

 **HUB²⁴**
HALF YEAR
REPORT

2015

31 DECEMBER

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TO THE MARKET (APPENDIX 4D)**

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4D

	Half-year ended 31 December 2015		Restated* Half-year ended 31 December 2014		% change
	\$'000		\$'000		
From continuing operations					
Revenue from ordinary activities	20,443	From	11,973	Increase	71%
Net loss for the half-year attributable to members	(1,820)	From	(2,741)	Decrease	34%
From discontinuing operations					
Net loss for the half-year attributable to members	-	From	(106)	Decrease	100%
From continuing and discontinuing operations					
Revenue from ordinary activities	20,443	From	11,973	Increase	71%
Net loss for the half-year attributable to members	(1,820)	From	(2,847)	Decrease	36%

*Prior year comparative restated due to a change in accounting policy in relation to the recognition of research and development grants. Refer to Note 7 of the financial statements for further explanation.

DIVIDENDS

It is not proposed to pay an interim dividend.

EXPLANATION OF RESULT

Refer to the attached Directors' Report and review of operations for further explanation.

Net tangible assets per fully paid ordinary share 31 December 2015	\$0.081
Net tangible assets per fully paid ordinary share restated 31 December 2014	\$0.056

ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

HUB24 Limited has not gained nor lost control of any entity during the period.

AUDITOR REVIEW

The report is based on accounts that have been reviewed by the company's auditors, Deloitte Touche Tohmatsu.

HUB24 LIMITED

ACN
124 891 685

DIRECTORS

Bruce Higgins (Chairman)
Andrew Alcock (Managing Director)
Ian Litster
Anthony McDonald
(appointed 1 September 2015)
Hugh Robertson
Vaughan Webber

COMPANY SECRETARY

Matthew Haes

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 8, The Exchange Centre
20 Bridge St
Sydney NSW 2000

SHARE REGISTRY

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000

HUB24 Limited shares are listed on
the Australian Securities Exchange
(ASX code: HUB)

SOLICITORS

Minter Ellison
Aurora Place
88 Phillip Street
Sydney NSW 2000

AUDITORS

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

BANKERS

**Australia & New Zealand Banking
Group Limited**
20 Martin Place
Sydney NSW 2000

INTERNET ADDRESS

www.hub24.com.au

CORPORATE HIGHLIGHTS

HUB24 has experienced record FUA growth during the half year while continuing to invest in innovation as evidenced by the launch of our international managed portfolio service. As a result the company has transitioned to be operating cash flow positive on a monthly basis during the half year. Other highlights are:

Record net inflow of



\$668m

resulting in FUA of \$2.37bn at 31 December 2015

Increase in revenue of



79%

Increase in gross profit of



179%

HUB24 has transitioned to be operating



cashflow positive

on a monthly basis

Increase in operating EBITDA² of



285%

Increase in EBITDA³ of



63%



Launch

of international managed portfolios



1st

in categories for Best Navigation & User Interface and Smartphone/Tablet Access¹

1 Results from Investment Trends December 2015 Platform Benchmarking Report based on extensive analyst reviews of 22 platforms across 506 functional points.

2 Operating EBITDA represents revenue less operating expenses incurred in servicing the current FUA. It excludes growth resources expensed and other significant items.

3 EBITDA excludes other significant items.

Your Directors present their interim report together with the financial statements, on the consolidated entity (referred to hereafter as "the consolidated entity" or "HUB24 consolidated entity") consisting of HUB24 Limited (referred to hereafter as "the company") and the entities it controlled for the half-year ended 31 December 2015.

DIRECTORS

The Directors were in office from the beginning of the half year and until the date of this report, unless otherwise stated.

Mr Bruce Higgins (Chairman)
Mr Andrew Alcock
Mr Ian Litster
Mr Anthony McDonald (Appointed 1 September 2015)
Mr Hugh Robertson
Mr Vaughan Webber

CONSOLIDATED ENTITY OVERVIEW

HUB24 Limited operates the HUB24 investment and superannuation platform and provides financial advice to clients through financial advisers authorised by Paragem Pty Ltd.

The HUB24 investment and superannuation platform is leading the wealth management industry by offering one of the most functional managed portfolio and Separately Managed Account ("SMA") platforms on the market. It is recognised as a leading independent portfolio administration service that provides financial advisers with the capability to offer their clients access to a wide range of investments including efficient and cost effective trading, insurance and comprehensive reporting for all types of investors – individuals, companies, trusts or self-managed super funds.

HUB24 was established by a team with a strong track record of delivering market-leading solutions in the financial services industry. Since launching the superannuation service in July 2012, HUB24 has grown Funds Under Administration ("FUA") from \$0.1 billion to in excess of \$2.3 billion and over 556 advisers actively using the platform.

Paragem Pty Ltd is a wholly owned subsidiary and boutique dealer group offering licensee services. It comprises a network of 22 independently minded financial advice businesses, having recruited two additional practices during the half year, which deliver cost effective, high quality advice. It provides compliance, systems and support to the practices enabling advisers to provide clients with financial advice over a range of products.

