



Financial Report for the half-year ended 31 December 2015

ACN 128 316 441





ACN 128 316 441

ASX Code: MGP

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# Contents

<b>Appendix 4D ASX Release</b>	<b>4</b>
<b>Directors' Report</b>	<b>7</b>
<b>Auditor's Independence Declaration</b>	<b>10</b>
Consolidated statement of profit or loss and other comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	14
<b>Notes to the condensed interim consolidated financial statements</b>	<b>15</b>
<b>Directors' declaration</b>	<b>17</b>
<b>Independent Auditor's Review Report</b>	<b>18</b>

# Managed Accounts Holdings Limited

## Appendix 4D

ACN 128 316 441

Half year report for the period ended 31 December 2015

(Previous corresponding period half year ended 31 December 2014)

### Results for announcement to the market

Revenue from ordinary activities	UP	38.62%	to	\$2,621,412
Profit/(loss) after tax attributable to members	UP	899.40%	to	\$246,633

Revenue from ordinary activities increased by 38.62% from \$1.89m to \$2.62m due to the growing client base.

The Group generated a net profit after tax attributable to members of Managed Accounts Holding Ltd of \$246,633 for the six months ended 31 December 2015.

This compares with a net profit after tax attributable to members of Managed Accounts Holdings Ltd of \$27,422 reported for the corresponding period ended 31 December 2014.

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 2015	Dec 2014
	4.4 cents	4.7 cents

### Dividends

During the half-year, Managed Accounts Holdings Limited declared and paid an unfranked dividend of 0.2 cents paid on 27/08/2015 and 0.2 cents paid on 24/11/2015 representing a total dividend of \$539,991.

There has also been an unfranked dividend of 0.2 cents per share totalling \$269,645 declared on 29/01/2016 with payment on 23/02/2016. 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);*

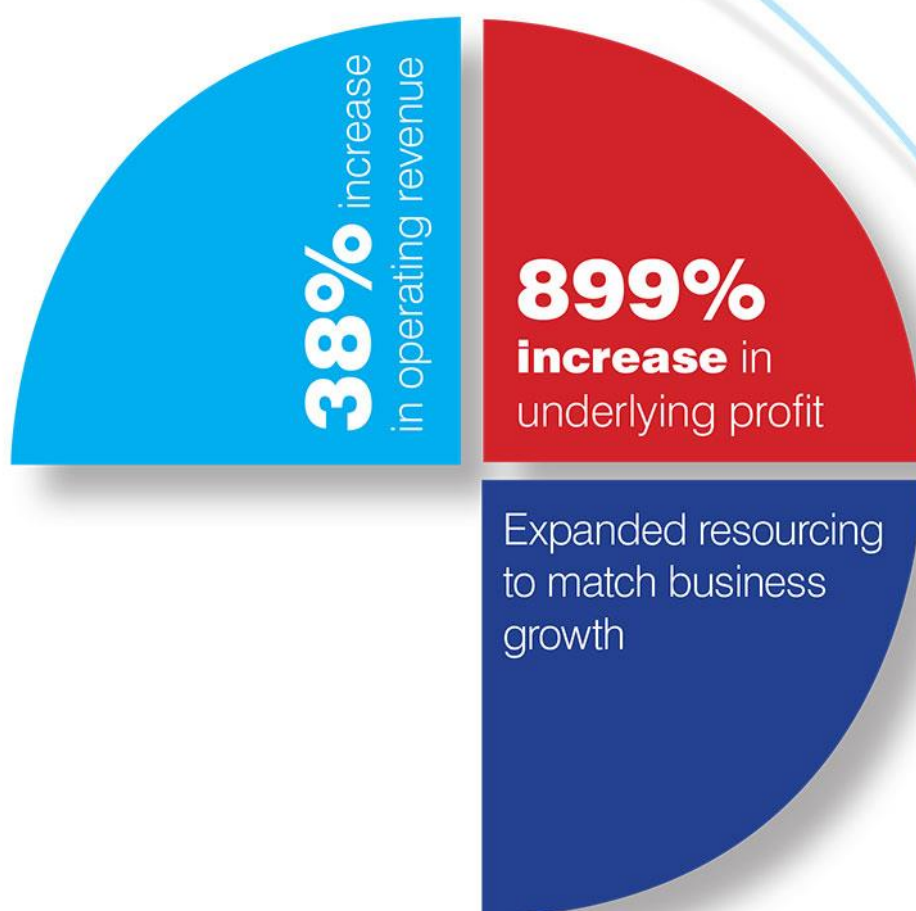
The Interim Report of Managed Accounts Holdings Limited for the half-year ended 31 December 2015 is attached.

