HFA Holdings Limited

ASX Appendix 4D

Results for Announcement to the Market

Details of reporting periods	
Current	**1 July 2014 to 31 December 2014**
Comparative	1 July 2013 to 31 December 2013

Amounts in USD'000

Financial results				31 Dec 2014
Revenue from ordinary activities	Up	4%	to	36,933
Earnings before interest, tax, depreciation and amortisation	Down	15%	to	11,161
Underlying earnings before interest, tax, depreciation and amortisation[1]	Up	2%	to	13,378
Profit from ordinary activities after tax attributable to members	Up	1,716%	to	125,010
Net profit for the period attributable to members	Up	1,716%	to	125,010
Underlying net profit for the period attributable to members[1]	Up	25%	to	8,605

1. Underlying results have been adjusted to exclude the loss on the settlement and amendment of unsecured convertible notes, and the tax benefit recognised on the write-back of previously unrecognised deferred tax assets. The purpose of calculating underlying results is to accurately 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.

Dividends	Amount per ordinary share	Franked %	Conduit foreign income %
Final 2014 dividend per share (paid 17 September 2014)	USD 5 cents	0%	100%
Interim 2015 dividend per share (to be paid 18 March 2015)	USD 5 cents	0%	100%

The directors have determined an unfranked interim dividend of United States (US) 5 cents per share (with 100% conduit foreign income credits). The interim dividend dates are:

Ex-dividend date: 2 March 2015
Record date: 4 March 2015
Payment date: 18 March 2015

The aggregate amount of the proposed dividend will be paid out of the balance of the parent entity profits reserve as at 31 December 2014. 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 4 March 2015.

Net tangible assets	Per ordinary share
31 December 2014	**USD 13.13 cents**
31 December 2013	USD 17.99 cents

Financial report
This report is based on the 31 December 2014 Interim Financial Report (which includes consolidated financial statements) and has been reviewed by KPMG.

Refer to the attached Interim Financial Report (which includes the Directors' report and consolidated financial statements) for commentary on the results. Additional Appendix 4D disclosure requirements can be found in the notes to the financial statements.

HFA Holdings Limited and its controlled entities

ABN 47 101 585 737

Interim Financial Report

31 December 2014

HFA Holdings Limited

ABN: 47 101 585 737

Office
Level 5
151 Macquarie Street
Sydney NSW 2000

Telephone
+61 2 8302 3333

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

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The numbers in this annual report have been presented in US dollars (USD), unless otherwise indicated as being presented in Australian dollars (AUD).

Directors' report

The directors present their report together with interim financial report of the Group comprising of HFA Holdings Limited and its subsidiaries, for the six months ended 31 December 2014.

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. Directors were in office for the entire period unless otherwise stated.

Michael Shepherd (Chairman)	
Fernando Esteban	
Andy Bluhm	
Sean McGould	
Randall Yanker	Appointed 14 October 2014

Anthony Civale	Resigned 2 July 2014
Michael Fox	Resigned 2 July 2014
Barry Cohen	Resigned 2 July 2014

Principal activities

The principal activity of the Group during the course of the six months ended 31 December 2014 was the provision of investment management products and services to investors globally via Lighthouse Investment Partners, LLC and Certitude Global Investments Limited ('Certitude').

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. Another wholly owned subsidiary, Certitude, acts as the responsible entity and manager of schemes in Australia.

Lighthouse Investment Partners, LLC

Based in the United States, with offices in New York, Chicago and Palm Beach Gardens in addition to offices in London and Hong Kong.

Lighthouse has been managing hedge funds since 1999. The business commenced by 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.

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

As at 31 December 2014, Lighthouse is managing USD 8.4 billion of assets, including USD 0.3 billion that it manages on behalf of Certitude products.

Certitude Global Investments Limited

Based in Australia with offices in Sydney, Brisbane and Melbourne.

Certitude has been operating and distributing hedge funds to Australian retail and wholesale investors since 1998.

Since 2009, Certitude has broadened its investment product range through strategic partnerships with other off-shore investment managers. Since that time, Certitude has introduced new managed funds which invest into a broader range of asset classes, with a particular focus on global and Asian equities.

As at 31 December 2014, Certitude has assets under management of AUD 0.7 billion.

More detailed information on the operations of each of our businesses is contained on pages 8 to 10.

Operating and financial review

Underlying EBITDA has remained steady – strong growth in management fees has been off-set by low performance fees for this half

Amounts in USD'000

	Consolidated			
	31 December 2014	31 December 2013	%	
Management and platform fee income	36,139	31,448	15%	1
Performance fee income	758	4,023	(81%)	2
Other operating income	36	20	80%	
Distribution and investment management costs	(3,676)	(3,323)	(11%)	3
Net income from operating activities	**33,257**	**32,168**	**3%**	
Other income	411	-	-	
Operating expenses, excluding depreciation and amortisation	(20,675)	(18,720)	10%	4
Net finance income, excluding interest income / (expense)	385	29	1,228%	
Accounting loss on settlement and amendment of convertible notes	(2,217)	-	-	5
Earnings before interest, tax, depreciation and amortisation and equity settled transactions	**11,161**	**13,477**	(17%)	
Equity settled transactions	-	(375)	-	
Earnings before interest, tax, depreciation and amortisation	**11,161**	**13,102**	(15%)	
Depreciation and amortisation	(4,604)	(4,946)	7%	
Net interest expense	(153)	(1,258)	88%	
Profit before income tax	**6,404**	**6,898**	**(7%)**	
Income tax benefit / (expense)	118,606	(14)	-	6
Net profit after income tax	**125,010**	**6,884**	**1,716%**	
Adjustment for significant non-recurring items				
Add back: Accounting loss on settlement and amendment of convertible notes	2,217	**-**	**-**	5
Underlying earnings before interest, tax, depreciation and amortisation	**13,378**	**13,102**	**2%**	
Add back: Accounting loss on settlement and amendment of convertible notes	2,217	-	-	5
Deduct: Deferred tax benefit on recognition of deferred tax assets not previously recognised	(118,622)	-	-	6
Underlying net profit/(loss) after income tax	**8,605**	**6,884**	**25%**	
Basic EPS (cents)	**77.01**	**3.91**		
Underlying Basic EPS (cents)	**5.34**	**3.91**	**37%**	

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 equity settled transactions and 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 Income Statement on page 13.

