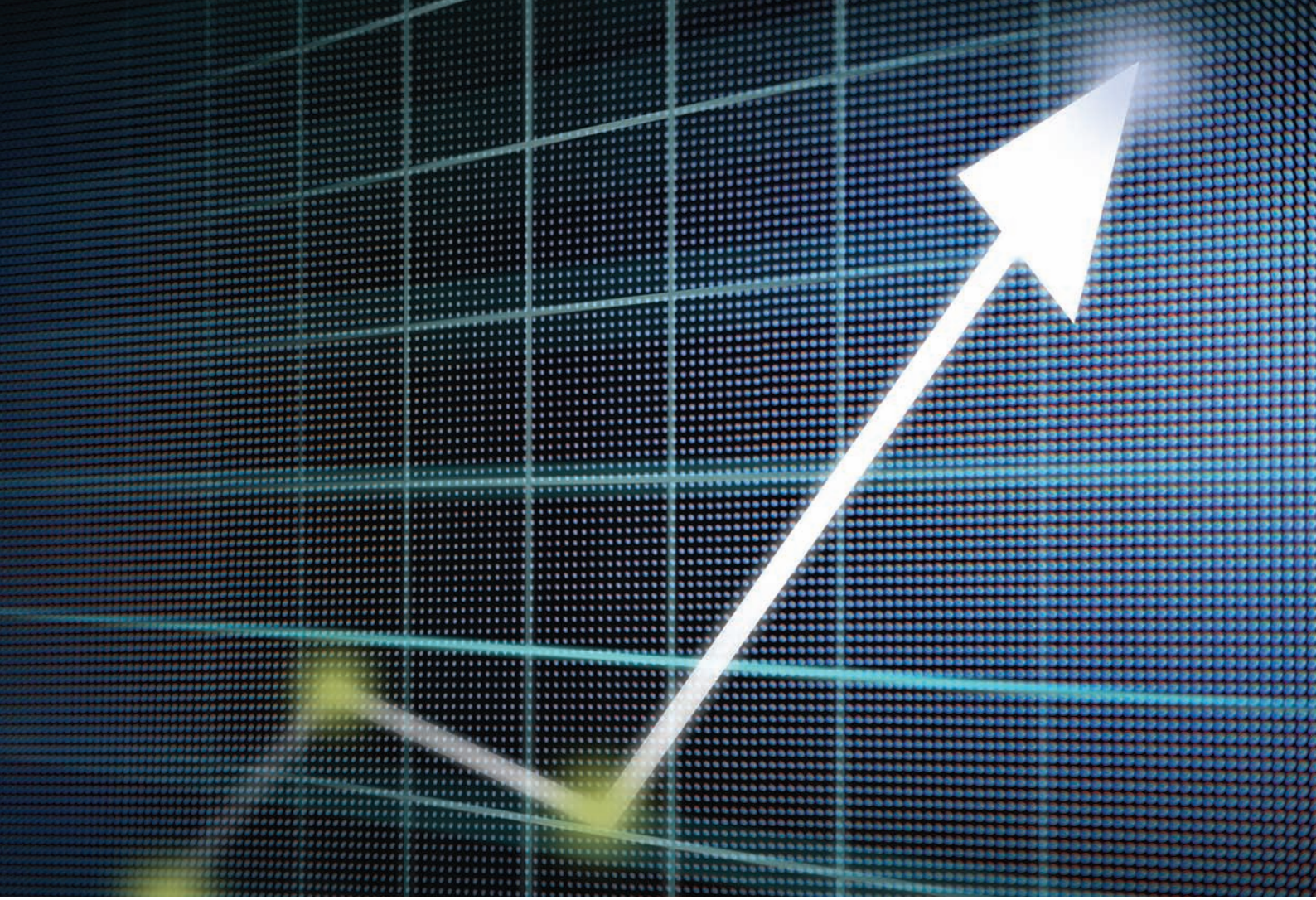

Managed Accounts Holdings Limited – (ASX Code: MGP)

ACN 128 316 441

Annual Report

For the year ended 30 June 2016

managedaccounts holdingslimited

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Contents

Report of Chairman and CEO

Dear Shareholder,

On behalf of the Directors of Managed Accounts Holdings Limited (the Company or MGP) we are pleased to announce the results for the Company for the year ended 30 June 2016.

The NPBT for the year ending 30 June 2016 was $1,111,593, compared to $815,578 for year ended 30 June 2015, an increase of 36%.

MGP has retained tax losses so the Tax Benefit (expense) for the year of $371,129 is not a cash item (2015 $255,689).

The growth in profit over the 2015 result supports the scalability of the operating model, technology and administration systems employed by the firm.

The 2016 financial year continued to see strong support from independent financial advisory (IFA) firms and dealer groups, with firms continuing to enter into Memorandum of Understanding arrangements with MGP in record numbers. This continued strong support did not lead to expected inflows during the year, but this is expected to be corrected during the 2017 financial year.

MGP continued to invest in the business during the year to remain one of the market leaders, enabling new services and functionality to be rolled out in the 2017 financial year to the benefit of Licensees, their clients and MGP.

The core strategy for the Company continues to be servicing IFA firms through an open architecture and non-conflicted business model, which continues to be a competitive advantage.

Growth in Number of Licensees

During the financial year, the Company expanded the number of Australian Financial Services Licensee holders (AFSL) to whom it provides Managed Account Services. Memoranda of Understanding were signed with ten new Licensees during the year, equalling the record achieved in the 2015 financial year. Eight new MDA Services implemented in the 12 months to 30 June 2016. These new Services represent significant amounts of FUA which will contribute to FUA growth in the 2017 and 2018 financial years.

Outlined below is a summary of the 41 MDA Services in place at the end of June 2016:

Phase	Description	Number of Services
Mature	MDA Service in place and majority of Licensee clients transitioned, importantly, a number of Licensees are looking for growth by purchase other planning business.	24
In Transition	MDA Service in place and transition of Licensee clients actively in progress	9
Recent Live	MDA Service in place and recently live with transition of Licensee clients recently commenced	8

In addition, there were 3 MDA Service implementations in progress at the end of June 2016.

Superannuation Service

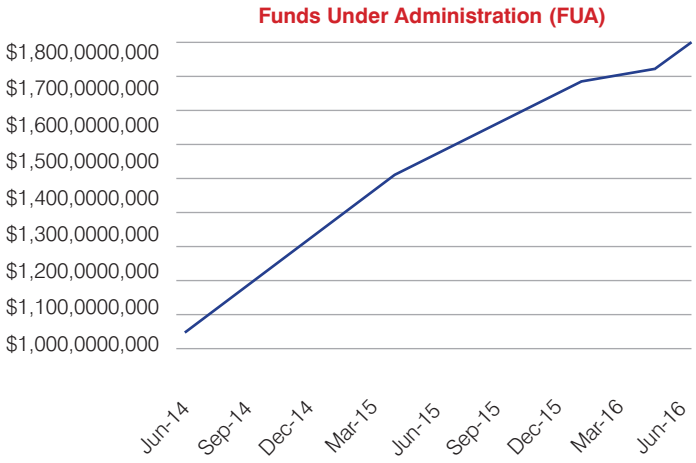
MGP was appointed as an Investment Manager and Asset Consultant by a superannuation trustee in June 2016. These appointments enable Licensees to implement a MDA like Personal Superannuation Service with the Licensees' own investment strategies reflected in a Personal Superannuation Product Disclosure Statement (PDS) including where required, the ability for tactical asset allocation to be managed through the investment strategies.

As a result of these appointments, Superannuation Services for 10 Licensees were in progress at the end of June 2016, with MGP executing Memoranda of Understanding with six (6) Licensees during the June 2016 quarter.

Flows and Funds under Administration Growth

The growth in FUA was lower than expectations, increasing by 20% to $1.794 billion despite the increase in number of Australian Financial Services Licensee holders (AFSL) by 10 to 41, a 25% increase. This was partly due to a longer than expected time frame to finalise the appointments necessary to enable the Superannuation Service to be implemented. Also, the transitions of new clients into new MDA Services to be slower than in the past.

We expect FUA from our Licensees will increase over the course of the 2017 financial year, with this increase noticeable in the December quarter as clients with Personal Superannuation Services are rolled out.



Enhanced Interest Rates through Non Custody

Australian Prudential Standard 210 regulated by APRA has had a marked impact on the interest rates obtainable by wholesale clients. This has had a significant impact on the Cash and Fixed rates able to be achieved through the MGP custodial offer.

