

1. Company details

| | |
|-------------------|------------------------------------------|
| Name of entity: | Managed Accounts Holdings Limited |
| ABN: | 34 128 316 441 |
| Reporting period: | For the half-year ended 31 December 2017 |
| Previous period: | For the half-year ended 31 December 2016 |

2. Results for announcement to the market

| | | | \$ |
|---------------------------------------------------------------------------------------------------------|------|-----------|-------------|
| Revenues from ordinary activities | up | 43.9% to | 4,749,894 |
| Loss from ordinary activities after tax attributable to the owners of Managed Accounts Holdings Limited | down | 390.6% to | (1,157,383) |
| Loss for the half-year attributable to the owners of Managed Accounts Holdings Limited | down | 390.6% to | (1,157,383) |

Dividends

| | Amount per security \$ | Franked amount per security \$ |
|-----------------------------------------------------------------------------|---------------------------|-----------------------------------|
| Interim dividend for the quarter ended 30 June 2017, paid on 23 August 2017 | 0.002 | - |

Comments

Refer to the attached Directors' report and Review of operations section for further explanation.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|-------------------------------------------|---------------------------|--------------------------|
| Net tangible assets per ordinary security | <u>2.27</u> | <u>3.74</u> |

4. Control gained over entities

| | |
|-----------------------------------------|--------------------------------------------------------|
| Name of entities (or group of entities) | Linear Financial Holdings Pty Ltd and its subsidiaries |
| Date control gained | 16 November 2017 |

| | \$ |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) | (120,930) |
| Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material) | - |

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

| | Amount per security \$ | Franked amount per security \$ |
|-----------------------------------------------------------------------------|---------------------------|-----------------------------------|
| Interim dividend for the quarter ended 30 June 2017, paid on 23 August 2017 | 0.002 | - |

Previous period

| | Amount per security \$ | Franked amount per security \$ |
|------------------------------------------------------------------------------------|---------------------------|-----------------------------------|
| Interim dividend for the quarter ended 30 June 2016, paid on 23 August 2016 | 0.002 | - |
| Interim dividend for the quarter ended 30 September 2016, paid on 22 November 2016 | 0.002 | - |

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

| Name of associate / joint venture | Reporting entity's percentage holding | | Contribution to profit/(loss) (where material) | |
|---------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------|------------------------------------------------|-----------------------|
| | Reporting period % | Previous period % | Reporting period \$ | Previous period \$ |
| McGregor Wealth Management Pty Ltd (Joint Venture) | 49.90% | 49.90% | - | - |
| <i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i> | | | | |
| Profit/(loss) from ordinary activities before income tax | | | - | - |

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

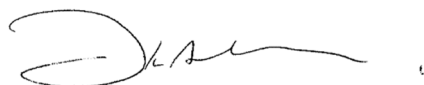
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Managed Accounts Holdings Limited for the half-year ended 31 December 2017 is attached.

12. Signed



Signed _____

Date: 28 February 2018

Don Sharp
Executive Chairman
Sydney

Managed Accounts Holdings Limited – (ASX Code: MGP)
ACN 128 316 441

Half Yearly Report

For the half year ended 31 December 2017



Managed Accounts Holdings Limited

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31 December 2017



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Managed Accounts Holdings Limited**Corporate directory****31 December 2017**

| | |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors | Donald Sharp - Chairman Peter Brook Alexander Hutchison Colin Peterson Stephen Reed |
| Company secretaries | Jillian McGregor Craig Griffin - appointed joint company secretary on 23 November 2017 |
| Registered office | Level 5 28 Margaret Street Sydney NSW 2000 Tel: 1800 446 971 |
| Share register | Registry Direct Level 6 2 Russell Street Melbourne VIC 3000 Tel: 1300 556 635 |
| Auditor | Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000 |
| Solicitors | K&L Gates Level 31 1 O'Connell Street Sydney NSW 2000 Coleman and Greig Level 11 100 George Street Parramatta NSW 2150 |
| Stock exchange listing | Managed Accounts Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: MGP) |
| Website | www.managedaccounts.com.au |

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Managed Accounts Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of Managed Accounts Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Donald Sharp - Chairman
 Peter Brook
 Alexander Hutchison
 Colin Peterson
 Stephen Reed

Appointed 23 November 2017
 Appointed 23 November 2017

Principal activities

The principal activities of the Group were the provision of investment administration services and investment administration technology solutions.