Key drivers of the H1 FY15 result	
1	Overall, management and platform fee income increased by $4.7 million (15%) to $36.1 million in comparison to the corresponding prior year period. The increase was a result of: a 9% increase in the average closing AUMA for the six month period; and a 4 basis point increase in the average net management / platform fee rate which applied for the six months to 0.75%.
2	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. The Group earned $0.8 million in performance fees this half year, down 81% on the corresponding prior year period.
3	The Group incurs costs associated with third parties providing distribution and investment management services as part of the operation of its funds management businesses. The most significant proportion of these 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 and investment management costs have increased by 11% to $3.7 million. This is consistent with the increase in management fee income earned by Lighthouse.
4	Operating expenses have increased by 10% or $2.0 million as compared to the corresponding prior year period. Net of other income, this increase is $1.5 million or 8%. This is predominately due to increases in short term incentive payments, although there have been some other increases in relation to occupancy, travel and other administration costs compared to the corresponding prior year period. Additional detail regarding operating expenditure is contained in the discussion of Lighthouse results on page 9 and Certitude results on page 10. The corporate parent entity incurred $0.2 million of one-off director and executive recruitment fees, and also had increased share registry costs due to having a higher number of shares on issue following the institutional share placement and conversion of the convertible notes.
5	An accounting loss of $2.2 million was recognised during the period due to the completion of the $50 million buy-back of 50 Convertible Notes and the amendment of the terms of the remaining 25 Convertible Notes which occurred in July 2014. The remaining 25 Convertible Notes were converted to ordinary shares in August 2014. The loss recognised in this period's income statement is non-recurring in nature. Details of this transaction are included in note 6 to the interim financial statements
6	With the ongoing growth in Lighthouse's operating performance, an assessment has been made that it is probable that Lighthouse will produce sufficient taxable profits in future financial years against which $126.7 million of deferred tax assets will be utilised. As a result, the Group has recognised these deferred tax assets on the balance sheet as at 31 December 2014. The recognition of these deferred tax balances has resulted in a tax benefit in the consolidated income statement of $118.6 million and $8.1 million in other comprehensive income.

With the extinguishment of the convertible notes, our balance sheet is clean and simple

The key assets and liabilities for the Group are:

Amounts in USD'000

	Consolidated		
	31 December 2014	30 June 2014	
Cash and term deposits	21,780	65,902	1
Intangible assets	105,461	110,096	2
Secured bank loan	14,448	22,323	3
Convertible notes			4
▪ portion recognised as a financial liability	-	19,249	
▪ *total face value at 30 June 2014*	*-*	*89,568*	
Deferred tax assets	126,697	-	5
▪ *Not recognised in the balance sheet*	*77,673*	*218,761*	

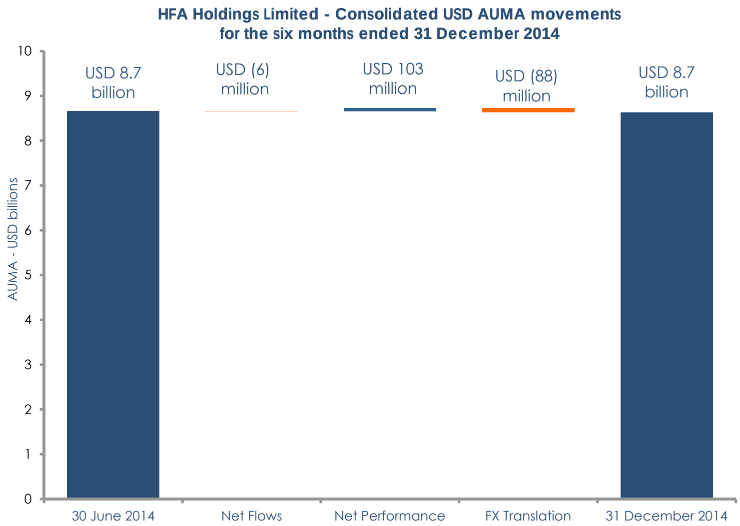
Key Drivers	
1	The Group has used its cash to buy-back the convertible notes, meet debt repayment commitments and pay dividends to shareholders. As a snapshot, drivers impacting our cash balance over the reported six month period have been: ▪ + \$10.6 million generated from operating activities ▪ - \$8.4 million paid in interest and principal repayments on the bank loan ▪ - \$36.2 million for buy-back of convertible notes (net of proceeds from placement of shares) ▪ - \$8.0 million paid to shareholders as dividends
2	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 being amortised over their useful lives (between 5 and 20 years) resulting in an amortisation expense of approximately \$9.4 million each year. \$9.2 million of this \$9.4 million annual amortisation expense is scheduled to cease from December 2015, when only a small residual balance of these intangible assets will remain 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.
3	Our secured bank loan is \$14.5 million as at 31 December 2014, and principal repayments are \$1.9 million per quarter. Based on the repayment schedule, \$7.5 million of the outstanding loan balance is classified as a current liability. The loan is due to mature in March 2016, and under current repayment terms would be repaid in full at maturity.
4	On 2 July 2014, the Company settled the buy-back of 50 of the 75 convertible notes on issue. The conversion of the remaining 25 notes to ordinary shares of the Company occurred on 11 August 2014. No convertible notes remain on issue as at 31 December 2014.
5	As noted on page 6, an assessment has been made that it is probable that Lighthouse will produce sufficient taxable profits in future financial years against which \$126.7 million of carried forward tax losses and deductible temporary differences will be utilised. As a result, the Group has recognised deferred tax assets of \$126.7 million in the statement of financial position as at 31 December 2014. A further \$4.3 million of deferred tax assets relating to Lighthouse remain unrecognised. These assets are forecast to be utilised prior to 30 June 2015. Deferred tax assets relating to carried forward tax losses and deductible temporary differences of the Australian tax consolidated group of \$73.4 million, and carried forward remain unrecognised in the statement of financial position as the Australian business 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).

