

3 February 2017

ASX Limited
ASX Market Announcement Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

2017 HALF YEAR RESULTS

MFF Capital investments Limited (**MFF**) hereby lodges:

1. Appendix 4D Statement for the half year ended 31 December 2016;
2. Interim Financial Report for the half year ended 31 December 2016, incorporating interim financial statements and Portfolio Manager's Report.

Yours sincerely,



Geoffrey Stirton
Company Secretary

Appendix 4D
MFF Capital Investments Limited
Half Year Report Ended 31 December 2016

Details of Reporting Periods:

Current: 1 July 2016 to 31 December 2016
Corresponding: 1 July 2015 to 31 December 2015

Results for Announcement to the Market:	Change from the Corresponding Period \$'000	31 Dec 2016 \$'000
Total net investment income (<i>"revenue from ordinary activities"</i>)	Increased by 92,659 or 132.6%	to 162,542
Net profit after income tax expense (<i>"Profit / (loss) from ordinary activities after tax attributable to members" and "Net profit / (loss) for the period attributable to members"</i>)	Increased by 62,941 or 138.7%	to 108,311

Interim Dividends:

	Amount per share	Franked Amount per share at 30% tax
Interim dividend	1.0 cent	0.85 cents
Previous corresponding period	1.0 cent	1.0 cents

Interim Dividends Dates:

Ex-dividend date	28 April 2017
Record date	1 May 2017
DRP election date	2 May 2017
Interim dividend payment date	19 May 2017

The amount declared to be 'Foreign Sourced Dividend Income' is 0.0 cents per share. In accordance with the accounting standards, the dividend has not been provided for in the financial statements. The Dividend Reinvestment Plan (DRP) will operate in respect of the interim dividend and no discount will be applied. The last date for receipt of election notices to participate in the DRP is 2 May 2017. The Company paid a fully franked final dividend of 1.0 cent per share representing approximately \$4.7 million, in respect of the year ended 30 June 2016.

Net tangible assets per share:

	31 December 2016	31 December 2015
Pre-tax NTA	\$2.217	\$2.104
Net tax (liability) / asset	\$(0.321)	\$(0.287)
Post-tax NTA	\$1.896	\$1.817

Commentary on Results:

For the six months to 31 December 2016, the Company recorded a pre-tax profit of \$154,721,000 (December 2015: \$64,815,000 and a net profit after income tax expense of \$108,311,000 (December 2015: \$45,370,000).

The Directors declared an 85% partially franked interim dividend of 1.0 cent per ordinary share in respect of the half year ended 31 December 2016.

After allowing for deferred taxation, the Company's net assets increased by \$109,602,000 in the six months to \$896,004,000 at 31 December 2016 (June 2016: \$786,402,000) which was primarily due to market price changes in the performance of the Company's investment portfolio and currency exposures. This has resulted in a higher pre-tax net tangible assets (NTA) of \$2.217 per ordinary share (prior to net tax liabilities of \$0.321) as at 31 December 2016 compared with \$1.913 per ordinary share as at 30 June 2016. The Company also reported a higher post-tax NTA of \$1.896 per ordinary share as at 31 December 2016 compared with \$1.684 per ordinary share as at 30 June 2016. If all of the MFF 2017 options had been exercised at 31 December 2016, the pre-tax and post-Tax NTA values would have been reduced by 15.8 and 11.7 cents per share to approximately \$2.058 and \$1.779 per ordinary share respectively as at that date. Refer note 11 to the financial statements.

As markets are subject to fluctuations and market prices fall as well as rise, the investment performance and results of the past six months to 31 December 2016 should not be considered to be representative of results and returns in future financial years.

Please refer to the attached Interim Financial Report and Portfolio Manager's Report.

Subsequent Events:

Refer to Note 11 in the Interim Financial Report.

Financial Report:

The Company's independent auditor Ernst & Young has completed a review of the Company's 31 December 2016 Interim Financial Report on which this report is based and has provided an unqualified review report. A copy of the Company's Financial Report, inclusive of the review report, is attached.

2017



MFF
CAPITAL INVESTMENTS LIMITED

[INTERIM REPORT]

FOR THE HALF YEAR ENDED – 31 December 2016

MFF CAPITAL INVESTMENTS LIMITED: ABN 32 121 977 884

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by MFF Capital Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

MFF CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT

for the half year ended 31 December 2016

The Directors of MFF Capital Investments Limited, formerly known as Magellan Flagship Fund Limited, ("MFF" or the "Company") present their report in respect of the half year ended 31 December 2016.

1.1 Directors

The following persons were Directors of the Company during the half year and up to the date of this report:

Name	Directorship	Appointed
Richard Warburton AO	Chairman & Independent Non-executive Director	19 October 2006
John Ballard	Independent Non-executive Director	19 October 2006
Andy Hogendijk	Independent Non-executive Director	19 October 2006
Chris Mackay	Executive Director ^(A)	29 September 2006

^(A) Mr. Mackay serves as the Company's Managing Director and Portfolio Manager.

1.2 Company Overview

The Company is a listed public company incorporated in Australia. Its principal place of business is Level 36, 19 Martin Place, Sydney, New South Wales, 2000.

The Company is listed on the Australian Stock Exchange (ASX code: MFF and MFFO).

1.3 Principal Activity

The principal activity of the Company is the investment in a minimum of twenty exchange listed international and Australian companies.