Dividends

Dividends paid during the financial half-year were as follows:

| | Consolidated | |
|------------------------------------------------------------------------------------|---------------------|--------------------|
| | 31 Dec 2017 | 31 Dec 2016 |
| | \$ | \$ |
| Interim dividend paid for the quarter ended 30 June 2017 of \$0.002 per share | 267,766 | - |
| Interim dividend paid for the quarter ended 30 June 2016 of \$0.002 per share | - | 270,715 |
| Interim dividend paid for the quarter ended 30 September 2016 of \$0.002 per share | - | 270,243 |
| | <u>267,766</u> | <u>540,958</u> |

Review of operations

Business overview

MGP was founded in 2004 by a group of highly experienced financial industry specialists. The principal focus of the Company has been to provide Managed Discretionary Account (MDA) solutions to the intermediary market, predominantly via independent financial advisory firms (IFAs).

From 2015, this capability has been broadened with the introduction of complementary products and services including a Superannuation Service, outsourced administration capability through an ASX Settlement and Sponsorship Participation with the ASX, enhanced cash solution and the evolution of the MGP Solutions Toolkit which enables the delivery of bespoke solutions to the intermediary market.

On 16 November 2017, MGP successfully completed the merger with Linear Financial Holdings Pty Ltd (Linear).

Following the merger, MGP has evolved to being a specialist provider of investment administration services and investment administration technology solutions to stockbrokers, private wealth managers, independent financial advisory firms (IFAs), investment managers and institutions to enable the efficient management of client portfolios.

This expanded capability is highlighted in the table below, noting that MGP has a project in progress to implement a wrap solution.

| Capability | | Description | Distribution Channels |
|--------------------------------|---|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Portfolio Administration (PAS) | ✓ | Investment and tax reporting service | IFAs Private Wealth / Stockbrokers |
| Super | ✓ | Non-unitised superannuation administration | IFAs Private Wealth / Stockbrokers Investment Managers Institutions |
| Wrap | ✗ | Platforms offering access to approved investment products with reporting | IFAs Private Wealth / Stockbrokers Investment Managers |
| SMA | ✓ | Provision of model portfolios where investor owns underlying asset, and reporting | IFAs Private Wealth / Stockbrokers Investment Managers |
| Managed Accounts | ✓ | Platform with discretion over investments and trade execution, and reporting | IFAs Private Wealth / Stockbrokers Investment Managers |
| Institutional Solutions | ✓ | Sophisticated multi asset and multi-currency management and reporting solution | Investment Managers Institutional – Family Office / Private Bank / Industry Funds & other platforms |

Funds under administration

As at 31 December 2017, Funds Under Administration (FUA) were \$12.36 billion.

Some of the services provided by MGP generate revenue that are based on a percentage of FUA, whilst other services generate revenue that are based on a fee per account basis. The table below sets out the allocation of FUA based on revenue generated:

| Capability | Revenue stream | FUA |
|---------------------------------------------------------------|---------------------------|-----------|
| All Services excluding Portfolio Administration Service (PAS) | Fees as percentage of FUA | \$6.90bn |
| Portfolio Administration Service (PAS) | Fees per Account | \$5.46bn |
| Total | | \$12.36bn |

Half-year results commentary

Revenue from ordinary activities increased by 43.9% from \$3,301,464 in 1HFY17 to \$4,749,894 1HFY18. This included \$1,011,192 of revenue from Linear Financial Holdings Pty Ltd (Linear) for the period from 16 November to 31 December 2017. Revenue, excluding Linear, increased by 13.2% or \$437,238 in 1HFY18 when compared to 1HFY17.

The Company generated a net loss after tax attributable to members of Managed Accounts Holding Ltd of \$1,157,383 for 1HFY18. This compares with a net profit after tax attributable to members of Managed Accounts Holdings Ltd of \$398,366 reported for the corresponding period F1FY17.

The EBITDA loss for 1HFY18 was \$900,205 including acquisition related expenses relating to the merger with Linear of \$1,187,894. After adjusting for acquisition related expenses, the EBITDA was \$287,689 compared to EBITDA for 1HFY17 of \$647,500. The decline in EBITDA excluding acquisition costs reflects the Company's investment in enhancing its capabilities in Sales and Marketing, and Compliance during the period.

