

Results for announcement to the market

(all comparisons to the six months ended 31 December 2014)

Amounts in USD '000

				31 December 2015
Revenue from ordinary activities				
-from continuing operations	Up	0%	to	34,929
-from discontinued operations	Down	100%	to	-
Earnings before interest, tax, depreciation and amortisation				
-from continuing operations	Up	17%	to	14,566
Profit from ordinary activities after tax attributable to members				
-from continuing operations	Down	96%	to	5,607
-from discontinued operations	Up	25%	to	(890)
Net profit for the period attributable to members				
-from continuing operations	Down	96%	to	5,607
-from discontinued operations	Up	25%	to	(890)

Underlying results

31 December 2015

The purpose of presenting underlying results is to show the business performance of the Group in a consistent manner that reflects how the business is managed and measured on a day-to-day basis.

Underlying earnings before interest, tax, depreciation and amortisation from continuing operations ^[A]	Down	1%	to	14,566
Underlying net profit before tax for the period from continuing operations ^[B]	Down	3%	to	9,474
Underlying net profit after tax for the period attributable to members from continuing operations ^[C]	Down	43%	to	5,607

[A] **Prior period** underlying earnings before interest, tax, depreciation and amortisation from continuing operations was adjusted to exclude the loss on the settlement and amendment of unsecured convertible notes.

[B] **Prior period** underlying net profit before tax from continuing operations was adjusted to exclude the loss on the settlement and amendment of unsecured convertible notes.

[C] **Prior period** underlying net profit attributable to members from continuing operations was adjusted to exclude 1) the loss on the settlement and amendment of unsecured convertible notes, and 2) the tax benefit recognised on the write-back of previously unrecognised deferred tax assets.

Dividends	Amount per ordinary share	Franked %	Conduit foreign income %
Final 2015 dividend per share (paid 16 September 2015)	USD 5.5 cents	0%	100%
Interim 2016 dividend per share (to be paid 16 March 2016)	USD 5.0 cents	0%	80%

The directors have determined an unfranked interim dividend of United States (US) 5.0 cents per share (with 80% conduit foreign income credits). The interim dividend dates are:

Ex-dividend date:	1 March 2016
Record date:	3 March 2016
Payment date:	16 March 2016

A dividend reinvestment plan does not operate in respect to dividends of the Company.

HFA dividends are determined in US dollars. However, shareholders will receive their dividend in Australian dollars. Currency conversion will be based on the foreign exchange rate on the record date of 3 March 2016.

Net tangible assets	31 December 2015	31 December 2014
per ordinary share	USD 21.34 cents	USD 13.13 cents

Additional Appendix 4D requirements can be found in the directors' report and the 31 December 2015 interim financial report and accompanying notes.

This report is based on the 31 December 2015 interim financial report (which includes consolidated financial statements reviewed by KPMG).

HFA Holdings Limited and its controlled entities
ACN 101 585 737

For personal use only



Interim Report
31 December 2015



HFA Holdings Limited

ACN: 101 585 737

Registered Office

Level 15
324 Queen Street
Brisbane QLD 4000

Telephone

+61 7 3218 6200

Email

contact@hfaholdings.com.au

Website

www.hfaholdings.com.au

Shareholder information and inquiries

All inquiries and correspondence regarding shareholdings should be directed to HFA's share registry provider:

Link Market Services Limited

Address

Level 12
680 George Street
Sydney NSW 2000

Mailing address

Locked Bag A14
Sydney South NSW 1235

Telephone

1300 554 474
+61 2 8280 7111

Facsimile

+61 2 9287 0303

Website

www.linkmarketservices.com.au

For personal use only

Table of contents

- 1** Directors' report
- 8** Lead auditor's independence declaration
- 9** Interim financial report
- 26** Directors' declaration
- 27** Independent auditor's review report to the members of HFA Holdings Limited

The numbers in this Interim Report have been presented in **US dollars (USD)**, unless otherwise indicated.

For personal use only

Directors' report

The directors present their report together with the interim financial statements of the Group comprising of HFA Holdings Limited and its subsidiaries, for the six months ended 31 December 2015.

Directors

The directors of the Company at any time during the interim period and up to the date of this report are set out below. All of the Directors have been in office for the entire period.

Michael Shepherd, AO (Chairman)	<i>Appointed 16 December 2009</i>
Fernando Esteban	<i>Appointed 18 June 2008</i>
Andy Bluhm	<i>Appointed 17 October 2012</i>
Sean McGould	<i>Appointed 3 January 2008</i>
Randall Yanker	<i>Appointed 14 October 2014</i>

Principal activities

The principal activity of the Group during the course of the reporting period was the provision of investment management products and services to investors globally.

HFA Holdings Limited is a company limited by shares that is incorporated in Australia. A wholly owned subsidiary, HFA Lighthouse Holdings Corp is the parent entity of the US based Lighthouse Group ('Lighthouse'), which through Lighthouse Investment Partners, LLC acts as a global absolute return funds manager and adviser, and operates a managed account program for its funds and clients.

Through Lighthouse Investment Partners we deliver hedge fund solutions to a range of clients around the world.



Lighthouse Investment Partners, LLC ('Lighthouse') is a US based investment manager dedicated to managing multi-manager hedge funds for diversification and absolute return since 1999.

Based in the United States, with offices in New York, Chicago and Palm Beach Gardens in addition to offices in London and Hong Kong. As at 31 December 2015, Lighthouse is managing \$8.6 billion of assets.

The business commenced offering pooled investment vehicles to wholesale investors, and since 2011 has broadened its services to provide customised investment management solutions and services to large institutional clients.

Lighthouse has an investor base that spans North America, Europe, and Asia and includes high net worth individuals, family offices, endowments, foundations, trusts, investment banks, benefit plans, pension funds, healthcare and insurance companies.

One of Lighthouse's key strengths is its proprietary managed accounts program, which is core to both its pooled managed funds and customised client services.

For personal use only

Operating and financial review

What drives our business?

Our success depends on three key factors:

AUMA

We earn revenue from managing assets on behalf of our clients (which we refer to as "Assets Under Management and Advice" or "AUMA").

We seek to attract and retain AUMA by offering quality investment products and services, and delivering competitive performance and features.