1.4 Review Of Results And Operations For The Half Year

• Financial Results For The Half Year

For the six months to 31 December 2016, the Company recorded a pre-tax profit of \$154,721,000 (December 2015: \$64,815,000 and net profit after income tax expense of \$108,311,000 (December 2015: \$45,370,000).

At 31 December 2016, the Company's net assets (after allowing for deferred taxation) increased by \$109,602,000 to \$896,004,000 (June 2016: \$786,402,000). This increase was primarily due to market price movements in the Company's investment portfolio and currency exposures. Pre-tax net tangible assets (NTA) increased to \$2.217 per ordinary share (prior to net tax liabilities of \$0.321) as at 31 December 2016 compared with \$1.913 per ordinary share as at 30 June 2016. The Company also reported a higher post-tax NTA of \$1.896 per ordinary share as at 31 December 2016 compared with \$1.684 per ordinary share as at 30 June 2016. If all of the MFF 2017 Options had been exercised at 31 December 2016, the pre-tax and post-Tax NTA values would have been reduced by 15.8 and 11.7 cents per share to approximately \$2.058 and \$1.779 per ordinary share respectively as at that date.

As markets are subject to fluctuations and market prices fall as well as rise, the investment performance and results of the past six months to 31 December 2016 should not be considered to be representative of results and returns in future financial periods.

• Operations – Portfolio And Activities

There were few significant changes in the composition of the Company's portfolio in the six months to 31 December 2016. The Company's results and NTA per share particularly benefitted from a recovery in the market prices of the Company's holdings of credit based financials, and to a lesser extent from currency movements. Board approved risk controls relating to individual shareholding levels, currency and borrowing limits were unchanged in the period. Refer to the Portfolio Manager's Report on page 6 for further details relating to the portfolio and activities.

In the six months to 31 December 2016, 5,151,358 MFF 2017 options have been exercised at the \$0.9964 exercise price. Approximately 70.4 million MFF 2017 options remain on issue as at 31 December 2016 and the options expire on 31 October 2017.

MFF CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

for the half year ended 31 December 2016

1.4 Review Of Results And Operations For The Half Year (continued)

- **Operations – Portfolio And Activities (continued)**

During the half year, the Directors of MFF finalised amendments to the existing Services Agreement with Magellan Asset Management Limited (MAM). The key changes under the revised Services Agreement, which is effective from 1 January 2017, are lower quarterly research and services fees and lower potential performance fees. For further details at note 9 to the financial statements.

The Company's results are after providing for a performance fee of \$2,000,000 as the Company's total shareholder return for the period 1 July 2013 to 31 December 2016 exceeded 10% per annum compounded annually. The performance fee is included within research and services fees in the Statement of Profit or Loss and Other Comprehensive Income in these accounts.

- **Strategy And Future Outlook**

The Company is invested in equities, with a focus upon equities of non-Australian domiciled companies and this is expected to continue. As markets continue to be subject to fluctuations, it is not meaningful or prudent to provide a detailed outlook statement or statement of expected results of operations. Additional discussion on the Company's strategy is contained in the Portfolio Manager's report on page 6.

In addition, the Company provides regular updates in the weekly and monthly NTA announcements, which can be found on the ASX website and in the investor centre section of the MFF website, www.magellangroup.com.au/mff. Releases to shareholders and the ASX have included discussions in relation to MFF's largest holdings, its investment processes and some investee companies from time to time. The Company sets out its largest portfolio holdings at 31 December 2016 in the Portfolio Manager's Report (this information was also released to the ASX on 3 January 2017 as part of the December 2016 monthly NTA release).

1.5 Dividends

On 29 July 2016, the Directors declared a fully franked dividend of 1.0 cent per ordinary share in respect of the year ended 30 June 2016, which amounted to \$4,704,000. The dividend was paid on 11 November 2016.

On 3 February 2017, the Directors declared an 85% partially franked interim dividend of 1.0 cent per ordinary share (December 2015: fully franked 1.0 cent per ordinary share), which is expected to be paid on 19 May 2017. The amount of the proposed interim dividend, which is not recognised as a liability as at 31 December 2016 is \$4,726,000 (December 2015: \$4,639,000), based on the number of shares on issue at 31 December 2016. The Dividend Reinvestment Plan (DRP) will operate in conjunction with this dividend and no discount will be applied for the DRP.

At 31 December 2016, the Company's available imputation credits (based on a tax rate of 30%) were \$1,980,000 (June 2016: \$3,785,000). Having regard to the company's quarterly taxation obligations, the imputation credits are expected to be approximately \$1,766,000 at the record date of the interim dividend, 1 May 2017. The 1.0 cent per ordinary share interim dividend is expected to utilise at least approximately \$1,722,000 of imputation credits (subject to further exercises of the MFF 2017 Options prior to the record date for the dividend).

The Directors have maintained the Company's current dividend policy, which is for regular six monthly dividends at 1.0 cent per ordinary share. The Directors consider that the current dividend policy remains appropriate. It balances the requests from some shareholders who prefer regular dividend payments against the strong returns MFF has obtained on retained capital, MFF's need for scale to attempt to offset partially the cost base, as well as the tax treatment and franking credit levels for dividend payments.

1.6 Significant Changes In The State Of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the half year ended 31 December 2016.

MFF CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

for the half year ended 31 December 2016

1.7 Events Subsequent To The End Of The Half Year

In the latest release to the ASX on 1 February 2017, the Company reported NTA as at 31 January 2017, as follows:

	31 January 2017 \$	31 December 2016 \$
Pre-tax NTA	2.183	(A) 2.217
Net tax liabilities	0.312	0.321
Post-tax NTA	1.871	1.896

The above NTA values have not been adjusted for the expected dilution from the exercise of the MFF 2017 options.

