



HFA Holdings Limited  
31 December 2006  
Half-Year Results  
26 February 2007

Paul Jensen - Chief Executive Officer  
Rod Hughes - Chief Financial Officer  
Spencer Young - Executive Director

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# Agenda

1) Leadership Team

2) HFA Scorecard

3) Financial Results - December

4) Financial Results - June 2007

5) Outlook



**HFA Leadership**



# Stable & Experienced Board & Management Team

## HFA Holdings Limited Board of Directors

Brett Howard	Chairman
Michael King	Non Executive Director
John Morrison	Non Executive Director
Paul Manka	Non Executive Director
Spencer Young	Executive Director
Paul Jensen	Executive Director

## HFA Management Team

Paul Jensen	Chief Executive Officer
Rod Hughes	Chief Financial Officer
Amber Stoney	Head of Operations
Robert White	Special Projects
Oscar Martinis	Head of Distribution
Jonathan Pain	Chief Investment Strategist
Peter Coates	Head of Investments
Prof. Les Balzer	Head of Research



# 2007 Scorecard



# HFA Scorecard - Financial

\$M	31/12/06 Actual	31/12/05 Actual	% Change
Operating revenue	30.1	16.6	81%
Operating EBIT	11.6	4.8	139%
NPAT	8.1	3.9	107%
EPS (cents per share)	4.025c	2.122c	90%
Dividend per share	4.1c <sup>1</sup>		

1 1.5c special dividend paid October 2006 + 2.6c interim dividend



# HFA Scorecard - Business

	31/12/06 Actual	30/06/06 Actual
<b>Assets Under Management (AUM)</b>	\$3.02 billion	\$2.63 billion
<b>Funds Under Management (FUM)</b>	\$1.85 billion	\$1.56 billion
<b>Fund Ratings</b>	High Ratings	High Ratings
<b>Distribution</b>	> 2,500 IFAs	> 2,400 IFAs
<b>Product Performance</b>	Strong	Strong



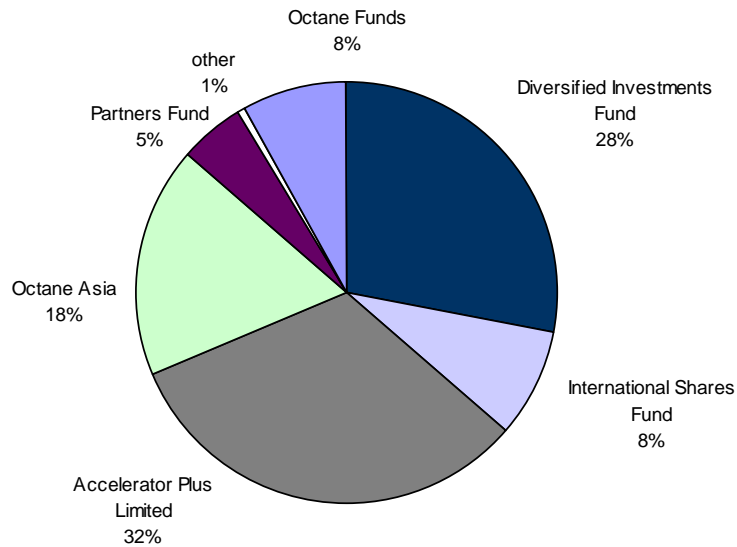


# Drivers of AUM Growth

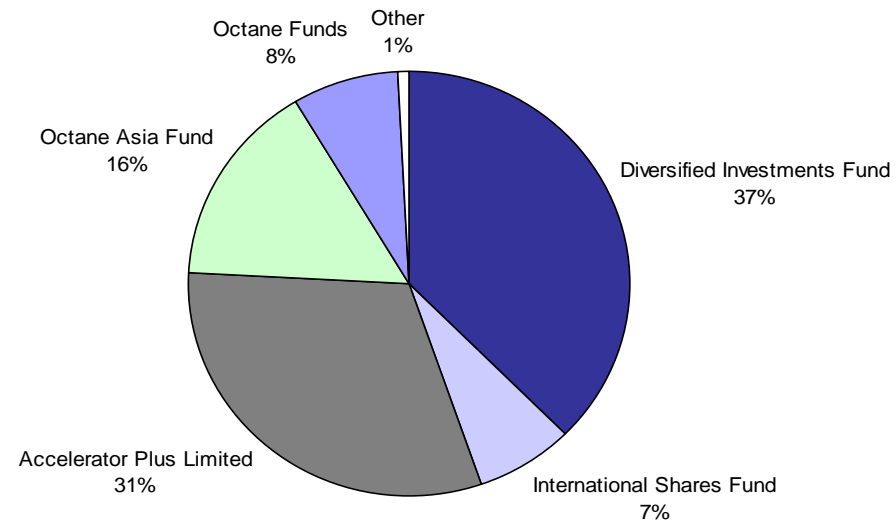
- Continued growth of traditional products
  - HFA Core products - **\$110m**
- New Fund launched
  - HFA Partners Fund - **\$129m**
- Revaluation



