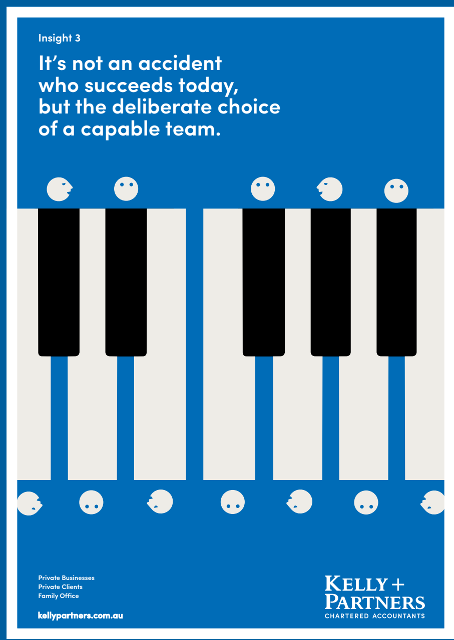
Kelly+Partners

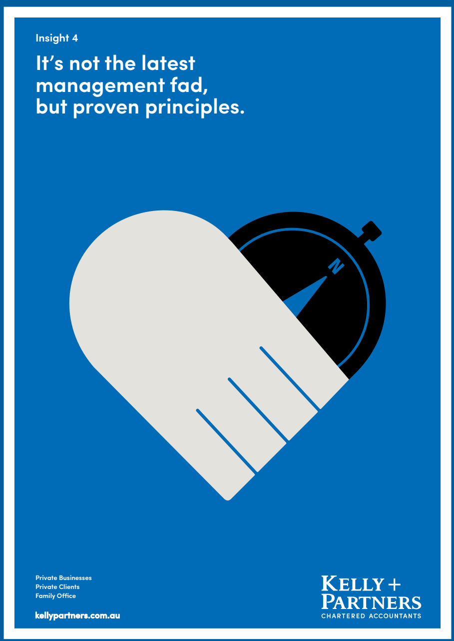
Group Holdings Limited

Annual Report 2018


Insight 1
It's not the big
who beat the
small anymore,
but the fast who
beat the slow.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
KELLY + PARTNERS
CHARTERED ACCOUNTANTS


Insight 2
It's not the amount
of marble in your
reception, but the
relevance of your
insight.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
KELLY + PARTNERS
CHARTERED ACCOUNTANTS


Insight 3
It's not an accident
who succeeds today,
but the deliberate choice
of a capable team.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
KELLY + PARTNERS
CHARTERED ACCOUNTANTS


Insight 4
It's not the latest management fad, but proven principles.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
KELLY+ PARTNERS
CHARTERED ACCOUNTANTS


Insight 5
It's not those who talk about business, but those who, like you, are doing the business.
Private Businesses
Private Clients
Family Office
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KELLY+ PARTNERS
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Insight 6
Kelly+Partners Chartered Accountants, we help business owners who want to go somewhere.
Private Businesses
Private Clients
Family Office
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Values

Kelly+Partners is guided by a set of principles that define our character and culture, forming the core of our business vision. These universal principles are the shared convictions that we bring to our professional and personal conduct and are the fundamental strength of our business.

Our values drive how we do things.

Client Obsessed

Want the best for others

We are distinguished by thinking and acting in the interest of others, taking the time to know people and always seeking to be helpful.

We do what we say

We do what we say – our word is our bond and we deliver what we promise.

Every client a referrer

We like our clients and we want them to be happy. Each client is important and if they've got a problem that needs solving, we're there to help fix it.

Better Together

One team, one best way

We care for our colleagues, treating each other like family. We've got each other's backs and we work with the Kelly+Partners system in 'One Best Way'.

Brightness of future

Our team personally demonstrate that they contribute to making Kelly+Partners a great place to work.

Committed to Lead

Profit leader

Profit is essential to a sustainable business. We want to demonstrate the quality of our advice by earning it in our business.

Better off

We help Private Business Owners who want to be 'better off' by delivering trusted and convenient compliance and forward-looking advisory services.

Mission

Why we exist.

To help private business owners, private clients and families maintain control of their financial universe and be better off by delivering the Kelly+Partners Financial Advice System.

Vision

What we want to be.

The first choice advisor for business owners.

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Dear Shareholders,

During the financial year, Kelly Partners Group Holdings made significant progress.

Our commitment to helping our clients' accounting, tax, audit and advisory needs (principally SME and mid-market businesses) via our 15 office locations delivered continued growth across all our business areas.

The 2018 financial year saw the Group deliver its Prospectus forecasts.

In summary:

+ KPG has exceeded Prospectus forecasts for FY18.
+ Consolidated FY18 Underlying NPATA[1] of $10.2m, up 20% on FY17
+ Consolidated FY18 Underlying revenue[1] of $39.6m, up 11% on FY17
+ Consolidated FY18 Underlying EBITDA[1] of $13.4m, up 17% on FY17
+ Underlying FY18 EBITDA[1] attributed to shareholders of $6.4m, up 9% on FY17
+ Underlying FY18 NPATA[1] attributed to shareholders of $4.3m, up 27% on FY17
+ Statutory FY18 NPAT attributed to shareholders of $4.4m, up 257% on FY17
+ Statutory FY18 Earnings per Share of 9.63c, up 215% on FY17

1 Underlying P&L metrics exclude amortisation of intangibles and non-recurring items including shares issued to employees under the Employee Share Scheme as well as the final costs relating to the Jun-17 IPO, restructuring costs and change in fair value of contingent consideration. Underlying revenue, EBITDA, NPATA and EPS are all measures used by Kelly+Partners management to assess the operational performance of the business.

Mission - A key differentiator for the business is the clarity of understanding as to our mission and strategy. We focus on helping clients realise a stronger financial future by delivering coordinated financial advice.

Strategy - We remain laser-like focussed on the SME private business owner market. Our service offering has been focused again to include Chartered Accounting, Tax Legal, Private Wealth and Family Office.

Structure - Our business structure delivers alignment of interests of our partners, people, clients and shareholders and this team based approach has, and we believe will continue, to drive superior opportunity and performance in the businesses.

Outlook - Our first year as a public company has gone smoothly. We are looking to accelerate our continued growth via top quartile industry organic growth and a very active acquisition program.

I remain extremely humbled by the quality of the KPGH team and its partners, for their dedication and willingness to embrace change as we continue to grow and evolve.

Brett Kelly

Brett Kelly

Founder & Executive Chairman

Kelly Partners Group Holdings Limited

Strategic Intent

Strategic Intent

Helping clients realise a stronger financial future through integrated financial advice.

1.
Maximise the Owner-Driver Model

2.
Fully deliver the Kelly+Partners Advice System

3.
Growth at >10% per annum

ASX Released Performance Highlights

ASX Released Performance Highlights

Full Year Financial Highlights

- Strong growth in Underlying Pro forma FY18 P&L metrics compared to prior year.
- Underlying Pro forma FY18 P&L metrics above prospectus forecasts.
- EBITDA margins above prior year.
- Reported NPAT attributed to shareholders up 257% on FY17.

Strong Revenue Growth

$m	FY18	FY17	% Change
Underlying Pro forma Consolidated Revenue*	$39.6m	$35.7m	11%
Number of Offices	16	13	23%
Number of Operating Business	21	16	31%
Number of Operating Partners	43	38	13%
Number of Total Team	203	192	6%

* Underlying Pro forma revenue includes Sydney CBD business for a full 12 months for FY17.

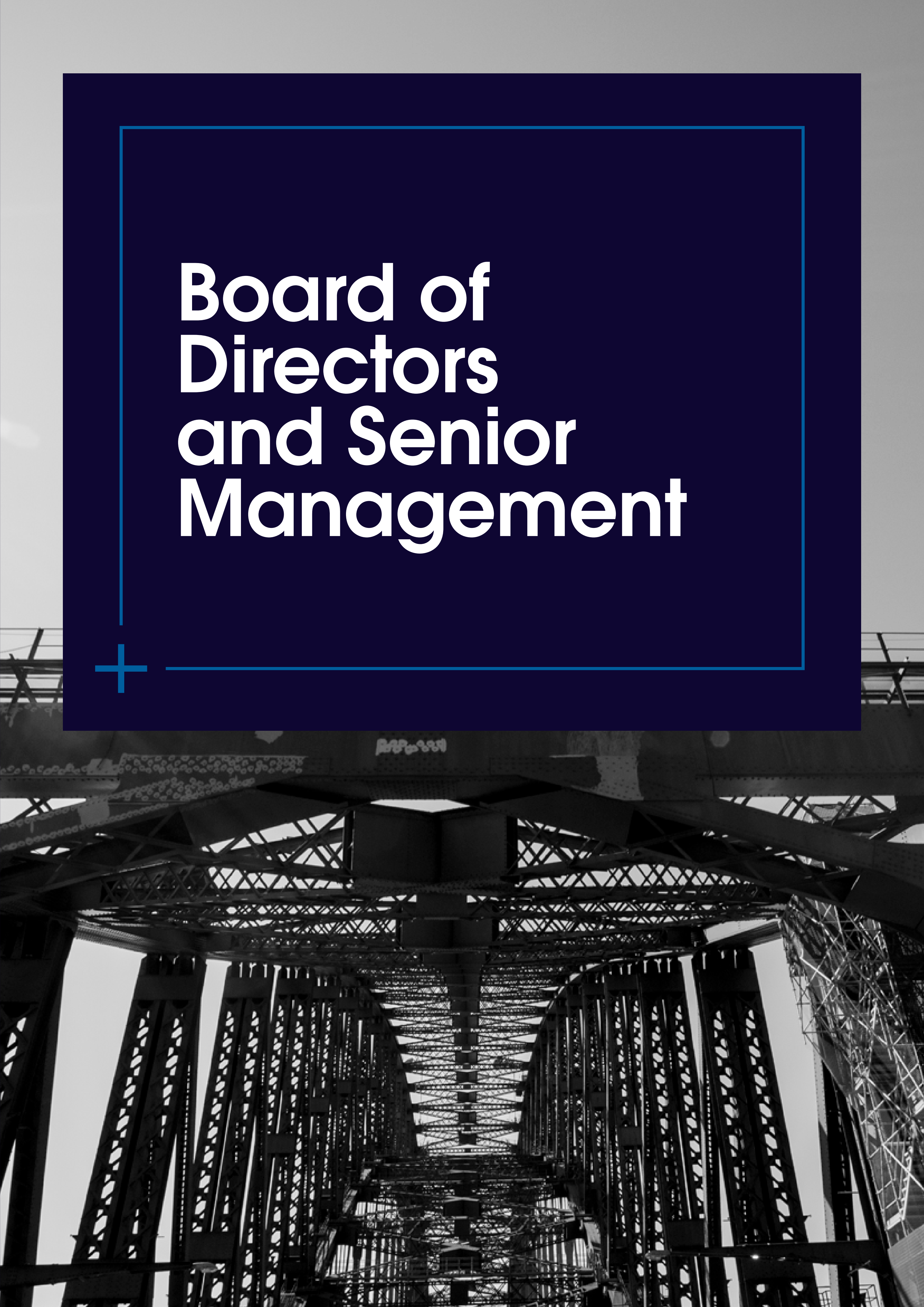
Underlying Pro forma FY18 NPATA* attributable to Shareholders	**$4.3m**	↑ **27%** on prior year	↑ **5%** on prospectus
Underlying Pro forma FY18 EBITDA* attributable to Shareholders	**$6.4m**	↑ **9%** on prior year	↑ **0%** on prospectus
Underlying Pro forma FY18 EPS* attributable to Shareholders	**9.5cps**	↑ **25%** on prior year	↑ **5%** on prospectus
Underlying Consolidated Pro forma FY18 Total Revenue	**$39.6m**	↑ **11%** on prior year	↑ **8%** on prospectus
Underlying Pro forma EBITDA Margin	**33.9%**	**31.8%** in prior year	**35.1%** in prospectus
Reported FY18 NPAT attributable to Shareholders	**$4.4m**	**($2.8m)** in prior year	↑ **257%**

* Underlying Reported P&L metrics have been derived from the audited financial statements and exclude amortisation of intangibles and non-recurring items including: IPO costs, acquisition expenses, and convertible note exercise.

