FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

Listing Rules 4.2A.3

Appendix 4D – Half year Report
Results for announcement to the market

Fiducian Group Limited (FGL)

1. Reporting period
Current reporting period - Half year ended 31 December 2019
Previous corresponding period - Half year ended 31 December 2018

2. Results for announcement to the market

Consolidated Results for the half year			$'000
	Previous Period 31/12/18	This Period 31/12/19	Change
Revenues from ordinary activities	$24,600	$27,795	+13%
Profit from ordinary activities after tax attributable to members	$5,004	$5,367	+7%
Net profit for the period attributable to members	$5,004	$5,367	+7%

Dividends	Amount per security	Franked amount per security
Paid 11/3/19 for half-year ended 31 Dec 2018	11.00 ¢	11.00 ¢
Paid 09/9/19 for half-year ended 30 June 2019	11.30 ¢	11.30 ¢
Dividend declared for half-year ended 31 Dec 2019	11.50 ¢	11.50 ¢
Record date for determining entitlements to the dividend:	02/03/2020	
Date that dividend is payable:	16/03/2020	

3. Net tangible assets

Net tangible assets per security	Previous period 31/12/2018	This period 31/12/2019
Net tangible assets $'000	$16,667	$13,701
Ordinary securities on issue at balance date *Net of shares bought back*	31,342,623	31,442,623
Net tangible assets per ordinary security	53.2¢	43.6¢

Brief explanation
The decrease in NTA is primarily due to cash paid to acquire intangible asset (~6 mil to acquire various client portfolios). The Net Assets per security without adjusting for intangibles are $1.17 (December 2018 $1.04)

4. Details of entities over which control was gained or lost during the period

Not applicable.

5. Dividends

The Directors have determined to pay an interim dividend of 11.50 cents per share, fully franked at 27.5%, amounting to $3,615,902. The dividend is to be paid on 16 March 2020.

There is no foreign sourced dividend or distribution attributable to this dividend.

6. Dividend reinvestment plan

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Not applicable.

9. Independent auditor's report subject to a modified opinion, emphasis matter or other matter

Not applicable.

The half-yearly report is to be read in conjunction with the most recent annual report.

Signed by (Director)	
Name and Date	I Singh 17/2/2020

FIDUCIAN
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Interim Financial Report

For the half-year ended 31 December 2019

FIDUCIAN GROUP LIMITED

Fiducian Group Ltd ABN 41 602 423 610

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Interim Financial Report

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Fiducian Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001

Financial Highlights

Fund Performance

Growth	**1**/168
Ultra Growth	**1**/107
Balanced	**3**/168
Cap Stable	**4**/107

Flagship funds performance ranking for five years to 31 December 2019 against all funds in the Morningstar survey

Acquisitions

$355 million
Funds Under Advice acquired in H1 2020

UNPAT

UNPAT up
13%
to $6.4m

FUMAA

FUMAA* up
$1.9 billion
(by 30%) to $8.2b

Dividends

Dividends for half-year up to
11.50 cents
per share

Financial Planners

73
Aligned Planners & Associates

Offices

38 Offices across Australia

Diversity

137 Staff around Australia from over **22** different countries of origin

*Funds Under Management, Advice and Administration

Directors' Report

Your directors are pleased to present their report on Fiducian Group Limited ("the Company") and its wholly owned operating entities (referred to hereafter as "the Group") for the half-year ended 31 December 2019.

Directors

The following persons were directors of the Company during the half-year and up to the date of this report:

Executive Chairman	I Singh
Non-Executive Directors	R Bucknell
	F Khouri
	S Hallab

Review of operations

The half-year ended 31 December 2019 witnessed a gradually slowing global economy and a contracting Australian economy prompting interest rate cuts by central bankers and also fiscal stimulus in certain instances. As a consequence, most major stock markets recovered from weakness and performed strongly in the last couple of months of the calendar year. A resolution to the US-China trade face off should support risk assets further. It appears that the worst could be behind us and the markets are expected to show growth in the coming months. With this favourable background the Company intends to continue on its growth and expansion plans and deliver consistent earning increases.