During the year, MGP has been implementing a revised cash solution to enable clients of Licensees using the MDA Service to earn interest on cash holdings at retail rates.

With this solution being rolled out in the September 2016 quarter, client cash holdings will be able to earn rates that compare favourably with leading Cash Management Accounts (CMAs) in the market.

MGP intends to also offer non custody Fixed Interest with higher interest rates.

MDA Regulatory Changes Announcement by ASIC

ASIC has not communicated the final outcomes of the MDA legislative review which was originally announced in March 2013. ASIC recently announced that the outcome of this review is likely to be announced in September 2016.

As highlighted in previous annual reports, MGP is well positioned in the marketplace as a leading MDA provider and to assist other MDA Operator licensees and Licensees offering Limited MDA Services to migrate their business model to meet any requirements ASIC implements.

Capability to Deliver Direct Ownership via a Non-Custodial Business Model

Not all IFAs hold assets in a custodial structure in particular Licensees offering Limited MDA Services.

With this in mind, MGP has been designing and implementing a direct ownership or non-custodial solution which will enable the existing MGP operating model, technology and administration systems to exist without the need for assets, particularly ASX listed securities, to be held in custody. MGP is well advanced in the process to become a Sponsorship and Settlement participant with the Australian Securities Exchange (ASX), which will allow Licensees to manage client portfolios, trading through their brokers of choice in the client's own name, but with MGP able to efficiently deliver administration, with holdings subject to ASX regulation.

Broader Business Model

As a result of these enhancements, the MGP offer to Licensees and their clients will incorporate an open architecture approach to how assets are held. This will maximise the benefit for the client without impacting on the scalability and efficiency of the MGP operating model.

Clients wishing to hold ASX listed and other assets in a custodial structure will be able to do so, with cash instruments held in the client name to maximise the interest rate achievable; whilst clients wishing to hold ASX listed assets and cash instruments directly in the client's name through the ASX will be able to do so, with managed funds held in custody.

Proposed Changes to Superannuation

The Turnbull Government is proposing to put a cap on the amount that can be held in Pension Accounts of $1.6 million. If this proposal is legislated the way it has been announced it will mean SMSF will be required to have a separate account with no more than $1.6 million. Any additional funds will have to be held in a taxable account.

MGP existing systems can administer two or more accounts for each member of the fund and each account can hold different assets. As an example, the pension account can hold the Australian Equities and other growth assets and the other accounts can hold Cash and other Fixed Interest assets.

MGP tax reporting can provide the tax components for each account. Therefore, the pension account will have zero tax with a refund for franking credits and the other accounts can be taxed at 15%.

Our modelling software supports running different portfolios for each account.

Market Growth Forecasts

There has been two recent significant reports produced which predict the future growth in managed accounts.

Morgan Stanley recently produced a Research Report titled:

Wealth and Asset Managers' business models face disruption from Managed Accounts / SMAs. We forecast FUA of A $60bn in 2020 as SMAs better meet customer needs.

In addition, Rice Warner's Personal Investments Market Projections 2015 Report has predicted that Australia's $2.2 billion personal investments market is on the rise and market share for wrap platforms is anticipated to more than double over the next 15 years. According to the findings, wrap platforms including separately managed accounts and model portfolio products comprised 3.2 per cent of market share but would be the fastest growing personal investments segment over the next decade with market share set to more than double, growing to 7.8% by June 2030.

Planner Holdings Limited (PHL)

The board is pleased that PHL has made its first investment in a planning business by taking a minority interest in Holman McGregor Financial Services Pty Ltd. The Principal of the acquired firm, Rob McGregor, is well-known in the industry and a respected financial planner.

Quarterly Dividend Declared

The Board of MGP declared a final 30 June 2016 quarter dividend of $ 0.02 cents per share, representing a full financial year dividend of $0.08c per share.. The Company continues to buy-back shares where the Directors of MGP believe the price does not reflect true value, particularly when compared to its listed peers.

Board Changes

Founding Director, Paul Collins, elected to retire as a Director in May 2016. Paul has provided essential leadership and guidance from the formation of the company. His decision to retire was partly novated by his desire for Board renewal. The Board and staff thank Paul for his contribution and wish him well in any new Directorships he may accept.

We are pleased to have Alexander Hutchison join the Board whose strengths will complement the existing boards skills.

On behalf of Directors, we wish to take this opportunity to thank our clients, business partners and shareholders for their continued support of the Company, and to the Executive team and employees of the Company for their ongoing dedication and service.

Don Sharp
Executive Chairman

David Heather
Chief Executive Officer

24 August 2016

Company Successes

NPBT of $1,111,583 with **20%** net profit before tax on revenue

Company revenue up **26%**

Increased Funds Under Administration to **over $1.794 Bn**

Annual unfranked dividend of **$0.08** **cents per share**

FUA growth of **20%** for the 2015/16 financial year

Successful launch
Planner Holdings Limited acquired first investment

A record **ten** Memorandums of Understanding (MoU) executed for the 2015/16 financial year

Business Overview

Outline of our Business

MGP was founded in 2004 by a group of highly experienced financial industry specialists.

MGP has undertaken considerable development and capital expenditure to facilitate the offering of managed accounts in the Australian market. This development has largely focused on:

- Acquisition and maintenance of the appropriate Australian Financial Services License(AFSL)
- Development of relationships with suitable Investment Managers
- Identification of Independent Financial Adviser (IFA) Licensees prepared to recommend MGP's managed accounts offering, particularly for their self-managed superannuation fund (SMSF) clients
- Development of MGP's technology solution-Intellectual Property (IP)
- Development of operating processes (IP) to support managed accounts
- Development of the legal structures for offering managed accounts (IP)

Our Business Structure.

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

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

MGP focuses on designing, implementing and operating private-label investment services, however is fully capable of delivering the more traditional separately managed accounts (SMA) offerings.

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

Given the structure of MGP, for a Licensee wanting to deliver in house portfolio management to its clients, MGP requires the Licensee to have a formally constituted investment committee with at least one independent member as a minimum – which is then subjected to a due diligence process. This not only provides enhanced risk control for the Licensee, but also for MGP.

As a result, MGP continues to build an impressive degree of Funds under Administration which totalled over $1.794 billion as at 30 June 2016 and growing.

High Quality and Growing Client Base.

MGP differentiates itself by providing a decentralised model whereby Licensees and/or their selected Investment Managers are responsible for implementing their Intellectual Property (IP) across investors, including execution of trades with their broker of choice. This replicates the institutional model and is highly attractive to Investment Managers as they retain control of their IP, their existing broking relationships and execution of trades. This is a clear point of differentiation against SMA and Wrap Platform style competitors.

Under the MGP model, Licensees may choose to run investment money themselves or to mandate some or all aspects to external professional managers. The Licensee negotiates fees directly with the managers and is in a strong bargaining position as a result of the cost savings of distribution via a managed account service since there are no additional fees payable by managers (except a small fee for modelling software).

Off the back of a solid 2016 financial year, MGP is well placed in continuing its success for the 2017 financial year and beyond. As at the time of writing, the Company has numerous licensees who are at Memorandum of Understanding (MoU) phase and the Directors expect that these will be executed over the coming months. Our strong pipeline of Licensee groups continues to expand,

such is the interest in our business model and the value proposition it delivers for a Licensee.

Our Licensees' Clients and SMSFs

The majority of our Licensees specialise in advising their clients, SMSF trustees, on their investments. In fact in excess of 70% of our total FUA are SMSFs with an average FUA over $700,000 per account. The Directors believe that:

- The average balance per member in SMSFs is likely to increase significantly
- The average number of members in a SMSF is likely to increase as younger family members are drawn into this tax advantaged facility without having to pool their assets with other family members
- The average number of accounts operated by each member is likely to increase because members can now have both pension and accumulation accounts simultaneously
- Investments will need to be held and tracked at the account level for pension and accumulation assets

ASIC Review

It is our understanding that Australian Securities and Investments Commission (ASIC) still remains committed to considering proposed changes to its policy on Managed Discretionary Accounts (MDAs) as disclosed in Consultation Paper 200 (CP200). ASIC recently announced that the outcome of this review is likely to be announced in September 2016.

Capital Requirements

The Company is well placed to meet the proposed changes and is equally able to assist other MDA operators who may not be in a position to meet the proposed net tangible asset requirements of up to $5 million proposed by ASIC in CP200.