**Signed**

A handwritten signature in black ink, appearing to read 'D. Sharp'.

Don Sharp  
Director  
Sydney  
22nd February 2016

# Half-year Financial Report



## 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 2015.

### 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

### Review of financial results

The operating result of the Group for the six months to 31 December 2015 was a profit before income tax of \$375,291. This did not include any revenue from new Memoranda of Understanding signed in late December 2015 with three licensees. The income of \$90,000 will be booked in the ensuing six months.

### Principal activities

MGP, through its wholly owned subsidiary Investment Administration Services Pty Ltd (trading as managedaccounts.com.au), has been issued the appropriate AFS License to operate managed accounts and provide custody for both retail and wholesale investors. In turn, MGP appointed HSBC Custody Nominees as sub-custodian for the services delivered.

#### MGP Core activities –Providing MDA Services for Independent Financial Advisers (IFA)

MGP has a depth of experience implementing the unique and attractive way of structuring an MDA based Investment service, with significant Intellectual Property (IP) in the approach that establishes a service for IFAs.

MGP focuses on designing, implementing and operating private-label MDA investment services for IFAs, however is fully capable of delivering the more traditional managed accounts offering that take on a Separately Managed Account (SMA) flavour. It takes this one step further by ensuring that its business model remains competitive, responsive yet un-conflicted in its nature.

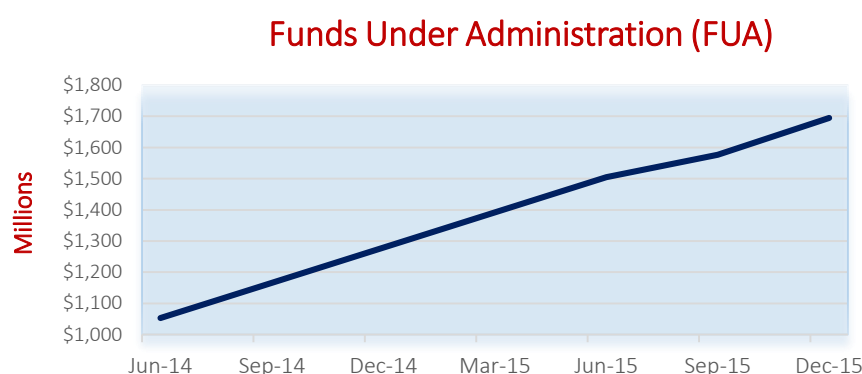
Unlike legacy and new platforms that have bolted on SMA functionality focused only on direct equities, MGP supports a holistic approach across asset classes, with support not only for listed securities including ordinary shares, stapled securities and listed trusts/ ETFs, but also for managed funds, term deposits, bills/bonds and other selected assets. With plans to cater for international listed securities over the medium term, MGP continues to ensure its capabilities encompass a vast range of asset types to provide a total investment solution for IFAs.

IFAs are attracted to the solution provided by MGP, as the combination of the MDA structure and MGPs approach enhances the portfolio management capability of the IFA and enables the IFA to deliver a more efficient portfolio management solution to its clients. MGP requires the IFA to have a formally constituted investment committee which is subject to a due diligence process. This not only provides enhanced risk control for the IFA, but also for MGP.

### Funds Under Administration (FUA)

MGP continues to build Funds Under Administration through a combination of new Services being rolled out for IFA's, transitions of clients into existing IFA Services and organic growth and IFAs acquiring books of business. FUA was \$1.695 billion as at 31 December 2015.