Financial highlights

Half-Year Ending 31 December	**2019**	**2018**	**% Change**
	$'000	$'000	
Operating Revenue	**27,795**	**24,600**	**13%** ↑
Fees and Charges paid	(7,484)	(6,396)	
Net Revenue	**20,311**	**18,204**	**12%** ↑
Gross Margin	73%	74%	
Underlying EBITDA (includes lease rent paid)	**8,904**	**7,946**	**12%** ↑
Underlying EBITDA Margin	32%	32%	
Depreciation	(100)	(48)	
Tax on underlying earnings	(2,373)	(2,191)	
Underlying NPAT (UNPAT)	**6,431**	**5,707**	**13%** ↑
Amortisation	(1,008)	(703)	
Add back lease rent paid	233	-	
Less AASB16 lease depreciation	(249)	-	
Less AASB16 interest on lease liabilities	(40)	-	
Statutory NPAT	**5,367**	**5,004**	**7%** ↑
Basic EPS based on UNPAT (in cents)	**20.4**	**18.2**	**12%** ↑
Basic EPS based on NPAT (in cents)	**17.1**	**16.0**	**7%** ↑
Funds under Management, Advice and Administration (FUMAA) ($ in millions)	**8,203**	**6,301**	**30%** ↑

Directors’ Report

Business performance

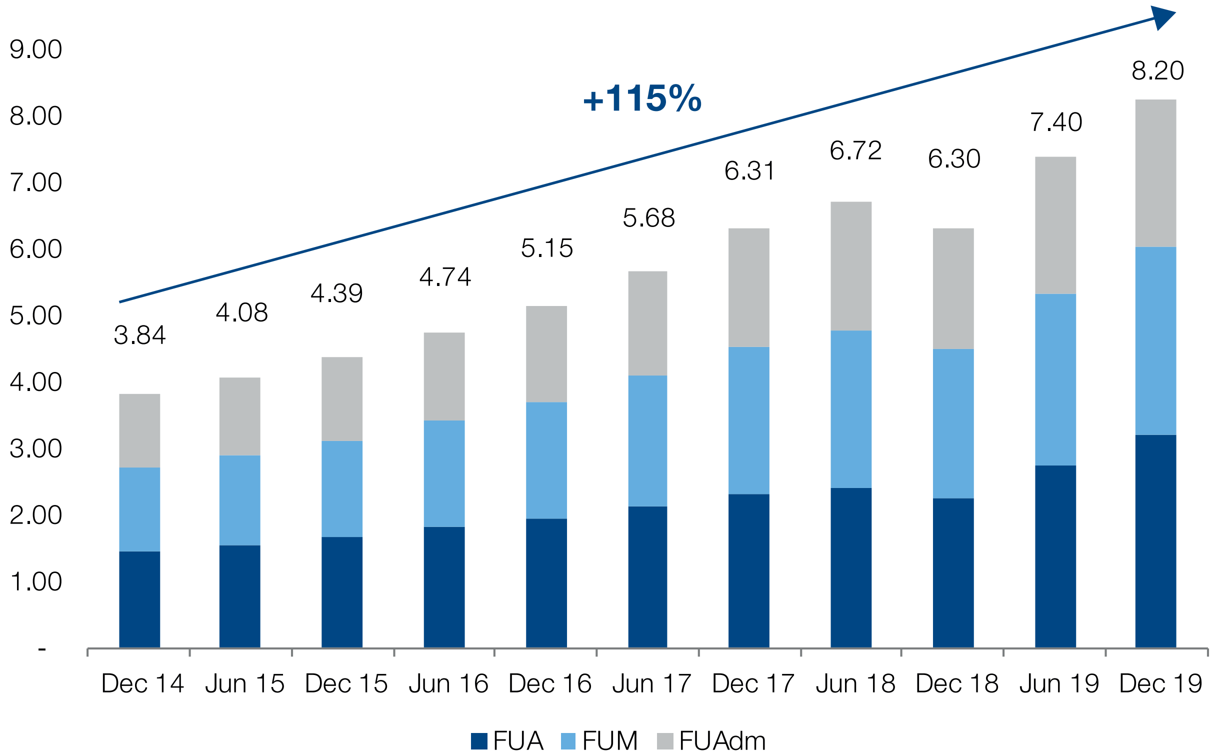
Consolidated Operating Revenue increased by 13% and consolidated Net Revenue increased by 12%. Gross Margin at 73% was marginally lower by 1% compared to the corresponding 2018 period.

During the half-year Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) increased by 12% to $8.90 million. Underlying Net Profit After Tax (Underlying NPAT) was $6.43 million, an increase of 13% over the corresponding 2018 period. This represents underlying earnings per share of 20.4 cents for the half-year ended 31 December 2019. Underlying NPAT does not include the new AASB16 lease accounting adjustment and therefore gives transparency to the Group’s cash generating ability.

Expense management

Expenditure has increased over the half-year and has been absorbed within the results. Specifically, there were increases in our staff numbers in two main areas. The first area of increase was in salaried financial planners and their support staff, mainly due to acquisitions. The second area was in staff for product distribution and recruitment of financial planners. Both are potentially revenue generating and should be beneficial to the Company in coming years. An outcome from the Royal Commission was the additional audit of financial planner compliance which became necessary resulting in higher audit fees. In addition, insurance premiums for financial planners was ratcheted up significantly by insurers. Management strives to control expenses stringently where possible.