Proforma Adjustments include the pro forma contribution from Kelly Partners Sydney CBD as if the acquisition had occurred on 1 July 2015. Plus other normalised items as outlined in the KPGH prospectus.

Underlying Pro forma results comprise Underlying Reported results, adjusted to include the pro forma contribution from Kelly Partners Sydney CBD as if the acquisition had occurred on 1 July 2015. These metrics are used by management to assess the operational performance of the business.

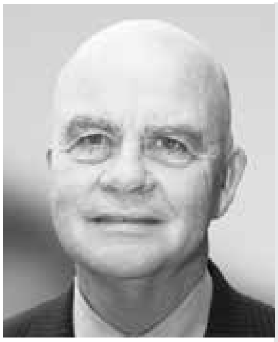
Board of Directors and Senior Management



Board of Directors and Senior Management

Board of Directors

The Board comprises an Executive Chairman, a non-Executive Deputy Chairman, one non-Executive Director and two Executive Directors. The Directors bring to the Board relevant skills and experience, including industry and business knowledge, financial management and corporate governance experience.

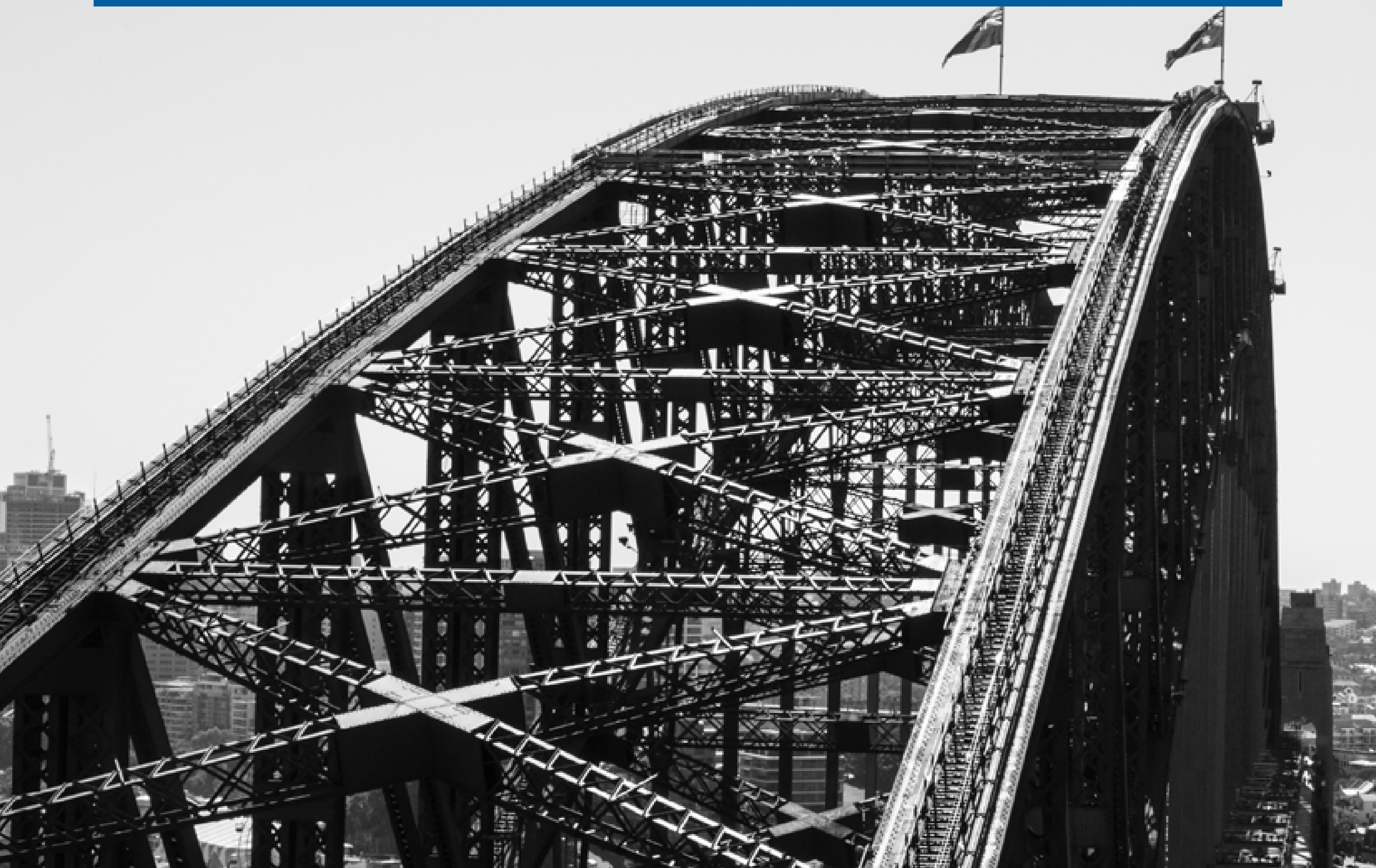
	Director details	Expertise and experience
	**Brett Kelly** *BBus, CA, MTax, DipFS, RTA, JP* *Founder, Executive Chairman and Chief Executive Officer* Non Independent	Brett is the founder and CEO of Kelly+Partners. He has more than 20 years commercial and professional accountancy experience, specialising in assisting private clients, private business owners and families. He commenced his career as a Chartered Accountant with 5 years at Price Waterhouse, and then worked at 3 mid-sized accounting firms. In 2006, Brett founded Kelly+Partners with accounting businesses in North Sydney and the Central Coast, before building out the network to 21 businesses over 15 locations to date. Brett is also the best-selling author of four books on life, business and wisdom.
	**Stephen Rouvray** *BEc, CA* *Deputy Chairman and Non-Executive Director* Appointed 2017 Independent	Stephen has over 45 years experience in financial services across many senior leadership roles. He was Chief Financial Officer, Company Secretary and Manager of Investor Relations for AUB Group (formerly Austbrokers) from 2005 until 2015. Prior to this, he was General Manager for ING Australia Holdings from 2002 to 2005 having joined ING's predecessor company, Mercantile Mutual, in 1985. Over this 20 year period, Stephen held the position of Group Company Secretary, which included its subsidiary companies operating in the life and general insurance, investment management, funds management and banking sectors. At the start of his career, he worked in the accountancy profession from 1971 to 1984. Since retiring as CFO, Stephen continues to represent AUB as a Director for a number of its subsidiaries and associates.

	Director details	Expertise and experience
	**Pauline Michelakis** *BCom (Hons), CA* *Executive Director and Chief Financial Officer* Appointed 2017 Non Independent	Pauline joined Kelly+Partners in 2013 as Group CFO. She has more than 20 years experience in senior financial roles in financial services and investment companies. Pauline is a Chartered Accountant who commenced her career in 1981 as an auditor with Arthur Young & Company (now Ernst & Young). In 1986 she joined listed international investment company AFP Group in an executive role. In total, Pauline worked for the group for 10 years, including 5 years as General Manager Finance of Lang Corporation, the ASX-listed Australian spin-off (subsequently renamed Patrick Corporation Limited). She also held chief financial roles at Kaplan Funds Management and Committed Capital Limited, before joining Kelly+Partners.
	**Paul Kuchta** *BBus, CA, FTIA, DipFP, RTA, JP* *Executive Director* Appointed 2017 Non Independent	Paul is a Chartered Accountant with more than 17 years accounting experience specialising in the provision of accounting, compliance, tax and advisory services to private SMEs and their owners. He commenced his career with Farrar & Company Chartered Accountants in 1998, where he worked for 10 years. Paul then joined Crowe Horwath in 2008 for a further 4 years. He was a founding partner of Kelly Partners Norwest when the business was launched in 2012.
	**Ryan Macnamee** *BCom, GACID* *Non-Executive Director* Appointed 2017 Independent	Ryan is an experienced business technology executive with over 25 years of IT management experience. He has been Chief Information Officer (CIO) at Laing O'Rourke since 2012, including 3.5 years as the Global CIO. Ryan is responsible for all IT functions within Laing O'Rourke with a focus on strategic objectives, global alignment and delivering business value. Prior to his current role, he held several senior IT management positions at Woolworths from 2008 to 2012. Earlier in his career, Ryan undertook various senior IT positions at financial, insurance, construction and retail operations globally. He is also on the board of the Open Data Institute, a position he has held since 2014.

Senior Management

Photo	Key Manager details	Expertise and experience
	**David Franks** *BEc, CA, FFin, JP* *Company Secretary* Appointed 2017	David has over 20 years experience in finance and accounting, initially qualifying as a Chartered Accountant with Price Waterhouse in their Business Services and Corporate Finance Divisions. Since that time, he has been CFO, Company Secretary and / or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy, retail, transport, financial services, mineral exploration, technology, automotive, software development and healthcare.
	**Kenneth Ko** *BBus, CA, HKICPA* *Group Finance Manager* Appointed 2015	Kenneth joined Kelly+Partners in 2015 as Finance Manager. He is a Chartered Accountant with more than 10 years chartered and commercial accounting experience. He commenced his career with BDO Chartered Accountants in 2007, and then joined Chandler Macleod in 2011 in a commercial accounting role. In 2013, he moved to Coca Cola Amatil to lead their financial accounting team. Kenneth joined Kelly+Partners' head office in North Sydney as Finance Manager in 2015. He subsequently founded the Hong Kong business in 2016, maintaining his role as Finance Manager.