Difficult global markets have resulted in AUMA remaining flat

Most investors would agree that global markets have been volatile over the six months to December 2014, a contrast to what had been generally bullish conditions in the 12 to 18 months prior to that.

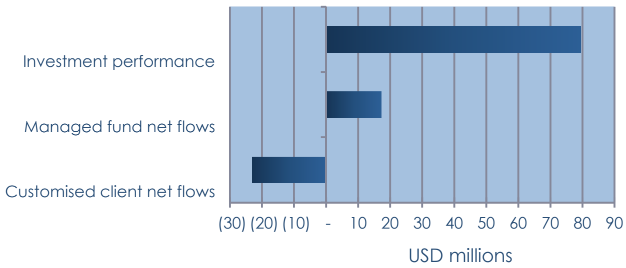
As at 31 December 2014, HFA had total AUMA of $8.673 billion (30 June 2014: $8.664 billion).

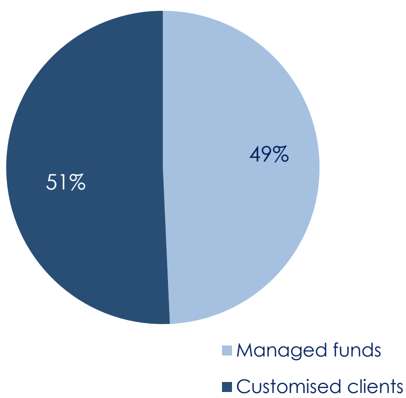
The significant fall in the AUD:USD exchange rate between 30 June 2014 and 31 December 2014 created an $88 million unrealised loss from translating the AUD 734 million of Certitude AUMA into USD.



Lighthouse results

AUMA for Lighthouse, including $342 million of assets managed for Certitude, held steady for the period, with AUMA as at 31 December 2014 of $8.413 billion as compared to $8.379 billion at 30 June 2014. However, this includes a $510 million partial redemption from a customised client solutions account which earned low management fees and which has only a nominal impact on future fee revenue. Excluding this outflow, Lighthouse AUMA increased 6% over the half year.





The allocation of AUMA between the Lighthouse managed funds business and the customised client solutions business varies throughout the year depending on the investment performance and net inflows applicable to each. As at 31 December 2014 (and excluding assets managed for Certitude), AUMA remains evenly split between the two businesses.

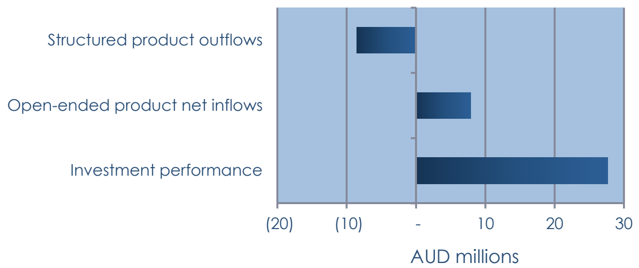
Net income from operating activities for the Lighthouse operations was $31.502 million, up 8% from the corresponding prior year period, whilst EBITDA was $15.452 million, up 6%. These movements were driven by:

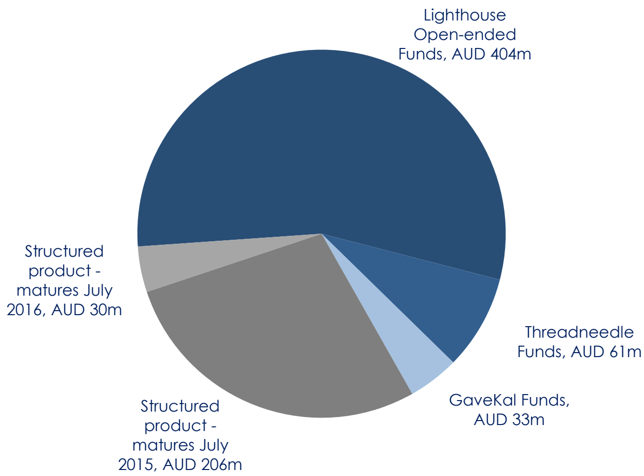
Impact	Driver
↑	12% growth in average closing AUMA in comparison to the corresponding prior year period, driving higher management and platform fee revenue.
↑	3 basis point increase in the net management fee rate (after investment management costs) to 0.75% per annum
↓	Significant reduction in performance fee revenue. Performance fees for the six months to 31 December 2014 were $0.385 million, down $1.53 million from the corresponding prior year period.
↓	Operating expenses were higher than in the corresponding prior year period. Net of other income, the $1.58 million increase is due to: Personnel expenses have increased as a result of increased short term incentive payments for the Lighthouse operations, driven by the increased profitability of this segment compared to the corresponding prior year period. As outlined in the 2014 Remuneration Report, Lighthouse short term incentive payments are determined as a % of EBITDA, and hence move proportionally with calendar year EBITDA. Occupancy and other administration costs have increased due to a new UK office space for the Lighthouse operations, as well as a straight line lease adjustment in relation to the Palm Beach Gardens office. The increase in costs related to the UK office is offset in part by other income of $0.4 million recognised in relation to rent and outgoings charged to sub-lease tenants of the UK office space. The net impact of the new UK office space on the Group results is expected to be immaterial. Lighthouse also incurred higher travel, marketing and professional fees due to an increased focus on distribution in Europe, Asia and the Middle East. There was also a small increase in fees paid to GlobeOp for enhanced fund administration services.

Certitude results

AUMA for Certitude also held steady for the period, with AUMA as at 31 December 2014 of AUD734 million as compared to AUD707 million at 30 June 2014.

Open ended products had positive net inflows, and investment performance added $27.7 million in AUMA over the period.





