

18

HALF YEAR ENDED 31 DECEMBER 2017

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4D

	Half-year ended 31 December 2017 \$'000		Half-year ended 31 December 2016 \$'000		%
From continuing and discontinuing operations					
Revenue from ordinary activities	41,011		From 27,528	Increase	49%
Net profit after tax for the year attributable to members	2,291		From 1,328	Increase	73%
Basic earnings per share	3.90	cents	From 2.49	cents Increase	56%
Diluted earnings per share	3.76	cents	From 2.35	cents Increase	60%

DIVIDENDS

It is not proposed to pay an interim dividend (Prior corresponding period: Nil).

EXPLANATION OF RESULT

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

	31 Dec 2017	31 Dec 2016
Net tangible assets per fully paid ordinary share	\$0.363	\$0.139

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 the consolidated half-year report that has been reviewed by the Group's auditors, Deloitte Touche Tohmatsu.

LODGED WITH THE ASX UNDER LISTING RULE 4.2A.3

This report is to be read in conjunction with the Annual Report for the year ended 30 June 2017 and any ASX and/or public announcements made by HUB24 Limited since the release of that report.

CORPORATE INFORMATION



HUB24 LIMITED

ACN 124 891 685



REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 2, 7 Macquarie Place
Sydney NSW 2000



AUDITORS

Deloitte Touche Tohmatsu

Grosvenor Place
225 George Street
Sydney NSW 2000



DIRECTORS

Bruce Higgins (Chairman)
Andrew Alcock (Managing Director)
Ian Litster
Anthony McDonald
Paul Rogan (appointed 20.12.17)
Vaughan Webber



SHARE REGISTRY

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

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



BANKERS

Australia and New Zealand Banking Group Limited

20 Martin Place
Sydney NSW 2000



COMPANY SECRETARY

Matthew Haes



SOLICITORS

Minter Ellison

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

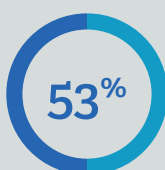


WEBSITE

www.HUB24.com.au

CORPORATE HIGHLIGHTS 1HFY18

SHAREHOLDER VALUE



Share price increase



Basic EPS
(underlying EPS of 3.62 cents)



NPAT increase of 73%

FINANCIAL HIGHLIGHTS



Revenue increase of 49%



Underlying EBITDA¹ increase of 185%



Underlying NPAT² increase of 75%



Operating cashflow increase of 207%

BUSINESS HIGHLIGHTS



of netflows, FUA \$6.9b (now \$7.2b)³



in categories for Managed Accounts, User Interface & Mobile Access⁴



in overall platform satisfaction⁵



client wins leveraging HUB24/Agility development

1. Underlying EBITDA represents EBITDA before other significant items.

2. Underlying NPAT is a non-IFRS measure used by the Group to assess the operating performance of the business (See reference page 8).

3. Unaudited.

4. Awarded first for Managed Accounts, User Interface and Mobile Access in the December 2017 Platform Competitive Analysis and Benchmarking Report based upon extensive analyst reviews of 19 platforms across 526 functional points.

5. Equal first from Investment Trends 2017 Planner Technology report for overall platform satisfaction.

DIRECTORS' REPORT

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 Group”) and the entities it controlled for the half-year ended 31 December 2017 (1HFY18). In order to comply with the provisions of the Corporations Act 2001, the directors report is as follows:

DIRECTORS' REPORT

DIRECTORS

The Directors were in office from the beginning of 1HFY18 until the date of this report, unless otherwise stated.

Mr Bruce Higgins – Chairman

Mr Andrew Alcock – Managing Director

Mr Ian Litster

Mr Anthony McDonald

Mr Paul Rogan – appointed 20 December 2017

Mr Vaughan Webber

CONSOLIDATED ENTITY OVERVIEW

HUB24 Limited operates the HUB24 investment and superannuation platform, provides financial advice to clients through financial advisers authorised by Paragem Pty Ltd and provides application and technology products through Agility Applications Pty Ltd.

The HUB24 investment and superannuation platform is a leading portfolio administration service. The platform provides financial advisers with the capability to offer their clients access to a wide range of investments including market leading managed portfolio functionality, 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 in 2007 by a team with a very strong track record of delivering market-leading solutions in the financial services industry.

Paragem (the licensee) provides licensee services and is a wholly owned subsidiary and boutique dealer group. It comprises a network of 32 financial advice businesses which deliver high quality, goals-based advice. It provides compliance, software, education and support to the practices enabling advisers to provide clients with financial advice across a range of products.

Agility (IT Services) provides application and technology products to the financial services industry, currently servicing approximately 40% of Australia's stockbroking market. It earns software license and consulting fees from data, software and infrastructure.

PRINCIPAL ACTIVITIES

The principal activities of the Group were the provision of investment and superannuation portfolio administration services, the provision of licensee services to financial advisers and software license and IT consulting services.

CORPORATE

As part of the acquisition of Paragem Pty Ltd, a final consideration amount was payable in HUB24 ordinary shares, up to a maximum of 6,488,591 shares, subject to business performance measured over 3 years to 30 September 2017.

On the 10th October 2017 the Group issued 4,256,991 ordinary shares as the final consideration payment.

On 20th December 2017 the Group appointed Paul Rogan as a non-executive director of the Group. Vaughan Webber has indicated his intention to retire from the board as a non-executive director effective 1 March 2018.

The following options and performance rights (PARs) were issued in accordance with schemes approved by shareholders:

- 435,933 share options and 134,153 performance rights (PARs) were issued to staff and executives on 11 October 2017.
- 78,077 share options and 23,897 PARs were issued to the Managing Director on 11 December 2017.

REVIEW OF FINANCIAL RESULTS

The consolidated entity recorded revenue from ordinary activities of \$41.0 million for 1HFY18 (compared to revenue from ordinary activities of \$27.5 million for 1HFY17, an increase of 49%).

A statutory Net Profit after Tax (NPAT) of \$2.3 million was recorded for 1HFY18 (\$1.3 million for 1HFY17).