2018 Financial Report



Kelly Partners Group Holdings Limited

ABN 25 124 908 363

Financial Report

30 June 2018

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Directors	Brett Kelly – Chairman, Executive Director Stephen Rouvray – Deputy Chairman, Non-Executive Director Pauline Michelakis – Executive Director Paul Kuchta – Executive Director Ryan Macnamee – Non-Executive Director
Company secretary	David Franks
Registered office	Level 8 32 Walker Street North Sydney NSW 2060 Telephone: (02) 9923 0800
Share register	Computershare Investor Services Pty Limited Level 4 60 Carrington Street Sydney NSW 2000 Telephone: 1300 787 272
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Stock exchange listing	Kelly Partners Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: KPG)
Website	http://www.kellypartnersgroup.com.au
Business objectives	Kelly Partners Group Holdings Limited has used cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives.
Corporate Governance Statement	Kelly Partners Group Holdings' Corporate Governance Statement and ASX Appendix 4G detailing compliance with the third edition of the ASX Corporate Governance Principles and Recommendations is available on the website www.kellypartnersgroup.com.au/investor-centre/corporate-governance-2

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Kelly Partners Group Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The following persons were directors of Kelly Partners Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Brett Kelly - Chairman
Stephen Rouvray - Deputy Chairman
Pauline Michelakis
Paul Kuchta
Ryan Macnamee

Principal activities

During the financial year the principal continuing activities of the Group were the provision of chartered accounting services, predominantly to private businesses and high net worth individuals.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2018	2017
	$	$
Special Interim dividend for the year ended 30 June 2017 of $1.76 per ordinary share, paid prior to the Company listing on the Australian Stock Exchange	-	3,548,160
First interim dividend for the year ended 30 June 2018 of $0.01 per ordinary share, paid on 16 November 2017	454,972	-
Second interim dividend for the year ended 30 June 2018 of $0.01 per ordinary share, paid on 16 February 2018	454,972	-
Third interim dividend for the year ended 30 June 2018 of $0.01 per ordinary share, paid on 16 May 2018	454,972	-
	1,364,916	3,548,160

On 12 July 2018, the Company paid the final dividend for the year ended 30 June 2018 of $0.01 per ordinary share. This dividend equates to a distribution of $454,972, based on the number of ordinary shares on issue as at 30 June 2018. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2018 financial statements and will be recognised in subsequent financial reports.

Review of operations

In the year ended 30 June 2018, the Group has recorded a consolidated statutory net profit after providing for income tax of $9,964,034 (2017: $1,085,446). The statutory net profit attributable to members of the parent entity was $4,382,654 (2017: loss of $2,789,526).

Financial performance
Revenue and other gains for the year totalled $40,824,551 which was up 34.6% from $30,331,286 in 2017.

The directors consider Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (‘AAS’) and represents the profit under AAS adjusted for non-cash and significant expenses.

Underlying EBITDA is a key measurement used by management and the board to assess and review business performance and accordingly the following table provides a reconciliation between profit after income tax expense and underlying EBITDA.

	Consolidated 2018 $	Consolidated 2017 $
Profit after income tax expense for the year	9,964,034	1,085,446
Finance costs	611,208	651,662
Income tax expense	1,941,144	341,536
Depreciation and amortisation expense	1,037,217	835,496
EBITDA	13,553,603	2,914,140
Add: non-recurring expenses		
Restructuring costs	515,375	1,693,042
Shares issued to employees under ESS as part of IPO	247,029	-
Initial public offering and other acquisition costs	143,692	2,137,247
Fair value adjustment on conversion of convertible notes	-	1,625,000
Impairment of loan receivable	-	349,261
Other non-recurring expenses	172,932	-
Less: non-recurring revenue		
Change in fair value of contingent consideration	(1,201,200)	-
Net non-recurring items	(122,172)	5,804,550
Underlying EBITDA	13,431,431	8,718,690

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
On 12 July 2018, the Company paid the final dividend for the year ended 30 June 2018 of $0.01 per ordinary share. This dividend equates to a distribution of $454,972, based on the number of ordinary shares on issue as at 30 June 2018. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2018 financial statements and will be recognised in subsequent financial reports.

On 16 August 2018, an acquisition agreement was signed for the Company to acquire an accounting firm in the Inner West of Sydney with the structure following KPG's standard 51% Owner-Driver Model. The business will commence trading as Kelly Partners (Inner West) from 4 September 2018.

On 22 August 2018, an acquisition agreement was signed for Kelly+Partners North Sydney, a subsidiary of Kelly Partners Group Holdings Limited, to acquire a 100% interest in an accounting firm in North Sydney to assist in the retirement and succession of the senior practitioner. The business will be tucked into the existing Kelly+Partners North Sydney business to create synergies and operating leverage. The business will operate as part of Kelly+Partners North Sydney from 1 September 2018.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
The Group will continue to pursue its policy of increasing the profitability and market share in the markets within which it operates during the next financial year.

The Group's growth plan is based on a three-pronged strategy: organic growth, network expansion and the introduction of new services.

Economic, environmental and social sustainability risks
The operations of the Group are not subject to any particular or significant Commonwealth, State or Territory environmental regulations.

Accounting services, which require associated expert advice typically provided by accountants, are important particularly in the case of small and medium enterprises where the complexity of taxation and other compliance requirements are increasing, and therefore it is unlikely that there would be a material risk in relation to economic sustainability. Risks that may arise include rapidity in changes in technology and simplification of tax legislation. The risks in relation to economic sustainability are considered as part of determining strategy and management regularly monitor market developments.

Part of the Group’s commitment to managing these risks is ensuring that it has governance systems, structures, values, principles, frameworks and policies to define its decision making context for managing its business sustainably.

Information on directors

Name:	Brett Kelly
Title:	Executive Chairman and Chief Executive Officer
Qualifications:	BBus, CA, MTax, DipFS, RTA, JP
Experience and expertise:	Brett is the Founder and CEO of Kelly+Partners. He has more than 20 years commercial and professional accountancy experience, specialising in assisting private clients, private business owners and families. He commenced his career as a Chartered Accountant with 5 years at PwC Australia, and then worked at 3 mid-sized accounting firms. In 2006, Brett founded Kelly+Partners with accounting businesses in North Sydney and the Central Coast, before building out the network to 15 businesses over 13 locations to date. Brett is also the best-selling author of four books on life, business and wisdom.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee
Interests in shares:	23,253,378 ordinary shares
Interests in options:	None
Contractual rights to shares:	None

Name:	Stephen Rouvray
Title:	Deputy Chairman and Non-Executive Director
Qualifications:	BEc, CA
Experience and expertise:	Stephen has over 45 years’ experience in financial services across many senior leadership roles. He was Chief Financial Officer, Company Secretary and Manager of Investor Relations for AUB Group (formerly Austbrokers) from 2005 until 2015. Prior to this, he was General Manager for ING Australia Holdings from 2002 to 2005 having joined ING’s predecessor company, Mercantile Mutual, in 1985. Over this 20 year period, Stephen held the position of Company Secretary which included its subsidiary companies operating in the life & general insurance, investment management, funds management and banking sectors. At the start of his career, he worked in the accountancy profession from 1971 to 1984. Since retiring as CFO, Stephen continues to represent AUB as a director for a number of its subsidiaries and associates.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee Chairman of the Audit and Risk Committee
Interests in shares:	50,000 ordinary shares
Interests in options:	None
Contractual rights to shares:	None

Name:	Pauline Michelakis
Title:	Chief Financial Officer and Executive Director
Qualifications:	BCom (Hons), CA
Experience and expertise:	Pauline joined Kelly+Partners in 2013 as Group CFO. She has more than 20 years' experience in senior financial roles in financial services and investment companies. Pauline is a Chartered Accountant who commenced her career in 1981 as an auditor with Arthur Young & Company (now EY). In 1986 she joined listed international investment company AFP Group in an executive role. In total, she worked for the group for 10 years, including 5 years as General Manager Finance of Lang Corporation, the ASX-listed Australian spin-off (subsequently renamed Patrick Corporation Limited). She also held CFO roles at Kaplan Funds Management and Committed Capital Limited before joining Kelly+Partners.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	937,061 ordinary shares
Interests in options:	None
Contractual rights to shares:	None

Name:	Paul Kuchta
Title:	Executive Director
Qualifications:	BBus, CA, FTIA, DipFP, RTA, JP
Experience and expertise:	Paul is a Chartered Accountant with more than 17 years accounting experience specialising in the provision of compliance, tax and advisory services to private SME's and their owners. He commenced his career with Farrar & Company Chartered Accountants in 1998, where he worked for 10 years. Paul then joined Crowe Horwath in 2008 for a further 4 years. He was a founding partner of Kelly+Partners Norwest when the practice was launched in 2012.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	152,995 ordinary shares
Interests in options:	None
Contractual rights to shares:	None

Name:	Ryan Macnamee
Title:	Non-Executive Director
Qualifications:	BCom, GACID
Experience and expertise:	Ryan is an experienced business technology executive with over 25 years of IT management experience. He has been Chief Information Officer (CIO) at Laing O'Rourke since 2012, including 3.5 years as the Global CIO. Ryan is responsible for all IT functions within Laing O'Rourke with a focus on strategic objectives, global alignment and delivering business value. Prior to his current role, he held several senior IT management positions at Woolworths from 2008 to 2012. Earlier in his career, Ryan undertook various senior IT positions at financial, insurance, construction and retail operations globally. He is also on the Board of the Open Data Institute, a position he has held since 2014.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee
Interests in shares:	125,046 ordinary shares
Interests in options:	None
Contractual rights to shares:	None

Company secretary

David Franks (BEc, CA, FFin, FGIA, JP) has held the position of Company Secretary since 1 February 2017.

David is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Fellow of the Governance Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University. With over 20 years in finance and accounting, initially qualifying with Price Waterhouse in their Business Services and Corporate Finance Divisions, David has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare. David Franks is currently the Company Secretary for the following public entities: Adcorp Australia Limited, Consolidated Operations Group Limited, Elk Petroleum Limited, Kelly Partners Group Holdings Limited, Noxopharm Limited, White Energy Company Limited and White Energy Technology Limited. David is also a Senior Executive of Automic Group Pty Ltd.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Brett Kelly	9	9	1	1	-	-
Stephen Rouvray	9	9	1	1	5	5
Pauline Michelakis	9	9	-	-	5	5
Paul Kuchta	9	9	-	-	-	-
Ryan Macnamee	8	9	1	1	5	5

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Committee membership

As at the date of this report, the Company had an Audit and Risk Committee and a Nomination and Remuneration Committee. Members acting on the Committees of the Board during the year were:

Audit and Risk Committee	Nomination and Remuneration Committee
Stephen Rouvray (Chairman)	Stephen Rouvray (Chairman)
Ryan Macnamee	Ryan Macnamee
Pauline Michelakis	Brett Kelly

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

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

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. A maximum annual aggregate remuneration of $70,000 is currently in place.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The Group may introduce incentive arrangements in the future in order to attract, motivate and retain its executives.

Group performance and link to remuneration
For the year ended 30 June 2018 there was no link between Group performance and key management personnel remuneration.

Use of remuneration consultants
During the financial year ended 30 June 2018, the Group did not engage remuneration consultants to review its existing remuneration policies.