The composition of Certitude's AUMA has not changed materially over the six months to December 2014.

In Australian dollar terms, Certitude results from operations reflect a difficult half year, where performance fee revenue was significantly lower than in the corresponding prior year period.

Overall, EBITDA for the Australian business was down significantly on the corresponding prior year period to a loss of AUD 1.488 million (USD 1.339 million). This result was driven by:

Impact	Driver
↓	AUD 1.884 million decrease in performance fees
↓	18% decrease in average AUD AUMA, primarily due to the scheduled closure of an AUD 184 million Structured Product in June 2014.
↑	13 basis point improvement in the average net management fee rate (after investment management costs) to 0.76% per annum.
↓	Operating expenses were higher than in the corresponding prior year period by $0.1 million or 4%. The increase was mainly attributable to additional travel in relation to fund manager due diligence and slightly higher administration, marketing and promotions costs in relation to the Australian funds.

Dividends

At the date of this report, the directors have determined an unfranked dividend of USD 5.0 cents per share (with 100% conduit foreign income credits) payable on 18 March 2015. The record date for entitlement to the interim dividend is 4 March 2015.

The interim dividend is not necessarily an indicator of future dividend policy.

Events subsequent to end of financial year

Except for the interim dividend referred to above, in the opinion of the directors of the Company, there has not arisen, in the interval between the end of the financial period and the date of this report, any item, transaction or event of a material nature, likely to affect significantly 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 required under section 307C of the Corporations Act 2001 is set out on page 12 and forms part of the directors' report for the six months ended 31 December 2014.

Signed in accordance with a resolution of directors:

Michael Shepherd
Chairman and Non-Executive Director

F P (Andy) Esteban
Non-Executive Director

Dated at Sydney this 19th day of February 2015

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 2014 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.

KPMG

KPMG

J Board

Stephen Board
Partner

Dated at Brisbane this 19th day of February 2015

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.

Income statement
For the six months ended 31 December 2014

Amounts in USD'000

	Note	Consolidated 31 December 2014	Consolidated 31 December 2013
Revenue	4	36,933	35,491
Distribution and investment management costs		(3,676)	(3,323)
Net income from operating activities		**33,257**	**32,168**
Other income		411	-
Operating expenses	4	(25,279)	(23,666)
Equity settled transactions		-	(375)
Results from operating activities		**8,389**	**8,127**
Finance income		580	736
Finance costs		(348)	(1,965)
Loss on settlement and amendment of convertible notes		(2,217)	-
Net finance costs		**(1,985)**	**(1,229)**
Profit before income tax		**6,404**	**6,898**
Income tax (expense) / benefit	5	118,606	(14)
Profit for the period		**125,010**	**6,884**
Attributable to:			
Owners of the Company		125,010	6,884
Profit for the period		**125,010**	**6,884**

Earnings per share		31 December 2014 per share	31 December 2013 per share
Basic earnings per share (US cents)	8	77.01	3.91
Diluted earnings per share (US cents)	8	77.01	3.91

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

Statement of comprehensive income
For the six months ended 31 December 2014

Amounts in USD'000

	Note	Consolidated 31 December 2014	Consolidated 31 December 2013
Profit for the period		**125,010**	**6,884**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(1,584)	(525)
Income tax on other comprehensive income	5	8,075	-
Total items that may be reclassified subsequently to profit or loss		**6,491**	**(525)**
Other comprehensive income for the period, net of tax		**6,491**	**(525)**
Total comprehensive income for the period		**131,501**	**6,359**
Attributable to:			
Owners of the Company		131,501	6,359
Total comprehensive income for the period		**131,501**	**6,359**

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

Statement of financial position
As at 31 December 2014

Amounts in USD'000

	Note	Consolidated 31 December 2014	Consolidated 30 June 2014
Assets			
Cash and cash equivalents		21,780	65,902
Trade and other receivables		11,065	12,861
Current tax assets		175	162
Total current assets		**33,020**	**78,925**
Investments	9	8,770	9,076
Plant and equipment		1,095	685
Deferred tax assets	5	126,697	-
Intangible assets		105,461	110,096
Other non-current assets		968	703
Total non-current assets		**242,991**	**120,560**
Total assets		**276,011**	**199,485**
Liabilities			
Trade and other payables		6,718	7,186
Employee benefits		1,234	7,242
Loans and borrowings	6	7,500	5,340
Total current liabilities		**15,452**	**19,768**
Employee benefits		163	146
Loans and borrowings	6	6,948	36,232
Total non-current liabilities		**7,111**	**36,378**
Total liabilities		**22,563**	**56,146**
Net assets		**253,448**	**143,339**
Equity			
Share capital		257,355	270,963
Reserves		24,433	21,235
Accumulated losses		(28,340)	(148,859)
Total equity attributable to equity holders of the Company		**253,448**	**143,339**

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

Statement of changes in equity
For the six months ended 31 December 2014

Amounts in USD'000

	Consolidated						
	Attributable to equity holders of the Company						
	Note	Share Capital	Share Based Payments Reserve	Translation Reserve	Parent Entity Profits Reserve	Accumulated Losses	Total Equity
Balance at 1 July 2013		267,148	17,168	(7,838)	5,100	(149,654)	131,924
Total comprehensive income for the period							
Profit for the period		-	-	-	-	6,884	6,884
Transfer to parent entity profits reserve[1]		-	-	-	6,046	(6,046)	-
Other comprehensive income							
Foreign currency translation differences		-	-	(525)	-	-	(525)
Total other comprehensive income		-	-	(525)	-	-	(525)
Total comprehensive income for the period		-	-	(525)	6,046	838	6,359
Transactions with owners, recorded directly in equity							
Share-based payment transactions		-	375	-	-	-	375
Dividends to owners of the Company	7	-	-	-	(3,592)	-	(3,592)
Dividends to convertible noteholders	7	-	-	-	(843)	-	(843)
Issue of convertible notes, net of tax		1,872	-	-	-	-	1,872
Total transactions with owners		1,872	375	-	(4,435)	-	(2,188)
Balance at 31 December 2013		**269,020**	**17,543**	**(8,363)**	**6,711**	**(148,816)**	**136,095**

[1] Relates to the profit of the parent entity (HFA Holdings Limited) for the six months ended 31 December 2013.

