Managed Accounts Holdings Limited – (ASX MGP)

ACN 128 316 441

Annual Report

For the year ended 30 June 2018

managedaccounts holdingslimited

On behalf of the Managed Accounts board, I am pleased to report another solid set of full-year financial results that reflect the benefits of our company-changing merger with one of the leading platform providers Linear Financial Holdings (Linear).

2018 EBITDA, before the Linear acquisition costs and costs of employee share scheme, came in at $2.868 million – comfortably exceeding Board guidance of $1.5-2.3 million. Our funds under administration stood at $13.09 billion as of June 30, compared with $11 billion for Managed Accounts and Linear combined at the time of the merger.

Completed in November last year, the Linear acquisition has lived up to its promise of being a highly complementary strategy. The benefits have been reflected not just in the financial results, but in the way it has enhanced our service capabilities for both current and future clients.

Including Linear debt repayment, the Linear acquisition was valued at $42.5 million. To fund the purchase, in October 2017 we announced a placement to raise $34 million, followed by a share purchase plan (SPP). The oversubscribed placement attracted high-quality local and global institutions to the register. In a show of support from retail holders, the SPP raised a further $1.115 million.

The acquisition price of Linear included software development costs of $15.413 million and client relationships of $4.078 million, which are being written off over five years. The software costs are tax deductible and together with brought forward Linear trading losses of $9 million will shelter income tax liability for the group.

The amortisation in this year's results includes the write off of leasehold improvements and equipment for the old Linear office of $245,000 as well as the discontinued software development of $1.69 million, which is being replaced by new software for the group.

We entered a new leasing arrangement for our Melbourne office, generating savings of $400,000 from June 2018. On the executive side, a number of previous Linear executive staff migrated to a consulting firm and contracted their services back to the company. This is expected to generate annualised total cost savings up to $1.12 million, offset in the first year by fixed consulting fees of $804,000. This contract expires at the end of November 2018 unless extended.

Significant progress has been made on the review of the future optimal technology environment for the group including an independent review of the first stage. Full details will be announced in the coming weeks.

We also reviewed service providers across the technology and operational aspects of the group and look forward to updating shareholders on progress in the current half.

As well as building our position in the stockbroking and financial advisory market, the Linear acquisition also focused our collective minds on improving efficiencies in administration and marketing of the full suite of products. To that end we are undertaking a review of the name of the group to better reflect the range of our product offerings to the stockbroking and financial advisory market.

Two aspects of the board's capital management are worth dwelling on: our ongoing share buyback program and dividend policy.

Investors will have noticed a steady stream of buy back notices since June. In the board's view, the market is not ascribing full value to Managed Accounts shares so it makes sense for the company to buy them at subdued levels. We will continue to weigh into the market under the rolling buy back scheme, but only when it makes sense to do so.

On dividends, the board suspended payouts after the Linear acquisition to support the company's growth strategy. Consideration of a resumption of payouts will be reviewed by the board after the results for the six months ending 31 December 2018 are released to the market.

The Company maintains its underlying EBITDA guidance for FY19 in range of $7.5 - $8.5 million on the following assumptions:

- Full run rate synergies of $3.5 million from the Linear transaction expected to be achieved in 2H FY19;
- Excludes any transaction or integration costs;
- Assumes all Linear development costs are expensed; and
- Assumes no inclusion of amortisation of Linear software or Linear client contracts and costs of acquisition.

In an industry facing regulatory uncertainty, demand for independent platform services is expected to continue to grow. The fallout from the banking royal commission is expected to result in a continuation of the movement of advisers from the big banks to non-aligned advisory firms.

As an independent platform and administration provider, Managed Accounts is well positioned to take advantage of this trend. The imminent roll-out of our much-anticipated wrap platform will advance our competitive advantages in a keenly contested sector.

I thank all board members, CEO David Heather and indeed all staff across the business. On behalf of the board and management I also thank investors for their ongoing support and look forward to updating shareholders at our upcoming AGM in Sydney on 4 October.

Don Sharp
Executive Chairman

29 August 2018
Sydney

I am delighted to report on a transformative year for the company, a period that has seen the company consolidate its position as a leading provider of investment administration solutions in the Australian market with a specialisation in managed accounts.

The cornerstone achievement for the year was our November merger with Linear Financial Holdings (Linear), a provider of complementary services. The acquisition has not only expanded our capability to broaden services to existing clients, but has bolstered our presence in the stockbroking, non-aligned financial advisory and institutional client markets and allows our company to better compete with our independent platform.

Funds under administration have significantly increased following the merger. Ahead of the merger, Linear had $9 billion of funds under administration and the pre-merger business Managed Accounts business had $2 billion. As of 30 June 2018, the merged entity had $13.09 billion, despite a June quarter affected by a number of one-off factors.

As well as expanding our position across various market channels, the Linear merger identified synergies, without improving efficiencies of the administration platforms in the merged business. Ahead of the merger, we outlined annual pre-tax synergy benefits of $3.5 million. I'm pleased to report the company has largely achieved these savings. Our focus going forward is to improve efficiencies across the technology and processes that drive the administration platforms with further synergies and operating leverage likely to be achieved.

With the Company expanding as a result of the merger, the executive team has continued to be finalised to complement the appointment of Tony Nejasmic as Head of Distribution and Marketing. Craig Giffin was appointed to the Head of Risk, Compliance and Legal role in November and brings over 30 years' experience in risk management and compliance across superannuation and non-superannuation risk and compliance. Craig had previously held global and Australian/Pacific leadership and director roles in firms specialising in asset management, wealth management and integrated financial services. Kobie Turner was appointed as Head of Product in March and has over 18 years' experience in the financial services industry across operations, sales and project management.

Though the cornerstone achievement during the year was the merger, the company has continued to evolve its capability. During the year we were able to finalise its ASX Participation approvals. While this sounds merely prosaic or procedural, it's an important achievement and a rare one in terms of a non-broker or non-custodian attaining ASX Participant status.

A key benefit of this initiative is that the company's products and services can be accessed by clients who wish to hold ASX listed securities in their name. The advantage to the client is they can trade through a panel of brokers rather than being tied to a sponsoring broker, whilst also being able to access a portfolio administration service that offers streamlined portfolio and tax reporting and provides access to a cash solution that offers attractive interest rates.

To underpin future growth in the stockbroking channel, we made two key hires during the period. In January, we appointed Richard Carr as national business development manager. Richard boasts extensive experience in the stockbroking industry across separately managed accounts, wrap and execution services. In early April, Craig Semmens joined us as head of operations. Craig has more than 30 years' experience with leading Australian broking houses, with an especially strong focus on broking operations and compliance.

We continue to pursue acquisition opportunities where they make sense. In May this year the company announced it was well advanced in the process of acquiring an existing Registrable Superannuation Entity (RSE), having executed a non-binding relationship agreement. If completed on terms suitable to Managed Accounts, this transaction will enable the delivery of nimble solutions that offer competitive pricing in an increasingly price competitive market.

As previously advised to the market, one disappointment during the year was that the memorandum of understanding with stockbroker Shaw and Partners did not lead to new funds under administration with the firm electing to keep existing administration arrangements in place. While our 2018-19 forecasts did not assume any Shaw and Partners revenue, our solutions will remain a viable alternative for Shaw and Partners and similar firms in the future.

We look forward with the expectation of continuing to expand the capability of the company and reporting further growth to the coming year.

David Heather
Chief Executive Officer

29 August 2018
Sydney

Managed Accounts Holdings Limited is a specialist provider of non-unitised investment administration services with a specialisation in managed accounts. Established in 2004, it provides administration and technology solutions to some of Australia's leading stockbrokers, wealth managers, and financial advisory firms.

Following the merger with Linear Financial Holdings Pty Ltd (Linear) in November 2017, as at 30 June 2018, Managed Accounts was responsible for funds under administration of approximately $13.09 billion, diversified across a quality client base with the largest client representing 15.9% of total revenue.

Managed Accounts has extensive administration capability when compared to peer administration platforms in Australia, offering a comprehensive multi asset, multi market and multi custody administration solution. This is complemented with an ability to hold assets directly in the client's name through brokers or through Managed Accounts' ASX Participant status which enables investors to have choice of broker when trading listed securities and, as at the date of this report, a cash account that provides one of the highest interest earning outcomes for investors across all platforms in Australia.

This capability is delivered through products and services that are distributed by Managed Accounts or through the provision of outsourced administration to other institutional clients or boutique providers.

Managed Accounts has a several products and services it distributes:

- **portfolio administration service** (PAS). Administration and reporting for client portfolios where the assets are held in the name of the client, typically for wealth managers and stockbrokers
- **managed discretionary account** (MDA) services. Rather than delivering an off-the-shelf product, Managed Accounts focuses on designing, implementing and operating services that incorporate the specific requirements of advisory firms, wealth managers and stockbrokers into a private-label service
- **separately managed account** (SMA). Available as an off the shelf PDS based product, complete with a comprehensive global equities capability, the SMA can also be white labelled to meet the specific requirements of advisory firms, wealth managers and stockbrokers
- **superannuation services** (Super). Rather than delivering a unitised super solution, Managed Accounts works with external service providers to deliver a non-unitised solution for those clients seeking a superannuation solution and who do not wish to use a SMSF.

When delivering outsourced administration solutions to institutional clients or other boutique providers, Managed Accounts matches its broad capability to the requirements of the client.

The core capability and target markets for these solutions are outlined in the table below.

Capability		Description	Distribution Channels
Portfolio Administration (PAS)	✓	• Investment and tax reporting service	• IFAs • Private Wealth / Stockbrokers
Superannuation	✓	• Non-unitised superannuation administration	• IFAs • Private Wealth / Stockbrokers • Investment Managers • Institutions
SMA	✓	• Provision of model portfolios where investor owns underlying asset, and reporting	• IFAs • Private Wealth / Stockbrokers • Investment Managers
Managed Discretionary Account (MDA)	✓	• 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

This capability is overseen by a Board and management team that has significant experience in financial services including financial advisory, stockbroking, superannuation, investment administration and managed accounts.

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 year ended 30 June 2018.

