,195</b>	<b>5,746</b>

Changes in fair values of financial assets at fair value through profit or loss are detailed in note 6.

### (a) Risk exposure and fair value measurements

Information about the Group's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 2.



## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 13 Derivative financial assets and liabilities

	2015 \$'000	2014 \$'000
<b>Current assets</b>		
Exchange traded put options (a)	89	46
Over-the-counter put options (a)	-	339
<b>Total current derivative financial instrument assets</b>	<b>89</b>	<b>385</b>
<b>Current liabilities</b>		
Embedded options in loan agreements (a)	-	353
<b>Total current derivative financial instrument liabilities</b>	<b>-</b>	<b>353</b>

#### (a) Instruments used by the group

A subsidiary of the Group purchases exchange traded options and over-the-counter options to specifically hedge against market risks associated with the capital protection which is granted to instalment warrant investors on the value of the underlying investment portfolio. These embedded derivatives provide investors with the right, but not the obligation, to put the portfolio of shares to the subsidiary at an amount that approximates the principal value of the loan made to the investors, up to the maturity of the instalment investment.

Additionally, the Group from time to time purchases exchange traded options to specifically hedge against market risks associated with its Principal Investments portfolio.

#### (b) Risk exposures and fair value measurements

Information about the Group's exposure to credit risk and price risk and about the methods and assumptions used in determining fair values is provided in note 2. The maximum exposure to credit risk at the end of each reporting period is the fair value of each class of derivative financial assets mentioned above.

### 14 Current assets - Loans to investors

	2015 \$'000	2014 \$'000
Loans under instalment products	-	3,959

Loans under the instalment product business conducted by a subsidiary, Next Financial, generally had a maximum term of five years. Interest was payable in advance on the anniversary date of the loan. Next Financial ceased to offer instalment products in September 2010 and all remaining loans were repaid during the financial year.

The instalment loan proceeds were used by the investor to purchase a portfolio of selected shares in ASX listed entities. An exchange traded option or over-the-counter put option was purchased to provide the primary capital protection mechanism for the instalment investment product. These embedded derivatives provided investors with the right, but not the obligation, to put the portfolio of shares to the subsidiary at an amount that approximated the principal value of the loan made to the investors, up to the maturity of the instalment investment. These options also served to protect against any change in the value of the investment portfolio which might impair the recoverability of the loan principal.

Instalment holders could choose to exit the transaction at any time without incurring exit fee penalties. If this scenario arose, the over-the-counter option or exchange traded option could be exercised and the sale proceeds used to pay the outstanding loan.

## 15 Current assets - Other current assets

	2015 \$'000	2014 \$'000
Loans from Pinnacle to entities under joint control	3,637	-

Loans to entities under joint control includes accumulated equity accounted losses where the associated equity investment value is less than zero as a result of accumulated losses being greater than the cost of the investment.

## 16 Non-current assets - Investments accounted for using the equity method

	2015 \$'000	2014 \$'000
Investments in jointly controlled entities (note 39)	19,408	19,362

Investments in jointly controlled entities are accounted for in the Group's financial statements using the equity method of accounting.

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### 17 Non-current assets - Property, plant and equipment

	Plant and equipment \$'000	Fixtures and fittings \$'000	Leasehold improvements \$'000	Total \$'000
<b>At 30 June 2013</b>				
Cost	6,222	1,714	10,938	18,874
Accumulated depreciation and impairment	(6,130)	(1,714)	(9,458)	(17,302)
<b>Net book amount</b>	<b>92</b>	<b>-</b>	<b>1,480</b>	<b>1,572</b>
<b>Year ended 30 June 2014</b>				
Opening net book amount	92	-	1,480	1,572
Additions	15	-	337	352
Disposals	(6)	-	(14)	(20)
Depreciation charge	(6)	-	(17)	(23)
Depreciation charge - discontinued operations	(47)	-	(597)	(644)
<b>Closing net book amount</b>	<b>48</b>	<b>-</b>	<b>1,189</b>	<b>1,237</b>
<b>At 30 June 2014</b>				
Cost	4,595	762	7,980	13,337
Accumulated depreciation and impairment	(4,547)	(762)	(6,791)	(12,100)
<b>Net book amount</b>	<b>48</b>	<b>-</b>	<b>1,189</b>	<b>1,237</b>
<b>Year ended 30 June 2015</b>				
Opening net book amount	48	-	1,189	1,237
Additions	57	9	222	288
Disposals	(18)	(1)	-	(19)
Depreciation charge	(12)	-	(19)	(31)
Depreciation charge - discontinued operations	(13)	-	(690)	(703)
Transfer to assets of disposal group held for sale	(17)	-	(702)	(719)
<b>Closing net book amount</b>	<b>45</b>	<b>8</b>	<b>-</b>	<b>53</b>
<b>At 30 June 2015</b>				
Cost	85	19	-	104
Accumulated depreciation and impairment	(40)	(11)	-	(51)
<b>Net book amount</b>	<b>45</b>	<b>8</b>	<b>-</b>	<b>53</b>

Property, plant and equipment is held by subsidiary entities - Next Financial and Pinnacle Services Administration Pty Ltd.

## 18 Net deferred tax assets

	2015 \$'000	2014 \$'000
Deferred tax assets (a)	242	13,284
Deferred tax liabilities (b)	(242)	(1,021)
<b>Net deferred tax assets</b>	<b>-</b>	<b>12,263</b>

### (a) Deferred tax assets

	2015 \$'000	2014 \$'000
<b>The deferred tax asset balance comprises temporary differences attributable to:</b>		
Unrealised loss on fair value assets	222	230
Embedded derivatives relating to Next Financial	-	106
Employee benefits	-	1,028
S40-880 deductions	-	241
Capital allowances	-	1,087
Provisions	-	468
Accruals	-	1,178
Tax losses *	-	8,622
Other	20	324
<b>Total deferred tax assets</b>	<b>242</b>	<b>13,284</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(242)	(1,021)
<b>Net deferred tax assets</b>	<b>-</b>	<b>12,263</b>
Net deferred tax assets expected to be recovered within 12 months	-	3,103
Net deferred tax assets expected to be recovered after 12 months	-	9,160
	-	<b>12,263</b>

\*A deferred tax asset in relation to tax losses is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover the losses and from which the future reversal of underlying timing differences can be deducted.

As at balance date the deferred tax assets of continuing operations were de-recognised on the basis that they could no longer be recognised under this criteria.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

	Tax losses \$'000	Capital Allowances \$'000	Derivatives \$'000	Other \$'000	Total \$'000
<b>Movements in deferred tax assets</b>					
At 1 July 2013	8,321	1,219	267	3,772	13,579
Adjustments relating to prior periods	34	-	-	10	44
(Charged)/credited					
- to profit or loss - current	934	-	-	-	934
- to profit or loss - deferred	(667)	(132)	(161)	(313)	(1,273)
<b>At 30 June 2014</b>	<b>8,622</b>	<b>1,087</b>	<b>106</b>	<b>3,469</b>	<b>13,284</b>
<b>At 1 July 2014</b>	<b>8,622</b>	<b>1,087</b>	<b>106</b>	<b>3,469</b>	<b>13,284</b>
Adjustments relating to prior periods	(9)	-	-	2	(7)
(Charged)/credited					
- to profit or loss - current	598	-	-	-	598
- to profit or loss - deferred	(9,211)	108	(106)	(1,149)	(10,358)
Transfer to assets of disposal group held for sale	-	(1,195)	-	(2,080)	(3,275)
<b>At 30 June 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>242</b>	<b>242</b>

### (b) Deferred tax liabilities

	2015 \$'000	2014 \$'000
<b>The deferred tax liabilities balance comprises temporary differences attributable to:</b>		
Property, plant and equipment	-	444
Financial assets at fair value through profit or loss	240	427
Put option premiums relating to Next Financial	-	106
Swaptions	-	35
Receivables	2	-
Other	-	9
<b>Total deferred tax liabilities</b>	<b>242</b>	<b>1,021</b>
Deferred tax liabilities expected to be settled within 12 months	2	345
Deferred tax liabilities expected to be settled after 12 months	240	676
	<b>242</b>	<b>1,021</b>

	Property, plant and equipment \$'000	Put option premiums \$'000	Financial assets at fair value through profit/loss \$'000	Other \$'000	Total \$'000
<b>Movements in deferred tax liabilities</b>					
At 1 July 2013	306	257	636	144	1,343
Adjustments relating to prior periods	-	-	-	(2)	(2)
Charged/(credited)					
- to profit or loss - deferred	138	(151)	(209)	(98)	(320)
<b>At 30 June 2014</b>	<b>444</b>	<b>106</b>	<b>427</b>	<b>44</b>	<b>1,021</b>
At 1 July 2014	444	106	427	44	1,021
Adjustments relating to prior periods	-	-	(3)	-	(3)
Charged/(credited)					
- to profit or loss - deferred	104	(106)	(184)	(30)	(216)
Transfer to assets of disposal group held for sale	(548)	-	-	(12)	(560)
<b>At 30 June 2015</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>2</b>	<b>242</b>