Due to the Company's accrued income tax losses, income tax expense is not a cash item.

As at 31 December 2017, Linear has tax losses of approximately \$9.0m with a deferred tax benefit of \$2.475m. The Company has received tax advice that these tax losses will be available to be utilised against future taxable income. Included in Intangibles in Non-current assets are software development assets of \$15.4m which will be written off over 5 years for income tax and accounting purposes, creating future tax deductions. The total value of the tax benefits resulting from the Linear acquisition is expected to be \$6.655m, based on a tax rate of 27.5%.

Significant changes in the state of affairs

On 22 October 2017, the shareholders at the Annual General Meeting approved the adoption of a new Executive Share Option Plan to 'senior managers'.

On 16 November 2017, MGP acquired 100% of the shares in Linear Financial Holdings Pty Ltd (Linear) and several related body corporates. This acquisition was part funded by a \$34m capital raising.

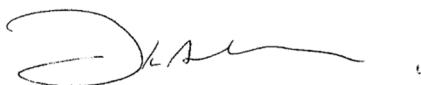
There were no other significant changes in the state of affairs of the Group during the financial half-year.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Don Sharp
Executive Chairman

28 February 2018
Sydney

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Sydney NSW 2000

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Auditor's Independence Declaration To the Directors of Managed Accounts Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Managed Accounts Holdings Limited for the half-year ended 31 December 2017, 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M R Leivesley
Partner – Audit & Assurance

Sydney, 28 February 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Managed Accounts Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017



| | | Consolidated | |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------|--------------------|
| | Note | 31 Dec 2017 | 31 Dec 2016 |
| | | \$ | \$ |
| Revenue | | | |
| Service fees | | 4,749,894 | 3,301,464 |
| Less: transaction costs | | (975,494) | (692,881) |
| Gross margin | | 3,774,400 | 2,608,583 |
| Share of profits of joint ventures accounted for using the equity method | | 3,350 | 11,585 |
| Interest income | | 42,244 | 54,954 |
| Expenses | | | |
| Employee benefits expense | | (2,143,175) | (1,270,759) |
| Depreciation and amortisation expense | | (630,513) | (38,280) |
| Premises expense | | (141,080) | (74,678) |
| Acquisition related expenses | | (1,187,894) | (74,000) |
| Cost of Employee Share Scheme | | (159,089) | (72,208) |
| Other expenses | 4 | (1,088,523) | (535,634) |
| Finance costs | | (438) | (343) |
| Profit/(loss) before income tax (expense)/benefit | | (1,530,718) | 609,220 |
| Income tax (expense)/benefit | | 373,335 | (210,884) |
| Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Managed Accounts Holdings Limited | | (1,157,383) | 398,336 |
| Other comprehensive income for the half-year, net of tax | | - | - |
| Total comprehensive income for the half-year attributable to the owners of Managed Accounts Holdings Limited | | <u>(1,157,383)</u> | <u>398,336</u> |
| | | Cents | Cents |
| Basic earnings per share | 19 | (0.65) | 0.29 |
| Diluted earnings per share | 19 | (0.65) | 0.28 |

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

Managed Accounts Holdings Limited
Statement of financial position
As at 31 December 2017