Our ability to do this can also be impacted by external factors such as global markets and investor sentiment.

Fee rates

The revenue we earn on our AUMA depends on the management and performance fees we are entitled to charge for our services.

Our pooled investment products pay us management and performance fees based on disclosed rates, whilst our institutional clients can negotiate fees with us.

We operate in a highly competitive market, and there is pressure from investors to negotiate lower fee rates across the global investment management industry.

People

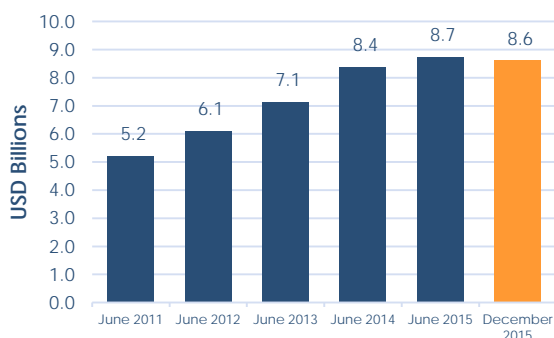
Our success relies on attracting and retaining talented employees.

It is our employees who use their skills and knowledge to enable us to provide quality investment products and services; to innovate to meet changing investor needs; and to respond to compliance requirements in what is a highly regulated industry.

To attract, motivate and retain quality employees HFA needs to offer competitive compensation and incentive packages.

AUMA

HFA has delivered year on year growth in AUMA over the past 5 years, however volatile markets have resulted in AUMA growth being flat for the 6 months to 31 December 2015:



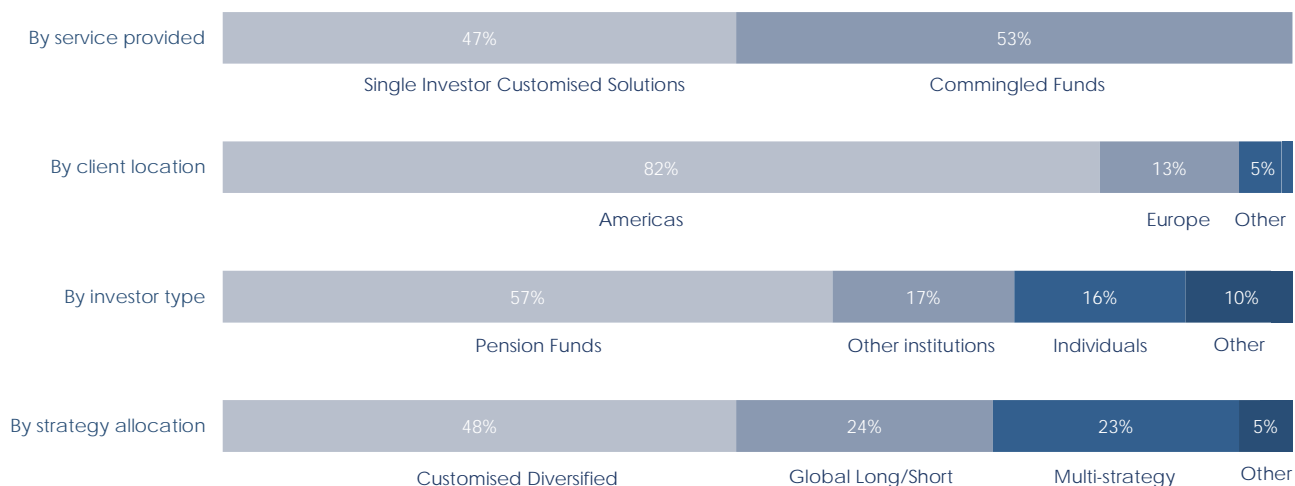
As at 31 December 2015, HFA had total AUMA of \$8.607 billion (30 June 2015: \$8.724 billion), a reduction of 1.3% over the half-year.

Changes to AUMA over the half-year have been driven by:

	USD billions
1 July 2015 AUMA	8.724
Net inflows for Commingled Funds	+ 0.057
Net outflows for Single Investor Customised Solutions	- 0.125
Net performance for the period	- 0.049
31 December 2015 AUMA	8.607

How do our clients invest with us?

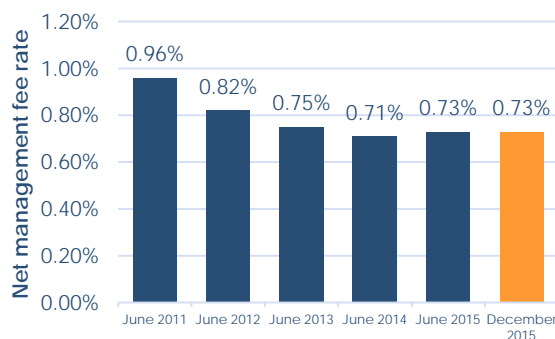
Of the \$8.607 billion managed by Lighthouse as at 31 December 2015, AUMA remains fairly evenly divided between the Lighthouse Funds business in commingled funds, and the customised clients business representing large individual strategic investors. The following charts show the composition of the AUMA as at 31 December 2015 in terms of services provided by Lighthouse, type of client, geographical location of client and allocation by investment strategy:



Fee rates

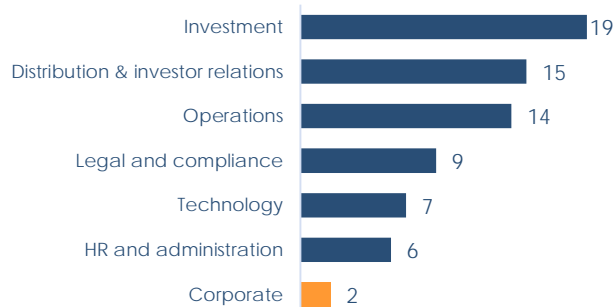
The changing profile of the Group’s AUMA since 2011, from managed funds only to a combination of managed funds and individual customised clients, has resulted in a trend of reduced total net management fee rates over the past few years. However, the net management rate for the half-year has remained in line with the year ended 30 June 2015, at 0.73% per annum.

Investors are very conscious of the level of fees charged by investment managers, and we see this as a continuing trend in the short to medium term as the industry adjusts to this demand.



