

## Appendix 4D

### Half-year report

**ENTITY: HUNTER HALL INTERNATIONAL LIMITED**  
**ABN: 43 059 300 426**

The following information is given to the ASX under listing rule 4.2A.3

#### Item 1:

This half-year report is for the reporting period to 31 December 2016 and the previous corresponding period is 31 December 2015, for Hunter Hall International Limited (the Company or HHL) and its controlled entities (the Consolidated Entity).

#### Item 2: Results for announcement to the market

Profit after tax, before unrealised movement in the value of seeded funds attributable to HHL was \$3.126m, down 18.6% on the \$3.841m recorded in the previous comparable period. The Board considers this a key financial metric, and uses them as a guide in assessing the appropriate dividend to declare as it represents earnings excluding the consolidation of non-controlled interests in the Hunter Hall High Conviction Equities Trust (HCT) and unrealised fair value movements.

A detailed reconciliation of the total loss after tax for the half-year of \$3.949m to the profit after tax, before unrealised movement in the value of seeded funds attributable to HHL shareholders of \$3.126m is provided below in section 2.4 and in more detail in Note 2 of the attached Hunter Hall International Limited December 2016 half-year Financial Report.

	2016 \$'000	2015 \$'000		Change %
2.1: Revenue	8,708	10,031	down	13%
2.2: Profit/(loss) after tax for the half-year	(3,949)	7,133	down	155%
2.3: Profit/(loss) after tax for the half-year:				
Attributable to members of the parent	1,385	4,400	down	69%
Attributable to non-controlling interest	(5,334)	2,733	down	295%
Total profit/(loss) after tax for the half-year	(3,949)	7,133	down	155%

#### 2.4: Reconciliation of Total profit/(loss) after tax for the half-year to Profit / (Loss) after tax, before unrealised movement in value of seeded funds attributable to HHL

Profit / (Loss) after tax, before unrealised movement in value of seeded funds attributable to HHL is a financial measure which represents statutory profit adjusted for the impact of consolidation of non-controlled interests in the Hunter Hall High Conviction Equities Trust (HCT) and unrealised fair value movements. At 31 December 2016 HHL held 24.5% of the HCT.

The inclusion of Profit / (Loss) after tax, before unrealised movement in value of seeded funds attributable to HHL as a measure of the Group's profitability provides investors with the same basis that is used internally for evaluating operating segment performance. Profit / (Loss) after tax, before unrealised movement in value of seeded funds attributable to HHL is used by the Board as a guide to assessing the appropriate dividend to declare.

	2016 \$'000	2015 \$'000		Change %
Profit/(loss) for the half-year	(3,949)	7,133	down	155%
less Net (profit)/loss attributable to non-controlling interest	5,334	(2,733)		
Profit for the half-year attributable to HHL	1,385	4,400	down	69%
Unrealised movement in value of seeded funds	1,741	(559)		
<b>Profit / (Loss) after tax, before unrealised movement in value of seeded funds attributable to HHL</b>	<b>3,126</b>	<b>3,841</b>	<b>down</b>	<b>19%</b>
<b>Split by segment:</b>				
Investment Management Business	2,814	2,771	up	2%
Investing Activities	312	1,070	down	71%
<b>Profit / (Loss) after tax, before unrealised movement in value of seeded funds attributable to HHL</b>	<b>3,126</b>	<b>3,841</b>	<b>down</b>	<b>19%</b>

2.5: The interim dividend for the period is 4.0 cents per share, fully franked and was declared by the Board on 15 February 2017.

	Amount per share	Franked amount per share
Interim dividend (resolved, not provided for at 31 December 2016)	\$0.040	\$0.040

# Appendix 4D

## Half-year report

ENTITY: HUNTER HALL INTERNATIONAL LIMITED  
ABN: 43 059 300 426

2.6:	Interim dividend dates:	
	Ex date	6 March 2017
	Record date	7 March 2017
	Payment date	21 March 2017

Item 3: Net tangible assets per security

	2016	2015
	\$	\$
Net Tangible Asset backing per ordinary share	2.2095	1.3843
Net Tangible Asset backing per ordinary share, attributable to HHL	0.9446	1.0136

Item 4: Details of entities over which control has been gained or lost - Nil

Item 5: Dividend reinvestment

Hunter Hall International Limited operates a Dividend Reinvestment Plan (DRP) whereby shareholders can elect that all or part of their dividends be used to apply for fully paid ordinary shares in the Company. From the date of allotment shares allotted under the Plan will rank equally in all respects with all other shares in the Company. The issue price will be the weighted average sale price of all Share's in the Company sold on the ASX during the five trading days commencing on the ex-date (as determined by the Listing Rules) immediately prior to the relevant Record Date, rounded to the nearest full cent.