The key items driving the NPAT performance for the half year were:

- FUA growth from \$4.2b at 31 December 2016 to \$6.9b at 31 December 2017, an increase of 66%
- platform revenue increased by 59% to \$18.8 million for 1HFY18 (\$11.8 million for 1HFY17) while platform direct and operating expenses increased by 39% to \$13.8 million (\$10.0 million for 1HFY17)
- licensee revenue increased by 17% to \$17.3 million for 1HFY18 (\$14.8 million for 1HFY17)
- IT Services revenue recorded of \$4.5 million for 1HFY18 (Nil for 1HFY17)

Underlying NPAT for 1HFY18 was \$2.1 million (\$1.2 million for 1HFY17) after excluding:

- a fair value gain on contingent consideration of \$0.2 million and decrease in share based payment expense of \$0.1 million relating to the finalisation of the Paragem acquisition.
- \$0.1 million of non-recurring corporate costs.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$4.9 million was recorded for 1HFY18 (\$1.7 million for 1HFY17), an increase of 185%.

The following representation of the financial performance of the Group is based upon the internal reports that are reviewed and used by management and the board in assessing performance and determining the allocation of resources. Management and the board review underlying EBITDA before other significant items and underlying NPAT.

FINANCIAL PERFORMANCE	1HFY18 \$	1HFY17 \$	VAR %
Operating Revenue			
Platform	18,765,394	11,823,901	59%
Licensee	17,326,932	14,824,822	17%
IT Services	4,491,821	–	n/a
Total Operating Revenue	40,584,147	26,648,723	52%
Direct expenses	(24,532,985)	(18,376,723)	33%
Gross Profit	16,051,162	8,271,804	94%
% of Revenue	40%	31%	9%
Operating expenses	(11,148,612)	(6,554,007)	70%
Underlying EBITDA	4,902,550	1,717,797	185%
% of Revenue	12%	6%	6%
Other significant items:			
Non-operating revenue	57,650	62,659	(8%)
Fair value gain – contingent consideration	175,268	476,907	(63%)
Payroll tax – Employee options	(146,996)	–	0%
Share based payment expense – Employees	(717,460)	(378,946)	89%
Share based payment expense – Paragem option holders	83,062	39,917	108%
Non-recurring corporate costs	(95,069)	(404,196)	(76%)
EBITDA	4,259,005	1,514,138	181%
Interest revenue	194,387	339,713	(43%)
Discount on consideration	(333,865)	(31,109)	973%
Depreciation and amortisation	(995,995)	(495,238)	101%
Profit before income tax	3,123,532	1,327,504	135%
Income tax expense	(832,797)	–	n/a
Profit after income tax	2,290,735	1,327,504	73%
Underlying NPAT adjustments			
Statutory NPAT	2,290,735	1,327,504	73%
Fair value gain – contingent consideration	(175,268)	(476,907)	(63%)
Share based payment expense – Paragem option holders	(83,062)	(39,917)	108%
Non-recurring corporate costs	95,069	404,196	76%
Underlying NPAT*	2,127,475	1,214,876	75%
Revenue from ordinary activities			
Operating revenue	40,584,147	26,648,723	52%
Non-operating revenue	57,650	62,659	(8%)
Fair value gain – contingent consideration	175,268	476,907	(63%)
Interest revenue	194,387	339,713	(43%)
	41,011,452	27,528,002	49%

* Underlying NPAT is a non-IFRS measure used by the Group which is relevant because it is consistent with measures used internally by management and by some in the investment community to assess the operating performance of the business.

Revenue from ordinary activities comprises recurring revenue, non-operating revenue and interest revenue.

REVENUE

Net inflows of \$1.1b into the HUB24 platform and Funds Under Administration (FUA) of \$6.9b as at 31 December 2017 have resulted in platform revenue of \$18.8 million for 1HFY18, an increase of 59% over 1HFY17 (\$11.8 million). The Licensee has contributed \$17.3 million in revenue for 1HFY18 (\$14.8 million for 1HFY17, an increase of 17%). Revenue is sensitive to movements in equity markets and changes in the composition of client portfolios given a significant proportion of client funds are in either directly held or managed assets with equity market exposure.

IT Services has contributed \$4.5 million in revenue from software licensing and consulting services for 1HFY18 and Nil for 1HFY17 having been acquired on 3 January 2017.

GROSS PROFIT

Strong net inflows, FUA growth, trading activity on the platform and increasing scale benefits have driven a strong gross profit result of \$16.1 million for 1HFY18 (\$8.3 million for 1HFY17), an increase of 94%.

Platform direct costs, contributing \$5.8 million (\$4.8 million for 1HFY17) include custody, trustee, superannuation administration and headcount resources to service current client accounts while Licensee direct costs, contributing \$15.8 million include advisers share of advice fees and suppliers of compliance, software and training services.

IT Services direct costs, contributing \$3.0 million include headcount and infrastructure resources to support existing customer consulting arrangements and software license needs.

OPERATING EXPENSES

Operating expenses of \$11.1 million (\$6.6 million for 1HFY17) include \$1.4 million relating to IT services.

Investment in the operating expense base has continued into the 2018 financial year with recent senior staff appointments in the areas of operations, technology development, risk and compliance, finance, sales & marketing and the Group's move of its new head office premises in December 2017.

A new dedicated development team was established during 1HFY18 to deliver a technology layer that facilitates the integration of data from many sources as well as providing a new user interface joining HUB24 and Agility technology.

Operating expenses include growth investment resources of \$3.5 million (\$2.4 million for 1HFY17). Growth resources are predominantly headcount resources dedicated to sales and marketing, platform development and business strategy (inclusive of M&A activity) to drive future growth.

OTHER SIGNIFICANT ITEMS

A fair value gain on contingent consideration of \$0.2 million relating to the completion of the Paragem acquisition was recorded during the half year (\$0.5 million for 1HFY17).

