

2018



MFF

CAPITAL INVESTMENTS LIMITED

INTERIM REPORT

FOR THE HALF YEAR ENDED – 31 DECEMBER 2017

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 2017 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 2017

The Directors of MFF Capital Investments Limited ("MFF" or the "Company") present their report in respect of the half year ended 31 December 2017.

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).

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 Dividends

On 28 July 2017, the Directors declared a fully franked dividend of 1.0 cent per ordinary share in respect of the year ended 30 June 2017, which amounted to \$5,201,000. The dividend was paid on 10 November 2017.

On 31 January 2018, the Directors declared a fully franked interim dividend of 1.5 cents per ordinary share, which is expected to be paid on 19 May 2018. The amount of the proposed interim dividend, which is not recognised as a liability as at 31 December 2017 is approximately \$8,105,000 (December 2016: \$4,726,000), based on the number of shares on issue at 31 December 2017. The Dividend Reinvestment Plan (DRP) will operate in conjunction with this dividend and no discount will be applied for the DRP. The dividend for the December 2016 half year was 1.0 cent per ordinary share 85% franked.

At 31 December 2017, the Company's available imputation (franking) credits (based on a tax rate of 30%) were \$7,366,000 (June 2017: \$1,286,000) which are sufficient to cover the full franking of this dividend.

At the 2017 Annual General Meeting MFF's Chairman (in his address which was also released to the ASX) advised that the Board "continued to review the dividend policy, as equity markets have been strong and MFF has made sales in the financial year to date of about 10% of our portfolio. These sales are expected to generate additional franking credits for future dividends. Thus the Board today has decided to announce its intention that the regular six monthly dividend be 1.5 cents per share for the first dividend of 2018, and then a minimum of 1.5 cents per share with the goal of lifting it over time to 2.5 cents per share".

The Directors confirm their goal to increase the regular six-monthly dividend to 2.5 cents per share. Equity markets, which strengthened shortly prior to the 2017 Annual Meeting, have remained strong and MFF has continued to make sales from the portfolio. These sales are expected to generate franking credits when tax is paid. MFF's financial statements disclose a current tax liability as at 31 December 2017 in relation to the year ended 30 June 2018, of approximately \$19.7 million. Payment of this level of tax would generate sufficient franking credits to fully frank an annual dividend of 5 cents per share in the upcoming fiscal year, based upon current legislation and MFF's current number of shares on issue.

MFF CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

for the half year ended 31 December 2017

1.4 Dividends (continued)

MFF's dividend policy balances the preferences of some shareholders for MFF to increase the 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 inefficiency of dividend payments (particularly if not fully franked) and MFF's recent increases in the amounts of tax paid and expected to be payable (which increase franking). Notwithstanding recent strong equity markets and sales by MFF, there remain significant uncertainties in the timing and extent of franking credits for an internationally focussed investment company with MFF's long term investment policies. The Board also has a preference for dividends to be at least maintained, and not reduced, except in exceptional circumstances. There also continue to be liquid markets in ordinary shares for shareholders who might need additional cash in excess of the dividends.

This dividend policy is subject to corporate, legal and regulatory considerations, and we intend to maintain the Dividend Reinvestment Plan (at zero discount to the applicable market price).

1.5 Review Of Results And Operations

• Financial Results For The Half Year

As detailed in MFF's annual financial reports, MFF uses mark to market accounting for both portfolio and currency price movements. Hence market movements in the Australian dollar value of the portfolio are the primary factors impacting six monthly and annual results. Price movements for equity markets and for MFF's portfolio were favourable in the latest six months and this more than offset modest negative currency movements. For the half year ended 31 December 2017, the Company recorded a net profit after income tax expense of \$120,636,000 (December 2016: \$108,311,000). Income tax is expensed in relation to realised and unrealised net gains. Profit before income tax for the half year ended 31 December 2017 profit was \$172,336,000 (December 2016: \$154,721,000).

At 31 December 2017, the Company's net assets (after allowing for deferred taxation) increased by \$172,360,000 to \$1,125,496,000 (June 2017: \$953,136,000). This increase was primarily due to market price movements in the Company's investment portfolio and exercise of MFF 2017 Options.