FUMAA (in $ billion)



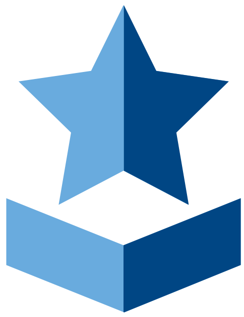
Funds under Management, Administration and Advice (FUMAA) has grown by 31% over the year to $8.2 billion at 31 December 2019.

Directors' Report

Funds Under Administration (FUAdm)

As at 31 December 2019, FUAdm on the Fiducian platforms were $2.23 billion (30 June 2019: $2.06 billion) an increase of around 8.3 % over the last six months. We continue to experience modest levels of net fund inflows driven by our salaried and franchisee financial planners. We sense that a positive sentiment towards financial planning is returning and following on from our promotional efforts to clients of acquired businesses, we expect inflows in the next 6 months to be higher than those of the first half of the financial year. The Board continues to pursue a structural growth strategy which has resulted in white label platform administration for external groups rising to over $28 million at 31 December 2019. New staff have been deployed to grow this part of our business.

Funds Under Management (FUM)



Our in-house Manage-The-Manager system of investment continues to attract the majority of retail funds placed with us. The Fiducian Funds have consistently performed well over the medium to long term in their respective categories as we diversify assets through a range of underlying fund managers to reduce volatility. Over a five year return period to December 2019, the Morningstar Investment Performance Survey ranked the performance of the Growth and Balanced Fund respectively 1st and 3rd out of 168 funds, while the Ultra Growth Fund was ranked 1st out of 107 funds and the Capital Stable Fund ranked 4th out of 107 funds. At 31 December 2019, assets in Fiducian Funds were $2.83 billion (30 June 2019: $2.60 billion), an increase of around 8.8% over the last 6 months.

Funds Under Advice (FUA)

At 31 December 2019, FUA were $3.14 billion (30 June 2019: $2.74 billion), an increase of around 14.6% over the last six months primarily driven by acquisitions of financial planning businesses and rising financial markets. The Board is supportive of growth by acquisition in the current environment with new franchises being added after a robust due diligence process. During the period, the Group acquired $355 million of FUA for our salaried and franchisee planners. The best interest of some of these clients should be better served by the Fiducian investment process and substantial work is being done to convey this message to them. Once assimilated into our processes, they should start to contribute positively to our revenue in the following six months. In addition marketing efforts are continuing to attract new clients and build the distribution base with quality financial planners.

Information Technology

The Information Technology division’s attention remains firmly focused on enhancements and delivering straight-through-processing functionality to ‘FASTrack’, our administration system, with a view to increasing efficiency, saving processing time and integrating with our on-line reporting tools and financial planning software, ‘FORCe’. Enhancements to FORCe include a leading edge workflow system that creates efficiency for all financial planner activities and provides the transparency required for greater compliance monitoring, a much sought after goal in the current climate of our industry. Additional staff have been added to expedite transitioning of acquired client databases into FORCe. This is critical to ensure compliance with regulatory requirements and, as well, encouraging new financial planners to embrace our methodologies quickly without disruptions. Going forward, this business unit has the potential to become a revenue generator for the Group.

Community support

Fiducian continues to support the Vision Beyond AUS charity, which received public benevolent institution status in 2019. As at 31 December 2019, the Charity has funded 37,741 free eye surgeries for people living in poverty through seven hospitals in locations spread out over India, Myanmar, Nepal and Cambodia.

Employee diversity

Fiducian is an equal opportunity employer. Our diversity policy encourages persons of different race, gender, sexual preference, religion, national or ethnic origin, age or disability and skill to participate and receive recognition, reward and management responsibility commensurate with their performance. Employees are from 22 different countries of origin, 48% are female with 27% in senior roles and 24% are over 55 years of age.

Issued capital

As at 31 December 2019, the parent entity had 31,442,623 ordinary shares on issue. Between 1 July 2019 and 31 December 2019, the Company did not purchase or cancel any ordinary shares on-market. As at 31 December 2019, 478,255 shares remained available to be repurchased under the most recently announced buy back notice to the ASX.

During the half-year ended 31 December 2019, the Company did not issue any new shares to the Executive Chairman. However, as at 31 December 2019, a parcel of 35,000 options remains on issue to the Executive Chairman at an exercise price of $4.35 which may be exercised by 25 October 2023.

Directors' Report

Current economic outlook

The global economy is forecast to expand by 3.3% in 2020, after having grown by an estimated 2.9% in 2019, which was well below the growth rate of 3.6% achieved in 2018, according to the International Monetary Fund (IMF). While a modest global pickup is forecast for 2020, the advanced economies as a whole are expected to grow by only 1.6%, compared with forecast growth of 4.4% for the developing world. In the developed world, most European economies, as well as Japan, are expected to under-perform the US. In its latest report (January 2020), the IMF emphasises that 'downside risks remain prominent'.