Directors
The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Donald Sharp - Chairman	
Peter Brook	
Colin Peterson	(Appointed 23 November 2017)
Stephen Reed	(Appointed 23 November 2017)
Alexander Hutchison	(Resigned 9 May 2018)

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 year were as follows:

	Consolidated 2018 $	Consolidated 2017 $
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
Interim dividend paid for the quarter ended 31 December 2016 of $0.002 per share	-	270,137
Interim dividend paid for the quarter ended 31 March 2017 of $0.002 per share	-	267,440
	267,766	1,078,535

On 12 October 2017, the Company announced that due to the Company's growth plans it has suspended the payment of dividends going forward. This decision is to be reviewed by the directors of the Company following the release of the Company's results for the 6 months to 31 December 2018.

The payment of a dividend by the Company is at the discretion of the directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the directors may consider relevant.

Review of operations
The loss for the Group after providing for income tax amounted to $2,503,883 (30 June 2017: profit of $670,648).

Refer to the 'Report of Chairman and Chief Executive Officer' and 'Business Overview' sections for details of operations throughout the year.

Significant changes in the state of affairs
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 year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2018 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.

Likely developments and expected results of operations

Refer to 'Report of Chairman', 'Report of Chief Executive Officer' and 'Business Overview' in the Annual report for details of likely developments and expected results of operations.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Donald ('Don') Sharp
Title:	Executive Chairman
Qualifications:	BBus, CPA, FAICD
Experience and expertise:	Don is a qualified accountant and a highly experienced, innovative and respected business builder and leader in the financial services sector. He co-founded Bridges Financial Services Pty Ltd, an industry leader in financial services well known for establishing one of the first platform solutions for portfolio management in Australia, The Portfolio Service. Don is a former Chairman of Investors Mutual, Global Value Investors, and Premium Investors Limited (ASX: PRV) and a former Director of Countplus Limited (ASX: CUP) and Treasury Group Ltd (ASX: TRG).
Other current directorships:	Executive Chairman of Integrated Payment Technologies Limited (ASX: IP1).
Former directorships (last 3 years):	None.
Special responsibilities:	Don is Executive Chairman of the Company and a member of the ARC Risk and Compliance Sub-committee and the ARC Audit and Finance Sub-committee.
Interests in shares:	10,000 ordinary shares directly held and 32,065,399 ordinary shares indirectly held.
Interests in options:	None.

Name:	Peter Brook
Title:	Non-Executive Director
Qualifications:	B Com, AICA, M Mngt, GAICD, GAIST
Experience and expertise:	Peter was the former chief executive and managing director of major superannuation administrator Pillar Administration, a NSW government-owned entity. He successfully lead the overhaul of its operating model, technology, and member services. Pillar managed 1.1 million member accounts holding $110 billion in funds at the time of its sale to Mercer in December 2016. Peter's 40-year career also includes executive and director roles at StatePlus, Alinta Energy, Challenger Financial Services Group, MLC and Grant Thornton.
Other current directorships:	None.
Former directorships (last 3 years):	No former directorships of listed entities.
Special responsibilities:	Peter is Chairman of the ARC Audit and Finance Sub-committee, Chairman of the Remuneration and Nomination Committee and a member of the ARC Risk and Compliance Sub-committee.
Interests in shares:	16,000 ordinary shares indirectly held.
Interests in options:	None.

Name:	Colin Peterson
Title:	Non-Executive Director (appointed 23 November 2017)
Qualifications:	GAICD, CFP, (FPA), Associate FPA, Diploma Financial Planning, AAII
Experience and expertise:	Colin was a founding Director and the Executive Chairman of the Linear Group from May 2006 until November 2017. The Linear Group were pioneers in the MDA/SMA Platform arena amassing some $9.3 Billion in FUM. Colin was also the Executive Chairman and Responsible Officer of Linear Asset Management Ltd (an unlisted public company, part of the Linear Group) from May 2006 until February 2016. Colin has more than 35 years' experience in financial services and has held multiple roles as a responsible officer including for the Linear Superannuation Fund. As a founding member of SPAA and an early specialist in SMSF (Self-Managed Superannuation) he has significant experience in Superannuation. Colin has a track record of protecting the rights of shareholders.
Other current directorships:	No other current directorships of listed entities.
Former directorships (last 3 years):	No former directorships of listed entities.
Special responsibilities:	Colin is a member of the ARC Risk and Compliance Sub-committee.
Interests in shares:	13,441,605 ordinary shares indirectly held.
Interests in options:	None.

Name:	Stephen Reed
Title:	Non-Executive Director (appointed 23 November 2017)
Qualifications:	B.Com (Melb), MBA (Monash), Dip Fin Planning (Deakin)
Experience and expertise:	Stephen has extensive financial service experience including at Norwich Investments Management Ltd, as a Director and partner in Austock stockbroking companies and as founder and director of Austchoice Financial Services Ltd, listed on the ASX as DKN Ltd (ASX:DKN). He has established a number of financial practices, acted as Responsible Manager on a number of others, and consulted to a number of financial services companies on strategy and marketing. He has also been a co-founder and past director of Manbulloo Ltd which over the past decade has grown into one of Australia's largest producers of mangoes.
Other current directorships:	No other current directorships of listed entities.
Former directorships (last 3 years):	No former directorships of listed entities.
Special responsibilities:	Stephen is a member of the ARC Audit and Finance Sub-committee and the Remuneration and Nomination Committee
Interests in shares:	215,970 ordinary shares, directly held as trustee.
Interests in options:	None.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries
Jillian McGregor serves as joint Company Secretary of the Company. Jillian has worked as a corporate lawyer for over 20 years, during which time she regularly advised companies and directors on compliance with the Corporations Act 2001, ASX listing rules and other corporate legal matters. Jillian has a Bachelor of Commerce, Bachelor of Laws (Merit) and a Graduate Diploma of Applied Corporate Governance.

Craig Giffin serves as joint Company Secretary of the Company. Craig has over 30 years' experience in executive director level business management roles and in global and APAC leadership and director roles within Financial Services. Previously a senior consultant to Financial Services and in his last corporate role as Head of Risk Management, Compliance, Legal and Trustee Service, Craig has also held roles as Executive Head of Risk, Compliance, Legal and Governance for Australia and New Zealand at Nikko Asset Management Limited. Craig has extensive global experience having held executive regional and global leadership roles in risk management, legal and compliance including at Barclays Global Investors, Fortis Investments, BNP Paribas and St. George Bank. Craig has MBA program qualifications from the Australian Graduate School of Management and is a member of the Australian Institute of Company Directors, a member of the Institute of Public Accountants and an Associate of the Institute of Financial Accountants. Craig is also a Fellow of the Securities Institute of Australia.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Audit and Finance Committee		Risk and Compliance Committee	
	Attended	Held	Attended	Held	Attended	Held
Donald Sharp	15	15	5	6	5	5
Peter Brook	14	15	5	6	4	5
Colin Peterson	4	4	-	-	4	4
Stephen Reed	4	4	4	4	-	-
Alexander Hutchison	11	13	4	4	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

There were no meetings of the Remuneration and Nomination Committee held during the year.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Remuneration and Nomination Committee, which operates in accordance with its Charter as approved by the Board, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing executives on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Under the Constitution, the Board may decide the remuneration each director is entitled to for his services in any capacity. However, the total amount paid to all non-executive directors must not exceed in aggregate in any financial year, the amount fixed by the Company in a general meeting. This amount was fixed at $500,000 (including superannuation) at a general meeting held by the Company on 15 June 2018.

As at the date of this report, director fees for each non-executive director are $60,000 per annum (plus superannuation). In addition, the chairman of each of the two main committees of the Board (being, the ARC Risk and Compliance Sub-committee and the ARC Audit and Finance Sub-committee) receive additional director's fees of $20,000 per annum (plus superannuation) for the performance of this role.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives/bonuses;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific pre-determined annual targets, set after consultation with the directors and executives and are specifically tailored to areas where each executive has a level of control. The key performance indicators ('KPI's') for the year ended 30 June 2018 were focused on rewarding outperformance as measured by earnings before interest, tax, depreciation and amortisation ('EBITDA') and satisfaction of specific non-financial KPIs by individual executives. The STI program for the year ended 30 June 2018 incorporated cash bonuses with a capped pool of $400,000, with the Chief Executive Officer being entitled to a maximum of 30% of the capped pool, subject to meeting his KPIs and other requirements. The Chief Executive Officer was entitled to a cash bonus of $90,000 under this program in relation to his performance during the year ended 30 June 2018.

Directors were not entitled to participate in the STI program for the year ended 30 June 2018. However, the Board acknowledged the significant contribution and additional effort provided by Don Sharp (Executive Chairman) during the acquisition process of the Linear group and has resolved to pay him a cash bonus of $50,000 for this additional contribution and effort in relation to the financial year ended 30 June 2018.

A short-term incentive (STI) plan in relation to the FY2018/2019 is currently available to all staff with the exception of the Head of Distribution and Marketing and staff in the Distribution Team who are subject to a separate STI arrangement based on achievement of KPIs. The STI plan is payable at the discretion of the Company and may be made available if the Company's budget and business plan achievements are met. Any STI payable will be paid in cash.

An STI plan in relation to the FY2018/2019 is available to the Company's Chief Executive Officer based on the achievement of KPIs set by the Board. This STI is payable at the discretion of the Company and may be made available if the Company's budget and business plan achievements are met. Any STI payable to the Chief Executive Officer will be paid in cash.

The long-term incentives ('LTI') include long service leave and share-based payments. Employees may participate in the Company's Employee Share Option Plan or its Executive Share Option Plan depending on satisfaction of relevant criteria.

Option plans

Executive Plan
The Board has approved an Executive Share Option Plan ('Executive Plan'). It is intended that the Executive Plan will enable the Group to retain and attract skilled and experienced employees, contractors and officers and provide them with the motivation to make the Group more successful. Offers under the Executive Plan will be made only to persons who are 'senior managers' within the meaning of the Corporations Act 2001. As such, offers will not be made under the Executive Plan in reliance on ASIC Class Order [CO 14/1000] and are not subject to or included within the 5% limit set out in that Class Order.

Under the Executive Plan, an option is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company, subject to any adjustment required under the Executive Plan rules. The Board may offer options to any eligible person it determines and determine the extent of that person's participation in the Executive Plan. An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attaching to the options. Unless otherwise determined by the Board, no payment is required for the grant of options under the Executive Plan. Options granted under the Executive Plan are not capable of being transferred or encumbered by a participant, unless the Board determines otherwise. Options do not carry any voting or dividend rights. Shares issued or transferred to participants on exercise of an option carry the same rights and entitlements as other issued shares, including dividend and voting rights.