Pre tax NTA if all of the MFF 2017 options had been exercised	2.029	2.058
Post tax NTA if all of the MFF 2017 options had been exercised	1.758	1.779

(A) Audited NTA (refer note 12 to the financial statements)

Other than the above and the proposed interim dividend detailed at section 1.5, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report that has significantly or may significantly affect the Company's operations, the results of those operations or the company's state of affairs in future financial years.

1.8 Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

1.9 Rounding Of Amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission's *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of the Directors.



Richard Warburton AO
Chairman



Chris Mackay
Managing Director and Portfolio Manager

Sydney, 3 February 2017

MFF CAPITAL INVESTMENTS LIMITED

PORTFOLIO MANAGER'S REPORT

for the half year ended 31 December 2016

Dear Shareholder,

MFF's results benefitted in the latest six months from higher overall market prices for the portfolio and favourable currency movements. The portfolio positioning was again largely maintained and the positive current results reflect previous decisions. However, the higher market prices and favourable currency moves mean that our portfolio has lower margins of safety.

During the six months, there were few changes in the composition of the portfolio particularly amongst the largest holdings. We remained comfortable with their advantaged business positions and maintained our views that valuations and potential profitable growth remained satisfactory. We also remained disinclined to position the portfolio away from its advantaged, liquid holdings to chase alternative investments, or to raise substantial cash for future opportunities, risk protection or for other portfolio construction reasons.

It would be completely unreasonable not to expect far lower future returns, and periodic negative movements in market prices. In previous periods when we have been concerned about risks arising from increased market prices, we had felt that material parts of the portfolio remained out of favour and probably well priced, and that our currency position might provide some risk benefits. Currency and portfolio prices as at 31 December do not offer the same levels of these possible comforts, and we have accepted the likelihood of downward fluctuations in order to maintain portfolio exposures.

Our views on the portfolio and currencies as at period end were summarised in the NTA release to the ASX on 3 January 2017, as follows.

"December was another month of modest portfolio activity (about 0.6% of portfolio value in sales and less in purchases). During the month we continued to feel that valuations for our portfolio were broadly satisfactory in prevailing circumstances. Whilst we have not perceived compelling value in advantaged companies for a number of years, and have struggled to find better risk adjusted opportunities than our existing holdings, we have continued not to prefer cash in comparison with our business advantaged, liquid largest holdings.

Overall, our companies are increasing their earnings, and continue the trend of recent years of increasing their dividends and shareholder payments. Some business risks for our credit based financials reduced in December (e.g. early cycle rate rises positively impact their revenue lines), and there are some expectations that recent decades of dramatic increases in regulatory and taxation burdens might reverse somewhat. Key economies appeared to absorb the December 2016 interest rate increase, the US election and problems in Europe and elsewhere. The stronger USD has not yet reversed the relative scarcity of US profit warnings.

Even after considering recent buying, many professional investors (and intermediaries/clients) remain cautious about equity weightings, with uncertainty, valuations and volatility risks remaining prominently conjoined with FUM gathering and career/agency protection in commentaries. Our perception is that, even at year end, the 'investment pendulum' had not swung decisively from capital protection to risk taking either in equity markets or in the broader economies. Even in sectors that should have benefitted from artificially low interest rates, business people have exhibited considerable caution, bureaucracies and regulators have dominated, lending has been restricted and the velocity of money has been declining.

Markets appear not to have reached a period where it is consensus that equity managers are being penalized with outflows because their positioning has been too cautious. Whilst caution is prudent and the future is always uncertain, many of the numerous valid risk factors (for markets overall) require a series of events and are not immediate or near term. For example, many recent discussions of inflation, deflation, interest rates and discount factors appear to extrapolate single or few variables (and not other possibly offsetting factors) combined with anecdote and selectivity. These possibilities are considered against the most probable near term trends towards increased earnings from our portfolio companies and continued momentum for ETF/index investments.

MFF CAPITAL INVESTMENTS LIMITED

PORTFOLIO MANAGER'S REPORT (continued)

for the half year ended 31 December 2016

Regulatory burdens and complexity are real imposts upon activity, with emaciated IPO activity in the US a direct consequence of legislative and regulatory overreach. Principals behind thousands of successful US and international tech and medical companies have delayed listings, and there are few benefits for their existing shareholders in operating in lower disclosure transparency unlisted markets, and significant negatives for the wider economies.

We continue to expect that our portfolio activity will increase from the very low levels of recent years. We also continue to expect that the proportion of global multinationals and non US domiciled holdings will increase in due course. However relative inactivity has remained sensible, and our balance sheet and other factors mean that we are not under external pressure to buy or sell portfolio holdings.

Currencies benefitted MFF's NTA in the month. However, currencies obviously remain unpredictable, and any positive market movements should not be extrapolated. Our positioning has remained relatively constant with a large unhedged positive USD focus. This is only very partially offset by the increased level of USD borrowings. Although the key underlying factors we have highlighted over recent years continue (e.g. December releases showing Australia's weakened Government and external debt positions), the USD strength/AUD weakness in recent months reduces the remaining upside from our positioning and increases the risks of reversals in 2017.

Holdings as at 30 December 2016 with market values of 1% or more of the portfolio are shown in the table below (shown as percentages of investment assets). Recent movements in the order of holdings in the portfolio mostly reflect higher prices for the credit based financials which ceased being out of favour.