The IMF, however, is forecasting growth of 1.3% for the Euro area and 2.0% for the US. In its October report, the IMF notes that 'over the medium term, growth in advanced economies is projected to remain subdued, reflecting a moderate pace of productivity growth and slow labour force growth as populations age'. In China, where growth remains robust (forecast to be 6.0% in 2020), 'growth is projected to continue to slow gradually in coming years, reflecting a decline in the growth of the working-age population'. Meanwhile India's economic growth came in at 4.8% in 2019, but future growth could be higher on the back of an expanding work force.

The Australian economy remained sluggish in the September quarter, growing by only 0.48%. However, exports continued to contribute to growth, mainly due to larger mining volumes and elevated prices for our largest export items, iron ore and coal, with China taking a significant share. Domestically though, households have been feeling the squeeze from low growth in after-tax income and rising household costs (such as electricity), although three interest rate cuts by the Reserve Bank during the year have put a floor under house prices and provided some relief from mortgage stress.

Most major share markets enjoyed a solid lift in the latter part of 2019, following on from a very strong first half (in contrast to a weak 2018). More expansionary monetary policy, particularly in the US, where the central bank cut interest rates in 2019 and added some liquidity to the financial system ('quantitative easing' or 'QE') and also more recently in Europe, has been boosting share markets. While recent market strength has lifted valuations, ongoing solid growth in corporate earnings in many jurisdictions points to potential further market upside over the coming year. Severe drought and bushfires have impacted agriculture and tourism, and may give the Reserve Bank of Australia additional reasons to cut interest rates further during 2020.

The recent announcement by the World Health Organisation that Coronavirus has reached epidemic proportions is a matter of concern, which could adversely affect global economic activity due to a reduction in trade and tourism.

Over the past year, major global government bond markets have seen little net movement in yields (interest rates), which remain close to historical lows. Overall, most bond markets continue to appear expensive.

Directors’ Report

Dividend

After consideration of the economic environment, rising levels of free cash that can sufficiently support manageable acquisition strategies and the strength of the company’s debt-free statement of financial position, the directors have resolved to pay an interim fully franked dividend in respect of the half-year ended 31 December 2019 of 11.5 cents per share, an increase of 4.5% over that of 31 December 2018. This falls within its policy range to pay between 60-70% of statutory NPAT.

Dividend History		($ in thousands)
Paid - 9/9/19	11.30 cents fully franked	3,553
Paid - 11/3/19	11.00 cents fully franked	3,448
Paid - 12/9/18	11.00 cents fully franked	3,448
Paid - 15/3/18	9.00 cents fully franked	2,814
Paid - 13/9/17	8.90 cents fully franked	2,783
Paid - 13/3/17	7.10 cents fully franked	2,220
Paid - 12/9/16	7.00 cents fully franked	2,180
Paid - 14/3/16	5.50 cents fully franked	1,711
Paid - 24/9/15	5.50 cents fully franked	1,706
Paid - 26/3/15	4.50 cents fully franked	1,390

Auditor’s independence declaration

A copy of the auditors’ independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class order 2016/191 issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the Directors’ report and financial report. Amounts in the Directors’ report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise specified.

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

Inderjit (Indy) Singh
Executive Chairman

Sydney, 17 February 2020

Auditor's Independence Declaration

As lead auditor for the review of Fiducian Group Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fiducian Group Limited and the entities it controlled during the period.

Darren Ross
Partner
PricewaterhouseCoopers

Sydney
17 February 2020

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Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2019

	Half-Year to 31 December	
	2019	**2018**
	$'000	$'000
Revenue from ordinary activities	27,795	24,600
Payment to advisers and service providers	(7,484)	(6,396)
Employee benefits expense	(7,979)	(6,560)
Depreciation and amortisation expense	(1,357)	(751)
Other expenses	(3,235)	(3,698)
Profit before income tax	**7,740**	**7,195**
Income tax expense	(2,373)	(2,191)
Profit after income tax	**5,367**	**5,004**
Other comprehensive income for the half-year, net of tax	**-**	**-**
Total comprehensive income for the half-year attributable to the owners of Fiducian Group Limited	**5,367**	**5,004**

Earnings per share		
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company:		
Basic earnings per share	17.07 cents	15.98 cents
Diluted earnings per share	17.05 cents	15.93 cents

