

FIDUCIAN PORTFOLIO SERVICES LIMITED
HALFYEAR RESULTS
1 July - 31 December 2014

26 February 2015

The Directors are pleased to report on the consolidated operating performance of Fiducian Portfolio Services Limited ("FPSL") and wholly owned operating entities ("Fiducian Group") for the half year ended 31 December 2014.

REVIEW OF OPERATIONS

Consolidated Operating and Net Trading revenues increased by 11.5% and 11.0% respectively, with the Gross margin remaining constant at 80% as detailed below

HALFYEAR ENDING 31 DECEMBER		
	2014	2013
	\$000	\$000
Operating Revenue	12,296	11,024
Commissions paid	2,485	2,187
Trading revenue	9,811	8,837
Gross margin	80%	80%

In the 2014 Annual Report we indicated that a restructure of the Fiducian Group would take place. Since listing on the Australian Securities Exchange in 2000 there has been little change in the group structure though the regulatory landscape has undergone significant change with the introduction of new laws focused on governance and the potential for conflicts of interest where a single entity represents a number of stakeholders as in the current Fiducian Group structure. While the Board is confident it has managed such issues and complied with its obligations, the restructure will ensure that the Fiducian Group adheres to "best practice". The restructure is expected to result in a "one-off" expenditure of around \$550,000 of which \$505,000 has already been expensed in the current period.

Consequently, after depreciation and amortisation of \$573,000 (December 2013: \$329,000) and corporate restructure expenses of \$505,000, net profit before tax was \$2,864,000 (December 2013: \$2,793,000), 3% higher than the previous year. Net profit for the consolidated entity after providing for income tax was \$2,004,000 (December 2013: \$1,855,000). After normalisation for the "one-off" expenses, EBITDA increased by 26% from \$3,122,000 to \$3,942,000 over the equivalent period of 2013.

The global economy has grown close to its long term trend rate for the last three years and the IMF has forecast a stronger world economy in 2015, subject to the advanced economies continuing with their accommodative monetary policies. We expect that this will be the case and that financial markets will respond positively in spite of localized geo political risks reported by the general media from time to time. Therefore, we expect a continuation of profit growth from a higher asset base through the rest of the year.

FUNDS UNDER ADMINISTRATION

The parent entity at 31 December 2014 was FPSL and was the Operator of the Fiducian Investment Service, the Trustee of Fiducian Superannuation Service and the Responsible Entity of Fiducian Funds. At 31 December 2014, assets under administration in the Fiducian platforms were \$1,107 million (30 June 2014: \$1,031 million) a growth of around 7% over the last six months.

FUNDS UNDER MANAGEMENT

The parent entity at 31 December 2014 was FPSL and was the Responsible Entity of the Fiducian Funds, which apply our in-house Manage-The-Manager system of investment. They continue to attract the majority of retail funds placed with us and total around \$1.3 billion (30 June 2014: \$1.2 billion), a growth of 8% over the last 6 months.

Fiducian Funds have performed consistently in their respective categories as we diversify their assets through a range of underlying fund managers to reduce risks and volatility. According to the Selecting Super Survey (31 December 2014), published by the Rainmaker Group, a number of the Fiducian Funds prominently featured in the top quartile of their respective categories.

FINANCIAL PLANNING

The relationship between our salaried and franchised financial planners and their clients remains strong and is founded on quality financial planning advice and strategy.

There has been heightened effort to build the distribution base with quality financial planners. Opportunities to add new franchisees are continuously being progressed and between 1 July 2014 to the date of this report we have added around \$56 million of funds under advice through new planners to the group with a further \$25 million in the final stages of settlement. These additions have not contributed to the results of the current half year but are expected to do so in the second half. The Board is supportive of growth by acquisition in the current environment and we have progressed opportunities for acquisition of financial planning practices which we anticipate could be completed before the end of the financial year.

Meanwhile we continue to emphasise quality training, professional development and compliance. These have supported our efforts to be compliant with the requirements of the FoFA legislation.

BUSINESS SERVICES

Fiducian Business Services continues to build steady volumes through its accountancy resourcing service and has proven its potential by increasing the profitability of accounting practices that use its services. The potential for this segment to expand through additional acquisitions remains a part of our ongoing strategy.