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

Statement of changes in equity (continued)

For the six months ended 31 December 2014

Amounts in USD'000

		Consolidated						
		Attributable to equity holders of the Company						
	Note	Share Capital	Share Based Payments Reserve	Fair Value Reserve	Translation Reserve	Parent Entity Profits Reserve	Accumulated Losses	Total Equity
Balance at 1 July 2014		270,963	17,168	1,493	(7,613)	10,187	(148,859)	143,339
Total comprehensive income for the period								
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		-	-	-	(1,584)	-	-	(1,584)
Income tax on other comprehensive income	5	-	-	(567)	8,642	-	-	8,075
Total other comprehensive income		-	-	(567)	7,058	-	-	6,491
Total comprehensive income for the period		-	-	(567)	7,058	8,554	116,456	131,501
Transactions with owners, recorded directly in equity								
Issue of ordinary shares	6/7	14,504	-	-	-	-	-	14,504
Equity component of capitalised convertible note interest	6	1,305	-	-	-	-	-	1,305
Convertible note buy-back and redemption	6	(29,417)	(3,842)	-	-	-	4,063	(29,196)
Dividends to equity holders	7	-	-	-	-	(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**

[1] Relates to the profit of the parent entity (HFA Holdings Limited) for the six months ended 31 December 2014.

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

Statement of cash flows
For the six months ended 31 December 2014

Amounts in USD'000

	Note	Consolidated 31 December 2014	Consolidated 31 December 2013
Cash flows from operating activities			
Cash receipts from customers		39,264	32,025
Cash paid to suppliers and employees		(28,906)	(27,698)
Cash generated from operations		10,358	4,327
Interest received		196	352
Dividends and distributions received		71	-
Income taxes paid		(37)	(35)
Net cash from operating activities		**10,588**	**4,644**
Cash flows from investing activities			
Acquisition of plant and equipment		(391)	(447)
Acquisition of investments		(1)	-
Proceeds from disposal of investments		389	-
Acquisition of other non-current assets		(312)	-
Transfers from investments in cash deposits		-	2,352
Net cash from / (used in) investing activities		**(315)**	**1,905**
Cash flows from financing activities			
Interest paid		(509)	(403)
Repayment of external borrowings		(7,875)	(1,000)
Repurchase of convertible notes		(50,745)	-
Net proceeds from share placement		14,504	-
Dividends paid to equity holders		(8,005)	(4,435)
Net cash used in financing activities		**(52,630)**	**(5,838)**
Net increase / (decrease) in cash and cash equivalents		**(42,357)**	**711**
Cash and cash equivalents at 1 July		65,902	46,078
Effect of exchange rate fluctuations on cash balances held in foreign currencies		(1,765)	(760)
Cash and cash equivalents at 31 December		**21,780**	**46,029**

The accompanying notes form part of these consolidated interim financial statements

1. Reporting entity

HFA Holdings Limited (the 'Company'/'HFA') is a company domiciled in Australia. These consolidated interim financial statements of the Company as at and for the six months ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the 'Group').

2. Basis of preparation

(a) Statement of compliance

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 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 2014.

The consolidated financial statements of the Group as at and for the year ended 30 June 2014 are available at www.hfaholdings.com.au, or upon request from the Company's registered office at Level 5, 151 Macquarie Street, Sydney NSW 2000.

These interim financial statements were approved by the Board of Directors on the 19th day of February 2015.

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.

(b) Functional currency

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

(c) Judgements and estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2014, except in relation to the recognition of deferred tax assets as disclosed in note 5.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Items	Measurement method
Investments in financial assets at fair value through profit or loss	The fair value of these investments is determined by reference to their exit price at reporting date as determined by the investment manager.
Investment in available-for-sale financial assets	The fair value of this investment at 31 December 2014 has been determined using a discounted cash flow model using historical financial information and various assumptions.
Non-derivative financial liabilities	Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. No convertible notes remain outstanding at 31 December 2014.

Where applicable, further information about the assumptions made in determining fair values is disclosed in note 9.

3. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the unit's CEO and the board of directors review internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Segment name	Description
United States	Includes the US based Lighthouse Group, which acts as a global absolute return funds manager for US and Cayman Island based funds.
Australia	Includes the Australian Certitude business, which acts as the Responsible Entity for Australian based funds, and the Australian service entity Admin Pty Ltd.

Corporate includes the corporate parent entity, HFA Holdings Limited.

Amounts in USD'000

	Reportable Segments						Reconciliation to consolidated totals					
	Australia		United States		Total reportable segments		Corporate		Elimination		Consolidated	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
External revenue	3,055	4,796	33,878	30,695	36,933	35,491	-	-	-	-	36,933	35,491
Inter-segment revenue	-	-	899	1,641	899	1,641	-	-	(899)	(1,641)	-	-
Earnings before interest, tax, depreciation, amortisation and equity settled transactions	**(1,339)**	**(172)**	**15,452**	**14,985**	**14,113**	**14,813**	**8,609**	**7,166**	**(11,561)**	**(8,502)**	**11,161**	**13,477**
Reportable segment profit / (loss) before income tax	**(1,190)**	**72**	**10,601**	**9,282**	**9,411**	**9,354**	**8,554**	**6,046**	**(11,561)**	**(8,502)**	**6,404**	**6,898**

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 2014.