Continued interest in MDAs and MGP has resulted in MGP executing six (6) Memoranda of Understanding for the six months to 31 December 2015. These new IFAs will enable MGP to continue to accelerate FUA growth as these new Services are implemented and clients suitable for the MDA Service are transitioned from incumbent administration arrangements to the MDA Service.



### New Product Solutions

#### Retail Superannuation Solution

As flagged in past updates to the market, MGP has been reviewing its Retail Superannuation capability in conjunction with a number of parties. As part of this review, MGP has determined that an enhanced Retail Superannuation solution is required by the market and this is in the final stages of completion.

The enhanced solution will enable Licensees to implement a customised Retail Superannuation solution with the Licensees' own investment strategies reflected in a Retail Superannuation Product Disclosure Statement (PDS) including where required, the ability for tactical asset allocation to be managed through the investment strategies. This is particularly important given the real return strategies adopted by a number of advisory firms and thus the requirement to have zero allocation to some asset classes at points in time. In addition, the Licensee will be able to manage their own portfolios and execute equity trades via their broker/s of choice.

By offering both a MDA Service and a Retail Superannuation solution, MGP can provide the capability for a Licensee to provide investment management capability across its client base, providing significant benefits to the client, improving efficiency for the Licensee and maximising the potential for inflows into MGP.



More than 70% of Licensees with a current MDA Service have expressed an interest in implementing a Retail Superannuation solution.

MGP will further update the market once when the final arrangements have been implemented.

#### Enhanced Cash solution

As part of the Project Excellence initiatives highlighted in past updates to the market, MGP has executed a Heads of Agreement in the December quarter with one of the four major banks to implement a new Cash solution for the MDA client base.

This will result in retail investors obtaining an attractive cash rate and potentially greater functionality than that currently available which will provide better outcomes for the client and the Licensees using MGP's services and potential revenue for MGP.

MGP will further update the market once when the final arrangements have been implemented.

#### Auditor independence

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

Signed in accordance with a resolution of the directors.



Don Sharp  
Executive Chairman  
22nd February 2016

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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 2015, 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, 22 February 2016

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2015

	Notes	31 December 2015 \$	31 December 2014 \$
Revenue	6	2,621,412	1,891,134
Less transaction costs		(588,927)	(445,170)
<b>Gross Profit</b>		<b>2,032,485</b>	<b>1,445,964</b>
Interest and other income	6	88,151	105,990
		<b>2,120,636</b>	<b>1,551,954</b>
<b>Expenses</b>			
Salary and employee benefits expense		(1,110,804)	(1,029,833)
Depreciation and Amortization		(13,199)	(5,656)
Premises expense		(49,434)	(51,949)
Finance costs		(355)	(379)
Consulting		(156,174)	(97,559)
Computer Hosting		(75,318)	(78,774)
Conference and Marketing		(70,147)	(9,290)
Other expenses		(269,914)	(228,059)
<b>Profit/loss before tax</b>		<b>375,291</b>	<b>50,455</b>
Tax (expense)/ benefit		(128,658)	(23,033)
<b>Profit/(Loss) for the period</b>		<b>246,633</b>	<b>27,422</b>
Other comprehensive income		-	-
Total other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>246,633</b>	<b>27,422</b>

<b>Earnings per share</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.18	0.02
Diluted earnings per share	0.17	0.02