Holding	%	Holding	%
Visa	11.1	JP Morgan Chase	4.6
Bank of America	10.5	CVS Health	4.1
Home Depot	10.1	Lloyds Banking Group	3.3
Mastercard	9.6	BlackRock	3.1
Lowe's	9.4	S&P Global (McGraw Hill)	2.5
Wells Fargo	9.4	Bank of New York Mellon	2.4
HCA Holdings	6.7	Microsoft	2.2
US Bancorp	5.8	State Street	1.3

Net debt as a percentage of investment assets was approximately 8.7% as at 30 December 2016. USD net debt was 7.0%, AUD net debt 0.8% and other currency borrowing exposures 0.9% of investment assets as at 30 December 2016 (all approximate). Key currency rates for AUD as at 30 December 2016 were 0.7241 (USD), 0.6865 (EUR) and 0.5860 (GBP)."

MFF releases regular portfolio and investment information to the ASX including the weekly NTA details, as well as monthly NTA updates and commentary. The January 2017 update was released to the ASX on 1 February 2017.

Yours faithfully,



Chris Mackay
Portfolio Manager

3 February 2017

Important note

MFF Capital Investments Limited ABN 32 121 977 884 (**MFF**) has prepared the information in this Portfolio Manager's Report (Report). This Report has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. It is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. Past performance is not a reliable indicator of future performance. To the extent any general financial product advice is provided in this Report, it is provided by MFF as a corporate authorised representative of Magellan Asset Management Limited ABN 31 120 593 946 AFSL 304 301. An investor, before acting on anything that he or she construes as advice, should consider the appropriateness of such construction and advice having regard to their objectives, financial situation or needs.

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of MFF Capital Investments Limited

As lead auditor for the review of MFF Capital Investments Limited for the half-year ended 31 December 2016, 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.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A stylized, handwritten signature of 'Rita Da Silva' in black ink.

Rita Da Silva
Partner
3 February 2017

MFF CAPITAL INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2016

		31 December 2016 \$'000	31 December 2015 \$'000
	Note		
Investment income			
Dividend income		9,349	7,567
Interest income		4	80
Net change in fair value of investments		157,046	59,417
Net (losses)/gains on foreign currency cash and borrowings		(3,604)	2,470
Net (losses)/gains on foreign exchange settlements and contracts		(262)	28
Other income		9	321
Total net investment income		162,542	69,883
Expenses			
Research and services fees		5,607	3,942
Finance costs – interest expense		1,234	88
Executive Director's salary		500	500
Non Executive Directors' fees		143	143
Transaction costs		13	13
Registry fees		82	148
ASX listing, clearing and settlement fees		61	64
Fund administration and operational costs		40	38
Auditor's remuneration		38	30
Employment related taxes		34	34
Other expenses		69	68
Total operating expenses		7,821	5,068
Profit before income tax expense		154,721	64,815
Income tax expense		(46,410)	(19,445)
Net profit after income tax expense		108,311	45,370
Other comprehensive income		-	-
Total comprehensive income for the half year		108,311	45,370
Basic earnings per share (cents per share)	8	23.78	9.83
Diluted earnings per share (cents per share)	8	22.24	9.08

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

MFF CAPITAL INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31 December 2016 \$'000	30 June 2016 \$'000
Current assets			
Cash and cash equivalents	4	229	314
Investments	5	1,151,496	1,004,446
Receivables		681	646
Prepayments		64	13
Current tax asset		515	1,549
Total current assets		1,152,985	1,006,968
Non-current assets			
Total non-current assets		-	-
Total assets		1,152,985	1,006,968
Current liabilities			
Payables		4,258	4,306
Borrowings	4	100,454	107,881
Total current liabilities		104,712	112,187
Non-current liabilities			
Deferred tax liability		152,269	108,379
Total non-current liabilities		152,269	108,379
Total liabilities		256,981	220,566
Net assets		896,004	786,402
Equity			
Contributed equity	7	532,489	526,494
Retained profits		363,515	259,908
Total equity		896,004	786,402

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

MFF CAPITAL INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2016

	Note	31 December 2016 \$'000	31 December 2015 \$'000
Contributed equity			
Balance at beginning of the half year		526,494	517,237
Transaction with owners in their capacity as owners:			
Issue of securities:			
- on Dividend Reinvestment Plan		862	809
- on exercise of MFF 2017 options		5,133	5,100
Transaction costs:			
- on issue of MFF 2017 options		-	(7)
- on issue of MFF 2017 options – tax effect		-	2
- on issue of rights		-	(78)
- on issue of rights - tax effect		-	24
Balance at end of the half year		532,489	523,087
Retained profits			
Balance at beginning of the half year		259,908	279,047
Total comprehensive income for the half year		108,311	45,370
Dividends paid	2	(4,704)	(4,625)
Balance at end of the half year		363,515	319,792
Total equity		896,004	842,879