4. Revenue and expenses

(a) Revenue

Amounts in USD'000

	Consolidated	
	31 December 2014	31 December 2013
Management and platform fee income	36,139	31,448
Performance fee income	758	4,023
Other operating income	36	20
Total revenue	**36,933**	**35,491**

(b) Expenses

Amounts in USD'000

	Consolidated	
	31 December 2014	31 December 2013
Employee benefits	(15,165)	(14,382)
Professional fees	(1,019)	(1,011)
Occupancy expenses	(1,389)	(778)
Marketing and promotion costs	(165)	(86)
Travel costs	(828)	(554)
Depreciation	31	(311)
Amortisation of intangible assets	(4,635)	(4,635)
Other expenses	(2,109)	(1,909)
Total expenses	**(25,279)**	**(23,666)**

5. Income tax

(a) Reconciliation of effective tax rate

Amounts in USD'000

	Consolidated	
	31 December 2014	31 December 2013
Profit before income tax	6,404	6,898
Income tax using the Company's domestic tax rate of 30% (2013: 30%)	(1,921)	(2,069)
Effect of tax rates in foreign jurisdictions*	(1,020)	(421)
Non-deductible/non-assessable amounts included in accounting profit	196	(552)
Deductible amounts not included in accounting profit	117	36
Changes in unrecognised temporary differences	6,999	6,601
Current year tax losses for which no deferred tax asset is initially recognised	(4,359)	(3,609)
Other	(28)	-
Current income tax expense	**(16)**	**(14)**
Recognition of previously unrecognised deferred tax assets	118,622	**-**
Deferred income tax benefit / (expense)	**118,622**	**-**
Total income tax benefit / (expense) reported in profit or loss	**118,606**	**(14)**

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

(b) Deferred tax assets

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

Amounts in USD'000

	Consolidated	
	31 December 2014	30 June 2014
Carry forward tax losses	41,926	-
Amortisation and depreciation	84,055	-
Financial assets and fair value through profit or loss	(494)	-
Available-for-sale financial assets	(567)	-
Provisions	490	-
Other items	1,287	-
	126,697	**-**

In previous periods, the deferred tax assets relating to the US Group were not recognised on the basis that it was not probable that the US Group will produce sufficient taxable profits against which it's carried forward tax losses and deductible temporary differences could be utilised.

Based on a review completed as at 31 December 2014, it is now considered more likely than not that the US Group's carryforward tax losses and deductible temporary differences will be fully recovered. As a result, $126,697 thousand of deferred tax assets relating to the US Group have been brought back onto the balance sheet as at 31 December 2014 (30 June 2014: $135,456 thousand carried off balance sheet).

The recognition of these deferred tax balances has resulted in a tax benefit in the consolidated income statement of $118,622 thousand and $8,075 thousand in other comprehensive income.

Tax losses relating to the Lighthouse Group: $41,926 thousand tax effected (30 June 2014: $40,567 thousand tax effected) have a life of 20 years, and will expire during the period from 2028 to 2034. Tax losses relating to the Australian Group do not expire under current tax legislation.

The carrying value of deferred tax assets is reassessed at each reporting date.

5. Income tax (continued)

Unrecognised deferred tax assets

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

Amounts in USD'000

	Consolidated	
	31 December 2014	30 June 2014
Deductible temporary differences	73,802	174,844
Carried forward tax losses	3,871	43,917
	77,673	**218,761**

Unrecognised deferred tax assets as at 31 December 2014 relate to both the Australian Group: $73,383 thousand (30 June 2014: $83,305 thousand), and the Lighthouse Group: $4,290 thousand (30 June 2014: $135,456 thousand) and consist of impairment losses recognised in previous financial years, capital losses, carried forward operating tax losses and deductible temporary differences.

The Australian Group is forecast to remain in a tax loss position for the next several years. As a result, as at 31 December 2014, 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. Tax losses relating to the Australian Group and deductible temporary differences do not expire under current tax legislation.

As at 31 December 2014, the portion of the Lighthouse Group deferred tax assets that are forecast to be utilised in future financial years have been recognised on the balance sheet. Refer to explanation in 5b above. The remaining unrecognised portion of $4,290 thousand relates to the deferred tax assets that are forecast to be utilised during the second half of the current financial year, and remain unrecognised in accordance with the provisions of AASB 134 – *Interim Financial Reporting*.

The value of unrecognised deferred tax assets is reassessed at each reporting date.

6. Loans and borrowings

Amounts in USD'000

	Consolidated	
	31 December 2014	30 June 2014
Current		
Secured Bank Loan (USD Facility)	7,500	2,000
Unsecured Convertible Notes	-	3,340
	7,500	**5,340**
Non-current		
Secured Bank Loan (USD Facility)	6,948	20,323
Unsecured Convertible Notes	-	15,909
	6,948	**36,232**
	14,448	**41,572**

Current Secured Bank Loan relates to the portion of the bank loan that is required to be paid within one year.

Current Unsecured Convertible Notes relates to the expected movement in the portion of the outstanding convertible notes classified as debt, over a 12 month period from balance date. As at 31 December 2014, no convertible notes remain outstanding.

Terms and debt repayment schedule

The terms and conditions of the outstanding loan and borrowings as at 31 December 2014 were as follows:

Amounts in USD'000

			31 Dec 2014		30 Jun 2014	
	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Secured Bank Loan (USD Facility)	LIBOR + 3%	2016	14,448	14,448	22,323	22,323
Unsecured Convertible Notes	6%	2019	-	-	89,568	19,249
Total loans and borrowings			**14,448**	**14,448**	**111,891**	**41,572**

Movement in convertible notes

The movement in the portion of the convertible notes that is recognised as a financial liability was made up of the following components:

Amounts in USD'000

	Consolidated	
	31 December 2014	30 June 2014
Carrying amount at beginning of period	19,249	20,836
Increase in face value due to the capitalisation of accrued interest	1,722	5,141
Amount of interest capitalised classified as equity	(1,305)	(3,815)
Interest on face value at 6% per annum	(29)	(5,239)
Accretive interest (calculated using the effective interest rate method)	12	2,326
Buy-back and amendment of convertible notes as at 2 July 2014	(8,402)	-
Carrying amount at 2 July 2014	**11,247**	**19,249**
Interest on face value at 8% per annum	(203)	-
Accretive interest (calculated using the effective interest rate method)	49	-
Conversion of convertible notes on 11 August 2014	(11,093)	-
Carrying amount of liability at end of period	**-**	**19,249**