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 19 Non-current assets - Intangible assets

	Client list \$'000	Computer software \$'000	Total \$'000
<b>At 1 July 2013</b>			
Cost	300	8,182	8,482
Accumulated amortisation and impairment	(240)	(8,126)	(8,366)
<b>Net book amount</b>	<b>60</b>	<b>56</b>	<b>116</b>
<b>Year ended 30 June 2014</b>			
Opening net book amount	60	56	116
Amortisation charge	-	(1)	(1)
Amortisation charge - discontinued operations	(60)	(39)	(99)
<b>Closing net book amount</b>	<b>-</b>	<b>16</b>	<b>16</b>
<b>At 30 June 2014</b>			
Cost	300	5,120	5,420
Accumulated amortisation and impairment	(300)	(5,104)	(5,404)
<b>Net book amount</b>	<b>-</b>	<b>16</b>	<b>16</b>
<b>Year ended 30 June 2015</b>			
Opening net book amount	-	16	16
Additions	-	16	16
Disposals	-	(9)	(9)
Amortisation charge	-	(1)	(1)
Amortisation charge - discontinued operations	-	(15)	(15)
Transfer to assets of disposal group held for sale	-	(7)	(7)
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2015</b>			
Cost	-	1,787	1,787
Accumulated amortisation and impairment	-	(1,787)	(1,787)
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

No individual intangible asset is material to the Group.

## 20 Non-current assets - Other non-current assets

	2015 \$'000	2014 \$'000
Loans to employee shareholders	488	397
Loans from Pinnacle to entities under joint control	265	3,320
Capitalised lease incentive	-	2,133
	<b>753</b>	<b>5,850</b>

Loans to employee shareholders are used by employees for the purpose of purchasing shares in Wilson Group Limited and Pinnacle and its jointly controlled entities, are repayable on sale of the shares or termination of employment and are primarily repaid via dividends received from those entities.

As outlined in note 3(a) loans to entities under joint control are assessed at least annually for possible indicators of impairment. Where indicators of impairment exist, the recoverability of these loans is determined. This relies on assumptions regarding the future profitability of the jointly controlled entities and their ability to service the loans.

## 21 Current liabilities - Trade and other payables

	2015 \$'000	2014 \$'000
Trade payables	493	56
Accrued expenses	1,418	3,764
Accrued bonuses and commissions	2,262	3,931
Other payables	920	1,290
Cash held in trust on behalf of clients (note 10)	-	3
	<b>5,093</b>	<b>9,044</b>

Due to their short-term nature the carrying value of trade and other payables approximate their fair value.

## 22 Current liabilities - Borrowings

	2015 \$'000	2014 \$'000
<b>Secured</b>		
Bank funding for loans to clients - Instalment products	-	3,215
Total secured current borrowings	-	3,215
<b>Total current borrowings</b>	<b>-</b>	<b>3,215</b>



## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (a) Interest rate risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in note 2.

### (b) Security

Information about the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in note 25.

## 23 Current liabilities - Provisions

	2015 \$'000	2014 \$'000
Employee benefits – annual leave and long service leave	816	3,616
Transaction-related costs	1,123	-
	<b>1,939</b>	<b>3,616</b>

### (a) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

2015	Transaction- related Costs \$'000	Employee Benefits \$'000
<b>Current</b>		
Carrying amount at the start of the year	-	3,616
Additional provisions recognised	1,123	-
Amounts utilised during the year	-	(49)
Transfer to liabilities of disposal group held for sale	-	(2,751)
<b>Carrying amount at end of year</b>	<b>1,123</b>	<b>816</b>

## 24 Current liabilities - Other current liabilities

	2015 \$'000	2014 \$'000
Unearned interest and administration fee income	-	199
Unearned non-refundable interest prepayment	-	101
Other unearned income	-	5
	<b>-</b>	<b>305</b>

## 25 Current liabilities - Financing arrangements

### (a) Secured liabilities and assets pledged as security

#### *Corporate loan facilities*

The Company's corporate loan, bank guarantee and overdraft facilities available at balance date expire on 30 November 2015 and are secured by a fixed and floating charge over the assets and undertakings of the Group (excluding entities within the Pinnacle and Next Financial groups).

	2015 \$'000	2014 \$'000
Intraday settlement facility (amount used at balance date - nil)	7,500	7,500
Bank overdraft (amount used at balance date - nil)	2,500	2,500
Bank guarantee (amount used at balance date - \$7,769,000)	10,000	10,000
	<b>20,000</b>	<b>20,000</b>

These facilities are supported by a negative pledge that states that (subject to certain exceptions) the Group will not provide any security over its assets and that the Group's consolidated Net Tangible Assets must not be less than \$40 million.

Ongoing compliance with covenants is reviewed on a regular basis and compliance was maintained during the period.

On 1 July 2015 the facility was amended as a result of the sale of the Securities business (refer note 40) and extended to 30 June 2016. The intraday settlement facility and overdraft facility were removed and the bank guarantee facility reduced to \$5,050,000. The fixed and floating charge relating to assets and undertakings of the Securities business were released and the Group's consolidated NTA covenant reduced to \$30 million.

#### *Banking funding facilities for loans to clients of Next Financial*

Next Financial utilises funding lines provided by Westpac Banking Corporation (Westpac) for loans to clients through its geared investment product. At balance date all amounts advanced under the facility had been repaid. These loans are secured by equitable charges over securities and cash which Next Financial held as trustee for clients.

The Westpac facility is a five year term funding agreement provided on a limited recourse basis and secured by the securities (listed equities, cash and derivatives) held in custody.

These funding facilities carry specific undertakings that Next Financial must comply with including:

- Maintaining net equity values (collateral against drawn facility balances);
- Minimum financial solvency ratios; and
- Maintaining prescribed collateral, gearing and derivative margin exposure limits.

Ongoing compliance with these covenants is reviewed on a regular basis and compliance has been maintained during the period.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### Assets pledged as security

The carrying amounts of assets pledged as security at balance date in relation to the corporate loan facilities are set out below:

	2015 \$'000	2014 \$'000
<b>Current</b>		
Cash and cash equivalents	16,618	13,868
Receivables	32,193	41,083
Financial assets at fair value through profit or loss	5,127	5,746
Other current assets	14,000	14,000
<b>Total current assets pledged as security</b>	<b>67,938</b>	<b>74,697</b>
<b>Non-current</b>		
Other financial assets	13,579	13,892
Plant and equipment	719	1,211
<b>Total non-current assets pledged as security</b>	<b>14,298</b>	<b>15,103</b>
<b>Total assets pledged as security</b>	<b>82,236</b>	<b>89,800</b>

The balances above include assets of the Securities business prior to its disposal on 1 July 2015.

### (b) Financing arrangements

Access was available at balance date to the following lines of credit:

	2015 \$'000	2014 \$'000
<b>Credit standby arrangements</b>		
Bank overdrafts and intra-day settlement facilities	10,000	10,000
Client loan facilities	-	3,215
	<b>10,000</b>	<b>13,215</b>
<b>Used at balance date</b>		
Client loan facilities	-	3,215
	-	<b>3,215</b>
<b>Unused at balance date</b>		
Bank overdrafts and intra-day settlement facilities	10,000	10,000
	<b>10,000</b>	<b>10,000</b>
<b>Bank loan facilities</b>		
Total facilities	10,000	13,215
Used at balance date	-	(3,215)
<b>Unused at balance date</b>	<b>10,000</b>	<b>10,000</b>

These facilities comprise fixed and floating rate secured facilities. Certain facilities are also subject to debt covenant arrangements which require the Group to comply with specific minimum financial requirements.

### (c) Interest rate risk exposure

Information about the Group's exposure to interest rate changes are provided in note 2.

## 26 Non-current liabilities - Provisions

	2015 \$'000	2014 \$'000
Employee benefits – long service leave	232	285
Make good provisions (a) (b)	-	1,090
	<b>232</b>	<b>1,375</b>

### (a) Make good provisions

Make good provisions comprise liabilities for make good of leased premises. The gross value of the estimated liability is discounted to its present value at balance date and any discounting adjustment is recognised as interest expense during the period.

