Navigator Global Investments Limited (ASX:NGI)

ASX Appendix 4D

For the six months ended 31 December 2017

Results for announcement to the market

(all comparisons to the six months ended 31 December 2016) *Amounts in USD'000*

				31 December 2017
Revenue from ordinary activities	Up	14%	to	**40,907**
Earnings before interest, tax, depreciation, amortisation and impairment	Up	14%	to	**16,116**
Profit from ordinary activities after tax attributable to members	Down	(418%)	to	**(26,763)**
Net profit for the period attributable to members	Down	(418%)	to	**(26,763)**

Dividends	Amount per ordinary share	Franked %	Conduit foreign income %
Interim 2017 dividend per share (paid 10 March 2017)	USD 6.0 cents	0%	100%
Final 2017 dividend per share (paid 1 September 2017)	USD 8.0 cents	0%	100%
Interim 2018 dividend per share (to be paid 9 March 2018)	USD 7.0 cents	0%	100%

The directors have determined an unfranked final dividend of United States (US) 7.0 cents per share (with 100% conduit foreign income credits). The dividend dates are:

Ex-dividend date:	21 February 2018
Record date:	22 February 2018
Payment date:	9 March 2018

NGI dividends are determined in US dollars. However, shareholders will receive their dividend in Australian dollars. Currency conversion will be based on the foreign exchange rate on the record date of 22 February 2018.

Dividend Policy

The Company has set a policy to apply from the 2017 financial year of paying a dividend of 70% to 80% of the earnings before interest, depreciation, amortisation, impairment expense and tax (EBITDA). Dividends will by unfranked, however may have conduit foreign income credits attached.

The payment of dividends will be subject to corporate, legal and regulatory considerations.

The above policy allows the NGI Group to retain a portion of cash generated from operating activities, and to therefore have funds available to make additional investments into the Lighthouse Funds where such investments further the overall operating interests of the Group, or to act on external investment and/or acquisition opportunities as and when they may arise.

A dividend reinvestment plan does not operate in respect to dividends of the Company.

Net tangible assets	**31 December 2017**	31 December 2016
Per ordinary share	USD 31.85 cents	USD 27.41 cents

Additional Appendix 4D requirements can be found in the directors' report and the 31 December 2017 interim financial report and accompanying notes.

This report is based on the 31 December 2017 interim financial report (which includes consolidated financial statements reviewed by Ernst & Young).

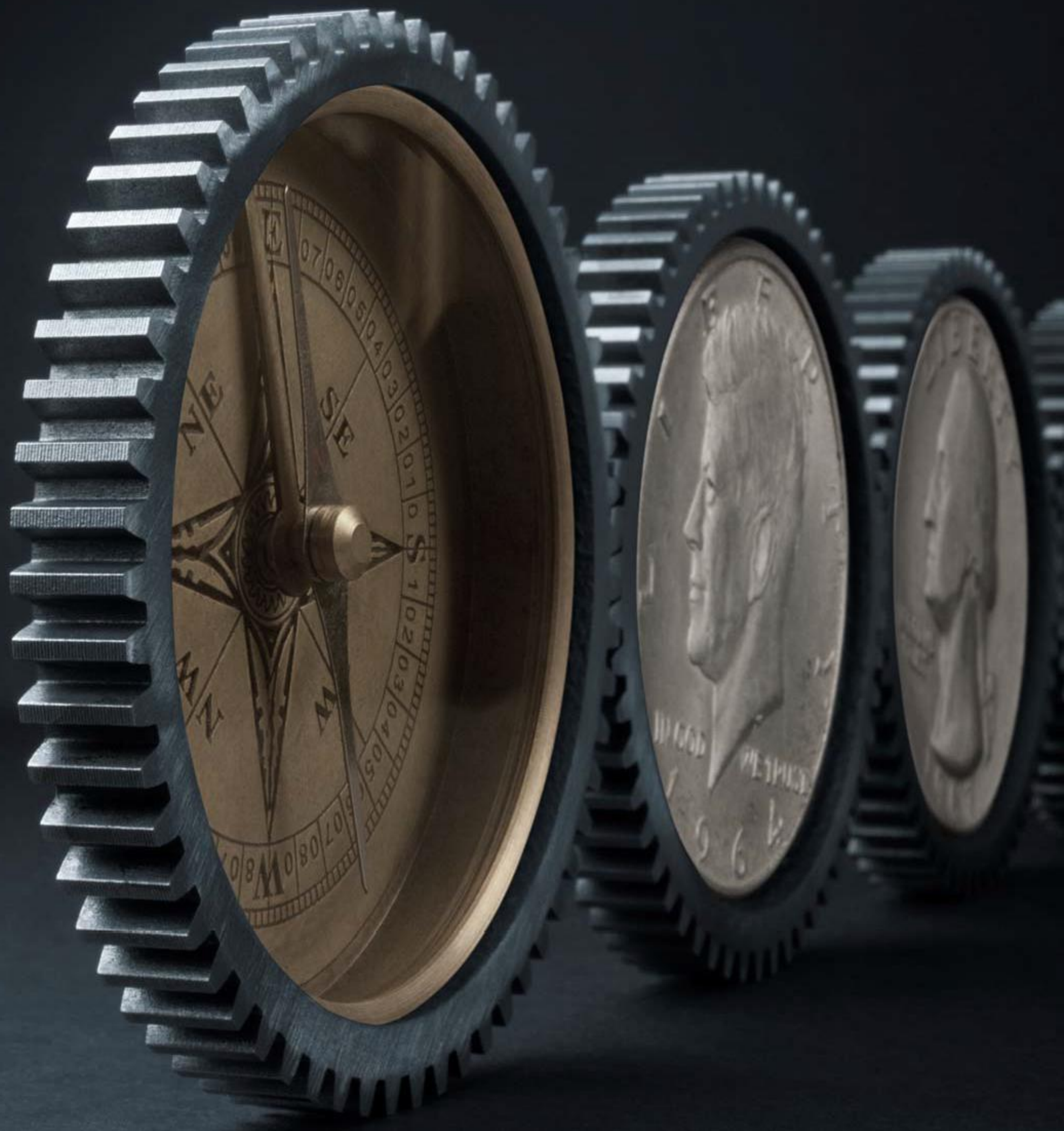
Navigator Global Investments Limited
and its controlled entities

ACN 101 585 737

(formerly HFA Holdings Limited)

Interim Financial Report

31 December 2017



Navigator Global Investments Limited

ACN 101 585 737

The Company changed its name from HFA Holdings Limited effective from 6 November 2017

Principal Office

Level 9, 39 Sherwood Road
Toowong QLD 4066

+61 7 3218 6200

www.navigatorglobal.com.au

Registered Office

Level 21
10 Eagle Street
Brisbane QLD 4000

Shareholder information and inquiries

All inquiries and correspondence regarding shareholdings should be directed to the share registry provider:

Link Market Services Limited

Level 12
680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235

1300 554 474

+61 2 8280 7111

www.linkmarketservices.com.au

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Unless otherwise indicated, the numbers in this interim financial report have been presented in

US Dollars (USD)

Directors' Report

The Directors present their report together with the interim financial statements of the Group comprising Navigator Global Investments Limited ('Navigator' or 'the Company') and its subsidiaries for the six months ended 31 December 2017.