Share based payment expenses include \$0.7 million for employees and \$0.2 million for associated payroll tax, total of \$0.9 million due to the issue of options and performance rights to executives and staff during the past three years ended 31 December 2017 (\$0.4 million for 1HFY17).

1HFY18 includes a credit to the profit and loss of \$0.08 million with respect to remuneration for post transaction services for Paragem optionholders relating to the acquisition of Paragem (\$0.04 million for 1HFY17).

Non-recurring corporate costs of \$0.1 million were also incurred.

CASH & CASH FLOWS

Cash and cash equivalents at 31 December 2017 were \$13.6 million and the Group recorded positive cashflow from operating activities of \$4.6 million for 1HFY18 (\$1.5 million for 1HFY17).

Platform development costs of \$1.8 million were capitalised during 1HFY18 relating to the development of technology to support data integration initiatives, the Account Opening API and foreign currency assets.

Head office fitout costs of \$1.2 million were incurred to facilitate the move in the Group's head office premises while \$1.7 million was received from the exercise of employee options.

OPERATING SEGMENTS

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

Platform

The provision and ongoing development 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, software, education and business

support to adviser practices enabling advisers to provide clients with financial advice over a range of products.

IT Services

Provision of data, software and IT infrastructure services via software licensing and consulting to the financial services industry.

Corporate

Provision of corporate services to the operating segments including allocation of costs of the Managing Director, finance & compliance, group administration, legal, risk and compliance and strategic support.

PLATFORM SEGMENT

HALF YEAR PLATFORM	1H18 \$	1H17 \$	VAR %
FUA	6,899m	4,149m	66%
Operating Revenue	18,765,394	11,823,901	59%
Direct expenses*	(5,756,124)	(4,829,149)	19%
Gross Profit	13,009,270	6,994,752	86%
% of Revenue	69%	59%	10%
Operating expenses*	(8,039,741)	(5,127,001)	57%
Underlying EBITDA	4,969,529	1,867,751	166%
% of Revenue	26%	16%	10%
Other significant items:			
Non-operating revenue	57,650	62,659	(8%)
EBITDA	5,027,179	1,930,410	160%
Interest revenue	68,910	184,278	(63%)
Depreciation and amortisation	(629,751)	(424,659)	48%
Profit before income tax	4,466,338	1,690,029	164%
*Total platform expenses (direct + operating)	(13,795,865)	(9,956,150)	39%

The platform segment recorded significant improvements in Revenue, Gross Profit and underlying EBITDA for the half year due to increasing FUA. Strong increases in underlying EBITDA and Profit before tax (PBT) were recorded after reaching profitability for the first time in FY2017.

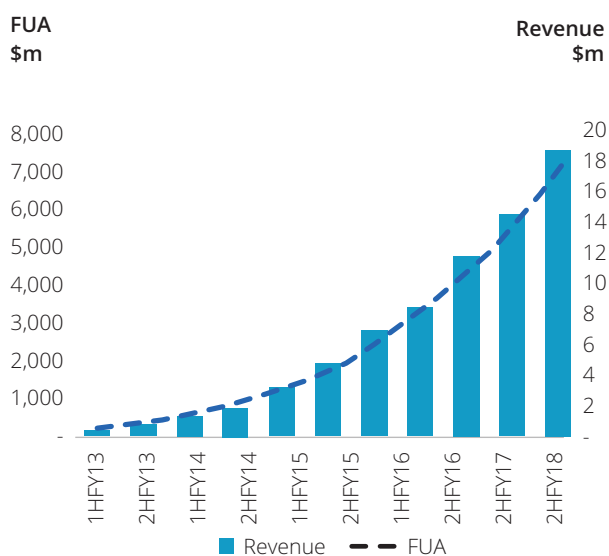
The result was driven by

- an increase in FUA of \$1.4b during the half year to HUB24's investment and superannuation platform, the platform's largest half year FUA increase to date
- 22 new licensees signed distribution agreements with the consolidated entity and 123 new advisers joined the platform during 1HFY18 (1,040 as at 31 December 2017, 737 as at 31 December 2016)
- an increase in FUA per adviser by \$0.6 million to \$6.63 million.

The platform is increasing its investment in technology development to maximise opportunities presented by favourable trends in the financial services industry:

- advisers moving from institutions to the non-aligned market
- market share continuing to shift to new/non-institutional platforms
- adoption of managed portfolios
- convergence occurring across advisory, stockbroking and financial advice.

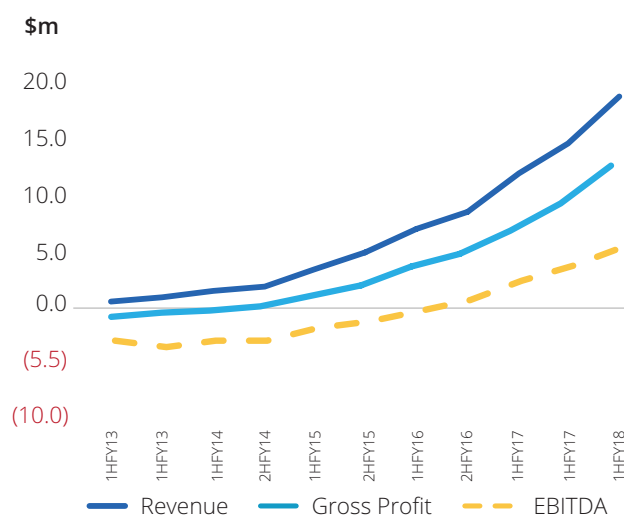
PLATFORM REVENUE – HALF YEAR



Combined platform direct and operating revenue expenses increased by 39% for 1HFY18 compared with 1HFY17 while revenue increased 59% reflecting scale benefits from FUA growth.

The chart below shows the trends of revenue, gross profit and underlying EBITDA with increasing FUA when comparing the half year periods 1HFY13 to 1HFY18.

PLATFORM – HALF YEARLY REVENUE, GROSS PROFIT, & UNDERLYING EBITDA OPERATING TRENDS



LICENSEE SEGMENT

The Licensee, provides licensing for professional financial planning practices with above industry average Funds Under Advice per adviser.