We understand that there are over 190 licensees who have an endorsement on their AFS licence to operate MDAs.The Directors believe that the new capital requirements proposed by ASIC in CP200 could encourage them to outsource to providers like MGP.

Limited MDA

CP 200 stated that ASIC was reviewing their non action letter with the intention of withdrawing it. The implication for Licencees who are relying on this letter are:

- Obtain MDA endorsement to their licence and require capital
- Outsource to an MDA operator
- Revert back to doing a statement of advice for every change to their clients' portfolios

Conflict of Interest

At a recent conference ASIC identified that where things had gone wrong with MDAs, there was inadequate management of conflicts of interest so more detail regulatory guidelines are to be provided.

MGP should be well placed as we do not have conflicts such as, giving advice to retail or wholesale investors, manage the portfolios, provide investment advice or receive fees from stock brokers.

MGP Offer to MDA and Non Action Licencees

We have been working towards ensuring that we are ready for all of the ASIC changes which should lead to significant opportunities for MGP .

Capital Requirements

We don't believe that ASIC will require Licensees to have up to $5 Million capital immediately. We believe that ASIC will introduce a transition period of time e.g. up to 2 to 5 years. MGP is in a strong position as we already have sufficient capital to meet the $5 Million requirement.

Management Team

The MGP management team has significant depth of experience in financial markets and financial services, particularly pertaining to the financial advisory market. This has resulted in a superior offering to, and understanding of, the managed account market. MGP has eight years' experience in successfully delivering managed account services to Australian Licensees. All of the management team have been with the Company for more than 5 years.

The management team are complemented by highly experienced Directors, all of whom have deep knowledge in financial markets, financial advisory services, and merger and acquisitions.

The Directors and management believe MGP has the ability to significantly capitalise on its scalable model.

The Directors present their report together with the financial statements of the consolidated entity, being Managed Accounts Holdings Limited and its controlled entities (the Group) for the year ended 30 June 2016.

Directors

The following persons were Directors of the Company during or since the end of the financial year:

Don Sharp BBus, CPA, FAICD

Appointed 11 June 2013

Executive Chairman

Don Sharp is a qualified accountant and a highly experienced, innovative and respected business builder and leader in the financial services sector.

Along with fellow Director Colin Scully, 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 Executive Chairman of Integrated Payment Technologies Limited (InPayTech) and Director of Registry Direct Limited. He is also a former Chairman of Investors Mutual, Global Value Investors, and previously ASX listed Premium Investors Limited and a former Director of ASX listed Countplus Limited and Treasury Group Ltd.

Don is a member of the Audit and Finance Committee and the Risk and Compliance Committee.

Relevant Interests in Company Shares and Options: 10,000 ordinary shares directly held and 31,658,255 ordinary shares indirectly held.

Current Listed company directorships

- Nil

Previous listed company Directorships in last three years

- Director of Countplus Limited

Colin Scully FAICD, FFPA, FAIM

Appointed 23 April 2009

Non-Executive Director

Colin Scully has experience of over 30 years in the financial services industry.

Colin, along with fellow Director Don Sharp, co-founded Bridges Financial Services Pty Ltd and established one of the first platforms, The Portfolio Service, for portfolio management.

Colin was a former director of the Financial Planning Association (FPA), a director of previously ASX listed IWL Ltd (a stockbroking and financial services company), Payment Adviser Group of companies and is a director of a number of private companies.

Colin is Chairman of the Remuneration and Nomination Committee.

Relevant Interests in Company Shares and Options: 31,648,255 ordinary shares indirectly held.

Current Listed company directorships

- Nil

Previous listed company Directorships in last three years

- Nil

Paul Collins BAppSc(CompSc), GAICD

Founding Director

Resigned 26 May 2016

Paul has over 25 years of experience in the financial services industry.

After employment with IBM and then ComputerPower, Paul established his own consulting company and contracted to various government and financial services organisations, with expertise primarily in software development, operational and relationship management roles.

Taking up the Development Manager role with IOOF for 7 years and being responsible for the redevelopment of multiple investment management platforms onto a new leading edge in-house platform, Paul left to become one of the founding Directors of IWL Ltd (a stockbroking and financial services company) helping to guide it through start up to listing on the ASX.

Having retired from executive roles in 2004, Paul was a founding Director of the company in 2004 and played a major role in establishing the technological direction of the company.

Paul was Chairman of the Audit and Finance Committee and Risk and Compliance Committee until his resignation as a Director on 26 May 2016.

Relevant Interests in Company Shares and Options: 17,765,602 ordinary shares indirectly held.

Current Listed company directorships

- Nil

Previous listed company Directorships in last three years

- Nil

Alexander (Alex) Hutchison

Appointed 26 May 2016

Alex Hutchison has over 20 years experience in the financial services sector holding senior leadership roles in both ASX-listed and not-for-profit organisations.

Alex has active participation in industry associations including the Financial Planning Association (FPA), Australian Institute of Superannuation Trustee (AIST) and Association of Building Societies and Credit Unions (ABACUS)

Alex has a Law degree from the University of Technology (Sydney), Graduate Diploma in Financial Services and completed the Stanford University SEP.

Alex is Chairman of the Audit and Finance Committee and Risk and Compliance Committee.

Relevant Interests in Company Shares and Options: 200,000 ordinary shares directly held.

Current Listed company directorships

- Nil

Previous listed company Directorships in last three years

- Nil

Company Secretary

Jillian McGregor BCom LLB

Appointed 5 June 2014

Jillian McGregor has worked as a corporate lawyer for over 18 years and has a deep knowledge and understanding of the Corporations Act 2001 and the ASX listing rules, including related-party transactions, capital raising requirements and continuous disclosure requirements.

Chief Executive Officer

David Heather

Appointed February 2014

David is a recognised specialist in the managed accounts field and has over 28 years experience in the Australian financial services industry.

David has held senior roles at Permanent Trustee and Trust Company in Custody, Operations, Information Technology, Investment Administration and Managed Accounts. These roles have included responsibility for sales, product development, defining operational and technology strategies and implementing change. David has extensive experience in the administration of listed investments, managed accounts, sales and relationship management.

Other Key Management Personnel

In addition to the Directors, the following persons were Key Management Personnel of the Company during the financial year and up to the date of this report, unless otherwise stated:

David Heather (Chief Executive Officer)

Neil Pattinson (Head of Operations & Advisor Services)

Trevor Fisher (Chief Operating Officer] – Resigned on 30 November 2015

Sanja Jovicic (Head of Information Technology)

Doug Kirkman (Head of Distribution & Marketing)

Principal activities

The principal activity of entities within the Group, during the year was:

- The holder of an AFSL licence with an endorsement to operate Managed Discretionary Accounts.

There have been no significant changes in the nature of this activity during the year.

Review of operations and financial results

An analysis of operations of the Group for the financial year is set out in the Report of the Chairman and CEO and in the Business Overview section.

The Company's net profit before tax (NPBT) for the financial year ended 30 June 2016 was $1,111,593 compared to a profit in 2015 of $815,578.

Significant changes in the state of affairs

During the financial year, no significant changes occurred within the Group.

Dividends

The Company paid quarterly unfranked dividends from the June 2015 quarter. Dividends were also paid for the September,December and March quarters. Post 30 June 2016 the company declared a dividend for the June quarter on 28 July 2016.

Dividends Paid during the year ending 30 June 2016:

Quarter Ending	Date Paid	Amount per Share	Total amount Paid
June 2015	27 August 2015	$0.02	$270,345
September 2015	24 November 2015	$0.02	$269,645
December 2015	23 February 2016	$0.02	$269,645
March 2016	24 May 2016	$0.02	$268,715

It is expected that once all tax losses are utilised, all future dividends will be franked to the maximum extent possible. 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.

Beyond the 2016 financial year, the Directors intend to target a payout ratio of between 60% and 80% of net profit after tax (NPAT). Until all the tax losses are fully utilised the Directors may distribute from net profit before tax (NPBT). The level of payout ratio is expected to vary between periods depending on the factors above and, in particular, should value accretive strategic growth, acquisition or investment opportunities arise it may result in a payout ratio in the future that is less than the above target.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend.

Events since the end of the financial year.