| | | Consolidated | |
|---------------------------------------------------|-------------|---------------------|--------------------|
| | Note | 31 Dec 2017 | 30 Jun 2017 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 3,242,848 | 1,623,818 |
| Other financial assets | 6 | 1,025,000 | 1,163,318 |
| Trade and other receivables | 7 | 1,952,001 | 1,043,095 |
| Total current assets | | <u>6,219,849</u> | <u>3,830,231</u> |
| Non-current assets | | | |
| Receivables | | 299,357 | - |
| Investments accounted for using the equity method | | 526,530 | 523,180 |
| Investments | 8 | 74,896 | 22,873 |
| Property, plant and equipment | 9 | 354,019 | 69,069 |
| Intangibles | 10 | 43,053,790 | 2,616,630 |
| Deferred tax | 11 | 3,163,162 | 342,233 |
| Other financial assets | | 225,000 | 225,000 |
| Total non-current assets | | <u>47,696,754</u> | <u>3,798,985</u> |
| Total assets | | <u>53,916,603</u> | <u>7,629,216</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 1,951,001 | 605,231 |
| Employee benefits | | 624,596 | 231,279 |
| Other | | 285 | - |
| Total current liabilities | | <u>2,575,882</u> | <u>836,510</u> |
| Non-current liabilities | | | |
| Deferred tax | 13 | 1,195,587 | - |
| Employee benefits | | 269,940 | 125,828 |
| Total non-current liabilities | | <u>1,465,527</u> | <u>125,828</u> |
| Total liabilities | | <u>4,041,409</u> | <u>962,338</u> |
| Net assets | | <u>49,875,194</u> | <u>6,666,878</u> |
| Equity | | | |
| Issued capital | 14 | 56,643,986 | 12,169,610 |
| Share option reserve | | 360,822 | 201,733 |
| Accumulated losses | | <u>(7,129,614)</u> | <u>(5,704,465)</u> |
| Total equity | | <u>49,875,194</u> | <u>6,666,878</u> |

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

Managed Accounts Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2017



| Consolidated | Issued capital \$ | Share option reserve \$ | Accumulated losses \$ | Total equity \$ |
|--------------------------------------------------------------|------------------------------|------------------------------------|----------------------------------|----------------------------|
| Balance at 1 July 2016 | 12,466,850 | 80,695 | (5,296,578) | 7,250,967 |
| Profit after income tax expense for the half-year | - | - | 398,336 | 398,336 |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income for the half-year | - | - | 398,336 | 398,336 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs | 210,428 | - | - | 210,428 |
| Share buy-back | (102,052) | - | - | (102,052) |
| Share option reserve | - | 72,208 | - | 72,208 |
| Dividends paid (note 15) | - | - | (540,958) | (540,958) |
| Balance at 31 December 2016 | <u>12,575,226</u> | <u>152,903</u> | <u>(5,439,200)</u> | <u>7,288,929</u> |
| Consolidated | Issued capital \$ | Share option reserve \$ | Accumulated losses \$ | Total equity \$ |
| Balance at 1 July 2017 | 12,169,610 | 201,733 | (5,704,465) | 6,666,878 |
| Loss after income tax benefit for the half-year | - | - | (1,157,383) | (1,157,383) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (1,157,383) | (1,157,383) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 14) | 44,474,376 | - | - | 44,474,376 |
| Share-option reserve | - | 159,089 | - | 159,089 |
| Dividends paid (note 15) | - | - | (267,766) | (267,766) |
| Balance at 31 December 2017 | <u>56,643,986</u> | <u>360,822</u> | <u>(7,129,614)</u> | <u>49,875,194</u> |

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

Managed Accounts Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2017



| | | Consolidated | |
|-----------------------------------------------------------------------|-------------|---------------------|--------------------|
| | Note | 31 Dec 2017 | 31 Dec 2016 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 4,679,516 | 3,640,320 |
| Payments to suppliers and employees (inclusive of GST) | | (6,382,285) | (2,766,593) |
| | | (1,702,769) | 873,727 |
| Interest received | | 42,244 | 48,924 |
| Interest and other finance costs paid | | (438) | (343) |
| Net cash from/(used in) operating activities | | (1,660,963) | 922,308 |
| Cash flows from investing activities | | | |
| Payment for purchase of business, net of cash acquired | 18 | (23,071,103) | - |
| Payment for expenses relating to acquisitions | | - | (11,585) |
| Payments for interests in joint venture | | - | (500,000) |
| Payments for loans | | - | (225,000) |
| Payments for investments | | (52,023) | - |
| Payments for property, plant and equipment | | (5,825) | - |
| Payments for intangibles | | (589,592) | (815,525) |
| Proceeds from term deposits | | 138,318 | 2,830,901 |
| Net cash from/(used in) investing activities | | (23,580,225) | 1,278,791 |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 14 | 35,151,369 | 210,428 |
| Share issue transaction costs | 14 | (2,664,217) | - |
| Payments for share buy-backs | | - | (102,052) |
| Dividends paid | 15 | (267,766) | (540,958) |
| Repayment of borrowings | | (5,359,168) | - |
| Net cash from/(used in) financing activities | | 26,860,218 | (432,582) |
| Net increase in cash and cash equivalents | | 1,619,030 | 1,768,517 |
| Cash and cash equivalents at the beginning of the financial half-year | | 1,623,818 | 1,915,686 |
| Cash and cash equivalents at the end of the financial half-year | | <u>3,242,848</u> | <u>3,684,203</u> |

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

Note 1. General information

The financial statements cover Managed Accounts Holdings Limited as a Group consisting of Managed Accounts Holdings Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (together are referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Managed Accounts Holdings Limited's functional and presentation currency.