### (b) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Make good \$'000	Employee Benefits \$'000
<b>2015</b>		
Carrying amount at start of year - 1 July 2014	1,090	285
Additional provisions recognised	192	74
Transfer to liabilities of disposal group held for sale	(1,282)	(127)
<b>Carrying amount at end of year - 30 June 2015</b>	<b>-</b>	<b>232</b>

## 27 Non-current liabilities - Other non-current liabilities

	2015 \$'000	2014 \$'000
Straight-line lease liability	-	467
Deferred lease incentive	-	2,194
	<b>-</b>	<b>2,661</b>

The deferred lease incentive and straight-line lease liability were re-classified as liabilities of disposal group held for sale during the current financial year.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 28 Contributed equity

#### (a) Share capital

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
<b>Ordinary shares</b>				
Fully paid contributed equity - Company	110,531,752	103,548,150	61,466	57,666
Treasury stock	-	(534,398)	-	(132)
<b>Total contributed equity</b>	<b>110,531,752</b>	<b>103,013,752</b>	<b>61,466</b>	<b>57,534</b>

#### (b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$'000
1 July 2013	Opening balance	102,535,910		57,051
	Add: Treasury stock held at the beginning of the year	1,012,240		254
	Transfer from share-based payments reserve	-		361
	Less: Treasury stock held at year end	(534,398)		(132)
<b>30 June 2014</b>	<b>Balance</b>	<b>103,013,752</b>		<b>57,534</b>
	Add: Treasury stock held at the beginning of the year	534,398		132
	Exercise of employee options - September 2009 grant date	68,000	\$0.00	-
	Exercise of employee options - February 2013 grant date	4,075,000	\$0.27	1,095
	Exercise of employee options - February 2013 grant date	2,275,000	\$0.32	725
	Exercise of employee options - February 2014 grant date	500,000	\$0.75	375
	Exercise of employee options - November 2014 grant date	600,000	\$0.60	357
	Treasury Stock utilised upon exercise of employee options	(534,398)		(132)
	Transfer from share-based payments reserve	-		1,380
<b>30 June 2015</b>	<b>Balance</b>	<b>110,531,752</b>		<b>61,466</b>

#### (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.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

#### (d) Treasury stock

Treasury stock are shares in Wilson Group Limited that were held by employee share trusts for the purpose of issuing shares under the Wilson Group Employee Option Share Plan, and shares forfeited under employee shareholder loan arrangements. No treasury stock was held at 30 June 2015.

#### (e) Employee share plans

Information relating to the employee share plans, including details of shares issued under the plans, is set out in note 43.

#### (f) Options

Information relating to the Wilson Group Employee Option Share Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 43.

#### (g) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so it can continue to provide returns for Shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of both Group liquidity and capital and liquidity ratios required under various licences held by subsidiaries.

There have been no material instances of non-compliance with externally imposed capital requirements in the current period.

## 29 Reserves and accumulated losses

#### (a) Reserves

	2015 \$'000	2014 \$'000
Share-based payments reserve	(307)	1,231

#### Movements:

<b>Share-based payments reserve</b>		
Balance at 1 July	1,231	1,149
Share-based payments expense	712	627
Tax effect of share based payment arrangement	(747)	-
Transfer to contributed equity (options exercised)	(1,380)	(361)
Issue of shares held by employee share plans to employees	(123)	(184)
<b>Balance at 30 June</b>	<b>(307)</b>	<b>1,231</b>

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (b) Accumulated losses

Movements in accumulated losses were as follows:

	2015 \$'000	2014 \$'000
Balance at 1 July	(6,924)	(11,456)
(Loss)/profit and total comprehensive income for the year attributable to owners of Wilson Group Limited	(8,960)	4,792
Dividends paid to non-controlling interests	-	(260)
Dividends paid to shareholders	(4,602)	-
<b>Balance at 30 June</b>	<b>(20,486)</b>	<b>(6,924)</b>

### (c) Nature and purpose of reserves

#### *Share-based payments reserve*

The share-based payments reserve is used to recognise:

- > the grant date fair value of options issued to employees but not exercised;
- > the grant date fair value of shares issued to employees; and
- > the issue of shares held by employee share plans to employees.
- > the grant date fair value of Pinnacle Long-term Employee Incentive Plan

## 30 Non-controlling interests

	2015 \$'000	2014 \$'000
<b>Non-controlling interests in net assets of subsidiaries</b>	<b>3,797</b>	<b>2,604</b>

## 31 Dividends

### (a) Ordinary shares

	2015 \$'000	2014 \$'000
Final ordinary dividend for the year ended 30 June 2014 of 2.75 cents (2013 - \$nil) per fully paid share paid on 18 September 2014		
Fully franked based on tax paid @ 30.0%	2,848	-
Interim dividend for the year ended 30 June 2015 of 1.60 cents (2014 - \$nil) per fully paid share paid on 17 April 2015		
Fully franked based on tax paid @ 30.0%	1,754	-
<b>Total dividends provided for or paid</b>	<b>4,602</b>	<b>-</b>

**(b) Dividends not recognised at the end of the reporting period**

	2015 \$'000	2014 \$'000
Since year end the directors have declared the payment of a special dividend of 2.25 cents per fully paid ordinary share (2014 - ordinary dividend of 2.75 cents), fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 18 September 2015, but not recognised as a liability at year end, is:	2,487	2,848

**(c) Franked dividends**

The franked portions of dividends recommended after 30 June 2015 will be franked out of existing franking credits.

	2015 \$'000	2014 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2014 - 30%)	22,717	19,790

The above amounts represent the balance of the franking account as at the end of the reporting period, 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; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the end of each reporting date.

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

**32 Key Management Personnel****(a) Key Management Personnel compensation**

	2015 \$'000	2014 \$'000
Short-term employee benefits	3,051,578	1,967,616
Post-employment benefits	138,289	103,827
Long-term benefits	64,317	5,807
Termination benefits	-	122,714
Share-based payments	203,052	37,663
	<b>3,457,236</b>	<b>2,237,627</b>

Certain Pinnacle Key Management Personnel are party to the long term employee incentive arrangement described in note 1 (v)(vii). At 30 June 2015, the balance of loans issued to Pinnacle Key Management Personnel is \$1,272,917 (2014 - \$416,072) relating to 5,160 (2014 - 27,356) shares issued.

Detailed remuneration disclosures for Key Management Personnel are provided in the Remuneration Report.



## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### (b) Equity instrument disclosures relating to Key Management Personnel

#### (i) Option and rights holdings

The numbers of options and rights over ordinary shares in the Company held during the financial year by the directors of Wilson Group Limited and other Key Management Personnel of the Group, including their personally related parties, are set out below.

	2015 Number	2014 Number
Balance at start of year	220,000	2,419,975
Granted as compensation	1,200,000	-
Exercised	(1,550,000)	(142,462)
Expired and other changes*	730,000	(2,057,513)
<b>Balance at end of year</b>	<b>600,000</b>	<b>220,000</b>

\*includes changes due to staff commencing or ceasing to be Key Management Personnel during the year.

#### (ii) Shareholdings

The numbers of shares in the Company held during the financial year by the director's of Wilson Group Limited and other Key Management Personnel of the Group, including their related parties, are set out below.

	2015 Number	2014 Number
<b>Wilson Group Limited</b>		
Balance at start of year	24,036,843	21,189,913
Purchased	1,550,000	142,462
Sold and other changes*	3,387,146	2,704,468
<b>Balance at end of year</b>	<b>28,973,989</b>	<b>24,036,843</b>

\*includes changes due to staff commencing or ceasing to be Key Management Personnel during the year.

	2015 Number	2014 Number
<b>Pinnacle Investment Management Limited</b>		
Balance at start of year	31,680	31,680
Granted as compensation	-	-
Purchased	-	-
Other changes*	5,160	-
<b>Balance at end of year</b>	<b>36,840</b>	<b>31,680</b>

\*includes changes due to staff commencing or ceasing to be Key Management Personnel during the year.

### (c) Loans to Key Management Personnel

Details of loans made to Directors of Wilson Group Limited and other Key Management Personnel of the Group, including their related parties, are set out below.

**(i) Aggregates for Key Management Personnel**

	Balance at the start of the year \$	Interest paid and payable for the year \$	Loans advanced during the year \$	Loan repayments received \$	Other changes \$	Balance at the end of the year \$	Interest not charged \$	Number in Group at the end of the year
2015	1,119,000	-	856,815	-	416,072	2,391,887	97,113	2
2014	1,352,863	6,862	-	(240,725)	-	1,119,000	57,180	1

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arms length basis.

**(d) Other transactions with Key Management Personnel**

Some of the directors of Wilson Group Limited and other Key Management Personnel of the Group (including their related parties) transact broking and investment advisory business with Group entities from time to time on terms no more favourable than those available to all employees within the Group.