Pre-tax net tangible assets (NTA) increased to \$2.477 per ordinary share (prior to net tax liabilities of \$0.394) as at 31 December 2017 compared with \$2.324 per ordinary share as at 30 June 2017. The Company also reported a higher post-tax NTA of \$2.083 per ordinary share as at 31 December 2017 compared with \$1.970 per ordinary share as at 30 June 2017. The per share figures also reflect the exercise of 56.1 million MFF 2017 Options during the period at the exercise price of \$0.9964 each. The MFF 2017 Options were issued free to shareholders on a 1:3 basis in October 2012.

As markets will always be subject to fluctuations, the investment performance and results of the past six months to 31 December 2017 should not be considered to be representative of results and returns in future financial periods. MFF board and management have continued to caution shareholders about risks including risks arising from higher equity market prices.

• Operations – Portfolio And Activities

The Company's financial results, investment returns, portfolio composition and changes during the year are summarised in the Portfolio Manager's Report (refer page 6) and detailed in the financial statements. Various risks, including some economic, political and market risks are also noted in this interim financial report, annual financial report and MFF's other communications.

• 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. If the relative underperformance of Australian equity markets and some asset prices, continues in future years it may cause Australian opportunities to become relatively more attractive. As at 31 December 2017 and the date of this report MFF did not have any Australian investments (except for cash balances).

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.

MFF CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

for the half year ended 31 December 2017

1.5 Review Of Results And Operations (continued)

• Strategy And Future Outlook (continued)

It is also not meaningful or prudent to forecast the level of franking credits that may arise from income tax that might become payable from net realised gains from the Company's investment portfolio particularly given there are non-controllable variables involved such as future currency and equity movements, as well as foreign tax withholding for most overseas jurisdictions. As at 31 December 2017, MFF's tax provisions comprised a deferred income tax liability of \$193,373,000 (June 2017: \$164,317,000), and current income tax liability of \$19,704,000 (June 2017: \$6,681,000).

The Company provides regular updates in the weekly and monthly NTA announcements, which can be found in the ASX announcements and in the investor centre section of the MFF website, www.mffcapital.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 2017 in the Portfolio Manager's Report (this information was also released to the ASX on 2 January 2018 as part of the December 2017 monthly NTA release).

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 2017.

1.7 Events Subsequent To The End Of The Half Year

In the latest release to the ASX on 29 January 2018, the Company reported NTA as at 26 January 2018, as follows:

	26 January 2018	31 December 2017
	\$	\$
Pre-tax NTA	(A) 2.622	(B) 2.477
Net tax liabilities	0.420	0.394
Post-tax NTA	2.202	2.083

(A) ASX announcements are approximates and not reviewed by EY.

(B) NTA reviewed by EY (refer note 11 to the financial statements).

Other than the above matters, and the proposed interim dividend detailed at section 1.4, 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 operations of the Company, the results of those operations or the state of affairs of the Company 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 9.

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 consequently 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

Sydney, 31 January 2018



Chris Mackay
Managing Director and Portfolio Manager

MFF CAPITAL INVESTMENTS LIMITED

PORTFOLIO MANAGER'S REPORT

for the half year ended 31 December 2017

Dear Shareholder,

MFF's latest six months were favourable as we benefitted from higher overall market prices for the portfolio which more than offset moderately unfavourable currency movements. In conditions of rising, and elevated, market prices, our processes have required a further tightening of our activities, reduced expectations and movement towards increased defensiveness (in part reflected in the net cash balance of approximately 6.5% of total investment assets at 31 December 2017).

We remain wary, and are cautious in relation to MFF's favourable figures over short periods of six months. Risk management is not currently being rewarded but becomes valuable in changed market conditions. Some investors strongly outperformed in the up stages of previous cycles and subsequently lost considerable investor capital. In the short term MFF's market risks are reduced by eliminating debt and moving to a net cash position but, as we have set out previously, cash is a wasting asset and new capital allocations may involve more business risk than owning our portfolio of shares in outstanding businesses.

Positive current results for MFF principally reflect previous decisions, with our focus on Value and Quality investments. Deployment of resources in the future is expected to be far more difficult than it was during the very favourable conditions for buyers coming out of the financial crisis. It should also be obvious that higher market prices mean that our portfolio has lower margins of safety.

