

1 March 2012

# Fiducian Drives Growth

Half-year results to 31 December 2011

- Continued strong balance sheet
- Consolidated profit after tax of \$1.144 million
- Half-year fully franked dividend at 2.50 cents per share
- \$2 million in acquisitions and 2 new offices

## **BUSINESS PERFORMANCE – Profitability maintained**

Fiducian Portfolio Services Limited (ASX: FPS), a leading Australian non bank aligned financial services organisation, has reported a consolidated after tax profit for the half-year, of \$1,144,000. Operating profit after tax for the six month period ending 30 June 2011 was \$2,195,000.

Despite ongoing financial market volatility and wider economic and political instability revenue has been sustained. Growth initiatives such as acquisitions, new products and system enhancement have caused costs to rise in the short term, however should support significant cost rationalisation and improved competitive advantage in the medium to long term.

The Fiducian business model is unique in that it captures the full value chain of financial planning, portfolio administration, funds management, knowledge processing and IT systems enabling it to grow steadily and profitably. Each business pillar contributes individually and jointly to our superior service offering to our clients.

As such the Directors have resolved to pay an interim fully franked dividend in respect of the December 2011 half-year of 2.50 cents per share, having paid a final dividend of 5.00 cents per share (fully franked) for the half-year to 30 June 2011.

## **MEDIA RELEASE**

### **DISTRIBUTION & 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. The search for quality Financial Planners and planning businesses continues.

Cash is being invested to acquire financial planning businesses now available at lower valuations and develop new offices in important locations where Fiducian did not have a salaried presence. In addition capital has been invested to expand into the accountancy business where Fiducian has developed a competitive advantage in processing tax work and envisages significant opportunity going forward.

Managing Director, Indy Singh said "We are now making acquisitions of client bases at reasonable earnings multiples when asset values are lower. Since February 2011, we have acquired five client bases and allocated around \$2 million of cash. In addition, two new offices in Western Australia and Queensland have consequently been established and are run by our salaried advisers".

Accountancy Resourcing through Fiducian Business Services is starting to build steady volumes through its accountancy resourcing division and has proven its potential by increasing the profitability of accounting practices that use its services. Singh said "As a consequence, our first accounting practice was acquired in May 2011. It has assimilated exceptionally well and is delivering expected revenues through organic growth supported by our resourcing operations. This is likely to become a fast growing area of our business".

### **ADMINISTRATION**

Our administration system enhancements are also being effected to reduce costs, improve administration efficiency and open opportunities that could allow us to better participate in the market for wrap administration services. Whilst enhancements and redesign has been expensed rather than capitalised, the appropriate investment in systems should provide Fiducian a competitive advantage and help to reduce cost in the coming years.

## MEDIA RELEASE

In terms of new product offerings, the Self Managed Fund Administration Service has also been developed over the course of the last financial year. Whilst cost has been incurred to allocate resources and ensure quality is in line with Fiducian's existing administration offerings, we anticipate usage to increase somewhat as an ancillary offering to the wrap platform by Fiducian advisers. Opportunity also exists to market the offering competitively to the segments of the IFA market.

### INVESTMENT MANAGEMENT

Our distinct Fiducian Funds, built around our in-house Manage-the-Manager Investment Management system, continues to attract a majority of retail funds placed with us and total around \$1 billion.

Currently our funds are well positioned to capture a share market recovery and are marginally weighted towards growth assets. We expect them to outperform defensive assets going forward and help clients recover the past unrealised losses they have endured.

In addition, the Fiducian India Fund continues to be available on a number of external wrap platforms in the market place and is being distributed to the IFA market.

Ends.

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