

Managed Accounts Holdings Limited

Appendix 4D

ACN 128316441

Half year report for the period ended 31 December 2014

(Previous corresponding period half year ended 31 December 2013)

Results for announcement to the market

Revenue from ordinary activities	UP	29.50%	to	1,891,134
Profit/(loss) after tax attributable to members	UP	166.70%	to	27,422

Revenue from ordinary activities increased by 29.5% from 1.46m to 1.89m due to the growing clients base.

The Group generated a net profit after tax attributable to members of Managed Accounts Holding Ltd of \$27,422 for the six months ended 31 December 2014. This compares with a net loss after tax attributable to members of Managed Accounts Holdings Ltd of \$41,138 reported for the corresponding period ended 31 December 2013.

Further commentary on the Group's operating performance and results from operations are set out in the attached half year report.

Net Tangible Assets per ordinary security after tax	Dec 2014	4.7 cents	Dec 2013	4.5 cents
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Dividends

During the half-year, Managed Accounts Holdings Limited declared and paid an unfranked dividend of 0.2 cents per share, representing a total dividend of \$270,345. There has also been a dividend of \$270,345 declared on 29/01/2015 with payment on 27/02/2015. There is no dividend re-investment plan.

Control gained/lost over entities

None

Details of associates and joint ventures

None

Foreign Entities

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

None

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

Attachments

Details of attachments (if any):

The Interim Report of Managed Accounts Holdings Limited for the half-year ended 31 December 2014 is attached.

Signed

Signed  Date: 19 February 2015

Don Sharp
Director
Sydney

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Managed Accounts Holdings
Limited

Financial report for the half-year
ended 31 December 2014

ACN 128 316 441

ASX code: MGP

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Directors' Report

The Directors of Managed Accounts Holdings Limited ('Managed Accounts'), present their Report together with the financial statements of the consolidated entity, being Managed Accounts Holdings Limited ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2014.

Director details

The following persons were directors of Managed Accounts during or since the end of the financial half-year.

- Mr Don Sharp
- Mr Colin Scully
- Mr Paul Collins

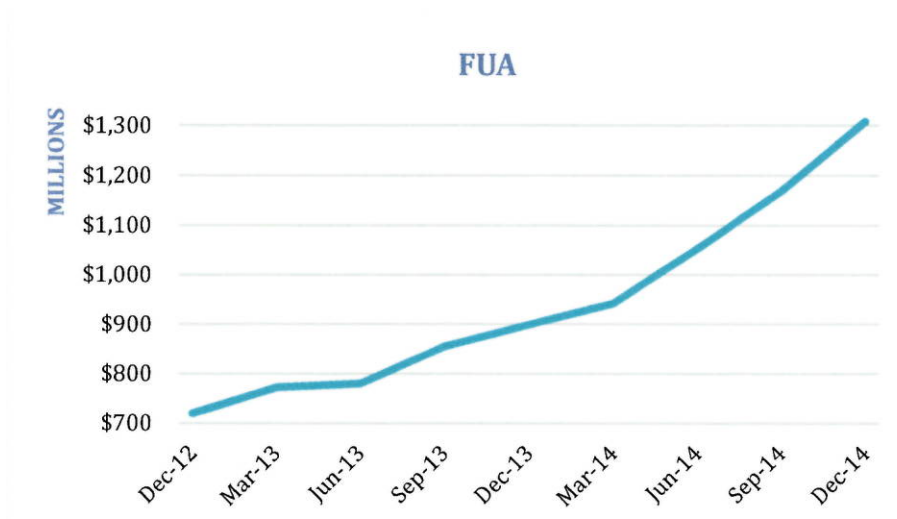
Principal Activities

Managed Accounts Holdings Limited and its subsidiaries' (the Group) principal activities include the holding of an Australian Financial Services Licence (AFSL) with an endorsement to operate Managed Discretionary Accounts.




Review of Operations

Continued strong FUA growth with record net inflows

MGP is pleased to announce that another quarter of record net inflows of \$107 million for the quarter ended 31 December 2014. These net inflows have largely contributed to an increase in FUA to \$1.310 billion as at 31 December 2014, up from \$1.168 billion as at 30 September 2014. FUA as at 31 December was in line with prospectus forecasts.



Strong inflows are expected to continue over the remainder of FY15 as a result of:

-  Organic growth of MGP's existing Licensee client base
-  Acquisitions of other advisory firms by MGP's existing Licensee client base
-  Launch of new Services for new Licensees

New Services and Pipeline

The business model of MGP takes on an approach of building and implementing customised Managed Account Services for each new Licensee. Prior to the build of a new Service commencing and MGP earning implementation fees, a Memorandum of Understanding is executed with the Licensee. Once implemented, MGP earns administration fees on Funds Under Administration and transaction fees.