Copies of the Hunter Hall International Limited Dividend Reinvestment Plan and DRP Election forms may be obtained by contacting the Registrar. (Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000. Investor Enquiries 1300 855 080.)

The last date for acceptance of an election form for this dividend payment is 08 March 2017, the business day after the record date.

Item 6: Audit/review status

This report is based on financial statements which have been reviewed by Grant Thornton Audit Pty Ltd without dispute or qualification.

Item 7: Attachments forming part of Appendix 4D

Hunter Hall International Limited December 2016 half-year Financial Report.



Kevin Eley  
Chairman

Dated this 15 of February 2017



**HUNTER HALL  
INTERNATIONAL  
LIMITED**

ABN 43 059 300 426

**31 December 2016  
HALF-YEAR FINANCIAL REPORT**

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## Directors' Report

Your Directors present their report on Hunter Hall International Limited (the Company or HHL) and its controlled entities (the Consolidated Entity) for the half-year ended 31 December 2016.

### Directors

The names of Directors in office at any time during or since the end of the half-year are:

Kevin Eley	Chairman
Wayne Hawkins	Non-executive Director
David Groves	Non-executive Director
Peter Hall AM	Managing Director, Chief Executive Officer and Chief Investment Officer (resigned 27 December 2016 as CIO and 9 January 2017 as CEO)
Mark Fortsmann	Non-executive Director (resigned 8 September 2016)

Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

### Operating and Financial Review

Shareholders should note that, Note 2 Operating Segments, presents the performance of the Company's core Investment Management business, and its assets and liabilities by stripping out the effect of consolidating the Hunter Hall High Conviction Equities Trust (HCT) including the performance of its investments.

The Company recorded an operating profit before tax of \$3.751m for the half-year to 31 December 2016, up 13.8% on the \$3.297m recorded in the previous comparable period, the half-year to 31 December 2015.

Realised profits and performance fees earned were nil for the half-year and as a result, profit after tax, before unrealised movement in value of seeded funds attributable to HHL was \$3.126m, down 18.6% on the \$3.841m recorded in the previous comparable period. The Board considers these key financial metrics, and uses them as a guide in assessing the appropriate dividend to declare as it represents earnings excluding the consolidation of non-controlled interests in the HCT and unrealised fair value movements.

Revenue from Investment Management at \$8.716m was up 4.1% on the \$8.374m recorded in the previous comparable period.

Total Operating Expenses related to Investment Management activities at \$4.965m were down 2.2% on the \$5.077m recorded in the previous comparable period.

The Company donates 5% of pre-tax profits to Australian-registered charities. The amount available for donation to charitable purposes of \$0.231m was down 26.0% on the previous comparable period's figure of \$0.312m. Shareholders will be invited to nominate charities to which the Hunter Hall Charitable Trust donates. In the period since listing (February 2001), the Company has donated over \$10.778m to good causes.

Funds under management of \$970m at 31 December 2016 decreased 14.9% from the \$1,140m at 30 June 2016, with negative investment performance of \$80m and net outflows of \$0.43m and distributions of \$90m.

## Directors' Report

Excluding the consolidated cash and investment balances of our seeded funds, our balance sheet has cash and pre-tax investments of \$27.934m at 31 December 2016, down 9.1% or \$2.802m from 30 June 2016. This represents \$1.02 per share (30 June 2016:\$1.13).

### Earnings per share (EPS)

EPS attributable to the HHL shareholders for the period to 31 December 2016 was 11.4 cents per share (31 December 2015: 14.1 cents per share).

The EPS measures are based on profit after tax for the period, attributable to members of the parent company of \$3.126m which excludes HHL's share of unrealised movements in the value of the HCT (31 December 2015: \$3.841m).

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the half-year other than as noted in this report.

### Dividends Paid or Recommended

	2016 \$	2015 \$
Interim ordinary dividend of 4.0 cents per share, fully franked at 30%, declared by the Directors, with a record date of 7 March 2017, to be paid on 21 March 2017 (December 2015: 14.1 cents per share, fully franked).	1,092,393	3,822,946
	<b>1,092,393</b>	<b>3,822,946</b>

### Events Subsequent to Reporting Date

Mr Peter Hall AM tendered his resignation, for personal reasons, as Chief Investment Officer ("CIO") of HHL on 27 December 2016. After discussion with the HHL board, Mr Hall stepped down as both the Chief Executive Officer ("CEO") and the CIO of HHL on 9 January 2017, immediately relinquishing his executive responsibilities.

On 9 January 2017, Paula Ferrao was appointed the interim CEO and James McDonald as the interim CIO.