Managed Accounts Holdings Limited is a for-profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5
28 Margaret Street
Sydney NSW 2000

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 28 February 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

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

Note 3. Operating segments

The Group treats their operations as the one business segment and reports accordingly. Management and the Board of Directors view and assess the Group as one business segment. All assets are held and the revenues are sourced in Australia.

Note 4. Other expenses

| | Consolidated | |
|-------------------|---------------------|--------------------|
| | 31 Dec 2017 | 31 Dec 2016 |
| | \$ | \$ |
| Consulting fees | 258,841 | 72,472 |
| Computer hosting | 146,151 | 78,007 |
| Professional fees | 95,228 | 59,133 |
| Insurance | 67,674 | 34,128 |
| Travel costs | 59,424 | 40,238 |
| ASX listing fees | 25,861 | 17,549 |
| Conference fees | 43,417 | 20,893 |
| Data providers | 14,319 | 10,242 |
| Other expenses | 377,608 | 202,972 |
| | <u>1,088,523</u> | <u>535,634</u> |

Note 5. Current assets - cash and cash equivalents

| | Consolidated | |
|--------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Cash at bank | <u>3,242,848</u> | <u>1,623,818</u> |

Note 6. Current assets - other financial assets

| | Consolidated | |
|----------------------------------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Bond for ASX membership | 1,000,000 | 1,000,000 |
| Bank deposits securing bank guarantees | 25,000 | 163,318 |
| | <u>1,025,000</u> | <u>1,163,318</u> |

Note 7. Current assets - trade and other receivables

| | Consolidated | |
|-------------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Trade receivables | 1,024,504 | 802,528 |
| Other receivables | 809,294 | 142,795 |
| Prepayments | 118,203 | 97,772 |
| | <u>1,952,001</u> | <u>1,043,095</u> |

Note 8. Non-current assets - investments

| | Consolidated | |
|-------------------|--------------|-------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Other investments | 74,896 | 22,873 |

Note 9. Non-current assets - property, plant and equipment

| | Consolidated | |
|--------------------------------------------|--------------|-------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Leasehold improvements - at cost | 209,291 | 33,381 |
| Less: Accumulated depreciation | (11,086) | (6,109) |
| | 198,205 | 27,272 |
| Fixtures and fittings - at cost | 75,207 | 10,105 |
| Less: Accumulated depreciation | (3,693) | (1,849) |
| | 71,514 | 8,256 |
| Information technology equipment - at cost | 162,879 | 95,169 |
| Less: Accumulated depreciation | (78,579) | (61,628) |
| | 84,300 | 33,541 |
| | 354,019 | 69,069 |

Reconciliations

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

| Consolidated | Leasehold improvements \$ | Fixtures and fittings \$ | Information technology equipment \$ | Total \$ |
|---------------------------------------------------|------------------------------|-----------------------------|----------------------------------------|-------------|
| Balance at 1 July 2017 | 27,272 | 8,256 | 33,541 | 69,069 |
| Additions | - | - | 5,825 | 5,825 |
| Additions through business combinations (note 18) | 175,910 | 65,102 | 61,883 | 302,895 |
| Depreciation expense | (4,977) | (1,844) | (16,949) | (23,770) |
| Balance at 31 December 2017 | 198,205 | 71,514 | 84,300 | 354,019 |

Note 10. Non-current assets - intangibles

| | Consolidated | |
|--------------------------------------|--------------------------|-------------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Goodwill - at cost | 20,945,368 | - |
| Customer relationships - at cost | 4,078,000 | - |
| Less: Accumulated amortisation | (99,684) | - |
| | <u>3,978,316</u> | <u>-</u> |
| Software development costs - at cost | 16,700,652 | 1,287,652 |
| Less: Accumulated amortisation | (586,529) | (79,472) |
| | <u>16,114,123</u> | <u>1,208,180</u> |
| Stafford Kitchener licence - at cost | 17,941 | - |
| Asset under development - at cost | 1,998,042 | 1,408,450 |
| | <u><u>43,053,790</u></u> | <u><u>2,616,630</u></u> |