As at the date of this report, options under the Executive Plan have been granted as set out below and on the following terms subject to the Executive 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 performance of the senior manager; and
- exercise period ends four years after the date of grant of options.

The ESOP options are granted under the following tranche criteria:

Tranche 1:	
Proportion of options	33.3%
Vesting dates	31 July 2018
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 2:	
Proportion of options	33.3%
Vesting dates	31 July 2019
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 3:	33.4%
Proportion of options	
Vesting dates	31 July 2020
Exercise conditions	Company's performance and the performance of the relevant employee/contractors

3,000,000 options under the Executive Plan have been granted to David Heather, the Company's Chief Executive Officer, and include a range of conditions associated with his performance in the areas of financial management (including the Group's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods. With respect to Tranche 1 of David's options, 750,000 of these vested and 250,000 options lapsed on 31 July 2018.

3,000,000 options under the Executive Plan have been granted to Tony Nejasmic, Head of Distribution and Marketing, and include a range of conditions associated with his performance in the areas of net inflows to increase Funds Under Administration and implementation fee revenue. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods. The options in Tranche 1 either vested or lapsed as disclosed to the ASX on 31 July 2018.

1,000,000 options under the Executive Plan have been granted to Craig Giffin, Head of Risk and Compliance and Company Secretary, and include a range of conditions associated with his performance in the areas of risk and compliance. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods. The options in Tranche 1 either vested or lapsed as disclosed to the ASX on 31 July 2018.

On 27 August 2018, the Board approved the offer to an eligible executive of up to 750,000 options under the Company's Executive Share Option Plan (Executive Plan) on the following terms subject to the Executive Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company (Option);
- nil consideration is payable for the Option grant;
- exercise price is $0.35 per Option;
- Options vest in 3 separate equal tranches on 31 July 2019, 31 July 2020 and 31 July 2021 but subject to the satisfaction of specific exercise conditions associated with the performance of the relevant executive; and
- exercise period ends 4 years after the date of grant of the Options.

These options have not yet been granted.

Employee Plan
The Company has an Employee Share Option Plan ('Employee Plan'), as adopted in 2015. It is intended that the Employee Plan will enable the Group to retain and attract skilled and experienced employees and contractors and provide them with the motivation to make the Group more successful. The Employee Plan is designed to support interdependence between the Company and eligible persons for their long-term mutual benefit.

Under the Employee Plan, an option is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company. The Board may offer options to any eligible person it determines and determine the extent of that person's participation in the Employee Plan. An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attaching to the options.

The Employee Plan has been prepared to comply with ASIC Class Order [CO14/1000] ('Class Order'). As such, offers under the Employee Plan made in reliance on the Class Order are limited to the 5% capital limit set out in the Class Order.

Unless otherwise determined by the Board, no payment is required for the grant of Options under the Employee Plan. Options granted under the Employee Plan are not capable of being transferred or encumbered by a participant, unless the Board determines otherwise. Options do not carry any voting or dividend rights.

The Company has made a grant of staff options under the Employee Plan in each of the calendar years 2015, 2016 and 2017. As at the date of this report, 4,648,250 options are held under the Employee Plan on the following terms subject to the Employee 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 variable for each option grant;
- for each employee/contractor, options vest in three separate equal tranches on 31 July in each year for three years following the date of grant but subject to the satisfaction of specific exercise conditions associated with the performance of the relevant employee/contractor; and
- exercise period ends four years after the date of grant of the options.

On or around the vesting date of 31 July each year, an announcement is made by the Company to the ASX with respect to the vesting and lapsing of staff options.

On 24 July 2018, the Board approved a new offer under the Employee Plan of up to 3,753,000 options to non-executive staff who have been with the Group for more than three months. The proposed terms are set out below subject to the Employee 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 $0.28 per option;
- options vest on 31 July 2019 but subject to the satisfaction of specific exercise conditions associated with the performance of the relevant staff member; and
- exercise period ends 4 years after the date of grant of the options.

These options have not yet been granted by the Company.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. The FY2017/2018 STI program payments were dependent on defined earnings before interest, tax, depreciation and amortisation ('EBITDA') targets being met. Award of individual bonuses is determined based on satisfaction of specific KPIs by individual executives. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

As stated above, 3,000,000 options under the Executive Plan granted to David Heather, the Company's Chief Executive Officer, include a range of conditions associated with his performance in the areas of financial management (including the Group's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods.

As stated above, 3,000,000 options under the Executive Plan granted to Tony Nejasmic, Head of Distribution and Marketing, include a range of conditions associated with his performance in the areas of net inflows to increase Funds Under Administration and implementation fee revenue. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods.

Use of remuneration consultants

During the financial year ended 30 June 2018, the Group did not engage any remuneration consultants to review its remuneration policies.

Voting and comments made at the Company's 2017 Annual General Meeting ('AGM')

At the 12 October 2017 AGM, 99.97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The key management personnel of the Group consisted of the directors of the Company and the following persons:

- David Heather - Chief Executive Officer
- Craig Giffin - Head of Risk and Compliance (Appointed 13 November 2017)
- Tony Nejasmic - Head of Distribution and Marketing
- Kobie Turner - Head of Product (Appointed 8 February 2018)
- Carl Baum - Head of Product (Resigned 8 February 2018)
- Pamella Wilson - Senior Business Analyst
- Sanja Jovicic - Head of Information Technology

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Brook	60,000	-	-	5,700	-	-	65,700
Colin Peterson*	36,385	-	-	3,457	-	-	39,842
Stephen Reed*	36,385	-	-	3,457	-	-	39,842
Alexander Hutchison**	51,615	-	-	4,903	-	-	56,518
Executive Directors:							
Donald Sharp	77,250	50,000	-	7,339	-	-	134,589
Other Key Management Personnel:							
David Heather	256,667	90,000	-	24,383	10,546	100,083	481,679
Craig Giffin*	152,923	40,000	-	14,528	-	15,230	222,681
Tony Nejasmic	238,130	-	-	22,622	-	140,883	401,635
Kobie Turner*	171,692	-	-	16,302	-	4,373	192,367
Carl Baum**	115,305	-	-	10,954	-	-	126,259
Pamella Wilson	158,219	10,000	-	15,031	-	5,886	189,136
Sanja Jovicic	51,825	15,000	-	4,923	4,315	5,715	81,778
	1,406,396	205,000	-	133,599	14,861	272,170	2,032,026

* Remuneration is from date of appointment to 30 June 2018.
** Remuneration is from 1 July 2017 to date of resignation.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Brook *	13,167	-	-	1,251	-	-	14,418
Alexander Hutchison	60,000	-	-	5,700	-	-	65,700
Colin Scully **	-	-	-	-	-	-	-
Executive Directors:							
Donald Sharp	77,250	-	-	7,339	-	-	84,589
Other Key Management Personnel:							
David Heather	233,333	-	-	22,167	7,778	25,850	289,128
Tony Nejasmic	22,769	-	-	2,163	-	-	24,932
Carl Baum	36,131	-	-	3,432	-	-	39,563
Pamella Wilson	147,264	-	-	13,990	-	5,054	166,308
Sanja Jovicic	96,201	-	-	7,989	1,885	4,994	111,069
	686,115	-	-	64,031	9,663	35,898	795,707

* Appointed 12 April 2017.
** Colin Scully received no remuneration in the year and resigned on 25 May 2017.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2018	2017	2018	2017	2018	2017
Non-Executive Directors:						
Peter Brook	100%	100%	-	-	-	-
Colin Peterson	100%	-	-	-	-	-
Stephen Reed	100%	-	-	-	-	-
Alexander Hutchison	100%	100%	-	-	-	-
Executive Directors:						
Donald Sharp	63%	100%	37%	-	-	-
Other Key Management Personnel:						
David Heather	60%	91%	19%	-	21%	9%
Craig Giffin	75%	-	18%	-	7%	-
Tony Nejasmic	65%	100%	-	-	35%	-
Kobie Turner	98%	-	-	-	2%	-
Carl Baum	100%	100%	-	-	-	-
Pamella Wilson	92%	97%	5%	-	3%	3%
Sanja Jovicic	75%	96%	18%	-	7%	4%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Donald Sharp
Title:	Executive Chairman
Agreement commenced:	1 February 2014
Term of agreement:	No term
Details:	Base remuneration of $120,450 No notice period

Name:	David Heather
Title:	Chief Executive Officer
Agreement commenced:	1 February 2014
Term of agreement:	No term
Details:	Base salary of $323,208 3 months notice period

Name:	Craig Giffin
Title:	Head of Risk and Compliance
Agreement commenced:	13 November 2017
Term of agreement:	No term
Details:	Base salary of $270,684 1 month notice period

Name:	Tony Nejasmic
Title:	Head of Distribution and Marketing
Agreement commenced:	29 May 2017
Term of agreement:	No term
Details:	Base salary of $262,800 3 months notice period

Name:	Kobie Turner
Title:	Head of Product
Agreement commenced:	3 July 2017
Term of agreement:	No term
Details:	Base salary of $200,385 1 month notice period

Name:	Pamella Wilson
Title:	Senior Business Analyst
Agreement commenced:	25 September 2015
Term of agreement:	No term
Details:	Base salary of $181,912 1 month notice period

Name:	Sanja Jovicic
Title:	Head of Information Technology
Agreement commenced:	4 August 2018
Term of agreement:	No term
Details:	Base salary of $150,500 (part time) 1 month notice period

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Leave entitlements as per the applicable employment standards and legislations. Cash bonuses are in place for key management personnel and other staff. Key management personnel may be entitled to participate in the Executive Plan or the Employee Plan.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018 other than by virtue of the exercise by a member of key management personnel of some staff options granted under the Employee Plan in 2015.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and first exercisable date	Expiry date	Exercise price	Fair value per option at grant date
27 Nov 2015	31 Jul 2016	27 Nov 2019	$0.22	$0.0517
30 Jun 2017	31 Jul 2018	30 Jun 2021	$0.35	$0.0145
30 Aug 2017	31 Jul 2018	30 Aug 2021	$0.35	$0.0800
15 Sep 2017	31 Jul 2018	31 Aug 2021	$0.35	$0.0790
29 Jan 2018	31 Jul 2018	29 Jan 2022	$0.35	$0.0920