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

MFF CAPITAL INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

for the half year ended 31 December 2016

	Note	31 December 2016 \$'000	31 December 2015 \$'000
Cash flows from operating activities			
Dividends received (after withholding tax)		8,047	6,525
Interest received		4	80
Payments for purchase of investments		(41,108)	(69,648)
Proceeds from sale of investments		51,089	-
Net (loss) / gain on foreign exchange settlements and contracts		(262)	28
Research and services fee paid		(5,623)	(6,086)
Tax paid		(211)	(5,015)
Other income received		9	321
Other expenses paid		(1,055)	(970)
Net cash (outflow) / inflow from operating activities		10,890	(74,765)
Cash flows from financing activities			
Net (repayment) / proceeds of borrowings		(11,032)	16,871
Interest paid		(1,234)	(88)
Payment of issue costs on MFF 2017 options		-	(7)
Proceeds from exercise of MFF 2017 options		5,133	5,100
Payment of issue costs on issue of rights		-	(78)
Dividends paid (net of DRP)	2	(3,842)	(3,816)
Net cash inflow / (outflow) from financing activities		(10,975)	17,982
Net increase / (decrease) in cash and cash equivalents		(85)	(56,783)
Cash and cash equivalents at the beginning of the half year	4	314	57,329
Cash and cash equivalents at the end of the half year		229	546

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

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2016

1. Summary Of Significant Accounting Policies

This condensed interim financial report is for MFF Capital Investments Limited, formerly known as Magellan Flagship Fund Limited ("MFF" or the "Company") for the half year ended 31 December 2016. The principal accounting policies adopted in the preparation of the financial report are set out below. These policies applied to the annual financial statements, have been consistently applied to the half year presented, unless otherwise stated.

The Company is a for-profit entity limited by shares, incorporated and domiciled in Australia, whose securities are publicly traded on the Australian Securities Exchange.

(a) Basis Of Preparation

The condensed interim report for the half year ended 31 December 2016 is a general purpose financial report and has been prepared in accordance with AASB 134: *Interim Financial Reporting*, the *Corporations Act 2001* and other mandatory professional reporting requirements. It is presented in Australian dollars (\$) and was approved by the Board of Directors on 3 February 2017. The Directors have the power to amend and reissue the financial report.

This condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2016 Annual Report and any public announcements made in respect of the Company during the half year ended 31 December 2016 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2016. No new standards or amendment affected any of the amounts or the disclosures in the current or prior period.

Accounting Standards And Interpretations Issued But Not Yet Effective

The Australian and International Accounting Standards issued but not yet mandatory for the interim reporting period ended 31 December 2016 have not been adopted by the Company in the preparation of this interim financial report. The assessment of the impact of new standards and interpretations, which may have a material impact on the company, is set out below:

AASB 15 Revenue from contracts with customers (effective 1 July 2018)

AASB 15 supersedes the revenue recognition guidance in AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates. The core principle in AASB 15 is that an entity recognises revenue at an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for selling goods or services to customers.

The Company has undertaken an assessment of the impact of AASB 15. Based on the assessment completed to date, the Company does not expect any material change to the timing or manner of recognition of its key revenues as interest revenue, dividend and distribution income and investment gains are excluded from the scope of AASB 15. The Company will assess the disclosure requirements of AASB 15 so as to understand the extent of any impact on the current systems, processes and controls.

AASB 16: Leases (effective 1 July 2019)

AASB 16 supersedes the existing lease accounting guidance in AASB 117 *Leases and related interpretations*. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. The definition is based on the premise of control, where a lease is identified when a customer has the right to (1) obtain substantially all of the economic benefits from the use of the identified asset; and (2) direct the use of the identified asset.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

1. Summary Of Significant Accounting Policies (continued)

(a) Basis Of Preparation (continued)

Accounting Standards And Interpretations Issued But Not Yet Effective (continued)

AASB 16: Leases (effective 1 July 2019) (continued)

AASB 16 will provide a single model for accounting for leases by lessees. Leases other than low value and short-term leases must be recognised on the balance sheet of lessees. The lessee will recognise an asset, reflecting its right to use the underlying asset, and a liability, in respect of its obligation to make lease payments. Expenses in respect of leases will include amortisation of the right-of-use asset and interest expense in respect of the lease liability.

At 31 December 2016, the Company continues to evaluate the recognition and disclosure requirements of this standard, the financial and disclosure impacts of which are yet to be determined with the choice of transition yet to be decided. Further information will be provided in future financial reports as management finalises its assessment.

There are no other pronouncements or accounting standards, not yet effective at this time, that are expected to have a material impact to the financial statements in future periods.

(b) Rounding Of Amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission's *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

(c) Critical Accounting Estimates And Judgments

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices (refer to note 6 to the financial statements).

As most investments are valued with reference to listed quoted prices and the Company's cash and borrowing facility is provided by strongly rated financial institutions, the Company's financial assets are not subject to significant judgment or complexity nor are the Company's liabilities.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

2. Dividends

Dividends paid and payable by the Company during the half year are:

	31 December 2016 \$'000	31 December 2015 \$'000
For the half year ended 31 December 2016:		
Fully franked final dividend for the year ended 30 June 2016 (1.0 cent per ordinary share) - paid 11 November 2016	4,704	-
For the half year ended 31 December 2015:		
Fully franked final dividend for the year ended 30 June 2015 (1.0 cent per ordinary share) - paid 12 November 2015	-	4,625
Total dividends declared and paid during the half year	4,704	4,625

Of the \$4,704,000 dividends paid during the half year ended 31 December 2016 (December 2015: \$4,625,000), \$3,842,000 was paid in cash to ordinary shareholders that did not elect to participate in the Company's Dividend Reinvestment Plan (DRP) (December 2015: \$3,816,000), and \$862,000 of dividends were paid (December 2015: \$809,000) via the issue of 507,285 ordinary shares (December 2015: 432,289), under the terms of the DRP and at a reinvestment price of \$1.6999 (December 2015: \$1.8709). The dividend was paid on 11 November 2016.

