



Ethical
Managed Funds

Hunter Hall International Limited

ABN 43 059 300 426

Annual Report
30 June 2015



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Dear Fellow Shareholders,

I am pleased to present the 15th Annual Report of Hunter Hall International Limited.

I will provide a high level overview of the Company's performance coupled with observations on our investment performance and conclude with some remarks on the outlook for the Company.

Our Managing Director, David Deverall, will in his report provide an overview of our strategy, progress on its implementation and a more detailed review of our key operational metrics.

Financial Results

Hunter Hall International Limited recorded a statutory profit after tax attributable to members of the parent company of \$6.969m for the year to 30 June 2015, 88% higher than that recorded in the previous comparable period. Excluding the unrealised gains from our investment portfolio, our net profit after tax was \$4.188m which was 15% higher than the result for the prior period. These results are pleasing because they mark the first increase in profits for Hunter Hall for a number of years.

The increase in profits arose from a number of factors including strong investment performance for our funds, sharply reduced net outflows, healthy investment income from our investment portfolio, the booking of performance fees, and lower operating expenses. David elaborates on these points in his Managing Director's Report.

Funds under management increased 16.5% from \$960m at 30 June 2014 to \$1,118m at 30 June 2015 with good investment performance easily offsetting net outflows, dividends and distributions.

Our balance sheet is strong with cash and investments of \$23.8m at 30 June 2015, prior to payment of dividends and tax. This is an increase of \$5.9m from the number as at 30 June 2014. A factor contributing to the increase was the strong performance of our investment portfolio which comprises investments in a number of our funds including the High Conviction Equities Trust which we seeded with a \$5m investment in December 2014.

Dividend

As a result of our healthy 15% increase in net profit after tax to \$4.188m the Board has declared a final fully franked dividend of 9.5 cents per share. The record date for the dividend is Thursday 10 September 2015 and the dividend will be paid on Thursday 24 September 2015.

In conjunction with the interim fully franked dividend of 6.0 cents per share, the total dividend for the year is 15.5 cents per share, fully franked, compared with 13.4 cents per share in the previous comparable period, of which 13.3 cents was franked.

We expect the level of franking for our dividends to continue to be in excess of 90% in future periods.

Summary Profit & Loss Statement

(\$'000)	30-Jun-15	30-Jun-14	30-Jun-13
Funds Under Management	1,118m	960m	1,115m
Revenue from Investment Management	15,910	16,042	18,373
Ongoing operating expenses	-9,917	-9,976	-10,655
One-off expenses	-204	-513	-1,230
Total operating expenses	-10,121	-10,489	-11,885
Total operating profit from Investment Management	5,789	5,553	6,488
Net performance fees	298	-	-
Charitable donations	-374	-307	-371
Profit from Investment Management, pre-tax	5,713	5,246	6,117
Tax	-1,780	-1,656	-1,845
Profit from Investment Management, post-tax	3,933	3,590	4,272
Net investment and other income	365	83	253
Tax	-110	-25	-
Realised profit from Investment Activities, post-tax	255	58	253
Net profit after tax	4,188	3,648	4,525
Movement in value of seeded funds	2,781	67	287
Net profit after tax attributable to HHL	6,969	3,715	4,812
Dividends Per Share	15.5	13.4	18.6

Capital Management

In December 2014 the Board decided to invest \$5m as a seed investment in a new fund called the Hunter Hall High Conviction Equities Trust. This investment is in addition to investments we have made in our funds in recent years including the Hunter Hall Australian Equities Fund and Hunter Hall Global Value Limited. These investments complement the cash we hold either at call or as term deposits. Our cash and investment portfolio of \$23.8m comprises \$12.8m of cash and \$11.0m of investments in our funds. In 2015 the investment portfolio delivered investment income of \$365k and recorded unrealised gains of \$2.781m. Our cash and investments are now worth \$0.88 per share and represent a material percentage of Hunter Hall's current share price.

Expenses

The Company's operating expenses declined during the year. Most of these reductions were in areas such as administration costs and rent. In addition, the Non-executive Directors and the CEO voluntarily reduced their fees and base remuneration respectively during the year. Furthermore, senior Key Management Personnel received no increase in base remuneration in the year to 30 June 2015. As signaled in the 2014 Annual Report my remuneration increased in 2015 following the Board's decision to partially reverse my previous election to voluntarily reduce my salary in 2009 and 2010 by 20% and 9% respectively.

The overall reduction in operating expenses was partially offset by increases in performance-linked bonus payments to some members of the investment team. The investment team are eligible to receive bonuses linked to the performance of their investment portfolios, a number of which performed strongly during the year. While some of these bonuses were funded by performance fees, the majority were funded directly by operating profits. We will continue to fund the bonuses for the investment team directly from operating profits until we erase the performance fee deficit for our funds.

The performance fee deficit for most of our funds narrowed during 2015. While we do not expect to earn performance fees from the VGT (our largest fund) in 2016 we are hopeful that we might be in a position to earn performance fees in subsequent years. In addition, we may have the opportunity to earn performance fees from the Australian Value Trust and the new High Conviction Equities Trust.

	VGT (\$'000)	AVT (\$'000)	GET (\$'000)	GDG (\$'000)	HCT (\$'000)
Performance fee surplus/(deficit) 30 June 2015	(21,590)	(69)	(14,516)	(540)	593
Performance fee surplus/(deficit) 30 June 2014	(39,726)	(9,477)	(14,180)	(431)	-

Investment Performance

Our flagship product, the Hunter Hall Value Growth Trust (VGT) recorded a 29.8% return for the twelve months to 30 June 2015. This compares with a 24.6% return by the MSCI World and a 5.7% return by the All Ords. This great result was driven by strong performances from, among others, Sirtex Medical, St Barbara, M2 Group, AMP Capital China Growth Fund, G Resources, Apple, Take- Two Interactive Software, Industrial and Commercial Bank of China, Retail Cube Limited and Leopalace21 Corporation. An eclectic bunch to say the least! Detractors included Alchemia, GI Dynamics and Maca Limited.

Between inception on 2 May 1994 and 30 June 2015 the VGT generated a compound annual return of 13.8% and has outperformed the MSCI World and All Ords in 15 and 14 of 21 fiscal years, respectively. Since inception the VGT has outperformed the MSCI World and All Ords by a compound annual average of 7.3% and 4.8%, respectively.

According to Morningstar data, the VGT was the top-performing fund of 1098 managed funds registered in Australia over the 20 year period to 30 June 2015. At the time of writing the unit price of the VGT is near an all-time high, when adjusted for distributions and approximately 40% above its pre-GFC peak.