**33 Remuneration of auditors**

During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	2015	2014
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	280,540	244,343
Other assurance services		
Audit of regulatory returns	52,860	63,105
Audit of compliance plan - Responsible entity *	54,952	38,686
Other assurance services	43,146	-
<b>Total remuneration for audit and other assurance services</b>	<b>431,498</b>	<b>346,134</b>
<b>(ii) Taxation services</b>		
Tax services	130,531	89,522
<b>Total remuneration for taxation services</b>	<b>130,531</b>	<b>89,522</b>
<b>(iii) Other services</b>		
Other services	-	29,700
<b>Total remuneration of PricewaterhouseCoopers Australia</b>	<b>562,029</b>	<b>465,356</b>
<b>Total remuneration of auditors</b>	<b>562,029</b>	<b>465,356</b>

\* Compliance plan audit charges are on-charged to managed funds to which responsible entity services are provided.

It is the Group's policy to employ PricewaterhouseCoopers Australia on assignments additional to their statutory audit duties where PricewaterhouseCoopers Australia's expertise and experience with the Group are important. These assignments are principally tax advice, due diligence and other specialist services.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 34 Contingencies

#### (a) Contingent liabilities

The Group had contingent liabilities at 30 June 2015 in respect of:

##### (i) Guarantees

The Group has provided guarantees in respect of the following items:

- (a) leases of related entities (via bank guarantees) amounting to \$2,679,000 (2014 - \$3,145,000).
- (b) Australian Securities and Investments Commission deposit of \$40,000 (2014 - \$40,000)
- (c) Australian Financial Services Licence Net Tangible Asset obligations (via bank guarantee) in respect of:
  - (i) Pinnacle Funds Services Limited - \$5,000,000 (2014 - \$5,000,000)
  - (ii) Pinnacle RE Services Limited - \$50,000 (2014- \$50,000)

The unused bank guarantee facility available at reporting date was \$2,231,000 (2014: \$1,765,000).

On 1 July 2015 the bank guarantee facility of Wilson Group Limited with Commonwealth Bank of Australia was reduced to \$5,050,000 upon sale of the Securities business (refer note 25).

These guarantees may give rise to liabilities in the Company if the related entities do not meet their obligations under the terms of the leases or other liabilities subject to the guarantees.

In the prior year the Australian Securities and Investments Commission consented to an eligible undertaking for \$1,500,000 provided by the Company to a related entity, Solaris Investment Management Limited, being cancelled effective from 14 January 2014.

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

##### (ii) Legal Claims

The litigation involving Next Financial has been concluded. Court orders were entered discontinuing proceedings on 10 December 2014.

During the year ended 30 June 2014, Wilson HTM Ltd was joined to legal proceedings in relation to investment advisory services provided by a former employee. Following the filing of Wilson HTM Ltd's defence, the plaintiffs have agreed to discontinue the proceedings with no order to pay costs. The Court order was entered on 15 August 2014.

### 35 Commitments

#### (a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2015 \$'000	2014 \$'000
Property, plant and equipment	-	-

## (b) Lease commitments: Group as lessee

	2015 \$'000	2014 \$'000
<b>Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable as follows:</b>		
Within one year	1,717	2,620
Later than one year but not later than five years	3,618	5,147
Later than five years	-	273
	<b>5,335</b>	<b>8,040</b>
Non-cancellable operating leases	5,335	8,040
	<b>5,335</b>	<b>8,040</b>

## (c) Other expenditure commitments

	2015 \$'000	2014 \$'000
<b>Commitments contracted for at reporting date but not recognised as liabilities are payable as follows:</b>		
Within one year	1,381	5,408
Later than one year and not later than five years	354	1,055
	<b>1,735</b>	<b>6,463</b>

## (d) Other commitments

A controlled entity - Pinnacle has previously entered into agreements whereby Pinnacle has agreed to advance sufficient funds to entities under joint control to cover their operating expenses until such time as the entity becomes profitable on a monthly basis and is generating positive cash flows. Further information in relation to these balances is provided in note 36(e).

During December 2014 Pinnacle entered into a funding agreement for \$500,000 with a jointly controlled entity. Pinnacle will make the loan available from 1 January 2015 to 30 June 2016 in drawings of up to \$100,000 on each draw date. The loan must only be used to pay for costs and expenses incurred in connection with the research process to be undertaken for the development of global equity products to be managed by the jointly controlled entity.

In addition Pinnacle has committed to provide loan funding to a 20% owned boutique fund manager subject to the satisfaction of certain conditions, of up to a maximum of \$1.1 million per annum over a three year period to 31 January 2015. On 28 January 2015 Pinnacle entered into a further finance/subsorption agreement where Pinnacle has agreed to subscribe for, and the boutique fund manager has agreed to issue, convertible preference shares ("CPS") and ordinary shares totalling \$1,000,005 over five instalments commencing 30 January 2015.

## 36 Related party transactions

## (a) Parent Entity

The Parent Entity within the Group is Wilson Group Limited (refer note 44).

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### (b) Subsidiaries and jointly controlled entities

Interests in subsidiaries are set out in note 38.

Interests in jointly controlled entities are set out in note 39.

Details of the disposal of a controlled entity are set out in note 37.

Details of service charges to jointly controlled entities are provided in note 5.

### (c) Key Management Personnel

Disclosure relating to Key Management Personnel is set out in note 32.

Disclosure relating to share-based payments is set out in note 43.

### (d) Transactions with other related parties

The following transactions occurred with related parties:

	2015 \$	2014 \$
<b>Transactions with Deutsche Bank AG</b>		
Commission fee paid to Deutsche Bank AG	-	(170)
Distributor commissions received from Deutsche Bank AG	-	75
Corporate finance fees received from Deutsche Bank AG	1,214,450	919,026
Interest revenue received from Deutsche Bank AG	363	788
<b>Other transactions</b>		
Management fees, performance fees and brokerage received from investments in managed funds managed by subsidiaries*	1,361,731	1,207,013

All transactions were made on normal commercial terms and conditions and at market rates.

\* At 30 June 2015 management fees of \$72,091 (30 June 2014 - \$85,936) and performance fees of \$25,759 (30 June 2014-\$nil) were included in trade and other receivables.

### Deutsche Australia

Deutsche Australia is a substantial shareholder of the Company and holds 18.55% of the Company's shares (2014 - 19.80%).

During the 2015 financial year, in accordance with its obligations under the shareholder agreement Deutsche Bank AG Australia and New Zealand provides its Australian equities research product to Wilson Group Limited for use as the basis for the preparation of publications or briefing notes for distribution solely to the Securities business Private Wealth Management clients under the Wilson HTM brand.

Steven Skala is a non-executive director of the Company and is a director of Deutsche Australia Limited and Vice Chairman Australia and New Zealand of Deutsche Bank AG. Chum Darvall is a non-executive director of the Company and was a Vice Chairman Australia and New Zealand of Deutsche Bank AG until 1 July 2014.

During the 2015 financial year Deutsche Australia Limited participated as a purchaser of the Securities business, the sale of which completed on 1 July 2015. Refer notes 9 and 40 for further details.

### Steven Wilson AM

In February 2014, Mr Wilson entered into an agreement with Wilson HTM Ltd, a subsidiary of the Company, to provide investment management services. This agreement is on the same terms and conditions as other Wilson HTM Ltd advisors. For the year ended 30 June 2015 \$28,083 was paid to Mr Wilson under this agreement (2014 - \$36,370).

### Chum Darvall AM

A director of the Group, Chum Darvall AM was appointed in February 2014 as a member of the Palisade Investment Partners Advisory Board, which is associated with a jointly controlled entity. During the year Mr Darvall received fees of \$60,000 from the entity (2014 - \$25,000).

### Funds managed by subsidiaries

Subsidiary companies receive responsible entity, management and performance fees in relation to the management of the Wilson Group Priority Growth Fund and Wilson Group Priority Core Fund. The Group also holds an investment in the Wilson Group Priority Core Fund and these are included in financial assets at fair value through profit or loss. The gains and losses related to these investments are included in fair value gains and losses on financial assets held at fair value through profit or loss.

### Evaellen Pty Ltd (Andrew Coppin)

On 2 July 2013 a repayment of \$116,974 was made on the loan to Evaellen Pty Ltd, an entity associated with Andrew Coppin. A further repayment was made on 26 June 2014 of \$123,751 to repay the loan. Interest accrued during the year was \$nil (30 June 2014 - \$6,862). The balance of the loan at 30 June 2015 is \$nil (30 June 2014 - \$nil).