On the 15 July 2016 Planner Holdings Limited subsidiary, PHL Securities Pty Ltd, acquired a minority interest in a financial planning company, Holman McGregor Financial Services Pty Ltd. The investment was $500,000 in equity and loan funds of a further $225,000.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Likely developments, business strategies and prospects

The Report of the Chairman and CEO and Business Overview section contains information on the likely developments in the operations, business strategies and prospects of the Group. Some information on likely developments in the Group's operations, future prospects and business strategies of the Group and the expected results of such likely developments has not been included in this report as the Directors believe that the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Directors' Meetings

The number of Directors meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director is as follows:

Directors' Name	Board Meetings		Audit and Finance Committee		Risk and Compliance Committee		Remuneration Committee	
	A	B	A	A	B	B	A	B
Don Sharp	11	11	8	8	6	6	-	-
Colin Scully	11	11	8	8	-	-	3	3
Paul Collins	11	11	8	8	6	6	3	3
Alex Hutchison	-	-	-	-	-	-	-	-

Where:
Column A is the number of meetings the Director was eligible to attend.
Column B is the number of meetings the Director attended.

Shares under option

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

Date option granted	Expiry Date	Exercise price of options	Number under option
2 November 2015	31 July 2016	$0.22	2,116,667
	31 July 2017	$0.22	2,116,667
	31 July 2018	$0.22	2,116,667
21 March 2014	25 June 2016	$0.20	1,000,000

All the options granted 21 March 2014 were exercised on the 26 June 2016 and were allotted on the 1 July 2016.

Remuneration Report (audited)

The Directors present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001 and the Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

a Principles used to determine the nature and amount of remuneration;

b Details of remuneration;

c Service and employment agreements;

d Share based remuneration; and

e Shares held by Directors and Key Management Personnel.

a. Principles used to determine the nature and amount of remuneration

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

The Board has established a Remuneration and Nomination Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the executive team.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of a high calibre, while incurring costs that are acceptable to shareholders.

The Company's constitution provides that the non-executive Directors will be paid such aggregate remuneration which must not exceed the amount fixed from time to time by the Company in general meeting.

Each non-executive Director receives a fixed fee for being a director of the Group.

The amounts of the fixed fees paid to non-executive Directors are reviewed by the Remuneration and Nomination Committee as appropriate. The Board considers fees paid to non-executive Directors of comparable companies when undertaking the review process.

Existing Director's remuneration

The Directors with significant shareholding in the Company have agreed to lower than market rates for the year ending 30 June 2016. The executive chairman's fee is $77,250 pa plus SGC superannuation. Non-executive Director fees for Colin Scully and Paul Collins are $1 pa each and Alex Hutchison is $60,000 plus SGC superannuation.

Executive Remuneration

The principles of the Group's executive remuneration strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Company has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary; and
- short-term incentives, being bonuses.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality executive team.

The payment of bonuses, share options and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

Employee Share Option Plan

The Board approved the offer to all employees of a maximum of 6,350,000 options under the Plan on the following terms subject to the Plan rules:

a each Option gives the right to subscribe for or acquire one ordinary share in the Company

(Option);

b nil consideration is payable for the Option grant;

c exercise price is $0.22 per Option;

d for each employee/contractor, Options vest in 3 separate tranches on 31 July 2016, 31 July

2017 and 31 July 2018 but subject to the satisfaction of specific exercise conditions associated with the Company's performance and the performance of the relevant employee/contractor;

and

e exercise period ends 4 years after the date of grant of the Options.

The purpose of the proposed offer of Options under the Plan is to enable the Company and its subsidiaries to attract and retain skilled employees and contractors.

In particular, the Board approved the offer of 2,000,000 Options under the Plan to David Heather, the Company's Chief Executive Officer on the above terms. These Options are included within the maximum number of 6,350,000 Options referred to above. The exercise conditions for the Options to be offered to David Heather include a range of conditions associated with his performance in the areas of financial management (including the Company's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. The Options will vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods.

The Board has not approved the offer of Options to any directors of the Company.

All staff employed, as at the date of the employee share plan, were issued options during the financial year.

6,350,000 options were issued in three trenches vesting equally over three years:

31 July 2016	2,116,667
31 July 2017	2,116,667
31 July 2018	2,116,667

On the 31 July 2016 1,455,350 options were vested and 821,317 were forfeited.

Short Term Incentive (STI)

Performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on the Company values.

The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators (KPIs) for the executive team are summarised as follows:

Performance area:

- **financial:** operating profit and earnings per share; and
- **non-financial:** compliance and strategic goals set by each individual business unit based on job descriptions.

The STI program incorporates cash for the executive team and other employees.

There were no short term incentives paid to Directors or Key Management Personnel in the year ended 30 June 2016 other than bonus to Sales staff based on new clients being introduced.

The incentive scheme for the 2017 financial year is focused on rewarding outperformance as measured by EBITDA. Participating and qualifying executives (including David Heather, the Chief Executive Officer) will receive entitlements from a capped bonus pool of $400,000 in the form of cash entitlements. No payment was made or is payable for this scheme in 2016 due to the performance benchmark not being met.

Payment of the cash entitlements is subject to the achievement of a specified EBITDA target by the Company for the 2017 financial year and the satisfaction of KPIs by individual executives. The Chief Executive Officer may be entitled to a maximum of 30% of the bonus pool subject to performance against his KPIs and other requirements.

The Board will review the current incentive scheme prior to the end of the 2017 financial year with changes to take effect in the 2018 financial year.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and previous 3 financial years:

Items	2016	2015	2014	2013
EPS (Cents)	0.55	0.41	(0.16)	(0.29)
Dividends (Cents per share)	0.08	0.06	-	-
Net profit/loss ($'000)	740	560	(168)	(194)
Share Price ($)	0.45	0.17	0.21	-

b. Details of remuneration

Details of the nature and amount of each element of the remuneration of each Director and Key Management Personnel of the Group are shown in the table below:

Directors and other Key Management Personnel Remuneration										
Employee	Year	Short Term Employee Benefits			Post-Employment Benefits	Long-Term Benefits	Termination Benefits	Share-Based Payments	Total	Performance Based Percentage of Remuneration
		Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Superannuation	Long Service Leave	Termination Payments	Options		
Executive Directors										
Don Sharp	2016	77,250	-	-	7,338	-	-	-	84,588	-
	2015	77,055	-	-	7,320	-	-	-	84,375	-
Non-Executive Directors										
Colin Scully	2016	1	-	-	-	-	-	-	1	-
	2015	1	-	-	-	-	-	-	1	-
Paul Collins	2016	1	-	-	-	-	-	-	1	-
	2015	1	-	-	-	-	-	-	1	-
Alex Hutchison	2016	5,928	-	-	563	-	-	-	6,491	-
	2015	-	-	-	-	-	-	-	-	-
Key Management Personnel										
David Heather	2016	233,333	-	-	22,167	9,425	-	25,850	290,775	8.89%
	2015	211,375	-	-	20,081	8,992	-	-	240,448	-
Neil Pattinson	2016	161,235	-	-	15,317	5,805	-	5,374	187,731	2.86%
	2015	153,116	-	-	14,546	5,650	-	-	173,312	-
Trevor Fisher	2016	84,750	-	-	7,481	-	-	-	92,231	-
	2015	129,783	-	-	12,329	-	-	-	142,112	-
Sanja Jovicic	2016	136,073	-	-	12,927	5,940	-	4,994	159,934	3.12%
	2015	113,082	-	-	10,743	5,273	-	-	129,098	-
Doug Kirkman	2016	188,033	-	-	14,929	-	-	-	202,962	-
	2015	122,018	-	-	11,254	-	-	-	133,272	-
2016 Total	**2016**	**886,604**	**-**	**-**	**80,722**	**21,170**	**-**	**36,218**	**1,024,714**	**3.53%**
2015 Total	**2015**	**806,431**	**-**	**-**	**76,273**	**19,915**	**-**	**-**	**902,619**	**-**

c. Service and employment agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are:

Name	Base salary	Term of agreement	Notice period
Don Sharp	84,588	No term	No Notice
David Heather	255,500	No term	3 Months
Neil Pattinson	176,552	No term	1 month
Doug Kirkman	180,000	No Term	3 months
Sanja Petrovic	149,000	No term	1 month

d. Share based remuneration

No options were granted to the Directors during the financial year.

All Management Personnel and staff employed as at 2 November 2015 were issued options during the financial year.