PRINCIPAL ACTIVITIES

The principal activities during the half-year of the company were the provision of investment and superannuation portfolio administration services and the provision of licensee services.

REVIEW OF OPERATIONS

The company has continued to see improvements in its financial results for the half year ended 31 December 2015 due to a disciplined focus on investment initiatives in platform development and the transition of FUA to the platform.

The company recorded two quarters of record gross inflows during the half year ended 31 December 2015 with net inflows of \$668 million and FUA at 31 December 2015 of \$2.368 billion generating recurring platform revenue of \$6.963 million.

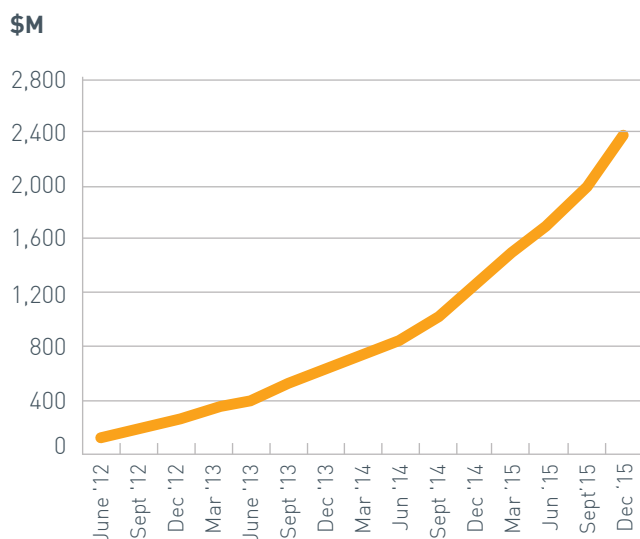
PLATFORM STATISTICS

	Dec '14	Mar '15	Jun '15	Sept '15	Dec '15	Growth*
FUA – total	\$1,251m	\$1,493m	\$1,704m	\$1,979m	\$2,368m	89.3%
Net inflows (Qtr)	\$190m	\$163m	\$273m	\$337m	\$331m	74.2%
Gross inflows (Qtr)	\$226m	\$204m	\$325m	\$397m	\$403m	78.3%
Number of advisers supporting the platform	420	449	484	522	556	32.4%

Notes:

Statistics are for each quarter, have been rounded and are not audited. Net and gross inflows do not include market movement.
*Growth is the percentage increase on prior year corresponding quarter.

FUA BALANCE



The company announced new white label agreements with two dealer groups during the half year ended 31 December 2015 which are expected to contribute to the company's continued growth in its core platform service offerings.

Platform developments during the half year ended 31 December 2015 were launched for international managed portfolios enabling investors to directly own international listed companies via professionally managed portfolios from more than 15 global markets.

Continuing investment in platform development has seen HUB24 recognised in the Investment Trends 2015 Platform Benchmarking Report¹ whereby HUB24:

- Continues to be ranked in the top three platforms in the industry in terms of overall platform functionality with outstanding scores achieved in decision support, reporting and access
- Won the award for Best Navigation and User Interface
- Won the award for Best Tablet/Smartphone Access
- Of the top three, ranked ahead of the other two platforms in terms of managed accounts functionality which is a key value proposition for the company.

620,000 share options were issued to staff and executives on

¹ Investment Trends December 2015 Platform Benchmarking Report based upon extensive analyst reviews of 22 platforms across 506 functional points

14 October 2015 under the HUB24 Share Option plan. 150,000 options were issued to the Managing Director on 7 December 2015 after being approved by shareholders at the Annual General Meeting of the company held 25 November 2015.

On 8 October 2015 the company announced it had received an indicative, non-binding and conditional proposal from IOOF Holdings Ltd to acquire 100% of the company's shares for cash consideration of \$2.75 per share. The Board rejected the proposal as it believed that it did not reflect the underlying value of the company and the proposal was subsequently withdrawn.

Anthony McDonald was appointed to the position of Non-Executive Director effective 1 September 2015.

REVIEW OF FINANCIAL RESULTS

The consolidated entity recorded revenue from ordinary activities of \$20.443 million for the half year ended 31 December 2015 (revenue from ordinary activities of \$11.973 million for the half year ended 31 December 2014) an increase of 71%.

A loss after income tax of \$1.820 million was recorded for the half year ended 31 December 2015 (loss of \$2.847 million for the half year ended 31 December 2014) an improvement of 36%.

Included in this result were the following significant items:

- Platform revenue increased by 114% to \$6.963 million for the half year ended 31 December 2015 (\$3.247 million for the half year ended 31 December 2014) and platform direct costs increased by 49% to \$3.266 million (\$2.198 million for the half year ended 31 December 2014);
- Licensee revenue increased by 65% to \$13.074 million for the half year ended 31 December 2015 (\$7.922 million for the four months ended 31 December 2014).

The following representation of the financial performance of the consolidated entity is based upon internal reports (unaudited) that are reviewed and used by management and the board in assessing performance and determining the allocation of resources. Management and the board review Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") from continuing operations before material non-recurring and non-cash items. Prior year comparative numbers include the Licensee segment for the period 1 September 2014 to 31 December 2014 and have been restated due to a change in accounting policy in relation to the recognition of research and development grants as outlined in Note 7 to the Financial Statements.