Name	Number of options granted	Grant date	Exercisable date	Expiry date	Exercise price	Fair value per option at grant date
David Heather	666,667	27 Nov 2015	31 Jul 2016	27 Nov 2019	$0.22	$0.0517
	666,667	27 Nov 2015	31 Jul 2017	27 Nov 2019	$0.22	$0.0517
	666,666	27 Nov 2015	31 Jul 2018	27 Nov 2019	$0.22	$0.0517
	1,000,000	30 Aug 2017	31 Jul 2018	30 Aug 2021	$0.35	$0.0800
	1,000,000	30 Aug 2017	31 Jul 2019	30 Aug 2021	$0.35	$0.0800
	1,000,000	30 Aug 2017	31 Jul 2020	30 Aug 2021	$0.35	$0.0800
	5,000,000					
Craig Giffin	333,333	29 Jan 2018	31 Jul 2018	29 Jan 2022	$0.35	$0.0920
	333,333	29 Jan 2018	31 Jul 2019	29 Jan 2022	$0.35	$0.0920
	333,334	29 Jan 2018	31 Jul 2020	29 Jan 2022	$0.35	$0.0920
	1,000,000					
Tony Nejasmic	1,000,000	30 Jun 2017	31 Jul 2018	30 Jun 2021	$0.35	$0.0145
	1,000,000	30 Jun 2017	31 Jul 2019	30 Jun 2021	$0.35	$0.0145
	1,000,000	30 Jun 2017	31 Jul 2020	30 Jun 2021	$0.35	$0.0145
	3,000,000					
Kobie Turner	68,333	15 Sept 2017	31 Jul 2018	15 Sept 2021	$0.35	$0.0790
	68,333	15 Sept 2017	31 Jul 2019	15 Sept 2021	$0.35	$0.0790
	68,334	15 Sept 2017	31 Jul 2020	15 Sept 2021	$0.35	$0.0790
	205,000					
Pamella Wilson	115,000	27 Nov 2015	31 Jul 2016	27 Nov 2019	$0.22	$0.0517
	115,000	27 Nov 2015	31 Jul 2017	27 Nov 2019	$0.22	$0.0517
	115,000	27 Nov 2015	31 Jul 2018	27 Nov 2019	$0.22	$0.0517
	345,000					
Sanja Jovicic	115,000	27 Nov 2015	31 Jul 2016	27 Nov 2019	$0.22	$0.0517
	115,000	27 Nov 2015	31 Jul 2017	27 Nov 2019	$0.22	$0.0517
	115,000	27 Nov 2015	31 Jul 2018	27 Nov 2019	$0.22	$0.0517
	345,000					

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the Company. The number of options granted was determined having regard to the satisfaction of KPI with measured a number of performance criteria and achieving the company's profit forecast. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on the vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Additional information

The earnings of the Group for the five years to 30 June 2018 are summarised below:

	2018 $	2017 $	2016 $	2015 $	2014 $
Profit/(loss) after income tax	(2,503,883)	670,648	740,464	559,889	(168,519)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2018	2017	2016	2015	2014
Share price at financial year end ($)	0.22	0.35	0.45	0.17	0.21
Total dividends declared ($)	0.002	0.008	0.008	0.006	-
Earnings per share (cents per share)	(1.05)	0.50	0.55	0.41	(0.16)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions acquired	Exercised	Disposals/ other	Balance at the end of the year
Donald Sharp	31,668,255	-	407,144	-	-	32,075,399
Peter Brook	-	-	16,000	-	-	16,000
Colin Peterson	-	-	13,441,605	-	-	13,441,605
Stephen Reed	-	-	215,970	-	-	215,970
Alexander Hutchison *	200,000	-	-	-	(200,000)	-
David Heather	4,250,001	-	-	-	-	4,250,001
Tony Nejasmic	-	-	95,000	-	-	95,000
Sanja Jovicic	-	-	-	96,600	(95,000)	1,600
	36,118,256	-	14,175,719	96,600	(295,000)	50,095,575

* Disposals/other represents no longer a Director or key management personnel, not necessarily a physical disposal

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as part of remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
David Heather	1,833,333	3,000,000	-	(133,333)	4,700,000
Craig Giffin	-	1,000,000	-	-	1,000,000
Tony Nejasmic	3,000,000	-	-	-	3,000,000
Kobie Turner	-	205,000	-	-	205,000
Pamella Wilson	327,750	-	-	(11,500)	316,250
Sanja Jovicic	326,600	-	(96,600)	(19,550)	210,450
	5,487,683	4,205,000	(96,600)	(164,383)	9,431,700

The amounts paid for the exercise of options was $21,252.

	Options vested and exercisable
Options over ordinary shares	
David Heather	1,033,334
Pamella Wilson	201,250
Sanja Jovicic	95,450
	1,330,034

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
27 November 2015	27 November 2019	$0.22	3,812,734
5 September 2016	5 September 2020	$0.33	108,900
30 June 2017	30 June 2021	$0.35	2,570,000
30 August 2017	30 August 2021	$0.35	2,750,000
15 September 2017	15 September 2021	$0.35	726,616
29 January 2018	29 January 2022	$0.35	956,666
			10,924,916

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of the Company were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
27 November 2015	$0.22	163,000

Indemnity and insurance of officers
To the extent permitted by law (including the requirements of the Corporations Act 2001 and, in particular, sections 199A and 199C), the Company has agreed to indemnify some directors and officers against any liability, damages, costs or expenses which the person incurs or becomes liable for due to any act or omission that occurs when the person is an officer of the Company or any of its subsidiaries, subject to certain exclusions including where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of deliberately dishonest, deliberately fraudulent or deliberately criminal act or commission or any wilful violation of any law, or the gaining of any profit or remuneration to which the officer is not legally entitled or conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group where such conduct is established by final adjudication.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

____
Don Sharp
Executive Chairman

29 August 2018
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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 audit of Managed Accounts Holdings Limited for the year ended 30 June 2018, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M R Leivesley
Partner – Audit & Assurance

Sydney, 29th August 2018

Managed Accounts Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Revenue			
Service fees		15,146,761	6,895,253
Less: transaction costs		(3,106,411)	(1,451,871)
Gross margin		12,040,350	5,443,382
Share of profits of joint ventures accounted for using the equity method		21,351	23,180
Interest income		127,506	80,720
Other income		498,316	-
Expenses			
Employee benefits expense		(6,820,524)	(2,783,450)
Depreciation and amortisation expense	5	(2,788,390)	(113,470)
Write off of assets	5	(1,934,943)	-
Premises expense		(438,294)	(153,673)
Acquisition related expenses	32	(1,262,843)	(172,254)
Cost of Employee Share Scheme		(282,037)	(121,038)
Other expenses	5	(2,555,073)	(1,142,595)
Finance costs	5	(5,428)	(1,015)
Profit/(loss) before income tax (expense)/benefit		(3,400,009)	1,059,787
Income tax (expense)/benefit	6	896,126	(389,139)
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Managed Accounts Holdings Limited	22	(2,503,883)	670,648
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Managed Accounts Holdings Limited		(2,503,883)	670,648
		Cents	**Cents**
Basic earnings per share	35	(1.05)	0.50
Diluted earnings per share	35	(1.05)	0.47

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 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	7	4,932,312	1,623,818
Other financial assets	8	1,250,000	1,163,318
Trade and other receivables	9	2,476,277	1,043,095
Total current assets		8,658,589	3,830,231
Non-current assets			
Investments accounted for using the equity method	10	544,531	523,180
Investments	11	101,184	22,873
Property, plant and equipment	12	261,909	69,069
Intangibles	13	40,549,071	2,616,630
Deferred tax	14	4,298,154	342,233
Other financial assets	15	-	225,000
Total non-current assets		45,754,849	3,798,985
Total assets		54,413,438	7,629,216
Liabilities			
Current liabilities			
Trade and other payables	16	2,086,300	605,231
Employee benefits	17	725,045	231,279
Deferred revenue		306,627	-
Other		6,300	-
Total current liabilities		3,124,272	836,510
Non-current liabilities			
Deferred tax	18	981,892	-
Employee benefits	19	175,384	125,828
Deferred revenue		399,108	-
Total non-current liabilities		1,556,384	125,828
Total liabilities		4,680,656	962,338
Net assets		49,732,782	6,666,878
Equity			
Issued capital	20	57,725,126	12,169,610
Share option reserve	21	483,770	201,733
Accumulated losses	22	(8,476,114)	(5,704,465)
Total equity		49,732,782	6,666,878

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 year ended 30 June 2018

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 year	-	-	670,648	670,648
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	670,648	670,648
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 20)	210,428	-	-	210,428
Share buy-back	(507,668)	-	-	(507,668)
Share-option reserve	-	121,038	-	121,038
Dividends paid (note 23)	-	-	(1,078,535)	(1,078,535)
Balance at 30 June 2017	12,169,610	201,733	(5,704,465)	6,666,878

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 year	-	-	(2,503,883)	(2,503,883)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,503,883)	(2,503,883)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 20)	45,555,516	-	-	45,555,516
Share-option reserve	-	282,037	-	282,037
Dividends paid (note 23)	-	-	(267,766)	(267,766)
Balance at 30 June 2018	57,725,126	483,770	(8,476,114)	49,732,782

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

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,004,370	7,222,930
Payments to suppliers and employees (inclusive of GST)		(12,690,165)	(5,679,957)
		2,314,205	1,542,973
Acquisition costs of Linear		(1,262,843)	-
Payment to Linear suppliers and employees owing on acquisition		(1,525,774)	-
		(474,412)	1,542,973
Interest received		127,506	80,720
Other revenue		498,316	-
Interest and other finance costs paid		(5,428)	(1,015)
Net cash from operating activities	34	145,982	1,622,678
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	(23,071,103)	-
Payment for expenses relating to acquisitions		-	(22,873)
Payments for interests in joint venture		-	(500,000)
Payments for loans		-	(225,000)
Payments for investments		(78,311)	-
Payments for property, plant and equipment	12	(213,886)	(54,663)
Payments for intangibles	13	(1,226,799)	(1,619,270)
Proceeds from disposal of investments		-	3,211
Proceeds from term deposits		138,318	1,879,824
Net cash used in investing activities		(24,451,781)	(538,771)
Cash flows from financing activities			
Proceeds from issue of shares	20	35,151,360	210,428
Payments for share buy-backs	20	-	(507,668)
Share issue transaction costs	20	(1,910,133)	-
Dividends paid	23	(267,766)	(1,078,535)
Repayment of borrowings - Linear		(5,359,168)	-
Net cash from/(used in) financing activities		27,614,293	(1,375,775)
Net increase/(decrease) in cash and cash equivalents		3,308,494	(291,868)
Cash and cash equivalents at the beginning of the financial year		1,623,818	1,915,686
Cash and cash equivalents at the end of the financial year	7	4,932,312	1,623,818

