



27 August, 2015

Joint Report of the Chairman and the Managing Director

Dear Shareholder,

On behalf of the directors, we jointly report on the consolidated operating performance of Fiducian Group Limited and its controlled operating entities for the year ended 30 June 2015.

Financial Information

Results for 2014-2015

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

During the year Underlying Earnings Before Interest, Tax, Depreciation and Amortisation and Restructure Costs (Underlying EBITDA) increased by 19% to \$8.07 million. Underlying Net Profit After Tax (UNPAT) is \$5.75 million an increase of 28% over the 2014 UNPAT. This represents an Underlying earnings per share of 19 cents as reported in the Financial Highlights below. Underlying NPAT does not include amortisation or one off restructure costs and therefore gives a clearer picture of the Group's cash generating ability going forward.

Financial Highlights			
(\$ in thousands)	FY 15	FY 14	% Change
Underlying EBITDA	8,069	6,758	↑ 19%
One-off Restructure Expenses	616	0	-
Reportable EBITDA	7,453	6,758	↑ 10%
Underlying NPAT	5,748	4,501	↑ 28%
Amortisation	695	518	↑ 34%
One-off Restructure Expenses (net of tax)	431	0	-
Reportable NPAT	4,622	3,983	↑ 16%
Basic EPS based on Underlying NPAT (in cents)	19	15	↑ 28%
Funds Under Advice, Management and Administration (\$ in millions)	4,084	3,576	↑ 14%

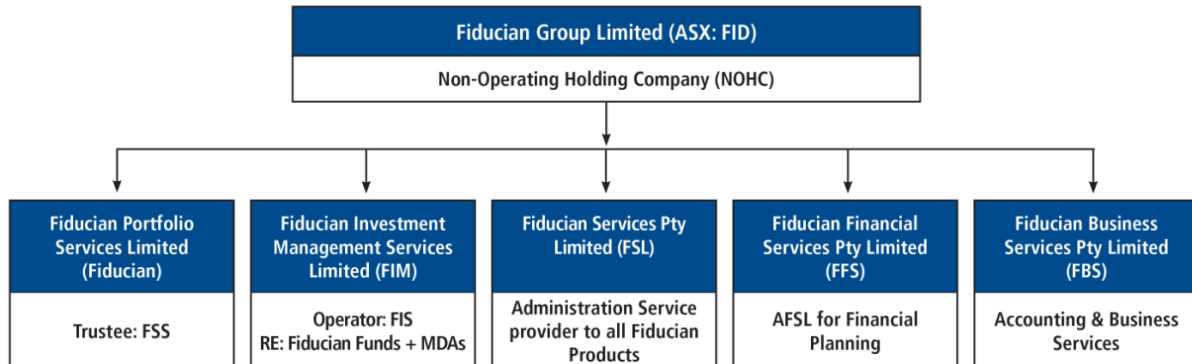
Once deductions are made for one off costs and non-cash items such as depreciation and amortisation, the Consolidated Reportable Profit after income tax for the 2015 financial year is \$4.62 million which still represents an increase of 16% in comparison to \$3.98 million for the prior year. On this basis, the EBITDA was \$7.45 million compared with \$6.76 million for the same period last year – an increase of 10%.



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In summary, all operational divisions contributed positively to the result. The Corporate Restructure was completed by end February after a difficult and time consuming exercise carried out to satisfy regulatory changes and recent superannuation legislation. The Board believes that it had complied with its obligations and managed potential or actual conflicts successfully since inception of the company; however, the Restructure brings Fiducian Group into the sphere of “best practice”. After the Restructure, the group now operates with the following model:



A number of new senior appointments have been made to support our corporate changes. A new Trustee Board has been established for Fiducian Superannuation Service, our public offer superannuation wrap fund with a majority of independent directors. In addition a Chief Risk Officer, General Manager Superannuation and 11 new financial planners and 11 support staff have been appointed to handle acquired financial planning businesses and expansion of the financial planner network. As a consequence, cash operating expenses have increased by 16.7% in 2015 (2014 decreased by 6.9%). The Board is comfortable with the increased staff numbers which should further add to the Group’s growth initiatives.