People

As at 31 December 2015 we have 72 employees across the following functional divisions:



For personal use only

Summary of HFA Group financial results

The Group's underlying net profit after income tax from continuing operations for the six months ended 31 December 2015 was \$5.6 million (FY15: \$9.8 million).

Group result compared to the prior half-year period

Amounts in USD'000	Consolidated		%	
	31 December 2015	31 December 2014 (Restated)		
Continuing operations				
Management and platform fee income	34,683	34,300	1%	A
Performance fee income	246	477	(48%)	B
Distribution costs	(2,987)	(3,275)	9%	C
Net income from operating activities	31,942	31,502	1%	
Other income	492	411	20%	
Operating expenses, excluding depreciation and amortisation	(17,735)	(17,501)	1%	D
Net finance income/(costs), excluding interest income/(expense)	(133)	306	(143%)	
Loss on settlement and amendment of convertible notes	-	(2,217)	-	E
Earnings before interest, tax, depreciation and amortisation	14,566	12,501	17%	
Depreciation and amortisation	(4,995)	(4,590)	(9%)	
Net interest expense	(97)	(317)	69%	
Profit before income tax	9,474	7,594	25%	
Income tax (expense)/benefit	(3,867)	118,606	-	F
Net profit after income tax from continuing operations	5,607	126,200	(96%)	
Discontinued operations				
Net loss for the period from discontinued operations	(890)	(1,190)	25%	G
Profit for the period attributable to owners of the Company	4,717	125,010	(96%)	
Basic EPS from continuing operations (cents)	3.46	77.74		
Basic EPS (cents)	2.91	77.01		

Underlying result after adjusting for significant non-recurring items

Amounts in USD'000	Consolidated		%	
	31 December 2015	31 December 2014 (Restated)		
Underlying EBITDA				
Add back: Accounting loss on settlement and amendment of convertible notes	-	2,217		E
Underlying earnings before interest, tax, depreciation and amortisation from continuing operations	14,566	14,718	(1%)	
Underlying NPBT				
Add back: Accounting loss on settlement and amendment of convertible notes	-	2,217		E
Underlying net profit before income tax from continuing operations	9,474	9,811	(3%)	
Underlying NPAT				
Add back: Accounting loss on settlement and amendment of convertible notes	-	2,217		E
Deduct: Deferred tax benefit on recognition of deferred tax assets not previously recognised	-	(118,622)		F
Underlying net profit after income tax from continuing operations	5,607	9,795	(43%)	

The above presentation of the Group's results is intended to provide a measure of the Group's performance before the impact of non-cash expense items such as depreciation and amortisation, interest costs associated with the Group's external debt facility and the convertible notes previously on issue, as well as significant non-recurring items as detailed above. Net profit before and after income tax reconciles to the consolidated income statement on page 10.

Key drivers of the FY16 result

A

Management and platform fee income from continuing operations remained steady at \$34.7 million compared to the prior half-year period. This result was impacted by:

- a 1 basis point decrease in the average net management and platform fee rate which applied to the period to 0.73% per annum; offset by
- a 3% increase in average AUMA for the six months to 31 December 2015.

B

The Group earned \$0.2 million of performance fees for the first half of the 2016 financial year. Performance of the relevant products was negatively impacted by difficult global financial market conditions, particularly during the first fiscal quarter.

The Group earns performance fees on selected managed funds and customised client portfolios. The fees represent an agreed share of investment outperformance of a fund or portfolio over a defined benchmark and/or high watermark. Performance fees are variable in nature, and it is difficult to forecast how much, if any, performance fee revenue will be earned by the Group in future periods.

C

Distribution costs relate to third party distribution arrangements in place for Lighthouse, whereby Lighthouse makes ongoing payments to third parties in relation to clients they have introduced.

Distribution costs have reduced by \$0.3 million or 9% as compared to the previous corresponding half-year period, and represent 8.6% of management and platform fee income for the period.

D

Operating expenses for the period were \$17.7 million, representing only a 1% increase compared to the corresponding prior period. The business remains focussed on controlling expenditure.

E

A detailed discussion of the impact of the accounting loss on settlement and amendment of the convertible notes on the 31 December 2014 comparatives is contained in the Group's consolidated financial statements as at and for the year ended 30 June 2015.

F

A detailed discussion of the impact of the recognition of previously unrecognised deferred tax benefits on the 31 December 2014 comparatives is contained in the Group's consolidated financial statements as at and for the year ended 30 June 2015.

Due to the recognition of these deferred tax benefits, HFA now recognises an accounting tax expense in its income statement. However there is no tax liability payable in relation to this accounting tax expense other than in relation to some relatively nominal United States State-based taxes.

G

The net loss for the period from discontinued operations is due to a revision in the estimated future amounts receivable under the terms of the Continuing Fee Deed arrangement between the Company and the purchaser of the Certitude Global Investments Limited business. The downward revision is a result of:

- lower than expected investment performance during the 6 months, and hence nil performance fees being received for this half-year; and
- a \$46 million reduction in AUMA subject to the Continuing Fee Deed from November 2015.

The Group recognised a deferred consideration receivable asset of \$2.2 million in the statement of financial position as at 30 June 2015. As at 31 December 2015, the deferred consideration receivable is \$0.8 million, due to the receipt of \$0.5 million of deferred consideration proceeds during the period and the downward revision of \$0.9 million on the remaining estimated proceeds due the change in assumptions outlined above and the impact of movements in exchange rates since the previous balance date.

For personal use only

The key balance sheet items of the Group are:

Amounts in USD'000		Consolidated		
		31 December 2015	30 June 2015	
Assets	Cash	19,940	26,896	A
	Intangible assets	95,941	100,701	B
	Recognised deferred tax assets	122,720	126,573	C
	▪ not recognised on the balance sheet	65,060	68,044	
Liabilities	Secured bank loan	4,823	8,573	D

Explanation of key items

A Over the first half of the 2016 financial year, HFA has used its generated cash to meet debt repayment commitments, acquire investments, and pay dividends to shareholders. As such, the key drivers impacting our cash balance over the reported six month period have been:

- + \$8.6 million generated from operating activities
- - \$3.9 million paid in interest and principal repayments on the bank loan
- - \$3.4 million used to acquire investments
- - \$8.9 million paid to shareholders as dividends

B When the Company acquired Lighthouse in January 2008, it recognised \$76.1 million of identifiable intangible assets in the form of client relationships, trademarks and software, as well as \$499.5 million of goodwill.