The following table displays the performance of the VGT relative to the MSCI World and the All Ords to 30 June 2015.

Performance of the Value Growth Trust (VGT) to 30 June 2015

	VGT (1)	MSCI World (2)	Relative Performance (1-2)	All Ords (3)	Relative Performance (1-3)
Compound Annual Returns					
1 Year	29.8%	24.6%	5.2%	5.7%	24.1%
3 Years	23.2%	25.8%	-2.6%	14.5%	8.7%
5 Years	12.2%	15.3%	-3.1%	9.4%	2.8%
7 Years	7.1%	8.7%	-1.6%	4.8%	2.3%
10 Years	9.1%	6.3%	2.8%	7.0%	2.1%
15 Years	10.4%	1.8%	8.6%	7.8%	2.6%
20 Years	15.4%	6.3%	9.1%	9.4%	6.0%
Since inception (02.05.1994)	13.8%	6.5%	7.3%	9.0%	4.8%

The All Ordinaries Accumulation Index is the benchmark used for Performance Fee calculation for the VGT.

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

The Hunter Hall Global Equities Trust (GET) recorded a 22.1% return for the twelve months to 30 June 2015. This compares with a 24.6% return by the MSCI World over the same period. Between its inception on 29 November 2001 and 30 June 2015 the GET recorded a compound annual return of 6.2%, compared with a 3.2% return by the MSCI World over the same period.

Performance of the Global Equities Trust (GET) to 30 June 2015

	GET (1)	MSCI World (2)	Relative Performance (1-2)
Compound Annual Returns			
1 Year	22.1%	24.6%	-2.4%
3 Years	21.2%	25.8%	-4.6%
5 Years	9.9%	15.3%	-5.4%
7 Years	4.5%	8.7%	-4.2%
10 Years	5.7%	6.3%	-0.6%
Since inception (29.11.2001)	6.2%	3.2%	3.0%

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

The Hunter Hall Australian Value Trust (AVT) recorded a 9.0% return for the twelve months to 30 June 2015. This compares with a 0.4% return by the Small Ordinaries Accumulation Index (Small Ords) over the same period. Between its inception on 29 November 2001 and 30 June 2015 the AVT recorded a compound annual return of 7.2%, compared with a 5.2% return by the Small Ords over the same period.

Performance of the Australian Value Trust (AVT) to 30 June 2015

Compound Annual Returns	AVT (1)	Small Ords (2)	Relative Performance (1-2)
1 Year	9.0%	0.4%	8.6%
3 Years	5.1%	2.5%	2.7%
5 Years	3.9%	1.3%	2.6%
7 Years	2.3%	-2.3%	4.6%
10 Years	5.2%	2.0%	3.2%
Since inception (29.11.2001)	7.2%	5.2%	2.0%

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

The Global Deep Green Trust (GDG) recorded a 10.3% return for the twelve months to 30 June 2015. This compares with a 24.6% return by the MSCI World over the same period. Between its inception on 31 October 2007 and 30 June 2015 the GDG recorded a compound annual return of 2.5%, compared with a 5.1% return by the MSCI World over the same period.

Performance of the Global Deep Green Trust (GDG) to 30 June 2015

Compound Annual Returns	GDG (1)	MSCI World (2)	Relative Performance (1-2)
1 Year	10.3%	24.6%	-14.2%
2 Years	14.3%	22.4%	-8.2%
3 Years	13.7%	25.8%	-12.1%
5 Years	4.9%	15.3%	-10.3%
Since inception (31.10.2007)	2.5%	5.1%	-2.7%

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

The Hunter Hall Australian Equities Fund (AEF) recorded a 15.0% return for the twelve months to 30 June 2015. This compares with a 5.6% return by the S&P/ASX 300 Accumulation Index (S&P/ASX 300) over the same period. Between its inception on 16 July 2013 and 30 June 2015 the AEF recorded a compound annual return of 14.9%, compared with a 9.4% return by the S&P/ASX 300 over the same period.

Performance of the Australian Equities Fund (AEF) to 30 June 2015

Compound Annual Returns	AEF (1)	S&P/ASX 300 (2)	Relative Performance (1-2)
1 Year	15.0%	5.6%	9.4%
Since inception (16.07.2013)	14.9%	9.4%	5.5%

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

The Hunter Hall High Conviction Equities Trust (HCT) recorded a 57.4% return between its inception on 11 December 2014 and 30 June 2015. This compares with a 2.9% return by the RBA's Cash Rate target + 3% (RBA + 3%) over the same period.

Hunter Hall Global Value Limited

The Company, through its subsidiary Hunter Hall Investment Management Limited (HHIML) is the Investment Manager for Hunter Hall Global Value Limited (HHV), a listed investment company.

Hunter Hall Global Value Limited's (HHV) pre-tax NTA per share recorded a 30.0% return for the twelve months to 30 June 2015. This compares with a 24.6% return by the MSCI World over the same period. Between its inception on 19 March 2004 and 30 June 2015 HHV recorded a compound annual return of 8.1%, compared with a 6.5% compound annual return by the MSCI World over the same period.

Relative Performance of Global Value Limited (HHV) to 30 June 2015

Compound Annual Returns	HHV (1)	MSCI World (2)	Relative Performance (1-2)
1 Year	30.0%	24.6%	5.4%
3 Years	25.3%	25.8%	-0.5%
5 Years	13.7%	15.3%	-1.5%
7 Years	8.5%	8.7%	-0.3%
10 Years	8.0%	6.3%	1.7%
Since inception (19.03.2004)	8.1%	6.5%	1.6%

Source: Hunter Hall. All returns are on a pre-tax basis. Past performance is no guarantee of future performance and no guarantee of future returns is implied.

Current State of Investment Markets

The macro-economic outlook is weak in most economies. Global economic growth appears to be slowing as evidenced by significant falls in commodity prices such as iron ore, oil, coal and the key industrial metal copper which is down 27% over the past year. In particular the Chinese economy appears to have reduced its growth rate from 7-8% towards 2-4% and there has been a sharp correction in the Chinese stock markets. Australia, as a key supplier to that economy, is feeling pain in its fiscal and trade balance and a weakening currency.

Some central banks are keen to increase interest rates so that they can have some firepower but keep having to delay the decision in the face of weakening economic data. Of note is the fact that New Zealand actually cut its rates in late July, following similar rate cuts by Canada and Australia earlier this year and a decision by the Bank of England not to increase rates earlier this month. Markets expect the Federal Reserve to increase rates in September if only by a token amount but we think there is a possibility that it won't happen, particularly in the wake of the recent Yuan devaluation.