FINANCIAL PERFORMANCE

Group financial results	1HFY16 \$	Restated* 1HFY15 \$	% VAR
Income			
Recurring revenue – platform	6,962,640	3,246,843	114%
Recurring revenue – licensee	13,073,791	7,921,869	65%
Total revenue	20,036,431	11,168,712	79%
Direct costs - platform	(3,266,545)	(2,197,543)	49%
Direct costs - licensee	(11,980,018)	(7,256,732)	65%
Gross profit	4,789,868	1,714,436	179%
Operating expenses	(3,586,011)	(2,366,520)	52%
Segment operating EBITDA	1,203,857	(652,084)	285%
Growth resources expensed	(2,127,118)	(1,861,660)	14%
EBITDA	(923,261)	(2,513,744)	63%

Other significant items:			
Interest revenue	217,004	215,801	1%
Non-recurring revenue	189,881	588,963	(68%)
Share based payment expense	(678,480)	(379,000)	(79%)
Non-recurring corporate costs	(261,584)	(388,627)	33%
Depreciation and amortisation	(363,184)	(264,456)	(37%)
Loss before income tax	(1,819,623)	(2,741,063)	34%
Income tax	-	-	
Loss after income tax from continuing operations	(1,819,623)	(2,741,063)	34%
Discontinued operations	-	(106,025)	(100%)
Loss after income tax	(1,819,623)	(2,847,088)	36%

*Prior year comparative restated due to a change in accounting policy in relation to the recognition of research and development grants. Refer to Note 7 of the financial statements for further explanation.

Recurring revenue	20,036,431	11,168,712	79%
Non-recurring revenue	189,881	588,963	(68%)
Interest revenue	217,004	215,801	1%
Revenue from ordinary activities	20,443,316	11,973,476	71%

Revenue due to ordinary activities from continuing operations comprises recurring revenue, non-recurring revenue and interest revenue.

REVENUE

Strong FUA inflows into the HUB24 platform have resulted in recurring platform revenue of \$6.963 million for the half year ended 31 December 2015, an increase of 114% over the prior corresponding period. The Licensee has contributed \$13.074 million in revenue for the half year ended 31 December 2015 (\$7.922 million for the four months ended 31 December 2014). Revenue is sensitive to movements in equity markets given a significant proportion of client funds are in either directly held or managed assets with equity market exposure.

GROSS PROFIT

Strong FUA inflows, increased trading activity and recruitment of adviser practices together with continuing scale benefits have driven a strong gross profit result of \$4.790 million for the half year ended 31 December 2015 (\$1.714 million for the half year ended 31 December 2014), an increase of 179%.

Direct platform costs include custody, trustee, superannuation administration and headcount resources to service current client accounts while direct Licensee costs include payments to advisers for advice fees and suppliers of compliance, software and training services.

OPERATING EBITDA

Operating EBITDA is a representation of the EBITDA result the company would record if it were to service only the current amount of FUA and associated client accounts. It assumes no expenses are invested to bring additional FUA onto the platform nor to develop new platform features. While HUB24 will continue to invest in the expansion of FUA and further development, Operating EBITDA is an important internal measure and milestone for the platform.

The company has experienced record growth in net inflows and FUA during the half year ended 31 December 2015 and it has taken the opportunity to strengthen its corporate fixed cost base in order to support the continued growth of the business over the next few years. As a result, operating expenses increased by 52% during the period, an increase of 33% when normalised for the full six months of operating results for the Licensee segment.

This increase is made up of additional employment costs including personnel recruited for corporate services and board costs including the appointment of an additional director; a step change in investing in the platform's IT

infrastructure and one-off implementation costs associated with the introduction of new AML / CTF legislation introduced 1 January 2016; and establishment of an office presence in Brisbane to support growth in that market.

The Operating EBITDA result of \$1.204 million for the half year ended 31 December 2015 has improved by 285% over the previous corresponding period (loss of \$0.652 million).

GROWTH RESOURCES EXPENSED

Growth resources are predominantly headcount resources dedicated to future platform development, business strategy (inclusive of M&A activity) and to accelerate additional FUA onto the platform. They include resources across sales, development and transition functions.

Growth resources of \$0.526 million were capitalised during the half year ended 31 December 2015 relating to specific projects for the development of functionality for international equities and non-custodial assets (\$0.447 million for the half year ended 31 December 2014).

OTHER SIGNIFICANT ITEMS

Share based payment expenses of \$0.678 million for the half year ended 31 December 2015 were inclusive of \$0.279 million relating to the acquisition of Paragem Pty Ltd and \$0.399 million due to the issue of options to executives, the Chairman and staff during the past three years ended 31 December 2015. The expense increase compared with the prior corresponding period is due to the issue of options during the half year ended 31 December 2015 and an adjustment to the expected probability of options vesting.