The identifiable intangible assets are amortised over their useful lives (between 5 and 20 years). This has resulted in an amortisation expense of approximately \$9.4 million each financial year.

The acquired customer relationships and software have been fully amortised as at December 2015, leaving only a small residual balance of acquired identifiable intangible assets on the balance sheet.

An impairment loss of \$405.7 million was recognised against the goodwill balance in the 2009 financial year. The Company has continued to carry a written-down goodwill balance of \$93.8 million since that time.

C As at 31 December 2015, the Group's balance sheet includes a deferred tax asset of \$122.7 million which is comprised of carried forward tax losses and deductible temporary differences relating to the US tax consolidated group.

\$65.1 million of deferred tax assets relating to carried forward tax losses and deductible temporary differences of the Australian tax consolidated group remain unrecognised on the balance sheet as the Australian corporate entity is not expected to utilise these assets in the foreseeable future.

It is not expected that the Group will be in a tax payable position for a number of years other than in relation to some relatively nominal United States State-based taxes.

D The balance of the secured bank loan as at 31 December 2015 is \$4.8 million. The loan is classified as a current liability as it will be paid in full by its maturity date in March 2016.

Outlook

We operate in a competitive market. Continuing to demonstrate that we provide a quality investment service, consistent results and flexible solutions for clients is the foundation for our future growth.

The Group continues to execute its strategy to retain and grow our AUMA by delivering results and quality services to our clients through:

- consistently delivering investment performance in accordance with the investment strategies of the relevant funds and portfolios;
- providing a high level of service to our clients from all parts of our business, with quality and timely reporting on their investments and a proactive approach to ensuring we are meeting all their investment needs; and
- continuing to innovate on how we can deliver solutions to existing and prospective clients.

We also continue on our path to broadening our global distribution reach through building new relationships and leveraging our existing relationships around the world.

Dividends

At the date of this report, the directors have determined an unfranked dividend of USD 5.0 cents per share (with 80% conduit foreign income credits) payable on 16 March 2016. The record date for entitlement to the interim dividend is 3 March 2016.

Events subsequent to end of the reporting period

There has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material nature, likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Rounding of amounts

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

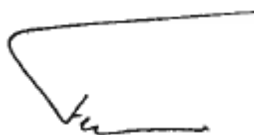
Auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8 and forms part of the directors' report for the six months ended 31 December 2015.

This report is made in accordance with a resolution of directors:



Michael Shepherd, AO
Chairman



F P (Andy) Esteban
Non-Executive Director

Dated at Sydney this 19th day of February 2016

Lead auditor's independence declaration

Under Section 301C of the Corporations Act 2001



To the directors of HFA Holdings Limited:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Matthew McDonnell'.

Matthew McDonnell
Partner

Dated at Brisbane this 19th day of February 2016

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

10 Income statement

13 Statement of changes of equity

11 Statement of comprehensive income

14 Statement of cash flows

12 Statement of financial position

15 Notes to the financial statements

1. Operating segments
2. Revenue
3. Expenses
4. Finance income and costs
5. Income tax
6. Dividends
7. Earnings per share
8. Loans and borrowings
9. Capital
10. Financial instruments
11. Discontinued operations
12. Reporting entity
13. Basis of accounting
14. Functional and presentation currency
15. Use of judgements and estimates
16. Other accounting policies
17. Subsequent events (events after occurring after the reporting period)

26 Directors' declaration

27 Independent auditor's review report to the members of HFA Holdings Limited

Income statement

For the six months ended 31 December 2015

Amounts in USD'000	Note	Consolidated	
		31 December 2015	31 December 2014 (Restated) ¹
Continuing Operations			
Operating revenue	2	34,929	34,777
Distribution costs		(2,987)	(3,275)
Net income from operating activities		31,942	31,502
Other income	2	492	411
Operating expenses	3	(22,730)	(22,091)
Results from operating activities		9,704	9,822
Finance income	4(a)	31	331
Finance costs	4(a)	(261)	(342)
Loss on settlement and amendment of convertible notes	4(a)	-	(2,217)
Net finance costs		(230)	(2,228)
Profit before income tax		9,474	7,594
Income tax (expense) / benefit	5	(3,867)	118,606
Profit for the period from continuing operations		5,607	126,200
Discontinued Operations			
Net loss after tax from discontinued operations	11	(890)	(1,190)
Profit attributable to members of the parent		4,717	125,010
Earnings per share from continuing operations			
Basic earnings per share (US cents)	7	3.46	77.74
Diluted earnings per share (US cents)	7	3.46	77.74
Earnings per share			
Basic earnings per share (US cents)	7	2.91	77.01
Diluted earnings per share (US cents)	7	2.91	77.01

¹ On 30 April 2015, the Group completed the sale of wholly owned subsidiary Certitude Global Investments Limited.

Certitude was not a discontinued operation for the six months ended 31 December 2014 and the comparative consolidated income statement and statement of comprehensive income have therefore been restated to show the discontinued operation separately from continuing operations. Refer to note 11 for additional detail.

The accompanying notes form part of these consolidated interim financial statements.

Statement of comprehensive income

For the six months ended 31 December 2015

Amounts in USD'000	Note	Consolidated	
		31 December 2015	31 December 2014 (Restated)
Profit attributable to members of the parent		4,717	125,010
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	4(b)	(16)	(1,584)
Income tax on other comprehensive income	4(b)	-	8,075
Other comprehensive income / (expense) for the period		(16)	6,491
Total comprehensive income for the period		4,701	131,501
Total comprehensive income for the period, net of tax, attributable to members of the parent arising from:			
Continuing operations		5,591	131,159
Discontinued operations	11	(890)	342
Total comprehensive income for the period		4,701	131,501

The accompanying notes form part of these consolidated interim financial statements.