Over the last few years equities have enjoyed near perfect conditions of extraordinary monetary and fiscal stimulus, economic growth and very low interest rates and have been valued upwards to high levels. It has been difficult to find undervalued stocks.

However, opportunities are now starting to develop. The world is faced with slowing economic growth and this has led to the devastation of the valuations of some sectors, in particular resources. Other types of companies in danger are those with high levels of debt and, possibly, banks. Some stocks are trading at small percentages of their previous valuations and therefore offer great opportunity for value investors. For example, in late 2014 we were able to acquire a 15% holding in a gold mining company, St Barbara Limited, at an average cost of 13c a share, down from a high of \$5 in 2008. The stock ran to 60c and has pulled back to 40c but we value it at \$1 to \$2, subject to the gold price not falling sharply. We believe that other opportunities of this sort will present themselves in the next phase of the market.

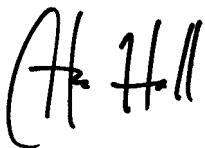
Outlook

The new financial year has started slowly with mixed performance from our funds as a result of some stock-specific and China-related problems. As at 13 August 2015 our funds under management were \$1,102m, a slight decrease from the level of 30 June 2015.

Hunter Hall is well positioned to prosper in this environment with a strong balance sheet and an experienced and able investment and executive team. It is too early to offer any forecast on the likely level of profitability of the Company for the 2016 financial year although we do expect our operating expenses to remain approximately at current levels. Outflows from our funds now appear to have fallen to “attritional levels” and we are hopeful that at some stage we will return to favour among the investment advisors and ratings agencies. This would allow a return to inflows.

Annual General Meeting

The Annual General Meeting of Hunter Hall International Limited will be held on Wednesday 25 November 2015 at 2.30pm at the Museum of Sydney, Phillip St & Bridge Street, Sydney, NSW, 2000. This will be preceded by the Hunter Hall Investment Management Annual Investors and Advisors meeting, commencing at 12.00pm, to which Company Shareholders are also invited.



Peter Hall AM

Executive Chairman, Chief Investment Officer

Dear Shareholders,

I am pleased to report a healthy increase in operating profits for Hunter Hall International Limited (HHIL) for the year ended 30 June 2015. The increase in profits was driven by a combination of factors including strong investment performance for most funds, a dramatic reduction in net fund outflows, prudent management of our cost base, healthy investment income, and the booking of net performance fees for our new fund called the High Conviction Equities Trust. I will discuss these achievements within the context of the strategy articulated to shareholders in the last two years' annual reports.

Strategy

The strategy for Hunter Hall is to offer a range of responsibly-invested equities funds with a value and a small-mid caps bias to Australian superannuation funds, financial planners, and investors. Hunter Hall will win the competition for value creation because value investing is a proven approach for the creation of excess returns, small and mid caps outperform large caps over time, and we are a thought leader in responsible investing.

In order to achieve this strategy we continued to implement the following during 2015:

1. Re-invest in our strengths
 - a. Stay true to label as a value investor
 - b. Maintain our small-mid cap investment bias
 - c. Reinforce our position as a thought leader in ethical investing
 - d. Build our investment team capability
 - e. Allocate investment capital based on performance
2. Implement the plan for change
 - a. Strengthen our risk management
 - b. Build new distribution channels
 - c. Manage our cost base prudently
 - d. Manage our balance sheet optimally

I will comment on the achievements in 2015 associated with a few of these strategic initiatives below:

1b. Maintain our small-mid cap investment bias

The excellent absolute and relative investment performance of most of our funds is testament to the superior stock picking skills of the Hunter Hall investment team. Part of that skill lies in knowing where in the world, which has almost limitless investment options, to invest. At Hunter Hall our preferred hunting ground is in the small-mid cap section of the market or those stocks with market capitalisations less than \$10 billion.

Our small-mid cap bias delivered rich rewards for our investors during 2015. Eight of our ten best performing stocks in 2015 were small-mid cap stocks including names such as Sirtex Medical, M2 Telecommunications, St Barbara, AMP Capital China Growth Fund, G Resources, Take Two Interactive, Retail Cube, and Leo Palace.

1e. Allocate investment capital based on performance

The investment team at Hunter Hall competes with one another for the right to manage our clients' funds via a quarterly process of capital allocation. At the end of each quarter, a portion of our funds under management is reallocated among the portfolio managers according to their short-term and medium-term investment performance. This system, which has been in operation since 1 July 2013, aligns the interests of the investment team with those of our clients. It is a transparent and fair system that rewards consistent investment performance with the allocation of more capital. It has been extremely well received by the entire investment team and has contributed to the very strong recent absolute and relative investment performance of the funds.

2b. Build new distribution channels

During the year Hunter Hall provided seed funding of \$5 million for a new fund called the Hunter Hall High Conviction Equities Trust (HCT). The HCT, which is managed by Peter Hall, is a highly concentrated fund which aims to generate strong capital growth over the medium to long term. It is only suitable for those investors seeking high capital growth and who have a strong appetite for volatile short term investment performance. It will not seek approval from investment research houses. The fund is targeted directly at high net worth investors and self managed super funds. These "direct" investors often seek investment solutions such as the HCT because they are typically not available through distribution channels such as financial planners who can only recommend investment products that have been formally approved by research houses.

During the year we also upgraded our website to make it more user-friendly for those investors that would like to invest directly with Hunter Hall. We will continue to enhance our product and service offering to grow our share of the direct-to-investor market.

The Hunter Hall Australian Equities Fund (AEF) was seeded in July 2013 and is focused on the large, growing, and highly competitive institutional market. We are pleased that both the absolute and relative performance of the fund has been very strong since inception. While the fund was not been awarded with any client mandates during the year it is receiving a positive reception from asset consultants and superannuation funds.

2c. Manage our cost base prudently

Hunter Hall's cost base decreased during the year. We reduced operating costs by a further \$0.9 million (or 9%) across the business in areas such as administration, rent, and external suppliers. Offsetting these cost reductions were increases in incentive payments to the investment team of \$0.6 million. The incentive payments were linked to strong relative investment performance by a number of the investment team during the year.

Incentive payments for the investment team will continue to be fully or partially funded from base management fees until we start to earn performance fees again from our range of managed funds. Pleasingly, the strong investment performance of the recently-launched HCT contributed to a net performance fee of \$0.3 million in 2015. During the year we also reduced the base management fee of the Australian Value Trust (AVT) to 1.00% in exchange for the removal of the performance fee deficit for that fund. This proposal was overwhelmingly approved by unitholders at a meeting in April 2015. We hope that both the HCT and the AVT will contribute net performance fees in 2016 and beyond.