HHL has received two takeover offers. The first from Washington H Soul Pattinson (WHSP, ASX:SOL) on 13 February 2017 in which a \$2.00 unconditional cash offer has been put forward to all HHL shareholders.

Pinnacle Investment Management (ASX:PNI) on 10 February 2017 put forward a \$2.00 unconditional cash offer to all HHL shareholders. After market closed on 14 February, PNI advised the market that it intended to offer an increased consideration of \$2.20 per HHL share provided that PNI acquired a holding of at least 24.0 per cent of HHL shares on issue.

Hunter Hall has established an Independent Board Committee comprising the non-executive directors to respond to the takeover offers put forward by WHSP and PNI and to provide a recommendation to all HHL shareholders.

On 15 February 2017, the Directors declared an interim dividend of 4.0 cents per share fully franked, with a record date of 7 March 2017 and a payment date of 21 March 2017.

The financial report was authorised for issue on 15 of February 2017 by the Board of Directors.

There are no other matters or circumstances which have arisen since the end of the half-year that are not disclosed in Note 8, that significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit of the financial report for the period ended 31 December 2016 is set out on page 19 and forms part of this report.

### Tax Consolidation

The Company and its wholly owned subsidiaries formed a tax consolidated group, effective 1 July 2003. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expenses to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between entities.

# Directors' Report

## Rounding of Amounts

The Company is of a kind referred to in Legislative Instrument 2016/191, issued 24 March 2016 by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Kevin Eley', with a stylized flourish at the end.

**Kevin Eley**  
Chairman

**Dated this 15 of February 2017**

**STATEMENT OF PROFIT OR LOSS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	Half-year ended 31 December	
		2016 \$'000	2015 \$'000
Revenues	3	8,708	10,031
Other income	2(b)	652	6,028
Employee benefits expense		(3,118)	(3,456)
Performance fee paid		-	(713)
Share based payments expense		-	(147)
Directors' fees		(241)	(155)
Consultancy fees		(11)	(15)
Marketing costs		(509)	(316)
Professional fees		(186)	(45)
Insurance costs		(126)	(131)
Occupancy costs		(269)	(289)
Depreciation and amortisation expense	4	(86)	(88)
Commissions and management fee rebates	4	(165)	(144)
Charitable donations		(231)	(312)
Reimbursable expenses		(302)	(1,080)
Realised/unrealised losses from derivative financial instruments		(23)	-
Realised/unrealised losses from investments		(5,954)	-
Other expenses		(1,225)	(410)
<b>Total expenses</b>		<b>(12,446)</b>	<b>(7,301)</b>
<b>Profit / (Loss) before income tax expense</b>		<b>(3,086)</b>	<b>8,758</b>
Income tax expense		(863)	(1,625)
<b>Profit / (Loss) after tax for the half-year</b>		<b>(3,949)</b>	<b>7,133</b>
<b>Profit / (Loss) after tax for the half-year</b>			
Attributable to members of the parent company		1,385	4,400
Attributable to non-controlling interest		(5,334)	2,733
		<b>(3,949)</b>	<b>7,133</b>

	Half-year ended 31 December	
	2016 cents per share	2015 cents per share
Basic earnings per share	5.08	16.29
Diluted earnings per share	5.08	16.16

*The Statement of Profit or Loss should be read in conjunction with the accompanying notes.*



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	<b>Half-year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit / (Loss) after tax for the half-year	(3,949)	7,133
<b>Other comprehensive income / (loss)</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in fair value of available for sale financial instruments, after tax	(375)	117
Unrealised foreign exchange translation	(52)	190
<b>Total comprehensive income / (loss)</b>	<b>(4,376)</b>	<b>7,440</b>
Attributable to the parent company	958	4,707
Attributable to non-controlling interest	(5,334)	2,733
	<b>(4,376)</b>	<b>7,440</b>

*The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	<b>31 December 2016 \$'000</b>	<b>30 June 2016 \$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	16,809	16,261
Trade and other receivables	3,716	2,246
Other current assets	278	286
<b>Total current assets</b>	<b>20,803</b>	<b>18,793</b>
<b>Non-current assets</b>		
Financial assets	42,848	41,648
Plant and equipment	313	365
Deferred tax assets	573	795
Intangible assets	151	156
<b>Total non-current assets</b>	<b>43,885</b>	<b>42,964</b>
<b>Total assets</b>	<b>64,688</b>	<b>61,757</b>
<b>Current liabilities</b>		
Trade and other payables	2,286	4,434
Current tax liabilities	296	1,511
Short term provisions	787	854
<b>Total current liabilities</b>	<b>3,369</b>	<b>6,799</b>
<b>Non-current liabilities</b>		
Long term provisions	325	291
Deferred tax liabilities	173	333
<b>Total non-current liabilities</b>	<b>498</b>	<b>624</b>
<b>Total liabilities</b>	<b>3,867</b>	<b>7,423</b>
<b>Net Assets</b>	<b>60,821</b>	<b>54,334</b>
<b>Equity</b>		
Issued capital	19,038	18,571
Reserves	135	717
Retained earnings	6,884	9,477
Parent entity interest	26,057	28,765
Non-controlling interest	34,764	25,569
<b>Total equity</b>	<b>60,821</b>	<b>54,334</b>