Over the quarter, two new Licensees executed a Memorandum of Understanding with MGP, with eleven additional Licensees considering a Memorandum of Understanding as at the end of December 2014. If all Memorandums of Understanding are executed, this would take the total number of Managed Account Services administered by MGP to thirty eight (38).

With increased interest in managed accounts being driven by Future of Financial Advice (FOFA) reform clarification and Licensees seeking administration solutions that match their long term business model, increased interest in MGP's solution is expected to continue.

Management Team

In October 2014, the former Head of Macquarie Private Portfolio Management Trevor Fisher joined MGP to the newly created position of Head of Product. Trevor has significant experience and knowledge of the managed accounts market, having been a senior member of Macquarie's Managed Accounts for 13 years. In his role, Trevor will be responsible for delivering product enhancements earmarked in the business plan. Trevor's recruitment is a strong endorsement of MGP's business strategy.

Review of Financial Results

The net profit before tax was \$50,455 (2013 was a loss of \$19,671).

This was a disappointing result and significantly less than we forecasted. The majority of the shortfall was attributed to transaction fees being less than forecast by \$109,000, Implementation fees being \$125,000 (see notes on New Services and Pipeline) lower and Salaries and employment costs being over forecast due to increase in Holiday pay provision \$51,000 .

Accrued holiday pay should be reversed as staff take their summer break and we are managing holiday leave so all leave accrued in the year is taken. Salaries are higher than 6 months to December 2013 due to previously announced appointment of additional executives in distribution, product and other senior appointments. All of these staff were included in the prospectus forecasts.

Earnings Guidance

The Board has reviewed its full year earnings forecasts. With MGP's transactional revenue streams largely correlated to the equity market and equity markets likely to remain volatile in the second half, the Board anticipates that transactional revenues will be lower than prospectus forecasts. A continuance of current market conditions will likely result in Net Profit Before Tax (NPBT) being approximately \$200,000 below prospectus forecast NPBT for the 2015 financial year. 2015 NPBT is now expected to be \$800,000 - 900,000, assuming that implementation fees from the eleven new Services are earned for the year.

Quarterly Dividend Declared

Following on from MGP's initial September quarterly dividend, the Board is pleased to declare a December quarterly dividend of \$0.02 cents per share. It is the Board's intention to pay this dividend on 27th February 2015.

Auditor independence

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 7 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'Don Sharp', with a long, sweeping horizontal line extending to the right.

Don Sharp
Executive Chairman
19 February 2015

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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 2014, 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, 19 February 2015

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2014

	Notes	31 December 2014	31 December 2013
		\$	\$
Revenue		1,891,134	1,460,891
Less transaction costs		(445,170)	(344,767)
Gross Profit		1,445,964	1,116,124
Interest and other income		105,990	40,048
		1,551,954	1,156,172
Expenses			
Salary and employee benefits expense		(1,029,833)	(686,739)
Depreciation and Amortization		(5,656)	(1,656)
Premises expense		(51,949)	(51,577)
Finance costs		(379)	(88,961)
Other expenses		(413,682)	(346,910)
Profit/(loss) before tax		50,455	(19,671)
Tax (expense)/ benefit		(23,033)	(21,647)
Profit/(Loss) for the period after income tax		27,422	(41,138)
Other comprehensive income		-	-
Total comprehensive income		-	-
Total comprehensive income for the period attributable to ordinary equity members of Managed Accounts Holdings Limited		27,422	(41,138)
Earnings per share:		Cents	Cents
Basic earnings per share (cents)		0.02	(0.03)
Diluted earnings per share (cents)		0.02	(0.03)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	31 December 2014 \$	30 June 2014 \$
Assets			
Current			
Cash and cash equivalents		1,436,036	3,425,808
Other financial assets		4,800,000	3,000,000
Trade and other receivables		1,823,563	1,496,697
Total Current Assets		<u>8,059,599</u>	<u>7,922,505</u>
Non-current			
Property, plant and equipment		23,612	9,109
Deferred tax assets		1,335,158	1,358,190
Total Non-Current Assets		<u>1,358,770</u>	<u>1,367,299</u>
Total Assets		<u>9,418,369</u>	<u>9,289,804</u>
Liabilities			
Current			
Trade and other payables		1,466,290	1,165,707
Provisions		185,958	132,238
Total Current Liabilities		<u>1,652,248</u>	<u>1,297,945</u>
Non-current			
Provisions		42,333	25,148
Total Non-Current Liabilities		<u>42,333</u>	<u>25,148</u>
Total Liabilities		<u>1,694,581</u>	<u>1,323,093</u>
Net Assets		<u>7,723,788</u>	<u>7,966,711</u>
Equity			
Share capital	8	12,674,253	12,674,253
Accumulated losses		(4,950,465)	(4,707,542)
Total Equity		<u>7,723,788</u>	<u>7,966,711</u>