2d. Manage our balance sheet optimally

During the year we deployed \$5 million of capital into the new Hunter Hall High Conviction Equities Trust. The very strong performance of this fund (up nearly 60% since inception in December 2014) together with the strong performance of our other equity investments boosted our cash and investments from \$17.9 million at 30 June 2014 to \$23.8 million at 30 June 2015. Our cash and investment comprise

\$12.8 million of cash and \$11.0 million of investments in our funds. We believe this is a prudent blend of cash to fund operations and investments to seed new products.

Fund Flows

The continued healthy performance of global investment markets coupled with the sharp depreciation of the Australian dollar spurred higher interest in global investing among investors. Cash rates remain at historically low levels so it is difficult for investors to achieve their long-term financial goals by investing in that asset class.

Hunter Hall benefitted from these factors in 2015 as shown by a sharp reduction in the level of net outflows during the year. The 12 month average monthly rate of net outflows decreased from \$26 million per month in June 2014 to \$5 million per month in June 2015. The main factor behind the sharp reduction in net outflows was slowing redemptions across all funds. We also benefitted from approximately \$65 million of new capital raised by Hunter Hall Global Value Limited and flows into the new High Conviction Equities Trust.

The focus for the 2016 financial year is to drive the business into a position of positive net inflows. This will only occur when we increase the rate of applications from investors into our funds. Part of our strategy is to drive higher applications from the direct and institutional channels into products such as the HCT and the AEF. However, in our core financial adviser channel, our success in driving higher applications is heavily reliant on the achievement of improved ratings from external research houses. We hope that our strong absolute and relative investment performance, continued investment team stability, the increase in profitability of the business, and the reduction of management fees in two of our funds will help contribute to more favourable ratings. If our funds are upgraded by research houses they will no longer be “on hold” by some of the financial planning groups and wrap platforms that have historically supported Hunter Hall’s managed funds.

Profitability

The increase in funds under management from \$960 million to \$1,118 million coupled with a lower cost base and the recognition of net performance fees of \$0.3 million contributed to a healthy increase in operating profit after tax of 15% to \$4.2 million. Statutory profit nearly doubled to \$7.0 million as a result of the significant unrealised gains on our portfolio of seeded funds. We are very satisfied with the results because they are the by product of a lot of hard work by our team and ongoing support from our clients.

The Hunter Hall Team

The Hunter Hall team has endured a lot of pressure over the past few years through a process of significant change. It is especially pleasing to witness the fruits of their efforts in the form of strong investment performance and a healthy increase in profits. I salute them.



David Deverall

Managing Director, Chief Executive Officer

Your Directors present their report on Hunter Hall International Limited (the Company, HHL) and its controlled entities (the Consolidated Entity) for the year ended 30 June 2015.

Directors

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

Peter Hall AM	<i>Executive Chairman, Chief Investment Officer</i>
David Deverall	<i>Managing Director, Chief Executive Officer</i>
Wayne Hawkins	<i>Lead Non-executive Director</i>
Mark Forstmann	<i>Non-executive Director</i>
Naomi Edwards	<i>Non-executive Director (resigned 2 June 2015)</i>

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

Information on Directors

Peter James MacDonald Hall AM – B.A.

Executive Chairman, Chief Investment Officer

Mr Hall is Executive Chairman and Executive Director of Hunter Hall International Limited. He is Chief Investment Officer of Hunter Hall Investment Management Limited and Executive Chairman and Executive Director of Hunter Hall International (UK) Limited. With regards to Hunter Hall International Limited, he is a Trustee of the Charitable Trust and a member of the Charities Committee.

Mr Hall is also a Patron of the Asian Rhino Project and Sea Shepherd UK, a Director of the International Rhino Foundation and a member of the Sydney Film Festival Council.

Mr Hall has 32 years experience in investment markets. Previously he was Investment Manager of Hancock & Gore Limited, Portfolio Manager and Analyst with Mercantile Mutual Holdings Limited, Industrial Analyst with Pembroke Securities Limited, Investment Analyst with New Zealand South British Insurance Limited and a journalist with John Fairfax & Sons Limited.

Mr Hall completed the Harvard Business School Owner/President Management Program in 2003.

Mr Hall was awarded Member of the Order of Australia (AM) in 2010 for his philanthropic contributions to society and his service to the finance management industry.

David Michael Deverall – B.E. (Hons), MBA

Managing Director, Chief Executive Officer

Mr Deverall is Managing Director and Chief Executive Officer (CEO) of Hunter Hall International Limited. He is also Managing Director and CEO of Hunter Hall Investment Management Limited and Executive Director of Hunter Hall International (UK) Limited.

Mr Deverall has extensive experience in financial services, funds management, and strategy. Prior to joining Hunter Hall, Mr Deverall was Managing Director and CEO of Perpetual Limited and during this time was also Chairman of the peak wealth management industry body, the Financial Services Council. Mr Deverall was also previously Group Head of Funds Management and Head of Strategy at Macquarie Group.

Since May 2012, Mr Deverall has also been a Non-executive Director at Charter Hall Group, a listed property group.

Mr Deverall has an extensive background in strategy having been Head of Strategy at Macquarie Group from 1997-2000 and having worked as a consultant for Bain and Company and The LEK Partnership from 1988-1996.

Mr Deverall holds an MBA from Stanford University, Graduate School of Business, Palo Alto, California and a Bachelor of Engineering (Mechanical) (Honours) from University of Sydney.

William Wayne Hawkins – B.Ec., F.Fin., FAICD.

Lead Non-executive Director

Mr Hawkins is Deputy Chairman and Lead Non-executive Director of Hunter Hall International Limited. He is also Chairman and Non-executive Director of Hunter Hall Investment Management Limited. He is Chairman of the Hunter Hall Group Nomination and Remuneration Committee and a member of the Hunter Hall Group Audit, Risk and Compliance Committee.

Mr Hawkins has over four decades experience in investment management. Previously he was Funds Manager and Investment Analyst with City Mutual Life Assurance Society Limited, Group Investment Manager with New Zealand South British Insurance, Chief Executive of NZI Investment Services Limited, Chief Investment Officer and Managing Director (Funds Management) with Oceanic Capital Corporation Group.

Mark Benedict Forstmann – B.Sc., B.A. (Comm.)

Non-executive Director

Mr Forstmann is a Non-executive Director of Hunter Hall International Limited. He is also Non-executive Director of Hunter Hall Investment Management Limited. He is Chairman of the Hunter Hall Group Audit, Risk and Compliance Committee and a member of the Hunter Hall Group Nomination and Remuneration Committee.