(a) Dividend Declared

In addition to the above dividend declared and paid during the half year ended 31 December 2016, on 3 February 2017 the Directors declared an 85% partially franked dividend of 1.0 cent per ordinary share in respect of the half year ended 31 December 2016. The amount of the proposed dividend, based on the number of shares on issue at 31 December 2016, is \$4,726,000.

The DRP will operate in conjunction with this dividend and no discount will be applied to the DRP.

(b) Dividend Reinvestment Plan (DRP)

The Company's DRP was available to eligible shareholders during the half year ended 31 December 2016.

Under the terms of the DRP, eligible shareholders are able to elect to reinvest their dividends in additional MFF shares, free of any brokerage or other transaction costs. Shares are issued to DRP participants at a predetermined price, less any discount that the Directors may elect to apply from time to time. No discount has been applied to shares issued under the DRP during the half year ended 31 December 2016. The DRP issue price is equal to the average of the daily volume weighted average market price of all Company shares sold in the ordinary course of trading on the Australian Securities Exchange during the 5 trading day period commencing from the day the Company's shares go ex-dividend or other dates as determined by the Board.

(c) Imputation Credits

	31 December 2016 \$'000	30 June 2016 \$'000
Total imputation credits available in subsequent financial periods based on a tax rate of 30% (30 June 2016: 30%)	1,980	3,785

The above amount represents the balance of imputation credits at balance date.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

3. Segment Information

The Company's investments are managed on a single portfolio basis, and in one geographic segment, Australia. The Company continues to have foreign exposures as it invests in companies which operate internationally.

4. Cash and Cash Equivalents, and Net Interest Bearing Borrowings

	31 December 2016 \$'000	30 June 2016 \$'000
(a) Cash And Cash Equivalents		
Cash at bank - denominated in Australian Dollars	229	314
Total cash	229	314
(b) Set-off Cash And Borrowings - Net Borrowings:		
Borrowings - denominated in Australian Dollars	(9,043)	(91,128)
Borrowings - denominated in US Dollars	(80,911)	(15,570)
Borrowings - denominated in British Pounds	(8,253)	(803)
Borrowings - denominated in Canadian Dollars	(1,422)	(1,356)
Borrowings - denominated in Euros	(211)	(313)
Borrowings - denominated in Singapore Dollars	(614)	-
Cash - denominated in Singapore Dollars	-	1,289
Total borrowings	(100,454)	(107,881)

The Company holds cash at bank, which is at call and subject to floating interest rates, with an Australian bank. The foreign currency cash balances which are held with Merrill Lynch International (MLI), a wholly owned subsidiary of Bank of America, are demand deposits and also subject to floating interest rates.

(c) Set-Off Arrangement

The foreign currency cash balances held with MLI are set-off against the borrowings drawn under the multi-currency financing facility provided by Merrill Lynch International (Australia) Limited (MLIA), which is discussed in detail at note 4(d). The Company and MLI intend to net settle and are permitted to do so under the terms of the facility. As there were no foreign currency cash balances held with MLI at 31 December 2016, the Company's borrowings with MLI totalled \$100,454,000 (June 2016: \$107,881,000), and are included within borrowings in the Statement of Financial Position.

(d) Multi-Currency Financing Facility

The Company has a multi-currency credit facility with MLIA. Amounts drawn as borrowings are repayable on written demand. The credit facility, is a service provided under the International Prime Brokerage Agreements (IPBA) between the Company and MLI. The IPBA provides MLI with a fixed charge over the Company's right, title and interest in the assets held in custody with MLI, as security for the performance of its obligations under the IPBA.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

5. Investments

Details of the Company's investments are set out below:

Company Name		31 December 2016		30 June 2016	
		Holding	Value \$'000	Holding	Value \$'000
Visa	i	1,186,944	128,120	1,186,944	118,251
Bank of America	i	3,978,377	121,642	3,989,577	71,047
Home Depot	i	629,231	116,557	601,512	103,152
Mastercard	i	777,244	110,860	790,756	93,550
Lowe's	i	1,097,841	107,828	1,017,351	108,170
Wells Fargo	i	1,414,312	107,660	1,384,312	88,030
HCA Holdings	i	756,628	77,356	754,628	78,037
US Bancorp	i	946,557	67,165	999,124	54,116
JP Morgan Chase	i	445,935	53,166	437,935	36,559
CVS Health	i	435,812	47,511	335,274	43,105
Lloyds Banking Group	ii	35,081,699	37,416	34,068,535	33,059
BlackRock	i	67,233	35,354	79,328	36,487
S&P Global (McGraw Hill)	i	190,816	28,326	282,036	40,639
Bank of New York Mellon	i	418,291	27,370	495,044	25,836
Microsoft	i	295,371	25,352	295,371	20,298
State Street	i	142,738	15,321	201,276	14,570
Schroders	ii	261,696	10,852	255,290	8,937
Qualcomm	i	119,900	10,798	119,900	8,625
CapitaLand	iii	2,496,600	7,184	1,191,700	3,651
Singapore Technologies Engineering	iii	1,097,800	3,369	1,033,100	3,237
Viacom	i	67,009	3,249	-	-
Tenet Healthcare	i	106,213	2,177	-	-
SIA Engineering	iii	620,400	1,999	674,000	2,468
Edgewell Personal Care	i	14,326	1,444	-	-
IGM Financial	iv	29,300	1,150	8,100	294
Power Financial Corporation	iv	32,600	1,124	12,600	386
Power Corporation of Canada	iv	29,900	925	17,500	497
SATS	iii	29,900	139	577,800	2,370
MLP AG	v	13,764	83	81,865	389
Axalta Coating Systems	i	-	-	158,060	5,627
Fraport	v	-	-	42,797	3,059
Total investments			1,151,496		1,004,446