Reconciliations

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

| | Goodwill | Customer relation- ships | Software development costs | Stafford Kitchener licence | Asset under development | Total |
|---------------------------------------------------|--------------------------|--------------------------------|----------------------------------|----------------------------------|----------------------------|--------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Consolidated | | | | | | |
| Balance at 1 July 2017 | - | - | 1,208,180 | - | 1,408,450 | 2,616,630 |
| Additions | - | - | - | - | 589,592 | 589,592 |
| Additions through business combinations (note 18) | 20,945,368 | 4,078,000 | 15,413,000 | 17,941 | - | 40,454,309 |
| Amortisation expense | - | (99,684) | (507,057) | - | - | (606,741) |
| Balance at 31 December 2017 | <u><u>20,945,368</u></u> | <u><u>3,978,316</u></u> | <u><u>16,114,123</u></u> | <u><u>17,941</u></u> | <u><u>1,998,042</u></u> | <u><u>43,053,790</u></u> |

Note 11. Non-current assets - deferred tax

| | Consolidated | |
|---------------------------------------------------------------------------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| <i>Deferred tax asset comprises temporary differences attributable to:</i> | | |
| Amounts recognised in profit or loss: | | |
| Tax losses | 223,603 | 180,486 |
| Property, plant and equipment | (13,845) | - |
| Provisions | 14,300 | 14,300 |
| Superannuation and other employee benefits | 113,496 | 101,281 |
| ASX Listing and capital raising costs deductible in future years | 23,445 | 46,166 |
| Acquisition costs deductible in future years | 327,163 | - |
| Additions through business combinations | 2,475,000 | - |
| Deferred tax asset | <u>3,163,162</u> | <u>342,233</u> |
| <i>Movements:</i> | | |
| Opening balance | 342,233 | 731,372 |
| Credited/(charged) to profit or loss | 345,929 | (328,192) |
| Additions through business combinations (note 18) | 2,475,000 | - |
| Adjustment to deferred tax balances as a result of change in statutory tax rate | - | (60,947) |
| Closing balance | <u>3,163,162</u> | <u>342,233</u> |

Note 12. Current liabilities - trade and other payables

| | Consolidated | |
|----------------|---------------------|--------------------|
| | 31 Dec 2017 | 30 Jun 2017 |
| | \$ | \$ |
| Trade payables | 762,316 | 398,528 |
| Other payables | <u>1,188,685</u> | <u>206,703</u> |
| | <u>1,951,001</u> | <u>605,231</u> |

Note 13. Non-current liabilities - deferred tax

| | Consolidated 31 Dec 2017 \$ | 30 Jun 2017 \$ |
|--------------------------------------------------------------------------------|-----------------------------------|-------------------|
| <i>Deferred tax liability comprises temporary differences attributable to:</i> | | |
| Amounts recognised in profit or loss: | | |
| Intangibles | (27,413) | - |
| Amounts recognised in equity: | | |
| Additions through business combinations | 1,223,000 | - |
| Deferred tax liability | <u>1,195,587</u> | <u>-</u> |
| <i>Movements:</i> | | |
| Credited to profit or loss | (27,413) | - |
| Additions through business combinations (note 18) | 1,223,000 | - |
| Closing balance | <u>1,195,587</u> | <u>-</u> |

Note 14. Equity - issued capital

| | 31 Dec 2017 Shares | 30 Jun 2017 Shares | Consolidated 31 Dec 2017 \$ | 30 Jun 2017 \$ |
|------------------------------|-----------------------|-----------------------|-----------------------------------|-------------------|
| Ordinary shares - fully paid | <u>300,630,967</u> | <u>133,720,180</u> | <u>56,643,986</u> | <u>12,169,610</u> |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$ |
|----------------------------------------------------------------------|------------------|--------------------|-------------|-------------------|
| Balance | 1 July 2017 | 133,720,180 | | 12,169,610 |
| Issue of shares on exercise of options | 19 July 2017 | 163,000 | \$0.220 | 35,860 |
| Issue of shares | 13 November 2017 | 121,428,571 | \$0.280 | 34,000,000 |
| Issue of shares for acquisition of Linear Financial Holdings Pty Ltd | 15 November 2017 | 41,335,254 | \$0.290 | 11,987,224 |
| Issue of shares under Share Purchase Plan | 1 December 2017 | 3,983,962 | \$0.280 | 1,115,509 |
| Share issue transaction costs | | | | (2,664,217) |
| Balance | 31 December 2017 | <u>300,630,967</u> | | <u>56,643,986</u> |