The licensee also provides business coaching and assistance to practices wishing to change their advice process to match the changing nature of the industry. This includes implementing managed portfolios for their clients where appropriate, using professional investment managers to build portfolios in the client's name, improving responsiveness while reducing the cost of compliance. This contemporary investment solution also improves the efficiency of the advice business while ensuring that professional fees become the primary driver of practice profitability.

In summary for the half year:

- gross operating revenue (adviser fees) increased by 17% over 1HFY17
- gross profit (licensee's share) increased by 18%
- investments were made in software and compliance to support the future growth of the business
- number of practices licensed by Paragem increased by 2 to 32
- number of individual advisers licensed by Paragem grow by 6 to 76; and
- FUA increased to circa \$4.4bn.

LICENSEE	1HFY18 \$	1HFY17 \$	VAR %
Operating Revenue	17,326,932	14,824,822	17%
Direct costs	(15,825,089)	(13,547,770)	17%
Gross Profit	1,501,842	1,277,052	18%
Operating expenses	(1,410,445)	(1,173,192)	20%
Underlying EBITDA	91,398	103,860	(12%)
Other significant items:			
Interest revenue	13,128	–	n/a
Depreciation and amortisation	(1,972)	(1,175)	68%
Profit before income tax	102,553	102,685	(0%)

Paragem advisers are free to choose the platform that best suits their clients' needs. We've been particularly pleased with the way Paragem advisers have embraced HUB24's technology to blend more contemporary portfolio construction options, such as managed portfolios and SMAs, with their traditional investment solutions. This has enabled them to develop better outcomes for their clients.

IT SERVICES SEGMENT

IT Services provides software license and consulting services from data, software and infrastructure to the financial services industry and stockbroking market in particular. Strategically, this segment provides significant growth opportunities for the Group's core platform segment. IT Services' market leading Agility CONNECT Desktop has over 2,500 users, predominately stockbrokers, reporting on over \$200 billion of Agility client assets.

The IT Services segment has focussed on the following activities:

- an increase of 200 licensed users of the Connect software since acquisition
- investment in an account management capability to support sales opportunities
- integration with HUB24 platform to support delivery of strategic outcomes

More recent activity has been focussed upon developing Agility client opportunities.

IT SERVICES	1HFY18 \$	1HFY17 \$	VAR %
Operating Revenue	4,491,821	–	–
Direct costs	(2,951,771)	–	–
Gross Profit	1,540,050	–	–
Operating expenses	(1,364,532)	–	–
Underlying EBITDA	175,518	–	–
Other significant items:			
Interest revenue	1,306	–	–
Depreciation and amortisation	(135,124)	–	–
Profit before income tax	41,700	–	–

CORPORATE SEGMENT

CORPORATE	1HFY18 \$	1HFY17 \$	VAR %
Operating expenses	(333,895)	(253,813)	32%
Underlying EBITDA	(333,895)	(253,813)	32%
Other significant items:			
Interest revenue	111,043	155,435	(29%)
Fair value gain – contingent consideration	175,268	476,907	(63%)
Payroll tax – Employee options	(146,996)	–	n/a
Share based payment expense – Employees	(717,460)	(378,946)	89%
Share based payment expense – Paragem option holders	83,062	39,917	108%
Non-recurring corporate costs	(95,069)	(404,196)	(76%)
Depreciation and amortisation	(229,148)	(69,405)	230%
Discount on consideration	(333,865)	(31,109)	lge
Profit/(loss) before income tax	(1,487,060)	(465,210)	220%

A portion of operating expenses were allocated to the Corporate segment in the half year. These expenses predominantly relate to corporate headcount overheads that cannot be directly attributed to one of the operating segments (Platform, Licensee, IT Services).

Discount on consideration relates to the amortisation of the discount on contingent consideration for the Agility acquisition (Paragem acquisition for 1HFY17).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the nature or state of affairs of the consolidated entity.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Deferred consideration of \$1.5 million was paid on 3 January 2018 as part settlement of the performance conditions specific to the Agility Applications Pty Ltd acquisition.

No other matters or circumstances have arisen since 31 December 2017 that have 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.

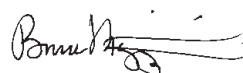
LIKELY DEVELOPMENTS AND EXPECTED RESULTS

With the continued growth in FUA onto the HUB24 investment and superannuation platform and continuing success of its supporting businesses, the Group expects its financial results to continue improving with scale.

Directors are expecting continued growth and profitability.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are not subject to significant environmental regulations under Australian legislation in relation to the conduct of its operations.



Bruce Higgins
Chairman of Directors

Sydney, 26 February 2018

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001



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

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PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

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Tel: +61 (0) 2 9322 7000
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The Board of Directors
HUB24 Limited
Level 2, 7 Macquarie Place
Sydney NSW 2000

26 February 2018

Dear Board Members

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 2017, 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

FOR THE YEAR ENDED 31 DECEMBER 2017

CONDENSED STATEMENT OF

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		CONSOLIDATED	
HALF YEAR ENDED	Note	31 Dec 2017 \$	31 Dec 2016 \$
Income			
Revenue	3(a)	40,641,797	26,711,382
Fair value gain on contingent consideration	7	175,268	476,907
Interest and other income		194,387	339,713
		41,011,452	27,528,002
Expenses			
Platform and custody fees		(2,583,916)	(2,091,463)
Licensee fees		(16,635,691)	(14,234,846)
Employee benefits expenses	3(b)	(12,488,683)	(6,201,829)
Property and occupancy costs		(782,779)	(288,275)
Depreciation and amortisation expense	3(c)	(995,995)	(495,238)
Administrative expenses	3(d)	(4,400,856)	(2,888,847)
		(37,887,920)	(26,200,498)
Profit/(loss) before income tax expense		3,123,532	1,327,504
Income tax expense	10	(832,797)	–
Profit/(loss) after income tax for the half year		2,290,735	1,327,504
Other comprehensive income		–	–
Total comprehensive profit/(loss) for the half year		2,290,735	1,327,504
Total comprehensive profit/(loss) for the half year attributable to ordinary equity members of HUB24 Limited		2,290,735	1,327,504
Earnings per share, attributable to ordinary equity members of HUB24 Limited		Cents	Cents
Basic earnings per share	5	3.90	2.49
Diluted earnings per share	5	3.76	2.35
Earnings per share for profit attributable to ordinary equity members of HUB24 Limited			
Basic earnings per share	5	3.90	2.49
Diluted earnings per share	5	3.76	2.35