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 2015

	Notes	31 December 2015 \$	30 June 2015 \$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		2,482,038	2,001,607
Other financial assets		3,000,000	3,900,000
Trade and other receivables		1,016,764	1,020,769
<b>Total Current Assets</b>		<b>6,498,802</b>	<b>6,922,376</b>
<b>Non-current</b>			
Property, plant and equipment		38,359	25,750
Intangible Asset		440,913	216,370
Investment		3,211	711
Deferred tax assets		973,843	1,102,501
<b>Total Non-Current Assets</b>		<b>1,456,326</b>	<b>1,345,332</b>
<b>Total Assets</b>		<b>7,955,128</b>	<b>8,267,708</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables		311,818	317,060
Provisions		201,453	180,405
<b>Total Current Liabilities</b>		<b>513,271</b>	<b>497,465</b>
<b>Non-current</b>			
Provisions		74,496	54,680
<b>Total Non-Current Liabilities</b>		<b>74,496</b>	<b>54,680</b>
<b>Total Liabilities</b>		<b>587,767</b>	<b>552,145</b>
<b>Net Assets</b>		<b>7,367,361</b>	<b>7,715,563</b>
<b>Equity</b>			
Share capital	8	12,603,524	12,674,253
Share Option Reserve		15,855	-
Accumulated losses		(5,252,048)	(4,958,690)
<b>Total Equity</b>		<b>7,367,361</b>	<b>7,715,563</b>

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 2015

	Share Capital	Share Option Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	12,674,253	-	(4,958,690)	7,715,563
Dividends paid			(539,991)	(539,991)
Share Buy-Back	(70,729)			(70,729)
Employee share base payments		15,855		15,885
Total comprehensive income for the year			246,633	246,633
<b>Balance at 31 December 2015</b>	12,603,524	15,855	(5,252,048)	7,367,361
<b>Balance at 1 July 2014</b>	12,674,253	-	(4,707,542)	7,966,711
Dividend Paid			(270,345)	(270,345)
Transactions with owners				
Total comprehensive loss for the period			27,422	27,422
<b>Balance at 31 December 2014</b>	12,674,253	-	(4,950,465)	7,723,788

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 2015

	Notes	31 December 2015 \$	31 December 2014 \$
<b>Operating activities</b>			
Receipts from customers		2,631,447	1,564,268
Payments to suppliers and employees		(2,269,211)	(1,569,147)
Interest received		82,121	105,990
Interest paid		(355)	(379)
<b>Net cash provided by/(used in) operating activities</b>		<b>444,002</b>	<b>100,732</b>
<b>Investing activities</b>			
Term deposit		900,000	(1,800,000)
Payment of acquisition of non-current asset		(252,851)	(20,159)
<b>Net cash provided by investing activities</b>		<b>647,149</b>	<b>(1,820,159)</b>
<b>Financing activities</b>			
Dividends		(539,991)	(270,345)
Share Buy-Back		(70,729)	-
<b>Net cash provided by/ (used in) financing activities</b>		<b>(610,720)</b>	<b>(270,345)</b>
<b>Net change in cash and cash equivalents</b>		<b>480,431</b>	<b>(1,989,772)</b>
Cash and cash equivalents, beginning of period		2,001,607	3,425,808
<b>Cash and cash equivalents, end of period</b>		<b>2,482,038</b>	<b>1,436,036</b>

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



# Notes to the condensed 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 2015 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 2015 and considered together with any public announcements made by Managed Accounts during the half year ended 31 December 2015 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 2015.

## 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 2015.

## 6 Revenue

	6 months to 31 December 2015	6 months to 31 December 2014
	\$	\$
Service fees	2,621,412	1,891,134
Interest	88,151	105,990
<b>Total</b>	<b>2,709,563</b>	<b>1,997,124</b>

## 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 2015 Shares '000s	30 June 2015 Shares '000s	31 December 2015 \$	30 June 2015 \$
<b>Amounts in thousand shares:</b>				
Beginning of the period	135,172		12,674,253	12,674,253
Shares Buy Back	(350)		(70,729)	
<b>Total contributed equity</b>	<b>134,822</b>	<b>135,172</b>	<b>12,603,524</b>	<b>12,674,253</b>

## 9 Dividends

During the half-year, Managed Accounts Holdings Limited declared and paid an unfranked dividend of 0.2 cents paid 27/08/2015 and 0.2 cents paid 24/11/2015 representing a total dividend of \$539,991.

There has also been an unfranked dividend of 0.2 cents per share totalling \$269,645 declared on 29/01/2016 with payment on 23/02/2016. There is no dividend re-investment plan.

## 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

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 2015 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 22<sup>nd</sup> day of February 2016



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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 2015, 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 2015 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 2015 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, 22 February 2016

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