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

	<b>Note</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained earnings \$'000</b>	<b>Non- controlling interests \$'000</b>	<b>Total \$'000</b>
<b>Balance as at 1 July 2015</b>		17,891	22	5,456	2,975	26,344
Profit for the year		-	-	4,400	2,733	7,133
Other comprehensive income / (loss)		-	307	-	-	307
<b>Subtotal</b>		<b>17,891</b>	<b>329</b>	<b>9,856</b>	<b>5,708</b>	<b>33,784</b>
Shares issued during the year		235	-	-	-	235
Purchase of shares of non-controlling interest		-	-	-	5,947	5,947
Dividends paid		-	-	(2,557)	-	(2,557)
Share based payments expense		-	147	-	-	147
<b>Balance as at 31 December 2015</b>		<b>18,126</b>	<b>476</b>	<b>7,299</b>	<b>11,655</b>	<b>37,556</b>
<b>Balance as at 1 July 2016</b>		18,571	717	9,477	25,569	54,334
Profit for the year		-	-	1,385	(5,334)	(3,949)
Other comprehensive income / (loss)		-	(427)	-	-	(427)
<b>Subtotal</b>		<b>18,571</b>	<b>290</b>	<b>10,862</b>	<b>20,235</b>	<b>49,958</b>
Shares issued during the year		312	-	-	-	312
Purchase of shares of non-controlling interest		-	-	-	14,529	14,529
Dividends paid	5	-	-	(3,978)	-	(3,978)
Shares issued under incentive plans		155	-	-	-	155
Share based payments expense		-	(155)	-	-	(155)
<b>Balance as at 31 December 2016</b>		<b>19,038</b>	<b>135</b>	<b>6,884</b>	<b>34,764</b>	<b>60,821</b>

*The Statement of Changes in Equity should be read in conjunction with the accompanying Notes.*

**STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Half-year ended 31 December	
	2016	2015
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	8,111	10,539
Payments to suppliers and employees	(9,466)	(8,217)
Dividends received	223	58
Interest received	124	127
Income tax paid	(1,856)	(1,076)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(2,864)</b>	<b>1,431</b>
<b>Cash flows from investing activities</b>		
Payments for investments of HHL	(3)	(3,761)
Payments for property, plant and equipment	(22)	(54)
Payments for investments by seeded funds	(21,621)	(7,261)
Proceeds from sale of investments of seeded funds	14,215	7,074
Payments from forward exchange contracts	(23)	1
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(7,454)</b>	<b>(4,001)</b>
<b>Cash flows from financing activities</b>		
Receipts for issue of non-controlling interest shares	14,529	5,947
Dividends paid by HHL	(3,663)	(2,322)
Distributions paid by seeded funds	-	-
<b>Net cash inflow / (outflow) from financing activities</b>	<b>10,866</b>	<b>3,625</b>
<b>Net increase/(decrease) in cash held</b>	<b>548</b>	<b>1,055</b>
Cash and cash equivalents at beginning of period	16,261	14,238
<b>Cash and cash equivalents at end of period</b>	<b>16,809</b>	<b>15,293</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 1 : BASIS OF PREPARATION**

The general purpose half-year financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for the purpose of preparing the financial report.

The Company is a listed public company, incorporated and domiciled in Australia.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Hunter Hall International Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2016 annual financial report.

The half-year does not include full disclosures of the type normally included in the annual financial report.

This half-year financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 2 : OPERATING SEGMENTS

#### a. Segment Information

##### Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Entity is managed on the basis of its core investment management business and its investing activity which is primarily for capital management and the seeding of new funds. The two segments have notably different principal activities and hence risk profiles and performance assessment criteria. Performance and profitability is assessed excluding profit attributable to non controlling interests (unitholders of the seeded funds). Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- i. principal activities
- ii. services provided by the segment

##### Principal activities by segment

In the period to 31 December 2016, the Company delivered a Profit after tax attributable to HHL of \$1.385m (31 December 2015: \$4.400m). The Profit after tax, before unrealised movement in value of seeded funds was \$3.126m (31 December 2015: \$3.841m). This comprised of \$2.814m from the investment management business (31 December 2015: \$2.771m) and \$0.312m in income and realised gains from investing activities (31 December 2015: \$1.070m).