During the six months sales were higher than in recent years at almost 15% at market value, although overall there were modest changes in the composition of the portfolio particularly amongst the largest holdings. We remain comfortable with their advantaged business positions and maintained our views that valuations and potential profitable growth remained satisfactory in prevailing circumstances. We also remained disinclined to position the portfolio away from its advantaged, liquid holdings to chase alternative investments. We have begun to prepare for the future with some cash for future opportunities, some modest risk protection and portfolio construction discipline. Sales in the period might have been premature with the hindsight of ongoing gains after the US tax cuts and synchronised economic recoveries. Please see note 5 to the financial report below for details of the changes in the portfolio.

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. Portfolio prices as at 31 December do not offer the same levels of these possible comforts, and USD weakness/ AUD strength is typically associated with synchronised economic recoveries. We perceive markets to be less attractive than in previous years, and, despite the lack of recent volatility, downward fluctuations are inevitable.

Our views on the portfolio and currencies as at period end were summarised in the NTA release to the ASX on 2 January 2018, as follows.

"MFF advises that its approximate monthly NTA per share as at 29 December 2017 was \$2.475 pre-tax, (\$2.324 pre-tax as at 30 June 2017) and \$2.112 after providing for tax1 (mostly deferred). Tax of approximately 1.2 cents per share was paid in December for 2016/17 and the performance accrual of 0.2 cents per share was triggered at month end (each reduce pre-tax NTA). Franking credits at month end were approximately 1.4 cents per share.

Overall conditions have remained broadly unchanged for the latest month, quarter and six months. Equity markets, economic data and performances by MFF's portfolio companies remained strong. There are some indicators of acceleration, as is customary later in cycles, and the US corporate tax cuts were enacted in December. Benchmark US 10 year bond yields remained benign, at slightly higher levels of about 2.4% per annum.

MFF CAPITAL INVESTMENTS LIMITED

PORTFOLIO MANAGER'S REPORT (continued)

for the half year ended 31 December 2017

Conditions have been broadly unchanged for an extended period, and MFF continues gradually to prepare for change. Although MFF is not under pressure to buy, sell or hold, our goals of maintaining decent after tax returns and seeking to protect capital are far more difficult in prevailing much higher markets as reflected in MFF's low double digit after tax portfolio appreciation for the latest 6 months. Investors weigh up positive views about near term corporate profitability, economic growth, market dynamics (including supply and demand) and assessments of opportunity costs against rising market prices and rising financial market and other risks.

Although cyclical and turning points eventually follow markets buoyed by liquidity, historically high profit margins, reduced taxes and recent sizable gains, we have benefitted from our participation.

In recent years we have wrongly expected materially lower returns and periodic market downturns, and we continue with these expectations. There has been little market benefit from Adaptation (as mentioned at our latest AGM) given the continuation of Momentum referred to in the previous year. We have remained cautious about new initiatives, and missed direct participation in the current commodity price recoveries for example. It remains likely that our major holdings will earn materially more in 10 years or so, and we are cautious about swapping high quality businesses for securities in lesser businesses (even ignoring transaction costs and tax impacts), particularly later in market cycles. Current market conditions appear to require the taking of real risk for the potential of equity returns or less. We have to consider the extent to which we deploy parts of our balance sheet cash in modest return, moderate risk opportunities (at best) prior to market turns, or whether we accept close to zero returns on lower risk cash with options for subsequent deployment.

Shorter cycles are occurring within the currently benign overall cycle; "good news happens in bull markets" and inflates key figures (some indicators have been discussed in recent monthly NTAs). Beyond the immediate, we expect some pressures in emerging markets and in refinancing (perhaps broadly given the duration of the low interest rate cycle, higher incidence of borrowing, market disintermediation and liquidity issues, with rollups, internet challengers and traditional retailing amongst vulnerable sectors). The displacement of baby boomer workers by millennials impacts almost everything, including supply and demand in investment markets (investible assets versus student debt, for example), and casts doubt on whether the US tax cut gift to boomers will be maintained if unpopular with voting millennials (who fund it via higher future taxes and debt). The current cycles may be extended materially if the US administration implements a broad infrastructure investment subsidy program, for example with the recycling of funds from asset sales by the 50 states into new projects and repairs, and there would be considerable 'multiplier effect' benefits particularly for millennial project workers.

US Dollar weakness was a characteristic of calendar 2017. An important positive is that it has assisted the US Federal Reserve in commencing its massive policy normalization. The weak USD also assists in the translation effect for non US earnings from US multinationals. USD weakness and end year AUD strengthening with commodity recovery, have continued to be headwinds for MFF's reported NTA figures. We continue to hold the majority of cash in USD and not to hedge our asset positions back into AUD.