Voting and comments made at the Company's 2017 Annual General Meeting ('AGM')
At the 2017 AGM, 94.30% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Kelly Partners Group Holdings Limited:
- Brett Kelly – Chairman, Chief Executive Officer, Executive Director
- Stephen Rouvray – Deputy Chairman, Non-Executive Director
- Pauline Michelakis – Chief Financial Officer, Executive Director
- Paul Kuchta – Executive Director
- Ryan Macnamee – Non-Executive Director

	Short-term benefits			Post-employment benefits	Leave	Share-based payments	
2018	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Annual/ long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Stephen Rouvray	27,397	-	-	2,603	-	-	30,000
Ryan Macnamee	27,397	-	-	2,603	-	-	30,000
Executive Directors:							
Brett Kelly	339,950	-	29,011	20,049	39,467	-	428,477
Pauline Michelakis	304,850	-	-	20,049	27,940	-	352,839
	699,594	-	29,011	45,304	67,407	-	841,316

Refer to the section 'Service agreements' for Paul Kuchta's remuneration.

	Short-term benefits			Post-employment benefits	Leave	Share - based payments	
2017	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Annual/long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Stephen Rouvray (i)	4,566	-	-	434	-	-	5,000
Ryan Macnamee (i)	4,566	-	-	434	-	-	5,000
Executive Directors:							
Brett Kelly (ii)	44,075	-	41,597	4,187	6,782	-	96,641
Pauline Michelakis (iii)	280,860	75,000	-	19,616	18,561	151,186	545,223
	334,067	75,000	41,597	24,671	25,343	151,186	651,864

Refer to the section 'Service agreements' for Paul Kuchta's remuneration.

(i) Represents remuneration from the date of appointment
(ii) Cash salary and fees represents remuneration from 16 May 2017, the date of appointment as CEO. The director did not previously draw a salary.
(iii) Represents remuneration for the full financial year

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Non-Executive Directors:						
Stephen Rouvray	100%	100%	-	-	-	-
Ryan Macnamee	100%	100%	-	-	-	-
Executive Directors:						
Brett Kelly	100%	100%	-	-	-	-
Pauline Michelakis	100%	100%	-	-	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Brett Kelly
Title:	Chairman, Chief Executive Officer, Executive Director
Agreement commenced:	16 May 2017
Term of agreement:	No fixed period
Details:	Base salary of $360,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 12 month termination notice by either party, non-solicitation and non-compete clauses.

Name:	Stephen Rouvray
Title:	Deputy Chairman, Non-Executive Director
Agreement commenced:	2 May 2017
Term of agreement:	No fixed period
Details:	Director fees $30,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

Name:	Pauline Michelakis
Title:	Chief Financial Officer, Executive Director
Agreement commenced:	16 May 2017
Term of agreement:	No fixed period
Details:	Base salary $325,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6 month termination notice by either party, non-solicitation and non-compete clauses.

Name:	Paul Kuchta
Title:	Executive Director
Agreement commenced:	Not applicable
Term of agreement:	Not applicable
Details:	Paul Kuchta is an Operating Business Owner in the Kelly Partners Norwest Partnership and receives a base distribution plus a distribution of profits from that Operating Business in accordance with the terms of the Partnership Agreement.

Name:	Ryan Macnamee
Title:	Non-Executive Director
Agreement commenced:	2 May 2017
Term of agreement:	No fixed period
Details:	Director fees of $30,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

Additional information
The earnings of the Group for the two years to 30 June 2018 are summarised below:

	2018 $	2017 $
Revenue and other gains	40,824,551	30,331,286
EBITDA	13,553,603	2,914,140
Profit after income tax	9,964,034	1,085,446

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2018	2017
Share price at financial year end ($)	1.23	1.42
Basic earnings per share (cents per share)	9.63	(8.37)
Diluted earnings per share (cents per share)	9.63	(8.37)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Brett Kelly	23,253,378	-	-	-	23,253,378
Stephen Rouvray	50,000	-	-	-	50,000
Pauline Michelakis	937,061	-	-	-	937,061
Paul Kuchta	152,995	-	-	-	152,995
Ryan Macnamee	125,046	-	-	-	125,046
	24,518,480	-	-	-	24,518,480

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Kelly Partners Group Holdings Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Kelly Partners Group Holdings Limited issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

Employee share plan

The Company has adopted an Employee Share Scheme in order to assist in the motivation and retention of selected employees of the Company. The Employee Share Scheme is designed to align the interest of eligible employees more closely with the interest of Shareholders, by providing an opportunity for eligible employees to receive equity interest in the Company.

On 3 July 2017, 1,000 shares were issued to each of the 153 employees who were eligible under the Employee Share Scheme as outlined in Section 9.7 of the Prospectus.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 33 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu
There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

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 immediately after this directors' report.

Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Brett Kelly

____
Brett Kelly
Executive Chairman & CEO

27 August 2018
Sydney

Deloitte.

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Australia

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www.deloitte.com.au

Kelly Partners Group Holdings Limited
Level 8, 32 Walker Street
North Sydney NSW 2000

27 August 2018

Dear Board Members

Kelly Partners Group Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Kelly Partners Group Holdings Limited.

As lead audit partner for the audit of the financial statements of Kelly Partners Group Holdings Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfie Nehama
Partner
Chartered Accountants

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Revenue	5	39,468,666	30,198,254
Other gains	6	1,355,885	133,032
Expenses			
Depreciation and amortisation expense	7	(1,037,217)	(835,496)
Employment and related expenses	7	(17,776,114)	(13,967,944)
Rent and utilities		(2,288,742)	(2,140,933)
Initial public offering and other transaction costs		(143,692)	(2,137,247)
Business acquisition and restructuring costs		(515,375)	(1,693,042)
Fair value adjustment on conversion of convertible notes		-	(1,625,000)
Employee shares issued and related expenses		(247,029)	-
Other expenses	7	(6,299,996)	(5,852,980)
Finance costs	7	(611,208)	(651,662)
Total expenses		(28,919,373)	(28,904,304)
Profit before income tax expense		11,905,178	1,426,982
Income tax expense	8	(1,941,144)	(341,536)
Profit after income tax expense for the year		9,964,034	1,085,446
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		9,964,034	1,085,446
Profit for the year is attributable to:			
Non-controlling interest		5,581,380	3,874,972
Owners of Kelly Partners Group Holdings Limited		4,382,654	(2,789,526)
		9,964,034	1,085,446
Total comprehensive income for the year is attributable to:			
Non-controlling interest		5,581,380	3,874,972
Owners of Kelly Partners Group Holdings Limited		4,382,654	(2,789,526)
		9,964,034	1,085,446
		Cents	**Cents**
Basic earnings per share	29	9.63	(8.37)
Diluted earnings per share	29	9.63	(8.37)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	9	3,410,934	3,212,746
Trade and other receivables	10	10,086,644	7,793,561
Other financial assets	11	626,925	548,211
Other assets	12	481,870	180,074
Total current assets		14,606,373	11,734,592
Non-current assets			
Financial assets	13	14,780	24,993
Other financial assets	14	2,853,078	3,297,177
Property, plant and equipment	15	2,439,659	2,495,730
Intangible assets	16	23,876,857	24,423,046
Other assets	17	698,445	501,369
Total non-current assets		29,882,819	30,742,315
Total assets		44,489,192	42,476,907
Liabilities			
Current liabilities			
Trade and other payables	18	2,795,950	4,376,867
Borrowings	19	4,627,422	4,459,553
Current tax liabilities		97,012	67,194
Provisions	20	1,181,645	1,159,336
Contingent consideration	21	231,418	-
Other liabilities	22	152,721	147,656
Total current liabilities		9,086,168	10,210,606
Non-current liabilities			
Borrowings	23	10,139,039	10,497,486
Deferred tax liabilities	24	827,427	306,414
Provisions	25	270,511	149,498
Contingent consideration	26	-	1,432,618
Other liabilities	27	46,244	46,244
Total non-current liabilities		11,283,221	12,432,260
Total liabilities		20,369,389	22,642,866
Net assets		24,119,803	19,834,041
Equity			
Issued capital	28	14,171,477	13,988,051
Retained profits/(accumulated losses)		719,566	(2,298,172)
Equity attributable to the owners of Kelly Partners Group Holdings Limited		14,891,043	11,689,879
Non-controlling interest		9,228,760	8,144,162
Total equity		24,119,803	19,834,041

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

Kelly Partners Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2018

Consolidated	Issued capital $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2016	1,684,411	4,039,514	3,611,062	9,334,987
Profit/(loss) after income tax expense for the year	-	(2,789,526)	3,874,972	1,085,446
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(2,789,526)	3,874,972	1,085,446
Transactions with owners in their capacity as owners:				
Acquisition of subsidiary	-	-	4,254,000	4,254,000
Conversion of convertible note to ordinary shares	8,125,000	-	-	8,125,000
Shares issued to employees	453,500	-	-	453,500
Shares issued on IPO	2,884,000	-	-	2,884,000
Shares issued pre-IPO	1,835,500	-	-	1,835,500
Share issue costs, net of tax	(994,360)	-	-	(994,360)
Distributions to non-controlling interests	-	-	(3,595,872)	(3,595,872)
Dividends paid (note 30)	-	(3,548,160)	-	(3,548,160)
Balance at 30 June 2017	13,988,051	(2,298,172)	8,144,162	19,834,041

Consolidated	Issued capital $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2017	13,988,051	(2,298,172)	8,144,162	19,834,041
Profit after income tax expense for the year	-	4,382,654	5,581,380	9,964,034
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	4,382,654	5,581,380	9,964,034
Transactions with owners in their capacity as owners:				
Shares issued to employees	220,473	-	-	220,473
Share issue costs	(37,047)	-	-	(37,047)
Distributions to non-controlling interests	-	-	(4,496,782)	(4,496,782)
Dividends paid (note 30)	-	(1,364,916)	-	(1,364,916)
Balance at 30 June 2018	14,171,477	719,566	9,228,760	24,119,803

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

Kelly Partners Group Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Receipts from customers		41,277,137	35,330,709
Payments to suppliers and employees		(32,670,704)	(27,475,337)
Finance costs paid		(611,208)	(651,662)
Income taxes paid		(1,390,313)	(284,633)
Net cash from operating activities	40	6,604,912	6,919,077
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	38	-	(6,202,672)
Payments for investments		-	(4,918)
Payments for property, plant and equipment	15	(390,420)	(1,282,120)
Payments for intangibles	16	(105,290)	(36,266)
Deposits refunded		(197,076)	-
Loans to related parties - loans advanced		-	(1,491,338)
Loans to related parties - proceeds from repayments		-	2,130,746
Loans to partners - loans advanced		(450,559)	(1,163,074)
Loans to partners - proceeds from repayments		815,944	1,071,764
Proceeds from disposal of investments		10,000	-
Net cash used in investing activities		(317,401)	(6,977,878)
Cash flows from financing activities			
Net proceeds from the issue of equity instruments, net of transaction costs		-	3,625,141
Proceeds from issue of convertible notes		-	6,500,000
Proceeds from borrowings		3,695,310	7,229,385
Distributions paid to non-controlling interests		(4,496,782)	(3,595,872)
Dividends paid	30	(1,364,916)	(3,548,160)
Repayment of borrowings		(3,831,299)	(7,377,946)
Repayment of finance lease		-	(8,252)
Share issue transaction costs		(37,047)	-
Net cash (used in)/from financing activities		(6,034,734)	2,824,296
Net increase in cash and cash equivalents		252,777	2,765,495
Cash and cash equivalents at the beginning of the financial year		1,187,485	(1,578,010)
Cash and cash equivalents at the end of the financial year	9	1,440,262	1,187,485

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

Note 1. General information

The financial statements cover Kelly Partners Group Holdings Limited (the 'Company' or 'parent entity') and its controlled entities as a consolidated entity consisting of Kelly Partners Group Holdings Limited and the entities (the 'Group') it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Kelly Partners Group Holdings Limited and its controlled entities functional and presentation currency.