### (e) Loans to/from related parties

	2015	2014
<b>Loans with jointly controlled entities</b>		
Balance at 1 July	3,320,216	2,792,066
Loans advanced	2,278,268	480,000
Loans repaid	(1,150,000)	(100,000)
Long term employee incentive arrangements	-	(25,000)
Fair value adjustment	-	266,618
Impairment	(300,006)	(93,468)
<b>Balance at 30 June</b>	<b>4,148,478</b>	<b>3,320,216</b>

### (f) Investments in managed funds managed by subsidiaries

	2015	2014
Balance at 1 July	5,245,642	-
Additions - deconsolidation of the Wilson Group Priority Core Fund	-	5,225,417
Additions	-	60,677
Revaluation	(476,172)	(40,452)
<b>Balance at 30 June</b>	<b>4,769,470</b>	<b>5,245,642</b>

### (g) Guarantees

The Group has provided guarantees to subsidiaries as described in note 34.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 37 Business combinations

#### (a) Pinnacle International Equities Limited

During September 2014 a subsidiary of the Group, Pinnacle established a wholly owned subsidiary, Pinnacle International Equities Limited (Pinnacle International). Pinnacle International entered into agreements effective 1 December 2014 with Perennial Investment Partners Limited (Perennial) and IOOF Investment Management Limited in relation to the Perennial International Equities Management boutique business.

Under the agreements:

- Pinnacle International agreed to the transfer of employees and employee entitlements from Perennial to Pinnacle International,
- Pinnacle International received \$246,000 as consideration for entering the agreement, and
- Pinnacle International has become investment manager and another subsidiary of the Group, Pinnacle Funds Services Limited, has become the responsible entity of the Perennial International Equities managed investment schemes.

Details of the consideration are as follows:

	\$'000
Cash and cash equivalents received	(246)
<b>Total purchase consideration received</b>	<b>(246)</b>

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Management rights	46
Provision for employee entitlements	(292)
<b>Net identifiable assets acquired</b>	<b>(246)</b>

#### (i) Acquisition-related costs

Acquisition-related costs of \$42,000 are included in legal and professional services expenses in the consolidated statement of comprehensive income.

#### (ii) Revenue and profit contribution

Pinnacle International contributed revenues of \$1,120,000 and net loss of \$597,000 to the group for the period from 1 December 2014 to 30 June 2015.

If the acquisition had occurred on 1 July 2014, consolidated Group revenue and consolidated Group loss for the year ended 30 June 2015 would have been \$8,767,000 and (\$7,869,000) respectively.

Pinnacle International was renamed Antipodes Partners Limited ("Antipodes") on 25 March 2015 and on 31 May 2015 Pinnacle sold 77.5% of its equity holding in Antipodes to the Senior Management of Antipodes. As Antipodes is no longer a 100% owned subsidiary, it will be treated as an investment in jointly controlled entity from 1 June 2015 onwards with the Group holding 16.9% of the share capital and other contractual rights.

## (b) Deconsolidation of Priority Core Fund

### (i) Description

Upon the adoption of AASB10 for the first time from 1 July 2013, the Group's investment in the Wilson Group Priority Core Fund (the Fund) was consolidated into the Group's financial statements (refer to note 1(a) for further information).

During the prior period the Group partially redeemed its unit-holding in the Fund, so that the Group's ownership interest fell from 39.43% at 30 June 2013 to 21.84% at 31 December 2013. Due to the dilution in the Group's voting rights and reduction in exposure to variable returns from the Fund, the Group deemed that it no longer controlled the Fund, and it was deconsolidated effective 31 December 2013.

Financial information relating to the deconsolidated entity is provided below.

### (ii) Financial performance

The financial performance presented is for the period ended 31 December 2013.

	Half Year 31 Dec 2013 \$'000
Fair value gains on financial assets at fair value through profit or loss	3,467
Revenue from continuing operations	475
Management fees	(182)
Other expenses from ordinary activities	(74)
<b>Profit</b>	<b>3,686</b>
Non-controlling interest in profit	(2,250)
<b>Profit attributable to owners of Wilson Group Limited</b>	<b>1,436</b>

### (iii) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at the date of deconsolidation (31 December 2013) were:

	31 Dec 2013 \$'000
Cash and cash equivalents	921
Financial assets at fair value through profit or loss	23,236
Trade and other receivables	236
<b>Total assets</b>	<b>24,393</b>
Trade and other payables	(609)
Unitholder liabilities	(23,784)
<b>Total liabilities</b>	<b>(24,393)</b>
<b>Net assets</b>	<b>-</b>

### (iv) Details of the disposal deconsolidation

As the deconsolidation was due to it being deemed that the Group no longer had control of the Fund, no disposal consideration is applicable.



## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 38 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in note 1(b). The country of incorporation of all subsidiaries is also their principal place of business.

Name of entity	Country of incorporation	Class of security	Equity holding	
			2015 %	2014 %
WIG Option Plan Managers Pty Ltd	Australia	Ordinary share	100	100
Priority Funds Management Pty Ltd (a)	Australia	Ordinary share	100	100
Priority Investment Management Pty Ltd (a)	Australia	Ordinary share	100	100
Ariano Pty Ltd (b)	Australia	Ordinary share	100	-
Next Financial Limited	Australia	Ordinary share	100	100
Next Financial Nominees Pty Ltd	Australia	Ordinary share	100	100
Next Financial Nominees No.2 Pty Ltd	Australia	Ordinary share	100	100
Investment Solutions Client Services Pty Ltd	Australia	Ordinary share	100	100
Pinnacle Investment Management Limited (c)	Australia	Ordinary share	75	79
Pinnacle Funds Services Limited (c)	Australia	Ordinary share	75	79
Pinnacle Services Administration Pty Ltd (c)	Australia	Ordinary share	75	79
Pinnacle RE Services Limited (c)	Australia	Ordinary share	75	79
Antipodes Partners Limited (d)	Australia	Ordinary share	-	-
<b>Discontinued Operations</b>				
Wilson HTM NewCo 2015 Pty Ltd (e)	Australia	Ordinary share	100	-
Wilson HTM Corporate Finance Ltd	Australia	Ordinary share	100	100
Wilson HTM Services Pty Ltd	Australia	Ordinary share	100	100
Wilson HTM Ltd	Australia	Ordinary share	100	100

- (a) In July 2015 Wilson HTM Funds Management Pty Ltd was renamed Priority Funds Management Pty Ltd and Wilson HTM Investment Management Pty Ltd was renamed Priority Investment Management Pty Ltd.
- (b) In April 2015 Ariano Pty Ltd was established as a wholly owned subsidiary of the Group.
- (c) In May 2015 the Group sold 4.29% of Pinnacle to executives of Pinnacle for \$3,088,800.
- (d) In September 2014 Pinnacle International Equities Limited was established as a wholly owned subsidiary of Pinnacle. This company was renamed Antipodes Partners Limited on 25 March 2015 and on 31 May 2015 Pinnacle sold 77.5% of its equity holding to senior management of Antipodes. The subsidiary was deconsolidated at that date – refer note 37 for further details.
- (e) In January 2015 Wilson HTM NewCo 2015 Pty Ltd was established as a wholly owned subsidiary of the Group.

Additionally, the Wilson Group Priority Core Fund was consolidated in the results and balances of the Group until 31 December 2013 (refer to note 37(b) for further information). This unit holding relates to the seed funds under management invested by the Group in the fund as part of the start-up support provided to the manager responsible for this fund.

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-entity eliminations:

	Pinnacle Investment Management Limited		Wilson Group Priority Core Fund	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Summarised statement of financial position</b>				
Current assets	12,932	6,161	-	-
Non-current assets	19,983	22,964	-	-
<b>Total assets</b>	<b>32,915</b>	<b>29,125</b>	<b>-</b>	<b>-</b>
Current liabilities	5,139	1,901	-	-
Non-current liabilities	12,230	14,145	-	-
<b>Total liabilities</b>	<b>17,369</b>	<b>16,046</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>15,546</b>	<b>13,079</b>	<b>-</b>	<b>-</b>
Accumulated non-controlling interest	3,797	2,604	-	-
<b>Summarised statement of comprehensive income</b>				
Revenue	5,860	4,250	-	475
Share of net profit of jointly controlled entities accounted for using the equity method	11,932	8,444	-	3,467
Expenses	(10,263)	(6,224)	-	(256)
<b>Total comprehensive income</b>	<b>7,529</b>	<b>6,470</b>	<b>-</b>	<b>3,686</b>
<b>Total comprehensive income allocated to non-controlling interest</b>	<b>1,602</b>	<b>1,340</b>	<b>-</b>	<b>2,250</b>
Dividends paid to non-controlling interest	409	260	-	-
<b>Summarised statement of cash flows</b>				
Net cash inflows/(outflows) from operating activities	7,669	6,756	-	(1,175)
Net cash outflows from investing activities	(1,464)	(11)	-	-
Net cash outflows from financing activities	(5,086)	(3,776)	-	(291)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,119</b>	<b>2,969</b>	<b>-</b>	<b>(1,466)</b>

### Unconsolidated structured entities

A structured entity is an entity whereby 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.