Board of directors

The Directors of the Company at any time during the interim period and up to the date of this report are set out below. All of the Directors have been in office for the entire period:

Michael Shepherd, AO (Chairman)	Appointed 16 December 2009
Fernando (Andy) Esteban	Appointed 18 June 2008
Andrew Bluhm	Appointed 17 October 2012
Randall Yanker	Appointed 14 October 2014
Sean McGould	Appointed 3 January 2008

Change of Company name

The Company changed its name from HFA Holdings Limited (ASX: HFA) to Navigator Global Investments Limited (ASX: NGI) effective 6 November 2017.

Principal activities

The principal activity of the Group during the course of the financial year was the provision of investment management products and services to investors globally.

Navigator Global Investments Limited is a company limited by shares that is incorporated in Australia, and is the ultimate parent entity of Lighthouse Investment Partners, LLC ('Lighthouse').

Lighthouse is a US based investment manager which has been operating multi-manager hedge fund portfolios for diversification and absolute return since 1999. As at 31 December 2017, Lighthouse is managing $10.5 billion of assets.

Lighthouse believes the most effective way to achieve diversification from traditional markets is through exposure to intelligently designed and actively managed portfolios of hedge fund strategies. Lighthouse's overall objective is to create and deliver innovative investment solutions that compound investor capital.

Lighthouse has offices in New York, Chicago, Palm Beach Gardens, London, Hong Kong and Tokyo.

Lighthouse has an investor base that spans North America, Europe, the Asia-Pacific and the Middle East. It includes high net worth individuals, family offices, endowments, foundations, trusts, investment banks, benefit plans, pension funds, healthcare and insurance companies.

The success of the Group is driven by 3 key factors

Revenue is earned from managing assets on behalf of our clients (which we refer to as "Assets under Management" or "AUM").

Attracting and retaining AUM requires offering quality investment products and services, and delivering competitive investment performance. Our ability to do this can also be impacted by external factors such as global markets and investor sentiment.

The revenue we earn on our AUM depends on the fees we are entitled to charge for our services.

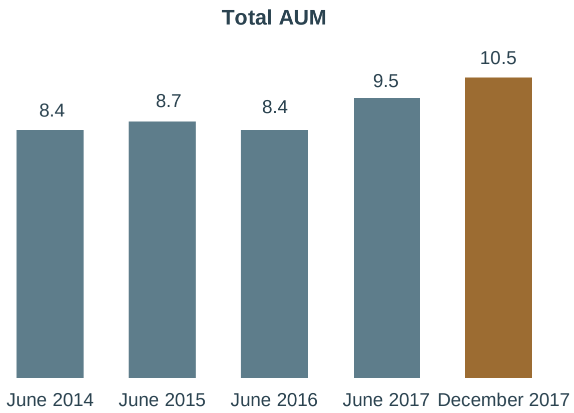
We operate in a highly competitive market, and there is pressure from investors to negotiate lower fee rates across the global investment management industry.

It is our employees who use their skills and knowledge to enable us to provide quality investment products and services, to innovate to meet changing investor needs and to respond to compliance requirements in what is a highly regulated industry.

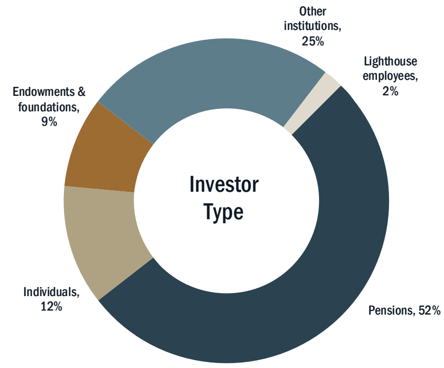
We need to offer competitive remuneration in order to attract, retain and motivate quality employees.

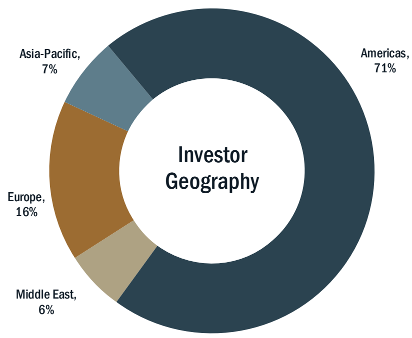
Directors' Report

AUM

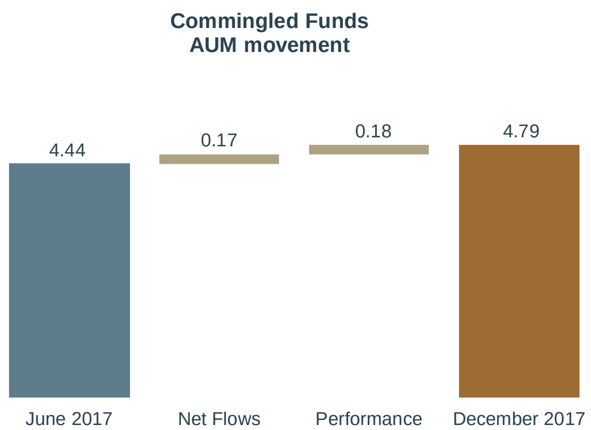


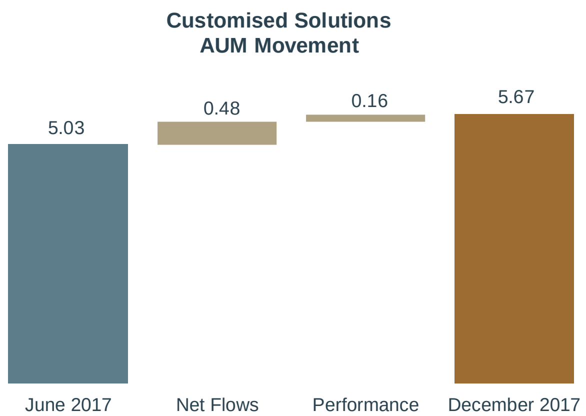
Composition of AUM as at 31 December 2017





AUM has grown by $990 million over the half year, with 66% of growth due to net inflows and the remaining 34% of growth due to positive investment performance. The movements in Commingled Fund and Customised Solutions due to net flows and the impact of investment performance over the half year were as follows:





Notes on AUM:

- Net flow figures include monies received by Lighthouse for applications effective 1 January 2018, and accordingly excludes monies received by Lighthouse which were effective 1 July 2017. This convention in relation to the reporting of net flows and AUM has been consistently applied by the NGI Group since January 2008.
- Performance includes investment performance, market movements, the impacts of foreign exchange on non-USD denominated AUM and distributions (if any).
- 31 December 2017 AUM is estimated and is based on performance estimates which may be subject to revision near the 20th business day of the month and upon final audit. AUM excludes a non-discretionary long-only managed account structured for a single investor. AUM may include transfers from other Lighthouse Funds that occurred on the first day of the following month.