Kelly Partners Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8, 32 Walker Street
North Sydney
NSW 2060

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention except for certain financial assets at fair value.

Critical accounting estimates
The preparation of the 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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 37.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kelly Partners Group Holdings Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Provision of services
Provision of services revenue is recognised by reference to the stage of completion of the services.

Where the contract outcome can be estimated reliably, revenue associated with the transaction is recognised in the income statement by reference to the stage of completion at the year end, provided that a right to consideration has been obtained through performance. Consideration accrues as contract activities progress by reference to the value of work performed. Hence, the proportion of revenue recognised in the year equates to the proportion of cost incurred to total anticipated cost, less amounts recognised in previous years where relevant. Where the outcome of a transaction cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date. No revenue is recognised where there are significant uncertainties regarding recovery of the consideration due or where the right to receive payment is contingent on events outside the control of the Group. Expected losses are recognised as soon as they become probable based on latest estimates of revenue and costs.

Unbilled and unearned revenue is included in trade and other receivables.

Commissions and other income
Commissions and other income is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

Note 2. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Kelly Partners Group Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary 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 tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised 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 90 days overdue) are considered indicators that the trade receivable may be 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.

Note 2. Significant accounting policies (continued)

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

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.

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 carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost 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. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Buildings	Not depreciated
Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Motor vehicles	8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Note 2. Significant accounting policies (continued)

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brand names and intellectual property
Brand names and intellectual property have indefinite useful lives and are not amortised.

Customer relationships
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 7 years.

Software - Computer software
Significant costs associated with computer software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 1 to 3 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

All finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Equity-settled compensation
Equity-settled compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

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

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Kelly Partners Group Holdings Limited, 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 financial year.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'.

Note 2. Significant accounting policies (continued)

AASB 9 introduces new requirements for classifying and measuring financial assets as follows:

- Debit instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments not held for trading can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss
- All other instruments (including derivatives) are measured at fair value with changes recognised in the profit or loss

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit and loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss, unless it creates a mismatch in profit or loss.

A new impairment model based on expected credit losses will apply to debt instruments measured at amortised cost or fair value through other comprehensive income, contract assets and written loan commitments and financial guarantee contracts. The loan loss allowance will be for either 12 month expected losses or lifetime expected losses. The latter applies if credit risk has increased significantly since initial recognition of the financial instrument.

From the Group's assessment of the requirements of AASB 9, the Group does not expect that the Group's financial statements will be materially impacted upon adoption.

AASB 15 Revenue from Contracts with Customers
This standard is currently applicable to annual reporting periods beginning on or after 1 January 2018. AASB 15 replaces all current guidance on revenue recognition from contracts with customers. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer. Revenue received for a contract that includes variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group derives revenue from the provision of chartered accounting services, and has performed an analysis of the impact of the new standard on each of the Group's material revenue streams. This analysis included identifying the performance obligations in each revenue stream, and reviewing engagement letter terms where necessary to ascertain whether services revenue should be recognised at a point in time or over time. From the analysis performed, the Group does not expect that at transition the Group's financial statements will be materially impacted upon adoption.

AASB 16 Leases
This standard is currently applicable to annual reporting periods beginning on or after 1 January 2019. AASB 16 replaces the current AASB 117 'Leases' standard and sets out a comprehensive model for identifying lease arrangement and the subsequent measurement. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The majority of leases from the lessee perspective within the scope AASB 16 will require the recognition of a 'right of use' asset and a related lease liability, being present value of future lease payments. This will result in an increase in the recognised assets and liabilities in the Statement of Financial Position as well as a change in expense recognition, with interest and depreciation replacing lease expense, with the exception of for leases of low value assets and leases with a term of 12 months or less.

The Group expects to adopt the standard from 1 July 2019 and the primary impact from adoption will be the treatment of premises and leased office equipment across the Group. The adoption of the standard will increase net current assets and lease liabilities due to the recognition of the lease liability and right of use asset; expense relating to minimum lease payments will reduce and there will be an increase in interest expense. The quantum of these changes is currently being determined.

IASB revised Conceptual Framework for Financial Reporting
The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 4. Operating segments

The Group has only one reportable segment. The Group primarily provides accounting and tax services to small and medium enterprises predominantly in Australia. This assessment is based on the internal reports that are reviewed by the Board of Directors (identified as the Chief Operating Decision Maker) in assessing performance and in determining allocation of resources.

The operating segment information is the same information as provided throughout the financial statements and are therefore not duplicated.

No revenue from a single customer exceeds 10% of group revenue.

Note 5. Revenue

	Consolidated	
	2018	**2017**
	$	**$**
Provision of services	39,468,666	30,198,254

Note 6. Other gains

	Consolidated	
	2018	**2017**
	$	**$**
Change in fair value of contingent consideration	1,201,200	-
Commissions	113,688	104,293
Other income	40,997	28,739
Other gains	1,355,885	133,032

Note 7. Expenses

	Consolidated 2018 $	Consolidated 2017 $
Profit before income tax includes the following specific expenses:		
Impairment of financial assets		
Trade receivables	460,499	223,049
Loan receivable	-	349,361
Total impairment	460,499	572,410
Depreciation and amortisation		
Depreciation	385,738	415,935
Amortisation	651,479	419,561
Total depreciation and amortisation	1,037,217	835,496
Finance costs		
Interest on bank overdrafts and loans	611,208	651,662
Net loss on disposal		
Net loss on disposal of property, plant and equipment	60,753	-
Rental expense relating to operating leases		
Minimum lease payments	2,089,822	1,727,222
Employment and related expenses		
Salaries and wages	15,654,722	12,463,725
Superannuation	1,167,849	830,627
Other on costs	825,937	596,310
Employee leave	127,606	77,282
Total employment and related expenses	17,776,114	13,967,944

Note 8. Income tax expense

	Consolidated 2018 $	2017 $
Income tax expense		
Current tax	1,480,699	596,131
Deferred tax - origination and reversal of temporary differences	523,407	(250,992)
Adjustment recognised for prior periods	(62,962)	(3,603)
Aggregate income tax expense	1,941,144	341,536
Deferred tax included in income tax expense comprises:		
Increase/(decrease) in deferred tax liabilities (note 24)	523,407	(250,992)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	11,905,178	1,426,982
Tax at the statutory tax rate of 30%	3,571,553	428,095
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Fair value adjustment on conversion of convertible note	-	487,500
IPO related and other transaction costs	-	301,000
Other non-allowable items	(219,888)	57,825
	3,351,665	1,274,420
Adjustment recognised for prior periods	(62,962)	(3,603)
Distributions to non-controlling interests	(1,347,559)	(929,281)
Income tax expense	1,941,144	341,536

As the majority of operating businesses are structured as partnerships, the income tax expense attributable to the minority interests in these partnerships are not included in the consolidated accounts. This is with the exception of subsidiaries that are in a corporate structure where the consolidated income tax expense is included in the profit attributable to minority interests in these subsidiaries. The remaining balance of the consolidated income tax expense is included in the profit attributable to the shareholders in the parent entity.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2018 $	2017 $
Cash at bank and in hand	3,410,934	3,212,746

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2018 $	2017 $
Balances as above	3,410,934	3,212,746
Bank overdrafts (note 19)	(1,970,672)	(2,025,261)
Balance as per statement of cash flows	1,440,262	1,187,485

Note 10. Current assets - trade and other receivables

	Consolidated 2018 $	Consolidated 2017 $
Trade receivables	6,858,723	6,596,354
Less: Provision for impairment of receivables	(261,958)	(245,814)
	6,596,765	6,350,540
Accrued income	3,484,037	1,443,021
Other receivables	5,842	-
	10,086,644	7,793,561

Impairment of receivables
The Group has recognised a loss of $460,499 (2017: $223,049) in profit or loss in respect of impairment of receivables for the year ended 30 June 2018.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2018 $	Consolidated 2017 $
91+ days	261,958	245,814

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2018 $	Consolidated 2017 $
Opening balance	245,814	28,927
Additional provisions recognised	245,101	243,238
Receivables written off during the year as uncollectable	(52,812)	(17,354)
Unused amounts reversed	(176,145)	(8,997)
Closing balance	261,958	245,814

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,953,486 as at 30 June 2018 ($1,623,678 as at 30 June 2017).

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2018 $	Consolidated 2017 $
61-90 days	523,493	435,722
91+ days	1,429,993	1,187,956
	1,953,486	1,623,678

Note 11. Current assets - other financial assets

	Consolidated 2018 $	Consolidated 2017 $
Loans to partners	626,925	548,211

Note 12. Current assets - other assets

	Consolidated 2018 $	Consolidated 2017 $
Prepayments	481,870	180,074

Note 13. Non-current assets - financial assets

	Consolidated 2018 $	Consolidated 2017 $
Shares in listed entities - at fair value	14,780	14,993
Shares in non-listed entities - at cost	-	10,000
	14,780	24,993

Note 14. Non-current assets - other financial assets

	Consolidated 2018 $	Consolidated 2017 $
Loans to partners	2,853,078	3,297,177

Note 15. Non-current assets - property, plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Buildings - at cost	625,825	571,396
Leasehold improvements - at cost	1,968,640	1,765,045
Less: Accumulated depreciation	(1,217,403)	(1,056,405)
	751,237	708,640
Plant and equipment - at cost	2,044,946	1,784,215
Less: Accumulated depreciation	(1,418,885)	(1,099,058)
	626,061	685,157
Motor vehicles - at cost	664,032	665,307
Less: Accumulated depreciation	(227,496)	(134,770)
	436,536	530,537
	2,439,659	2,495,730

Note 15. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $	Leasehold improve-ments $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2016	-	478,271	485,528	477,669	1,441,468
Additions	571,396	270,595	264,466	175,663	1,282,120
Additions through business combinations	-	-	198,040	-	198,040
Disposals - written down value	-	(5,566)	(4,397)	-	(9,963)
Depreciation expense	-	(34,660)	(258,480)	(122,795)	(415,935)
Balance at 30 June 2017	571,396	708,640	685,157	530,537	2,495,730
Additions	54,429	88,582	203,975	43,434	390,420
Disposals - written down value	-	-	(22,483)	(38,270)	(60,753)
Depreciation expense	-	(45,985)	(240,588)	(99,165)	(385,738)
Balance at 30 June 2018	625,825	751,237	626,061	436,536	2,439,659

Note 16. Non-current assets - intangible assets

	Consolidated 2018 $	2017 $
Goodwill - at cost	17,847,638	17,847,638
Brand names and intellectual property - at cost	3,300,000	3,300,000
Customer relationships - at cost	6,008,429	5,957,719
Less: Accumulated amortisation	(3,356,471)	(2,717,664)
	2,651,958	3,240,055
Computer software - at cost	93,904	43,832
Less: Accumulated amortisation	(16,643)	(8,479)
	77,261	35,353
	23,876,857	24,423,046

Note 16. Non-current assets - intangible assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $	Brand names and intellectual property $	Customer relation-ships $	Computer Software $	Total $
Balance at 1 July 2016	12,525,784	3,300,000	275,540	1,179	16,102,503
Additions	-	-	-	36,267	36,267
Additions through business combinations	5,321,854	-	3,381,983	-	8,703,837
Amortisation expense	-	-	(417,468)	(2,093)	(419,561)
Balance at 30 June 2017	17,847,638	3,300,000	3,240,055	35,353	24,423,046
Additions	-	-	50,710	54,580	105,290
Amortisation expense	-	-	(638,807)	(12,672)	(651,479)
Balance at 30 June 2018	17,847,638	3,300,000	2,651,958	77,261	23,876,857

Brand names and intellectual property have indefinite useful lives and are not amortised.