Holdings as at 29 December 2017 with market values of 0.5% or more of the portfolio are shown in the table below (shown as percentages of investment assets including net cash).

Holding	%	Holding	%
Visa	12.9	CVS Health	3.2
Home Depot	11.0	Lloyds Banking Group	3.1
MasterCard	10.7	Facebook	2.5
Bank of America	10.1	S&P Global	1.4
Lowe's	9.3	DBS Group	1.3
Wells Fargo	6.1	United Overseas Bank	1.3
JP Morgan Chase	4.8	Overseas - Chinese Banking	1.2
HCA Healthcare	4.2	CapitaLand	0.9
US Bancorp	4.2	Schroders	0.5
Alphabet	3.8		

MFF CAPITAL INVESTMENTS LIMITED

PORTFOLIO MANAGER'S REPORT (continued)

for the half year ended 31 December 2017

Net cash as a percentage of investment assets including net cash was approximately 6.5% as at 29 December 2017. AUD net cash was 0.1%, GBP net debt 2.4%, USD net cash 8.8% and other currency borrowing/cash exposures were below 1% of investment assets as at 29 December 2017 (all approximate). Key currency rates for AUD as at 29 December 2017 were 0.7822 (USD), 0.6514 (EUR) and 0.5782 (GBP), compared with rates for the previous month which were 0.7592 (USD), 0.6367 (EUR) and 0.5608 (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 2018 NTA is scheduled to be released to the ASX on 1 February 2018.

Yours faithfully,



Chris Mackay
Portfolio Manager

31 January 2018

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.



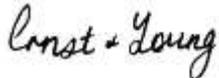
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Auditor's Independence Declaration to the Directors of MFF Capital Investments Limited

As lead auditor for the review of MFF Capital Investment 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.



Ernst & Young



Rita Da Silva
Partner
31 January 2018

MFF CAPITAL INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2017

	Note	31 December 2017 \$'000	31 December 2016 \$'000
Investment Income			
Dividend income		9,857	9,349
Interest income		28	4
Net change in fair value of investments		167,200	157,046
Net (losses)/gains on foreign currency cash and borrowings		716	(3,604)
Net (losses)/gains on foreign exchange settlements and contracts		(968)	(262)
Other income		-	9
Total Net Investment Income		176,833	162,542
Expenses			
Research and services fees		2,957	5,607
Finance costs – interest expense		569	1,234
Executive Director's salary		500	500
Non Executive Directors' fees		143	143
Transaction costs		28	13
Registry fees		72	82
ASX listing, clearing and settlement fees		73	61
Fund administration and operational costs		42	40
Auditor's remuneration		41	38
Employment related taxes		35	34
Other expenses		37	69
Total Operating Expenses		4,497	7,821
Profit Before Income Tax Expense		172,336	154,721
Income tax expense		(51,700)	(46,410)
Net Profit After Income Tax Expense		120,636	108,311
Other comprehensive income		-	-
Total Comprehensive Income For The Half Year		120,636	108,311
Basic Earnings Per Share (cents per share)	8	23.61	23.78
Diluted Earnings Per Share (cents per share)	8	22.81	22.24

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 2017

	Note	31 December 2017 \$'000	30 June 2017 \$'000
Current Assets			
Cash and cash equivalents	4(a)	87,058	658
Investments	5	1,250,605	1,216,293
Receivables		2,849	534
Prepayments		66	8
Total Current Assets		1,340,578	1,217,493
Total Assets		1,340,578	1,217,493
Current Liabilities			
Payables		2,005	22,267
Current tax liability		19,704	6,681
Finance facility	4(b)	-	71,092
Total Current Liabilities		21,709	100,040
Non-Current Liabilities			
Deferred tax liability		193,373	164,317
Total Non-Current Liabilities		193,373	164,317
Total Liabilities		215,082	264,357
Net Assets		1,125,496	953,136
Equity			
Contributed equity	7	600,879	543,954
Retained profits		524,617	409,182
Total Equity		1,125,496	953,136