Depreciation and amortisation of \$0.363 million for the half year ended 31 December 2015 is inclusive of increased amortisation of the platform intangible asset arising from the commercialisation of development projects in 2015 and amortisation of the dealer network intangible asset.

Non-recurring corporate costs of \$0.261 million for the half year ended 31 December 2015 include \$0.130 million of valuation and corporate advisory expenses associated with the indicative, conditional and non-binding proposal received by the company on 8 October 2015. Other costs relate to one-off indirect tax advice, legal expenses relating to corporate matters and the evaluation of potential business opportunities.

CASH FLOWS

During the half year the company transitioned to be operating cash flow positive on a monthly basis as demonstrated by positive Cashflows from Operating Activities for the months of November and December 2015².

This trend is expected to continue into the second half of the financial year in line with ongoing growth in FUA.

The Group held \$10.522 million in cash and cash equivalents as at 31 December 2015 (\$12.109 million as at 30 June 2015).

Net cash outflows from operating activities for the half year ended 31 December 2015 were (\$0.144 million) after inclusion of one-off receipts from the ATO relating to reduced input tax credits of \$1.212 million.

OPERATING SEGMENTS

The principal products and services for each of the operating segments are as follows:

Platform	Development and provision of investment and superannuation platform services to financial advisers, stockbrokers, accountants and their clients.
Licensee	Provision of financial advice to clients through financial advisers authorised by Paragem Pty Ltd. The Licensee provides compliance, systems and support to adviser practices, enabling advisers to provide clients with financial advice over a range of products.
Corporate	Provision of corporate services to the operating segments including allocation of costs of the Managing Director, finance and compliance, and strategic support.

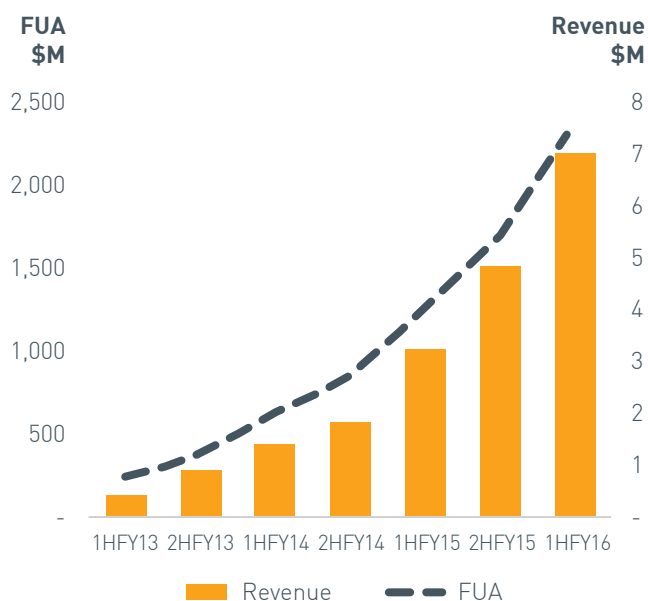
PLATFORM SEGMENT

Platform	1HFY16 \$	Restated 1HFY15* \$	VAR %
FUA as at 31 December	2,368m	1,251m	89%
Recurring revenue	6,962,640	3,246,843	114%
Total revenue	6,962,640	3,246,843	114%
Direct costs	(3,266,545)	(2,197,543)	(49%)
Gross profit	3,696,095	1,049,300	252%
Operating expenses	(2,368,448)	(1,611,906)	(47%)
Segment operating EBITDA	1,327,647	(562,606)	336%
Growth resources expensed	(2,068,056)	(1,822,285)	13%
Segment EBITDA	(740,409)	(2,384,891)	69%
Other significant items:			
Interest revenue	94,094	51,694	82%
Non-recurring revenue	189,881	588,963	(68%)
Depreciation and amortisation	(359,944)	(262,397)	(37%)
Loss before income tax	(816,378)	(2,006,631)	59%

*Prior year comparative numbers have been restated due to a change in accounting policy in relation to the recognition of research and development grants as outlined in Note 7 to the Financial Statements.

² Not subject to audit

PLATFORM REVENUE – 1HFY16



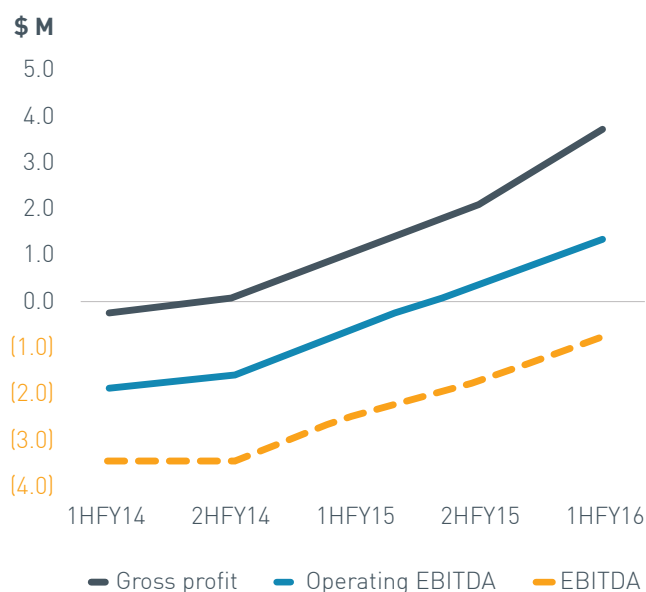
The platform segment recorded significant improvements in revenue, gross profit, operating EBITDA and EBITDA for the half year ended 31 December 2015 due to increases in FUA with expanding margins.