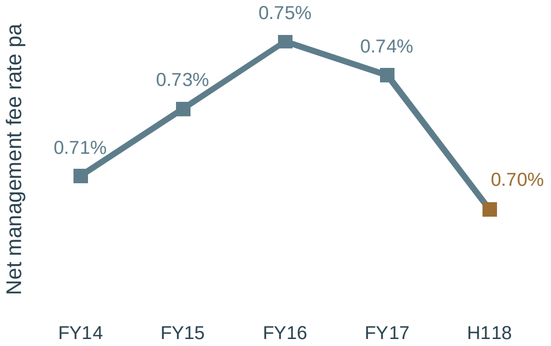
Directors' Report

Fee rates

Management fees

The average net management fee for the six months to 31 December 2017 was 0.70%pa.

The net management fee rate represents the blended net management fee rate across all AUM. This decrease has been largely driven by increases in AUM in Commingled Fund share classes which have a lower management fee. In some cases, the fee structure for these share classes allows Lighthouse to earn a performance fee.



Performance fees

Fees are a key consideration for investors, and there is pressure to reduce fees across the broader asset management industry. We engage with clients and potential clients to ensure that fees are structured to provide an alignment of interests.

We have created share classes in our Commingled Funds to provide more optionality for these investors to select a fee structure which best suits their requirements.

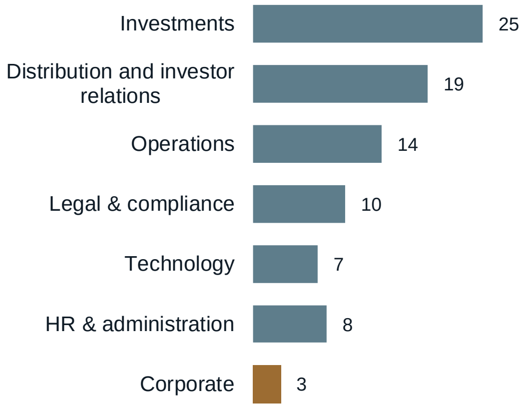
Fee arrangements for Customised Solution clients are negotiated individually. Whilst most arrangements involve only a management fee, some clients also have a performance fee component as part of their fee structure.

Portfolios within both Commingled Funds and Customised Solutions which have the potential to earn a performance fee are approximately 13% of AUM as at 31 December 2017. Performance fees are therefore expected to be a growing component of the Group's revenue.

Due to a combination of improved investment performance in relevant portfolios and an increase in the proportion of AUM able to earn a performance fee, performance fee income for the six months to 31 December 2017 was $2.5m, up $2.0m or 486% on the same period in the prior year.

People

As at 31 December 2017, the Group has 86 employees across the following functional divisions:



Directors' Report

Summary of the Navigator Group HY18 result

EBITDA up 14%

	Consolidated US$'000		
	31 December 2017	31 December 2016	% change
Management and platform fee income	38,450	35,332	9%
Performance fee income	2,457	419	486%
Distribution costs	(3,035)	(2,721)	(12%)
Net revenue	**37,872**	**33,030**	15%
Other income	492	169	191%
Operating expenses[1]	(22,811)	(18,474)	(23%)
Result from operating activities[1]	**15,553**	**14,725**	6%
Net finance income / (costs), excluding interest	941	(383)	346%
Share of loss of equity accounted investee	(378)	(234)	(62%)
Earnings before interest, tax, depreciation, amortisation and impairment losses (EBITDA)	**16,116**	**14,108**	14%
Net interest income	93	30	212%
Depreciation and amortisation	(447)	(340)	(32%)
Impairment losses	(1,132)	-	(100%)
Profit before income tax	**14,630**	**13,798**	6%
Income tax expense[2]	(41,393)	(5,371)	(671%)
Net profit / (loss) after income tax	**(26,763)**	**8,427**	(418%)
Profit / (loss) for the year attributable to owners of the Company	**(26,763)**	**8,427**	(418%)
Basic EPS (cents per share)	(16.51)	5.20	

1 Excludes net finance income / (costs), interest, depreciation, amortisation, impairment losses and share of loss of equity accounted investee. These items have been excluded so as to present the expenses and results arising from the Group's core operating activities.

2 $36.8 million of the income tax expense relates to the restatement of the Group's deferred tax assets due to the reduction in the US Federal income tax rate from 35% to 21%. Page 8 and 9 includes further information in relation to the income tax expense impact of this reduction.

The above presentation of the Group's results is intended to provide a measure of the Group's operating performance before the impact of expense items such as depreciation, amortisation and impairment losses and non-operating items such as net interest income. Net profit before and after income tax reconciles to the consolidated income statement on page 14.

Management and platform fee income

Management and platform fee income of $38.5 million has increased 9% since the prior comparative period. This has been driven by:

- ⬆ an 18% increase in average AUM; offset by
- ⬇ a 6 basis point decrease in the average annual gross fee rate from 0.82% to 0.76%.

The reduction in the average annual gross fee rate has been driven primarily by changes to fees structures within Commingled Funds.

Whilst fee rates in relation to Commingled Funds have historically been relatively stable, there was a 7 basis point reduction in Commingled Fund fees this half as compared to the corresponding prior period. This was a result of a number of factors, including:

- the transfer of monies within Commingled Funds to a lower fee class which also has a 10% performance fee; and
- net AUM flows into Commingled Funds classes with lower management fee rates.

The average fee rate earned in relation to Customised Solutions has remained steady.

Overall, we have seen the impact of an increase in fee pressure during this half year, and consider there may be a further reduction in the Group's average fee rate, particularly if more clients elect to invest in Commingled Fee classes which include a performance fee.

Directors' Report

Performance fee income

The Group earns performance fees on selected Commingled Funds and Customised Solutions portfolios. The fees represent an agreed share of investment outperformance of a fund or portfolio over a defined benchmark and/or high watermark, and may be subject to hurdles.

Performance fee revenue for the period was $2.5 million, an increase of $2.0 million on the corresponding prior period.

Approximately 73% of the performance fees have been earned from Commingled Funds. Share classes have been introduced to some Commingled Funds which have a fee structure that has a lower management fee, but allows Lighthouse to earn a performance fee. As noted above, whilst a transfer of AUM to these fee classes has led to a reduction in the average management fee rate for Commingled Funds, it has contributed to the significant increase in performance fees in this period.

AUM which has the potential to earn performance fees is approximately 13% of total AUM as at 31 December 2017. Performance fees are variable in nature, and it is difficult to forecast how much, if any, performance fee revenue will be earned by the Group in future periods.

Distribution costs

Distribution costs relate to third party distribution arrangements in place for Lighthouse, whereby Lighthouse makes ongoing payments to third parties in relation to clients they have introduced to Lighthouse and who continue to be invested in Lighthouse portfolios. Distribution costs also include rebates on management fees paid to clients.

Distribution costs as a percentage of revenue for the six months ended 31 December 2017 was 8% (31 December 2016: 8%).

Other income

Other income relates to rent, outgoings and operating costs charged to portfolio managers who sublease office space in the Group's New York and London offices.