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 2017

	Note	31 December 2017 \$'000	31 December 2016 \$'000
Contributed Equity			
Balance At The Beginning Of The Half Year		543,954	526,494
Transaction with owners in their capacity as owners:			
Issue of securities:			
- on Dividend Reinvestment Plan		988	862
- on exercise of MFF 2017 options		55,937	5,133
Transfer of MFF 2017 options transaction costs	7 (b)	109	-
Transfer of rights transaction costs	7 (c)	529	-
Balance At The End Of The Half Year		600,879	532,489
Retained Profits			
Balance At The Beginning Of The Half Year		409,182	259,908
Total comprehensive income for the half year		120,636	108,311
Dividends paid	2	(5,201)	(4,704)
Balance At The End Of The Half Year		524,617	363,515
Total Equity		1,125,496	896,004

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 2017

	Note	31 December 2017 \$'000	31 December 2016 \$'000
Cash Flows From Operating Activities			
Dividends received (after withholding tax)		8,652	8,047
Interest received		28	4
Payments for purchase of investments		(76,736)	(41,108)
Proceeds from sale of investments		185,995	51,089
Net gain/(loss) on foreign exchange settlements and contracts		(968)	(262)
Research and services fee paid		(2,025)	(5,623)
Tax paid		(8,309)	(211)
Other expenses paid		(998)	(1,055)
Other income received		-	9
Net Cash Inflow / (Outflow) From Operating Activities		105,639	10,890
Cash Flows From Financing Activities			
Net (repayment) / proceeds of borrowings	4(e)	(72,929)	(11,175)
Interest paid		(569)	(1,234)
Net gain on foreign currency finance facility borrowings		2,535	143
Proceeds from exercise of MFF 2017 options		55,937	5,133
Dividends paid (net of DRP)	2	(4,213)	(3,842)
Net Cash Inflow / (Outflow) From Financing Activities		(19,239)	(10,975)
Net increase / (decrease) in cash and cash equivalents		86,400	(85)
Cash and cash equivalents at the beginning of the half year	4(a)	658	314
Cash And Cash Equivalents At The End Of The Half Year	4(a)	87,058	229

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 2017

1. Summary Of Significant Accounting Policies

This condensed interim financial report is for MFF Capital Investments Limited (“MFF” or the “Company”) for the half year ended 31 December 2017. 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 financial report for the half year ended 31 December 2017 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 31 January 2018. 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 2017 Annual Report and any public announcements made in respect of the Company during the half year ended 31 December 2017 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 2017. 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 2017 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 9: *Financial Instruments (AASB 9)*, (effective 1 July 2018) (AASB 9)**

AASB 9 contains new requirements for the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 *Financial Instruments: Recognition and Measurement*.

AASB 9 was issued in phases, with the phased approach reflecting a number of versions of the standard being issued. The Company early adopted the first version of AASB 9 (issued in 2010) on 1 July 2010, which provided guidance on the classification and measurement of financial assets and financial liabilities. On the adoption of AASB 9 (2010), the four current categories of financial assets and financial liabilities were replaced with two measurement categories: fair value and amortised cost. The Company’s accounting policy under AASB 9 are discussed at note 1 h) in the 2017 annual financial statements.

The subsequent versions of AASB 9 incorporate AASB 9 (2010) which the Company had already adopted, adds requirements for transition; guidance on general hedge accounting; and the new expected credit loss model for impairment. The final complete standard, AASB 9 (2014), is effective for the Company commencing 1 July 2018. The new hedge accounting requirements include changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. The new expected-loss impairment model requires credit losses to be recognised when financial instruments are first recognised, and results in full lifetime expected credit losses recognised on a more timely basis.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

1. Summary of Significant Accounting Policies (continued)

(a) Basis Of Preparation (continued)

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

- **AASB 9: *Financial Instruments* (AASB 9), (effective 1 July 2018) (AASB 9) (continued)**

The key AASB 9 (2014) requirements that have not yet been adopted include hedge accounting and impairment of financial assets. These requirements will have no impact on the Company's financial statements on initial application as the Company does not apply hedge accounting, and the balance of financial assets scoped into AASB 9 (2014) impairment requirements are not material.

- **AASB 15 *Revenue From Contracts With Customers* (effective 1 July 2018) (AASB 15)**

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.

No material changes to the timing or recognition of MFF's key revenues is expected as interest revenue, dividend and distribution income and investment gains are excluded from the scope of AASB 15.