While recurring revenue increased by 114%, direct costs increased by only 49%, demonstrating the continued benefits of scale.

Platform operating expenses increased by 47% in response to record growth in net inflows and FUA ahead of internal targets. For further explanation of the variance in operating expenses please refer to page 8 of this director's report.

The results for the platform segment as a percentage of average FUA for the half year ended 31 December 2015 demonstrate continuing margin improvements at each profit line.

PLATFORM – GROSS PROFIT, OPERATING EBITDA & EBITDA TRENDS



This chart demonstrates the dual impact of increasing volumes and margin expansion on the dollar value of gross profit, operating EBITDA and EBITDA when comparing the half year periods 1HFY14 to 1HFY16.

LICENSEE SEGMENT

Paragem Pty Ltd, the Licensee, provides licensing for financial planning practices with above industry average funds under advice per adviser. The practices seek the freedom to exert their independence through broad choice of investment and insurance options and they embrace the changing shape of the advice industry. The Licensee provides assistance to practices wishing to implement managed portfolios for their clients, assisting them to deliver contemporary investment solutions and improving the efficiency of their business such that operational scale and professional fees are the primary drivers of profitability.

While the Licensee's advisers continue to be free to choose whichever platform best suits their clients' needs, the take-up of HUB24 has been strong due to the ability of the platform to cater for both traditional managed fund investments as well as the emerging breed of managed portfolios and SMAs typically expected in the high net worth investor and SMSF sectors.

LICENSEE

Licensee	1HFY16 \$	1HFY15* \$	VAR %
Recurring revenue	13,073,791	7,921,869	65%
Total revenue	13,073,791	7,921,869	65%
Direct costs	(11,980,018)	(7,256,732)	65%
Gross profit	1,093,773	665,137	64%
Operating expenses	(1,043,888)	(643,386)	62%
Segment operating EBITDA	49,885	21,751	129%
Segment EBITDA	49,885	21,751	129%
Other significant items:			
Depreciation and amortisation	(3,240)	(2,059)	(57%)
Profit before income tax	46,645	19,692	137%

* Results are for the period from 1 September 2014 to 31 December 2014.

REVENUE GROWTH

The Licensee business has grown revenues since transitioning to HUB24 on 1 September 2014. Two new practices joined the Licensee during the half year ended 31 December 2015, contributing to a revenue increase of 12% over the half year ended 31 December 2014.

The acquisition of Paragem Pty Ltd is consistent with HUB24's core proposition of providing high value services to licensees and advisers. This entry into the advice space is resulting in further enhancements of HUB24's rapid growth, diversification of the company's revenue streams and continued improvements to platform functionality, which is highly valued by the broader, independently minded financial advice market.

CORPORATE

Corporate	1HFY16 \$	1HFY15* \$	VAR %
Operating expenses	(173,675)	(111,228)	(56%)
Growth investment expenses	(59,063)	(39,375)	(50%)
Segment EBITDA	(232,737)	(150,603)	(55%)
Other significant items:			
Interest revenue	122,910	164,107	(25%)
Share based payment expense	(678,480)	(379,000)	(79%)
Non-recurring corporate costs	(261,584)	(388,627)	33%
Loss before income tax	(1,049,891)	(754,123)	(39%)

* Results are for the period from 1 September 2014 to 31 December 2014.

A portion of operating expenses and growth resources are allocated to Corporate. These expenses predominantly relate to corporate headcount overheads that cannot be directly attributed to either operating segment.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

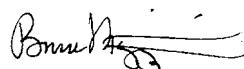
Hugh Robertson has notified the board that he will retire as a Director effective 29 February 2016.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

AUDITOR INDEPENDENCE

The independence declaration by the lead auditor under section 307C is included in page 12 of this half-year report.

Signed in accordance with a resolution of the Directors.



Bruce Higgins
Chairman of Directors
Sydney, 25 February 2016

AUDITOR'S DECLARATION OF INDEPENDENCE

Deloitte.

The Board of Directors
HUB24 Limited
Level 8 Exchange Centre,
20 Bridge Street,
Sydney NSW 2000

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

25 February 2016

Dear Directors,


HUB24 Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of HUB24 Limited.

As lead audit partner for the review of the financial statements of HUB24 Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited.