Operating expenses

Operating expenses increased by $4.3 million compared to the corresponding prior period. The increase is primarily due to:

Employee costs

There was a $2.7 million (19%) increase in employee costs for the Group as compared to the prior period. There are a number of factors which has led to this increase:

- an increase in headcount to 86 employees (31 December 2016: 79). Based on the timing of new hires in each period, the average headcount was 6.5% higher in the current half year;
- the increase in staff included the hire of an investment team of 4 people in New York in July 2017 to establish the Inlet Point brand;
- an increase in bonus remuneration paid to Lighthouse staff due to:
  - higher performance fee revenue, of which 50% is allocated to the Lighthouse Incentive Bonus pool in accordance with the Group's remuneration policy; and
  - an additional amount approved at the Board's discretion for the 2017 calendar year to acknowledge the success in asset raising efforts over the 2017 calendar year.

Occupancy costs

The Group took occupancy of new office premises in New York in August 2017, and as a result occupancy costs have increased by $0.7m this period.

Professional fees

Professional fees for the half year are $1.7 million. The $0.6 million increase compared to the corresponding prior half year is due to higher legal fees for work in relation to new client mandates, the New York office lease and investments in associates. Consulting spend in relation to key investment functions and product development was also higher in this period.

Information and technology expenses

There has been a $0.3m or 61% increase in information and technology expenses compared to the prior half year. This is due to increased IT support costs associated with the new office premises in New York, as well as a new contract for data centre services, including infrastructure support and disaster recovery / business continuity.

Share of loss of equity accounted investee

The Group holds a 40% interest in a US based limited partnership which commenced operations in July 2016. The Group has written down the remaining balance of this interest, and no further share of loss from the equity accounted investee will be incurred.

Impairment losses

The Group has a 40% interest in a US based limited partnership. In addition, the Group has provided $1.0m of funding to the entity which was classified as a non-current unsecured loan to an equity accounted investee. Based on an assessment of the likely prospects of the associate, both the equity investment and unsecured loan have been written down to nil as at 31 December 2017. This has resulted in an impairment loss of $1.13 million being recognised.

Income tax expense

The US Tax Cuts and Jobs Act ('TCJA') was passed into law on 22 December 2017. One of the key provisions of the TCJA is to reduce the US Federal tax rate from 35% to 21% from 1 January 2018. The application of this change in tax rate results in a reduction in the carrying value of the Group's deferred tax assets by $36.8 million, with a corresponding increase to income tax expense in the income statement for this amount.

The TCJA has not impacted the gross value of the Group's existing tax losses available to off-set its current and future tax liabilities, and it is not expected to impact the future timing of when the Group uses all of its tax losses and transitions into a tax payable position.

As the TCJA has only recently been passed, the Group continues to work through the details of its provisions to determine any additional potential impacts on the Group's current or future tax position.

Excluding the impact of the reduction in the carrying value of the Group's deferred tax assets due to the change in the US Federal tax rate, the Group has a non-cash accounting income tax expense for the period of $4.6 million (2016: $5.4 million), representing an effective tax rate for the six months of 31.44% (2017: 38.93%).

Directors' Report

The balance sheet remains solid

	Consolidated US$'000	
	31 December 2017	**30 June 2017**
Assets		
Cash	29,020	33,153
Receivables	10,982	11,230
Investments	15,290	14,455
Intangible assets	95,259	95,423
Recognised deferred tax assets	65,246	106,302
Liabilities	**7,797**	**12,234**
Net tangible assets per share	**31.85**	**30.79**

Sources and uses of cash

The Group primarily used cash generated from operating activities during the six months to 31 December 2017 to pay dividends to shareholders:

- + $11.1 million generated from operating activities
- - $13.0 million paid to shareholders as dividends
- - $1.4 million paid for leasehold improvements and acquisition of equipment
- - $0.9 million loaned to associate

Investments

The Group holds two key types of investments: investment in Lighthouse funds and investment in external entities.

- The Group may hold investments in Lighthouse funds for a number of reasons, such as to meet regulatory commitments, to meet the contractual requirement of a customised client mandate, or to seed a new product which will be offered to external investors in the future. During the period, the Group's holdings in Lighthouse funds increased by $0.8 million to $10.3 million.
- The Group also invests in a number of external entities. The investments are each relatively small and strategic in nature, and may provide interesting synergistic opportunities for Lighthouse. The Directors consider that these investments offer valuable insights into evolving market practices and technologies within the financial services sector. The Directors have assessed the combined fair value of these investments as at 31 December 2017 to be $5.0 million.

Intangible assets

When the Company acquired Lighthouse in January 2008, it recognised $76.1 million of identifiable intangible assets in the form of client relationships, trademarks and software, as well as $499.5 million of goodwill.

- The identifiable intangible assets are amortised over their useful lives (between 5 and 20 years). The acquired customer relationships and software were fully amortised as at December 2015, leaving only a small residual balance of acquired identifiable intangible assets on the balance sheet as at 31 December 2017.
- An impairment loss of $405.7 million was recognised against the goodwill balance in the 2009 financial year. The Company has continued to carry a written-down goodwill balance of $93.8 million since that time.

Deferred tax assets

The Group's balance sheet includes a deferred tax asset of $65.2 million which is comprised of carried forward tax losses and deductible temporary differences relating to the US tax consolidated group.

The significant reduction in the deferred tax asset compared to 30 June 2017 is mainly due to the impact of the TCJA and the resulting reduction in the US Federal corporate tax rate from 35% to 21%.

It is not expected that the Group will be in a tax payable position for a number of years other than in relation to some relatively nominal US state-based taxes.

Liabilities

The Group's liabilities as at 31 December 2017 comprise trade and other payables, and provisions for employee benefits. The Group does not have any loans or borrowings as at reporting date.

Directors' Report

Outlook

The Group continues to execute its strategy to retain and grow our AUM through:

- consistently delivering investment performance in accordance with the investment strategies of the relevant funds and portfolios;
- broadening our global distribution reach through building new relationships and leveraging our existing relationships around the world;
- providing a high level of service to our clients from all parts of our business, with quality and timely reporting on their investments and a proactive approach to ensuring we are meeting all their investment needs; and
- continuing to innovate on how we can deliver solutions to existing and prospective clients.

As noted in the analysis of the half-year result, we have started to see the impacts of changes in fee structures in our business. In particular, some clients are electing to structure fees so that there is a lower management fee rate and a performance fee, as this can create a greater alignment of interests.

Dividends

At the date of this report, the directors have determined an unfranked dividend of USD 7.0 cents per share (with 100% conduit foreign income credits) payable on 9 March 2018. The record date for entitlement to the interim dividend is 22 February 2018.

Significant changes in state of affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this financial report.

Likely developments and expected results

Further information on likely developments in the operations of the Group and the expected results of operations have been included in this interim financial report on pages 4 to 10.

Events subsequent to end of financial year

There has not arisen in the interval between the end of the reporting period and the date of this report, any other item, transaction or event of a material nature, likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11 and forms part of the directors' report for the six months ended 31 December 2017.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of directors:

Michael Shepherd, AO
Chairman and Non-Executive Director

F P (Andy) Esteban
Non-Executive Director

Dated at Sydney this 15th day of February 2018

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's independence declaration to the Directors of Navigator Global Investments Limited

As lead auditor for the review of Navigator Global Investments Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Navigator Global Investments Limited and the entities it controlled during the financial period.