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 29 August 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Managed Accounts Holdings Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended. Managed Accounts Holdings Limited and its subsidiaries.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised for the major business activities as follows:

Service fees
Service fees include funds under administration ('FUA') revenue, transaction/brokerage fees and implementation fees:
(a) Funds under administration ('FUA') revenue is recognised as the service is provided, i.e. on a monthly basis based on a percentage of FUA per the contract with the client.
(b) Transaction/brokerage fees are recognised at the date of the transaction.
(c) Implementation fees are recognised on a stage of completion basis, depending upon the phase of the implementation process.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants
Government grants are recognised at fair value where there is a reasonable certainty that the grant will be received upon meeting all grant terms and conditions. Grants that are meant to fund expenditure on research and development are recognised over the periods when these costs are written off to profit or loss. Grants related to assets are carried forward as deferred income at fair value and are credited to other income over the expected useful life of the asset over a straight line basis.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Managed Accounts Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries, excluding PHL Securities Pty Ltd, have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

Depreciation is calculated on a diminishing basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Period of lease
Information technology equipment	40 to 50%
Other equipment	10 to 20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software development costs
Research costs and development costs not meeting the criteria for capitalisation are expensed in the period in which they are incurred. Software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Directly attributable costs include employee costs (other than director costs), incurred on software development along with an appropriate portion of relevant overheads, if the costs directly related to the development project.

Capitalised software development costs are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Amortisation commences when the asset is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Useful lives are reviewed at each reporting date. The useful life for capitalised software development costs is assessed as five years, unless the asset is used to support licensed software, in which case the asset is amortised over the remaining life of the licence.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life, and capitalised internally developed software that is not yet complete are not amortised but are subject to impairment testing. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Managed Accounts Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018. It is not expected to have a material impact on the Group as both its financial assets and financial liabilities will continue to measure such instruments at amortised cost and expected credit loss provisioning of receivables will not be material.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers, the significant judgements made in applying the standard to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018. Management have performed an impact assessment and management does not believe the implementation of AASB 15 will have a material impact on the Group.

Note 2. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. Based on property leases at the reporting date, the Group has leases on premises that will expire in August 2021.

IASB revised Conceptual Framework for Financial Reporting
The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Capitalised software development costs
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for capitalisation of development costs are met requires significant judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that the carrying amount may be impaired.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than indefinite life intangible assets and assets not yet complete
The Group assesses impairment of non-financial assets other than indefinite life intangible assets and assets not yet complete at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be wholly settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. 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.

Major customers
During the year ended 30 June 2018 approximately $2,400,834 (2017: $706,461) of the Group's external revenue was derived from sales to one client (2017: one client).

Note 5. Expenses

	Consolidated 2018 $	2017 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	14,345	6,109
Fixtures and fittings	5,071	1,849
Information technology equipment	59,130	26,040
Total depreciation	78,546	33,998
Amortisation		
Customer relationships	507,484	-
Software development costs	2,202,360	79,472
Total amortisation	2,709,844	79,472
Total depreciation and amortisation	2,788,390	113,470
Write-off of assets		
Property, plant and equipment assets scrapped (note 12)	245,395	-
Discontinued projects - assets under development (note 13)	1,689,548	-
Total write-off of assets	1,934,943	-
Other expenses		
Consulting	469,000	-
Consultant-General	466,257	250,529
Travel/Accommodation	211,841	83,691
Audit Fees	198,999	102,652
Computer Maintenance +Supplies	179,039	-
Computer Hosting	177,627	159,434
Insurance	160,552	75,374
Staff Recruitment	150,404	54,416
Trustee Fees	95,700	-
Conferences and Marketing	77,740	56,021
Legal Fees	69,546	40,799
Telephone	63,474	24,386
Other expenses	234,894	295,293
Total other expenses	2,555,073	1,142,594
Finance costs		
Interest and finance charges paid/payable	5,428	1,015

Note 6. Income tax expense/(benefit)

	Consolidated 2018 $	Consolidated 2017 $
Income tax expense/(benefit)		
Deferred tax - origination and reversal of temporary differences	(801,949)	328,192
Adjustment recognised for prior periods	(94,177)	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	60,947
Aggregate income tax expense/(benefit)	(896,126)	389,139
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 14)	(662,391)	328,192
Decrease in deferred tax liabilities (note 18)	(139,558)	-
Deferred tax - origination and reversal of temporary differences	(801,949)	328,192
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	(3,400,009)	1,059,787
Tax at the statutory tax rate of 27.5%	(935,002)	291,441
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	11,395	7,030
Cost of Employee Option Scheme	77,560	33,285
Share of profits - joint ventures	(5,871)	(6,375)
Expenses - joint ventures	72	2,811
Research and development claim	(137,037)	-
Amortisation expenses	326,492	-
	(662,391)	328,192
Adjustment recognised for prior periods	(94,177)	-
Prior year temporary differences not recognised now recognised	(139,558)	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	60,947
Income tax expense/(benefit)	(896,126)	389,139

Note 7. Current assets - cash and cash equivalents

	Consolidated 2018 $	Consolidated 2017 $
Cash at bank	4,932,312	1,623,818

Note 8. Current assets - other financial assets

	Consolidated 2018 $	Consolidated 2017 $
Loan - McGregor Wealth Management Pty Ltd	225,000	-
Term deposit securing Bond for ASX membership	1,000,000	1,000,000
Bank deposits securing bank guarantees	25,000	163,318
	1,250,000	1,163,318

Weighted average interest rate is 2.06% (2017: 2.14%).

The loan is repayable at call.

Note 9. Current assets - trade and other receivables

	Consolidated 2018 $	Consolidated 2017 $
Trade receivables	739,083	802,528
Other receivables	1,148,656	142,795
Ex-employee loan	299,357	-
Prepayments	289,181	97,772
	2,476,277	1,043,095

The loan is repayable on 14 November 2018.

Impairment of receivables
The Group has recognised a loss of $nil (2017: $nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2018.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $78,681 as at 30 June 2018 ($131,043 as at 30 June 2017).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2018 $	Consolidated 2017 $
Less than 3 months overdue	33,911	39,785
3 to 6 months overdue	21,609	9,764
Over 6 months overdue	23,161	81,494
	78,681	131,043

Note 10. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2018 $	2017 $
Investment in joint venture	544,531	523,180

Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2018 %**	**2017 %**
McGregor Wealth Management Pty Ltd	Australia	49.90%	49.90%

Note 10. Non-current assets - investments accounted for using the equity method (continued)

Summarised financial information

	McGregor Wealth Management Pty Ltd 2018 $	McGregor Wealth Management Pty Ltd 2017 $
Summarised statement of financial position		
Cash and cash equivalents	18,471	37,024
Other current assets	40,951	43,973
Non-current assets	1,410,000	1,410,000
Total assets	1,469,422	1,490,997
Current financial liabilities (excluding trade and other payables and provisions)	166,166	56,166
Other current liabilities	40,787	4,515
Non-current financial liabilities (excluding trade and other payables and provisions)	1,164,570	1,362,030
Total liabilities	1,371,523	1,422,711
Net assets	97,899	68,286
Summarised statement of profit or loss and other comprehensive income		
Revenue	941,255	900,153
Interest revenue	219	680
Cost of sales	(89,007)	-
Other expenses	(704,598)	-
Finance costs	(87,494)	(76,811)
Expenses	-	(755,735)
Profit before income tax	60,375	68,287
Income tax expense	(17,588)	(21,834)
Profit after income tax	42,787	46,453
Other comprehensive income	-	-
Total comprehensive income	42,787	46,453
Reconciliation of the Group's carrying amount		
Opening carrying amount	523,180	-
Share of profit after income tax	21,351	23,180
Purchase of interest	-	500,000
Closing carrying amount	544,531	523,180

Note 11. Non-current assets - investments

	Consolidated 2018 $	Consolidated 2017 $
Other investments	101,184	22,873

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Leasehold improvements - at cost	83,599	33,381
Less: Accumulated depreciation	(14,441)	(6,109)
	69,158	27,272
Fixtures and fittings - at cost	10,105	10,105
Less: Accumulated depreciation	(3,865)	(1,849)
	6,240	8,256
Information technology equipment - at cost	271,575	95,169
Less: Accumulated depreciation	(85,064)	(61,628)
	186,511	33,541
	261,909	69,069

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

Consolidated	Leasehold improvements $	Fixtures and fittings $	Information technology equipment $	Total $
Balance at 1 July 2016	28,612	-	19,792	48,404
Additions	4,769	10,105	39,789	54,663
Depreciation expense	(6,109)	(1,849)	(26,040)	(33,998)
Balance at 30 June 2017	27,272	8,256	33,541	69,069
Additions	50,218	-	163,668	213,886
Additions through business combinations (note 32)	175,910	65,102	61,883	302,895
Write off of assets	(169,897)	(62,047)	(13,451)	(245,395)
Depreciation expense	(14,345)	(5,071)	(59,130)	(78,546)
Balance at 30 June 2018	69,158	6,240	186,511	261,909

Note 13. Non-current assets - intangibles

	Consolidated 2018 $	Consolidated 2017 $
Goodwill - at cost	21,596,093	-
Customer relationships - at cost	4,078,000	-
Less: Accumulated amortisation	(507,484)	-
	3,570,516	-
Software development costs - at cost	16,885,168	1,287,652
Less: Accumulated amortisation	(2,281,832)	(79,472)
	14,603,336	1,208,180
Stafford Kitchener licence - at cost	17,941	-
Asset under development - at cost	677,274	1,408,450
Other intangibles - at cost	83,911	-
	40,549,071	2,616,630

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

Consolidated	Goodwill $	Customer relation-ships $	Software develop-ment costs $	Stafford Kitchener licence $	Asset under develop-ment $	Other intangibles $	Total $
Balance at 1 July 2016	-	-	-	-	1,076,832	-	1,076,832
Additions	-	-	1,287,652	-	331,618	-	1,619,270
Amortisation expense	-	-	(79,472)	-	-	-	(79,472)
Balance at 30 June 2017	-	-	1,208,180	-	1,408,450	-	2,616,630
Additions	-	-	184,516	-	958,372	83,911	1,226,799
Additions through business combinations (note 32)	21,596,093	4,078,000	15,413,000	17,941	-	-	41,105,034
Write off of assets	-	-	-	-	(1,689,548)	-	(1,689,548)
Amortisation expense	-	(507,484)	(2,202,360)	-	-	-	(2,709,844)
Balance at 30 June 2018	21,596,093	3,570,516	14,603,336	17,941	677,274	83,911	40,549,071

Impairment

Cash-generating units
Goodwill and intangible assets with indefinite useful lives are allocated for impairment testing purpose to Cash-Generating Units ("CGU") or groups of CGUs. For the purpose of undertaking impairment testing Managed Accounts has identified that it has one CGU, which is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This assessment has been determined by considering the business, its operating segment and areas of operation as well as how management monitor the performance of the business and the expected synergies from combining the acquired business with the existing business.