For personal use only

Statement of financial position

As at 31 December 2015

Amounts in USD'000	Note	Consolidated	
		31 December 2015	30 June 2015
Assets			
Cash and cash equivalents		19,940	26,896
Trade and other receivables		10,987	11,686
Total current assets		30,927	38,582
Investments		11,522	8,293
Plant and equipment		1,144	1,186
Deferred tax assets	5(c)	122,720	126,573
Intangible assets		95,941	100,701
Other non-current assets		661	1,804
Total non-current assets		231,988	238,557
Total assets		262,915	277,139
Liabilities			
Trade and other payables		3,421	3,655
Employee benefits		1,332	7,376
Current tax liabilities	5(b)	4	-
Loans and borrowings	8	4,823	8,573
Total current liabilities		9,580	19,604
Employee benefits		75	89
Total non-current liabilities		75	89
Total liabilities		9,655	19,693
Net assets		253,260	257,446
Equity			
Share capital		257,355	257,355
Reserves		21,672	24,027
Accumulated losses		(25,767)	(23,936)
Total equity attributable to equity holders of the Company		253,260	257,446

The accompanying notes form part of these consolidated interim financial statements.

Statement of changes in equity

For the six months ended 31 December 2015

Amounts in USD'000	Note	Consolidated amounts attributable to equity holders of the parent						Total Equity
		Share Capital	Share Based Payments Reserve	Fair Value Reserve	Translation Reserve	Parent Entity Profits Reserve	Accumulated Losses	
Balance at 1 July 2014		270,963	17,168	1,493	(7,613)	10,187	(148,859)	143,339
Profit for the period		-	-	-	-	-	125,010	125,010
Transfer to parent entity profits reserve ¹		-	-	-	-	8,554	(8,554)	-
Other comprehensive income								
Foreign currency translation differences	4(b)	-	-	-	(1,584)	-	-	(1,584)
Income tax on other comprehensive income	4(b)	-	-	(567)	8,642	-	-	8,075
Total other comprehensive income, net of tax		-	-	(567)	7,058	-	-	6,491
Total comprehensive income for the period, net of tax		-	-	(567)	7,058	8,554	116,456	131,501
Issue of ordinary shares		14,504	-	-	-	-	-	14,504
Equity component of capitalised convertible note interest		1,305	-	-	-	-	-	1,305
Convertible note buy-back and redemption		(29,417)	(3,842)	-	-	-	4,063	(29,196)
Dividends to equity holders	6	-	-	-	-	(8,005)	-	(8,005)
Total transactions with owners		(13,608)	(3,842)	-	-	(8,005)	4,063	(21,392)
Balance at 31 December 2014		257,355	13,326	926	(555)	10,736	(28,340)	253,448
Balance at 1 July 2015		257,355	13,326	931	762	9,008	(23,936)	257,446
Net profit for the period		-	-	-	-	-	4,717	4,717
Transfer to parent entity profits reserve ¹		-	-	-	-	6,548	(6,548)	-
Other comprehensive income								
Foreign currency translation differences	4(b)	-	-	-	(16)	-	-	(16)
Total other comprehensive income, net of tax		-	-	-	(16)	-	-	(16)
Total comprehensive income for the period, net of tax		-	-	-	(16)	6,548	(1,831)	4,701
Dividends to equity holders	6	-	-	-	-	(8,887)	-	(8,887)
Total transactions with owners		-	-	-	-	(8,887)	-	(8,887)
Balance at 31 December 2015		257,355	13,326	931	746	6,669	(25,767)	253,260

¹ Relates to the net profit of the parent entity (HFA Holdings Limited).

The accompanying notes form part of these consolidated interim financial statements.

Statement of cash flows

For the six months ended 31 December 2015

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014
Cash flows from operating activities		
Cash receipts from operating activities	35,349	39,264
Cash paid to suppliers and employees	(26,792)	(28,906)
Cash generated from operations	8,557	10,358
Interest received	10	196
Dividends and distributions received	-	71
Income taxes received / (paid)	3	(37)
Net cash from operating activities	8,570	10,588
Cash flows from investing activities		
Acquisition of plant and equipment	(195)	(391)
Acquisition of investments	(3,350)	(1)
Proceeds from disposal of investments	-	389
Net proceeds from sale of subsidiary	524	-
Redemption / (acquisition) of other non-current assets	274	(312)
Net cash used in investing activities	(2,747)	(315)
Cash flows from financing activities		
Interest paid	(128)	(509)
Repayment of external borrowings	(3,750)	(7,875)
Dividends paid to equity holders	(8,887)	(8,005)
Repurchase of convertible notes	-	(50,745)
Net proceeds from share placement	-	14,504
Net cash used in financing activities	(12,765)	(52,630)
Net decrease in cash and cash equivalents	(6,942)	(42,357)
Cash and cash equivalents at 1 July	26,896	65,902
Effect of exchange rate fluctuations on cash balances held in foreign currencies	(14)	(1,765)
Cash and cash equivalents at 31 December	19,940	21,780

The accompanying notes form part of these consolidated interim financial statements

Notes to the financial statements

for the six months ended 31 December 2015

1. Operating segments

As at 31 December 2015, the Group had one reportable segment, being the US based Lighthouse Group, which operates as a global absolute return funds manager for US and Cayman Island based investment vehicles.

Corporate includes assets and liabilities and corporate expenses relating to the corporate parent entity, HFA Holdings Limited, and balances that are eliminated on consolidation of the Group and are not operating segments.

The CEO and board of directors review internal management reports on a monthly basis.

Amounts in USD'000	Continuing Operations						Discontinued Operations	
	Lighthouse		Corporate		Consolidated		31 Dec 2015	31 Dec 2014 (Restated)
	31 Dec 2015	31 Dec 2014 (Restated)	31 Dec 2015	31 Dec 2014 (Restated)	31 Dec 2015	31 Dec 2014 (Restated)		
External revenue	34,929	34,777	-	-	34,929	34,777	-	2,156
Investment Management Costs	(2,987)	(3,275)	-	-	(2,987)	(3,275)	-	(401)
Net income from operating activities	31,942	31,502	-	-	31,942	31,502	-	1,755
Earnings before interest, tax, depreciation and amortisation	15,301	15,452	(735)	(2,951)	14,566	12,501	(890)	(1,340)
Reportable segment profit / (loss) before income tax	10,211	10,601	(737)	(3,007)	9,474	7,594	(890)	(1,190)

Segment assets and liabilities

There has been no material change in the allocation of segment assets and liabilities compared to the Group's consolidated financial statements as at and for the year ended 30 June 2015.