(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 consequently 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).

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 2017

2. Dividends

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

	31 December 2017 \$'000	31 December 2016 \$'000
For The Half Year Ended 31 December 2017:		
Fully franked final dividend for the year ended 30 June 2017 (1.0 cent per ordinary share) - paid 10 November 2017	5,201	-
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
Total Dividends Declared And Paid During The Half Year	5,201	4,704

Of the \$5,201,000 dividends paid during the half year ended 31 December 2017 (December 2016: \$4,704,000), \$4,213,000 was paid in cash to ordinary shareholders that did not elect to participate in the Company's Dividend Reinvestment Plan (DRP) (December 2016: \$3,842,000), and \$988,000 of dividends were paid (December 2016: \$862,000) via the issue of 497,883 ordinary shares (December 2016: 507,285), under the terms of the DRP and at a reinvestment price of \$1.9841 (December 2016: \$1.6999). The dividend was paid on 10 November 2017.

(a) Dividend Declared

In addition to the above dividend declared and paid during the half year ended 31 December 2017, on 31 January 2018 the Directors declared a fully franked dividend of 1.5 cent per ordinary share in respect of the half year ended 31 December 2017. The amount of the proposed dividend, based on the number of shares on issue at 31 December 2017, is approximately \$8,105,000.

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 2017.

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 2017. 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 2017 \$'000	30 June 2017 \$'000
Total imputation credits available in subsequent financial periods based on a tax rate of 30% (30 June 2017: 30%)	7,366	1,286

The above amount, based on a tax rate of 30%, represents the balance of imputation credits at balance date, adjusted for income tax paid/payable, franked dividend receivables and declared franked dividends.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

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 2017 \$'000	30 June 2017 \$'000
(a) Cash And Cash Equivalents		
Cash at bank - denominated in Australian Dollars	17	658
Total cash	17	658
Set Off Cash And Borrowings with MLI - Net Cash:		
Cash - denominated in US Dollars	117,910	-
Cash - denominated in Australian Dollars	1,485	-
(Borrowings) - denominated in British Pounds	(31,725)	-
(Borrowings) - denominated in Singapore Dollars	(612)	-
(Borrowings) - denominated in Canadian Dollars	(9)	-
(Borrowings) - denominated in Euros	(8)	-
Set off Cash And Borrowings With MLI - Net Cash	87,041	-
Total Cash	87,058	658
(b) Set Off Cash And Borrowings With MLI - Net Borrowings:		
Borrowings - denominated in Australian Dollars	-	(33,402)
Borrowings - denominated in British Pounds	-	(25,677)
Borrowings - denominated in US Dollars	-	(11,558)
Borrowings - denominated in Singapore Dollars	-	(438)
Borrowings - denominated in Canadian Dollars	-	(9)
Borrowings - denominated in Euros	-	(8)
Total Borrowings With MLI	-	(71,092)

The Company holds cash at bank, which is at call and subject to floating interest rates, with an Australian bank. The Australian and 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 a result, at 31 December 2017, the Company's cash deposit with MLI of \$119,395,000 (June 2017: nil) has been presented net of the total borrowings held with MLI of \$32,354,000 (June 2017: \$71,092,000). Therefore, the Company's cash balance of \$87,058,000 is presented net of 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 2017

4. Cash And Cash Equivalents, And Net Interest Bearing Borrowings (continued)

(e) Reconciliation Of Borrowings Arising From Financing Activities

	31 December 2017 \$'000	31 December 2016 \$'000
Financing facility borrowings at the beginning of the half year	71,092	107,881
Cash flows	(72,929)	(11,175)
Non-cash foreign exchange adjustments	1,837	3,748
Financing Facility Borrowings At The End Of The Half Year	-	100,454