Impairment testing
For the purpose of impairment testing, goodwill and other indefinite life intangibles are allocated to cash-generating units ('CGU') which are based on the Group's operating divisions. The aggregate carrying amount of goodwill allocated to each CGU is:

	Consolidated 2018 $	Consolidated 2017 $
Kelly Partners (Sydney) Pty Ltd	3,538,147	3,538,147
Kelly Partners South West Sydney Partnership	5,001,779	5,001,779
Kelly Partners Wollongong Partnership	3,391,692	3,391,692
Other partnerships	5,916,020	5,916,020
Total	17,847,638	17,847,638

The carrying value of indefinite life intangibles is $3,300,000 (2017: $3,300,000).

The recoverable amount of each cash-generating unit above is determined based on value in use calculations. These calculations use cashflow projections over a five year period, based on financial budgets approved by management. These budgets use historical growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated inflation rates over the period which are consistent with inflation rates applicable to the locations in which the CGU operates. With regard to the assessment of the CGU's, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The following assumptions were used in the calculations:

	Consolidated 2018 %	Consolidated 2017 %
Growth rate	2.5%	2.5%
Discount rate	16.5%	16.5%

Note 17. Non-current assets - other assets

	Consolidated 2018 $	Consolidated 2017 $
Deposits	698,445	501,369

Note 18. Current liabilities - trade and other payables

	Consolidated 2018 $	Consolidated 2017 $
Trade payables	389,572	809,148
GST payable	857,393	608,160
Sundry payables and accrued expenses	1,548,985	2,959,559
	2,795,950	4,376,867

Refer to note 31 for further information on financial instruments.

Note 19. Current liabilities - borrowings

	Consolidated 2018 $	Consolidated 2017 $
Bank overdrafts	1,970,672	2,025,261
Bank loans	2,656,750	2,434,292
	4,627,422	4,459,553

Refer to note 31 for further information on financial instruments.

Note 20. Current liabilities - provisions

	Consolidated 2018 $	Consolidated 2017 $
Employee entitlements	1,181,645	1,159,336

Note 21. Current liabilities - contingent consideration

	Consolidated 2018 $	Consolidated 2017 $
Contingent consideration	231,418	-

Refer to note 26 for details of the nature of contingent consideration.

Note 22. Current liabilities - other liabilities

	Consolidated 2018 $	Consolidated 2017 $
Deferred rent	152,721	147,656

Note 23. Non-current liabilities - borrowings

	Consolidated 2018 $	Consolidated 2017 $
Bank loans	10,139,039	10,497,486

Refer to note 31 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2018 $	Consolidated 2017 $
Bank overdrafts	1,970,672	2,025,261
Bank loans	12,795,789	12,931,778
	14,766,461	14,957,039

The Group has debt facilities in place for each of its operating businesses with the loans of each operating business being non-recourse to the cash flows and assets of the parent entity. The loans comprise of overdraft facilities, term loans and equipment finance facilities. Typically each operating business' debt facilities are granted security by that entity as well as having personal guarantees from the operating business owners.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2018 $	Consolidated 2017 $
Total facilities		
Bank overdrafts	2,552,000	2,963,334
Bank loans	14,127,364	16,186,317
	16,679,364	19,149,651
Used at the reporting date		
Bank overdrafts	1,970,672	2,025,261
Bank loans	12,795,789	12,931,778
	14,766,461	14,957,039
Unused at the reporting date		
Bank overdrafts	581,328	938,073
Bank loans	1,331,575	3,254,539
	1,912,903	4,192,612

Note 24. Non-current liabilities - deferred tax liabilities

	Consolidated 2018 $	Consolidated 2017 $
Net deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Accrued expenses	(401,179)	(371,938)
Income assessable on receipt	954,713	400,760
Differences between accounting and tax depreciation	14,587	20,122
Customer relationship intangibles	782,918	930,685
Expense deductible over five years	(523,612)	(673,215)
Deferred tax liability	827,427	306,414
Movements:		
Opening balance	306,414	(124,334)
Charged/(credited) to profit or loss (note 8)	523,407	(250,992)
Credited to equity (note 8)	-	(276,154)
Additions through business combinations (note 38)	-	904,066
Other movements	(2,394)	53,828
Closing balance	827,427	306,414

Note 25. Non-current liabilities - provisions

	Consolidated 2018 $	Consolidated 2017 $
Employee entitlements	270,511	149,498

Note 26. Non-current liabilities - contingent consideration

	Consolidated 2018 $	Consolidated 2017 $
Contingent consideration	-	1,432,618

Prior year contingent consideration comprised the contingent consideration component of the purchase price for Kelly Partners Southern Highlands and Kelly Partners Sydney.

A reconciliation of the movement in contingent consideration (current and non-current) for the financial year is set out below:

	Consolidated 2018 $	Consolidated 2017 $
Opening balance	1,432,618	100,551
Recognition on acquisition (note 38)	-	1,432,618
Change in fair value of contingent consideration	(1,201,200)	-
Settled in cash	-	(100,551)
	231,418	1,432,618

Note 27. Non-current liabilities - other liabilities

	Consolidated 2018 $	Consolidated 2017 $
Deposits held	46,244	46,244

Note 28. Equity - issued capital

	2018 Shares	2017 Shares	Consolidated 2018 $	Consolidated 2017 $
Ordinary shares - fully paid	45,497,181	45,344,181	14,171,477	13,988,051

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2016	2,016		1,684,411
Share split: 1 share to 1,000 shares	2 November 2016	2,013,984	$0.000	-
Shares issued pre-IPO		115,522	$15.889	1,835,500
Share split: 1 share to 15.9 shares	14 June 2017	31,750,159	$0.000	-
Shares issued during the year:				
Shares issued to employees		453,500	$1.000	453,500
Conversion of convertible note to ordinary shares		8,125,000	$1.000	8,125,000
Shares issued on IPO		2,884,000	$1.000	2,884,000
Transaction costs arising on share issue, net of tax		-	$0.000	(994,360)
Balance	30 June 2017	45,344,181		13,988,051
Shares issued to employees	3 July 2017	153,000	$1.441	220,473
Transaction costs arising on share issue, net of tax		-	$0.000	(37,047)
Balance	30 June 2018	45,497,181		14,171,477

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders and partners with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of debt levels, distributions to shareholders and partners and share issues.

There have been no changes to the strategy adopted by management to manage the capital of the Group since the prior year.

Note 29. Earnings per share

	Consolidated 2018 $	2017 $
Profit after income tax	9,964,034	1,085,446
Non-controlling interest	(5,581,380)	(3,874,972)
Profit/(loss) after income tax attributable to the owners of Kelly Partners Group Holdings Limited	4,382,654	(2,789,526)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	45,495,923	33,342,437
Weighted average number of ordinary shares used in calculating diluted earnings per share	45,495,923	33,342,437
	Cents	**Cents**
Basic earnings per share	9.63	(8.37)
Diluted earnings per share	9.63	(8.37)

Note 30. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2018 $	2017 $
Special Interim dividend for the year ended 30 June 2017 of $1.76 per ordinary share, paid prior to the Company listing on the Australian Stock Exchange	-	3,548,160
First interim dividend for the year ended 30 June 2018 of $0.01 per ordinary share, paid on 16 November 2017	454,972	-
Second interim dividend for the year ended 30 June 2018 of $0.01 per ordinary share, paid on 16 February 2018	454,972	-
Third interim dividend for the year ended 30 June 2018 of $0.01 per ordinary share, paid on 16 May 2018	454,972	-
	1,364,916	3,548,160

On 12 July 2018, the Company paid the final dividend for the year ended 30 June 2018 of $0.01 per ordinary share. This dividend equates to a distribution of $454,972, based on the number of ordinary shares on issue as at 30 June 2018. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2018 financial statements and will be recognised in subsequent financial reports.

Franking credits

	Consolidated 2018 $	2017 $
Franking credits available for subsequent financial years based on a tax rate of 30%	1,464,371	1,215,268

Note 30. Equity - dividends (continued)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 31. Financial instruments

Financial risk management objectives
The Group is exposed to a variety of financial risks through its use of financial instruments: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not use derivative financial instruments or speculate in financial assets.

Risk management is carried out by senior management under policies approved by the Board of Directors ('the Board'). The policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Management identifies and evaluates financial risks within the Group's businesses and reports to the Board on a regular basis.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, and leases.

Market risk

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1% (2017: +1% and -1%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

		2018			2017	
Borrowings	**Weighted average interest rate %**	**+1% $**	**-1% $**	**Weighted average interest rate %**	**+1% $**	**-1% $**
Bank overdrafts	5.02%	(19,980)	19,980	5.23%	(21,323)	21,323
Bank loans	5.24%	(128,637)	128,637	5.00%	(119,798)	119,798

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to clients, including outstanding receivables and committed transactions.

Note 31. Financial instruments (continued)

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by division as well as a list of customers currently transacting on a prepayment basis.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group maintains cash to meet its liquidity requirements for up to a 30-day period.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-by-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day periods are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group's liabilities have contractual maturities which are summarised below:

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	389,572	-	-	-	389,572
Other payables	-	2,406,378	-	-	-	2,406,378
Contingent consideration	-	231,418	-	-	-	231,418
Interest-bearing						
Bank overdrafts	5.02%	1,970,672	-	-	-	1,970,672
Bank loans	5.24%	2,656,750	3,261,459	6,144,861	732,719	12,795,789
Total non-derivatives		7,654,790	3,261,459	6,144,861	732,719	17,793,829

Note 31. Financial instruments (continued)

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	809,148	-	-	-	809,148
Other payables	-	3,567,719	-	-	-	3,567,719
Contingent consideration	-	-	1,432,618	-	-	1,432,618
Interest-bearing						
Bank overdrafts	5.23%	2,025,261	-	-	-	2,025,261
Bank loans	5.00%	2,434,292	2,434,292	8,063,194	-	12,931,778
Total non-derivatives		8,836,420	3,866,910	8,063,194	-	20,766,524

Fair value of financial instruments
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade and other receivables and of trade and other payables is a reasonable approximation of their fair values due to the short-term nature of these balances.