Mr Forstmann has 26 years experience in investment markets including equities, currencies and fixed interest. Between 1986 and 1994 he worked at Bank of America and Banque Indosuez in Sydney and Paris. At Banque Indosuez he was primarily involved in proprietary trading of bonds and currencies in Australian and European markets. Since 1995 he has focused on film and television production.

Mr Forstmann served on the board of the Nature Conservation Trust of NSW between December 2009 and May 2015.

Naomi Jane Edwards – B.Sc. (Hons), FIA, FIAA, FNZSA, MAICD

Non-executive Director (resigned 2 June 2015)

Ms Edwards was a Non-executive Director of Hunter Hall International Limited. She was also Non-executive Director of Hunter Hall Investment Management Limited and was a member of the Hunter Hall Hunter Hall Group Audit, Risk and Compliance Committee and of the Hunter Hall Group Nomination and Remuneration Committee.

Ms Edwards is Chairman of Tasplan, one of Australia's leading public offer industry superannuation funds. She was Director of Australian Ethical Investment Limited from 2005 to 2011, and Chairman from 2007 to 2011. Previously, she was a Partner at Deloitte, running its financial services industry group, a Director at Trowbridge Consulting, and worked as an actuarial consultant with firms in London, New Zealand and Australia. Ms Edwards has also worked as an economics advisor to the Australian Greens.

Ms Edwards holds a first class honours degree in mathematics from the University of Canterbury and is a Fellow of The Institute of Actuaries (London).

Company Secretary

Christina Seppelt – BEcon, LL.B, MLM

Company Secretary (appointed 6 November 2014)

Ms Seppelt is the General Counsel and Company Secretary of Hunter Hall International Limited. She is also the Company Secretary of Hunter Hall Investment Management Limited and Hunter Hall Global Value Limited. Prior to joining Hunter Hall in October 2014, Ms Seppelt worked as a corporate lawyer at Henry Davis York and has over 17 years of legal experience in corporate advisory, regulated transactions and corporate governance.

Ms Seppelt is admitted as a solicitor of the Supreme Court of New South Wales. She holds a Bachelor of Laws from the University of New South Wales, a Bachelor of Economics from the University of Queensland and a Masters of Law and Management from the Australian Graduate School of Management.

Paula Cristina Ferrao – B.Bus

Company Secretary (appointed 30 July 2014, resigned 6 November 2014), Chief Financial Officer

Ms Ferrao is Chief Financial Officer (CFO) of Hunter Hall International Limited and of Hunter Hall Investment Management Limited. She is also a member of the Hunter Hall Charities Committee.

Ms Ferrao has over 15 years experience in funds management, financial reporting and back office operations.

Directors' Interests

As at 30 June 2015, the relevant interests of Directors and their related parties in the shares of the Company are:

	Shares Number
Peter Hall	12,002,270
David Deverall	70,000
Wayne Hawkins	48,000
Mark Forstmann	60,215
Naomi Edwards	-

Principal Activities

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, launched on 11 December 2014) and of a wholesale equity fund, the Hunter Hall Australian Equities Fund (AEF).

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

Hunter Hall International (UK) Limited, a company registered in the U.K., provides international investment research to the Consolidated Entity. This company is authorised to provide investment advisory, managing and dealing services.

There were no other significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

Operating and Financial Review

For a comprehensive analysis of the Company's strategy, a discussion on results for the year to June 2015 and outlook for the Company please refer to the Chairman's Report and Managing Director's Review that form part of this Annual Report.

The Consolidated Entity recorded a net profit after tax of \$6.969m for the year to 30 June 2015 from continuing and discontinued operations attributable to members of the parent company, up 88% on the \$3.715m recorded in the previous comparable period, the year to 30 June 2014.

Note 2: Operating Segments presents the Consolidated Entity's performance of its core Investment Management business, stripping out the effect of consolidating the two seeded funds, the Hunter Hall Australian Equities Fund (AEF) and the Hunter Hall High Conviction Equities Trust (HCT).

Revenue from Investment Management at \$15.910m was down 0.8% on the \$16.042m recorded in the previous comparable period.

Total Operating Expenses related to investment management activities at \$10.121m were down 3.5% on the \$10.489m recorded in the previous comparable period. The ongoing strategy to reduce operating expenses continued during the half but was largely offset by increased expenses for incentive payments to investment team professionals.

The Company received \$596k in gross performance fees from Hunter Hall High Conviction Equities Trust (HCT), 50% of which were allocated as bonuses to the investment team.

The Company donates 5% of pre-tax profits to Australian-registered charities. The amount available for donation to charitable purposes of \$374k was up 21.8% on the previous comparable period's figure of \$307k. Shareholders will be invited to nominate charities to which the Hunter Hall Charitable Trust donates. In the period since listing (February 2001) Hunter Hall shareholders have donated over \$9.9m to good causes.

The unrealised movement in the value of the Company's investments was \$2.781m for the year to 30 June 2015, up on the \$67k recorded in the previous comparable period, the year to 30 June 2014.

Funds under management increased 16.5% from \$960m at 30 June 2014 to \$1,118m at 30 June 2015 with investment performance of \$250m comfortably offsetting net outflows and distributions of \$92m. Net outflows reduced significantly during the period because of the strong performance of our funds. The funds achieved absolute gains of between 9% and 30% between 1 July 2014 and 30 June 2015.

Excluding the consolidated cash and investment balances of our seeded funds, our balance sheet has cash and investments of \$23.8m at 30 June 2015, up \$5.9m from 30 June 2014. During the year we deployed \$5m of available cash as seed capital into a new fund called the Hunter Hall High Conviction Equities Trust which was launched on 11 December 2014. We expect the fund to deliver higher but more volatile returns than had the capital remained invested in cash.

Earnings Per Share

Basic earnings per share for the period to 30 June 2015 was 25.95 cents per share (June 2014: 13.93 cents per share).

Diluted earnings per share for the period to 30 June 2015 was 25.67 cents per share (June 2014: 13.93 cents per share).

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year other than as noted in the Operating and Financial Review and Note 15.