##### i. *Investment management business*

Through its wholly owned subsidiaries the Company operates an investment management business. Hunter Hall Investment Management Limited (HHIML) is the responsible entity of five retail equity funds (Hunter Hall Equity Trusts) : the Hunter Hall Value Growth Trust (VGT), the Hunter Hall Australian Value Trust (AVT), the Hunter Hall Global Equities Trust (GET), the Hunter Hall Global Deep Green Trust (GDG) and the Hunter Hall High Conviction Equities Trust (HCT). HHIML is also the Investment Manager for the Hunter Hall Global Value Limited (HHV), a listed investment company.

##### ii. *Investing activities*

During the period, the Company did not redeem any of its investment in the HCT and reinvested \$0.197m of the distribution received from the HCT into additional units.

The Company also reinvested a further \$0.104m from distributions received from HHV into additional shares. The total pre-tax market value of the Company's investment portfolio was \$17.068m at 31 December 2016.

Investments delivered \$0.372m in dividend and distribution income during the period. The Company also held \$10.866m in cash at 31 December 2016, earning \$0.097m in interest income in the period.

Investing activities delivered a further \$1.741m in unrealised losses from the investments in the seeded funds attributable to the shareholders of Hunter Hall International Limited, and a loss of \$5.334m attributable to non-controlling interests (31 December 2015: \$0.559m and \$2.733m respectively).

##### iii. *Consolidation of seeded funds*

From time to time, the Company will seed new funds. By virtue of the timing of these investments (on the inception of the fund), the Company is often deemed to initially hold a controlling stake, and is required to consolidate the entity's results. At 31 December 2016, the Company held 24.5% of the HCT, which is consolidated in the financial statements. The net loss after tax of \$5.334m for this segment represents the loss attributable to external unitholders in this fund (non-controlling interests).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 2 : OPERATING SEGMENTS (continued)****a. Segment Information****Basis of accounting for purposes of reporting by operating segments***Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

*Inter-segment transactions*

Sales transactions between seeded funds and all other segments are set by the Fund's constitution and are undertaken at arm's length. All such transactions are eliminated on consolidation for the Consolidated Entity's financial statements.

All segments are independent cost centres. Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. All segments are independent cost centres.

In all instances segment assets are clearly identifiable on the basis of their nature and physical location.

*Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. In all instances segment liabilities are clearly identifiable on the basis of their nature.

**b. Segment performance**

	<b>Investment Management Business</b>	<b>Investing Activities</b>	<b>Sub Total - Hunter Hall Group</b>	<b>Consolidation of seeded funds</b>	<b>Total - Consolidated Entity</b>
<b>Six months ended 31 December 2016</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from Investment Management	8,716	-	8,716	(246)	8,470
Trust expenses reimbursed	-	-	-	238	238
<b>Total revenues from external customers</b>	<b>8,716</b>	<b>-</b>	<b>8,716</b>	<b>(8)</b>	<b>8,708</b>
Investment and other income	-	469	469	183	652
Ongoing operating expenses	(4,965)	-	(4,965)	(7,250)	(12,215)
<b>Total operating expenses</b>	<b>(4,965)</b>	<b>-</b>	<b>(4,965)</b>	<b>(7,250)</b>	<b>(12,215)</b>
<b>Operating profit / (loss) before tax</b>	<b>3,751</b>	<b>469</b>	<b>4,220</b>	<b>(7,075)</b>	<b>(2,855)</b>
Charitable donations	(208)	(23)	(231)	-	(231)
<b>Profit / (Loss) before tax</b>	<b>3,543</b>	<b>446</b>	<b>3,989</b>	<b>(7,075)</b>	<b>(3,086)</b>
Tax	(729)	(134)	(863)	-	(863)
<b>Profit / (Loss) after tax, before unrealised movement in value of seeded funds</b>	<b>2,814</b>	<b>312</b>	<b>3,126</b>	<b>(7,075)</b>	<b>(3,949)</b>
Unrealised movement in value of seeded funds	-	(1,741)	(1,741)	1,741	-
<b>Profit / (Loss) after tax</b>	<b>2,814</b>	<b>(1,429)</b>	<b>1,385</b>	<b>(5,334)</b>	<b>(3,949)</b>
Net (profit)/loss attributable to non-controlling interest	-	-	-	5,334	5,334
<b>Profit / (Loss) after tax attributable to HHL</b>	<b>2,814</b>	<b>(1,429)</b>	<b>1,385</b>	<b>-</b>	<b>1,385</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 2 : OPERATING SEGMENTS (continued)**