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

Consolidated Statement of Financial Position
as at 31 December 2019

	31 December 2019	30 June 2019
	$'000	$'000
ASSETS		
Current assets		
Cash and cash equivalents	12,761	11,792
Trade and other receivables	5,882	8,694
Total current assets	18,643	20,486
Non-current assets		
Loan receivables	5,975	5,150
Property, plant and equipment	664	172
Right-of-use assets	7,595	-
Intangible assets	22,939	20,081
Total non-current assets	37,173	25,403
Total assets	**55,816**	**45,889**
LIABILITIES		
Current liabilities		
Trade and other payables	7,480	7,939
Lease liabilities	1,625	-
Current tax liabilities	859	696
Total current liabilities	9,964	8,635
Non-current liabilities		
Net deferred tax liabilities	2,512	1,960
Lease liabilities	6,022	-
Provisions	678	468
Total non-current liabilities	9,212	2,428
Total liabilities	**19,176**	**11,063**
Net assets	**36,640**	**34,826**
EQUITY		
Contributed equity	7,636	7,636
Reserves	22	22
Retained profits	28,982	27,168
Total equity	**36,640**	**34,826**

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

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2019

	Contributed Equity	Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000
Half-year to 31 December 2019				
Balance at the beginning of the half-year	**7,636**	**22**	**27,168**	**34,826**
Comprehensive income for the half-year	-	-	5,367	5,367
Transactions with equity holders in their capacity as equity holders				
Dividends paid	-	-	(3,553)	(3,553)
Transfer to equity on exercise of options	-	-	-	-
Shares issued	-	-	-	-
Total transactions with equity holders	-	-	(3,553)	(3,553)
Balance at the end of the half-year	**7,636**	**22**	**28,982**	**36,640**
Half-year to 31 December 2018				
Balance as at 30 June 2018	**7,041**	**130**	**23,960**	**31,131**
Change on initial application of AASB 9	-	-	(366)	(366)
Restated balance at the beginning of the half-year	**7,041**	**130**	**23,594**	**30,765**
Comprehensive income for the half-year	-	-	5,004	5,004
Transactions with equity holders in their capacity as equity holders				
Dividends paid	-	-	(3,448)	(3,448)
Transfer to equity on exercise of options	-	(57)	57	-
Shares issued	218	-	-	218
Total transactions with equity holders	218	(57)	(3,391)	(3,230)
Balance at the end of the half-year	**7,259**	**73**	**25,207**	**32,539**

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

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2019

	Half-Year to 31 December	
	2019	**2018**
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	31,010	29,625
Payments to suppliers and employees (inclusive of goods and services tax)	(22,751)	(21,913)
	8,259	**7,712**
Interest received	167	248
Income taxes paid	(2,505)	(3,432)
Net cash inflow from operating activities	**5,921**	**4,528**
Cash flows from investing activities		
Payment instalments for acquired client portfolios	(720)	(721)
Net (payment)/repayments of principal and interest (to)/from financial planners	102	158
Other payments	(588)	(19)
Net cash outflow from investing activities	**(1,206)**	**(582)**
Cash flows from financing activities		
Lease principal payments	(193)	-
Proceeds on issue of shares	-	218
Dividends paid	(3,553)	(3,448)
Net cash outflow from financing activities	**(3,746)**	**(3,230)**
Net increase in cash and cash equivalents	**969**	**716**
Cash and cash equivalents at the beginning of the half-year	11,792	13,885
Cash and cash equivalents at the end of the half-year	**12,761**	**14,601**

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

Notes to the Financial Statements

1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Act 2001.*

This interim financial report does not include all the information and disclosures required in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX listing rules.

Figures presented in this report are subject to rounding.

Compliance with IFRS

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

The accounting policies adopted in the preparation of these interim financial statements are consistent with those of the previous financial year except for the adoption of new accounting standards that became effective from 1 July 2019. The Group has applied AASB 16 *Leases* for the first time for these interim financial statements. Changes to the Group's key accounting policy with regard to leases are described under the next heading in this note. Other than gross-ups of the lease assets & liabilites in the opening statement of financial position, the adoption did not affect the amount recognised in previous periods.

Management is aware that certain new accounting interpretations have been published and since they are not mandatory for the 31 December 2019 reporting period, these interpretations have not been considered in the preparation of these financial statements.

Implementation of new accounting standards effective in the current period

AASB 16 *Leases*

AASB 16 *Leases* replaced AASB 117 *Leases* for all financial years commencing after 1 January 2019, removing the distinction between operating and financing leases.

Primarily impacting the accounting by lessees, the new standard requires the recognition of almost all leases on the statement of financial position. The Group has adopted this standard from 1 July 2019 and applied the simplified approach, which does not require restatement of comparative information. The key changes of this standard that have impacted the accounting policies are summarised below:

Recognition of operating leases on the statement of financial position

From 1 July 2019, the Group has recognised right-of-use assets offset by corresponding lease liabilities recognised in respect of its rented premises from the date at which the premises became available for use by the Group. The assets and liabilities arising from the operating leases are initially measured on a present value basis.