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

Our diversity policy encourages persons of different sexes, ethnic backgrounds, ages and skills to participate and receive recognition, reward and management responsibility commensurate with their performance. Some senior management positions changed during the year which allowed for a refreshing of some positions. Employees are from over 19 different countries of origin, 26.0% are over 55 years of age and 43.8% are female with 31% in senior roles.



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Capital Management

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

Final Dividend

The Board remains prudent, but is confident that the future of the business is positive and likely to continue to strengthen. As a result, a fully franked final dividend of 5.5 cents per share has been declared which will bring the total fully franked dividend declared for the 2015 financial year to 10 cents, an increase of 10% (2014: 9.1 cents). The final dividend will be paid on 24th September 2015 on issued shares held on 10th September 2015.

Acquisitions

Subsequent to the year end, we added to our existing salaried operations in Sydney by acquiring two financial planning client bases with around \$145 million under advice. The financial planners are now operating under Fiducian licence and contributions to revenue have begun from July this year. As acquisitions continue to assimilate into our processes, they should deliver increased revenue and demonstrate our disciplined approach to balancing growth and returns. Our funds under advice now stand at around \$1.71 billion. The two acquisitions above were partly acquired through the issue of shares to the value of \$612,000 to the vendors. The number of shares to be issued will be calculated at dates set in the respective contracts at the weighted volume market price of trades executed in the 30 days prior to issue date.

On Market Buy-Back

Over the year, Fiducian bought 14,500 shares on market (2014: 774,532) for a total consideration, including brokerage, of \$0.03 million (2014: \$0.91 million) at an average price per share of \$1.82 (2014: \$1.17). There are 30.883 million shares on issue at year end (2014: 30.758 million).

Cash Flow

Net operating cash flows of \$6.51 million were achieved (2014: \$5.86 million) – an increase of 11.1%. After adjusting for investing activities (\$2.5 million) and financing activities (\$2.8 million) net cash increased by \$1.18 million (2014: increase \$1.75 million). Cash at year end was \$12.4 million (2014: \$11.2 million). An amount of \$5.1 million is required for regulatory purposes. Business acquisitions should assist our future revenue and earning capacity.

Staff and Managing Director Options

In accordance with the terms and conditions of the approved Employee and Director Share Option Plan, no options will be issued to employees or the Managing Director in accordance with their contracts of employment.



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Financial Planning

During the year Funds under Advice grew from \$1.37 billion to \$1.71 billion as financial planner numbers, net inflow and financial markets lifted. Fiducian expects the highest level of compliance and client service from its financial planning network. Even though the generation of higher inflows is important, our commitment is to quality. As such, our extensive internal training programs, that differentiate our financial planners from the marketplace and enable them to deliver superior quality advice, continues. As a consequence and despite financial market volatility, client retention remains high.

As was the case through the year, our focus will remain at generating inflows through organic growth and inorganic growth, implying further acquisitions of financial planning client bases that satisfy our strict quality criteria.

Salaried Offices

Company owned offices with salaried financial planners are based in New South Wales, Victoria, Western Australia, Queensland and Tasmania and continue to contribute to overall results. Salaried offices now comprise over 52.6% of funds under advice. Acquisitions made have assimilated well into our existing presence in Tasmania and Sydney and should add to our results.

Franchised Offices

Franchised offices now comprise around 47.4% of our funds under advice. Another five franchisees were added during the financial year resulting in a total of 35 franchised financial planners nationally which we continue to assist through practice development. In addition, referral arrangements continue to be initiated with accountants, who themselves have shown an interest in holistic financial planning given regulation changes to Self-Managed Super Funds and planning advice. As such, an additional five accountants have joined our 'Associate' franchise program which can also convert them to a full operating franchise when educational requirements and training programs are completed.

Business Services

Fiducian Business Services (FBS) is our subsidiary established to provide support to accountants for bookkeeping, accounts preparation and self-managed superannuation fund administration. It now has two accounting practices which operate as Fiducian Accountants & Business Advisers (FABA) in New South Wales and Queensland. Cross referrals of our financial planning clients needing accounting help and our accounting clients needing financial planning help further supports Fiducian's value proposition of service to all our clients. Our Self-Managed Superannuation Fund administration facility has been showing steady growth in the number of funds administered and additional staffs have been appointed to maintain service quality.



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Platform Administration

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

Funds Under Administration

Funds under administration increased in total by 13.6 % to \$1.17 billion (2014: \$1.03 billion). Net Inflow continued to be positive from our aligned financial planners, both salaried and franchised.