Ernst + Young

Ernst & Young

RBurrows

Rebecca Burrows
Partner
15 February 2018

Interim Financial Statements

Interim Financial Statements contents

Income statement

For the six months ended 31 December 2017

		Consolidated US$'000	
	Note	31 December 2017	31 December 2016
Operating revenue	2	40,907	35,751
Distribution costs		(3,035)	(2,721)
Net revenue		**37,872**	**33,030**
Other income	2	492	169
Operating expenses	3(a)	(23,258)	(18,814)
Results from operating activities		**15,106**	**14,385**
Finance income	4(a)	1,065	70
Finance costs	4(a)	(31)	(423)
Share of loss of equity accounted investee	9	(378)	(234)
Impairment losses	3(b)	(1,132)	-
Profit before income tax		**14,630**	**13,798**
Income tax expense	5	(41,393)	(5,371)
Profit / (loss) for the period		**(26,763)**	**8,427**
Profit / (loss) attributable to members of the parent		**(26,763)**	**8,427**

Earnings per share		Consolidated US cents	
		31 December 2017	31 December 2016
Basic earnings per share	7	(16.51)	5.20
Diluted earnings per share	7	(16.51)	5.20

The accompanying notes form part of these consolidated financial statements

Statement of comprehensive income

For the six months ended 31 December 2017

	Note	Consolidated US$'000	
		31 December 2017	**31 December 2016**
Profit / (loss) attributable to members of the parent		**(26,763)**	**8,427**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale financial asset	4(b)	-	910
Income tax recognised directly in equity	4(b)	313	(346)
Other comprehensive income for the period		**313**	**564**
Total comprehensive income / (loss) for the period		**(26,450)**	**8,991**

The accompanying notes form part of these consolidated financial statements

Statement of financial position

As at 31 December 2017

	Note	Consolidated US$'000 31 December 2017	Consolidated US$'000 30 June 2017
Assets			
Cash		29,020	33,153
Trade and other receivables		10,982	11,230
Current tax assets	5(b)	-	6
Total current assets		**40,002**	**44,389**
Investments recognised at fair value	8	15,290	14,455
Investment in equity accounted investee	9	-	500
Plant and equipment		2,480	1,158
Deferred tax assets	5(c)	65,246	106,302
Intangible assets		95,259	95,423
Other non-current assets		1,672	1,651
Total non-current assets		**179,947**	**219,489**
Total assets		**219,949**	**263,878**
Liabilities			
Trade and other payables		2,853	2,656
Employee benefits		3,824	8,772
Total current liabilities		**6,677**	**11,428**
Trade and other payables		1,010	689
Employee benefits		110	117
Total non-current liabilities		**1,120**	**806**
Total liabilities		**7,797**	**12,234**
Net assets		**212,152**	**251,644**
Equity			
Share capital		257,355	257,355
Reserves		28,656	28,950
Accumulated losses		(73,859)	(34,661)
Total equity attributable to equity holders of the Company		**212,152**	**251,644**

The accompanying notes form part of these consolidated financial statements

Statement of changes in equity

For the six months ended 31 December 2017

		Consolidated US$'000						
		Amounts attributable to equity holders of the parent						
	Note	Share Capital	Share Based Payments Reserve	Fair Value Reserve	Translation Reserve	Parent Entity Profits Reserve	Accum-ulated Losses	Total Equity
Balance at 1 July 2016		**257,355**	**13,326**	**931**	**850**	**12,394**	**(30,436)**	**254,420**
Net profit for the period		-	-	-	-	-	8,427	8,427
Transfer to parent entity profits reserve[1]		-	-	-	-	10,137	(10,137)	-
Other comprehensive income								
Net change in available-for-sale financial assets	4(b)	-	-	910	-	-	-	910
Income tax on other comprehensive income	4(b)	-	-	(346)	-	-	-	(346)
Total other comprehensive income, net of tax		-	-	564	-	-	-	564
Total comprehensive income / (loss) for the period, net of tax		**-**	**-**	**564**	**-**	**10,137**	**(1,710)**	**8,991**
Dividends to equity holders	6	-	-	-	-	(11,416)	-	(11,416)
Total transactions with owners		-	-	-	-	(11,416)	-	(11,416)
Balance as at 31 December 2016		**257,355**	**13,326**	**1,495**	**850**	**11,115**	**(32,146)**	**251,995**
Balance at 1 July 2017		**257,355**	**13,326**	**1,495**	**850**	**13,279**	**(34,661)**	**251,644**
Net loss for the period		-	-	-	-	-	(26,763)	(26,763)
Transfer to parent entity profits reserve[1]		-	-	-	-	12,435	(12,435)	-
Other comprehensive income								
Income tax recognised directly in equity	4(b)	-	-	313	-	-	-	313
Total other comprehensive income, net of tax		-	-	313	-	-	-	313
Total comprehensive income / (loss) for the period, net of tax		**-**	**-**	**313**	**-**	**12,435**	**(39,198)**	**(26,450)**
Dividends to equity holders	6	-	-	-	-	(13,042)	-	(13,042)
Total transactions with owners		-	-	-	-	(13,042)	-	(13,042)
Balance at 31 December 2017		**257,355**	**13,326**	**1,808**	**850**	**12,672**	**(73,859)**	**212,152**

[1] Relates to the net profit of the parent entity (Navigator Global Investments Limited).

The accompanying notes form part of these consolidated financial statements

Statement of cash flows

For the six months ended 31 December 2017

	Note	Consolidated US$'000 31 December 2017	 31 December 2016
Cash flows from operating activities			
Cash receipts from operating activities		41,186	35,915
Cash paid to suppliers and employees		(30,206)	(24,962)
Cash generated from operations		10,980	10,953
Interest received		93	15
Income taxes paid		(18)	-
Net cash from operating activities		**11,055**	**10,968**
Cash flows from investing activities			
Acquisition of plant and equipment		(1,366)	(111)
Acquisition of investments		-	(4,231)
Proceeds from disposal of investments		3	982
Net proceeds from sale of subsidiary		-	91
Net cash used in investing activities		**(1,363)**	**(3,269)**
Cash flows from financing activities			
Loans to associates		(925)	-
Dividends paid to equity holders	6	(13,042)	(11,416)
Net cash used in financing activities		**(13,967)**	**(11,416)**
Net decrease in cash		**(4,275)**	**(3,717)**
Cash balance at 1 July		33,153	27,014
Effect of exchange rate fluctuations on cash balances held in foreign currencies		142	58
Cash balance as at 31 December		**29,020**	**23,355**

The accompanying notes form part of these consolidated financial statements

Notes to the financial statements

For the six months ended 31 December 2017

1. Operating segments

As at 31 December 2017, the Group had one reportable segment, being the US based Lighthouse Group, which operates as a global absolute return funds manager for investment vehicles.

Corporate includes assets and liabilities and corporate expenses relating to the corporate parent entity, Navigator Global Investments Limited, and balances that are eliminated on consolidation of the Group and are not considered to be operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

The CEO and board of directors review internal management reports on a monthly basis to monitor the operating results for the purpose of making decisions about resource allocation and performance assessment. Performance is evaluated based on the financial information as set out below, as well as other key metrics such as Assets under Management and the average net management fee rate.