The lease liabilities as at the commencement date include the net present value of the following lease payments:

- Any fixed payments less any lease incentives received/receivable
- Variable lease payments based on an index or rate, initially measured using that index or rate at commencement
- Amount expected to be payable by the Group under a residual value guarantee
- Payments of penalties for termination of the lease, if the lease term reflects the group exercising the renewal option and
- Exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Restoration costs

The associated right-of-use assets for properties were measured at the amounts equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised on the balance sheet at 30 June 2019.

Notes to the Financial Statements

Recognition of operating leases in the profit and loss account and statement of cash flows

The right-of-use assets are depreciated from the commencement date to the earlier of the end of the useful life of a right-of-use asset and the end of the lease term (including the extension option where applicable) on a straight-line basis. In determining the lease term, management has considered all facts and circumstances that create an economic incentive to exercise the extension option. If the Group is reasonably certain that it will exercise the option to renew the lease then the extended period has been taken into consideration for calculating the depreciation amount. The right-of-use asset held by the Group may be subsequently adjusted for any remeasurement of the lease liability to reflect any reassessment or lease modifications identified, or to reflect revised in-substance fixed lease payments.

The lease payments are discounted using the interest rate implicit in the lease or, where that is not available, by using the lessee's incremental borrowing rate payable to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Under the new standard, the lease payments are allocated between the principal and finance cost. The operating expense in respect of lease payments in the profit and loss account has been replaced by the finance cost, calculated by applying the incremental borrowing rate on the remaining balance of the lease liability, and the depreciation cost for the right-of-use asset. This has typically resulted in higher expenses in earlier years and lower expenses in later years with flow on impacts to key metrics like EBITDA and NPAT etc. Operating cash flows in the statement of cash flows are higher under this standard as only the finance cost component is treated as an operating cash outflow in the statement of cash flows while the principal payment has been treated as a financing cash outflow.

Payments associated with short-term leases of equipment and premises with a lease term of less than 12 months continue to be recognised on a straight line basis as an expense in the profit and loss account.

2. Segment information

The business activities of the Group have been split into business segments based on legal entities and reviewed by management accordingly.

Business segments:

Funds Management

The Group acts as the operator of an Investor Directed Portfolio Service, the Fiducian Investment Service, and as the Responsible Entity for managed investment schemes and separately managed accounts through its subsidiary Fiducian Investment Management Services Limited.

Financial Planning

The Group continues its specialist financial planning services through its subsidiary, Fiducian Financial Services Pty Ltd.

Corporate and Administration

Administration and professional services are provided to the Group by a subsidiary, Fiducian Services Pty Ltd. Management view this as an operating segment. The operations of Fiducian Portfolio Services Ltd, which acts as an Registrable Superannuation Entity (RSE) of a public offer superannuation fund, and Fiducian Business Services Pty Ltd, which provided distribution activities in the current period, but in the prior period provided accountancy services for the Group, have been aggregated in this segment as management have concluded that these segments do not meet the quantitative thresholds required by AASB 8 Operating Segments.

Geographical segments:

The Group operates in the geographical segments of Australia and India. The Indian operations, which are in the course of winding up, are not considered material for a separate geographical segment disclosure.

Notes to the Financial Statements

	Funds Management	Financial Planning	Corporate, Administration & Other	Consolidated
	$'000	$'000	$'000	$'000
Half-Year 2019				
Revenue from external customers	9,826	9,917	7,373	27,116
Intersegment sales	(2,295)	(300)	2,595	-
Other revenue	37	621	21	679
Total revenue	7,568	10,238	9,989	27,795
Profit from ordinary activities before income tax expense	4,692	(916)	3,964	7,740
Income tax expense				(2,373)
Profit from ordinary activities after income tax expense				5,367
Total Assets	9,652	36,174	9,991	55,816
Total Liabilities	4,145	10,517	4,514	19,176
Half-Year 2018				
Revenue from external customers	8,662	7,915	7,276	23,853
Intersegment sales	(1,864)	(300)	2,164	-
Other revenue	61	621	65	747
Total revenue	6,859	8,236	9,505	24,600
Profit from ordinary activities before income tax expense	4,201	(254)	3,248	7,195
Income tax expense				(2,191)
Profit from ordinary activities after income tax expense				5,004
Total Assets	8,416	23,617	9,246	41,279
Total Liabilities	3,377	4,276	1,087	8,740