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

The current on-market share buy-back is unlimited in duration and for a maximum buy-back of 5,000,000 shares.

Note 15. Equity - dividends

Dividends paid during the financial half-year were as follows:

| | Consolidated | |
|------------------------------------------------------------------------------------|---------------------|--------------------|
| | 31 Dec 2017 | 31 Dec 2016 |
| | \$ | \$ |
| Interim dividend paid for the quarter ended 30 June 2017 of \$0.002 per share | 267,766 | - |
| Interim dividend paid for the quarter ended 30 June 2016 of \$0.002 per share | - | 270,715 |
| Interim dividend paid for the quarter ended 30 September 2016 of \$0.002 per share | - | 270,243 |
| | <u>267,766</u> | <u>540,958</u> |

Note 16. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 17. Contingent liabilities

The Group has no contingent liabilities as at 31 December 2017 or 30 June 2017.

Note 18. Business combinations

Linear Financial Holdings Pty Ltd

On 16 November 2017, Managed Accounts Holdings Limited acquired 100% of the ordinary shares of Linear Financial Holdings Pty Ltd and its subsidiaries for the total consideration transferred of \$36,525,222. The goodwill of \$20,945,368 represents the synergies expected to be obtained from the integration of the business into the Group. The acquired business contributed revenues of \$1,003,797 and a loss before tax of \$120,930 to the Group for the period from 16 November 2017 to 31 December 2017. If the acquisition occurred on 1 July 2017, the full year contributions would have been revenues of \$4,074,800 and a loss before tax of \$294,146. The values identified in relation to the acquisition of Linear Financial Holdings Pty Ltd and its subsidiaries are provisional as at 31 December 2017.

Details of the acquisition are as follows:

| | Fair value \$ |
|--------------------------------------------------------------------|-------------------|
| Cash and cash equivalents | 1,139,897 |
| Trade receivables | 759,509 |
| Other receivables | 299,356 |
| Leasehold improvements | 175,910 |
| Fixtures and fittings | 65,102 |
| Information technology equipment | 61,883 |
| Customer relationships | 4,078,000 |
| Software development | 15,413,000 |
| Deferred tax asset | 2,475,000 |
| Trade payables | (1,198,776) |
| Other payables | (259,962) |
| Deferred tax liability | (1,223,000) |
| Employee benefits | (383,169) |
| Other provisions | (111,955) |
| Lease liability | (351,773) |
| Other loans | (5,359,168) |
| | <hr/> |
| Net assets acquired | 15,579,854 |
| Goodwill | 20,945,368 |
| | <hr/> |
| Acquisition-date fair value of the total consideration transferred | <u>36,525,222</u> |
| Representing: | |
| Cash paid or payable to vendor | 8,000,000 |
| Managed Accounts Holdings Limited shares issued to vendor | 11,987,224 |
| Contingent consideration - shares to be issued | 326,998 |
| Preference shares | 16,211,000 |
| | <hr/> |
| | <u>36,525,222</u> |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition-date fair value of the total consideration transferred | 36,525,222 |
| Less: cash and cash equivalents | (1,139,897) |
| Less: contingent consideration - shares to be issued | (326,998) |
| Less: shares issued by Company as part of consideration | (11,987,224) |
| | <hr/> |
| Net cash used | <u>23,071,103</u> |

Note 19. Earnings per share

| | Consolidated | |
|------------------------------------------------------------------------------------------------|--------------|-------------|
| | 31 Dec 2017 | 31 Dec 2016 |
| | \$ | \$ |
| Profit/(loss) after income tax attributable to the owners of Managed Accounts Holdings Limited | (1,157,383) | 398,336 |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 177,433,863 | 135,068,000 |
| Adjustments for calculation of diluted earnings per share: | | |
| Shares deemed to be issued for no consideration in respect of share based payments | - | 6,680,000 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 177,433,863 | 141,748,000 |
| | Cents | Cents |
| Basic earnings per share | (0.65) | 0.29 |
| Diluted earnings per share | (0.65) | 0.28 |

Options have been excluded from the calculation above at 31 December 2017 as they would be anti-dilutive.