	Lighthouse US$'000		Corporate US$'000		Consolidated US$'000	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Operating revenue	40,774	35,751	133	-	40,907	35,751
Distribution costs	(3,035)	(2,721)	-	-	(3,035)	(2,721)
Net revenue	**37,739**	**33,030**	**133**	**-**	**37,872**	**33,030**
Earnings before interest, tax, depreciation, amortisation and impairment losses	**16,220**	**14,439**	**(104)**	**(331)**	**16,116**	**14,108**
Reportable segment profit / (loss) before income tax	**14,731**	**14,125**	**(101)**	**(327)**	**14,630**	**13,798**

Segment assets and liabilities

There has been no material change in the allocation of segment assets and liabilities compared to the Group's consolidated financial statements as at and for the year ended 30 June 2017.

2. Revenue

	Consolidated US$'000	
	31 December 2017	31 December 2016
Management and platform service fee income	38,450	35,332
Performance fee income	2,457	419
Operating revenue	**40,907**	**35,751**
Rent, outgoings and other operating expenses on-charged to sublease tenants	492	169
Other income	**492**	**169**

Notes to the financial statements

For the six months ended 31 December 2017

3. Expenses

a) Operating expenses

	Consolidated US$'000	
	31 December 2017	**31 December 2016**
Employee benefits	(16,463)	(13,797)
Professional and consulting fees	(1,736)	(1,140)
Occupancy expenses	(1,688)	(1,017)
Information and technology expenses	(889)	(553)
Travel costs	(700)	(657)
Depreciation	(283)	(167)
Amortisation of intangible assets	(164)	(173)
Other expenses	(1,335)	(1,310)
Total expenses	**(23,258)**	**(18,814)**

b) Impairment losses

	Consolidated US$'000	
	31 December 2017	**31 December 2016**
Impairment of investment in equity accounted investee	(122)	-
Impairment of unsecured loan to equity accounted investee	(1,010)	-
Total impairment loss	**(1,132)**	**-**

The Group's has a 40% interest in a US based limited partnership. In addition, the Group provided a further $1,010 thousand of funding to the entity which was classified as a non-current unsecured loan to an equity accounted investee. Based on an assessment of the likely prospects of the associate, both the equity investment and unsecured loan have been written down to nil as at 31 December 2017. This has resulted in an impairment loss of $1,132 thousand being recognised.

Notes to the financial statements

For the six months ended 31 December 2017

4. Finance income and costs

a) Recognised directly in profit or loss

	Consolidated US$'000	
	31 December 2017	**31 December 2016**
Finance income		
Interest income on bank deposits	93	15
Interest income on convertible promissory notes	-	15
Net foreign exchange gains	133	40
Net change in fair value of financial assets at fair value through profit or loss	839	-
Total finance income	**1,065**	**70**
Finance costs		
Bank charges	(31)	(32)
Net change in fair value of financial assets at fair value through profit or loss	-	(391)
Total finance costs	**(31)**	**(423)**
Net finance costs recognised in profit or loss	**1,034**	**(353)**

b) Recognised directly in other comprehensive income

	Consolidated US$'000	
	31 December 2017	**31 December 2016**
Change in fair value of available-for-sale financial assets	-	910
Income tax expense recognised directly in equity	313	(346)
Finance income attributable to equity holders recognised directly in equity	**313**	**564**
Recognised in:		
Fair value reserve	313	564
	313	**564**

Notes to the financial statements

For the six months ended 31 December 2017

5. Income tax

The Company is the only Australian resident tax-paying entity within the Group. Non-Australian entities within the Group are part of a US consolidated tax group.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

As at 31 December 2017 the Group revised its estimated annual effective rate to reflect a change in the US federal statutory corporate rate from 35% to 21%, resulting from the Tax Cuts and Jobs Act ('TCJA') that was enacted on 22 December 2017. The rate change is administratively effective at the beginning of our financial year, using a blended rate for the annual period. As a result, the blended statutory tax rate for the six months ended 31 December 2017 is 31.44%, compared to 38.93% for the corresponding prior period.

In addition, the Group recognised an income tax expense related to the adjustment in the carrying value of deferred tax assets to reflect the new corporate tax rate. As a result, income tax expense reported for the first six months comprises a reduction of $955 thousand in income tax expense for the six-month period ended 31 December 2017 related to the lower corporate rate and an increase of $36,794 thousand from the provisional application of the newly enacted rates to existing deferred balances.

Provisional amounts

Deferred tax assets and liabilities have been remeasured based on the rates at which they are expected to reverse in the future, which is generally 21%. However, we are still analysing certain aspects of the TCJA and refining our calculations, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts.

a) Reconciliation of effective tax rate

	Consolidated US$'000	
	31 December 2017	**31 December 2016**
Profit before income tax	14,630	13,798
Income tax using the Company's domestic tax rate of 30% (2016: 30%)	(4,389)	(4,139)
Effect of tax rates in foreign jurisdictions*	(234)	(1,116)
Non-deductible / non-assessable amounts included in accounting profit	140	(152)
Deductible amounts not included in accounting profit	89	124
Current year tax losses for which no deferred tax asset is initially recognised	(277)	(88)
Changes in estimates related to prior years	72	-
Effect of change in tax rate under newly enacted US tax legislation on deferred tax assets	(36,794)	-
Total income tax expense reported in profit or loss	**(41,393)**	**(5,371)**

***** The Group's US subsidiaries operate in a tax jurisdiction with higher tax rates.

b) Current tax assets

	Consolidated US$'000	
	31 December 2017	**30 June 2017**
Current tax assets	**-**	**6**

Current tax assets represent the amount of income taxes receivable from the relevant tax authority, using tax rates current at reporting date.

Notes to the financial statements

For the six months ended 31 December 2017

5. Income tax (continued)

c) Deferred tax assets

Deferred tax assets – US Group

Deferred tax assets have been recognised in respect of the following items:

	Consolidated US$'000	
	31 December 2017	30 June 2017
Carried forward tax losses	28,179	38,239
Goodwill and intangible assets	34,999	61,197
Employee benefits	926	2,895
Financial assets at fair value through profit or loss	(299)	(285)
Available-for-sale financial assets	(594)	(914)
Other items	2,035	5,170
	65,246	**106,302**

As at 31 December 2017 it is considered more likely than not that the US Group's carried forward tax losses and deductible temporary differences will be fully recovered. This position is supported by the current profitability of the US Group which is expected to continue into the future.

Carried forward tax losses relating to the US Group have a life of 20 years, and will expire during the period from 2029 to 2037.

Deferred tax assets – Australia

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated US$'000	
	31 December 2017	30 June 2017
Deductible temporary differences	65,913	65,000
Tax losses	3,841	3,213
	69,754	**68,213**

Unrecognised deferred tax assets relating to the Australian parent entity consist of deductible temporary differences (including impairment losses recognised in previous financial years), and carried forward operating tax losses.