2. Revenue

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014 (Restated)
Management and platform fee income	34,683	34,300
Performance fee income	246	477
Operating revenue	34,929	34,777
Operating lease rental revenue	492	411
Other income	492	411

For personal use only

Notes to the financial statements

For the six months ended 31 December 2015

3. Expenses

Operating expenses

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014 (Restated)
Employee benefits	(13,056)	(13,291)
Professional fees	(720)	(903)
Occupancy expenses	(1,009)	(1,121)
Travel costs	(548)	(697)
Depreciation	(235)	45
Amortisation of intangible assets	(4,760)	(4,635)
Other expenses	(2,402)	(1,489)
Total expenses	(22,730)	(22,091)

4. Finance income and costs

(a) Recognised directly in profit or loss

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014 (Restated)
Finance income		
Interest income on bank deposits	10	7
Net change in fair value of financial assets designated at fair value through profit or loss (investment in funds)	-	145
Net foreign exchange gain	21	179
Total finance income	31	331
Finance costs		
Interest expense (secured debt)	(107)	(263)
Interest expense (convertible notes)	-	(61)
Bank charges	(33)	(18)
Net change in fair value of financial assets designated at fair value through profit or loss (investment in funds)	(121)	-
Total finance costs	(261)	(342)
Loss on settlement and amendment of convertible notes	-	(2,217)
Net finance costs recognised in profit or loss	(230)	(2,228)

(b) Recognised directly in other comprehensive income

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014
Foreign currency translation differences	(16)	(1,584)
Income tax expense recognised directly in equity	-	8,075
Finance income / (expense) attributable to equity holders recognised directly in equity	(16)	6,491
Recognised in:		
Translation reserve	(16)	6,491
	(16)	6,491

Notes to the financial statements

for the six months ended 31 December 2015

5. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(a) Reconciliation of effective tax rate (continuing operations)

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014
Profit before income tax	9,474	7,594
Income tax using the Company's domestic tax rate of 30% (2013: 30%)	(2,842)	(2,278)
Effect of tax rates in foreign jurisdictions*	(802)	(1,020)
Non-deductible/assessable amounts included in accounting profit	(344)	196
Deductible amounts not included in accounting profit	118	117
Changes in unrecognised temporary differences	117	6,999
Current period tax losses for which no deferred tax asset is initially recognised	(114)	(4,002)
Changes in estimates related to prior years	-	(28)
Recognition of previously unrecognised deferred tax assets	-	118,622
Total income tax benefit / (expense) reported in profit or loss	(3,867)	118,606

* The Group's US subsidiaries operate in a tax jurisdiction with higher tax rates.

(b) Current tax liabilities

Amounts in USD'000	Consolidated	
	31 December 2015	30 June 2015
Current tax liabilities	4	-

Current tax liabilities represent state income taxes in relation to the US business that are due to be paid within the next twelve months.

(c) Deferred tax assets

Recognition and measurement

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on a tax consolidated group of entities.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve interpretations of tax law and judgements about future events. New information may become available that causes the Group to change its judgement regarding the calculation of tax balances, and such changes will impact the profit or loss in the period that such a determination is made.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying value of both recognised and unrecognised deferred tax assets are reassessed at each reporting date.

For personal use only

Notes to the financial statements

for the six months ended 31 December 2015

5. Income tax (continued)

(c) Deferred tax assets (continued)

Deferred tax assets – US Group

Deferred tax assets have been recognised in respect of the following items:

Amounts in USD'000	31 December 2015	30 June 2015
Carry forward tax losses	38,442	35,847
Goodwill and intangible assets	80,745	85,907
Financial assets at fair value through profit or loss	(545)	(594)
Available-for-sale financial assets	(563)	(562)
Provisions	689	2,622
Other items	3,952	3,353
	122,720	126,573

As at 31 December 2015 it is considered more likely than not that the US Group's carried forward tax losses and deductible temporary differences will be fully recovered.

Carried forward tax losses relating to the Lighthouse Group have a life of 20 years, and will expire during the period from 2028 to 2036.

Deferred tax assets – Australian Group

Deferred tax assets have not been recognised in respect of the following items:

Amounts in USD'000	Consolidated	
	31 December 2015	30 June 2015
Deductible temporary differences	61,809	65,090
Tax losses	3,251	2,954
	65,060	68,044

Unrecognised deferred tax assets relating to the Australian Group consist of impairment losses recognised in previous financial years, carried forward operating tax losses and deductible temporary differences.

As at 31 December 2015, it is not probable that the Australian Group will produce sufficient taxable profits against which these deferred tax assets can be utilised and therefore the deferred tax assets remain off balance sheet.

\$61,738 million (30 June 2015: \$64,899 million) of the deductible temporary differences carried off balance sheet relates an impairment write-down taken during the year ended 30 June 2009 on the carrying value of the Lighthouse Group. The realisation of this tax asset is subject to the application of relevant tax legislation and the structure of any future business transactions in relation to the Lighthouse Group, if and when any such transaction were to occur.

Tax losses relating to the Australian Group and deductible temporary differences do not expire under current tax legislation.

Notes to the financial statements

for the six months ended 31 December 2015

6. Dividends

The following dividends were paid by the Company:

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014
Final ordinary dividend for the year ended 30 June 2015 of USD 5.5 cents	8,887	-
Final ordinary dividend for the year ended 30 June 2014 of USD 5 cents	-	8,005
	8,887	8,005

The Directors have determined an interim unfranked dividend of 5.0 cents per share (with 80% conduit foreign income credits). The dividend will be paid on 16 March 2016.

The dividends have not been provided for as at 31 December 2015, and there are no income tax consequences.