In prior years there was no goodwill capitalised in Managed Accounts financial statements and no impairment testing was undertaken. In the current year as Managed Accounts only has one CGU, goodwill and other intangible assets are allocated to that CGU for the purpose of impairment testing.

Note 13. Non-current assets - intangibles (continued)

Impairment testing and key assumptions
Managed Accounts tests annually to determine whether goodwill has suffered any impairment. The recoverable amount of the CGU (or group of CGUs) to which the assets have been allocated have been determined based on a fair value less of disposal calculation, which require the use of assumptions which are detailed below:

- Five year cash flow forecasts

  As Managed Accounts only has one CGU, the cashflows used for impairment testing reflect the combined operations of Managed Accounts and the recently acquired Linear Financial Holdings Pty Ltd.

  The calculations use cashflows based on internal financial budgets approved by management covering a one year period. Management determine budgets based on past performance and expectations for the future taking into consideration known changes and / or continued growth without strategic initiatives. Cash flows beyond the approved budgeted period are limited by the accounting standards to growth from existing markets and products.

  The forecast revenue 5 year compound annual growth rate is 2.5%.

- Terminal value growth rates

  The terminal value growth rate determines the expected growth in cashflows in the period beyond the five year cash flow forecasts.

  The terminal value growth rate is 2.5%.

- The discount rates

  The discount rates used to discount the cash flows to present value and reflect specific risks relating to Managed Accounts and the markets in which we operate.

  The discount rate used for impairment testing is 11.5%.

Critical accounting estimates and assumptions
These calculations are performed based on cashflow projections and other supplementary information which, given their forward looking nature, require the adoption of assumptions and estimates. Each of these assumptions and estimates is based in a ‘best estimate’ at the time of performing the valuation. However increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount of CGUs (or groups of CGUs) to fall below their carrying amounts, resulting in an impairment loss being recognised.

The directors and managers have considered and assessed reasonably possible changes in key assumptions and have not identified any instances that are likely to cause the carrying amount of the CGU to exceed its recoverable amount.

Note 14. Non-current assets - deferred tax

	Consolidated 2018 $	Consolidated 2017 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	670,070	180,486
Provisions	270,311	14,300
Superannuation and other employee benefits	956	101,281
ASX Listing and capital raising costs deductible in future years	881,817	46,166
Additions through business combinations	2,475,000	-
Deferred tax asset	4,298,154	342,233
Movements:		
Opening balance	342,233	731,372
Credited/(charged) to profit or loss (note 6)	662,391	(328,192)
Additions through business combinations (note 32)	2,475,000	-
Additions through capital costs	724,353	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	(60,947)
Adjustment to deferred tax balances as a result of adjustment of prior year	94,177	-
Closing balance	4,298,154	342,233

Note 15. Non-current assets - other financial assets

	Consolidated 2018 $	Consolidated 2017 $
Loan - McGregor Wealth Management Pty Ltd	-	225,000

Note 16. Current liabilities - trade and other payables

	Consolidated 2018 $	Consolidated 2017 $
Trade payables	1,149,649	398,528
Other payables	936,651	206,703
	2,086,300	605,231

Refer to note 24 for further information on financial instruments.

Note 17. Current liabilities - employee benefits

	Consolidated 2018 $	Consolidated 2017 $
Annual leave	595,279	231,279
Long service leave	129,766	-
	725,045	231,279

Note 18. Non-current liabilities - deferred tax

	Consolidated 2018 $	Consolidated 2017 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	(139,558)	-
Additions through business combinations	1,121,450	-
Deferred tax liability	981,892	-
Movements:		
Credited to profit or loss (note 6)	(139,558)	-
Additions through business combinations (note 32)	1,121,450	-
Closing balance	981,892	-

Note 19. Non-current liabilities - employee benefits

	Consolidated 2018 $	Consolidated 2017 $
Long service leave	175,384	125,828

Note 20. Equity - issued capital

	Consolidated 2018 Shares	Consolidated 2017 Shares	Consolidated 2018 $	Consolidated 2017 $
Ordinary shares - fully paid	301,758,778	133,720,180	57,725,126	12,169,610

Note 20. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2016	134,357,711		12,466,850
Issue of shares		1,047,400	$0.20	210,428
Share buy-backs		(1,684,931)	$0.30	(507,668)
Balance	30 June 2017	133,720,180		12,169,610
Issue of shares on exercise of options	19 July 2017	163,000	$0.22	35,860
Issue of shares	13 November 2017	121,428,571	$0.28	34,000,000
Issue of shares for acquisition of Linear Financial Holdings Pty Ltd	15 November 2017	41,335,254	$0.29	11,987,224
Issue of shares under Share Purchase Plan	1 December 2017	3,983,962	$0.28	1,115,500
Issue of shares for acquisition of Linear Financial Holdings Pty Ltd	18 May 2018	1,127,811	$0.29	327,065
Share issue transaction costs				(1,910,133)
Balance	30 June 2018	301,758,778		57,725,126

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.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Management assesses the Group’s capital requirements in order to maintain an efficient overall funding structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

ASIC announced a review of the capital requirements for Managed Discretionary Accounts ('MDA') licence holders. As a result of a recent ASIC CP 200 review, MDA operators net tangible asset ('NTA') capital requirements could be up to $5,000,000. Based on our current Funds Under Advice the Group's requirement would be $5,000,000. ASIC recently announced that they will review the NTA requirements in October 2018. The directors expect that the new NTA requirements are likely to be introduced over a number of years before the full $5,000,000 will be required.

Note 21. Equity - share option reserve

	Consolidated 2018 $	Consolidated 2017 $
Options reserve	483,770	201,733

Share option reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Note 22. Equity - accumulated losses

	Consolidated 2018 $	Consolidated 2017 $
Accumulated losses at the beginning of the financial year	(5,704,465)	(5,296,578)
Profit/(loss) after income tax (expense)/benefit for the year	(2,503,883)	670,648
Dividends paid (note 23)	(267,766)	(1,078,535)
Accumulated losses at the end of the financial year	(8,476,114)	(5,704,465)

Note 23. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2018 $	Consolidated 2017 $
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
Interim dividend paid for the quarter ended 31 December 2016 of $0.002 per share	-	270,137
Interim dividend paid for the quarter ended 31 March 2017 of $0.002 per share	-	267,440
	267,766	1,078,535

On 12 October 2017, the Company announced that due to the Company's growth plans it has suspended the payment of dividends going forward. This decision is to be reviewed by the directors of the Company following the release of the Company's results for the 6 months to 31 December 2018.

The payment of a dividend by the Company is at the discretion of the directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the directors may consider relevant.

Franking credits

The Group has not paid income tax and there are no franking credits.

Note 24. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') at the headquarters under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance focuses on actively securing the Group’s short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group is not exposed to any significant foreign currency risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group has no borrowings.

The Group invests surplus cash in Australian bank term deposits and in doing so is exposed to fluctuations in interest rates that are inherent in such a market. Relatively small balances are held at call for day to day activities.

The Group continues to generate positive cash flows and should require no cash other than the cash holding it has for working capital.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 24. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,149,649	-	-	-	1,149,649
Other payables	-	936,651	-	-	-	936,651
Total non-derivatives		2,086,300	-	-	-	2,086,300

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	398,528	-	-	-	398,528
Other payables	-	206,703	-	-	-	206,703
Total non-derivatives		605,231	-	-	-	605,231

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 25. 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 26. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2018 $	**2017 $**
Short-term employee benefits	1,611,396	686,115
Post-employment benefits	133,599	64,031
Long-term benefits	14,861	9,663
Share-based payments	272,170	35,898
	2,032,026	795,707

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2018	**2017**
	$	**$**
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	118,350	79,000
Other services - Grant Thornton Audit Pty Ltd		
Other assurance services	63,000	17,000
	181,350	96,000
Other services		
Due diligence - Linear	90,000	74,000
Tax advisory	-	2,600
Information technology strategy review	48,795	-
	138,795	76,600

Note 28. Contingent liabilities

The Group has no contingent liabilities as at 30 June 2018 or 30 June 2017.

Note 29. Commitments

	Consolidated	
	2018	**2017**
	$	**$**
Capital commitments		
Committed at the reporting date but not recognised as liabilities:		
Intangible assets	-	80,000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities:		
Within one year	585,840	263,094
One to five years	1,895,670	878,865
	2,481,510	1,141,959

Note 30. Related party transactions

Parent entity
Managed Accounts Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Joint ventures
Interests in joint ventures are set out in note 10.

Note 30. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	**2017**
	$	**$**
Loss after income tax	(1,441,452)	(716,018)
Total comprehensive income	(1,441,452)	(716,018)

Statement of financial position

	Parent	
	2018	**2017**
	$	**$**
Total current assets	208,814	177,082
Total assets	54,389,908	9,219,004
Total current liabilities	318,268	122,134
Total liabilities	1,026,071	1,682,500
Net assets	53,363,837	7,536,504
Equity		
Issued capital	59,424,124	12,169,610
Options reserve	483,770	201,733
Accumulated losses	(6,544,057)	(4,834,839)
Total equity	53,363,837	7,536,504

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 or 30 June 2017.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 or 30 June 2017.