Note 32. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2018 $	Consolidated 2017 $
Short-term employee benefits	782,541	469,655
Post-employment benefits	45,304	24,671
Long-term benefits	13,471	6,352
Share-based payments	-	151,186
	841,316	651,864

Other key management personnel transactions
For details of other transactions with key management personnel, refer to note 36.

Note 33. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	2018 $	2017 $
Audit services		
Audit or review of the financial statements	140,000	90,000
Other services		
Due diligence services	-	93,840
IPO-related services	-	375,000
IPO related services: reviewing the financial report	-	55,000
	-	523,840
	140,000	613,840

Note 34. Contingent liabilities

Bank guarantees have been provided in relation to the leases of various premises by the Group. These guarantees will only be payable in specific circumstances, such as failure to meet rental liabilities. In the opinion of the directors, no loss will result to the Group as a result of these guarantees.

Except as noted above, in the opinion of the directors, the Group did not have any contingencies at 30 June 2018 (30 June 2017: None).

Note 35. Commitments

Operating leases have been taken out for office premises and office equipment.

	Consolidated	
	2018 $	2017 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,449,126	2,185,998
One to five years	9,379,540	6,202,550
More than five years	1,500,550	834,846
	13,329,216	9,223,394
The above balances are gross of sublease income of:		
Within one year	295,683	168,368
One to five years	514,401	171,634
More than five years	16,413	-
	826,497	340,002
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	1,107,626	-

Note 36. Related party transactions

Parent entity
Kelly Partners Group Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 39.

Key management personnel
Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the directors' report.

Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Loans to related parties

	2018 $	2017 $
Key management personnel:		
Loans to directors		
Balance at the beginning of the year	-	(639,408)
- loans advanced	-	(1,491,338)
- repayment of loans advanced	-	2,130,746
Balance at the end of the year	-	-

The Company acquired a 100% interest in Kelly Partners Strategy Consulting, an entity related to Brett Kelly, on 1 April 2017. The consideration of $1,137,670 was determined by an independent valuation and was settled through a partial set off of loans owing to the Company.

The following related parties hold a direct interest in the respective subsidiary of the Group:

Related party	Subsidiary	2018 Interest held	2017 Interest held
Pauline Michelakis	Kelly Partners Private Wealth Sydney	7.50%	10.00%
Paul Kuchta	Kelly Partners Norwest Partnership	25.50%	44.00%

Note 37. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2018 $	2017 Restated $
Profit/(loss) after income tax	3,164,443	(2,132,529)
Total comprehensive income	3,164,443	(2,132,529)

Note 37. Parent entity information (continued)

Statement of financial position

	2018 $	2017 Restated $
Total current assets	5,849,107	3,297,763
Total assets	23,966,944	23,051,311
Total current liabilities	3,449,523	2,847,363
Total liabilities	8,454,246	9,495,641
Net assets	15,512,698	13,555,670
Equity		
Issued capital	14,171,477	13,988,051
Retained profits/(accumulated losses)	1,341,221	(432,381)
Total equity	15,512,698	13,555,670

Comparatives
During the financial year a reconciliation of deferred tax balances was performed which identified that the parent entity's deferred tax asset has been previously understated. As a consequence, the parent entity's comparative figures for 2017 have been restated.

The restatement resulted in an increase in non-current assets of $705,778, a decrease in the accumulated losses of $705,778, a decrease in loss for the year of $705,778 and a decrease in total comprehensive loss of $705,778 for the year ended 30 June 2017.

The restatement did not impact the consolidated financial statements for the year ended 30 June 2018.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 38. Business combinations

Kelly Partners Southern Highlands
On 1 July 2016, the Group obtained control of Gillespies Southern Highlands under the terms of an acquisition agreement.

The goodwill is attributable to synergies expected to be achieved from integrating the business into the Group's existing business.

Note 38. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $
Customer relationships	400,718
Deferred tax liability	(120,215)
Net assets acquired	280,503
Goodwill	711,487
Acquisition-date fair value of the total consideration transferred	991,990
Representing:	
Cash payable to vendor	760,572
Deferred consideration	231,418
	991,990

$231,418 of the purchase price has been paid in cash in August 2018.

Kelly Partners (Sydney)

In January 2017, the Group acquired a controlling interest in Kelly Partners (Sydney) Pty Ltd. The purchase price was settled through the payment of cash and a contingent amount payable upon achieving an agreed revenue target.

The acquired business contributed revenues of $4,840,193 and profit before tax of $1,412,929 to the Group for the period from 1 January 2017 to 30 June 2017, after expensing its costs for restructuring. The contribution to profit before tax attributable to members of the parent entity is $574,038 for the 2017 financial year.

Details of the acquisition are as follows:

	Fair value $
Receivables and accrued revenue	5,085,950
Property, plant and equipment	198,040
Customer relationships	2,981,295
Deferred tax asset	100,558
Deferred tax liability	(894,389)
Payroll accruals	(370,110)
Other liabilities	(831,261)
Net assets acquired	6,270,083
Goodwill	3,538,117
Acquisition-date fair value of the total consideration transferred	9,808,200
Representing:	
Cash payable to vendor	4,353,000
Contingent consideration	1,201,200
Non-controlling interest	4,254,000
	9,808,200

Contingent consideration

The Group has agreed to pay the selling shareholder additional consideration based upon achieving an agreed revenue target for the calendar year ending 31 December 2018. The fair value of this obligation at the acquisition date is $1,201,200 and is included in the total consideration transferred as disclosed in the above table.

Note 38. Business combinations (continued)

Acquisition costs
In acquiring both Kelly Partners Sydney and Kelly Partners Southern Highlands, the Group incurred acquisition costs of $963,645. These have been included in business acquisition expenses in the 2017 financial year.

Kelly Partners Strategy Consulting
On 1 April 2017 Kelly Partners Group Holdings Pty Limited acquired 100% of the interest in Kelly Partners Strategy Consulting Pty Limited. The purchase price of $1,137,160 included net assets of $44,328. Refer to note 36 for details of the settlement of the consideration.

Note 39. Interests in subsidiaries

(a) Subsidiaries
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country on incorporation	Ownership interest 2018 %	Ownership interest 2017 %
KP GH NS Pty Limited	Australia	100.00%	100.00%
Kelly Partners North Sydney Partnership	Australia	58.50%	58.50%
KP GH CC Pty Limited	Australia	100.00%	100.00%
Kelly Partners Central Coast Partnership	Australia	50.10%	50.10%
KP GH WS Pty Limited	Australia	100.00%	100.00%
Kelly Partners (Western Sydney) Partnership	Australia	51.00%	51.00%
KP GH SWS Pty Limited	Australia	100.00%	100.00%
Kelly Partners South West Sydney Partnership	Australia	50.50%	50.50%
Kelly Partners Management Services Pty Limited	Australia	100.00%	100.00%
Kelly Partners Services Trust	Australia	100.00%	100.00%
KP GH NW Pty Limited	Australia	100.00%	100.00%
Kelly Partners Norwest Partnership	Australia	51.00%	51.00%
KP GH TC Pty Limited	Australia	100.00%	100.00%
Kelly Partners Tax Consulting Partnership	Australia	51.00%	51.00%
Kelly Partners Strategy Consulting Pty Ltd	Australia	100.00%	100.00%
KP GH CT Pty Limited	Australia	100.00%	100.00%
Kelly Partners Central Tablelands Partnership	Australia	51.00%	51.00%
KP GH WO Pty Limited	Australia	100.00%	100.00%
Kelly Partners Wollongong Partnership	Australia	51.00%	51.00%
KP GH NB Pty Limited	Australia	100.00%	100.00%
Kelly Partners Northern Beaches Partnership	Australia	51.00%	51.00%
KP GH SH Pty Limited	Australia	100.00%	100.00%
Kelly Partners Southern Highlands Partnership	Australia	51.00%	51.00%
Kelly Partners (South West Sydney) Trust	Australia	50.50%	50.50%
Kelly Partners Oran Park Partnership	Australia	25.30%	25.30%
Super Certain Pty Limited	Australia	50.50%	50.50%
Kelly Partners Management Services (Hong Kong) Limited	Hong Kong	51.00%	51.00%
KP GH FIN Pty Ltd	Australia	100.00%	100.00%
KP GH WM Pty Ltd	Australia	100.00%	100.00%
KP GH HK Pty Limited	Australia	100.00%	100.00%
Kelly Partners Finance Partnership	Australia	51.00%	51.00%
Kelly Partners Private Wealth Sydney Partnership (previously Kelly Partners Wealth Management Partnership)	Australia	51.00%	51.00%
Kelly Partners Marketing Advisory Pty Ltd (previously Round 12 Collective Pty Ltd)	Australia	51.00%	51.00%
Kelly Partners Property (Central Coast) Pty Ltd	Australia	51.00%	51.00%
Kelly Partners Property Group Holdings Pty Ltd	Australia	100.00%	100.00%
Kelly Property Group Pty Ltd	Australia	100.00%	100.00%
Kelly Partners (Central Coast) Property Trust	Australia	51.00%	51.00%
KP GH SYD CBD Pty Ltd	Australia	100.00%	100.00%

Note 39. Interests in subsidiaries (continued)

Name	Principal place of business / Country on incorporation	Ownership interest 2018 %	2017 %
Kelly Partners (Sydney) Pty Limited	Australia	50.50%	50.05%
KP GH PM Pty Limited	Australia	100.00%	100.00%
Kelly Partners Parramatta Partnership	Australia	51.00%	51.00%
Kelly Partners (Tax Legal) Pty Ltd	Australia	51.00%	-
Kelly Partners (Sydney) Audit Partnership	Australia	50.04%	-
KP GH LM Pty Ltd	Australia	100.00%	-
Kelly Partners Lifestyle Management Services Partnership	Australia	51.00%	-
Kelly Partners Private Wealth Group Holdings Pty Ltd	Australia	100.00%	-
KP GH WM MCBD Pty Ltd	Australia	100.00%	-
Kelly Partners Private Wealth Melbourne Partnership	Australia	51.00%	-
KP GH CA Pty Ltd	Australia	100.00%	-
Kelly Partners Corporate Advisory Partnership	Australia	51.00%	-
KP GH NZ Pty Ltd	New Zealand	100.00%	-
Kelly Partners New Zealand Partnership	New Zealand	51.00%	-
KP GH GII Pty Ltd	Australia	100.00%	-
Kelly Partners Government, Incentives & Innovation Partnership	Australia	51.00%	-
Kelly Partners SMSF Advisory Pty Ltd	Australia	100.00%	-
Kelly Partners (Investment Office) Pty Ltd	Australia	75.50%	-
Kelly Partners Legacy Team Pty Ltd	Australia	100.00%	-
Kelly Partners (Sports & Entertainment) Pty Ltd	Australia	100.00%	-
Kelly Partners (Private Wealth) Pty Ltd	Australia	100.00%	-
KP GH MEL Pty Ltd	Australia	100.00%	-
Kelly Partners Melbourne CBD Partnership	Australia	51.00%	-

The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

The Group has control over the Kelly Partners Oran Park Partnership because it controls the controlling partner of the partnership, the Kelly Partners (South West Sydney) Trust.