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

5. Investments

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

Company Name		31 December 2017 Holding	30 June 2017 Holding	31 December 2016 Holding	31 December 2017 Value \$'000	30 June 2017 Value \$'000
Visa	i	1,180,653	1,186,944	1,186,944	172,475	145,132
Home Depot	i	606,938	624,231	629,231	147,220	124,838
MasterCard	i	739,727	777,244	777,244	143,585	123,064
Bank of America	i	3,574,485	3,784,550	3,978,377	134,954	119,696
Lowe's	i	1,048,041	1,097,841	1,097,841	124,535	110,951
Wells Fargo	i	1,056,115	1,293,173	1,414,312	82,016	93,433
JP Morgan Chase	i	467,235	457,235	445,935	64,032	54,489
HCA Healthcare	i	505,326	540,326	756,628	56,764	61,397
US Bancorp	i	818,250	942,357	946,557	56,084	63,798
Alphabet	i	37,813	23,527	0	50,588	27,870
CVS Health	i	467,597	474,097	435,812	43,373	49,743
Lloyds Banking Group	ii	35,556,699	35,456,699	35,081,699	41,848	39,713
Facebook	i	146,447	82,350	0	33,051	16,207
S&P Global	i	86,450	152,556	190,816	18,731	29,033
DBS Group	iii	759,400	596,600	0	18,054	11,710
United Overseas Bank	iii	680,700	611,300	0	17,192	13,377
Oversea - Chinese Banking	iii	1,345,800	1,200,200	0	15,952	12,262
CapitaLand	iii	3,437,300	3,427,300	2,496,600	11,575	11,326
Schroders	ii	148,397	193,432	261,696	6,434	7,242
SATS	iii	716,000	250,000	29,900	3,555	1,208
Singapore Technologies						
Engineering	iii	1,110,600	1,109,600	1,097,800	3,453	3,867
SIA Engineering	iii	620,400	620,400	620,400	1,858	2,398
Bank of New York Mellon	i	26,961	352,514	418,291	1,857	23,447
BlackRock	i	2,158	51,846	67,233	1,419	28,560
Microsoft	i	0	295,371	295,371	0	26,539
Qualcomm	i	0	127,999	119,900	0	9,213
State Street	i	0	49,413	142,738	0	5,780
Total Investments					1,250,605	1,216,293

Domicile

- i United States
- ii United Kingdom
- iii Singapore

Tencent (Hong Kong) was bought and then sold during the half year ended 31 December 2017.

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

5. Investments (continued)

Foreign Exchange Rates

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

	31 December	30 June
	2017	2017
US Dollar	0.78215	0.76705
British Pound	0.57819	0.59052
Singapore Dollar	1.04527	1.05611

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:

	31 December	30 June
	2017	2017
	\$'000	\$'000
Assets		
Level 1: Investments - valued using quoted prices	1,250,605	1,216,293
Level 2: Receivables ^(A)	2,849	534
Total Financial Assets	1,253,454	1,216,827
Liabilities		
Level 2: Payables ^(A)	2,005	22,267
Level 2: Borrowings ^(B)	-	71,092
Total Financial Liabilities	2,005	93,359

(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 each reporting period.

MFF CAPITAL INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the half year ended 31 December 2017

7. Contributed Equity

	31 December 2017 No. of securities	30 June 2017 No. of securities	31 December 2017 \$'000	30 June 2017 \$'000
(a) Ordinary Shares				
Opening balance	483,717,927	466,980,633	544,592	527,132
Shares issued under DRP - 11 Nov 2016	-	507,285	-	862
Shares issued under DRP - 19 May 2017	-	491,883	-	916
Shares issued under DRP - 10 Nov 2017	497,883	-	988	-
Shares issued under DRP	497,883	999,168	988	1,778
Shares issued from exercise of options	56,138,930	15,738,126	55,937	15,682
costs	-	-	(109)	-
Transfer of rights transaction costs	-	-	(529)	-
Total Ordinary Shares	540,354,740	483,717,927	600,879	544,592
(b) MFF 2017 Options				
Opening balance	59,871,984	75,610,110	(109)	(109)
Shares issued from exercise of options	(56,138,930)	(15,738,126)	-	-
Lapsed options 31 Oct 2017	(3,733,054)	-	-	-
Transfer to share capital	-	-	109	-
Total MFF 2017 options	-	59,871,984	-	(109)
(c) Rights				
Opening balance	-	-	(529)	(529)
Transfer to share capital	-	-	529	-
Total Rights Issued	-	-	-	(529)
Total Contributed Equity			600,879	543,954

(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.

(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. On 31 October 2017 the MFF 2017 options expired and 3,733,054 unexercised options lapsed. Ordinary shares issued on exercise of the options ranked equally with all other ordinary shares from the date of issue.

(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 29 July 2016, the Company authorised a further extension to the on-market share buyback period to 9 September 2018. No shares were acquired under the buybacks during the half year ended 31 December 2017 (December 2016: nil).