Domicile

- i United States
- ii United Kingdom
- iii Singapore
- iv Canada
- v Germany

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

5. Investments (continued)

Foreign Exchange Rates

The Australian dollar exchange rates against the following currencies (London 4.00pm rates) are:

	31 December 2016	30 June 2016
US Dollar	0.72410	0.74460
Euro	0.68651	0.67024
British Pound	0.58601	0.55700
Canadian Dollar	0.97105	5.77657
Singapore Dollar	1.04611	1.00216

6. Fair Value Measurements

The Company classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy set out below, to reflect the source of valuation inputs used when determining the fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The Company invests in securities and rights in listed entities. The fair value of these investments is based on the closing bid price for the security as quoted on the relevant exchange;
- Level 2: valuation techniques using market observable inputs, either directly or indirectly. The fair value of assets and liabilities with short-term maturities are valued at the amount at which the asset or liability could be exchanged in a current transaction between willing parties. The fair value of variable-rate receivables/borrowings are based on parameters such as interest rates and individual creditworthiness of the investee company; and
- Level 3: valuation techniques using non-market observable market data with the fair value for investments based on a Directors' valuation.

The table below presents the fair value measurement hierarchy of the Company's financial assets and liabilities:

	Note	31 December 2016 \$	30 June 2016 \$
Assets measured at fair value			
Level 1: Investments - valued using quoted prices		1,151,496	1,004,446
Level 2: Receivables and Prepayments ^(A)		745	659
Level 3: Investments - Directors' valuation as no quoted price	(i)	-	-
Total financial assets		1,152,241	1,005,105
Liabilities measured at fair value			
Level 2: Payables ^(A)		4,258	4,306
Level 2: Borrowings ^(B)		100,454	107,881
Total financial liabilities		104,712	112,187

(A) Given the short-term maturities, the fair value of the assets and liabilities are recognised at the face value on the invoice.

(B) Given the short-term maturities of borrowings, the fair value equates to principal plus accrued interest.

There have been no transfers between any of the three levels in the hierarchy during the half year and the Company's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the half year.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

6. Fair Value Measurements (continued)

(i) Level 3 Investment

Level 3 investment comprises the Company's shares in China Metals Recycling (Holdings) Limited (CMR), for which there is no active market as the shares have been halted from trading since 28 February 2013. A liquidator has been appointed as a result of Court action by the Hong Kong Securities and Futures Commission, due to fraud by CMR and its Chairman. Based on available information, the Directors have adopted a valuation of zero as at 31 December 2016, which is the same as the value adopted as at 30 June 2016. As a consequence there has been no financial impact in the Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2016.

7. Contributed Equity

	31 December 2016 No. of securities	30 June 2016 No. of securities	31 December 2016 \$'000	30 June 2016 \$'000
(a) Ordinary Shares				
Opening balance	466,980,633	458,380,042	527,132	517,805
Shares issued under DRP - 12 Nov 15	-	432,289	-	809
Shares issued under DRP - 20 May 16	-	419,934	-	798
Shares issued under DRP - 11 Nov 16	507,285	-	862	-
Shares issued under DRP	507,285	852,223	862	1,607
Shares issued from exercise of options	5,151,358	7,748,368	5,133	7,720
Total ordinary shares	472,639,276	466,980,633	533,127	527,132
(b) MFF 2017 options				
Opening balance	75,610,110	83,358,478	(109)	(95)
Shares issued from exercise of options	(5,151,358)	(7,748,368)	-	-
Transaction costs	-	-	-	(20)
Transaction costs - tax effect	-	-	-	6
Total listed options	70,458,752	75,610,110	(109)	(109)
(c) Rights				
Opening balance	-	-	(529)	(473)
Transaction costs	-	-	-	(80)
Transaction costs - tax effect	-	-	-	24
Total rights issued	-	-	(529)	(529)
Total contributed equity			532,489	526,494

(d) Terms And Conditions

(i) Ordinary Shares

Fully paid ordinary shares entitle the holder to receive dividends as declared and the proceeds on winding up the Company in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

7. Contributed equity (continued)

(d) Terms And Conditions (continued)

(ii) Options

Each eligible shareholder of the Company received one MFF 2017 option for every 3 ordinary shares held at 10 October 2012 for nil consideration. A total of 114,516,157 options were issued by the Company on 17 October 2012. The MFF 2017 options are listed on the ASX (ASX code: MFFO) and expire on 31 October 2017.

MFF 2017 options entitle the holder to the right to acquire one ordinary share in the Company and are exercisable at any time on or prior to 31 October 2017, at which time they will lapse. The exercise price of each MFF 2017 option is \$0.9964.

The MFF 2017 options are not entitled to dividends. Ordinary shares issued on exercise of the options rank equally with all other ordinary shares from the date of issue upon exercise of the options, and entitle the holder to receive dividends if issued on or prior to the applicable record date.

(iii) Share Buy-back

On the 26 August 2009, the Company announced its intention to undertake a second on-market buyback of up to 20,000,000 shares after completion of the first buyback. Under this buyback, the Company has bought back and cancelled 13,155,651 shares at a total cost of approximately \$8,276,000. On 30 July 2016, the Company authorised a further extension to the on-market share buyback period to 9 September 2017. No shares were acquired under the buybacks during the half year ended 31 December 2016 (December 2015: nil).