(b) Subsidiaries with non-controlling interests
The following table summarises the aggregate financial information in relation to the share of the Group's subsidiaries held by non-controlling interests. The information is before inter-company eliminations with other companies within the Group.

	Consolidated 2018 $	2017 $
Revenue	19,569,897	14,801,149
Profit attributable to non-controlling interests	5,581,380	3,874,972
Distributions to non-controlling interests	4,496,782	3,595,872
Current assets	7,320,580	5,588,724
Non-current assets	12,455,315	14,331,633
Current liabilities	(3,255,324)	(4,021,267)
Non-current liabilities	(4,931,628)	(5,280,290)
Net assets	11,588,943	10,618,800

(c) Consequences of changes in a parent's ownership in a subsidiary that do not result in a loss of control
There were no changes to the parent entity's ownership in subsidiaries during the current and prior financial year.

(d) Significant restrictions
There are no significant restrictions on the ability of the holding company or its subsidiaries to access or use the assets and settle the liabilities of the Group.

Note 40. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2018 $	2017 $
Profit after income tax expense for the year	9,964,034	1,085,446
Adjustments for:		
Depreciation and amortisation	1,037,217	835,496
Net loss on disposal of property, plant and equipment	60,753	9,963
Net fair value loss on other financial assets	213	-
Impairment of trade receivables	460,499	223,049
Impairment of loan receivable	-	349,361
Fair value loss on conversion of convertible notes	-	1,625,000
Shares issued to employees	220,473	453,500
Change in fair value of contingent consideration	(1,201,200)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(2,293,083)	1,198,680
Decrease in deferred tax assets	521,013	430,748
Increase/(decrease) in trade and other payables	(2,194,825)	1,064,817
Increase/(decrease) in provision for income tax	29,818	(356,983)
Net cash from operating activities	6,604,912	6,919,077

Note 41. Changes in liabilities arising from financing activities

Consolidated	Bank loans $	Lease liability $	Total $
Balance at 1 July 2016	13,080,339	8,252	13,088,591
Proceeds from borrowings	7,229,385	-	7,229,385
Repayment of borrowings	(7,377,946)	-	(7,377,946)
Repayment of finance lease	-	(8,252)	(8,252)
Balance at 30 June 2017	12,931,778	-	12,931,778
Proceeds from borrowings	3,695,310	-	3,695,310
Repayment of borrowings	(3,831,299)	-	(3,831,299)
Balance at 30 June 2018	12,795,789	-	12,795,789

Note 42. Events after the reporting period

On 12 July 2018, the Company paid the final dividend for the year ended 30 June 2018 of $0.01 per ordinary share. This dividend equates to a distribution of $454,972, based on the number of ordinary shares on issue as at 30 June 2018. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2018 financial statements and will be recognised in subsequent financial reports.

On 16 August 2018, an acquisition agreement was signed for the Company to acquire an accounting firm in the Inner West of Sydney with the structure following KPG's standard 51% Owner-Driver Model. The business will commence trading as Kelly Partners (Inner West) from 4 September 2018.

On 22 August 2018, an acquisition agreement was signed for Kelly+Partners North Sydney, a subsidiary of Kelly Partners Group Holdings Limited, to acquire a 100% interest in an accounting firm in North Sydney to assist in the retirement and succession of the senior practitioner. The business will be tucked into the existing Kelly+Partners North Sydney business to create synergies and operating leverage. The business will operate as part of Kelly+Partners North Sydney from 1 September 2018.

Note 42. Events after the reporting period (continued)

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Brett Kelly
Executive Chairman & CEO

27 August 2018
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

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Independent Auditor's Report to the Members of Kelly Partners Group Holdings Limited

Opinion

We have audited the financial report of Kelly Partners Group Holdings Limited (the "Entity"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Recoverability of Goodwill and Intangible Assets

As at 30 June 2018 the Group has recognised goodwill of $17,847,638 and other intangibles of $2,651,958 as a result of acquisitions over a number of years as disclosed in Note 16.

The directors’ assessment of the recoverability of goodwill requires the exercise of significant judgement, including:

• Identifying the cash generating units (CGU’s) to which the goodwill has been allocated; and

• Estimating the future growth rates, nominal discount rates and expected cash flows of each CGU.</td><td>Our procedures included, but were not limited to:

• Assessing the Group’s categorisation of CGU’s and the allocation of goodwill to the carrying value of the CGU’s based on our understanding of the Group’s business,

• Challenging management’s ability to accurately forecast cash flows by assessing the precision of the prior year forecasts against actual outcomes, and

• Engaging our valuation specialists to assist with:

○ Comparing the discount rate utilised by management to an independently calculated discount rate,

○ Comparing the Group’s forecast cash flows for each CGU to the budgets, and challenging the growth rates used, and

○ Performing sensitivity analysis on the growth and discount rates.

We also assessed the appropriateness of the disclosures in Note 16 to the financial statements.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the Directors’ Report, Corporate Directory and Additional Information for Listed Public Companies, which we obtained prior to the date of this auditor’s report, and also includes additional information which will be included in the Group’s annual report (but does not include the financial report and our auditor’s report thereon), which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the additional other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 38 of the Director's Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Kelly Partners Group Holdings Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Kelly Partners Group Holdings Limited 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama
Partner
Chartered Accountants
Sydney, 27 August 2018

The shareholder information set out below was applicable as at 30 September 2018.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	192	-
1,001 to 5,000	148	-
5,001 to 10,000	91	-
10,001 to 100,000	142	-
100,001 and over	38	-
	611	-
Holding less than a marketable parcel	15	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Kelly Investments 1 Pty Ltd	23,253,378	51.11
HSBC Custody Nominees (Australia) Limited	6,127,288	13.47
National Nominees Limited	900,000	1.98
Kalumic Pty Ltd	787,007	1.73
Aust Executor Trustees Ltd	663,474	1.46
Hampton Pty Ltd	609,400	1.34
BNP Paribas Noms Pty Ltd	500,000	1.10
Gildale Family Company Pty Ltd	466,420	1.03
David Bullock + Kay Bullock + Anthony Bullock	458,984	1.01
Dr David John Ritchie + Dr Gillian Joan Ritchie	400,000	0.88
Kenneth Ko	393,504	0.86
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	378,156	0.83
Brojo Investments Pty Ltd	326,767	0.72
BRJT Accounting Pty Ltd	286,120	0.63
Winda Holdings Pty Ltd	278,172	0.61
David Bullock + Kay Bullock + Anthony Bullock	264,263	0.58
Scott Elwin Family Co Pty Ltd	264,263	0.58
Mrs Penelope Alice Marjorie Seidler	250,054	0.55
Halcycon Pty Ltd	225,054	0.49
Mrs Sunaina Kalra	225,000	0.49
	37,057,304	81.45

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Number of shares held
Kelly Investments 1 Pty Ltd	23,253,378
HSBC Custody Nominees (Australia) Limited	6,185,000

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Kelly+Partners Team


Brett Kelly


Scott Elwin


Craig Bullock


Ada Poon


Charbel Geagea


Rex Hoeben


Sam Gorgi


Adam Quinn


Anna Lewis


Peter Campbell


Albert Cachia


Ben Twyford


Bill Bartlett


Lauren Helmrich


Andrew Howe


Joel Russell


Kenneth Ko


Linda Chapman


Trent Doughty


Paul Kuchta


Vanessa Sirotic


Barry Frank


Mark Prag


Suketu Majithia

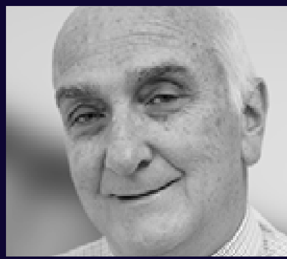

Tony Nunes


Peter Dawkins


Andew Zoghbi


Kim Meredith


Shane Hay


Tony Eagar


Brendan Lyons


Ryan McCabe


Ming Lew


Paula Booth


Darren Hodgson


Daniel Kuchta


Troy Marsh Apps


David Irwin


Daniel Chiha


Chris Dent


Scott Coombes


James Russell


David Duff


Peter Cohilj


Kim Lim


Elisha Hill


David Le Page

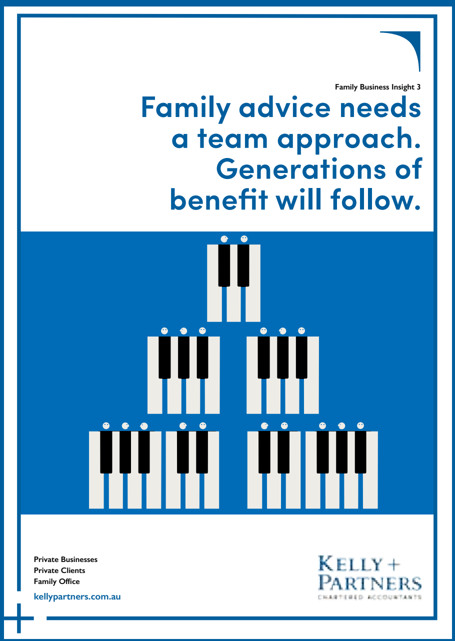

Karina Rauch


Michelle Irwin


Pauline Michelakis

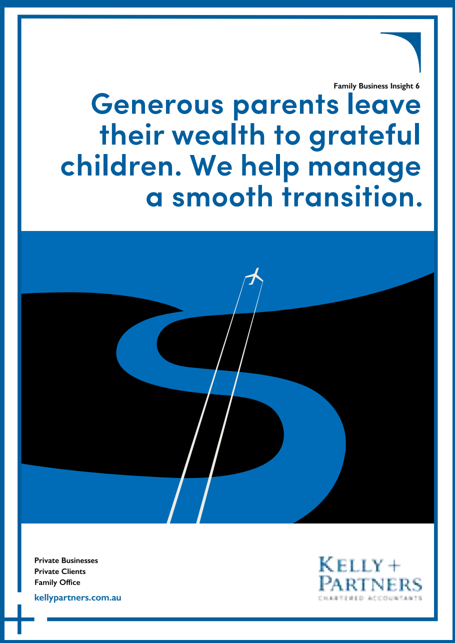

Family Business Insight 1
Family businesses with a long term focus, outperform those with a short term view.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
Kelly + Partners
Chartered Accountants


Family Business Insight 2
Very few people understand wealth. Even less people understand families.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
Kelly + Partners
Chartered Accountants


Family Business Insight 3
Family advice needs a team approach. Generations of benefit will follow.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
Kelly + Partners
Chartered Accountants

Family Business Insight 4
Clarity of direction yields results. We help family businesses stay true to their values.
N
Private Businesses
Private Clients
Family Office
kellypartners.com.au
KELLY + PARTNERS
CHARTERED ACCOUNTANTS

Family Business Insight 5
Family businesses need long term relationships. We strive to make our clients 'better off'.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
KELLY + PARTNERS
CHARTERED ACCOUNTANTS



Family Business Insight 6
Generous parents leave their wealth to grateful children. We help manage a smooth transition.
Private Businesses
Private Clients
Family Office
kellypartners.com.au
KELLY + PARTNERS
CHARTERED ACCOUNTANTS