



21 February, 2011
ASX/MEDIA ANNOUNCEMENT

HFA HOLDINGS LIMITED – HALF YEAR RESULTS

Key Points – Half Year To 31 December, 2010

- Net Profit After Tax (NPAT) of \$3.02 million, up 204%
- Group revenue adversely impacted by rising A\$
- Cash flows from operating activities of \$13.47 million, down 31%
- Operating EBITDA (before equity settled transactions) of \$11.09 million, down 20%
- Assets Under Management (AUM) of \$5.027 billion, up 8% in US\$ terms, down 9% in A\$ terms
- Funds Under management (FUM) of \$5.004 billion, up 8% in US\$ terms, down 9% in A\$ terms
- Net debt reduced from \$87.70 million to \$63.05 million in A\$ terms, and \$74.74 million to \$64.08 million in US\$ terms
- Strategic Alliance formed with Apollo Global Management

International fund manager holding company HFA Holdings Limited (ASX: HFA) has reported a 204% increase in net profit after tax as the company's recovery from the GFC continues to gain momentum.

The increased net earnings were underpinned by strong underlying cash flows for the half year of \$13.47 million and Operating EBITDA (before equity settled transactions) of \$11.09 million.

With a stronger A\$/US\$ exchange rate, Operating Income fell 9% compared to the previous corresponding half to \$28.29 million. HFA generates the majority of its income and earnings from its US-based Lighthouse Partners business with all results adversely affected in A\$ terms by the strengthening Australian dollar compared to the previous corresponding half.

The company continued its debt reduction program with \$6.4 million of repayments in the first half, decreasing total net debt to \$63.05 million.

As at 31 December, 2010, HFA had total Funds under Management (FUM) of \$5.004 billion and total AUM of \$5.027 billion, both up 8% in US\$ terms but down 9% in A\$ terms from \$5.513 billion and \$5.540 billion respectively at 30 June, 2010.

HFA Chief Executive Officer Spencer Young said the result was further evidence of improving market conditions in the financial services and investment sector, particularly in the United States.

"The Lighthouse business again performed extremely well during the half with positive investment returns resulting in an increase of 8% in both AUM and FUM in US Dollar terms," he said.

"The business continues to benefit from the performance of the underlying funds which again proved their ability to provide investors with strong risk-adjusted returns."



HFA Holdings Limited
ACN 101 585 737

Certitude continues to move towards an open architecture model to diversify product and client base.

In December 2010, HFA announced a major strategic alliance with global asset manager Apollo Global Management. Under the terms of the agreement, HFA will issue US\$75m of Mandatory Convertible Notes to Apollo and a co-investor, while Apollo will be retained to distribute the investment products of the US-based Lighthouse business, through its global distribution network.

Shareholders will vote on resolutions related to the transaction at an Extraordinary General Meeting (EGM) this Friday (25 February, 2011).

Mr Young said the transaction would significantly enhance the Group's global reach and strengthen the Company's balance sheet.

"Access to Apollo's global relationships and expertise will enhance Lighthouse's position as an innovative solutions provider in the alternative investment space," he said.

Apollo is a leading global alternative asset manager which raises, invests and manages funds on behalf of some of the world's most prominent pension funds, as well as other institutional and individual investors. As of 30 September, 2010, Apollo had more than \$58 billion in assets under management.

ENDS

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