Note 31. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 or 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. 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 $36,525,033. The goodwill of $21,596,093 represents the synergies expected to be obtained from the integration of the business into the Group. The acquired business contributed revenues of $5,094,804 and a loss before tax of $214,558 to the Group for the period from 16 November 2017 to 30 June 2018. If the acquisition occurred on 1 July 2017, the full year contributions would have been revenues of $8,119,001 and a loss before tax of $2,111,209. The values identified in relation to the acquisition of Linear Financial Holdings Pty Ltd and its subsidiaries are provisional as at 30 June 2018.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	1,139,897
Trade receivables	704,509
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	(1,303,963)
Other payables	(852,239)
Deferred tax liability	(1,121,450)
Employee benefits	(383,169)
Other provisions	(111,955)
Lease liability	(351,773)
Other loans	(5,359,168)
Net assets acquired	14,928,940
Goodwill	21,596,093
Acquisition-date fair value of the total consideration transferred	36,525,033
Representing:	
Cash paid or payable to vendor	8,000,000
Managed Accounts Holdings Limited shares issued to vendor	12,314,033
Preference shares redeemed	16,211,000
	36,525,033
Acquisition costs expensed to profit or loss	1,262,843
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	36,525,033
Less: cash and cash equivalents	(1,139,897)
Less: shares issued by Company as part of consideration	(12,314,033)
Net cash used	23,071,103

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Investment Administration Services Pty Ltd trading as managedaccounts.com.au	Sydney / Australia	100.00%	100.00%
Investment Administration Services Developments Pty Ltd	Sydney / Australia	100.00%	100.00%
Planner Holdings Limited	Sydney / Australia	100.00%	100.00%
PHL Securities Pty Ltd	Sydney / Australia	99.80%	99.80%
Margaret Street Nominees Pty Ltd	Sydney / Australia	100.00%	100.00%
Linear Financial Holdings Pty Ltd	Melbourne / Australia	100.00%	-
Linear Administration Services Pty Ltd	Melbourne / Australia	100.00%	-
Stafford Kitchener Pty Ltd	Melbourne / Australia	100.00%	-
Linear Equity Finance Pty Ltd	Melbourne / Australia	100.00%	-
Linear LS Pty Ltd	Melbourne / Australia	100.00%	-
Linear Invest B Pty Ltd *	Melbourne / Australia	100.00%	-
Linear Invest C Pty Ltd *	Melbourne / Australia	100.00%	-
Collins Street Attorney Services Pty Ltd	Melbourne / Australia	100.00%	-

* Entities have been subsequently dissolved on 4 July 2018.

Note 34. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated 2018 $	Consolidated 2017 $
Profit/(loss) after income tax (expense)/benefit for the year	(2,503,883)	670,648
Adjustments for:		
Depreciation and amortisation	2,788,390	113,470
Write off of non-current assets	1,934,943	-
Share of profit - joint ventures	(21,351)	(23,180)
Share-based payments	282,037	121,038
Lease expenses - non-cash	(351,517)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,039,535)	231,001
Decrease/(increase) in deferred tax assets	(1,480,921)	389,139
Decrease in other operating assets	-	73,496
Decrease in trade and other payables	(82,856)	(41,691)
Decrease in deferred tax liabilities	(139,558)	-
Increase in other provisions	48,198	88,757
Increase in deferred revenue	705,735	-
Increase in other operating liabilities	6,300	-
Net cash from operating activities	145,982	1,622,678

Note 35. Earnings per share

	Consolidated 2018 $	Consolidated 2017 $
Profit/(loss) after income tax attributable to the owners of Managed Accounts Holdings Limited	(2,503,883)	670,648
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	238,375,354	133,720,180
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	8,826,783
Weighted average number of ordinary shares used in calculating diluted earnings per share	238,375,354	142,546,963
	Cents	**Cents**
Basic earnings per share	(1.05)	0.50
Diluted earnings per share	(1.05)	0.47

Options have been excluded in the above calculations for the current year as their inclusion would be anti-dilutive.

Note 36. Share-based payments

Executive Share Option Plan
The Board has approved an Executive Share Option Plan ('Executive Plan'). It is intended that the Executive Plan will enable the Group to retain and attract skilled and experienced employees, contractors and officers and provide them with the motivation to make the Group more successful. Offers under the Executive Plan will be made only to persons who are 'senior managers' within the meaning of the Corporations Act 2001. As such, offers will not be made under the Executive Plan in reliance on ASIC Class Order [CO 14/1000] and are not subject to or included within the 5% limit set out in that Class Order.

Under the Executive Plan, an option is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company, subject to any adjustment required under the Executive Plan rules. The Board may offer options to any eligible person it determines and determine the extent of that person's participation in the Executive Plan. An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attaching to the options. Unless otherwise determined by the Board, no payment is required for the grant of options under the Executive Plan. Options granted under the Executive Plan are not capable of being transferred or encumbered by a participant, unless the Board determines otherwise. Options do not carry any voting or dividend rights. Shares issued or transferred to participants on exercise of an option carry the same rights and entitlements as other issued shares, including dividend and voting rights.

As at the date of this report, options under the Executive Plan have been granted as set out below and on the following terms subject to the Executive 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.

Note 36. Share-based payments (continued)

3,000,000 options under the Executive Plan have been granted to David Heather, the Company's Chief Executive Officer, and include a range of conditions associated with his performance in the areas of financial management (including the Group's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods. With respect to Tranche 1 of David's options, 750,000 of these vested and 250,000 options lapsed on 31 July 2018.

3,000,000 options under the Executive Plan have been granted to Tony Nejasmic, Head of Distribution and Marketing, and include a range of conditions associated with his performance in the areas of net inflows to increase Funds Under Administration and implementation fee revenue. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods. The options in Tranche 1 either vested or lapsed as disclosed to the ASX on 31 July 2018.

1,000,000 options under the Executive Plan have been granted to Craig Giffin, Head of Risk and Compliance and Company Secretary, and include a range of conditions associated with his performance in the areas of risk and compliance. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods. The options in Tranche 1 either vested or lapsed as disclosed to the ASX on 31 July 2018.

On 27 August 2018, the Board approved the offer to an eligible executive of up to 750,000 options under the Company's Executive Share Option Plan (Executive Plan) on the following terms subject to the Executive Plan rules:
- each option gives the right to subscribe for or acquire one ordinary share in the Company (Option);
- nil consideration is payable for the Option grant;
- exercise price is $0.35 per Option;
- Options vest in 3 separate equal tranches on 31 July 2019, 31 July 2020 and 31 July 2021 but subject to the satisfaction of specific exercise conditions associated with the performance of the relevant executive; and
- exercise period ends 4 years after the date of grant of the Options.

These options have not yet been granted.

Employee Share Option Plan
The Company has an Employee Share Option Plan ('Employee Plan'), as adopted in 2015. It is intended that the Employee Plan will enable the Group to retain and attract skilled and experienced employees and contractors and provide them with the motivation to make the Group more successful. The Employee Plan is designed to support interdependence between the Company and eligible persons for their long-term mutual benefit.

Under the Employee Plan, an option is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company. The Board may offer options to any eligible person it determines and determine the extent of that person's participation in the Employee Plan. An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attaching to the options.

The Employee Plan has been prepared to comply with ASIC Class Order [CO14/1000] ('Class Order'). As such, offers under the Employee Plan made in reliance on the Class Order are limited to the 5% capital limit set out in the Class Order.

Unless otherwise determined by the Board, no payment is required for the grant of Options under the Employee Plan. Options granted under the Employee Plan are not capable of being transferred or encumbered by a participant, unless the Board determines otherwise. Options do not carry any voting or dividend rights.

Note 36. Share-based payments (continued)

The Company has made a grant of staff options under the Employee Plan in each of the calendar years 2015, 2016 and 2017. As at the date of this report, 4,648,250 options are held under the Employee Plan on the following terms subject to the Employee Plan rules:

- Employee Plan on the following terms subject to the Employee 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 variable for each option grant;
- for each employee/contractor, options vest in three separate equal tranches on 31 July in each year for three years following the date of grant but subject to the satisfaction of specific exercise conditions associated with the performance of the relevant employee/contractor; and
- exercise period ends four years after the date of grant of the options.

On or around the vesting date of 31 July each year, an announcement is made by the Company to the ASX with respect to the vesting and lapsing of staff options.

On 24 July 2018, the Board approved a new offer under the Employee Plan of up to 3,753,000 options to non-executive staff who have been with the Group for more than three months. The proposed terms are set out below subject to the Employee 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 $0.28 per option;
- options vest on 31 July 2019 but subject to the satisfaction of specific exercise conditions associated with the performance of the relevant staff member; and
- exercise period ends 4 years after the date of grant of the options.

These options have not yet been granted by the Company.

Details

Set out below are summaries of options granted under the plans:

2018 Plan	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired forfeited/ other	Balance at the end of the year
Employee	27/11/2015	27/11/2019	$0.220	5,201,283	-	(163,000)	(577,783)	4,460,500
Employee	05/09/2016	05/09/2020	$0.330	625,500	-	-	(64,720)	560,780
Employee	30/06/2017	30/06/2021	$0.350	3,000,000	-	-	-	3,000,000
Executive	30/08/2017	30/08/2021	$0.350	-	3,000,000	-	-	3,000,000
Employee	15/09/2017	15/09/2021	$0.350	-	1,350,000	-	-	1,350,000
Executive	29/01/2018	29/01/2022	$0.350	-	1,000,000	-	-	1,000,000
				8,826,783	5,350,000	(163,000)	(642,503)	13,371,280

2017 Plan	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Employee	27/11/2015	27/11/2019	$0.220	6,350,000	-	(1,000,000)	(148,717)	5,201,283
Employee	05/09/2016	05/09/2020	$0.330	-	991,500	-	(366,000)	625,500
Employee	30/06/2017	30/06/2021	$0.350	-	3,000,000	-	-	3,000,000
				6,350,000	3,991,500	(1,000,000)	(514,717)	8,826,783

Note 36. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2018 Number	2017 Number
27/11/2015	27/11/2019	2,544,534	1,407,950
		2,544,534	1,407,950

For the options granted during the financial 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	$0.27	$0.35	60.10%	2.96%	1.50%	$0.0800
15/09/2017	15/09/2021	$0.27	$0.35	60.70%	3.00%	1.50%	$0.0790
29/01/2018	29/01/2022	$0.28	$0.35	62.10%	1.48%	1.50%	$0.0920