7. Earnings per share

Earnings per share

Amounts in USD per share	Consolidated	
	31 December 2015	31 December 2014
Basic earnings per share	2.91	77.01
Diluted earnings per share	2.91	77.01

Earnings per share from continuing operations

Amounts in USD per share	Consolidated	
	31 December 2015	31 December 2014
Basic earnings per share	3.46	77.74
Diluted earnings per share	3.46	77.74
Underlying basic earnings per share from continuing operations	3.46	6.07
Underlying diluted earnings per share from continuing operations	3.46	6.07

Reconciliation of earnings used in calculating earnings per share

Basic and diluted earnings per share

In prior periods, for the purposes of calculating earnings per share the convertible notes were treated as being converted. Net profit is therefore adjusted for interest costs recognised on the convertible notes, as on conversion, the convertible notes would no longer have an impact on profit.

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014
Profit attributable to ordinary equity holders of the Company	4,717	125,010
Adjustment for interest on convertible notes	-	61
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	4,717	125,071
Less: Loss after tax for the period from discontinued operations	890	1,190
Profit from continuing operations attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	5,607	126,261

For personal use only

Notes to the financial statements

for the six months ended 31 December 2015

7. Earnings per share (continued)

Underlying basic and diluted earnings per share

Underlying earnings per share has been calculated by adjusting profit from continuing operations attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share for the loss on the settlement and amendment of convertible notes, and the tax benefit recognised on the write-back of previously unrecognised deferred tax assets.

Amounts in USD'000	Consolidated	
	31 December 2015	31 December 2014
Profit from continuing operations attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	5,607	126,261
Add back: Accounting loss on settlement and amendment of unsecured convertible notes	-	2,217
Deduct: Tax benefit on write-back of previously unrecognised deferred tax assets	-	(118,622)
Profit from continuing operations attributable to ordinary equity holders of the Company used in calculating underlying basic and diluted earnings per share	5,607	9,856

Weighted average number of shares used in calculating basic and diluted earnings per share

Amounts in '000 of shares	Consolidated	
	31 December 2015	31 December 2014
Issued ordinary shares at 1 July	9	118,738
Effect of share placement as at 2 July 2014	-	17,713
Effect of shares issued on conversion of convertible note as at 11 August 2014	-	19,864
Effect of convertible notes on issue during the period	-	6,097
Weighted average number of ordinary shares used in calculating basic, diluted and underlying earnings per share	162,148	162,412

The calculation of basic earnings per share is based on the time weighted total number of ordinary shares outstanding. The total for 31 December 2014 includes the total number of shares that would be issued on the conversion of convertible notes issued on 7 March 2011 until their extinguishment during the 2015 financial year.

As HFA did not have any potential ordinary shares outstanding at balance date, the weighted average number of shares used in calculating basic and diluted earnings per share is the same.

31,250,000 Share Options on issue until 2 July 2014 have been excluded from the calculation of diluted earnings per share because they were not considered to be dilutive (i.e. the exercise price was higher than the average share price since issue).

Notes to the financial statements

for the six months ended 31 December 2015

8. Loans and borrowings

Amounts in USD'000	Consolidated	
	31 December 2015	30 June 2015
Current		
Secured bank loan (USD Facility)	4,823	8,573
	4,823	8,573

The secured bank loan matures in March 2016, and hence the remaining balance is classified as a current liability as it will be repaid within the next 12 months.

Terms and debt repayment schedule

Amounts in USD'000	Nominal interest rate	Year of maturity	31 December 2015		30 June 2015	
			Face value	Carrying amount	Face value	Carrying amount
Secured bank loan (USD Facility)	LIBOR + 3%	2016	4,823	4,823	8,573	8,573
Total loans and borrowings			4,823	4,823	8,573	8,573

9. Capital

Ordinary shares on issue

In thousands of shares	Consolidated	
	31 December 2015	30 June 2015
Ordinary shares on issue	162,148	162,148

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. The Company does not have authorised capital or par value in respect of issued shares. All ordinary shares rank equally with regard to the Company's residual assets. Ordinary shares have the right to receive dividends as declared and are entitled to one vote per share at general meetings of the Company.

For personal use only

Notes to the financial statements

for the six months ended 31 December 2015

10. Financial instruments

Fair value of financial instruments

Fair value hierarchy

The Group analysis financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data.

Fair value measurement

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Amounts in USD'000	Level 1	Level 2	Level 3	Total
	31 December 2015			
Available-for-sale financial assets				
- Investment in unquoted securities of 361 Capital LLC	-	-	2,889	2,889
- Deferred consideration receivable	-	-	815	815
Financial assets at fair value through profit or loss				
- Investments in unquoted securities	-	8,483	-	8,483
- Investment in promissory note	-	-	150	150
	30 June 2015			
Available-for-sale financial assets				
- Investment in 361 Capital LLC	-	-	2,889	2,889
- Deferred consideration receivable	-	-	2,216	2,216
Financial assets at fair value through profit or loss				
- Investments in unquoted securities	-	5,404	-	5,404

There were no transfers between levels during the financial year ended 30 June 2015, or the half-year ended 31 December 2015.

Movement in Level 3 assets

The following table presents the change in Level 3 assets for year ended 30 June 2015 and the half-year ended 31 December 2015:

Amounts in USD'000	Deferred consideration receivable	Promissory note	Unquoted securities	Total
Opening balance 1 July 2014	-	-	2,889	2,889
Deferred consideration recognised on sale of subsidiary	2,216	-	-	2,216
Closing balance 30 June 2015	2,216	-	2,889	5,105
Investment in promissory note	-	150	-	150
Deferred consideration received	(523)	-	-	(523)
Change in estimate	(824)	-	-	(824)
Realised foreign currency movement	(66)	-	-	(66)
Unrealised foreign currency movement	12	-	-	12
Closing balance 31 December 2015	815	150	2,889	3,854

Notes to the financial statements

for the six months ended 31 December 2015

10. Financial instruments (continued)

Valuation techniques and significant unobservable inputs

The following table shows the specific valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used (if applicable).