# Continued Diversification of our AUM



**AUM = \$3.02 billion**  
As at 31 December 2006









**AUM = \$2.63 billion**  
As at 30 June 2006



# HFA Funds are Highly Rated

HFA Funds continue to be highly rated by leading research houses

						
HFA Diversified Investments Fund	AA	Highly Recommended	4 star	Recommended	Strong Buy	-
HFA International Shares Fund	-	Highly Recommended	3 star	Recommended	Strong Buy	-
HFA Accelerator Plus Limited	Endorsed	Highly Recommended	-	-	Buy	Recommended
HFA Octane Asia	Endorsed	Recommended	-	-	-	Approved
HFA Partners Fund	-	Recommended	4 star	-	-	-
HFA Octane 1 & 2	Endorsed	-	Investment Grade	-	-	-

# Extensive & Growing Distribution Network

HFA products are supported by:

- Over 375 financial planner dealer groups, representing over 9,000 financial advisers
- Actively supported by 2,500 independent financial advisers
- Listed on 25 wholesale master trusts / platforms



# Strong Fund Performance with Low Volatility

	1 year Return pa	2 year Return pa	3 year Return pa	Since inception Return^pa	Volatility since inception pa
HFA Diversified Investments Fund	9.11%	9.60%	9.49%	7.99%	2.38%
HFA International Shares Fund	9.96%	10.94%	11.00%	6.50%	4.85%
HFA Accelerator Plus	11.78%	10.76%	-	11.58%	6.05%
HFA Octane Fund	7.99%	9.04%	-	8.96%	3.52%
HFA Octane Fund 2	7.83%	-	-	8.73%	3.86%
HFA Octane Asia	-	-	-	13.23%	3.85%
MSCI World Index US\$	17.74%	12.47%	12.49%	5.74%	<b>13.48%</b>

Source: HFA and Bloomberg. Performance is shown as at 31 December 2006. Past performance is not a reliable indicator of future performance. The performance of Accelerator Plus shown after tax.

^ The inception date is for DIF (1-Apr-01), ISF (1-Apr-01), APL (1-Nov-04), Octane (8-Nov-04), Octane 2 (30-Jun-05) and Octane Asia (30-Jun-06). MSCI World Index (1-Apr-01)



# Financial Results



# Very Solid Result - 31 December 2006

\$M	31/12/06 Actual	31/12/05 Actual	% Change
Management fee revenue	17.1	8.2	109%
Performance fee revenue	12.9	7.5	73%
Other	0.1	0.9	(88%)
<b>Operating Revenue</b>	<b>30.1</b>	<b>16.6</b>	<b>81%</b>
Investment costs	(12.2)	(8.0)	51%
<b>Net Operating Income</b>	<b>17.9</b>	<b>8.6</b>	<b>108%</b>
Expenses	(6.3)	(3.7)	70%
Other income	-	(0.1)	
<b>Operating EBIT</b>	<b>11.6</b>	<b>4.8</b>	<b>139%</b>
Net interest income	(0.1)	0.8	
<b>Profit/loss Before Tax</b>	<b>11.5</b>	<b>5.6</b>	<b>104%</b>
Income tax expense	(3.4)	(1.7)	100%
<b>Profit/(loss) After Tax</b>	<b>8.1</b>	<b>3.9</b>	<b>107%</b>

# Balance Sheet Remains Sound

	31 December 2006	30 June 2006
Cash	10.6	8.1
Receivables	19.4	8.3
Intangibles	9.0	9.4
Other current assets	2.7	-
Other assets	1.1	0.9
<b>Total Assets</b>	<b>42.8</b>	<b>26.7</b>
Payables	11.8	8.3
Borrowings	10.0	7.5
Other liabilities	7.5	2.5
<b>Total Liabilities</b>	<b>29.3</b>	<b>18.3</b>
<b>Total Equity</b>	<b>13.5</b>	<b>8.4</b>



# Key Point - "Strong underlying Growth is Driving HFA"

## **Net Operating Income**

- Strong growth in assets under management, driving fees income
- Reduction in the investment management fee paid to Lighthouse
- Has delivered a 108% in NOI to \$17.9m