Key Personnel	Balance at Start of Year	Granted as Remuneration	$ Value	Exercised/ (Forfeited)	Held at the End of Reporting Period
David Heather	-	2,000,000	103,400		2,000,000
Neil Pattinson	-	405,000	20,938		405,000
Doug Kirkman	-	405,000	20,938		405,000
Sanja Petrovic	-	345,000	17,836		345,000

Detail of options granted to key management personnel are disclosed above. In addition, the following options were granted to officers who are among the five highest remunerated officers of the company and the group, but are not key management personnel and hence not disclosed in the remuneration report.

Employees	Number Granted	Grant Date	Value per option at grant date ($)	Value of options at grant date ($)	Number Vested	Exercise Price($)	Vesting and first exercise date	Last Exercise Date
Paul LaMacchia	330,000	2 Nov 2015	0.0517	$17,061	-	0.22	31 Jul 2016	31 July 2019
Christian Gough	315,000	2 Nov 2015	0.0517	$16,286	-	0.22	31 Jul 2016	31 July 2019
Matt Hodgkins	255,000	2 Nov 2015	0.0517	$14,025	-	0.22	31 Jul 2016	31 July 2019
Tania DeVincentis	255,000	2 Nov 2015	0.0517	$14,025	-	0.22	31 Jul 2016	31 July 2019
Pamella Wilson	345,000	2 Nov 2015	0.0517	$17,837	-	0.22	31 Jul 2016	31 July 2019

The options were provided at no cost to the recipients. All options expire on the earlier of their expiry date or termination of the individual's employment.

e. Shares held by Key Management Personnel

The number of ordinary shares in the Company during the financial year held, either legally or beneficially, by each of the Group's Key Management Personnel (other than the Directors), including their related parties, are set out below:

Shares as at 30 June 2016					
Key Personnel	Balance at Start of Year	Granted as Remuneration	Received on Exercise	Acquisitions (Sales)	Held at the End of Reporting Period
David Heather	4,250.001				4,250,001
Neil Pattinson	100,000				100.000
Doug Kirkman	215,429			(174,283)	41,146
Sanja Petrovic	-				-

The relevant interests of the Directors in the Company's ordinary shares are set out earlier in this report.

End of Audited Remuneration Report.

Indemnities and insurance provided to Directors, Officers and Auditors

During the financial year the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors and the Company Secretary.

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.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the insurance contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Non-audit services

During the year the Company's auditors performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 20 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on the following page of the financial report and forms part of this Directors' Report.

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 Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*

Don Sharp
Director

24 August 2016

Grant Thornton

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Managed Accounts Holdings Limited for the year ended 30 June 2016, 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, 24 August 2016

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	2016	2015
		$	$
Revenue	16	5,499,906	4,353,686
Less Transaction costs		(1,166,414)	(935,302)
Gross Profit		**4,333,492**	**3,418,384**
Interest and other income	18	156,146	228,532
		4,489,638	**3,646,916**
Expenses			
Salary and employee benefits expense		(2,132,488)	(1,901,438)
Depreciation and amortization	8	(31,553)	(12,917)
Premises expense		(100,010)	(90,641)
Finance costs	17	(590)	(757)
Cost of Employee Share Scheme		(80,695)	-
Other expenses	17	(1,032,709)	(825,585)
Profit (Loss) before tax		**1,111,593**	**815,578**
Tax benefit/(expense)	19	(371,129)	(255,689)
Profit (loss) for the year		**740,464**	**559,889**
Other comprehensive income:		-	-
Total comprehensive income for the year		-	-
Total comprehensive income for the year attributable to ordinary equity members of Managed Accounts Holdings Limited		**740,464**	**559,889**

		2016	2015
		Cents	Cents
Earnings per share			
Basic earnings per share:	21	0.55	0.41
Diluted earnings per share:	21	0.52	0.41

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

Consolidated Statement of Financial Position

For the year ended 30 June 2016

	Note	2016	2015
		$	$
Assets			
Current			
Cash and cash equivalents	6	1,915,686	2,001,607
Other financial assets	7	3,043,142	3,900,000
Trade and other receivables	12	1,347,592	1,020,769
Total Current Assets		**6,306,420**	**6,922,376**
Non-Current			
Property, plant and equipment	8	48,404	25,750
Intangible Asset	9	1,076,832	216,370
Investments		3,211	711
Deferred tax assets	11	731,372	1,102,501
Total Non-Current Assets		**1,859,819**	**1,345,332**
Total Assets		**8,166,239**	**8,267,708**
Liabilities			
Current			
Trade and other payables	15	646,922	317,060
Provisions	14	187,040	180,405
Current Liabilities		**833,962**	**497,465**
Non-Current			
Provisions	14	81,310	54,680
Non-Current Liabilities		**81,310**	**54,680**
Total Liabilities		**915,272**	**552,145**
Net Assets		**7,250,967**	**7,715,563**
Equity			
Equity attributable to owners of the Parent:			
Share capital	13	12,466,850	12,674,253
Share Option Reserve		80,695	-
Accumulated losses		(5,296,578)	(4,958,690)
Total Equity		**7,250,967**	**7,715,563**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Share Capital $	Share Option Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2015		**12,674,253**	**-**	**(4,958,690)**	**7,715,563**
Profit for the year				740,464	740,464
Dividends Paid				(1,078,352)	(1,078,352)
Share Option Reserve			80,695		80,695
Share Buy-Back		(207,403)			(207,403)
Other comprehensive income				**-**	**-**
Total comprehensive income				-	-
Balance at 30 June 2016		**12,466,850**	**80,695**	**(5,296,578)**	**7,250,967**

Balance at 1 July 2014		**12,674,253**	**-**	**(4,707,542)**	**7,966,711**
Profit for the year				559,889	559,889
Dividends Paid				(811,037)	(811,037)
Other comprehensive income				-	-
Total comprehensive income for the period				-	-
Balance at 30 June 2015		**12,674,253**	**-**	**(4,958,690)**	**7,715,563**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 $	2015 $
Operating activities			
Receipts from customers		5,185,143	4,841,696
Payments to suppliers and employees		(4,068,494)	(4,523,915)
Interest received		144,086	216,450
Interest paid		(590)	(757)
Net cash provided by operating activities	22	**1,260,145**	**533,474**
Investing Activities			
Term deposit		856,857	(900,000)
Payment for software development costs		(860,462)	(216,370)
Payment for acquisition of non-current asset		(56,707)	(30,269)
Net cash used in investing activities		**(60,312)**	**(1,146,639)**
Financing activities			
Dividend Paid		(1,078,351)	(811,036)
Cost of Share Buy-back		(207,403)	-
Net cash from / (used in) financing activities		**(1,285,754)**	**(811,036)**
Net change in cash and cash equivalents		(85,921)	(1,424,201)
Cash and cash equivalents, beginning of year		2,001,607	3,425,808
Cash and cash equivalents, end of year	**6**	**1,915,686**	**2,001,607**

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

Notes to the Consolidated Financial Statements

1 Nature of operations

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

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared on accrual basis, based on historical cost unless otherwise stated and in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Managed Accounts Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

Managed Accounts Holdings Limited is the Group's ultimate Parent Company. Managed Accounts Holdings Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 5, 28 Margaret Street, Sydney, Australia.

The consolidated financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 24th August 2016

3 Changes in accounting policies

3.1 New and revised standards that are effective for these financial statements

There is no new and revised standards that are effective for these financial statements

3.2 New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.

b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

Likely impact on initial application

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15:

- replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:
  - establishes a new revenue recognition model
  - changes the basis for deciding whether revenue is to be recognised over time or at a point in time
  - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
  - expands and improves disclosures about revenue

In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

Likely impact on initial application

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases

The Australian Accounting Standards Board released AASB 16 Leases on 23 February 2016. This follows the publication of IFRS 16 Leases by the International Accounting Standards Board on 13 January 2016, completing its long-running project to overhaul lease accounting.

The new Standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under Australian Accounting Standards and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. For many other businesses, however, exemptions for short-term leases and leases of low value assets will reduce the impact.

Lessee accounting

Subject to the optional accounting simplifications discussed below, a lessee will be required to recognise its leases on the balance sheet. This involves recognising:

- a 'right-of-use' asset; and
- a lease liability

The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is 'reasonably certain'.

In subsequent periods, the right-of-use asset is accounted for similarly to a purchased asset and depreciated or amortised. The lease liability is accounted for similarly to a financial liability using the effective interest method.