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	CONSOLIDATED Half-year ended	
		31 December 2015 \$	Restated 31 December 2014 \$
Revenue from continuing operations			
Revenue	3(a)	20,226,312	11,647,927
Interest and other income		217,004	325,549
		20,443,316	11,973,476
Expenses			
Platform and custody fees		(1,472,674)	(969,669)
Licensee service fees		(12,572,371)	(7,611,383)
Employee benefits expenses	3(b)	(5,510,607)	(4,200,829)
Property and occupancy costs		(276,336)	(230,100)
Depreciation, amortisation and impairment	3(c)	(363,184)	(264,456)
Administrative expenses	3(d)	(2,067,767)	(1,438,102)
		(22,262,939)	(14,714,539)
Loss before income tax expense from continuing operations		(1,819,623)	(2,741,063)
Income tax benefit		-	-
Loss after income tax from continuing operations		(1,819,623)	(2,741,063)
Loss after income tax from discontinued operations		-	(106,025)
Loss after income tax for the half year		(1,819,623)	(2,847,088)
Other comprehensive income		-	-
Total comprehensive loss for the half year		(1,819,623)	(2,847,088)
Total comprehensive loss for the period attributable to ordinary equity members of HUB24 Limited		(1,819,623)	(2,847,088)
		Cents	Cents
Earnings per share from continuing operations, attributable to ordinary equity members of HUB24 Limited			
Basic earnings per share		(3.48)	(5.62)
Diluted earnings per share		(3.48)	(5.62)
Earnings per share from discontinued operations, attributable to ordinary equity members of HUB24 Limited			
Basic earnings per share		-	(0.23)
Diluted earnings per share		-	(0.23)
Earnings per share for profit attributable to ordinary equity members of HUB24 Limited			
Basic earnings per share		(3.48)	(5.83)
Diluted earnings per share		(3.48)	(5.83)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

	Note	CONSOLIDATED	
		31 December 2015 \$	30 June 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		10,522,105	12,108,825
Trade and other receivables		1,598,949	2,192,379
Other current assets		435,236	413,798
Total Current Assets		12,556,290	14,715,002
Non-Current Assets			
Office equipment		166,323	128,602
Intangible assets		13,292,316	12,972,181
Other non-current assets		256,454	256,454
Total Non-Current Assets		13,715,093	13,357,237
Total Assets		26,271,383	28,072,239
LIABILITIES			
Current Liabilities			
Trade and other payables		1,395,973	2,247,321
Current provisions		1,563,267	2,192,478
Other current liabilities		88,897	88,897
Total Current Liabilities		3,048,137	4,528,696
Non-Current Liabilities			
Non-current provisions		353,927	287,624
Other non-current liabilities		5,314,114	5,358,563
Total Non-Current Liabilities		5,668,041	5,646,187
Total Liabilities		8,716,178	10,174,883
Net Assets		17,555,205	17,897,356
EQUITY			
Issued capital	5	82,939,446	82,090,454
Reserves		3,762,325	3,133,845
Accumulated losses		(69,146,566)	(67,326,943)
Total Equity		17,555,205	17,897,356

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
As at 1 July 2015	82,090,454	3,133,845	(67,326,943)	17,897,356
Total comprehensive loss for the period	-	-	(1,819,623)	(1,819,623)
Transactions with equity members in their capacity as equity members				
Employee options granted	-	349,646	-	349,646
Employee share Issue	848,992	-	-	848,992
Adviser options granted	-	278,833	-	278,833
As at 31 December 2015	82,939,446	3,762,324	(69,146,566)	17,555,205
Restated				
As at 1 July 2014	76,988,017	2,275,332	(61,162,887)	18,100,462
Total comprehensive loss for the period	-	-	(2,847,088)	(2,847,088)
Transactions with equity members in their capacity as equity members				
Employee options granted	-	149,110	-	149,110
Employee share Issue	44,000	-	-	44,000
Adviser options granted	-	185,889	-	185,889
As at 31 December 2014	77,032,017	2,610,331	(64,009,975)	15,632,373

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

	CONSOLIDATED Half-year ended	
	31 December 2015	31 December 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	20,775,293	12,789,435
Payments to suppliers and employees (inclusive of GST)	(21,372,027)	(16,575,521)
Interest received	185,930	201,951
Receipt from research and development incentive	267,132	-
Net cash outflow from operating activities	(143,672)	(3,584,135)
Cash flows from investing activities		
Receipts from return of security deposits	-	116,600
Payments for office equipment	(69,305)	(38,563)
Payments for acquisition of shares in subsidiary, net of cash acquired	(1,000,000)	(941,091)
Payments for intangible assets	(651,736)	(607,345)
Payments for security deposits	-	(2,590)
Net cash outflow from investing activities	(1,721,040)	(1,472,989)
Cash flows from financing activities		
Proceeds from exercise of options	277,992	-
Net cash inflow from financing activities	277,992	-
Net decrease in cash and cash equivalents	(1,586,720)	(5,057,123)
Cash and cash equivalents at beginning of period	12,108,825	13,779,844
Cash and cash equivalents at end of period	10,522,105	8,722,721

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of HUB24 Limited for the half-year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2016.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These half-year financial statements do not include all the notes of the type normally included in the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. Accordingly, it is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by HUB24 Limited ('the Company') during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules and the Corporations Act 2001.

Certain prior year numbers have been reclassified to conform to current year presentation.

Statement of compliance

The financial report complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) applicable to interim reporting as issued by the International Accounting Standards Board.