(iv) Dividend Reinvestment Plan (DRP)

Refer to note 2(b) for details on the DRP.

8. Earnings Per Share

	31 December 2016	31 December 2015
Basic earnings per share (cents)	23.78	9.83
Diluted earnings per share (cents)	22.24	9.08
Weighted average number of ordinary shares		
Weighted average number of ordinary shares on issue used in calculating basic EPS	469,398,451	461,564,842
Add: equivalent number of unexercised options for the purposes of calculating diluted EPS	32,356,404	38,213,509
Weighted average number of ordinary shares on issue used in calculating diluted EPS	501,754,855	499,778,351
Earnings reconciliation		
Net profit after income tax expense used in the calculation of basic and diluted EPS (\$'000)	108,311	45,370

The options granted on 17 October 2012 and which remain unexercised at 31 December 2016 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. Details of the options are set out in note 7 (d)(ii).

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

9. Research, Services and Performance Fees

During the half year, the terms of the Services Agreement with Magellan Asset Management were amended with effect from 1 January 2017, and are summarised as follows:

- Research And Services Fees are \$1,000,000 per quarter payable in arrears.
- Performance Fees are \$1,000,000 per annum payable, in arrears, should MFF's total shareholder return exceed 10% per annum compounded annually. The calculation period is from 1 January 2017 to 31 December each year for three years (based off the Company's closing price as at 31 December 2016). Performance fees are non-cumulative.
- The amended fee arrangements are for a period of three years and continue unless mutually agreed in writing between both parties.
- The Services Agreement may be terminated at any time upon six months' notice by either party.

10. Contingent Assets, Contingent Liabilities And Commitments

The Company has no material commitments, contingent assets or contingent liabilities as at 31 December 2016.

11. Events Subsequent To The End Of Half Year

On 3 February 2016, the Directors declared an 85% partially franked interim dividend of 1.0 cent per ordinary share in respect of the half year ended 31 December 2016 (refer to note 2(a) for further details).

In the latest release to the ASX on 1 February 2016, the Company reported Net tangible assets (NTA) as at 31 January 2017 as follows:

	31 January 2017 \$	31 December 2016 \$
Pre-tax NTA	2.183	2.217
Net tax liabilities	0.312	0.321
Post-tax NTA	1.871	1.896

The above NTA values have not been adjusted for the expected dilution from the exercise of the MFF 2017 options.

Pre tax NTA if all of the MFF 2017 options had been exercised	2.029	2.058
Post tax NTA if all of the MFF 2017 options had been exercised	1.758	1.779

(A) Audited NTA (refer note 12 to the financial statements)

Other than the above matters, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future years.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2016

12. Net Tangible Assets (NTA) Value Per Share

The following table reconciles the NTA values presented in the Statement of Financial Position as at 31 December 2016 to the NTA per share reported to the ASX on 3 January 2017.

	31 December 2016 \$	31 December 2016 \$	30 June 2016 \$	30 June 2016 \$
	Pre-tax	Post-tax	Pre-tax	Post-tax
ASX reported NTA value^(A)	2.215	1.891	1.914	1.672
NTA value^(B)	2.217	1.896	1.913	1.684

The above NTA values have not been adjusted for the expected dilution from the exercise of the MFF 2017 options.

ASX reported NTA value if all of the MFF 2017 options had been exercised^(A)

2.057	1.775	1.786	1.578
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NTA value if all of the MFF 2017 options had been exercised^(B)

2.058	1.779	1.785	1.588
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(A) The NTA values reported to the ASX on 3 January 2017 include estimates for accrued expenses and tax liabilities.

(B) The NTA value refers to the net assets of the Company including the net current and deferred tax liabilities/assets presented in the Statement of Financial Position.

The movement between the ASX reported NTA value and the NTA value represents period end adjustments, rounding and updating of tax balances.

MFF CAPITAL INVESTMENTS LIMITED

DIRECTORS' DECLARATION

for the half year ended 31 December 2016

In the Directors' opinion,

- a) the financial statements and notes set out on pages 9 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of MFF Capital Investments Limited as at 31 December 2016 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that MFF Capital Investments Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving declarations which mirror those required under section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the Directors.



Richard Warburton AO
Chairman



Chris Mackay
Managing Director/Portfolio Manager

Sydney, 3 February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT



Building a better
working world

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To the members of MFF Capital Investments Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of MFF Capital Investments Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other 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.

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 controls as the directors determine are 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 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 MFF Capital Investments Limited, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

INDEPENDENT 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 interim financial report of MFF Capital Investments Limited is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Rita Da Silva
Partner
Sydney
3 February 2017

MFF CAPITAL INVESTMENTS LIMITED

Corporate Information

Former Company Name

Magellan Flagship Fund Limited

Directors

Richard Warburton AO - Chairman

John Ballard

Andy Hogendijk

Chris Mackay

Company Secretary

Geoffrey Stirton

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Auditor And Taxation Adviser

Ernst & Young

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Share Registrar

Boardroom Pty Limited

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225 George Street

Sydney NSW 2000

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Fax: +61 2 9279 0664

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Securities Exchange Listing

Australian Securities Exchange (ASX)

ASX code (ordinary shares): MFF

ASX code (options): MFFO

Website

<http://www.magellangroup.com.au/mff>