Dividends Paid or Recommended

	2015 \$	2014 \$
Final ordinary dividend of 9.5 cents per share (of which 9.5 cents per share is franked at 30%) declared by the Directors, with a record date of 10 September 2015, to be paid on 24 September 2015 not provided for in the attached financial reports (2014: 6.4 cents per share, of which 6.3 cents per share was franked at 30%)	2,559,318	1,712,778
Interim ordinary dividend of 6.0 cents per share, fully franked at 30%, declared by the Directors, with a record date of 11 March 2015, paid on 25 March 2015 (December 2013: 7.0 cents per share, fully franked)	1,613,380	1,868,973
	4,172,698	3,581,751

In conjunction with the interim dividend of 6.0 cents per share, the total dividend for the year, paid or to be paid is 15.5 cents, fully franked at 30% (2014: 13.4 cents, of which 13.3 cents was franked at 30%).

Events Subsequent to Reporting Date

There are no other matters or circumstances which have arisen since the end of the financial year that are not disclosed in Note 36 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.

Likely Developments

Please refer to the attached Managing Director's Review and Chairman's Report for an update on strategy and outlook respectively.

Meetings of Directors

	Directors' Meetings		Nomination and Remuneration Committee		Audit, Risk and Compliance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter Hall	13	13	-	-	-	-
David Deverall	13	13	-	-	-	-
Wayne Hawkins	13	13	4	4	5	5
Mark Forstmann	13	13	4	4	5	5
Naomi Edwards	13	12	4	4	5	5

Unissued Shares Under Option

At the date of this report, there are no unissued ordinary shares of Hunter Hall International Limited under option.

During the year ended 30 June 2015, no ordinary shares of Hunter Hall International Limited were issued on the exercise of options granted.

No shares have been issued since year end.

No person entitled to exercise options had or has any right by virtue of the options to participate in any share issue of any other body corporate.

Company Shares as Collateral

To protect the interest of all Shareholders and in keeping with the disclosure obligations of listed companies in respect of material financing arrangements by Company Directors that involve the use of Company shares as security (such as margin loans) the Company has adopted a policy that requires all employees and Directors taking out a loan that is ostensibly for the purpose of acquiring Company shares, or a loan that uses Company shares as security, to provide the Company with certain information to allow the Board to determine whether the level of Company shares used as security is material and requires disclosure under the ASX listing rules.

Remuneration Report (Audited)

The Directors of Hunter Hall International Limited (Hunter Hall, the Company) present the Remuneration Report for Non-executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The Remuneration Report is set out under the following main headings:

- a. principles used to determine the nature and amount of remuneration;
- b. details of remuneration;
- c. service agreements;
- d. share-based remuneration; and
- e. other information.

a. Principles used to determine the nature and amount of remuneration

The remuneration policy has been developed to contribute to attracting, motivating and retaining the quality and personal characteristics of staff required at all levels of the Company. It follows a balanced approach, consisting of three key determinants:

- i. to align rewards to business outcomes that deliver value to shareholders;
- ii. to drive a high performance culture by setting challenging objectives and rewarding high performing individuals;
- iii. to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain Key Management Personnel to run and manage the Group.

The Board has established a Nomination and Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The Committee has in the past engaged independent remuneration consultants to provide any necessary information to assist in the discharge of its responsibilities.

The remuneration structure that has been adopted by the Company consists of the following components:

- i. fixed remuneration
- ii. performance based incentives
- iii. tenure based incentives

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board, Investment and Executive Team.

The payment of bonuses, share options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval.

All bonuses, options and incentives must be linked to pre-determined performance criteria.

i. Fixed Remuneration

Investment and Executive teams

The objective of fixed remuneration is to provide a base level of remuneration which is appropriate to the Executive's responsibilities, the geographic location of the Executive and competitive standing in the appropriate market. Fixed remuneration is therefore determined with reference to available market data, the scope and any unique aspects of an individual's role and having regard to the qualifications and experience of the individual.

Fixed remuneration typically includes base salary and superannuation at the rate prescribed under the Superannuation Guarantee legislation. Fixed remuneration for the Executive and Investment teams is assessed annually by the Executive Chairman and Managing Director and is reviewed by the Nomination and Remuneration Committee and approved by the Board. The fixed remuneration of the Executive Chairman and of the Managing Director is reviewed by the Nomination and Remuneration Committee and approved by the Board.

Non-executive Directors

The Board's policy is to remunerate Non-executive Directors at market rates taking into account their time, commitment and responsibilities. The Nomination and Remuneration Committee makes recommendations to the Board on payments for the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

ii. Performance based incentives

Hunter Hall performance measures involve the use of performance objectives, metrics and performance appraisals.

The Investment team's bonus structure links an individual's performance to the benchmark associated with the respective Fund and rewards the team primarily with cash based incentives.

The performance measures for the Executive team and other employees are set annually and are tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial (revenue growth, operating profit, fund performance) and non-financial measures (based on job descriptions).

Performance based incentives for the Executive team and other employees are cash based.

iii. Tenure based incentives

Tenure based incentives are designed to align the long term interests of shareholders with employees by introducing retention measures for key members of staff.

The schemes are a combination of share based and cash payments, linked to tenure.

iv. Use of Remuneration Consultants

No remuneration consultants were used during the financial year.

v. Voting and comments made at the Company's last Annual General Meeting

Hunter Hall International Limited received more than 80% of "yes" votes on its Remuneration Report for the financial year ending 30 June 2014. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

vi. Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous three financial years:

Directors' Report

continued

	2015	2014	2013	2012
Net profit attributable to the parent company, before the movement in the value of seeded funds (\$'000)	4,188	3,648	4,879	7,588
Dividends (cps)	15.5	13.4	18.6	32.0
Share price 30 June (\$)	2.05	1.99	1.73	3.35

b. Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (KMP) of Hunter Hall are shown in the table below:

2015	Short-term Benefits	Post Employment Benefits	Termination Benefits	Share based Payments	Total		
	Salary, fees and leave	Profit share and bonuses	Super-annuation	Termination Payments	Ordinary share options ⁽¹⁾	Ordinary Shares	Total
Name	\$	\$	\$	\$	\$	\$	\$
Directors							
Peter Hall	399,178	-	10,845	-	-	-	410,023
David Deverall	416,950	52,480	18,383	-	-	120,400	608,213
Wayne Hawkins	69,863	-	6,637	-	-	-	76,500
Mark Forstmann	63,000	-	-	-	-	-	63,000
Naomi Edwards ⁽³⁾	53,182	-	5,052	-	-	-	58,234
Sub-total Directors	1,002,173	52,480	40,917	-	-	120,400	1,215,970
Other Key Management Personnel							
Shane Smith	271,217	20,000	18,783	-	249	19,333	329,582
Paula Ferrao	284,989	20,000	18,783	-	251	20,000	344,023
2015 Total	1,558,379	92,480	78,483	-	500	159,733	1,889,575