INFORMATION TECHNOLOGY

Our Wrap administration software FASTrack is delivering efficiency benefits for our Platform Administration business. A "Straight Through Processing" project that links online reporting to FASTrack has been completed and is due for launch in March 2015. The objective is to make our financial planning software FORCe link up with the administration and reporting system, a much sought after goal in the industry.

COMMUNITY SUPPORT

Fiducian continues to raise funds for charity. Sponsorship has also been extended to community organisations and sporting teams linked to our planning network. Vision Beyond AUS, a charity we largely support has grown to now assist hospitals at seven locations spread out over India, Myanmar, Nepal and Cambodia. Over 11,800 persons have now been given their eyesight through Vision Beyond AUS. We intend to continue our charitable support to the community.

EMPLOYEE DIVERSITY

Fiducian is proud to be an equal opportunity employer. It endorses diversity and currently has a number of employees that bring different skill-sets from their country of origin. We recognise that diversity includes, but is not limited to gender, age, ethnicity and cultural backgrounds.

DIVIDEND (FULLY FRANKED)

After consideration of the economic environment and the strength of the company's debt free balance sheet, the directors have decided to maintain the usual distribution level of 60-70% of net profit after tax. Dividend policy is expected to be maintained subject to capital management of acquisitions, further share buy-backs and growth strategies. The directors have resolved to pay an interim fully franked dividend in respect of the half year ended 31 December 2014 of 4.50

cents per share, an increase of almost 10% over that of 31 December 2013.

RESULTS SUMMARY	HALFYEAR ENDED	
	31/12/14 \$000	31/12/13 \$000
EBITDA before corporate restructure expenses	3,942	3,122
Depreciation and amortisation	(573)	(329)
Corporate restructure expense	(505)	-
Netprofit before tax	2,864	2,793
Income tax expense	(860)	(938)
Netprofit after tax	2,004	1,855
Dividends paid - Ordinary	1,536	1,131
Weighted average earnings per share		
Basic	6.51 cents	5.94 cents
Diluted	6.48 cents	5.93 cents

DIVIDEND HISTORY			\$000
Paid	19/9/14	5.00 cents fully franked	1,538
Paid	26/3/14	4.10 cents fully franked	1,268
Paid	20/9/13	3.60 cents fully franked	1,131
Paid	22/3/13	3.40 cents fully franked	1,076
Paid	21/9/12	2.50 cents fully franked	794
Paid	21/3/12	2.50 cents fully franked	798
Paid	8/9/11	5.00 cents fully franked	1,601
Paid	11/3/11	5.00 cents fully franked	1,610
Paid	15/9/10	4.75 cents fully franked	1,532
Paid	15/3/10	3.75 cents fully franked	1,213
Paid	17/9/09	3.00 cents fully franked	973
Paid	16/3/09	3.75 cents fully franked	1,216
Paid	17/9/08	6.50 cents fully franked	2,114
Paid	17/3/08	6.50 cents fully franked	2,133
Paid	12/9/07	6.00 cents fully franked	1,994
Paid	2/03/07	4.50 cents fully franked	1,512

This half yearly report should be read in conjunction with the most recent annual report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

R Bucknell	Chairman - Non-executive
I Singh	Managing Director - Executive director
F Khouri	Non-executive director
C Stone	Non-executive director

SECRETARY

I Singh

ISSUED CAPITAL

On 27 March 2014 the parent entity announced to the Australian Securities Exchange its intention to buy back up to a further 500,000 shares on-market, which remains open. During the half year the parent entity purchased 14,500 shares at an average price of \$1.64. As at 31 December 2014, after cancelling shares bought back, the parent entity had 30,883,397 ordinary shares on issue. Since the balance date no further shares have been bought back.

At 31 December 2014 a total of 100,000 options were on issue to the Managing Director at an exercise price of \$1.63 with the latest exercise date being 23 October 2019. During the period 140,000 options were exercised.

REGISTERED OFFICE

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Half Year Results

1 July – 31 December 2014

Fiducian Portfolio Services Limited
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