As at 31 December 2017, it is not probable that the Australian parent entity will produce sufficient taxable profits against which these deferred tax assets can be utilised and therefore the deferred tax assets remain unrecognised. $65,913 thousand (30 June 2017: $65,000 thousand) of the deductible temporary differences not recognised relate to an impairment write-down taken during the year ended 30 June 2009 on the carrying value of the Lighthouse Group. The movement in this balance relates to foreign currency movements only. The realisation of this tax asset is subject to the application of relevant tax legislation and the structure of any future business transactions in relation to the Lighthouse Group, if and when any such transaction was to occur.

Tax losses relating to the Australian parent entity and deductible temporary differences do not expire under current tax legislation.

Notes to the financial statements

For the six months ended 31 December 2017

6. Dividends

Dividends paid

The following dividends were paid by the Company:

	Consolidated US$'000	
	31 December 2017	31 December 2016
Final ordinary dividend for the year ended 30 June 2017 of USD 8.0 cents	13,042	-
Final ordinary dividend for the year ended 30 June 2016 of USD 7.0 cents	-	11,416
	13,042	**11,416**

The Directors have determined a final unfranked dividend of 7.0 cents per share (with 100% conduit foreign income credits). The dividend will be paid on 9 March 2018.

The dividends have not been provided for as at 31 December 2017, and there are no income tax consequences.

7. Earnings per share

	Consolidated US$'000	
	31 December 2017	31 December 2016
Basic earnings per share	(16.51)	5.20
Diluted earnings per share	(16.51)	5.20

Reconciliation of earnings used in calculating earnings per share

Basic and diluted earnings per share

	Consolidated US$'000	
	31 December 2017	31 December 2016
Profit / (loss) attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**(26,763)**	**8,427**

Weighted average number of shares used in calculating basic and diluted earnings per share

		'000 shares	
		31 December 2017	31 December 2016
Issued ordinary shares	10	162,148	162,148
Weighted average number of ordinary shares used in calculating basic, diluted and underlying earnings per share		**162,148**	**162,148**

The Company did not have any potential ordinary shares outstanding at balance date. The weighted average number of shares used in calculating basic and diluted earnings per share are therefore the same.

Notes to the financial statements

For the six months ended 31 December 2017

8. Investments recognised at fair value

	Consolidated US$'000	
	31 December 2017	**30 June 2017**
Available-for-sale financial assets	5,005	5,005
Financial assets at fair value through profit or loss	10,285	9,450
	15,290	**14,455**

Available-for-sale financial assets

Available-for-sale financial assets comprise non-controlling equity holdings in unquoted securities of US based limited liability companies over which the Group does not have significant influence.

These investments are measured at fair value, with changes in fair value recognised in other comprehensive income and presented in the fair value reserve in equity.

Note 11 provides details on the methods used to determine fair value for measurement and disclosure purposes.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of the following:

	Consolidated US$'000	
	31 December 2017	**30 June 2017**
Investments in unquoted securities of entities managed by Lighthouse	10,285	9,450
	10,285	**9,450**

These assets have been classified as fair value through profit or loss upon initial recognition as the Group makes decisions in relation to these financial assets based on fair value. These investments are measured at fair value, and changes in their fair value are recognised in profit or loss.

Note 11 provides details on the methods used to determine fair value for measurement and disclosure purposes.

Notes to the financial statements

For the six months ended 31 December 2017

9. Investment in equity accounted investee

The following is summarised financial information for the Group's interest in joint ventures, based on the amounts reported in the Group's consolidated financial statements.

Reconciliation of the carrying amount of the Group's investment in Casement Capital Management LP

	Consolidated US$'000	
	31 December 2017	**30 June 2017**
Opening balance 1 July	500	-
Investment into Casement Capital Management LP	-	1,500
Group's share of loss for the year	(378)	(624)
Impairment loss	(122)	(376)
Closing balance 31 December / 30 June	**-**	**500**

The Group's has a 40% interest in a US based limited partnership. Based on an assessment of the likely prospects of the associate, the equity investment has been written down to nil as at 31 December 2017. Given this, no further share of loss from the equity accounted investee will be incurred.

10. Capital

Ordinary shares on issue

	Shares '000	
	31 December 2017	**30 June 2017**
Ordinary shares on issue as at 31 December / 30 June	**162,148**	**162,148**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. The Company does not have authorised capital or par value in respect of issued shares. All ordinary shares rank equally with regard to the Company's residual assets. Ordinary shares have the right to receive dividends as declared and are entitled to one vote per share at general meetings of the Company.

Notes to the financial statements

For the six months ended 31 December 2017

11. Financial instruments

Fair value of financial instruments

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The different levels of fair value hierarchy are:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

Fair value measurements

The following table shows the fair values of financial assets and their levels in the fair value hierarchy.

	Note	Level 1	Level 2	Level 3	Total
			30 June 2017		
Available-for-sale financial assets					
Investment in unquoted securities of externally managed entities	8	-	-	5,005	5,005
Financial assets at fair value through profit or loss					
Investments in unquoted securities of entities managed by Lighthouse	8	-	9,450	-	9,450
			31 December 2017		
Available-for-sale financial assets					
Investment in unquoted securities of externally managed entities	8	-	-	5,005	5,005
Financial assets at fair value through profit or loss					
Investments in unquoted securities of entities managed by Lighthouse	8	-	10,285	-	10,285

There were no transfers between levels during the financial year ended 30 June 2017 or the six months ended 31 December 2017.

Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If the significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3, as is the case for unlisted equity securities.

Specific valuation techniques used to value level 2 and level 3 financial instruments include:

Share in unquoted securities of entities managed by Lighthouse

The Group holds investments in entities managed by Lighthouse. Each investment entity has an external administrator who is responsible for determining the fair value of the underlying investments of each entity and using this to calculate the net asset value per share at which any investor in the entity can redeem their investment holding ('the exit price'). The fair value of these investments as at 31 December 2017 and 30 June 2017 is the exit price as calculated and provided by the external administrator of the investment entities. All significant inputs required to fair value the investments are therefore observable.

Unquoted securities of externally managed entities

The shares held in externally managed entities are unquoted and are considered level 3 as the inputs to the fair value are not based on observable market prices.

Notes to the financial statements

For the six months ended 31 December 2017

11. Financial instruments (continued)

Boutique asset manager

The fair value of the shares is based on an arm's length transaction which involved the acquisition by the entity of another business, partial consideration for which was the issue of equity to the vendors. This transaction occurred in October 2016, and is considered the most reliable external evidence of the fair value of the Group's investment. The fair value has been derived from transaction documents and the audited financial statements of the entity as at 31 December 2016.

Operator of an online marketplace for alternative investments

The Directors are of the opinion that as the entity is still in an early development stage, fair value cannot be reliably measured using a discounted cash flow valuation technique. The Directors have therefore assessed the fair value based on the historic cost of the shares, adjusted for the Directors' view of the likely success of the business model. The fair value of the investment would increase should the Directors assess that there is an improvement in the likely success of the business, and conversely the fair value would decrease should this assessment deteriorate.

Text analytics platform provider

During the 30 June 2017 financial year the Group held convertible promissory notes in this entity. These notes converted to shares in June 2017 as part of a capital raising transaction conducted by the entity. The fair value of the Group's shares in the entity is the conversion value of the shares received as outlined in the transaction documents for the June 2017 conversion and capital raising.