The above *Statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF

FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		CONSOLIDATED	
	Note	31 Dec 2017 \$	30 Jun 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		13,621,648	10,836,646
Trade and other receivables		4,850,934	6,874,626
Other current assets		635,826	644,566
Total Current Assets		19,108,408	18,355,838
Non-Current Assets			
Property plant & equipment		2,046,357	778,268
Deferred tax assets	10	14,947,696	15,776,822
Intangible assets	6	29,319,169	28,085,430
Other non-current assets		2,000,000	115,670
Total Non-Current Assets		48,313,222	44,756,190
Total Assets		67,421,630	63,112,028
LIABILITIES			
Current Liabilities			
Trade and other payables	7	4,640,842	8,104,155
Current provisions		3,366,489	3,747,617
Deferred revenue		88,897	88,897
Total Current Liabilities		8,096,228	11,940,669
Non-Current Liabilities			
Non-current provisions		829,636	729,543
Other non-current liabilities	8	7,043,540	6,826,376
Total Non-Current Liabilities		7,873,176	7,555,919
Total Liabilities		15,969,404	19,496,588
Net Assets		51,452,226	43,615,440
EQUITY			
Issued capital	9	95,522,489	89,148,977
Reserves		3,278,943	4,106,404
Accumulated losses		(47,349,206)	(49,639,941)
Total Equity		51,452,226	43,615,440

The above *Statement of financial position* should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF

CHANGES IN EQUITY

AS AT 31 DECEMBER 2017

	CONSOLIDATED			
	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
As at 1 July 2017	89,148,977	4,106,404	(49,639,941)	43,615,440
Total comprehensive profit for the period				
Transactions with equity members in their capacity as equity members	–	–	2,290,735	2,290,735
Shares issued for Paragem consideration	3,936,440	(718,300)	–	3,218,140
Capital raising costs	(8,566)	–	–	(8,566)
Options and rights granted – employees	–	566,460	–	566,460
Shares issued to employees:				
– Options exercised	592,559	(592,559)	–	–
– Share based payments	1,702,079	–	–	1,702,079
– Share ownership plan	151,000	–	–	151,000
Remuneration for post transaction services – Paragem option holders*	–	(83,062)	–	(83,062)
As at 31 December 2017	95,522,489	3,278,943	(47,349,206)	51,452,226

* Paragem option holders include a share based payment expense of \$47,138 for the half year ended 31 December 2017, offset by an adjustment of \$130,200 due to remuneration for past transaction services for option holders..

As at 1 July 2016	83,080,332	4,396,272	(68,514,071)	18,962,533
Total comprehensive profit for the period	–	–	1,327,504	1,327,504
Transactions with equity members in their capacity as equity members				
Options and rights granted – employees	–	315,946	–	315,946
Shares issued to employees:				
– Options exercised	662,488	(662,488)	–	–
– Share based payments*	1,129,811	–	–	1,129,811
– Share ownership plan	63,000	–	–	63,000
Remuneration for post transaction services – Paragem option holders**	–	(39,917)	–	(39,917)
As at 31 December 2016	84,935,631	4,009,813	(67,186,567)	21,758,877

* Share based payments include shares issued to the executive team in lieu of short term incentive bonus payments of \$297,001 for the year ended 30 June 2016.

** Paragem option holders include a share based payment expense of \$278,833 for the half year ended 31 December 2016, offset by an adjustment of \$318,750 due to remuneration for past transaction services for option holders. Refer to note 9 for further details.

The above *Statement of changes in equity* should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF

CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

HALF YEAR ENDED	CONSOLIDATED	
	31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	44,400,867	29,294,491
Payments to suppliers and employees (inclusive of GST)	(39,827,789)	(28,158,326)
Interest received	26,729	233,544
Receipts from superfund expense recovery	–	127,427
Net cash inflow from operating activities	4,599,807	1,497,136
Cash flows from investing activities		
Payments for office equipment	(1,508,303)	(100,739)
Payments for acquisition related expenses	–	(73,897)
Payments for intangible assets	(1,989,520)	(963,490)
Payments for security deposits	–	(4,023)
Net cash (outflow) from investing activities	(3,497,823)	(1,142,149)
Cash flows from financing activities		
Payments for capital raising costs	(12,238)	–
Proceeds from share options exercised by employees	1,695,257	832,811
Net cash inflow from financing activities	1,683,019	832,811
Net increase/(decrease) in cash and cash equivalents	2,783,003	1,187,798
Cash and cash equivalents at beginning of year	10,836,645	9,267,163
Cash and cash equivalents at end of year	13,621,648	10,454,961
Non-cash financing activities*	–	297,001

Non-cash financing activities

* No shares were issued to the executive team in lieu of short term incentive bonus payments for the half-year ended 31 December 2017 (\$297,001 for the half-year ended 31 December 2016 and are non-cash transactions and excluded from financing activities)

The above *Statement of cash flows* should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

1. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of HUB24 Limited and its controlled entities for the half-year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 26 February 2018.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

This general purpose interim financial report for the half-year ended 31 December 2017 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit 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 2017 and considered together with any public announcements made by HUB24 Limited and its controlled entities ('the Group or HUB24') during the half-year ended 31 December 2017 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 2017 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 2017.

BASIS OF CONSOLIDATION

The half-year consolidated financial statements comprise the financial statements of the consolidated entity as at 31 December 2017.