New, revised or amending Accounting Standards and Interpretations adopted

There are no material changes to accounting standards since the Annual Report for the year ended 30 June 2015 that impact the financial performance or position of the consolidated entity.

Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2015.

Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of the consolidated entity as at 31 December 2015.

Subsidiaries are consolidated from the date on which control is transferred to the consolidated entity.

Going concern

The financial report has been prepared on a going concern basis.

The consolidated entity has raised capital in the prior years from multiple sources for acquisition, regulatory capital requirements, investment platform development and working capital purposes. Accordingly, the directors of the company are confident of sourcing additional capital as and when required.

3. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

	Half-year Ended	
	31 December 2015	31 December 2014
	\$	\$
(a) Revenue		
Platform fees	7,152,521	3,726,058
Licensee fees	13,073,791	7,921,869
	20,226,312	11,647,927
Expenses		
(b) Employee benefits expenses		
Wages and salaries (incl super and payroll tax)	4,002,147	3,330,017
Other employee benefits expenses	1,508,460	870,812
	5,510,607	4,200,829
(c) Depreciation, amortisation and impairment		
Depreciation and impairment of office equipment	38,382	27,345
Amortisation of intangible assets	324,802	237,111
	363,184	264,456
(d) Administrative expenses		
	2,067,767	1,438,102

The current period administrative expenses include \$261,584 in transaction expenses and \$278,833 contingent consideration share based payment expense relating to the Paragem acquisition.

4. OPERATING SEGMENT INFORMATION

Identification of reportable segments

The consolidated entity is organised into two operating segments: platform and licensee.

These operating segments are based on the internal reports that are reviewed and used by the executive management team (identified as the Chief Operating Decision Makers hereafter CODM) in assessing performance and in determining the allocation of resources.

The CODM reviews segment profits (Segment EBITDA) on a monthly basis.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The principal products and services for each of the operating segments are as follows:

Platform

Development and provision of investment and superannuation platform services to financial advisers, stockbrokers, accountants and their clients.

Licensee

Provision of financial advice to clients through financial advisers authorised by Paragem Pty Ltd. The Licensee provides compliance, systems and support to adviser practices enabling advisers to provide clients with financial advice over a range of products.

The provision of corporate services supports these two operating segments and includes an allocation of executive headcount costs.

CONSOLIDATED

31 December 2015	Platform \$	Licensee \$	Intersegment eliminations/ Corporate \$	Total \$
Revenue				
Sales to external customers	6,962,640	13,073,791	-	20,036,431
Total sales revenue	6,962,640	13,073,791	-	20,036,431
Total revenue	6,962,640	13,073,791	-	20,036,431
Segment Result	(740,409)	49,885	(232,737)	(923,261)
<i>Other non-operating items:</i>				
Interest revenue	94,094	-	122,910	217,004
Non-recurring revenue	189,881	-	-	189,881
Share based payment expense	-	-	(678,480)	(678,480)
Non-recurring corporate costs	-	-	(261,584)	(261,584)
Depreciation and amortisation	(359,944)	(3,240)	-	(363,184)
Profit before income tax	(816,377)	46,645	(1,049,890)	(1,819,623)
Income tax				-
Profit after income tax from continuing operations				(1,819,623)
Discontinued operations expense	-	-	-	-
Profit after income tax	(816,377)	46,645	(1,049,890)	(1,819,623)
Reconciliation to revenue from ordinary activities				31 December 2015
Sales to external customers				20,036,431
Non-recurring revenue				189,881
Interest revenue				217,004
Revenue from ordinary activities				20,443,316

CONSOLIDATED

Restated

31 December 2014

	Platform \$	Licensee \$	Intersegment eliminations/ Corporate \$	Total \$
Revenue				
Sales to external customers	3,246,843	7,921,869	-	11,168,712
Total sales revenue	3,246,843	7,921,869	-	11,168,712
Total revenue	3,246,843	7,921,869	-	11,168,712
Segment Result	(2,384,891)	21,751	(150,604)	(2,513,744)
<i>Other non-operating items:</i>				
Interest revenue	51,694	-	164,107	215,801
Non-recurring revenue	588,963	-	-	588,963
Share based payment expense	-	-	(379,000)	(379,000)
Non-recurring corporate costs	-	-	(388,627)	(388,627)
Depreciation and amortisation	(262,397)	(2,059)	-	(264,456)
Profit before income tax	(2,006,631)	19,692	(754,124)	(2,741,063)
Income tax				-
Profit after income tax from continuing operations				(2,741,063)
Discontinued operations expense	-	-	(106,025)	(106,025)
Profit after income tax	(2,006,631)	19,692	(860,149)	(2,847,088)

The operating performance for the Licensee segment reflects the result from the date of acquisition, 1 September 2014.

