

12 February, 2014
ASX ANNOUNCEMENT

HFA HOLDINGS LIMITED – HALF YEAR RESULTS

Key results at a glance: half year to 31 December 2013

- Assets under Management and Advice (AUMA) \$8.1 billion, up 6% from 30 June 2013
- Net operating income \$32.2 million, up 12% on prior year
- Operating EBITDA \$13.1 million, up 51% on prior year
- Net profit after tax (NPAT) \$6.9 million, up 167% on prior year
- Interim dividend of 3.0 cents per share, fully franked

Consolidated Group operating and financial overview

HFA Holdings Limited has again grown its Assets Under Management and Advice (AUMA) for the 6 months to 31 December 2013 by 6%, taking the Group's AUMA to \$8.1 billion.

The Group has announced a net profit after tax of \$6.9 million, a significant 167% increase on the prior year. Driven by an increase in performance fee revenue and a reduction in direct distribution and investment costs, net operating income increased by 12%. A further 7% decrease in operating expenses led to a 51% increase in earnings before interest, tax, depreciation and amortisation (EBITDA) to \$13.1 million.

The board has determined to pay an interim dividend of 3.0 cents per share.

According to Spencer Young, HFA Chairman, the result for the six months to December 2013 is the result of the Group staying true to its DNA.

"This shows that our commitment to our strategy over the past few years is now delivering results to shareholders. Our goal is to continue to build our assets under management at a steady pace, through delivering quality investment solutions to all our clients. When our clients win, our shareholders win too," he said.

Lighthouse Partners

Lighthouse is a US-based investment manager dedicated to managing fund-of-hedge funds for diversification and absolute return. Lighthouse utilises its proprietary managed account program to manage a number of multi-strategy and strategy-focused funds, as well as providing tailored solutions for sizeable strategic clients.

As at 31 December 2013, AUMA for Lighthouse increased by 8% over the six months, from \$6.8 billion to \$7.3 billion. This increase was driven by positive investment performance.

The positive investment performance of the Lighthouse funds also delivered \$1.9 million in performance fees, up from \$0.9 million in the same period of the prior year.

NOTE: The functional and presentation currency of HFA Holdings Limited is US dollars (USD). The financial results included in this media and ASX announcement are presented in USD, unless otherwise indicated as being presented in Australian dollars (AUD).

With the growth of the customised solutions business, average net management fees (after investment management costs and excluding performance fees) earned on AUMA decreased 10% to 0.74%pa. This fall is consistent with the growing importance of the customised client solutions business and reflects the increased proportion of large institutional investors in Lighthouse's client base.

Lighthouse operating expenses (excluding depreciation and amortisation) decreased by 6%. This decrease relates predominately to a decrease in professional fees and other administration costs.

Certitude Global Investments

Certitude is an Australian-based provider of global investment management, selecting leading active managers from around the globe and bringing their expertise to Australian investors. Certitude's approach is to use its worldwide connections and strong partnerships to translate complex global events into simplified investment intelligence.

Certitude's AUMA decreased to AUD0.87 billion, driven by AUD71 million in outflows from closed-ended legacy structured products. As such, the majority of these outflows are from structured products which generate nominal or nil fees, and hence has not had a material impact on the Australian business's management fee revenue.

Inflows of AUD43 million were invested during the year into the LHP Diversified Investments Fund, LHP Global Long/Short Fund, GaveKal Asian Opportunities Fund, Columbia Management Credit Fund, Threadneedle Global Equity Fund and Threadneedle Global Equity Income Fund. Coupled with positive investment performance for the year, this has meant that overall Certitude had only a modest AUD37m reduction in AUMA.

The Australian Lighthouse funds distributed by Certitude performed well over the six months, delivering performance fee revenue of \$2.1 million, up from \$0.2 million in the prior year. As such, Certitude had a 14% increase in net income from operating activities to \$2.9 million.

Controlling operating costs has continued to be a significant focus for the Australian business. Personnel costs have decreased by 10% in Australian dollar terms. Other operating expenditure also continues to be closely monitored.

Capital management

The directors have determined a fully franked final dividend of United States (US) of 3.0 cents per share. The dividend will be paid on 27 March 2014 to all shareholders registered on the record date of 4 March 2013.

HFA dividends are determined and declared 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 4 March 2013.

The Group continues to steadily accumulate its cash whilst it considers the optimal capital/debt structure for the Group. HFA is working with an advisor who is providing strategic advice to the board, and whilst a number of options are open for consideration, sale of the Lighthouse business as reported recently by the media is not an option being considered.



Company Secretary

The Company also announces that Kate O'Donohue has resigned as company secretary of HFA, effective from today. Ms O'Donohue held the position of joint company secretary of HFA since March 2012.

HFA Chairman, Spencer Young, said: "On behalf of the Board, I would like to wish Kate all the best with her future endeavours and thank her for her contribution during her 4 years of service to HFA, 2 of which were as company secretary of HFA."

Amber Stoney, Chief Financial Officer, will continue in her role as Company Secretary of HFA.

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