Notes to the Financial Statements

	Funds Management	Financial Planning	Corporate, Administration & Other	Consolidated
	$'000	$'000	$'000	$'000
Disaggregration of revenue from external customers				
Half-Year 2019				
Platform administration	-	-	7,324	7,324
Corporate and business services	-	-	49	49
Salaried adviser fees	-	4,610	-	4,610
Franchised adviser fees	-	5,307	-	5,307
Fund management fees	9,826	-	-	9,826
Total Revenue from external customers	9,826	9,917	7,373	27,116
Half-Year 2018				
Platform administration	-	-	7,073	7,073
Corporate and business services	-	-	203	203
Salaried adviser fees	-	3,532	-	3,532
Franchised adviser fees	-	4,383	-	4,383
Fund management fees	8,662	-	-	8,662
Total Revenue from external customers	8,662	7,915	7,276	23,853

3. Dividends

	Half-Year to 31 December	
	2019	**2018**
	$'000	$'000
Ordinary shares		
Dividend paid during the half-year	3,553	3,448
Dividend not recognised at the end of the half-year		
In addition to the above dividend, since the end of the half-year the directors have resolved to pay an interim dividend of 11.50 cents per fully paid ordinary share (2018 - 11.00 cents), fully franked based on tax rate of 27.5%. The aggregate amount of this dividend is to be paid on 14 March 2020 out of retained profits at 31 December 2019, but not recognised as a liability at the end of the half-year, is:	3,616	3,448

Notes to the Financial Statements

4. Business Combination

	Half-Year to 31 December		
	2019	**2019**	**2018**
	$	$	$
During the period the Group made the following acquisitions:			
Segment	Financial Planning	Financial Planning	Financial Planning
Fiducian entity	Fiducian Financial Services Pty Ltd	Fiducian Financial Services Pty Ltd	Fiducian Financial Services Pty Ltd
Date	16/07/2019	1/07/2019	Various
Purchased	Client Portfolio	MyState Retail Financial Planning Business	Client Portfolio
Vendor staff employed by Group	No	Yes	Yes
Maximum purchase price	361,942	2,566,268*	617,567
Paid by reporting date	-	2,566,268	446,417
Deferred consideration at reporting date	102,815	-	171,150
Value attributed on the Statement of Financial Position as at reporting date	100%	100%	100%
Business combination or asset only	Combination	Combination	Combination
Provisional Fair value of assets recognised as a result of acquisition are as follows:			
Intangible assets	361,942	2,566,268	617,567
Deferred Tax Liabilities	(108,582)	(769,880)	(185,270)
Net Identifiable intangible assets acquired	253,360	1,796,388	432,297
Goodwill on acquisition	108,582	769,880	185,270
Net Assets Acquired	361,942	2,566,268	617,567

* Net of $925,064 relating to the Launceston portion of the acquisition of the MyState business that was transferred (effective 1 July 2019) to Fiducian's Launceston franchisee to support the expansion of that franchise.

While each acquisition is considered on its own merits, a number of synergies are expected to result once the business combination has been fully implemented and for which goodwill is recognised in the books, The synergy results from leveraging the existing scale Fiducian has from its infrastructure in Risk, Compliance, IT, Legal, Finance and other support functions, products and processes.

The acquired businesses have commenced contributing to the Group's current year profits, though the business is still in the process of being assimilated into the Fiducian structure. Management estimates the revenue impact of $875,000 from the acquisitions for the period ended 31 December 2019. It is not practicable to estimate the profit contribution given the significant change in the cost bases to the operation of the business once within the Fiducian Group.

Under the terms of agreement for acquisitions other than the MyState acquisition, any outstanding deferred consideration may be reduced in respect of any clients that have not transferred to the Group within the period specified in the agreements or should the recurring income be lower than that contracted.

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of the MyState Retail Financial Planning Business. In particular, the allocation of goodwill to cash generating units has only been determined provisionally due to the larger size of the acquisition.

Notes to the Financial Statements

5. Impact of implementation of AASB 16 *Leases*

This note explains the changes in accounting policy and the impact of the reclassification and adjustments arising from the new leasing rules on the opening statement of financial position as at 1 July 2019 and the financial statements for the period ended 31 December 2019.

The Group's leasing activities relates to various office premises and office equipment leased for its salaried offices around the country. Rental contracts are typically for a fixed period of 3 to 7 years but may have extension options. Lease terms for office premises are negotiated on an individual basis and contain a wide range of different terms and conditions while the equipment lease is negotiated on an aggregate basis.