	Restated 31 December 2014
Reconciliation to revenue from ordinary activities	
Sales to external customers	11,168,712
Non-recurring revenue	588,963
Interest revenue	215,801
Revenue from ordinary activities	11,973,476

5. ISSUED CAPITAL

	CONSOLIDATED		CONSOLIDATED	
	31 December 2015 Number	31 December 2014 Number	31 December 2015 \$	31 December 2014 \$
(a) Issued and paid up capital				
Ordinary shares, fully paid	52,720,711	47,058,181	82,964,446	77,107,017
(b) Other equity securities				
Treasury shares	109,061	141,111	(25,000)	(75,000)
Total Issued and paid up capital	52,829,772	47,199,292	82,939,446	77,032,017
Movements in issued and paid up capital				
Beginning of the financial year	52,058,181	47,058,181	82,090,454	77,107,017
Shares issued	662,530	-	873,992	-
Total shares	52,720,711	47,058,181		
Capital raising costs	-	-	-	-
End of the period	52,720,711	47,058,181	82,964,446	77,107,017
Movement in other equity securities - treasury shares				
Beginning of the financial year	141,111	185,111	75,000	119,000
Employee share issue	(32,050)	(44,000)	(50,000)	(44,000)
End of the period	109,061	141,111	25,000	75,000

Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

On 2 September 2015, the company issued 200,159 ordinary shares to the Executive team in lieu of \$314,500 short term incentive bonus payments authorised for the year ended 30 June 2015.

On 15 October 2015, the company issued 330,000 ordinary shares for options exercised by employees of the company for consideration of \$277,992.

On 7 December 2015, the company issued 132,371 ordinary shares to the Managing Director in lieu of a \$206,500 short term incentive bonus payment authorised for the year ended 30 June 2015 and approved at the Annual General Meeting of the company.

Treasury shares

Treasury shares are shares in HUB24 Limited that are held by HUB24 Employee Share Ownership Trust (ESOT) for the purpose of issuing shares under the HUB24 Employee Share Ownership Plan.

On 15 September 2015, the company transferred 32,050 shares to eligible employees under the HUB24 Employee Share Ownership Plan.

6. FAIR VALUE MEASUREMENT

Due to their short term nature, the carrying amounts of cash and cash equivalents, current trade and other receivables and current trade and other payables is assumed to approximate their fair value.

7. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENT OF COMPARATIVES

The research and development grant claimed from the Australian government (\$414,137) as a refundable tax offset for the year ended 30 June 2014, was classified as an income tax benefit in accordance with AASB 112 - Income Taxes.

During 2015 management changed its accounting policy and determined that the refundable tax offset meets the criteria of a government grant under AASB120 - Accounting for Government Grants and Disclosure of Government Assistance.

The company believes the change in accounting policy provides a better matching of costs and benefits associated with the research and development grant by deferring income and recognising the grant over the useful life of the asset. The impact of this change for the half year ended 31 December 2014 is an income restatement of \$109,748.

In relation to the above prior period adjustment and restatement of comparatives, the extracts of those items affected are outlined below:

	Reported Half-year ended Dec 2014 \$	Adjustment \$	Restated Half-year ended Dec 2014 \$
Statement of profit or loss and other comprehensive income			
Interest and other income	215,801	109,748	325,549
Profit before income tax expense from continuing operations	(2,850,811)	109,748	(2,741,063)
Income tax benefit	-	-	-
Loss after income tax from continuing operations	(2,850,811)	109,748	(2,741,063)
Loss after income tax from discontinued operations	(106,025)	-	(106,025)
Loss after income tax for the year	(2,956,836)	109,748	(2,847,088)
Total comprehensive loss for the year	(2,956,836)	109,748	(2,847,088)

	Reported Dec 2014 \$	Adjustment \$	Restated Dec 2014 \$
Statement of financial position			
ASSETS			
Total Assets	24,516,559	-	24,516,559
LIABILITIES			
Other current liabilities	-	154,196	154,196
Total Current Liabilities	3,069,823	154,196	3,224,019
Other non-current liabilities	4,327,000	1,076,011	5,403,011
Total Non-Current Liabilities	4,584,156	1,076,011	5,660,167
Total Liabilities	7,653,979	1,230,207	8,884,186
Net Assets	16,862,580	(1,230,207)	15,632,373
EQUITY			
Accumulated losses	(62,779,768)	(1,230,207)	(64,009,975)
Total Equity	16,862,580	(1,230,207)	15,632,373

8. EVENTS SUBSEQUENT TO BALANCE DATE

Hugh Robertson has notified the board that he will retire as a Director effective 29 February 2016.

No other matter or circumstance has arisen since 31 December to the date of this report that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

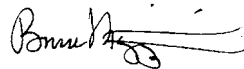
DIRECTORS' DECLARATION

In the opinion of the Directors of HUB24 Limited:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2015 and of the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting, Corporations Regulations 2001 and other mandatory professional reporting requirements; 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.



Bruce Higgins
Chairman of Directors
Sydney, 25 February 2016



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Directors' of HUB24 Limited

We have reviewed the accompanying half-year financial report of HUB24 Limited and its related entities (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 13 to 25.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of HUB24 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Liability limited by a Scheme approved under Professional Standards Legislation

Member of Deloitte Touche Tohmatsu Limited

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of HUB24 Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of HUB24 Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 25 February 2016



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