(iv) Dividend Reinvestment Plan (DRP)

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

MFF CAPITAL INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the half year ended 31 December 2017

8. Earnings Per Share

	31 December 2017	31 December 2016
Basic Earnings Per Share (cents)	23.61	23.78
Diluted Earnings Per Share (cents)	22.81	22.24
Weighted Average Number Of Ordinary Shares		
Weighted average number of ordinary shares on issue used in calculating basic EPS	510,930,134	469,398,451
Add: equivalent number of unexercised options for the purposes of calculating diluted EPS	17,985,027	32,356,404
Weighted average number of ordinary shares on issue used in calculating diluted EPS	528,915,161	501,754,855
Earnings Reconciliation		
Net profit after income tax expense used in the calculation of basic and diluted EPS (\$'000)	120,636	108,311

The MFF 2017 options granted on 17 October 2012 were considered to be potential ordinary shares until they expired on 31 October 2017, and as a result, the options were included in the determination of diluted earnings per share to the extent they were dilutive up until that date. Details of the MFF 2017 options are set out in note 7(d)(ii).

9. Contingent Assets, Contingent Liabilities And Commitments

Under the Services Agreement effective 1 January 2017 Magellan Asset Management Limited (MAM) is entitled to a performance fee if the Company's total shareholder return exceeds 10% per annum, annually compounded, with respect to the following three remaining measurement periods:

- 1 January 2017 to 31 December 2017,
- 1 January 2017 to 31 December 2018, and
- 1 January 2017 to 31 December 2019.

The performance fee that may be payable, in respect to each period, is \$1,000,000 and each is non-cumulative.

As the 10% total shareholder return threshold was exceeded in the relevant period, a performance fee of \$1,000,000 (plus GST) is payable by the Company for the period 1 January 2017 to 31 December 2017.

This has been included within Research and services fees in the Statement of Profit or Loss and Other Comprehensive Income as at 31 December 2017.

The maximum total performance fees payable over the two remaining periods are capped at \$2,000,000. It is disclosed as a contingent liability on the basis that markets are subject to fluctuations and therefore uncertainty exists as to whether the criteria of the performance fee will be achieved. Base payments under the Services Agreement of \$1,000,000 (plus GST) per quarter are also included within the Research and services fees in the Statement of Profit or Loss and Other Comprehensive Income.

The Company has no other material commitments, contingent assets or contingent liabilities as at 31 December 2017 (June 2017: nil).

MFF CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the half year ended 31 December 2017

10. Events Subsequent To The End Of Half Year

On 31 January 2018, the Directors declared a fully franked interim dividend of 1.5 cent per ordinary share in respect of the half year ended 31 December 2017 (refer to note 2(a) for further details).

In the latest release to the ASX on 29 January 2018, the Company reported Net tangible assets (NTA) as at 26 January 2018 as follows:

	26 January 2018	31 December 2017
	\$	\$
Pre-tax NTA	(A) 2.622	(B) 2.477
Net tax liabilities	0.420	0.394
Post-tax NTA	2.202	2.083

(A) ASX announcements are approximates and not reviewed by EY.

(B) NTA reviewed by EY (refer note 11 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 operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

11. 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 2017 to the NTA per share reported to the ASX on 2 January 2018.

	31 December 2017	31 December 2017	30 June 2017	30 June 2017
	\$	\$	\$	\$
	Pre-tax	Post-tax	Pre-tax	Post-tax
ASX Reported NTA Value^(A)	2.475	2.112	2.324	1.978
NTA value^(B)	2.477	2.083	2.324	1.970

(A) The NTA values reported to the ASX on 2 January 2018 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 2017

In the Directors' opinion,

- a) the financial statements and notes set out on pages 10 to 23 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 2017 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, 31 January 2018

Independent Auditor's Review Report to the Members of MFF Capital Investments Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of MFF Capital Investments Limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 half-year financial report of the Company 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 2017 and of its financial performance for 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 Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year 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 half-year financial report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2017 and its 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 Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst &
Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive style.

Rita Da Silva
Partner
Sydney
31 January
2018

MFF CAPITAL INVESTMENTS LIMITED

Corporate Information

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Andy Hogendijk
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Geoffrey Stirton

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Securities Exchange Listing

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ASX code (ordinary shares): MFF

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