Type	Valuation technique	Significant unobservable inputs	Input derived from	Relationship of unobservable inputs and fair value measurement
Investment in 361 capital (Level 3)	Calculated based on arm's length equity transactions which provided external evidence of the value of this equity investment.	Not applicable	Audited financial statements of 361 Capital, LLC as at 31 December 2014.	Not applicable.
Investment in Promissory note (Level 3)	The fair value of this investment at 31 December 2015 has been determined based on transaction price. This is due to the fact that the investment was made in October 2015 and was made on an arm's length basis based on normal business considerations. In addition, no events have occurred prior to 31 December 2015 to alter management's assessment of the fair value of the promissory note acquired. Therefore, transaction price continues to be the best evidence of fair value at reporting date.			
Deferred consideration receivable (Level 3)	Calculated based on the terms of the relevant contract using a discounted cash flow model.	Assumed AUM growth rates	6 to 8% based on historical rates for each relevant fund	+1% AUMA growth and performance rates and -1% discount rates: increase of \$14k
		Assumed fund performance rates	3 to 6% based on historical rates for each relevant fund, adjusted for high watermark levels as reporting date.	-1% AUMA growth and performance rates and +1% increase discount rate: decrease of \$14k
		Discount rate	5% based on RBA indicator lending rates	
Investments in unquoted securities (Level 2)	Calculated by reference to exit price at reporting date.	Not applicable.	Exit price at reporting date.	Not applicable.

Notes to the financial statements

for the six months ended 31 December 2015

11. Discontinued operations

On 30 April 2015, the Group completed the sale of wholly owned subsidiary Certitude Global Investments Limited.

Certitude was not a discontinued operation for the six months ended 31 December 2014 and the comparative consolidated income statement and statement of comprehensive income have therefore been restated to show the discontinued operation separately from continuing operations.

Results of discontinued operations

Amounts in USD'000	31 December 2015	31 December 2014
Revenue	-	2,406
Expenses	-	(3,596)
Loss before income tax	-	(1,190)
Income tax benefit	-	-
Adjustment to gain on disposal after income tax	(890)	-
Loss after income tax from discontinued operations	(890)	(1,190)

The net loss for the period from discontinued operations is due to a revision in the estimated future amounts receivable under the terms of the Continuing Fee Deed arrangement between the Company and the purchaser of the Certitude Global Investments Limited business. The downward revision is a result of:

- lower than expected investment performance during the 6 months, and hence nil performance fees being received for this half-year; and
- a \$46 million reduction in AUMA subject to the Continuing Fee Deed from November 2015.

The Group recognised a deferred consideration receivable asset of \$2.2 million in the statement of financial position as at 30 June 2015. As at 31 December 2015, the deferred consideration receivable is \$0.8 million, due to the receipt of \$0.5 million of deferred consideration proceeds during the period and the downward revision of \$0.9 million on the remaining estimated proceeds due the change in assumptions outlined above and the impact of movements in exchange rates since the previous balance date.

12. Reporting entity

HFA Holdings Limited (the 'Company' / 'HFA') is a public company incorporated in Australia and is listed on the Australian Securities Exchange. The registered office of HFA is Level 15, 324 Queen Street, Brisbane QLD 4000.

These consolidated interim financial statements of the Company as at and for the six months ended 31 December 2015 comprise the Company and its subsidiaries (the 'Group').

13. Basis of accounting

These interim financial statements have been prepared in accordance with AASB 134: Interim Financial Reporting; the Corporations Act 2001; and IAS 34 Interim Financial Reporting.

They do not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2015.

The consolidated financial statements of the Group as at and for the year ended 30 June 2015 are available on the Company's website at www.hfaholdings.com.au, or a copy can be requested by contacting the Company.

These interim financial statements were authorised for issue by the Company's board of directors on the 19th day of February 2016.

14. Functional and presentation currency

The consolidated interim financial statements are presented in US dollars ('USD'), which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Notes to the financial statements

for the six months ended 31 December 2015

15. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2015.

Measurement of fair values

Items	Measurement basis
Financial instruments at fair value through the profit or loss	Fair value
Available-for-sale financial assets are measured at fair value	Fair value

The methods used to measure fair value are discussed further in note 10.

16. Other accounting policies

Changes in accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2015.

New and amended standards

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year. However, this did not have a material impact on the disclosures or amounts recognised in the Group's financial statements.

Accounting standards and interpretations issued but not yet effective

The following Australian accounting standards have been issued but are not yet effective and have not been adopted by the Group for the six months ended 31 December 2015:

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard does not become mandatory until 1 January 2018, but is available for early adoption. The adoption of the standard is not expected to have a significant impact on the Group's consolidated financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The standard does not become mandatory until 1 January 2018, but is available for early adoption. The adoption of the standard is not expected to have a significant impact on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 changes removes the classification of leases as either operating or finance leases for a lessee, and introduces a single approach to accounting for leases requiring the lessee to recognise an asset and liability in relation to the lease. The standard does not become mandatory until 1 January 2019, but is available for early adoption if IFRS 15 Revenue from Contracts with Customers has also been adopted. The Group has a number of leases for office premises and other leases for ongoing use of assets and equipment, and adoption of this standard is expected to result in the following impacts to the Group's consolidated financial statements:

- Statement of financial position: additional assets and liabilities will be recognised on the statement of financial position
- Income statement: lease expenses will be reclassified from operating costs to depreciation expense and finance costs
- Statement of cash flows: payments made in relation to leases will be reclassified from operating cash outflows to financing cash flows.

The quantum of the above impacts have not yet been determined.

17. Subsequent events (events occurring after the reporting period)

There has not arisen in the interval between the end of the reporting period and the date of this report, any other item, transaction or event of a material nature, likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' declaration

In the opinion of the directors of HFA Holdings Limited (the 'Company'):

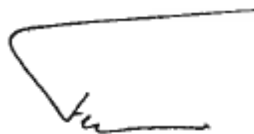
- (a) the consolidated interim financial statements and notes that are set out on pages 10 to 25 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Michael Shepherd, AO

Chairman and Non-Executive Director



F P (Andy) Esteban

Non-Executive Director

Dated at Sydney this 19th day of February 2016

Independent auditor's review report to the members of HFA Holdings Limited



We have reviewed the accompanying interim financial report of HFA Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2015, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of HFA Holdings Limited is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

KPMG

Matthew McDonnell

Partner

Dated at Brisbane this 19th day of February 2016

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

