

ASX Announcement & Media Release

MDS Financial Group Limited

ACN 091 744 884

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ASX Code: MWS

Appendix 4C March 2015 Quarter Overview

MDS Financial Limited (ASX: MWS) ("MDS" or "the Company") has today released its Appendix 4C consolidated statement of cash flows for the quarter ending 31 March 2015.

The Company is pleased to report that it recorded receipts from customers of \$2,139,000 for the period, an increase of 59% on the corresponding period of 2014 (\$1,344,000). This result reflects the significant revenue contribution that has been made to MDS by the Sequoia Financial Group (SFG) in the first reporting period for the combined entities.

Total payments for the period were \$2,316,000 which is reflective of the total increase in staff numbers due to the SFG transaction. In addition there were several one-off expenses such as the breaking of MDS's former Melbourne tenancy and professional consultant expenses associated with the integration of MDS and SFG.

The Company's net cash position at the end of the quarter was \$919,000 which also represents a solid improvement on the March quarter in 2014 (\$717,000).

During the period, the key milestone for MDS was the acquisition of Sequoia Financial Group. As a result, MDS is now an integrated financial services company providing financial products and services to self-directed investors, wholesale clients and those of third party professional service firms.

MDS is well advanced on realisation of its cost synergies with the goal of reducing fixed costs by \$1.2 million by the end of 2015. Over the last quarter it has downsized offices, removed many duplications between MDS & SFG, streamlined administrative and head office functions, made significant IT related savings and made a number of staff redundancies. The Board and management remain focused on other cost reductions that will be implemented over the coming months. As a result, MDS expects to become cash flow positive in the fourth quarter of FY 2015.

As announced on 4 February 2015 MDS has signed a Non-Binding Term Sheet to acquire Sequoia Wealth Group Pty Ltd (SWG), a privately owned business of which SFG is a minority shareholder, in an all scrip transaction. MDS is finalising its due diligence and plans to hold an Extraordinary General Meeting to seek shareholder approval for this transaction in mid to late June. MDS will also be seeking approval to change its name to Sequoia Financial Group at this meeting.

During the quarter, MDS also:

- saw continued growth in its SMSF administration client base with active accounts as at 31 March 2015 being 29% higher than the corresponding period last year.
- experienced increased trading volumes through its retail & wholesale trading platforms which as at 31 March 2015 were 87% higher than the corresponding period last year.
- increased its strategic investment in independent, unlisted Australian Public Company NobleOak Life Limited (NobleOak). MDS believes that there is significant unlocked value for shareholders in this investment, as well as potential business opportunities which may be realised through this association.
- continued to explore strategic opportunities with leading Wall Street firm, J. Streicher Asset Management LLC (Streicher).

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As part of the integration of SFG and its related entities into the MDS group, a number of Board and Management changes were made during the quarter reflecting the make-up of the new entity, most notably the appointments of Richard Symon as Executive Chairman and Scott Beeton to the roles of CEO and Managing Director of MDS. Michael Carter was appointed to the role of Executive Director, Marketing & Distribution, while Delan Pagliaccio was appointed as the Head of MDS's retail and institutional broking operations.

Finally, the Board wishes to communicate to shareholders that the business now has solid cash flows, a stronger balance sheet and dedicated executive team focused on an array of potential opportunities.

As a result, the Board is very confident about the future prospects for MDS.

– Ends –

For further information please contact:

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For media inquiries please contact Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448

ABOUT MDS FINANCIAL GROUP

ASX-listed MDS Financial Group Limited (MWS.AX) is an integrated financial services company providing products and services to self-directed retail and wholesale clients and those of third party professional service firms. It provides:

- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services

MDS operates various AFS Licenses and its subsidiary D2MX is an ASX Market Participant.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/00. Amended 30/9/01, 24/10/05, 17/12/10.

Name of entity

MDS Financial Group Limited

ABN

90 091 744 884

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
1.1	Receipts from customers	2,139	4,593
1.2	Payments for (a) staff costs	(845)	(1,518)
	(b) advertising and marketing	(82)	(84)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(1,389)	(4,784)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	13
1.5	Interest and other costs of finance paid	(27)	(84)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	0	(350)
	Net operating cash flows	(196)	(2,214)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(196)	(2,214)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	(100)	(100)
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)		
Net investing cash flows	(100)	(100)
1.14 Total operating and investing cash flows	(296)	(2,314)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	214	1,504
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	865	1,313
1.18 Repayment of borrowings	(200)	(200)
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	879	2,617
Net increase (decrease) in cash held	583	303
1.21 Cash at beginning of quarter/year to date	336	616
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	919	919

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	385
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Includes Directors fees paid in the quarter and a repayment of a loan from a Director who retired during the period.	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	
	N/A	
2.2	Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest	
	N/A	

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	0
3.2	Credit standby arrangements	-
3.3	Explanation necessary for an understanding of the transactions	
	N/A	

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	919	336
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		919	336

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	N/A
5.3	Consideration for acquisition or disposal	N/A
5.4	Total net assets	N/A
5.5	Nature of business	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
 (Director/Company Secretary)

30/04/2015
 Date:

Print name: Andrew Phillips

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
4. These statements exclude bonds and bank guarantees held as at 31 March 2015 of \$531,000. The total bond now held by the Company's third party clearer is \$500,000.

+ See chapter 19 for defined terms.