Movement in Level 3 assets

The following table presents the change in Level 3 assets for the financial year ended 30 June 2017 and for the six months ended 31 December 2017:

		Consolidated US$'000			
	Note	Investment in unquoted securities	Investment in promissory notes	Deferred consideration receivable	Total
Opening balance 30 June 2016		**2,889**	**686**	**178**	**3,753**
Receipt of deferred revenue recognised on sale of subsidiary		-	-	(212)	(212)
Movement due to foreign exchange losses and change in estimates		-	-	34	34
Increase in fair value through other comprehensive income		910	-	-	910
Investments in convertible promissory notes		-	150	-	150
Interest income on convertible promissory notes		-	13	-	13
Conversion of promissory notes to equity		849	(849)	-	-
Investments in unquoted securities		200	-	-	200
Increase in fair value through profit or loss		353	-	-	353
Impairment of unquoted securities		(196)	-	-	(196)
Closing balance 30 June 2017	8	**5,005**	**-**	**-**	**5,005**
Movement during the period ended 31 December 2017		-	-	-	-
Closing balance 31 December 2017	8	**5,005**	**-**	**-**	**5,005**

There were no transfers in or out of Level 3 during the financial year ended 30 June 2017 or the six months ended 31 December 2017.

Notes to the financial statements

For the six months ended 31 December 2017

12. Subsequent events

Events occurring after reporting period

There has not arisen in the interval between the end of the reporting period and the date of this report, any other item, transaction or event of a material nature, likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

13. Reporting entity

Navigator Global Investments Limited (the 'Company' or 'Navigator', formerly HFA Holdings Limited) is a public company incorporated in Australia and is listed on the Australian Securities Exchange. The registered office of the Company is Level 21, 10 Eagle Street, Brisbane QLD 4000.

These consolidated interim financial statements of the Company as at and for the six months ended 31 December 2017 comprise the Company and its subsidiaries (the 'Group').

14. Basis of accounting

These interim financial statements have been prepared in accordance with AASB 134: Interim Financial Reporting; the Corporations Act 2001; and IAS 34 Interim Financial Reporting. They do not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2017 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated financial statements of the Group as at and for the year ended 30 June 2017 are available on the Company's website at www.navigatorglobal.com.au, or a copy can be requested by contacting the Company.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out in note 15.

These interim financial statements were authorised for issue by the Company's board of directors on the 15th day of February 2018.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements have been prepared on a historical cost basis except for the following items:

Items	Measurement basis
Financial instruments at fair value through profit or loss	Fair value
Available-for-sale financial assets measured at fair value	Fair value

The methods used to measure fair value are discussed further in note 11.

Functional and presentation currency

The consolidated financial statements are presented in US dollars ('USD'), which is the Company's functional currency.

The amounts contained in this financial report have been rounded to the nearest thousand dollars in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, unless otherwise stated.

Translation of foreign currency

The results and financial position of all Group entities that have a functional currency different to the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates of exchange ruling on the date of those transactions); and
- All resulting exchange differences are recognised in a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to equity.

Transactions in foreign currencies are translated to the respective functional currency of Group entities at rates of exchange ruling on the date of those transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

Notes to the financial statements

For the six months ended 31 December 2017

15. Other accounting policies

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- note 5 - recognition of deferred tax assets: availability of future taxable profit against which carried forward tax losses can be used;
- notes 8 and 11 - fair value measurement of investments; and
- note 9 – carrying value of equity accounted investee.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value. The methods used to determine fair values for measurement and / or disclosure purposes are included in the following notes:

- notes 8 and 11 - investments in financial assets at fair value through profit or loss; and
- notes 8 and 11 - investment in available-for-sale financial assets.

Changes in accounting policies

New and amended standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

These did not have a material impact on the disclosures or the amounts recognised in the Group's financial statements.

Accounting standards and interpretations issued but not yet effective

The following Australian accounting standards that are relevant to the Group's operations have been issued but are not yet effective and have not been adopted by the Group for the period ended 31 December 2017:

AASB 9 Financial Instruments

AASB 9 is a new standard which includes a model for classification and measurement of financial instruments, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The standard is mandatory for reporting periods beginning on or after 1 January 2018.

At 31 December 2017, the Group does not anticipate it will have a material financial impact as the carrying values of its investments approximate fair value and the Group does not apply hedge accounting. The adoption of this standard may result in a change in the presentation of fair value movements within the Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income for certain equity instruments currently classified as available-for-sale. It also may impact the type of information disclosed in the notes to the financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The standard is mandatory for reporting periods beginning on or after 1 January 2018.

The key issue under the standard for the Group is determining when it has satisfied its performance obligations under a contract with a customer, particularly in relation to performance fees. Management and performance fees are currently recognised when performance obligations under client contracts and/or offer documents have been satisfied, so application of the new standard is not expected to result in a change in timing or amount of recognised revenue in relation to these fees.

AASB 15 has also introduced updated principal versus agency criteria. As a result, the Group continues to analyse:

- the treatment of certain expenses which are explicitly chargeable to the Funds under investment management agreements; and
- the treatment of fund operating expenses which are paid directly by the Funds.

The Group also continues to analyse the extent of information required to meet the additional disclosures required under AASB 15 and the extent of impact on the Group's systems, processes and controls.

Notes to the financial statements

For the six months ended 31 December 2017

AASB 16 Leases

AASB 16 removes the classification of leases as either operating or finance leases for a lessee, and introduces a single approach to accounting for leases requiring the lessee to recognise an asset and liability in relation to the lease. The standard does not become mandatory until 1 January 2019, but is available for early adoption if AASB 15 Revenue from Contracts with Customers has also been adopted.

The Group has a number of leases for office premises and equipment, and adoption of this standard is expected to result in the following impacts to the Group's consolidated financial statements:

- recording additional assets and liabilities in its balance sheet;
- removing lease payments as an operating expense and replacing this amount with a depreciation and finance cost expense in the income statement; and
- a reclassification in the cash flow statement for payments relating to leases from operating cash outflows to financing cash outflows.

The full quantum of financial and disclosure impacts are yet to be determined with the choice of transition yet to be decided. Further information will be provided in coming financial periods.

Other Standards

The following additional new or amended standards have not yet been adopted and are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments
- Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Interpretation 23 Uncertainty over income tax treatments
- AASB 17 Insurance Contracts

Directors' declaration

In the opinion of the directors of Navigator Global Investments Limited (the 'Company'):

(a) the consolidated financial statements and notes that are set out on pages 14 to 31 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.

Michael Shepherd, AO
Chairman and Non-Executive Director

F P (Andy) Esteban
Non-Executive Director

Dated at Sydney this 15th day of February 2018

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent Auditor's Review Report to the members of Navigator Global Investments Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Navigator Global Investments Limited, the Company and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017 the income statement, the statement of comprehensive income, statement of changes in equity and 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial 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*.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim 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, anything has come to our attention that causes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

R Burrows

Rebecca Burrows
Partner
Brisbane
15 February 2018