2014	Short-term Benefits	Post Employment Benefits	Termination Benefits	Share based Payments	Total		
Name	Salary, fees and leave \$	Profit share and bonuses \$	Super-annuation \$	Termination Payments \$	Ordinary share options ⁽¹⁾ \$	Ordinary Shares \$	Total \$
Directors							
Peter Hall	291,655	-	-	-	-	-	291,655
David Deverall	432,226	92,750	17,775	-	-	143,500	686,251
Wayne Hawkins	77,803	-	7,197	-	-	-	85,000
Mark Forstmann	70,000	-	-	-	-	-	70,000
Naomi Edwards ⁽³⁾	64,073	-	5,927	-	8,688	-	78,688
Sub-total Directors	935,757	92,750	30,899	-	8,688	143,500	1,211,594
Other Key Management Personnel							
Shane Smith	272,225	21,500	17,775	-	2,324	-	313,824
Paula Ferrao	282,225	21,500	21,061	-	2,336	-	327,122
James Hordern ⁽²⁾	250,992	8,238	23,707	98,576	2,329	-	383,842
2014 Total	1,741,199	143,988	93,442	98,576	15,677	143,500	2,236,382

(1) Value of options granted in prior years, but expensed in current year

(2) Left the Company 17 April 2014

(3) Resigned from the Board 2 June 2015

All benefits other than share based payments are shown on a cash paid basis. Profit share and bonuses relate, in part, to prior year performance targets. 100% of bonuses included in the remuneration of each Key Management Personnel vested in the year.

The table below illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

		Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance	
	Position held as at 30 June 2015 and any change during the year	Non-salary cash based incentives %	Shares %	Options %	Fixed salary/ fees %	Total %
Directors						
Peter Hall	Executive Chairman, Chief Investment Officer	-	-	-	100.0	100.0
David Deverall	Managing Director, Chief Executive Officer	8.6	19.8	-	71.6	100.0
Wayne Hawkins	Lead Non-executive Director	-	-	-	100.0	100.0
Mark Forstmann	Non-executive Director	-	-	-	100.0	100.0
Naomi Edwards	Non-executive Director (resigned 2 June 2015)	-	-	-	100.0	100.0
Other Key Management Personnel						
Shane Smith	Head of Product, Risk & Client Services	6.0	5.9	0.1	88.0	100.0
Paula Ferrao	Chief Financial Officer	5.9	5.8	0.1	88.2	100.0

c. Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period at 30 June 2015
Peter Hall	\$410,023	See below	Six months
David Deverall	\$435,332	See below	Six months
Shane Smith	\$290,000	Unspecified	One month
Paula Ferrao	\$300,000	Unspecified	One month

Executive Chairman Remuneration – Peter Hall AM

On 26 August 2014, Mr Peter Hall's remuneration was renegotiated, with the net effect of the changes being that Mr Hall's annual remuneration rose from GBP165,000 to approximately AUD\$375,000 effective 6 April 2014. These new arrangements were the subject of the consideration of the Hunter Hall Nomination and Remuneration Committee, in consultation with an external remuneration advisor.

Whereas Mr Hall was previously remunerated through a services agreement with his private company, the new arrangement comprises two contracts: one for his services to Hunter Hall as Chairman in Australia and a second for his services to the group as Chief Investment Officer, employed through Hunter Hall subsidiary Hunter Hall International (UK) Limited.

The key terms of the contract with Hunter Hall International Limited for his position as Director and Executive Chairman of Hunter Hall International Limited are as follows:

- Mr Hall's role as Director is subject to rotating vacation of office and offer for re-election. The term is therefore no more than three years
- the role will attract fixed remuneration of \$100,000 p.a. (inclusive of superannuation)
- no short or long term incentive plans are provided for
- there is no termination payment over and above the Company's statutory obligations

The key terms of the contract with Hunter Hall International (UK) Limited for his position as Chief Investment Officer for the group are as follows:

- ongoing - no fixed maximum term
- the role will attract fixed remuneration of GBP151,354 p.a.

- no short or long term incentive plans are provided for
- In the event that Hunter Hall International earns a performance fee by virtue of the outperformance of one of its funds relative to the fund's benchmark index, Mr Hall may be entitled to a portion of the fee, depending on his contribution to such outperformance. The payment of the bonus remains at the absolute discretion of the Board. The bonus amount paid to Mr Hall could be up to but never exceeding 50% of the performance fee earned by the Company.
- either party may terminate the employment agreement by giving six months notice
- there is no termination payment over and above the Company's statutory obligations

Chief Executive Officer Remuneration – David Deverall

On 30 July 2012 David Deverall commenced in the role of Chief Executive Officer of the Company. Mr Deverall's contract includes the following key features:

- Long Term Incentive: Subject to Shareholder approval, if required by the Corporations Act and/or the ASX Listing Rules, and subject to Mr Deverall's continued employment with the Company, Mr Deverall will be granted 70,000 ordinary shares (Long Term Incentive shares) on 30 November for each of the five years beginning 30 November 2013, up to a total of 350,000 shares. In the event that shareholder approval is not received for any tranche of Long Term Incentive shares the Company will pay Mr Deverall an equivalent cash bonus.
- Short Term Incentive: At any time the company pays a dividend to ordinary shareholders, and until Mr Deverall has been granted 350,000 Long Term Incentive shares, Mr Deverall is entitled to a dividend-linked cash payment, equivalent to the receipt of a dividend on the number of ordinary shares calculated by the formula:
Number of shares = 350,000 less the cumulative total of shares received under the Long Term Incentive to date.
- Performance based incentives: As a member of the Executive team, Mr Deverall participates in the Employee Bonus Scheme
- Termination Payment: Unless Mr Deverall resigns or is terminated under the contract's misconduct provision, Mr Deverall is entitled to the Long Term Incentive shares (or cash equivalent, failing shareholder approval) he would otherwise have been entitled to if his employment continued at the next allotment date.

Mr Deverall voluntarily resolved to reduce his fixed remuneration from \$450,000 to \$434,000 effective 1 August 2014.

On the 26 August 2014 Mr Deverall's notice period was extended, giving either party the right to terminate the employment agreement by giving six months notice (previously three months).