The Group has influence over the funds that a subsidiary, Priority Investment Management Pty Ltd manages due to its power to participate in the financial and operating policy decisions of the investee through its investment management agreement.

Wilson Group Priority Core Fund and Wilson Group Priority Growth Fund are considered to be structured entities in accordance with AASB 12. The Group has made seed investments into these funds in order to provide start up support while external investment is received. The Group also receives management and performance fees for its role as investment manager of the funds (refer note 5 and 36(d)). The Group has redeemed its investment in the Wilson Group Priority Growth Fund but continues to hold an investment in the Wilson Group Priority Core Fund. The funds invest in Australian listed equities.

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

The nature and extent of the Group's investment in funds is summarised below:

	Wilson Group Priority Growth Fund 2015 \$'000	Wilson Group Priority Growth Fund 2014 \$'000	Wilson Group Priority Core Fund 2015 \$'000	Wilson Group Priority Core Fund 2014 \$'000
<b>Current assets</b>				
Financial assets at fair value through profit or loss	-	-	4,799	5,213
Receivables	-	-	24	40
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>4,823</b>	<b>5,253</b>
Maximum exposure to loss	-	-	4,823	5,253
Net asset value of funds	36,726	52,844	27,856	26,770
Fund's investment portfolio	34,878	50,383	26,325	25,373

Unless specified otherwise, the Group's maximum exposure to loss is the total of its on-balance sheet positions at 30 June 2015. There are no additional off balance sheet arrangements which would expose the Group to potential loss.

### 39 Investments accounted for using the equity method

#### (a) Carrying amounts

A subsidiary of the Group, Pinnacle, holds investments in jointly controlled entities that undertake funds management activities. Information relating to these entities under joint control is set out below.

Name of company	Principal Activity	Effective ownership interest		2015 \$'000	2014 \$'000
		2015 %	2014 %		
Unlisted					
Plato Investment Management Limited	Funds Management	37.5	39.6	-	-
Palisade Investment Partners Limited	Funds Management	26.8	28.3	873	889
Hyperion Holdings Limited*	Funds Management	37.5	39.7	4,270	3,715
Foray Enterprises Pty Ltd	Funds Management	30.0	31.7	11,652	11,491
Solaris Investment Management Limited	Funds Management	30.0	31.7	2,613	3,267
Sigma Funds Management Pty Limited	Funds Management	19.5	19.8	-	-
Antipodes Partners Holdings Pty Ltd	Funds Management	16.9	-	-	-
				19,408	19,362

Each of the above entities under joint control is incorporated and has their principal place of business in Australia and are accounted for using the equity method.

\*The Group received a dividend of \$1,328,415 from Hyperion Holdings Limited on 31 July 2015.

## (b) Summarised financial information for joint ventures

	Hyperion Holdings Limited		Foray Enterprises Limited	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Summarised statement of financial position</b>				
Total current assets	12,486	10,744	9,379	7,899
Total non-current assets	724	1,081	1,501	516
Total current liabilities	(4,661)	(4,615)	(4,388)	(3,359)
Total non-current liabilities	(233)	(3)	(724)	(85)
<b>Net Assets</b>	<b>8,316</b>	<b>7,207</b>	<b>5,768</b>	<b>4,971</b>
Group share in %	37.5%	39.6%	30.0%	31.7%
<b>Reconciliation to carrying amounts:</b>				
Opening net assets 1 July	7,207	6,160	4,971	3,888
Total comprehensive income	15,553	11,911	5,297	3,083
Dividends paid	(14,444)	(10,864)	(4,500)	(2,000)
<b>Closing net assets</b>	<b>8,316</b>	<b>7,207</b>	<b>5,768</b>	<b>4,971</b>
Group's share of net assets	4,158	3,603	2,307	1,988
Excess consideration over share of net assets	112	112	9,345	9,503
<b>Carrying amount</b>	<b>4,270</b>	<b>3,715</b>	<b>11,652</b>	<b>11,491</b>
<b>Summarised statement of comprehensive income</b>				
Revenue	29,639	23,480	15,742	10,971
Profit for the year	15,554	11,911	5,296	3,083
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>15,554</b>	<b>11,911</b>	<b>5,296</b>	<b>3,083</b>
Dividends received from joint venture entities	(7,222)	(5,432)	(1,800)	(800)

**Individually immaterial jointly controlled entities**

In addition to the interests disclosed above, the Group also has interests in a number of individually immaterial jointly controlled entities that are accounted for using the equity method.

	2015 \$'000	2014 \$'000
Aggregate carrying amount of individually immaterial joint ventures	3,485	4,156
<b>Aggregate amounts of the Group's share of:</b>		
Profit for the year	2,194	1,414
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>2,194</b>	<b>1,414</b>

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### (c) Movements in carrying amounts

	2015 \$'000	2014 \$'000
Carrying amount at the beginning of the financial year	19,362	18,849
Purchase of shares in entities under joint control	10	-
Long term employee incentive arrangements	(171)	-
Share of profit after income tax	11,932	8,444
Write off of investment in entities under joint control	(10)	-
Dividends received/receivable	(11,715)	(7,931)
<b>Carrying amount at the end of the financial year</b>	<b>19,408</b>	<b>19,362</b>

### (d) Share of profits from entities under joint control

	2015 \$'000	2014 \$'000
Profit before income tax	17,074	12,218
Income tax expense	(5,142)	(3,774)
<b>Profit after income tax</b>	<b>11,932</b>	<b>8,444</b>

### (e) Summary of entities under joint control

	2015 \$'000	2014 \$'000
Current assets	14,871	13,057
Non-current assets	1,546	1,256
<b>Total assets</b>	<b>16,417</b>	<b>14,313</b>
Current liabilities	7,010	5,719
Non-current liabilities	467	85
<b>Total liabilities</b>	<b>7,477</b>	<b>5,804</b>
<b>Net assets</b>	<b>8,940</b>	<b>8,509</b>

### (f) Share of entities revenue, expenses and results

	2015 \$'000	2014 \$'000
Revenues	29,164	23,176
Expenses	(12,090)	(10,958)
<b>Profit before income tax</b>	<b>17,074</b>	<b>12,218</b>

## 40 Events occurring after the reporting period

### Sale of Securities business

On 1 July 2015 the Company completed the sale of its Securities business to Craigs Investment Partners, Deutsche Australia and staff representatives of the Securities business, following approval by shareholders at an extraordinary general meeting on 26 June 2015.

Under the terms of the sale agreement the Company:

- › transferred its shareholdings in the subsidiaries comprising its Securities business to the purchasers (refer to note 38);
- › received cash consideration of \$4 million, and provided vendor finance of \$1 million;
- › may receive a future profit share for the first two years post completion subject to certain conditions;
- › may receive additional value for deferred tax assets if the amount utilised exceeds \$350,000 by the Securities business during the first three years post completion;
- › has contingent liabilities relating to its historical ownership of the business which will run off over time;
- › has committed to pay certain staff related costs, and run-off insurances.

Following completion of the transaction, the Company and the purchasers have agreed to provide various services to each other to ensure a smooth transition of the ownership of business.

Further detail of the transaction was provided in the notice of meeting provided for the extraordinary general meeting, and in note 9.

### Issue of Options

On 1 July 2015, the Company issued 4.25 million options in the Company to senior executives of Pinnacle under the Wilson Group Employee Option Share Plan at a strike price of 98.6 cents per share.

The options vest in two equal tranches on 1 January 2018 and 1 January 2020 with a 6 month vesting period. Any options that remain unexercised at the end of the vesting period will lapse. The options are subject to claw back arrangements and bad leaver provisions.

### Pinnacle Loan Repayment

During August 2015 the Company received a loan repayment of \$2 million from its subsidiary Pinnacle Investment Management Limited. This reduced the loan balance receivable from Pinnacle to the Company to \$12 million.