6. Loans and borrowings (continued)

On 2 July 2014, the Group completed a transaction that contained the following components:

- the buy-back of the 50 convertible notes ("Buy-Back") on issue to APH HFA Holdings, LP, an affiliate of Apollo Global Management, LLC (together with its consolidated subsidiaries, "Apollo");
- each repurchased convertible note was bought back at its initial face value of $1 million ($50 million in total). Apollo waived interest accrued on these convertible notes between the original issue date of 7 March 2011 and immediately prior to completion of the Buy-Back on 2 July 2014;
- as a part of the Buy-Back, Apollo concluded its broader strategic alliance with HFA and the right of first refusal arrangements that Apollo holds over HFA employee shareholdings were cancelled;
- the Buy-Back was funded from:
  - a placement to eligible institutional investors of 17,810,723 ordinary shares in the Company which raised $14.5 million in net proceeds, and
  - $36.4 million of existing cash held by the Group;
- 25 convertible notes remained on issue. The accrued interest on those convertible notes was waived by the noteholder in consideration for certain amendments to their existing terms:
  - an increase in the interest payable on the notes from 6% per annum to 8% per annum;
  - call options held by HFA to repurchase 15 of the remaining 25 convertible notes for cash, for the face value of $1 million, in the following tranches:
    - no less than 10 convertible notes by 31 December 2014 (i.e. for $10 million if 10 convertible notes are repurchased); and
    - the balance of the 15 convertible notes (if any), by 31 December 2015 (i.e. for $5 million if 5 convertible notes are repurchased)
    - If HFA did not repurchase at least the number of convertible notes required by these dates, the interest rate in relation to all outstanding convertible notes would have increased by 2% per annum each six months if the repurchase remains outstanding and while it does so (such stepped up interest rate was capped at a maximum interest rate of 12% per annum).
  - the remaining convertible notes continued to be convertible into HFA shares at any time by the noteholder, and were mandatorily convertible at maturity in March 2019.
- on 7 March 2014, and each date thereafter, HFA could convert the convertible notes provided that the volume weighted after sale price of the HFA Shares for the 30 day trading period prior is in excess of 20% greater than the conversion price of US$0.9766;
- 31,250,000 options held by the noteholders were cancelled for nil consideration; and
- The Westpac senior lending facility terms were amended to include a $5 million repayment of debt (completed on 2 July 2014), and an increase in annual loan repayments from $2 million to $7.5 million.

On 11 August 2014, the remaining 25 convertible notes on issue were converted into ordinary shares of the Company

On 7 August 2014 the Company received notification from the holder of the remaining 25 convertible notes on issue that it would exercise its option under the note terms to convert the notes to 25,559,017 ordinary shares of HFA Holdings Limited effective 11 August 2014.

As a result of the above transactions, the total number of ordinary shares in the Company on issue is 162,147,897.

6. Loans and borrowings (continued)

The financial impacts of the transactions was as follows:

Amounts in USD'000

	Consolidated 31 December 2014
Movement in cash	
Placement proceeds	15,113
Less placement costs	(609)
Total cash proceeds from placement	**14,504**
Cash payment for Buy-Back	(50,000)
Total transaction costs	(908)
Total cash costs for Buy-Back	**(50,908)**
Cash repayment of Secured Bank Loan	(5,000)
Total cash movement	**(41,404)**
Movement in other balance sheet accounts	
Liability: decrease in Secured Bank Loan	5,000
Liability: decrease in liability portion of Unsecured Convertible Notes	19,495
Equity: decrease in equity portion of Unsecured Convertible Notes	29,417
Equity: decrease in Share Options Reserve	3,842
Equity: increase in Share Capital	(14,504)
Total movement in other balance sheet accounts	**43,250**
Total movement in other comprehensive income	
Recognised through profit or loss: loss on settlement and amendment of convertible notes	2,217
Recognised through retained earnings: gain on settlement and amendment	(4,063)
Total movement in other comprehensive income	**(1,846)**

7. Capital

(a) Issue of ordinary shares

- On 2 July 2014, in connection with the buy-back of 50 convertible notes, the Group completed a placement to eligible institutional investors of 17,810,723 ordinary shares in the Company which raised $14.5 million in net proceeds (see Note 6).
- On 7 August 2014, the Company received notification from the holder of the remaining 25 convertible notes on issue that it would exercise its option under the note terms to convert the notes to 25,559,017 ordinary shares of HFA Holdings Limited effective 11 August 2014 (see Note 6).

As at the date of this report, the total number of ordinary shares in the Company on issue was 162,147,897.

(b) Dividends

The following dividends were paid by the Company:

Amounts in USD'000

	Consolidated	
	31 December 2014	31 December 2013
Final ordinary dividend for the year ended 30 June 2014 of USD 5 cents	8,005	-
Final ordinary dividend for the year ended 30 June 2013 of USD 3 cents	-	3,592
Final dividend for the year ended 30 June 2013 of USD 3 cents – paid to convertible noteholders	-	843
Total dividends paid	**8,005**	**4,435**

At the date of this report, the directors have determined an unfranked dividend of USD 5.0 cents per share (with 100% conduit foreign income credits) payable on 18 March 2015. The record date for entitlement to the interim dividend is 4 March 2015.

8. Earnings per share

Amounts in US cents per share

	Consolidated	
	31 December 2014	31 December 2013
Basic earnings per share	77.01	3.91
Diluted earnings per share	77.01	3.91
Underlying basic earnings per share	5.34	3.91
Underlying diluted earnings per share	5.34	3.91

Reconciliation of earnings used in calculating earnings per share

(a) Basic and diluted earnings per share

For the purposes of calculating earnings per share, the convertible notes are treated as 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 2014	31 December 2013
Profit attributable to ordinary equity holders of the Company	125,010	6,884
Adjustment for interest on convertible notes	61	1,199
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**125,071**	**8,083**

(b) Underlying earnings per share

Underlying EPS has been calculated by adjusting profit 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 unsecured convertible notes, and the tax benefit recognised on the write-back of previously unrecognised deferred tax assets.