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 Group manages capital across its controlled entities to ensure it can self-fund its operations and continue as a going concern.

3. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

HALF YEAR ENDED	CONSOLIDATED	
	31 Dec 2017 \$	31 Dec 2016 \$
(a) Revenue*		
Platform fees	18,823,044	11,886,560
Licensee fees	17,326,932	14,824,822
IT Services fees	4,491,821	–
	40,641,797	26,711,382

* Revenue comprises operating revenue of \$40,584,147 and non-operating revenue of \$57,650 (prior comparative period: operating revenue of \$26,648,723 and non-operating revenue of \$62,659).

Expenses		
(b) Employee benefits expenses		
Wages and salaries (incl super and payroll tax)	9,744,430	4,632,288
Share based payments expense – Employees	717,460	378,946
Other employee benefits expenses	2,026,793	1,190,595
	12,488,683	6,201,829

(c) Depreciation and amortisation		
Depreciation of office equipment	240,214	69,405
Amortisation of intangible assets	755,781	425,833
	995,995	495,238

(d) Administrative expenses		
Corporate fees	201,430	178,362
Professional and consultancy fees	807,155	626,798
Information services and communication	1,026,380	354,465
Travel and entertainment	536,669	255,806
Share based payments – Paragem option holders	(83,062)	(39,917)
Discount on consideration	333,865	31,109
Superfund administrative fees	804,312	587,704
Other administrative expenses*	774,107	894,520
	4,400,856	2,888,847

* Other administrative expenses include \$79,800 in non-recurring corporate costs (\$404,196 for the half year ended 31 December 2016). Prior comparatives have been reclassified for presentation purposes and consistency with the current year.

4. OPERATING SEGMENT INFORMATION

IDENTIFICATION OF REPORTABLE SEGMENTS

The consolidated group is organised into three operating segments: platform, licensee and IT services.

These operating segments are based on the internal reports that are reviewed and used by the Board and 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.

All of the Group's operations are based in Australia. 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, software, education and business support to adviser practices enabling advisers to provide clients with financial advice over a range of products.

IT SERVICES

Provision of application and technology products for the financial services sector. Fees are generated from license and consulting services relating to data management, software and infrastructure.

CORPORATE

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

31 DEC 2017	CONSOLIDATED				
	Platform \$	Licensee \$	IT Services \$	Corporate \$	Total \$
Revenue					
Operating revenue	18,765,394	17,326,932	4,491,821	–	40,584,147
Total operating revenue	18,765,394	17,326,932	4,491,821	–	40,584,147
Segment result	4,969,529	91,398	175,518	(333,895)	4,902,550
Other non-operating items:					
Interest revenue	68,910	13,128	1,306	111,043	194,387
Non-recurring revenue	57,650	–	–	–	57,650
Fair value gain – contingent consideration	–	–	–	175,268	175,268
Share based payments - Employee	–	–	–	(717,460)	(717,460)
Share based payments - Paragem option holders	–	–	–	83,062	83,062
Non-recurring corporate costs	–	–	–	(95,069)	(95,069)
Discount on consideration	–	–	–	(333,865)	(333,865)
Depreciation and amortisation	(629,751)	(1,972)	(135,124)	(229,148)	(995,995)
Payroll tax – employee options	–	–	–	(146,996)	(146,996)
Profit before income tax	4,466,338	102,553	41,700	(1,487,060)	3,123,532
Income tax expense	–	–	–	(832,797)	(832,797)
Profit after income tax	4,466,338	102,553	41,700	(2,319,857)	2,290,735
Reconciliation to revenue from ordinary activities					
Operating revenue					40,584,147
Non-operating revenue					57,650
Fair value gain on contingent consideration					175,268
Interest revenue					194,387
Revenue from ordinary activities					41,011,452

31 DEC 2016	CONSOLIDATED				
	Platform \$	Licensee \$	IT Services \$	Corporate \$	Total \$
Revenue					
Operating revenue	11,823,901	14,824,822	–	–	26,648,723
Total operating revenue	11,823,901	14,824,822	–	–	26,648,723
Segment Result					
	1,867,751	103,860	–	(253,813)	1,717,797

Other non-operating items:					
Interest revenue	184,278	–	–	155,435	339,713
Non-operating revenue	62,659	–	–	–	62,659
Fair value gain – contingent consideration	–	–	–	476,907	476,907
Share based payments – Employee	–	–	–	(378,946)	(378,946)
Share based payments – Paragem option holders	–	–	–	39,917	39,917
Non-recurring corporate costs				(404,196)	(404,196)
Discount on consideration	–	–	–	(31,109)	(31,109)
Depreciation and amortisation	(424,659)	(1,175)	–	(69,405)	(495,238)
Profit before income tax	1,690,029	102,685	–	(465,210)	1,327,504
Income tax expense	–	–	–	–	–
Profit after income tax	1,690,029	102,685	–	(465,210)	1,327,504

Reconciliation to revenue from ordinary activities	
Operating revenue	26,648,723
Non-operating revenue	62,659
Fair value gain – contingent consideration	476,907
Interest revenue	339,713
Revenue from ordinary activities	27,528,002

5. EARNINGS PER SHARE

Diluted earnings per share include all options issued to employees as the average share price for the period exceeds the exercise price for all options on issue.

The weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:

	31 Dec 2017 Number	31 Dec 2016 Number
Basic earnings per share	58,796,669	53,233,192
Diluted earnings per share	60,873,310	56,399,104

6. NON-CURRENT ASSETS – INTANGIBLE ASSETS

KEY ESTIMATES AND JUDGEMENTS

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment.

No key estimate or underlying assumptions have been altered, from what was disclosed in the full year financial statements, as at 30 June 2017.