* 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 37. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 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, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Don Sharp
Executive Chairman

29 August 2018
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Managed Accounts Holdings Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Managed Accounts Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Acquisition of Linear Financial Holdings Pty Ltd – Note 32	
On 16 November 2017, Managed Accounts Holdings Limited acquired 100% of the ordinary shares of Linear Financial Holdings Pty Ltd. Management, with the assistance of an expert, determined the fair value of net identifiable assets acquired to be $14.97million, with $19.49million relating to intangibles including customer relationships and software development. This area is a key audit matter because the identification and valuation of intangible assets on acquisition, valuation methodology, inputs and assumptions of the valuation model all require significant judgement. In addition, the goodwill arising from the acquisition is highly dependent on the fair value of the identifiable assets acquired and liabilities assumed from Linear Financial Holdings Pty Limited at the acquisition date.	In conjunction with our internal corporate finance specialists, our procedures included, amongst others: • reviewing management's appointed expert valuation reports; • evaluating the independence, competence and objectivity of management's appointed expert; • obtaining management's assessment of the purchase price allocation and assessing that the transaction is eligible to be treated as a business combination and is recorded in accordance with the applicable Australian Accounting Standards; • evaluating the sales deed for significant clauses, to ensure it is consistent with management's treatment; • agreeing the consideration paid to cash and equity transactions; • assessing the appropriateness of identifiable assets acquired and liabilities assumed at the acquisition date; • reviewing the goodwill calculation for mathematical accuracy; and • assessing the adequacy of the related disclosures within the financial report.
Intangible assets – Impairment testing – Note 3 and Note 13	
As at 30 June 2018, the Group has goodwill and other intangible assets totalling $40.55million. Of the total, goodwill comprises $21.60m relating to the acquisition of Linear Financial Holdings Pty Limited. AASB 136 'Impairment of Assets' requires an annual assessment of goodwill and this requires the Group to estimate the recoverable amount of goodwill and other intangible assets. This area is a key audit matter because evaluation of the recoverable amount of intangible assets requires significant judgement due to the estimation of future cash flows, discount and terminal growth rates, and the period over which cash flows have been discounted.	Our procedures included, amongst others: • reviewing the model for compliance with AASB 136 *Impairment of Assets*; • assessing management's determination of the Group's cash generating units based on our understanding of the nature of the Group's business, the economic environment in which the Group operates and the Group's internal reporting structure; • testing the mathematical accuracy and integrity of the model; • agreeing the inputs in the cash flow models to relevant data including approved budgets and latest forecasts; • assessing management's ability to forecast by comparing actual results to previous forecasts; • performing sensitivity analysis in relation to key assumptions including discount rate, growth rates and terminal value; and • assessing the adequacy of the related disclosures within the financial report.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of software development costs – Note 3 and Note 13	
During the current financial year, the Group capitalised $1.27million of costs related to the development of software. The Group's processes for calculating the value of internally developed software involves judgement as it includes estimating the time which staff spend developing software and determining the value attributable to that time.	Our procedures included, amongst others: • assessing whether the projects meet the requirements for capitalisation under AASB 138 • agreeing a sample of internal salary costs and external contractor invoices capitalised to supporting documentation and assessing those amounts against the recognition criteria of AASB 138; • assessing the company's accounting policy for software development costs for adherence to AASB 138; and • assessing the adequacy of the disclosures in the financial report for adherence to AASB138.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Managed Accounts Holdings Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M R Leivesley
Partner – Audit & Assurance

Sydney, 29th August 2018

The shareholder information set out below was applicable as at 20 August 2018.

Distribution of shareholders

	Holders	Total units	%
1 to 1,000	16	3,139	-
1,001 to 5,000	37	121,430	0.04%
5,001 to 10,000	89	846,993	0.28%
10,001 to 100,000	392	18,620,637	6.21%
100,001 and over	196	280,274,041	93.47%
	730	299,866,240	100.00%

Distribution of optionholders

	Holders	Total units	%
1 to 1000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	5	392,968	3.60%
100,001 and over	18	10,531,948	96.40%
	23	10,924,916	100.00%

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	59,244,309	19.76%
ARGO INVESTMENTS LIMITED	18,803,572	6.27%
VALEBARK PTY LTD (THE SCULLY INVESTMENT TRUST)	18,093,389	6.03%
DONALD FINANCIAL ENTERPRISES PTY LTD (THE ELYSUM TRUST A/C)	18,093,389	6.03%
PARMMS ENTERPRISES PTY LTD (PARMMS INVESTMENT TRUST A/C)	15,628,658	5.21%
NATIONAL NOMINEES LIMITED	15,370,831	5.13%
WEALTH CREATION PTY LTD (PETERSON FAMILY TRUST)	13,085,095	4.36%
MYFP PTY LTD	8,787,221	2.93%
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,763,729	2.92%
STARMAY SUPERANNUATION PTY LTD (STARMAY SFUND DON SHARP PENSION AC)	6,831,005	2.28%
STARMAY SUPERANNUATION PTY LTD (STARMAY SFUND COLIN SCULLY AC)	6,831,005	2.28%
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	6,428,572	2.14%
SANCTUARY ENTERPRISES PTY LTD (THOMAS FAMILY A/C)	5,714,286	1.91%
JAMPLAT PTY LTD	3,450,000	1.15%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	3,148,129	1.05%
MR DAVID ALAN HEATHER	2,910,715	0.97%
AKAT INVESTMENTS PTY LIMITED (TAG FAMILY NO 2 A/C)	2,200,000	0.73%
MORE & CHASE PTY LTD	2,072,917	0.69%
MR PAUL LA MACCHIA	1,853,219	0.62%
MR KEITH JONES + MRS ROSLYN KAYE JEFFERS (JONE FAMILY RETIRE FUND A/C)	1,828,455	0.61%
	219,138,496	73.07%

Substantial holders

Set out below are the names of substantial holders in the Company and the number of equity securities in which each substantial holder and the substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company.

	Ordinary shares	
	Number held	% of total shares issued
Managed Accounts Holdings Limited	61,777,108	20.60%
Donald Sharp, Donald Financial Enterprises Pty Ltd and S&F Financial Services Pty Ltd	32,075,399	10.70%
Colin Scully and Valebark Pty Ltd	31,648,255	10.55%
Investors Mutual Limited	20,200,000	6.74%
Argo Investments Limited	18,750,000	6.25%
Paul Collins and Parmms Enterprises Pty Ltd	17,765,602	5.92%

Number of holders and voting rights in each class of security

The voting rights attached to ordinary shares are set out below:

Class of security	Number of holders	Voting rights
Ordinary shares	730	Yes (set out below)
Options granted under Employee Share Option Plan exercisable at $0.22 and expiring on 27 November 2019 subject to Plan rules	13	No
Options granted under Employee Share Option Plan exercisable at $0.33 and expiring on 5 September 2020 subject to Plan rules	1	No
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 30 June 2021 subject to Plan rules	1	No
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 30 August 2021 subject to Plan rules	1	No
Options granted under Employee Share Option Plan exercisable at $0.35 and expiring on 15 September 2021 subject to Plan rules	1	No
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 29 January 2022 subject to Plan rules	1	No

Subject to the Company's constitution and to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote may vote in person, by proxy or representative;
- on a show of hands, every shareholder or person entitled to the rights of a shareholder according to the Company's constitution present in person, by proxy or representative, has one vote; and
- on a poll, every shareholder or person entitled to the rights of a shareholder according to the Company's constitution present in person, by proxy or representative, has:
  ●- one vote for each fully paid share that shareholder holds; and
  ●- a fraction of a vote for each partly paid share that shareholder holds, where the fraction is equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on that share,
- except that a shareholder is not entitled to vote at a general meeting if:
  ●- any calls or other sum presently payable by that shareholder in respect of shares are outstanding; or
  ●- that shareholder is in breach of the ASX Listing Rules relating to restricted securities, or in breach of a restriction agreement by that shareholder.

Unmarketable parcels of shares

The number of shareholders with less than a marketable parcel of shares is 27 (calculated using share price of $0.22).

Classes of unquoted equity securities

Class of security	Number of holders	Total Units
Options granted under Employee Share Option Plan exercisable at $0.22 and expiring on 27 November 2019 subject to Plan rules	13	3,812,734
Options granted under Employee Share Option Plan exercisable at $0.33 and expiring on 5 September 2020 subject to Plan rules	1	108,900
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 30 June 2021 subject to Plan rules	1	2,570,000
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 30 August 2021 subject to Plan rules	1	2,750,000
Options granted under Employee Share Option Plan exercisable at $0.35 and expiring on 15 September 2021 subject to Plan rules	1	726,616
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 29 June 2022 subject to Plan rules	1	956,666

General

There is a current on-market buy-back for the Company's securities. The on-market buy-back was commenced on 14 August 2015 and is of unlimited duration. The maximum number of shares that the Company intends to buy-back under the buy-back is 7,500,000.

As at the date of this report, the Company had 40,909,167 ordinary shares held subject to voluntary escrow. This voluntary escrow will be released soon after lodgement of this report.

There have been no issues of securities approved for the purposes of Item 7 of section 611 of the Corporations Act 2001 (Cth) which have not yet been completed.

The registers of securities of the Company and transfer facilities are kept by the Company's share registry, Registry Direct at Level 6, 2 Russell Street, Melbourne VIC 3000. The telephone numbers for Registry Direct are 1300 55 66 35 (within Australia) and +61 3 9909 9909 (outside Australia). The registers of securities of subsidiaries of the Company are kept at the Company's registered office.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Directors	Donald Sharp - Executive Chairman Peter Brook Colin Peterson Stephen Reed
Company secretaries	Jillian McGregor Craig Giffin
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	Hamilton Locke Level 35, One International Towers Barangaroo Avenue 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
Corporate Governance Statement	http://www.managedaccounts.com.au/CorporateGovernance/ASXCorporateGovernance/tabid/4543/Default.aspx

Managed Accounts Holdings Limited
ACN 128 316 441
PO Box R1197 Royal Exchange NSW 1225
Level 5, 28 Margaret Street, Sydney, NSW 2000
Phone: 1800 446 971 Fax: (02) 8221 9849
Website:www.managedaccounts.com.au

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