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 2014

	Share Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance at 1 July 2014	12,674,253	(4,707,542)	7,966,711
Dividends paid	-	(270,345)	(270,345)
Transactions with owners	-	(270,345)	(270,345)
Total comprehensive income for the period	-	27,422	27,422
Balance at 31 December 2014	<u>12,674,253</u>	<u>(4,950,465)</u>	<u>7,723,788</u>
Balance at 1 July 2013	3,640,200	(4,539,022)	(898,822)
Issue of share capital at 20 December 2013	6,324,407	-	6,324,407
Cost of share issue	(225,864)	-	(225,864)
Transactions with owners	6,098,543	-	6,098,543
Total comprehensive loss for the period	-	(41,318)	(41,318)
Balance at 31 December 2013	<u>9,738,743</u>	<u>(4,580,340)</u>	<u>5,158,403</u>

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 2014

	Notes	31 December 2014 \$	31 December 2013 \$
Operating activities			
Receipts from customers		1,564,268	1,394,172
Payments to suppliers and employees		(1,569,147)	(1,477,928)
Interest received		105,990	6,463
Interest paid		(379)	(325)
Net cash provided by/(used in) operating activities		<u>100,732</u>	<u>(77,618)</u>
Investing activities			
Term deposit		(1,800,000)	-
Payment for acquisition of non-current asset		(20,159)	-
Net cash used in investing activities		<u>(1,820,159)</u>	<u>-</u>
Financing activities			
Redemption of preference shares		-	(2,000,000)
Finance costs dividend preference shares		-	(395,932)
Dividends paid		(270,345)	-
Proceeds from issue of share capital		-	6,324,407
Net cash (used in)/provided by financing activities		<u>(270,345)</u>	<u>3,928,475</u>
Net change in cash and cash equivalents		<u>(1,989,772)</u>	<u>3,850,857</u>
Cash and cash equivalents, beginning of period		3,425,808	315,505
Cash and cash equivalents, end of period		<u><u>1,436,036</u></u>	<u><u>4,166,362</u></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the interim consolidated financial statements

1 Nature of operations

Managed Accounts Holdings Limited and its subsidiaries' (the Group) principal activities include the holdings of an AFSL licence with an endorsement to operate Managed Discretionary Accounts.

2 General information and basis of preparation

This general purpose interim financial report for the half year ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half year financial statements do not include all the notes of the type normally included in the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. Accordingly, it is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Managed Accounts during the half year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules and the Corporations Act 2001.

3 Statement of compliance

The financial report complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

4 Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements

5 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2014.

6 Revenue

	6 months to 31 December 2014	6 months to 31 December 2013
	\$	\$
Service fees	1,891,134	1,460,891
Interest	105,990	40,048
Total	1,997,124	1,500,939

7 Segment Information

The consolidated entity operates in one industry segment, which is Managed Discretionary Account Services and in one geographical segment, which is Australia.

8 Issued capital

The share capital of Managed Accounts Holdings Limited consists only of fully paid ordinary shares; the shares do not have a par value.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Managed Accounts Holdings Limited.

	31 December 2014 Shares '000s	30 June 2014 Shares '000s	31 December 2014 \$	30 June 2014 \$
Amounts in thousand shares:				
Shares issued and fully paid:				
Beginning of the period	135,172	67,506	12,674,253	3,640,200
Share issue	-	67,666	-	9,034,053
Total contributed equity	135,172	135,172	12,674,253	12,674,253

9 Dividends

During the half-year, Managed Accounts Holdings Limited declared and paid an unfranked dividend of 0.2 cents per share, representing a total dividend of \$270,345. In the previous corresponding 6 month period no dividends were paid. There has also been a dividend declared on 29/01/2015 with payment expected on 27/02/2015.

10 Contingent liabilities

The group has no material contingent liabilities

11 Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.

Directors' declaration

1 In the opinion of the directors of Managed Accounts Holdings Limited:

- a the consolidated financial statements and notes of Managed Accounts Holdings Limited are in accordance with the *Corporations Act 2001*, including
 - i giving a true and fair view of its financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- b 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 the directors:

Director
Don Sharp

Dated the 19th day of February 2015

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Sydney NSW 2000

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

We have reviewed the accompanying half-year financial report of Managed Accounts Holdings Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Managed Accounts Holdings Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Managed Accounts Holdings Limited consolidated entity's financial position as at 31 December 2014 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,

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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 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 Managed Accounts Holdings Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M R Leivesley
Partner - Audit & Assurance

Sydney, 19 February 2015