HFA Holdings Limited
ACN 101 585 737

23 February, 2010
ASX/MEDIA ANNOUNCEMENT

HFA HOLDINGS LIMITED – HALF YEAR RESULTS

KEY POINTS – HALF YEAR TO 31 DECEMBER, 2009

- Net revenue of $36.4 million, down 44 per cent
- Operating EBITDA of $13.8 million, down 61 per cent
- Cashflow from operating activities of $19.8 million
- Net Profit After Tax (NPAT) of $993,000, from $570.3 million loss previously
- Assets Under Management (AUM) of $5.7 billion
- Funds Under management (FUM) of $5.6 billion
- Expects FY2010 EBITDA of between $19.0 million and $23.5 million

International fund manager holding company HFA Holdings Limited (ASX: HFA) has reported a half year operating EBITDA (before non-cash impairment losses and non-cash equity settled transactions) of $13.83 million, down 61 per cent on the same period last year.

The company recorded a net profit after tax (NPAT) of $993,000 for the six months ended 31 December, 2009, compared to a $570.3 million net loss in the same period last year. The abnormal loss in the previous period was primarily a result of non-cash impairments on the carrying value of the company's Lighthouse Partners business which was acquired in early 2008.

Net operating revenue for the half was $36.44 million compared to $65.58 million in the first half of FY2008 while cashflow from operating activities was $19.78 million for the half.

The results reflect the difficult global economic climate over the last 15 months, and in particular the challenges this has posed to the global investment management industry. The lower earnings are directly related to falls in management and performance fees received during the half as a result of lower weighted average Assets under Management (AUM) as compared to the prior half-year period.

As at 31 December, 2009, HFA had total Funds under Management (FUM) of $5.6 billion and total AUM of $5.7 billion, down from $5.6 billion and $6.2 billion respectively at 30 June 2009.

Most of the declines in AUM and FUM over the last 12 months occurred in the second half of the 2009 financial year before stabilising in the first half of the 2010 year, falling 1% and 8% respectively, from 30 June, 2009, to the end of December 2009.

The decrease in AUM during the first half was primarily due to the continuing deleveraging of the HFA Asset Management (HFAAM) products during the half year. As at 31 December, 2009, only $113 million of leverage remains in the HFAAM products

The company's US-based fund management business Lighthouse Partners has experienced a 10% growth in AUM in the US-dollar terms for the half-year due to the strong performance of its core products and an overall positive net inflow for the half. AUM appears flat in Australian dollar terms as this growth has been off-set by the higher Australian dollar compared to 30 June 2009.

The company expects to report an EBTIDA for FY2010 of between $19.0m and $23.5m.

HFA Chief Executive Officer Spencer Young said the ongoing recovery and growth of Lighthouse Partners business was a highlight of the first half.

"The Lighthouse business has endured a period of rapid industry change and upheaval over the last two years but we can now see some evidence the business is recovering well with the potential for good growth in the future," he said.

Mr Young said Lighthouse's strong inflow levels from the first half had continued into 2010 and the broad acceptance of the firm's Managed Account Platform was positioning it well to attract more mandates in the future.

"We have seen an increase in investor appetite in the US in the absolute return fund space. We expect net fund flows for Lighthouse to continue to be positive, resulting in a stabilised asset base for the business," he said.

He added the HFAAM business was preparing to launch two new funds in the short term as part of a strategy to broaden its investment base.

"While not as strong as Lighthouse, the HFA Asset Management business has also shown some signs of emerging from the global financial crisis as a more streamlined, efficient and growth-ready business."

ENDS

Media Enquiries:
Spencer Young
Chief Executive Officer
HFA Holdings Limited
(02) 8302 3316