Optional accounting simplifications

AASB 16 provides important reliefs or exemptions for:

- short-term leases: a lease is short-term if it has a lease term of twelve (12) months or less at the commencement date. The use of this exemption is an accounting policy choice that must be made consistently for each class of underlying asset; and

- low-value asset leases: the assessment of value is based on the absolute value of the leased asset when new and therefore requires judgement. However, in the Basis for Conclusions which accompanies the Standard, the IASB notes that they had in mind leases of assets with a value when new of around US$5,000 or less. The use of this exemption is an accounting policy choice that can be made on a lease-by-lease basis.

If these exemptions are used, the accounting is similar to operating lease accounting under the current Standard AASB 117 Leases. Lease payments are recognised as an expense on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

Lessor accounting

AASB 16's requirements for lessor accounting are similar to AASB 117's. In particular:

- the distinction between finance and operating leases is retained
- the definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as AASB 117's
- the basic accounting mechanics are also similar, but with some different or more explicit guidance in a few areas. These include variable payments; sub-leases; lease modifications; the treatment of initial direct costs; and lessor disclosures

Effective date and transition

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early application is permitted for entities that apply AASB 15 *Revenue from Contracts with Customers* at or before the date of initial application of AASB 16.

In terms of transition, AASB 16 provides lessees with a choice between two (2) broad methods:

1 full retrospective application – with restatement of comparative information in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

2 partial retrospective application – without restating comparatives. Under this approach the cumulative effect of initially applying AASB 16 is recognised as an adjustment to equity at the date of initial application. If a lessee chooses this method, a number of more specific transition requirements and optional reliefs also apply.

4 Summary of accounting policies

4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.3 Segment reporting

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.

4.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount can be reliably measured; it is probable that future economic benefits will flow to the consolidated group and specific criteria for each of the activities.

Revenue is recognised for the major business activities as follows:

Platform revenue

- *Funds Under Administration* (FUA) revenue: 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;
- *Transaction/brokerage fees:* these fees are recognised at the date of the transaction; and
- *Implementation fees:* these fees are recognised on a stage of completion basis, depending upon the phase of the implementation process.

Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Three Clients represent more than 10% of portfolio and transaction fees revenue in the financial year being 10.33%,11.30% and 13.74% (one client 2015- 12.8%).

4.5 Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

4.6 Property, plant and equipment

IT equipment and other equipment

IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost. Leasehold Improvements, IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a diminishing basis to write down the cost , IT equipment and other equipment.

The following depreciation rates are applied:

- IT equipment: 40 to 50% of the written down value.
- other equipment: 10 to 20% of the written down value.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.7 Software development costs

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits

Intangible Asset

Development costs not meeting these criteria for capitalisation are expensed as incurred.

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. Useful lives are reviewed at each reporting date. The useful life for capitalised software development costs is assessed as 3 years, unless the asset is used to support licensed software, in which case the asset is amortised over the remaining life of the licence.

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing.

4.8 Impairment of assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

4.9 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Managed Accounts Holdings Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated entity under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2008. Investment Administration Services Pty Ltd and Investment Administration Services Developments Pty Ltd joined the consolidated tax group 1 July 2008 and Planner Holdings Limited for the 2015 tax year. The tax consolidated group has entered a tax funding arrangement whereby each entity in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

4.11 Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits/ (losses).

4.12 Provisions

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

4.13 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown net of GST.

Cash flows are presented in the statement of cash flows on a net of GST basis.

4.14 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Critical accounting estimates and judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Deferred tax assets

Deferred tax assets relating to unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The directors are of the opinion that the full amount of the taxable loss generated in previous years will be recognised against future taxable income as set out in the forecasts prepared by management. This determination requires judgement. In making this judgement, the directors evaluate, among other things, factors such as the Group's forecast operational and financing cash flows, Funds Under Administration growth and expectations of industry and sector performance.

Employee leave benefits

Liabilities for wages and salaries,including non-monetary benefit and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Capitalised Software Development Costs

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

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

5 Interests in subsidiaries

Set out below are details of the subsidiaries held directly by the Group:

Name of the Subsidiary	Country of Incorporation & Principal Place of Business	Principal Activity	Group Proportion of Ownership Interests	
			30-Jun-16	30-Jun-15
Investment Administration Services Pty Ltd trading as managedaccounts.com.au	Incorporated in Australia Level 5, 28 Margaret Street Sydney NSW 2000	Australian Financial Service licence holder with endorsement to operate Managed Discretionary Accounts	100%	100%
Investment Administration Services Developments Pty Ltd	Incorporated in Australia Level 5, 28 Margaret Street Sydney NSW 2000	Owns Intellectual Property and Software which is licenced to Investment Administration Services Pty Ltd	100%	100%
Planner Holdings Limited	Incorporated in Australia Level 5, 28 Margaret Street Sydney NSW 2000	Investment Company Holding shares in PHL Securities Pty Ltd	100%	100%

6 Cash and cash equivalents

Cash and cash equivalents include the following components

	2016 $	2015 $
Cash at banks	1,915,686	2,001,607
	1,915,686	**2,001,607**

7 Other financial assets

	2016 $	2015 $
Bank term deposit	3,043,142	3,900,000
	3,043,142	**3,900,000**

Weighted Average Interest Rate is 2.90% for 2016 and 3.68% for 2015.

8 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

	Leasehold Improvements $	IT Equipment $	Other Equipment $	Total $
Gross carrying amount				
Balance 1 July 2015	7,112	119,839	12,112	139,063
Additions/Scraped	21,500	(16,956)	(12,112)	(7,568)
Balance 30 June 2016	**28,612**	**102,883**	**-**	**131,495**
Depreciation				
Balance 1 July 2015	7,112	98,047	8,154	113,313
Depreciation	-	27,595	3,958	31,553
Asset Scrapped	(7,112)	(42,551)	(12,112)	(61,775)
Balance 30 June 2016	**-**	**83,091**	**-**	**83,091**
Carrying amount 30 June 2016	**28,612**	**19,792**	**-**	**48,404**

	Leasehold Improvements $	IT Equipment $	Other Equipment $	Total $
Gross carrying amount				
Balance 1 July 2014	7,112	122,125	12,112	141,349
Additions	-	(2,286)	-	(2,286)
Balance 30 June 2015	**7,112**	**119,839**	**12,112**	**139,063**
Depreciation				
Balance 1 July 2014	7,112	117,517	7,611	132,240
Depreciation	-	12,374	543	12,917
Asset Scrapped	-	(31,844)	-	(31,844)
Balance 30 June 2015	**7,112**	**98,047**	**8,154**	**113,313**
Carrying amount 30 June 2015	**-**	**21,792**	**3,958**	**25,750**

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

9 Intangible Asset

Capitalised software development costs:

Gross carrying amount	
Balance 1 July 2015	216,370
Additions	860,462
Balance 30 June 2016	**1,076,832**
Depreciation	-
Carrying amount 30 June 2016	**1,076,832**

Balance 1 July 2014	-
Additions	216,370
Balance 30 June 2015	**216,370**
Depreciation	-
Carrying amount 30 June 2015	**216,370**

10 Financial assets and liabilities

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

	2016	**2015**
	$	**$**
• Trade and other receivables	1,347,592	1,020,769
• Cash and cash equivalents	1,915,686	2,001,607
• Term Deposits	3,043,142	3,900,000
• Trade and other payables	646,922	317,060

11 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

Deferred Tax Assets	1-Jul-15	Recognised in OCI	Recognised in Business Combination	Recognised in Profit & Loss	30-Jun-16
	$	$	$	$	$
Current liabilities					
Provisions	13,270	-	-	4,234	17,504
Superannuation and other employee obligations	76,265	-	-	4,425	80,690
Non-Current					
ASX listing and capital raising costs deductible in future years	149,507	-	-	(49,573)	99,934
Unused tax losses	863,459	-	-	(330,215)	533,244
	1,102,501	-	-	**(371,129)**	**731,372**

Deferred Tax Assets	1-Jul-14	Recognised in OCI	Recognised in Business Combination	Recognised in Profit & Loss	30-Jun-15
	$	$	$	$	$
Current liabilities					
Provisions	11,400	-	-	1,870	13,270
Superannuation and other employee obligations	48,595	-	-	27,670	76,265
Non-Current					
ASX listing and capital raising costs deductible in future years	195,122			(45,615)	149,507
Unused tax losses	1,103,073	-	-	(239,614)	863,459
	1,358,190	-	-	**(255,689)**	**1,102,501**

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

12 Trade and other receivables

Trade and other receivables consist of the following:

	2016 $	2015 $
Current		
Trade receivables	812,151	706,315
Bank deposits securing bank guarantee on property lease	73,496	72,515
Other receivables	362,770	179,783
Prepayments	99,175	62,156
	1,347,592	**1,020,769**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment, with no impairment charge or provisions recorded.