## **Expenses**

- Average FTE's increased by 38% to 36 full time employees
- Increased sales bonuses, arising from successful Octane Asia Fund
- Executive bonuses, ensuring industry competitiveness and executive retention
- Increased admin expenses. Increased wholesale platform fees, fund establishment write-off
- Higher amortisation of management rights, arising from successful Octane Asia Fund

## **Other Current Assets**

- International expansion transaction costs \$2.7m have been incurred
- Negotiations are in an advanced state, we expect them to be finalised by 30 June 2007
- If the transaction occurs these costs will be accounted for as part of the total transaction costs

## **Net Profit After Tax**

- Up 107% to \$8.1m

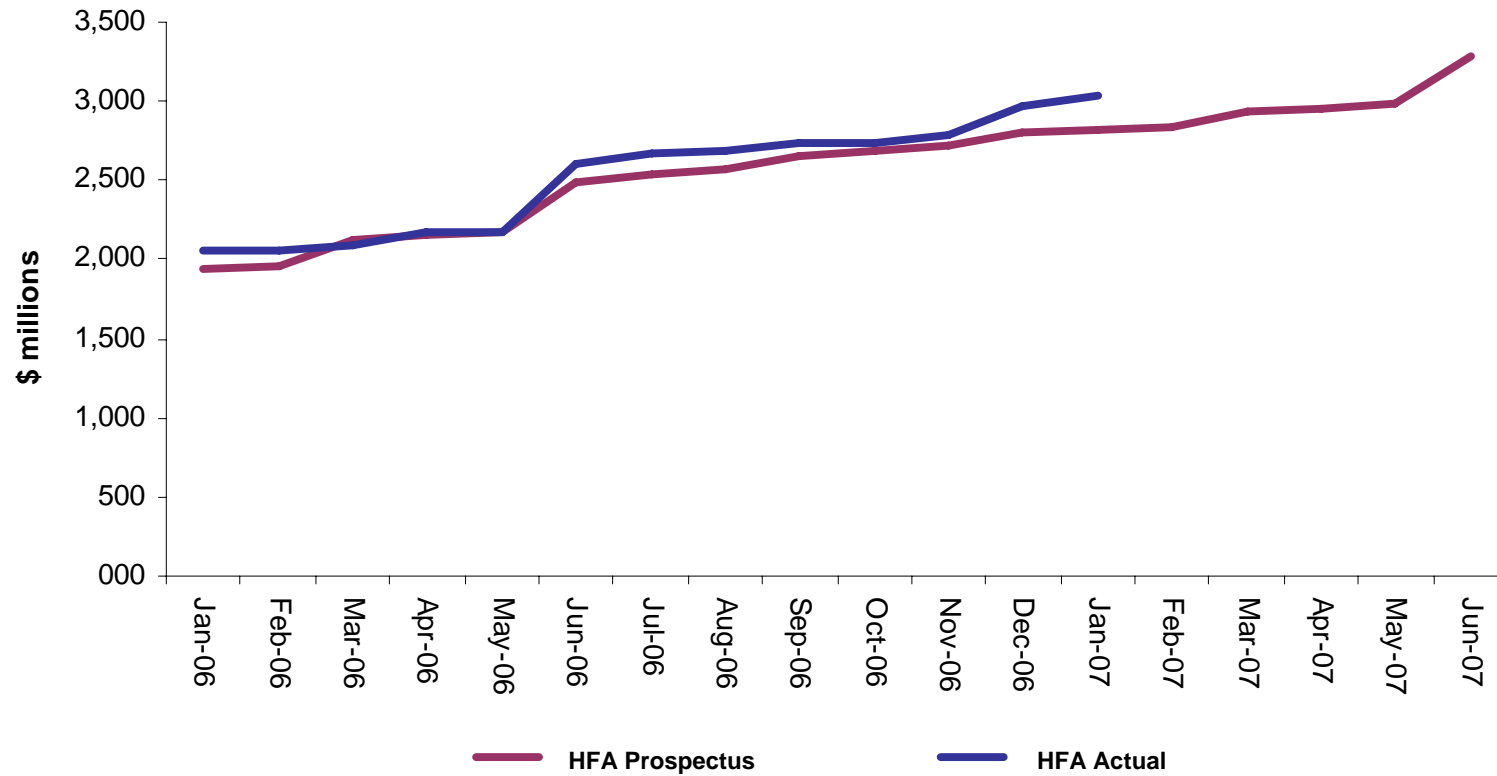
# June 2007 Forecast



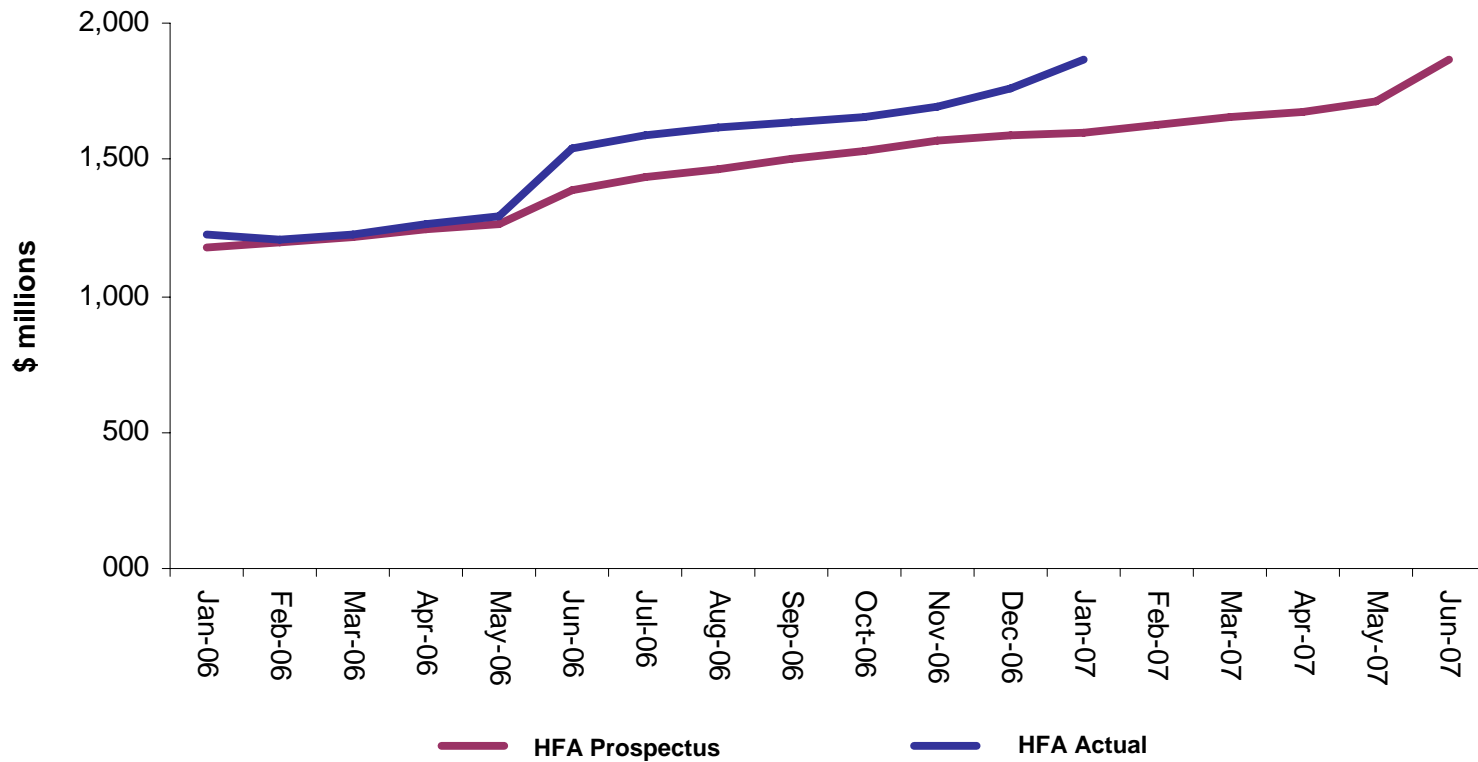
# Sound Progress toward Full Year Prospectus Forecast

\$M	Prospectus 2007 Forecast	
Operating revenue	49.0	✓
Net operating income	28.7	✓
Expenses	(8.7)	x
		✓
<b>EBIT</b>	<b>20.0</b>	<b>✓</b>
<b>Net profit after tax</b>	<b>13.9</b>	<b>✓</b>
Basic Earnings per share	6.9c	✓
Dividend	4.5c	✓

# Assets Under Management



# Funds Under Management



**Outlook**



# Outlook - “Continued Growth”

## **Australian Wealth Management Sector**

- Continued strong organic growth and record highs in investment markets

## **Absolute Return Funds Sector**

- Being recognised as a ‘smarter’ way to manage money - a higher relative return for the risk
- Continuing to receive increasing asset allocations

## **New Products to Build Diversity**

- Octane Global Fund, to be launched 4<sup>th</sup> quarter 2007
- HFA to launch new & innovative product in H1 2008

## **International Expansion**

- Active negotiations at an advanced state