	CONSOLIDATED	
	31 Dec 2017 \$	30 Jun 2017 \$
Investment Platform		
At cost	30,716,733	28,868,467
Accumulated amortisation and impairment	(20,819,874)	(20,327,748)
Net carrying amount	9,896,859	8,540,719
Goodwill		
At cost	15,336,909	15,336,909
Net carrying amount	15,336,909	15,336,909
Dealer Network		
At cost	604,244	604,244
Accumulated amortisation and impairment	(201,415)	(171,203)
Net carrying amount	402,829	433,041
Managed fund client list		
At cost	72,839	72,839
Accumulated amortisation and impairment	(36,420)	(29,136)
Net carrying amount	36,419	43,703
Software		
At cost	332,240	191,629
Accumulated amortisation	(96,246)	(66,885)
Net carrying amount	235,994	124,744
Agility Client Book		
At cost	1,284,000	1,284,000
Accumulated amortisation and impairment	(80,250)	(42,906)
Net carrying amount	1,203,750	1,241,094
Agility Connect Software		
At cost	2,540,970	2,540,970
Accumulated amortisation and impairment	(334,561)	(175,750)
Net carrying amount	2,206,409	2,365,220
Total Net Carrying Amount	29,319,169	28,085,430

Reconciliations of the carrying amount at the beginning and end of the financial period:

	CONSOLIDATED	
	31 Dec 2017 \$	30 Jun 2017 \$
Investment platform		
Opening carrying amount	8,540,719	7,261,779
Other additions	1,848,266	2,053,655
Amortisation charge	(492,126)	(774,715)
Closing carrying amount	9,896,859	8,540,719
Goodwill		
Opening carrying amount	15,336,909	5,852,019
Acquisitions through business combinations	–	9,484,890
Closing carrying amount	15,336,909	15,336,909
Dealer network		
Opening carrying amount	433,041	493,466
Amortisation charge	(30,212)	(60,425)
Closing carrying amount	402,829	433,041
Managed fund client list		
Opening carrying amount	43,703	58,271
Other additions	–	–
Amortisation charge	(7,284)	(14,568)
Closing carrying amount	36,419	43,703
Software		
Opening carrying amount	124,744	50,987
Acquisitions through business combinations	–	23,030
Other additions	141,254	80,211
Amortisation charge	(30,004)	(29,484)
Closing carrying amount	235,994	124,744
Customer Relationships		
Opening carrying amount	1,241,094	–
Acquisitions through business combinations	–	1,284,000
Amortisation charge	(37,344)	(42,906)
Closing carrying amount	1,203,750	1,241,094
Connect Software		
Opening carrying amount	2,365,220	–
Acquisitions through business combinations	–	2,540,970
Amortisation charge	(158,811)	(175,750)
Closing carrying amount	2,206,409	2,365,220

7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 Dec 2017 \$	30 Jun 2017 \$
Trade creditors	229,674	592,441
Contingent consideration – Paragem	–	3,383,099
Deferred consideration – Agility	1,738,056	1,876,113
Unwind of discount on deferred consideration – Agility	61,944	61,944
Sundry creditors	2,611,168	2,190,558
	4,640,842	8,104,155

CONTINGENT CONSIDERATION – PARAGEM

On 10 October 2017 the Group issued 4,256,991 ordinary shares (refer to Note 9) as the final consideration payment for the Group's acquisition of Paragem Pty Ltd that was acquired on 3 September 2014.

The shares issued are not subject to escrow arrangements or disposal restrictions and are freely tradeable from the date of issue.

The final payment for the Paragem deferred contingent consideration has resulted in a fair value gain of \$175,268 for the half year ended 31 December 2017 (\$476,907 for the half year ended 31 December 2016.)

DEFERRED CONSIDERATION – AGILITY

Deferred consideration refers to cash payments of up to \$2 million to be paid on 3 January 2018 subject to performance conditions and warranty claims. As at the date of these accounts \$1.7 million has been paid with an additional \$0.3m to be paid on the renewal of a key client contract.

8. NON-CURRENT LIABILITIES – OTHER

	CONSOLIDATED	
	31 Dec 2017 \$	30 Jun 2017 \$
Contingent consideration – Agility	6,234,219	5,972,607
Deferred revenue from research and development claim	809,321	853,769
	7,043,540	6,826,376

CONTINGENT CONSIDERATION – AGILITY

The contingent consideration arrangement requires the Group to issue the former equity owners of Agility Applications Pty Ltd up to \$3.5 million in cash and \$3.5 million in HUB24 ordinary shares subject to certain conditions and performance hurdles.

The fair value of the contingent consideration arrangement is estimated to be \$6.234 million which assumes 100% of performance criteria will be met.

In the circumstances where 90% of performance criteria were to be met, the following impact would result:

Contingent purchase consideration	Decrease by	\$623,422
Fair value gain	Increase by	\$623,422

A decrease in the estimated contingent consideration may be an indicator of impairment of Agility goodwill.

DEFERRED REVENUE FROM RESEARCH AND DEVELOPMENT CLAIM

The provision represents revenue which has been deferred to be recognised against development costs at the same rate and timing as the amortisation of the asset to which the grant relates.

9. ISSUED CAPITAL

	CONSOLIDATED		CONSOLIDATED	
	31 Dec 2017 Number	31 Dec 2016 Number	31 Dec 2017 \$	31 Dec 2016 \$
(a) Issued and paid up capital				
Ordinary shares, fully paid	61,049,999	53,921,303	95,570,341	84,999,813
(b) Other equity securities				
Treasury shares	70,789	94,949	(47,852)	(64,182)
Total Issued and paid up capital	61,120,788	54,016,252	95,522,489	84,935,931
Movements in issued and paid up capital				
Beginning of the financial year	54,980,675	52,890,711	89,213,158	83,154,052
Shares issued	6,069,324	1,030,592	4,920,221	1,129,811
Transfers from share based payment reserve	–	–	1,310,859	662,488
Additional paid up capital	–	–	134,669	53,462
Total shares	61,049,999	53,921,303	95,578,907	84,999,813
Capital raising costs	–	–	(8,566)	–
End of the period	61,049,999	53,921,303	95,570,341	84,999,813
Movement in other equity securities – treasury shares				
Beginning of the financial year	94,949	109,061	64,182	73,721
Employee share issue	(24,160)	(14,112)	(16,330)	(9,539)
End of the period	70,789	94,949	47,852	64,182

ORDINARY SHARES

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

On 14 July 2017, the Group issued 310,000 ordinary shares for options exercised by employees of the Group for consideration of \$261,424.