13 Share capital

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

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

	2016 Shares	2015 Shares	2016 $	2015 $
Shares issued and fully paid:				
Beginning of the year	135,172,711	135,172,711	12,674,253	12,674,253
Share Buy Back	(815,000)		(207,403)	
Total contributed equity at 30 June	**134,357,711**	**135,172,711**	**12,466,850**	**12,674,253**

14 Provisions

The carrying amounts and movements in the provisions are set out below:

	2016	2015
Employee Benefits-Current	**$**	**$**
Carrying amount 1 July 2015	180,405	132,238
Additional provisions	6,635	48,167
Carrying amount 30 June 2016	**187,040**	**180,405**
Employee Benefits-Non Current		
Carrying amount 1 July 2015	54,680	25,148
Additional provisions	26,630	29,532
Carrying amount 30 June 2016	**81,310**	**54,680**

15 Trade and other payables

Trade and other payables consist of the following:

Trade and Other Payables	**2016**	**2015**
	$	**$**
Current:		
Trade payables	174,443	134,520
Other payables	472,479	182,540
	646,922	**317,060**

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

16 Revenue

	2016	2015
	$	**$**
Service Fees	5,499,906	4,353,686
	5,499,906	**4,353,686**

17 Expenses

Finance costs and other costs for the reporting periods consist of the following:

	2016 $	2015 $
Finance Costs		
Interest paid	590	757
	590	**757**

	2016 $	2015 $
Other Expenses		
Consulting fees	243,750	204,923
Computer Hostings	165,784	151,044
Professional fees	106,311	77,279
Insurance	72,165	70,640
Travel costs	86,216	88,883
ASX Listing Fees	51,979	36,946
Conference Fees	131,560	33,872
Data Providers	37,965	36,937
Other	136,979	125,061
	1,032,709	825,585

18 Finance Incomes

Interest Income

	2016 $	2015 $
Interest income from cash and cash equivalents	156,146	228,532

19 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Managed Accounts Holdings Limited at 30% (2015: 30%) and the reported tax expense in profit or loss are as follows:

	2016	2015
	$	$
Profit/Loss before tax	1,111,593	815,578
Prima facie tax rate	30%	30%
Expected tax expense/(benefit)	333,478	244,673
Adjustment for non-deductible expenses:		
Dividend paid on H&J Preference shares	-	-
Entertainment	13,441	9,950
Other non-deductible expenses	24,210	1,066
Tax expense /(benefit)	**371,129**	**255,689**

Tax Expense comprises:

	2016	2015
	$	$
Current tax expense	-	-
Deferred tax expense/(income)		
Origination and reversal of temporary differences	40,914	16,075
Utilisation of tax losses	330,215	239,641
Tax Expense/(benefit)	**371,129**	**255,689**

20 Auditor remuneration

	2016 $	2015 $
Audit and review of financial statements	54,500	45,100
Total Audit and Review of financial statements	**54,500**	**45,100**

Other services

Auditors of Managed Accounts Holdings Limited

Tax Advisory	13,000	-
Other assurance services	23,000	21,900
Total other service remuneration	**36,000**	**21,900**

21 Earnings per share and dividends

21.1 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Managed Accounts Holdings Limited) as numerator (ie no adjustments to profit were necessary in 2016 or 2015)

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2016	2015
Amounts in thousand shares:		
• Weighted average number of shares used in basic earnings per share	134,779	135,173
• Shares deemed to be issued for no consideration in respect of share based payments	7,350	1,000
Weighted average number of shares used in diluted earnings per share	142,129	136,173

21.2 Dividends

(a) Unfranked interim dividends of 0.08 cents per share (2015 0.06 cents per share)

(b) Dividends proposed but not recognised as a liability

On 28 July 2016, Directors declared unfranked dividend of 0.02 cents per share (2015 0.02 cents per share)

21.3 Franking credits

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

22 Reconciliation of cash flows from operating activities

Reconciliation of Cash Flows From Operating Activities	2016	2015
	$	$
Cash flows from operating activities		
Profit/Loss for the year	740,464	559,889
Adjustments for:		
Depreciation and amortization	31,553	12,917
Cost of Share Employee Scheme	80,695	-
Net changes in working capital:		
Change in trade and other receivables	(326,823)	475,929
Change in trade and other creditors	329,862	(848,648)
Change in deferred tax	371,129	255,689
Change in provisions	33,265	77,699
Net cash from operating activities	**1,260,145**	**533,475**

23 Related party transactions

The Group's related parties include its subsidiaries, key management and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

23.1 Transactions with key management personnel

Key Management Personnel remuneration includes the following expenses:

	2016	2015
	$	$
Total short term employee benefits	922,822	806,431
Total other long-term Benefit	21,170	19,915
Total post-employment benefits	80,722	76,273
Termination Benefit	-	-
Total remuneration	**1,024,714**	**902,619**

24 Contingent liabilities

The group has no material contingent liabilities

25 Financial instrument risk

25.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in the Notes. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and 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.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Market Risk Analysis

25.2 Interest rate sensitivity

The Group has no borrowings.

The Group invests surplus cash in Australian banks 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 expects to be profitable and should require no cash other than the cash holding it has for working capital.

The amounts subject to cash flow interest rate movements are term deposits as recorded in the statement of financial position and Note 7. The consolidated entity has a net cash surplus invested in bank term deposits totalling $3,043,142 (2015: $3,900,000).

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/-1% (2016: +/-1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the Year		Equity	
	$	$		
	+1%	-1%	1%	-1%
30 June 2016	30,431	(30,431)	30,431	(30,431)
30 June 2015	39,000	(39,000)	39,000	(39,000)

25.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by receivables with customers, placing deposits with banks etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2016 $	2015 $
Classes of financial assets		
Carrying amounts:		
Deposits with banks	3,043,142	3,900,000
Cash with banks	1,915,686	2,001,607
Trade and other receivables	1,285,592	1,020,769
	6,244,420	**6,922,376**

The majority of the Group's income is received from clients where the Group holds their assets in Managed Discretionary Accounts including cash. Monthly the fee agreed with the client is calculated and debited to their account and paid to the Group.

The board receives monthly reports summarising trade receivables balances and aging profiles of the total trade receivables.

Amounts at 30 June, analysed by the length of time past due, are:

	2016	2015
	$	$
Not more than three (3) months	68,500	44,044
More than three (3) months but not more than six (6) months	20,540	28,108

25.4 Liquidity risk

The bulk of the company's income is received by charging clients fees which are collected from cash held by clients in the company's Managed Accounts service. The clients have instructed the company to debit their account for fees.

26 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

ASIC has announced a review of the capital requirements for Managed Discretionary Accounts (MDA) licence holders. As a result of a recent ASIC CP 200 review, all MDA operators NTA capital requirements could be up to $5 million. Based on our current Funds Under Advice our requirement would be $5 million. ASIC recently announced that the CP200 review results will be announced before the end of October 2016. The Directors expect that NTA is likely to be introduced over a number of years before the full $5,000,000 will be required.

27 Share-based employee remuneration

The Board approved the offer to all employees of a maximum of 6,350,000 options under the Plan on the following terms subject to the Plan rules:

a) each Option gives the right to subscribe for or acquire one ordinary share in the Company

(Option);

b) nil consideration is payable for the Option grant;

c) exercise price is $0.22 per Option;

d) for each employee/contractor, Options vest in 3 separate tranches on 31 July 2016, 31 July 2017 and 31 July 2018 but subject to the satisfaction of specific exercise conditions associated with the Company's performance and the performance of the relevant employee/contractor;

and

e) exercise period ends 4 years after the date of grant of the Options. The purpose of the proposed offer of Options under the Plan is to enable the Company and its subsidiaries to attract and retain skilled employees and contractors.

In particular, the Board has approved the offer of 2,000,000 Options under the Plan to David Heather, the Company's Chief Executive Officer on the above terms. These Options are included within the maximum number of 6,350,000 Options referred to above. The exercise conditions for the Options to be offered to David Heather include a range of conditions associated with his performance in the areas of financial management (including the Company's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. The Options will vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods.