Six months ended 31 December 2015	Investment Management Business \$'000	Investing Activities \$'000	Sub Total - Hunter Hall Group \$'000	Consolidation of seeded funds \$'000	Total - Consolidated Entity \$'000
Revenue from Investment Management	8,374	-	8,374	659	9,033
Trust expenses reimbursed	-	-	-	998	998
<b>Total revenues from external customers</b>	<b>8,374</b>	<b>-</b>	<b>8,374</b>	<b>1,657</b>	<b>10,031</b>
Investment and other income	-	1,768	1,768	4,260	6,028
Ongoing operating expenses	(5,077)	-	(5,077)	(1,199)	(6,276)
<b>Total operating expenses</b>	<b>(5,077)</b>	<b>-</b>	<b>(5,077)</b>	<b>(1,199)</b>	<b>(6,276)</b>
			-		-
<b>Operating profit / (loss) before tax</b>	<b>3,297</b>	<b>1,768</b>	<b>5,065</b>	<b>4,718</b>	<b>9,783</b>
Performance fees	713	-	713	(1,426)	(713)
Charitable donations	(312)	-	(312)	-	(312)
<b>Profit / (Loss) before tax</b>	<b>3,698</b>	<b>1,768</b>	<b>5,466</b>	<b>3,292</b>	<b>8,758</b>
Tax	(927)	(698)	(1,625)	-	(1,625)
<b>Profit / (Loss) after tax, before unrealised movement in value of seeded funds</b>	<b>2,771</b>	<b>1,070</b>	<b>3,841</b>	<b>3,292</b>	<b>7,133</b>
Unrealised movement in value of seeded funds	-	559	559	(559)	-
<b>Profit / (Loss) after tax</b>	<b>2,771</b>	<b>1,629</b>	<b>4,400</b>	<b>2,733</b>	<b>7,133</b>
Net (profit)/loss attributable to non-controlling interest	-	-	-	(2,733)	(2,733)
<b>Profit / (Loss) after tax attributable to HHL</b>	<b>2,771</b>	<b>1,629</b>	<b>4,400</b>	<b>-</b>	<b>4,400</b>

All revenue is derived in Australia. Therefore a geographical split of external revenue has not been performed.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 2 : OPERATING SEGMENTS (continued)****c. Segment assets and liabilities**

<b>As at 31 December 2016</b>	<b>Investment Management Business \$'000</b>	<b>Investing Activities \$'000</b>	<b>Sub Total - Hunter Hall Group \$'000</b>	<b>Consolidation of seeded funds \$'000</b>	<b>Total - Consolidated Entity \$'000</b>
Cash	10,866	-	<b>10,866</b>	5,943	16,809
Other current assets	2,116	-	<b>2,116</b>	1,878	3,994
<i>Total current assets</i>	<i>12,982</i>	<i>-</i>	<i><b>12,982</b></i>	<i>7,821</i>	<i>20,803</i>
Non-current investments at cost - unit trusts	-	19	<b>19</b>	-	19
Non-current investments at cost - HHV	-	5,628	<b>5,628</b>	-	5,628
Non-current investments at cost - HCT	-	5,132	<b>5,132</b>	25,780	30,912
Non-current investments unrealised gain	-	6,289	<b>6,289</b>	-	6,289
Other non-current assets	1,037	-	<b>1,037</b>	-	1,037
<i>Total non-current assets</i>	<i>1,037</i>	<i>17,068</i>	<i><b>18,105</b></i>	<i>25,780</i>	<i>43,885</i>
<i>Current liabilities</i>	<i>(2,556)</i>	<i>-</i>	<i><b>(2,556)</b></i>	<i>(813)</i>	<i>(3,369)</i>
<i>Non-current liabilities</i>	<i>(325)</i>	<i>(1,892)</i>	<i><b>(2,217)</b></i>	<i>1,719</i>	<i>(498)</i>
<b>Net assets</b>	<b>11,138</b>	<b>15,176</b>	<b>26,314</b>	<b>34,507</b>	<b>60,821</b>
<i>Outside equity interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(34,764)</i>	<i>(34,764)</i>
<b>Net assets attributable to HHL</b>	<b>11,138</b>	<b>15,176</b>	<b>26,314</b>	<b>(257)</b>	<b>26,057</b>
<b>As at 30 June 2016</b>	<b>Investment Management Business \$'000</b>	<b>Investing Activities \$'000</b>	<b>Sub Total - Hunter Hall Group \$'000</b>	<b>Consolidation of seeded funds \$'000</b>	<b>Total - Consolidated Entity \$'000</b>
Cash	12,041	-	<b>12,041</b>	4,220	16,261
Other current assets	4,731	-	<b>4,731</b>	(2,199)	2,532
<i>Total current assets</i>	<i>16,772</i>	<i>-</i>	<i><b>16,772</b></i>	<i>2,021</i>	<i>18,793</i>
Non-current investments at cost - unit trusts	-	20	<b>20</b>	-	20
Non-current investments at cost - HHV	-	5,524	<b>5,524</b>	-	5,524
Non-current investments at cost - AEF	-	-	<b>-</b>	-	11,909
Non-current investments at cost - HCT	-	4,934	<b>4,934</b>	13,156	6,181
Non-current investments unrealised gain	-	8,217	<b>8,217</b>	9,797	18,014
Other non-current assets	1,316	-	<b>1,316</b>	-	1,316
<i>Total non-current assets</i>	<i>1,316</i>	<i>18,695</i>	<i><b>20,011</b></i>	<i>22,953</i>	<i>42,964</i>
<i>Current liabilities</i>	<i>(5,761)</i>	<i>-</i>	<i><b>(5,761)</b></i>	<i>(1,038)</i>	<i>(6,799)</i>
<i>Non-current liabilities</i>	<i>(291)</i>	<i>(2,464)</i>	<i><b>(2,755)</b></i>	<i>2,131</i>	<i>(624)</i>
<b>Net assets</b>	<b>12,036</b>	<b>16,231</b>	<b>28,267</b>	<b>26,067</b>	<b>54,334</b>
<i>Outside equity interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(25,569)</i>	<i>(25,569)</i>
<b>Net assets attributable to HHL</b>	<b>12,036</b>	<b>16,231</b>	<b>28,267</b>	<b>498</b>	<b>28,765</b>