Other than the above, no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

## 41 Additional cash flow information

### (a) Reconciliation to cash at the end of the year

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits at call and cash held in trust net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2015 \$'000	2014 \$'000
Cash and cash equivalents	13,570	20,604
<b>Balances per statement of cash flows</b>	<b>13,570</b>	<b>20,604</b>

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For the year ended 30 June 2015

### (b) Reconciliation of net cash flow from operating activities to profit

	2015 \$'000	2014 \$'000
(Loss)/profit for the year	(7,358)	8,382
Depreciation and amortisation	1,268	1,153
Impairment	310	(173)
Loss on remeasurement of subsidiaries	2,497	-
Gain on deconsolidation of subsidiary	(56)	-
Equity settled share-based payments	712	627
Net gains on sale of financial assets at fair value through profit or loss	(312)	-
Unrealised losses/(gains) on financial assets at fair value through profit or loss	455	(663)
Other fair value adjustment	-	(267)
Change in current and deferred tax balances	8,801	(28)
Change in operating assets and liabilities, net of effects from acquisition and disposal of businesses:		
Trade and other receivables	2,542	7,498
Investments	(217)	(222)
Financial assets	(312)	(3,388)
Trade and other payables	(919)	(3,686)
Provisions	(125)	59
Financial liabilities	(339)	(529)
<b>Net cash inflow from operating activities</b>	<b>6,947</b>	<b>8,763</b>

The reconciliation of net cash flow from operating activities to (loss)/profit includes both continuing and discontinued operations.

## 42 Earnings per share

### (a) Basic earnings per share

	2015 Cents	2014 Cents
<b>Attributable to the ordinary equity holders of the company:</b>		
From continuing operations	(5.2)	3.5
From total operations	(8.5)	4.7

### (b) Diluted earnings per share

	2015 Cents	2014 Cents
<b>Attributable to the ordinary equity holders of the company:</b>		
From continuing operations	(5.2)	3.4
From total operations	(8.5)	4.5

## (c) Reconciliations of earnings used in calculating earnings per share

	2015 \$'000	2014 \$'000
<b>Basic and diluted earnings per share</b>		
(Loss)/profit attributable to the ordinary owners of the Company used in calculating basic and diluted earnings per share:		
<b>From continuing operations</b>	<b>(5,496)</b>	<b>3,571</b>
From discontinued operations	(3,464)	1,221
<b>(Loss)/profit used in calculating basic and diluted earnings per share</b>	<b>(8,960)</b>	<b>4,792</b>

## (d) Weighted average number of shares used as the denominator

	2015 Number	2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	105,748,422	103,013,752
Adjustments for calculation of diluted earnings per share:		
Weighted average options	-	3,473,965
<b>Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share</b>	<b>105,748,422</b>	<b>106,487,717</b>

## (e) Information concerning the classification of securities

Options granted to employees under the employee share schemes are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.



## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 43 Share-based payments

#### (a) Wilson Group Employee Option Share Plan

The establishment of the Wilson Group Employee Option Share Plan (EOSP) was approved by the Board during the 2007 financial year. The EOSP is designed to provide long-term incentives for staff (including executive and non-executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain service conditions 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 to receive any guaranteed benefits.

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired/ forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
<b>2015</b>								
11 Sept 2009	11 Sep 2014	-	96,000	-	(68,000)	(28,000)	-	-
18 Feb 2013 (A)	30 Jun 2015	\$0.27	4,900,000	-	(4,075,000)	(825,000)	-	-
18 Feb 2013 (B)	30 Jun 2015	\$0.32	2,275,000	-	(2,275,000)	-	-	-
24 Feb 2014	30 Jun 2015	\$0.75	500,000	-	(500,000)	-	-	-
26 Nov 2014 (A)	30 Jun 2015	\$0.60	-	600,000	(600,000)	-	-	-
26 Nov 2014 (B)	30 Jun 2016	\$0.60	-	600,000	-	-	600,000	-
			<b>7,771,000</b>	<b>1,200,000</b>	<b>(7,518,000)</b>	<b>(853,000)</b>	<b>600,000</b>	-
Weighted average exercise price			\$0.31	\$0.60	\$0.34	\$0.26	\$0.60	-
<b>2014</b>								
1 Apr 2009	30 Mar 2014	\$1.00	295,487	-	-	(295,487)	-	-
11 Sept 2009	11 Sept 2014	-	456,000	-	(360,000)	-	96,000	96,000
12 Oct 2010	30 Sept 2013	-	603,085	-	(584,090)	(18,995)	-	-
12 Oct 2010	30 Sept 2013	-	94,975	-	(94,975)	-	-	-
1 Feb 2011	30 Sept 2013	-	28,492	-	(28,492)	-	-	-
1 Feb 2011	30 Sept 2013	-	66,482	-	(66,482)	-	-	-
25 May 2012	31 Aug 2013	-	3,281,000	-	-	(3,281,000)	-	-
24 Dec 2012	31 Aug 2013	-	300,000	-	-	(300,000)	-	-
18 Feb 2013 (A)	30 Jun 2015	\$0.27	5,540,000	-	-	(640,000)	4,900,000	-
18 Feb 2013 (B)	30 Jun 2015	\$0.32	3,200,000	-	-	(925,000)	2,275,000	-
24 Feb 2014	30 Jun 2015	\$0.75	-	500,000	-	-	500,000	-
			<b>13,865,521</b>	<b>500,000</b>	<b>(1,134,039)</b>	<b>(5,460,482)</b>	<b>7,771,000</b>	<b>96,000</b>
Weighted average exercise price			\$0.20	\$0.75	-	\$0.14	\$0.31	-

Options forfeited were as a result of the resignation of plan members from the Group and upon the expiry of options.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2015 was \$1.05 (2014 - \$0.45).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.0 years (2014 – 1.0 years).

Under the plan, participants are granted options which vest if the employees are still employed by the Group at the end of the vesting period. The board may elect to waive the continuing service condition (for example in cases of redundancy) and allow options to continue.

Options granted under the plan carry no dividend or voting rights.

The plan is consolidated into the Group's financial statements in accordance with note 1 (b)(ii). Shares held by the trust and not yet issued to employees at the end of the reporting period are shown as treasury shares in the financial statements (see note 28(a)).

Fair value at grant date is determined using an option pricing model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Expected price volatility is determined based on historical volatility of the underlying share. The assessed fair value at grant date of options granted and the model inputs are set out below.

#### **Fair value of interests granted - 25 February 2014**

Options were granted for no consideration and vested based on fulfilment of specified service conditions. Vested options are exercisable for a period of 18 weeks after vesting. The fair value of options were determined using a Black-Scholes option pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- › Fair value at grant date: \$0.12 per option
- › Exercise price: \$0.75
- › Grant date: 25 February 2014
- › Vesting date: 27 February 2015
- › Share price at grant date: \$0.58
- › Expected price volatility of the Company's shares: 61%
- › Expected dividend yield: 0%
- › Risk-free interest rate: 2.66%

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### **Fair value of interests granted - 26 November 2014 (A)**

Options were granted for no consideration and vested based on fulfilment of specified service conditions. Vested options are exercisable for a period of 18 weeks after vesting. The fair value of options were determined using a Black-Scholes option pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- > Fair value at grant date: \$0.16 per option
- > Exercise price: \$0.595
- > Grant date: 26 November 2014
- > Vesting date: 27 February 2015
- > Share price at grant date: \$0.70
- > Expected price volatility of the Company's shares: 52%
- > Expected dividend yield: 3.90%
- > Risk-free interest rate: 2.70%

### **Fair value of interests granted - 26 November 2014 (B)**

Options were granted for no consideration and vest based on fulfilment of specified service conditions. Vested options are exercisable for a period of 18 weeks after vesting. The fair value of options were determined using a Black-Scholes option pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- > Fair value at grant date: \$0.21 per option
- > Exercise price: \$0.595
- > Grant date: 26 November 2014
- > Vesting date: 27 February 2016
- > Share price at grant date: \$0.70
- > Expected price volatility of the Company's shares: 52%
- > Expected dividend yield: 3.90%
- > Risk-free interest rate: 2.77%

### (b) Pinnacle Long-term Employee Incentive Plan

Information regarding the Pinnacle Long-term Employee Incentive Plan is provided in note 1(v)(vii) and Note 32(a).

### (c) WHIG Long-term Incentive Share Plan

The establishment of the Wilson HTM Investment Group Long-term Incentive Share Plan was approved by the board during the 2007 financial year. Participation in the plan was by invitation only and originally comprised a Private Wealth Management Adviser Offer, a Loyalty Offer and Other Offers.

During the year ended 30 June 2015, 5,319 shares (2014 - nil) were issued to 1 employee (2014 - nil) under the plan. No shares remain on issue under the plan and it was finalised on 27 April 2015.