Note 20. Share-based payments

Employee Share Option Plan

As detailed in the 30 June 2017 Annual Report, the Group operates an Employee Share Option Plan.

Executive Share Option Plan

On 22 October 2017, the shareholders at the Annual General Meeting approved the adoption of a new Executive Share Option Plan to 'senior managers' on the following terms subject to the Executive Share Option Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is \$0.35 per option;
- options vest in three separate tranches on 31 July 2018, 31 July 2019 and 31 July 2020 but subject to satisfaction of specific exercise conditions associated with the Company's performance and the performance of the senior manager; and
- exercise period ends four years after the date of grant of options.

The purpose of the Executive Share Option Plan is to enable the Group to attract and retain skilled employees.

Set out below are summaries of options granted, exercised, expired or forfeited under the plans during the financial half-year:

| 31 Dec 2017 | | | | | | | |
|---------------|-------------|----------------|---------------------------------------|-----------|-----------|---------------------------|-------------------------------------|
| Grant date | Expiry date | Exercise price | Balance at the start of the half-year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the half-year |
| 02/11/2015 * | 22/10/2019 | \$0.220 | 5,201,283 | - | (218,000) | (468,333) | 4,514,950 |
| 05/09/2016 * | 05/09/2020 | \$0.330 | 625,500 | - | - | (64,720) | 560,780 |
| 30/06/2017 * | 30/06/2021 | \$0.350 | 3,000,000 | - | - | - | 3,000,000 |
| 30/08/2017 ** | 30/08/2021 | \$0.350 | - | 3,000,000 | - | - | 3,000,000 |
| 15/09/2017 * | 15/09/2021 | \$0.350 | - | 1,350,000 | - | - | 1,350,000 |
| | | | 8,826,783 | 4,350,000 | (218,000) | (533,053) | 12,425,730 |

* Employee Share Option Plan

** Executive Share Option Plan

Note 20. Share-based payments (continued)

31 Dec 2016

| Grant date | Expiry date | Exercise price | Balance at the start of the half-year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the half-year |
|------------|-------------|----------------|---------------------------------------|----------------|------------------|---------------------------|-------------------------------------|
| 02/11/2015 | 22/10/2019 | \$0.220 | 6,350,000 | - | (840,000) | (148,717) | 5,361,283 |
| 05/09/2016 | 05/09/2020 | \$0.330 | - | 991,500 | - | - | 991,500 |
| | | | <u>6,350,000</u> | <u>991,500</u> | <u>(840,000)</u> | <u>(148,717)</u> | <u>6,352,783</u> |

All options at 31 December 2016 were under the Employee Share Option Plan.

For the options granted during the financial half-year, the Black-Scholes option pricing model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility* | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|----------------------|----------------|-------------------------|--------------------------|
| 30/08/2017 | 30/08/2021 | \$0.270 | \$0.350 | 60.10% | - | - | \$0.0800 |
| 15/09/2017 | 15/09/2021 | \$0.270 | \$0.350 | 60.70% | - | - | \$0.0790 |

* The expected volatility is based on the historic volatility (based on the remaining life of the option), adjusted for any expected change to future volatility to publicly available information.

Note 21. Events after the reporting period

On 29 January 2018, the Company issued 1,000,000 options under the Executive Share Option Plan. The options have an exercise price of \$0.35 per option and vest in 3 separate tranches on 31 July 2018, 31 July 2019 and 31 July 2020 and have an expiry date of 29 January 2022.

No other matter or circumstance has arisen since 31 December 2017 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, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Don Sharp".

Don Sharp
Executive Chairman

28 February 2018
Sydney

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Independent Auditor's Review Report To the Members of Managed Accounts Holdings Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Managed Accounts Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Managed Accounts Holdings Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

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 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

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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 2017 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 Managed Accounts Holdings 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.

Independence

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



M R Leivesley
Partner - Audit & Assurance

Sydney, 28 February 2018

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