Non-current assets located outside of Australia are deemed to be immaterial and therefore have not been split by geographical location.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 3 : REVENUE**

	Half year ended 31 December	
	2016	2015
	\$'000	\$'000
Management fee income	8,470	8,388
Performance fee income	-	641
Entry fee income	-	4
Trust expenses reimbursed	238	998
	<u>8,708</u>	<u>10,031</u>

**NOTE 4 : PROFIT / (LOSS) FOR THE PERIOD**

	Half year ended 31 December	
	2016	2015
	\$'000	\$'000
<b>Profit / (Loss) before income tax has been determined after charging:</b>		
<b>a. Expenses</b>		
Depreciation of plant and equipment	71	77
Amortisation of intangible asset	15	11
Commissions and management fee rebates	165	144
<i>Other relevant expenses:</i>		
Operating lease expense	194	216
Defined contribution superannuation expense	175	176
<b>b. Significant revenue, net gains and expenses</b>		
<b>Other Income</b>		
Gains / (Loss) from investments	(5,954)	5,722

**NOTE 5 : DIVIDENDS**

	Half year ended 31 December	
	2016	2015
	\$'000	\$'000
Ordinary dividend of 14.6 cents per share, paid on 26 September 2016 fully franked at the tax rate of 30% (2015: 9.5 cents, was fully franked at the tax rate of 30%)	3,978	2,557
	<u>3,978</u>	<u>2,557</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

**NOTE 6 : RELATED PARTY TRANSACTIONS**

Hunter Hall Investment Management Limited (HHIML) is the responsible entity of five retail equity funds (Hunter Hall Equity Trusts): the Hunter Hall Value Growth Trust (VGT), the Hunter Hall Australian Value Trust (AVT), the Hunter Hall Global Equities Trust (GET), the Hunter Hall Global Deep Green Trust (GDG), and the Hunter Hall High Conviction Equities Trust (HCT).

HHIML is also the Investment Manager for the Hunter Hall Global Value Limited (HHV), a listed investment company.

HHIML is entitled to a management fee from the equity funds and HHV, and on occasion, a performance fee based on the relative fund's outperformance of a specified benchmark. In addition, Hunter Hall International Limited (HHL), seeks reimbursement from the fund's for any expenses that it pays on behalf of the fund's, as appropriate under the relevant constitutions on a monthly basis.

The total related party fees recognised in the Statement of Profit or Loss for the period to 31 December 2016 were \$8.708m (31 December 2015: \$10.031m). Of this, an amount of \$1.559m was receivable at 31 December 2016 (31 December 2015: \$2.406m).

By virtue of its majority shareholding, the controlling entity of the Company is Hampshire Assets & Services Pty Limited (Hampshire). Dividends of \$1,702,360 (31 December 2015: \$1,107,700) were paid to Hampshire.

Hampshire entered into a share sale agreement of 19.9% of the issued capital of the Company on 30 December 2016, which was effective 3 January 2017.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 7 : FINANCIAL RISK MANAGEMENT****Net fair values**

The net fair values of listed investments have been valued at the quoted market close price at reporting date. For investments in unit trusts where there is no organised financial market the net fair value has been based on the redemption price published by the issuer at reporting date.