On 1 August 2017, the Group issued 680,000 ordinary shares for options exercised by employees of the Group for consideration of \$573,784.

On 6 September 2017, the Group issued 462,333 ordinary shares for options exercised by employees of the Group for consideration of \$514,073.

On 10 October 2017, the Group issued 4,256,991 ordinary shares for final settlement of the Paragem acquisition earnout consideration of \$3,936,440.

On 1 December 2017, the Group issued 240,000 ordinary shares for options exercised by employees of the Group for consideration of \$235,200.

On 11 December 2017, the Group issued 120,000 ordinary shares for options exercised by employees of the Group for consideration of \$117,600.

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 HUB24 Employee Share Ownership Plan.

10. INCOME TAX

KEY ESTIMATES AND JUDGEMENTS

Recovery of deferred tax assets

Deferred tax assets are recognised for prior period income tax losses, research and development tax offsets and deductible temporary differences to the extent that Directors consider that it is probable that future taxable profits will be available to offset these amounts.

The deferred tax asset has been recognised as at 31 December 2017 based on the following management judgements:

- The Group has accelerated its profitability in the half year ended 31 December 2017 having recorded its first year of profitability in FY17
- The Group has delivered consistent gross profit and EBITDA improvements over the past 4 years and expects this trend and its growth trajectory to continue.

The Group assumes there will be ongoing compliance with relevant tax legislation.

	CONSOLIDATED	
	31 Dec 2017 \$	31 Dec 2016 \$
(a) Income tax expense/(benefit)		
Deferred tax expense/(benefit)	832,797	–
Income tax expense/(benefit)	832,797	–
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	851,577	–
(Decrease)/increase in deferred tax liabilities	(22,452)	–
Deferred tax – debited/(credited) directly to equity	3,672	–
	832,797	–
(b) Reconciliation of income tax expense/(benefit) to pre tax accounting profit/(loss)		
Profit / (loss) from continuing operations before income tax	3,123,532	1,327,504
	3,123,532	1,327,504
Prima facie income tax at 30%	937,059	398,251

CONSOLIDATED		
	31 Dec 2017	31 Dec 2016
	\$	\$
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment – non-deductible	22,256	–
Other expenses – non-deductible	(24,919)	–
R&D expenditure – accounts	331,133	–
Employee share plan costs – non-deductible	215,238	–
Other income – non-assessable	(65,915)	–
	1,414,852	398,251
Non-recognition DTA	–	(398,251)
Temporary difference movement variance	554,481	–
Movement in balance of non-refundable carry forward tax offsets	(1,136,536)	–
	(582,055)	(398,251)
Income tax expense/(benefit)	832,797	–
Other disclosure items		
Deferred tax – debited/(credited) directly to equity	(3,672)	–

10. INCOME TAX ASSET

CONSOLIDATED		
	31 Dec 2017	30 Jun 2017
	\$	\$
(c) Deferred Tax Asset		
Deferred tax asset comprises temporary differences attributable to:		
Intangibles – other	1,109,548	1,660,201
Accrued expenses	165,078	139,589
Provisions	1,258,838	1,300,275
Carry forward tax losses	8,530,212	9,927,855
Non-refundable carry forward tax offsets	4,310,906	3,174,370
Capital raising costs	66,014	89,883
	15,440,596	16,292,173
Movements:		
Opening balance	16,292,173	1,286,506
Intangibles - other	(550,654)	1,512,161
Accrued expenses	25,489	8,141
Provisions	(41,437)	363,586
Carry forward tax losses	(1,397,643)	9,927,855
Non-refundable carry forward tax offsets	1,136,536	3,174,370
Capital raising costs	(23,868)	(72,272)
Acquired DTA	–	91,826
Closing balance	15,440,596	16,292,173

	CONSOLIDATED	
	31 Dec 2017 \$	30 Jun 2017 \$
(d) Deferred Tax Liability		
Deferred tax liability comprises temporary differences attributable to:		
Intangibles	492,900	515,351
Movements:		
Opening balance	515,351	342,630
Accounts receivable - other	-	(81,691)
Other Intangibles	(22,451)	367,311
Credited/(charged) to profit or loss	-	(112,899)
Closing balance	492,900	515,351
(e) Other disclosure items		
Capital raising costs in Equity	(3,672)	(3,525)

TAX CONSOLIDATION

(i) Members of the tax consolidated entity and the tax sharing arrangement

HUB24 Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated entity.

HUB24 Limited is the head entity of the tax consolidated entity. Members of the consolidated entity have entered into a tax sharing agreement.

(ii) Tax effect accounting by members of the tax consolidated entity

The head entity and the controlled entities in the tax consolidated entity continue to account for their own current and deferred tax amounts as per UIG 1052 Tax Consolidation Accounting. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits (if any) assumed from controlled entities in the tax consolidated entity.

11. EVENTS SUBSEQUENT TO BALANCE DATE

Deferred consideration of \$1.5 million was paid on 3 January 2018 as part settlement of the first performance condition specific to the Agility Applications acquisition.

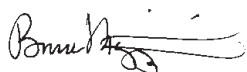
No other matters or circumstances, have arisen since 31 December 2017 to the date of this report that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

DIRECTOR'S 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 2017 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 Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.305(5) of the Corporations Act 2001.



Bruce Higgins
Chairman of Directors

Sydney, 26 February 2018

INDEPENDENT AUDITOR'S REPORT



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

We have reviewed the accompanying half-year financial report of HUB24 Limited, which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows, the condensed statement of changes in equity 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 17 to 33.

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 2017 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.

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.

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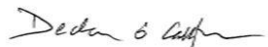
Conclusion

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 2017 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, 26 February 2018