Independent Financial Planners (IFAs)

Funds under administration for IFAs are around 7.0% of total funds under administration. Some IFAs have sold their businesses to other Dealer Groups, which generally have their own recommended product lists and platform arrangements which can result in funds being withdrawn from Fiducian. The bulk of our withdrawals are from IFAs, but we believe that the rate of IFA withdrawals has slowed as many of their clients have been with Fiducian for a long time. Efforts are underway to build new relationships and net inflow from non-aligned financial planner groups. Our full service offer, supported by last year's product restructure, could allow a non-aligned small dealer with a Fiducian relationship to become competitive against large scale financial planning dealer groups.

Corporate Superannuation

As advised last year, corporate superannuation and MySuper do not encourage personalised financial planning advice and therefore the fund has been closed. Those members who wished to stay with Fiducian were transferred to the Fiducian Superannuation Service.

Investment Management

Fiducian is a multi-asset, multi-style investment manager. We design Funds that seek to deliver above average returns over the short to medium term and deliver superior returns, compared with their peers, over the longer term.

Blending of underlying portfolios within asset sectors and tilts towards different managers' styles, depending on the economic cycle, also has the potential to reduce volatility. The investment team and investment committee remain confident that the Fiducian philosophy of liquidity and transparency will also benefit investors.

In investment performance surveys to 30 June, our diversified funds remain regularly in the top quartile or top of the second quartile over multiple time periods, which is what our investment process is designed to deliver. There were some notable performances over the last year for our flagship diversified funds. The Growth and Balanced Funds were ranked 3rd and 8th out of 188 funds, the Capital Stable Fund was ranked 5th out of 117 funds and the Ultra Growth Fund was ranked 2nd out of 113 funds. Returns from Fiducian specialist funds the Fiducian India Fund at 41%, and Fiducian Technology Fund at 41.2% were also pleasing.



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Information Technology

Fiducian Information Technology division has been busy with enhancements and delivering straight through processing functionality to FasTrack our administration system which provides greater control, efficiency and substantial cost savings and as well, opens up new business opportunities. These improvements are now in place and provide greater integration with our on-line reporting tools and financial planning software FORCE which is licensed to our aligned financial planning groups. Further improvements towards electronic application and processing are currently being considered.

Human Resources

Management and Staff

A number of staff changes occurred during the year, some through retirement and some through a career change. Key persons have been replaced by equally competent and energetic managers. Staff numbers have grown as advised above so has the management team on whom we place a great deal of reliance. Effective reporting processes are in place for all subsidiaries which enhance Group Board oversight of business activity. Key performance indicators have been identified for management in each area of the business which are used to monitor performance at least on a quarterly basis.

Planners Council, IT and Platform User Groups

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

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

Board of Directors

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



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Current Economic and Market Environment

Our economic analysis indicates that although there was some slowing of global activity early in calendar 2015 the general economic activity seems to be gradually improving. Widespread implementation of expansionary monetary stimulus has also dispelled the threat of deflation. Interest rates remain at record lows and sharp declines in the price of oil, in particular, could support domestic expenditure in developed economies. In Australia, the Federal Budget lifted business confidence with its tax support to small business. Unfortunately elevated corporate tax rates, a high minimum wage rate and rising electricity prices are holding back the economy. Nevertheless, we feel that the US should strengthen in 2016 and support world growth. China and India should continue to grow along with Japan and also Europe is showing some recovery. On the other hand, share markets now appear more fully valued than in recent times and some declines have occurred already while the spectre of an interest rate rise in the US remains. Interest rates remain low and even though some developed nations offer negative yields to investors in fixed interest securities, the mountain of cash continues to build. This environment sets the scene for potentially some renewed confidence in global economic activity and it could only be a matter of time before some of the cash on the sidelines returns to invest in the share markets.

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

Outlook

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

The revenue from recent business acquisitions has started to be received and should benefit the bottom line in this financial year. Additionally synergy benefits from these businesses are expected.

Expenditure controls and profits remain a priority. The Board intends to build scale quicker and a range of funding means may be explored to achieve acquisition momentum and deliver consistent double digit earnings growth in coming years.

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

Robert Bucknell
Chairman

Indy Singh
Managing Director