For other assets and other liabilities the net fair value approximates their carrying value.

Financial assets where the carrying amount exceeds net fair values have been written down.

The following table provides an analysis of financial instruments as at reporting date that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

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

There has been no transfer between levels from previous reporting period. Level 3 assets and liabilities, if any, are valued at the director's best estimates.

**As at 31 December 2016**

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Listed investments at fair value	42,824	-	-	42,824
Investments in unit trusts	-	23	-	23
<b>Total</b>	<b>42,824</b>	<b>23</b>	<b>-</b>	<b>42,847</b>

**As at 30 June 2016**

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Listed investments at fair value	41,625	-	-	41,625
Investments in unit trusts	-	23	-	23
<b>Total</b>	<b>41,625</b>	<b>23</b>	<b>-</b>	<b>41,648</b>

**NOTE 8 : EVENTS SUBSEQUENT TO REPORTING DATE**

Mr Peter Hall AM tendered his resignation, for personal reasons, as Chief Investment Officer ("CIO") of HHL on 27 December 2016. After discussion with the HHL board, Mr Hall stepped down as both the Chief Executive Officer ("CEO") and the CIO of HHL on 9 January 2017, immediately relinquishing his executive responsibilities.

On 9 January 2017, Paula Ferrao was appointed the interim CEO and James McDonald as the interim CIO.

HHL has received two takeover offers. The first from Washington H Soul Pattinson (WHSP, ASX:SOL) on 13 February 2017 in which a \$2.00 unconditional cash offer has been put forward to all HHL shareholders.

Pinnacle Investment Management (ASX:PNI) on 10 February 2017 put forward a \$2.00 unconditional cash offer to all HHL shareholders. After market closed on 14 February, PNI advised the market that it intended to offer an increased consideration of \$2.20 per HHL share provided that PNI acquired a holding of at least 24.0 per cent of HHL shares on issue.

Hunter Hall has established an Independent Board Committee comprising the non-executive directors to respond to the takeover offers put forward by WHSP and PNI and to provide a recommendation to all HHL shareholders.

On 15 February 2017, the Directors declared an interim dividend of 4.0 cents per share fully franked, with a record date of 7 March 2017 and a payment date of 21 March 2017.

The financial report was authorised for issue on 15 of February 2017 by the Board of Directors.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

There are no other matters or circumstances which have arisen since the end of the half-year that are not disclosed in Note 8, that significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

**NOTE 9 : CONTINGENT LIABILITIES**

There were no contingent liabilities at 30 June 2016, and there has been no change in contingent liabilities since the last annual reporting date.

## DIRECTORS' DECLARATION

- 1 In the opinion of the Directors of Hunter Hall International Limited:
- a. the consolidated financial statements and notes of Hunter Hall International Limited are in accordance with the Corporations Act 2001, including
    - i. giving a true and fair view of its financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
    - ii. complying with Accounting Standard AASB 134 Interim Financial Reporting;
  - b. there are reasonable grounds to believe that Hunter Hall International Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Company.



**Kevin Eley**  
**Chairman**

Dated this 15 of February 2017

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**Auditor's Independence Declaration  
To The Directors of Hunter Hall International Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Hunter Hall International Limited for the half-year ended 31 December 2016, I declare that, 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G S Layland  
Director - Audit & Assurance

Sydney, 15 February 2017

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## **Independent Auditor's Review Report To the Members of Hunter Hall International Limited**

We have reviewed the accompanying half-year financial report of Hunter Hall International Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' Responsibility for the Half-year Financial Report**

The Directors of Hunter Hall International Limited 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 controls as the Directors determine is 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Hunter Hall International Limited consolidated entity'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 Hunter Hall International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

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

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G S Layland  
Director - Audit & Assurance

Sydney, 15 February 2017

# Corporate Directory

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## DIRECTORS

### Kevin Eley

*Chairman*

### Wayne Hawkins

### David Groves

*Non-executive Director*

### Peter Hall AM

*Managing Director, Chief Executive Officer and Chief Investment Officer (resigned 27 December 2016 as CIO and 9 January 2017 as CEO)*

### Mark Fortsmann

*Non-executive Director (resigned 8 September 2016)*

## COMPANY SECRETARY

### Paula Ferrao

## AUDITOR

### Grant Thornton Audit Pty Ltd

Level 17, 383 Kent Street  
SYDNEY NSW 2000  
Australia

## SHARE REGISTRY

### Computershare Investor Services Pty Limited

Level 4, 60 Carrington Street  
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