The Board has not approved the offer of Options to any directors of the Company.

All staff employed, as at the date of the employee share plan, were issued options during the financial year.

	Numbers of Shares	Weighted Average exercise price($)
Outstanding at 1 July 2014	-	-
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at 30 June 2015	-	-
Granted	6,350,000	0.22
Forfeited	-	-
Exercised	-	-
Outstanding at 30 June 2016	6,350,000	0.22
Exercised at 30 June 2015	-	-
Exercised at 30 June 2016	-	-

The following principal assumptions were used in the valuation:

Valuation assumptions	
Grant Date	02 November 2015
Vesting period ends	31 July 2018
Share price at date of grant	$0.22
Volatility	40.4% p.a.
Options life	4 years
Dividend yield	$0.008 p.a.
Risk free investment rate	2.0% p.a.
Fair value at grant date	$0.0517
Exercise price at date of grant	$0.22
Exercisable from	31 July 2016
Exercisable to	22 October 2019

28 Parent Entity information

Information relating to Managed Accounts Holdings Limited ('the Parent Entity')

	2016	2015
	$	$
Statement of financial position		
Current assets	912,316	1,347,848
Non-Current assets	9,607,936	10,089,537
Total assets	**10,520,252**	**11,437,385**
Current liabilities	236,860	11,420
Non-Current liabilities	776,133	537,475
Total liabilities	**1,012,993**	**548,895**
Net assets	**9,507,259**	**10,888,490**
Issued capital	12,468,903	12,674,253
Retained earnings	(2,961,644)	(1,785,763)
Total Equity	**9,507,259**	**10,888,490**
Statement of profit or loss and other comprehensive income		
Profit for the year	176,573)	(40,543)
Other comprehensive income	-	-
Total comprehensive income	**(176,573)**	**(40,543)**

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

29 Post-reporting date events

On 15 July 2016 Planner Holdings Limited subsidiary, PHL Securities Pty Ltd, acquired a minority interest in a financial planning company, Holman McGregor Financial Services Pty Ltd. The investment was $500,000 in equity and loan funds of further $225,000. No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.

Directors' Declaration

The Directors of the Company declare that:

1. In the Director's opinion the consolidated financial statements and notes of Managed Accounts Holdings Limited are in accordance with the *Corporations Act 2001*, including

   i Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

   ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

2. In the Director's opinion there are reasonable grounds to believe that Managed Accounts Holdings Limited and the Group will be able to pay their debts as and when they become due and payable.

3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2016.

4. The note to the financial statements confirms that the consolidated financial statements also comply with International Financial Reporting Standards; and

5. The remuneration disclosures contained in the Remuneration Report comply with section 300A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*:

Director

Don Sharp

Dated the 24 day of August 2016

Grant Thornton

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

Report on the financial report

We have audited the accompanying financial report of Managed Accounts Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Managed Accounts Holdings Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 12 to 17 of the directors' report for the year ended 30 June 2016. 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

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Managed Accounts Holdings Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M Leivesley

M R Leivesley
Partner - Audit & Assurance

Sydney, 24 August 2016

Additional Information

The information in this section has been prepared as at 18 August 2016, unless otherwise specified.

CORPORATE GOVERNANCE STATEMENT

The Company's corporate governance statement is located on the Company's website at http://www.managedaccounts.com.au/CorporateGovernance/ASXCorporateGovernance/tabid/4543/default.aspx

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.

Top 20 holdings as at 18/08/2016

Ordinary Shares

Name	16/08/2016	%
DONALD FINANCIAL ENTERPRISES PTY LTD	18,093,389	13.367
VALEBARK PTY LTD	18,093,389	13.367
PARMMS ENTERPRISES PTY LTD	15,575,086	11.507
ARGO INVESTMENTS LIMITED	12,500,000	9.235
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,504,465	7.022
STARMAY SUPERANNUATION PTY LTD	6,777,433	5.007
STARMAY SUPERANNUATION PTY LTD	6,777,433	5.007
SANCTUARY ENTERPRISES PTY LTD	5,714,286	4.222
MR DAVID ALAN HEATHER	2,857,143	2.111
PARMMS ENTERPRISES PTY LTD	2,190,516	1.618
MR PAUL LA MACCHIA	1,828,572	1.351
MR KEITH JONES + MRS ROSLYN JEFFERS	1,828,455	1.351
AKAT INVESTMENTS PTY LIMITED	1,560,000	1.153
BAHRAIN INVESTMENTS PTY LTD	1,458,333	1.077
MR DAVID ALAN HEATHER + MRS PANAYOTA HEATHER	1,392,858	1.029
TORRES INDUSTRIES PTY LIMITED	1,049,994	0.776
MRS KATHY MORTON	1,000,029	0.739
TORRES INDUSTRIES PTY LIMITED	950,000	0.702
MRS LINDA JOY SHARP + MRS BROOKE MICHELLE LASHWOOD + MR DANIEL JAMES LASHWOOD	900,000	0.665
MR PETER WISEMAN	857,143	0.633
	110,908,524	**81.937**
	135,357,711	

Substantial Shareholders	No of Equity Securities
Donald Sharp, Donald Financial Enterprises Pty Ltd and S&F Financial Securities Pty Ltd	31,668,255 ordinary shares
Colin Scully and Valebark Pty Ltd	31,648,255 ordinary shares
Starmay Superannuation Pty Ltd	13,554,866 ordinary shares
Paul Collins and Parmms Enterprises Pty Ltd	17,765,602 ordinary shares
Argo Investments Limited	12,500,000 ordinary shares
Managed Accounts Holdings Limited	8,318,306 ordinary shares
Financial Clarity Pty Ltd	6,736,729 ordinary shares

The Company is a substantial holder of itself. It has a relevant interest in 8,318,306 ordinary shares. The relevant interest has arisen through Managed Discretionary Account service for IAS clients.

DISTRIBUTION OF SHAREHOLDERS

Ordinary Shares

Holding balance ranges	Holdings	Total Units	%
1 - 1,000	4	1,410	0.001
1,001 - 5,000	25	77,261	0.057
5,001 - 10,000	110	1,044,876	0.772
10,001 - 100,000	194	7,725,999	5.708
100,001 - 9,999,999,999	78	126,508,165	93.462
Total	**411**	**135,357,711**	**100.00**

DISTRIBUTION OF OPTION HOLDERS

Holdings Ranges	Holders	Total Options	%
1-1,000	-	-	
1,001-5,000	-	-	
5,001-10,000	-	-	
10,001-100,000	-	-	
100,001-and over	17	5,528,683	100
Totals	**17**	**5,528,683**	**100**

NUMBER OF HOLDERS AND VOTING RIGHTS IN EACH CLASS OF SECURITIES

Class of Security	No of Holders	Voting Rights
Ordinary Shares	411	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	17	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 4.

CLASSES OF UNQUOTED SECURITIES

Class of Security	No 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	17	5,528,683

GENERAL

There is an on-market buy-back for the Company's securities.

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

The name of the Company's company secretary is Jillian McGregor.

The address and telephone number of the Company's registered office and principal administrative office are Level 5, 28 Margaret Street, Sydney, NSW 2000 and 1800 446 971.

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 9020 7934 (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.

Corporate Directory

DIRECTORS

Mr Don Sharp (Executive Chairman)
Mr Colin Scully (Non-Executive Director)
Mr Alex Hutchison (Non- Executive Director)

COMPANY SECRETARY

Jillian McGregor

REGISTERED OFFICE

Level 5
28 Margaret Street
Sydney, NSW 2000

PRINCIPAL PLACE OF BUSINESS

Level 5
28 Margaret Street
Sydney, NSW 2000

SHARE REGISTRY

Registry Direct
Level 6, 2 Russell Street,
Melbourne, VIC 3000

AUDITORS

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000

LEGAL ADVISERS

Gadens Lawyers
Level 16
77 Castlereagh Street
Sydney NSW 2000

Coleman and Greig
Level 11, 100 George Street
Parramatta NSW

CUSTODIAN

HSBC Bank Australia Limited
580 George Street
Sydney NSW 2000

INVESTOR RELATIONS ADVISER

Finance News Network Pty Ltd
Level 24 Royal Exchange Building
56 Pitt Street
Sydney NSW 2000

WEBSITE

www.managedacounts.com.au

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