### (d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of commissions and incentive expenses were as follows:

	2015 \$'000	2014 \$'000
Wilson Group Employee Option Share Plan	688	622
Pinnacle Long-term Employee Incentive Plan	24	-
WHIG Long-term Incentive Share Plan	-	5
	<b>712</b>	<b>627</b>

## 09 > Notes to the consolidated financial statements

For the year ended 30 June 2015

### 44 Parent Entity financial information

#### (a) Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	2015 \$'000	2014 \$'000
<b>Statement of financial position</b>		
Current assets	38,659	70,775
Non-current assets	18,942	42,909
<b>Total assets</b>	<b>57,601</b>	<b>113,684</b>
Current liabilities	43,219	57,550
Non-current liabilities	3	2
<b>Total liabilities</b>	<b>43,222</b>	<b>57,552</b>
<b>Net assets</b>	<b>14,379</b>	<b>56,132</b>
<b>Shareholders' equity</b>		
Contributed equity	61,526	57,595
Share-based payment reserves	409	1,161
Accumulated losses	(47,556)	(2,624)
	<b>14,379</b>	<b>56,132</b>
<b>(Loss)/profit for the year</b>	<b>(40,330)</b>	<b>1,419</b>
<b>Total comprehensive (loss)/income</b>	<b>(40,330)</b>	<b>1,419</b>

The loss of the Parent Entity for the current year was impacted by impairments upon the held-for-sale classification of investments in the subsidiaries of the Securities business and the de-recognition of deferred tax assets during the second-half of the financial year.

#### (b) Guarantees entered into by the Parent Entity

Details of guarantees entered into by the Group are provided at note 34.

#### (c) Contingent liabilities of the Parent Entity

Details of contingent liabilities of the Parent Entity are provided at note 34.

No material losses are anticipated in respect of these contingent liabilities.

#### (d) Contractual commitments for the acquisition of property, plant and equipment

As at 30 June 2015, the Parent Entity had no contractual commitments for the acquisition of property, plant and equipment (2014 - nil).

## 10 › Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 64 to 139 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

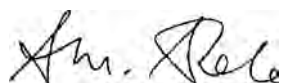
(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that Wilson Group Limited will be able to pay its debts as and when they become due and payable.

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.



S M Skala AO  
Chairman  
Melbourne  
31 August 2015

## 11 > Independent Auditor's Report to the Members



### **Independent auditor's report to the members of Wilson Group Limited**

#### ***Report on the financial report***

We have audited the accompanying financial report of Wilson Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Wilson Group Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

#### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation 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 is free from material misstatement, whether due to fraud or error. In Note 1(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### ***Auditor's responsibility***

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

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

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

#### ***Independence***

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
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Liability limited by a scheme approved under Professional Standards Legislation.

## 11 > Independent Auditor's Report to the Members



### *Auditor's opinion*

In our opinion:

- (a) the financial report of Wilson Group Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a)(i).

### **Report on the Remuneration Report**

We have audited the remuneration report included in pages 27 to 41 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's opinion*

In our opinion, the remuneration report of Wilson Group Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Michael O'Donnell  
Partner

Brisbane  
31 August 2015



## 12 > Shareholder Information

The shareholder information set out below is correct as at 28 August 2015

### Shares on Issue

#### Distribution of securities

Range	No. of shareholders	No. of shares	%
1 - 1,000	259	194,922	0.18
1,001 - 5,000	354	1,002,293	0.91
5,001 - 10,000	117	936,089	0.85
10,001 - 100,000	274	10,682,247	9.66
100,001 - 9,999,999,999	101	97,716,201	88.41
Rounding			0
<b>Total</b>	<b>1,105</b>	<b>110,531,752</b>	<b>100</b>

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum \$ 500.00 parcel at \$ 1.07 per unit	477	54	5076

#### Twenty largest shareholders (as at 28 August 2015)

Rank	Name	Units	% of Units
1	DEUTSCHE AUSTRALIA LIMITED	20,502,303	18.55
2	WARRAGAI INVESTMENTS PTY LTD	10,550,000	9.54
3	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <PICREDIT>	9,237,924	8.36
4	KINAULD PTY LTD	4,750,000	4.30
5	MR ALEXANDER WILLIAM MACDONALD GRANT	4,670,090	4.23
6	EARLSTON NOMINEES PTY LTD <THE WILSON FAMILY S/FUND A/C>	3,120,000	2.82
7	MR DAVID FRANCIS CLEARY	3,005,925	2.72
8	MR DAVID NOEL GROTH	2,989,424	2.70
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,013,668	1.82
10	MR JOSEPH JAMES PAGLIARO + MRS MICHELLE MARY PAGLIARO <THE JOMIPAG GROWTH A/C>	1,698,163	1.54
11	MR GARRY PATRICK LOWREY	1,525,518	1.38
12	CIBAW PTY LTD <THE BLIGH FAMILY A/C>	1,511,337	1.37
13	MR ROBERT JAMES WILSON	1,500,000	1.36
14	MR BARRY ATHOL BICKNELL	1,403,295	1.27
15	MRS MANDY ELIZABETH NOYE + MR NICHOLAS JACK NOYE <ALDERLEY INVESTMENT A/C>	1,329,810	1.20
16	OSSUM HOLDINGS PTY LTD <TANTON SUPER FUND A/C>	1,175,390	1.06
17	MR MARTIN WILLIAM HARRIS + MRS MERLE ANNE HARRIS <NORVALE SUPER A/C>	1,025,000	0.93
18	UBS NOMINEES PTY LTD	1,000,000	0.90
19	MRS CATHERINE ALEXIS GRANT	958,648	0.87
20	MR GREGORY JOHN BURTON	904,054	0.82

## 12 > Shareholder Information

### Substantial Shareholdings

The names of the shareholders who have notified the Company of a substantial holding in accordance with section 671B of the *Corporations Act 2001* are:

Substantial Shareholder	No. of shares	% of total shares on issue
Deutsche Australia Limited	20,502,303	18.55%
Steven Monteith Wilson AM	20,133,000	18.21%
Alexander William Macdonald Grant	5,628,738	5.09%

### Voting Rights

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Options and Performance Rights On Issue

#### *Distribution of securities*

There are 4,850,000 options on issue as at 31 August 2015.

The options are held by WIG Option Plan Managers Pty Ltd as trustee for the Wilson Group Employee Option Share Plan. The options are not listed.

#### *Voting Rights*

There are no voting rights attaching to the options.

### On-market buyback

There is no current on-market buyback.



## 13 > Corporate Directory

### Wilson Group Limited

Incorporated in Queensland on 23 April 2002

#### ABN

22 100 325 184

#### Directors

Steven Skala AO, Chairman  
Alexander Grant, Managing Director  
Chum Darvall AM  
Alan Watson  
Steven Wilson AM

#### General Counsel and Company Secretary

Eleanor Padman

#### Independent Member of Audit Committee

Don Mackenzie

#### Share Registry

##### Computershare Investor Services Pty Limited

117 Victoria Street  
West End QLD 4101  
Telephone 1300 552 270

#### ASX Code

WIG

Shares are listed on the  
Australian Securities Exchange

### Bankers

Commonwealth Bank of Australia  
Westpac Banking Corporation

#### Auditor

PricewaterhouseCoopers

#### Website Address

[www.wilsongrouplimited.com.au](http://www.wilsongrouplimited.com.au)

### Queensland

#### Brisbane

Registered and Head Office  
Level 38, Riparian Plaza  
71 Eagle Street  
Brisbane QLD 4000  
Telephone 1300 651 577

### New South Wales

#### Sydney

Level 12, 99 Elizabeth St  
Sydney NSW 2000  
Telephone 1300 651 577

#### Morningstar Rating Definition

The Morningstar Rating is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision.

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The Wilson Group Priority Growth Fund ARSN 117 083 762 ('Growth Fund') and the Wilson Group Priority Core Fund ARSN 144 032 431 ('Core Fund') returns to 30 June 2015 (net of fees). The Growth Fund inception date is 4/7/2005 and the Core Fund inception date is 22/6/2010. Past performance is not a reliable indicator of future performance. Returns are net of management fees (1.25% p.a. for the Growth Fund and 1.5% p.a. for the Core Fund) and net of any performance fees (20% for the Growth Fund and 15% for the Core Fund) and assume distributions are reinvested. Returns do not include tax or entry fees of 0-2% or ongoing adviser service fees of 0-1% p.a. as these fees are not charged unless an investor agrees to pay them to an adviser. The Growth Fund's risk/return profile is High Growth and the Core Fund's is Growth. The S&P/ASX Small Ordinaries Accumulation Index and the All Ordinaries Accumulation Index assume 100% reinvestment of dividends. Interests in the Growth Fund and Core Fund are issued by Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371. The information provided is without reference to your objectives, financial situation or needs. Refer to the Wilson Group Priority Fund's Product Disclosure Statement available on Wilson Group Limited's website before making a decision.