The purpose of calculating underlying EPS is to accurately 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.

Amounts in USD'000

	Consolidated	
	31 December 2014	31 December 2013
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	125,071	8,083
Add back: Accounting loss on settlement and amendment of unsecured convertible notes[A]	2,217	-
Deduct: Tax benefit on write-back of previously unrecognised deferred tax assets[B]	(118,622)	-
Profit attributable to ordinary equity holders of the Company used in calculating underlying basic and diluted earnings per share	**8,666**	**8,083**

[A] Refer to note 6 for details of this transaction.
[B] Refer to note 5 for details of this transaction.

Weighted average number of shares used in calculating earnings per share

Amounts in '000 of shares

	Consolidated	
	31 December 2014	31 December 2013
Issued ordinary shares at 1 July	118,738	118,738
Effect of share placement as at 2 July 2014	17,713	-
Effect of shares issue on conversion of convertible note as at 11 August 2014	19,864	-
Effect of convertible notes on issue during the period	6,097	88,084
Weighted average number of ordinary shares used in calculating basic, diluted and underlying earnings per share	**162,412**	**206,822**

9. Financial instruments

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

Amounts in USD'000

		Carrying Amount					Fair Value			
31 December 2014	Note	Loans and receivables	Designated at fair value	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Cash and cash equivalents		21,780	-	-	-	21,780				
Trade and other receivables		11,065	-	-	-	11,065				
Other non-current assets (lease guarantee deposits)		968	-	-	-	968				
		33,813	**-**	**-**	**-**	**33,813**				
Financial assets measured at fair value										
Available-for-sale financial assets		-	-	2,889	-	2,889	-	-	2,889	2,889
Financial assets at fair value through profit or loss		-	5,881	-	-	5,881	-	5,881	-	5,881
		-	**5,881**	**2,889**	**-**	**8,770**				
Financial liabilities not measured at fair value										
Trade and other payables		-	-	-	(6,718)	(6,718)				
Employee benefits		-	-	-	(1,397)	(1,397)				
Secure bank loans	6	-	-	-	(14,448)	(14,448)				
Convertible notes – liability component	6	-	-	-	-	-				
		-	**-**	**-**	**(22,563)**	**(22,563)**				
30 June 2014										
Financial assets not measured at fair value										
Cash and cash equivalents / Investments in term deposits		65,902	-	-	-	65,902				
Trade and other receivables		12,861	-	-	-	12,861				
Other non-current assets (lease guarantee deposits)		703	-	-	-	703				
		79,466	**-**	**-**	**-**	**79,466**				
Financial assets measured at fair value										
Available-for-sale financial assets		-	-	2,889	-	2,889	-	-	2,889	2,889
Financial assets at fair value through profit or loss		-	6,187	-	-	6,187	-	6,187	-	6,187
		-	**6,187**	**2,889**	**-**	**9,076**				
Financial liabilities not measured at fair value										
Trade and other payables		-	-	-	(7,186)	(7,186)				
Employee benefits		-	-	-	(7,388)	(7,388)				
Secure bank loans	6	-	-	-	(22,323)	(22,323)				
Convertible notes – liability component	6	-	-	-	(19,249)	(19,249)				
		-	**-**	**-**	**(56,146)**	**(56,146)**				

9. Financial instruments (continued)

Fair value hierarchy

The table above analyses 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

(b) Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss comprise of investments in unquoted securities. The fair value of these assets is determined by reference to their exit price at reporting date	Not applicable	Not applicable
Available-for sale financial assets	The available-for-sale financial asset is an investment in the unquoted securities of a US based limited liability company (361° Capital LLC), and as such a quoted market price is not available. The fair value of this investment at 31 December 2014 has been determined using a discounted cash flow model using historical financial information and various assumptions.	The Group holds a minority interest in this entity and does not have access to internal cash flow projections. The Discounted Cash Flow has therefore been based on historical results, extrapolated to obtain a terminal value calculation. The key assumptions are: ▪ Continued fund flows adjusted to a normalised rate based on historical flows; ▪ A continuation of net management fee rates; ▪ Operating costs remain steady with an annual growth rate consistent with the below long term growth rate; ▪ A long term growth rate of 4.3% based on forecast CPI and Real GDP for the US market; and ▪ Liquidity / marketability adjusted discount rate of 17.2%.	Any change in the assumptions impact the estimated fair value. Management consider the value at which this investment is carried is a reasonable estimate of its fair value.

No increase in the fair value of level 3 financial assets has been recognised during the six months ended 31 December 2014.

10. Related parties

Messers Civale, Cohen and Fox were directors of HFA Holdings Limited until 2 July 2014 (the 'Apollo Directors'). During the time that the Apollo Directors held this position, they also held positions with Apollo Global Management, LLC or its affiliates (the 'Apollo Group'). On 2 July 2014, HFA completed a transaction to buy-back 50 of the convertible notes on issue. Messers Civale, Cohen and Fox therefore ceased to be related parties on this date. Details of this transaction are in note 6 to the financial statements.

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

Except for the interim dividend referred to in note 7, 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 affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

12. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Groups' consolidated financial statements as at and for the year ended 30 June 2014.

New and amended standards

The Group has adopted all of the 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 the amounts recognised in the Group's financial statements.

Accounting standards and interpretations issued by 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 period ended 31 December 2014:

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is 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.

Directors' declaration

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

   (a) the consolidated financial statements and notes that are set out on pages 13 to 31 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 2014 and of its performance for the financial 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	**F P (Andy) Esteban**
Chairman and Non-Executive Director	Non-Executive Director

Dated at Sydney this 19th day of February 2015

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 2014, 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 12 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 2014 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 2014 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

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SBoard

Stephen Board
Partner

Dated at Brisbane this 19th day of February 2015

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