Change in Accounting Policy

Prior to 1 July 2019 under the previous standard AASB 117 *Leases*, leases were classified as operating leases and were not required to be disclosed in the statement of financial position but are shown as lease commitments as a note to the accounts. Payments under these operating leases were charged to the statement of comprehensive income on a straight-line basis over the period of lease. On adoption of AASB 16, the Group is required to recognise the lease liabilities and associated right-of-use asset relating to property and equipment leases in the statement of financial position. The lease liabilities have been measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019 which was 6%. The associated right-of-use asset for the property and equipment leases was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised on the statement of financial position as at 30 June 2019. There are no separate right-of-use assets or lease liabilities presented on the statement of financial position. Details have been disclosed in the latter portion of this note to the financial statements. Each lease payment has been allocated between repayment of the lease liability and a finance cost. The finance cost is charged to the statement of comprehensive income over the period of lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the asset's useful life and lease term on a straight-line basis.

In applying AASB 16 for the first time the standard permits, as a practical expedient, reliance on the lease assessment conducted under the previous standard AASB 117. The Group therefore was not required to re-assess contracts on transition date to identify the existence of leases. Other expedients that are used in applying AASB 16 include: (a) same discount rate for all salaried offices that are long term leases as at the initial application date. (b) leases terminating within 12 months of the initial application date are treated as short term leases.

(i) Lease Liabilities recognised in the opening statement of financial position	**2019**
	$'000
Operating lease commitments disclosed as at 30 June	1,110
Discounted using the Group's incremental borrowing rate on initial application	1,052
Add: Dismantling cost discounted using the Group's incremental borrowing rate	130
Less: Short term lease recognised as expense	(429)
Lease liability recognised in the opening statement of financial position on 1 July	753

Notes to the Financial Statements

(ii) Amount recognised in the Statement of Financial Position	1 Jul 2019	31 Dec 2019
	$'000	$'000
Right-of-use asset		
Property	753	7,099
Equipment	-	496
	753	7,595
Lease Liabilities		
Current	355	1,625
Non-current	398	6,022
	753	7,647
Deferred tax Assets	226	2,286
Deferred tax Liabilities	226	2,278

(iii) Amount recognised in the Statement of Comprehensive Income	6 months ended 31 Dec 2019
	$'000
Depreciation relating to the right-of-use assets (Shown under depreciation and amortisation expenses)	249
Interest Expense (Shown under other expenses)	40
Expense relating to short term leases	429

(iv) Total Cash outflows relating to operating leases	31 Dec 2019
	$'000
Operating leases on premises	233

(v) Earnings per share impact on implementation of AASB 16

Earnings per share decreased by 0.2 cents per share for the half-year ended 31 December 2019

(vi) Other disclosures

On the 5th December 2019, the Group entered into an agreement to renew the lease on its existing office premises in Sydney for a further period of 5 years with effect from 1 February 2020. In accordance with the requirements of AASB 16, the right-of-use asset and corresponding lease liability of $5.9 million has been recognised in the Statement of Financial Position as at 31 December 2019. Cash flows for the year ended 30 June 2020 will reduce by $100,000 in respect of the rent increase from the new lease for the remaining 5 months of the year from 1 February 2020.

6. Events occurring after the balance date

There has not arisen in the interval between the balance date and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the directors of the Group to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years.

7. Contingent Liabilities

Guarantees

The Group had contingent liabilities at 31 December 2019 in respect of bank guarantees for property leases of parent and group entities amounting to $818,753 (30 June 2019: $602,547).

Directors' Declaration

In the directors' opinion:

(a) The financial statements and notes set out on pages page 9 to page 19 are in accordance with the Corporations Regulations 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) There are reasonable grounds to believe that Fiducian Group Limited will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Inderjit (Indy) Singh

Executive Chairman

Sydney, 17 February 2020

Independent Auditor's Review Report to the Members

Independent auditor's review report to the members of Fiducian Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Fiducian Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fiducian Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independent Auditor's Review Report to the Members

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fiducian Group Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Darren Ross

Partner

Sydney

17 February 2020

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Macarthur
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Sydney CBD
Windsor
Wynyard

NSW - Regional

Bathurst
Caves Beach
Coffs Coast
Gosford
Hunter
Maitland
Newcastle
Nowra
Southern Highlands
Tamworth

ACT

Canberra

QLD

Bayside
Buderim
Caboolture
Noosa Hinterland
Sunshine Coast
Toowoomba

VIC

Colac
Geelong
Ivanhoe
Mt Waverley
Ringwood
Sale
St Kilda
Sunbury
Surrey Hills

TAS

Devonport
Hobart
Launceston

WA

Osborne Park
South Perth

Share register

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Sydney NSW 2000

Auditor

PricewaterhouseCoopers
Chartered Accountants

One International Towers
Watermans Quay, Barangaroo
Sydney NSW 2000

Bankers

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388 Collins Street
Melbourne VIC 3000

National Australia Bank Limited
500 Bourke Street
Melbourne VIC 3000

Australian Securities Exchange listing

Fiducian Group Limited (ASX:FID)

Website address

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