On the 25 February 2015, the Company entered into a variation of employment agreement with Mr Deverall whereby the previous Short Term Incentive (STI) was replaced with:

- a guaranteed payment equal to the benefits he would have received had Mr Deverall not agreed to the variation or
- 20% of any annual increase in Audited Pre Tax Operating Profit (APTOP) based on a diluted earnings per share basis, calculated as follows:
 - in respect of the year ending 30 June 2015, any increase in APTOP will be based on the APTOP for the year ending 30 June 2014
 - in respect of the year ending 30 June 2016, any increase in APTOP will be based on the greater of the APTOP for the year ending 30 June 2014 or the average APTOP for the years ending 30 June 2014 and 30 June 2015
 - in respect of each subsequent financial year ending 30 June, any increase in APTOP will be based on the greater of the APTOP for the year ending 30 June 2014 or the average APTOP for the three immediately preceding financial years

The Board is satisfied that both Mr Deverall's short and long term incentive links his personal interests to those of shareholder returns in the form of dividends and share-price growth.

d. Share-based remuneration

There were no options over ordinary shares in the Company granted as remuneration to each Key Management Personnel during the financial year.

On the 1 July 2013, the Executive team was granted ordinary shares equivalent to 20% of their salary at grant date, for no consideration, contingent on being employed on the 1 July 2016. As at reporting date no shares under this scheme have been issued with \$154,900 worth of shares outstanding.

e. Bonuses included in remuneration

Other than the dividend linked short-term incentive (STI) payable to Mr Deverall outlined above, all other STI cash bonuses awarded as remuneration to each Key Management Personnel are paid under the Employee Bonus Scheme pool which is a fixed percentage of pre-tax profits (excluding investment gains). No part of these bonuses is payable in future years.

f. Other information

Options held by Key Management Personnel

The number of options to acquire shares in the Company held during the 2015 reporting period by each of the Key Management Personnel of the Company including their related parties are set out below. No options are held by directors. There were no vested and exercisable options held by Key Management Personnel as at reporting date.

2015	Balance at start of the year	Granted as compensation	Exercised	Forfeited	Balance at end of the year	Vested during the year	Vested and exercisable	Vested and un-exercisable
Directors of Hunter Hall International Limited								
Naomi Edwards ⁽¹⁾	30,000	-	-	(30,000)	-	-	-	-
Other Key Management Personnel of the Consolidated Entity								
Paula Ferrao	5,000	-	-	(5,000)	-	-	-	-
Shane Smith	5,000	-	-	(5,000)	-	-	-	-
Total	40,000	-	-	(40,000)	-	-	-	-

(1) resigned 2 June 2015

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2015 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

2015	Balance at start of the year	Granted as remuneration during the year	Received during the year on the exercise of options	PM shares converted to ordinary shares	Other changes during the year	Balance at end of the year
Directors of Hunter Hall International Limited						
Peter Hall	11,952,270	-	-	-	50,000	12,002,270
David Deverall	35,000	70,000	-	-	(35,000)	70,000
Wayne Hawkins	48,000	-	-	-	-	48,000
Mark Forstmann	60,215	-	-	-	-	60,215
Naomi Edwards	-	-	-	-	-	-
Other Key Management Personnel of the Consolidated Entity						
Paula Ferrao	273	-	-	-	-	273
Shane Smith	460	-	-	-	27	487
Total	12,096,218	70,000	-	-	15,027	12,181,245

None of the shares included in the table above are held nominally by Key Management Personnel.

Loans to Key Management Personnel

There were no loans held by Key Management Personnel at the end of the year.

Other Key Management Personnel Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with Key Management Personnel, refer to Note 33: Related Party Transactions.

[End of audited remuneration report.]

Environmental Issues

The Consolidated Entity's operations are not subject to any environmental regulation under the law of the Commonwealth and State Government.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnifying and Insurance of Directors and Officers

The Company has paid premiums to insure each of the Directors and Officers in office against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors and Officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit, Risk and Compliance Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence as the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Grant Thornton Audit Pty Ltd provided other services to Hunter Hall International Limited totalling \$10,653.

Grant Thornton UK LLP provided tax services to Hunter Hall International (UK) Limited totalling \$12,844.

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 30 June 2015 is set out on page 80 and forms part of this report.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued 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.



Wayne Hawkins

Lead Non-executive Director

Dated this 17th day of August 2015

This Corporate Governance Statement (Statement) outlines the corporate governance framework of the Company in place throughout the financial year and the extent to which the Company has followed the ASX Corporate Governance Principles and Recommendations (3rd Edition) (Corporate Governance Recommendations) for the period to 30 June 2015.

The Board recognises the importance of good corporate governance and is committed to the highest standard of corporate governance. Continual improvement in this area remains a focus point of the Board which undertook a comprehensive review of its corporate governance policies and procedures during the year. The Board will regularly review all policies and charters to ensure the Company continues to implement best practice governance, having regard to the size of the Company and the nature of its business.

The Corporate Governance Recommendations set out what the ASX considers to be best practice in conducting the business of a listed company. The ASX Listing Rules require companies to disclose their compliance with the Corporate Governance Recommendations on an “if not, why not” basis.

This Statement outlines the corporate governance framework and practices of the Company in place throughout the financial year and the extent to which the Company has followed the Corporate Governance Recommendations for the period to 30 June 2015. A description of the Company’s practices in respect of the eight recommendations is set out below. All these practices, unless otherwise stated, were in place for the entire year. The Company has followed the Corporate Governance Recommendations with the exception of recommendations 1.5 (Diversity Policy), 2.1 (Nominations Committee), 2.4 (majority of the Board should be Independent Directors), 2.5 (chair should be Independent), 4.1 and 7.1 (Audit, Risk and Compliance Committee) or 8.1 (Remuneration Committee) as discussed in more detail below.

Corporate governance documentation referred to in this Statement is available on the Company’s website at www.hunterhall.com.au.

1 Lay Solid Foundations for Management and Oversight

Role of the Board

The Board is constituted and empowered under the Company’s constitution, the ASX Listing Rules and the Corporations Act. The Board has the responsibility for ensuring the Company is properly managed so as to protect and enhance shareholders’ interests in a manner which is consistent with the Company’s responsibility to meet its obligations to all parties with which it interacts. To this end the Board has adopted appropriate corporate governance policies and practices to lay solid foundations for management and oversight.

The Board has formalised its role and responsibilities into a Board Charter, which is available in the Corporate Governance section of the Company’s website.

Directors receive timely, regular and appropriate information to allow them to perform their responsibilities by way of board papers and regular reporting from management.

The Board typically holds at least 10 scheduled meetings each year and unscheduled meetings as required.

Appointment of Directors

All Directors have received a letter of appointment setting out the terms of their appointment addressing the matters recommended by good corporate governance practice and in particular Principle 1.3 of the Corporate Governance Recommendations. The letter of appointment includes associated documents (including a Deed of Indemnity and a copy of the Directors & Officers Insurance Policy) setting out remuneration, power and duties, requirement to disclose certain information and interests including under the Securities Trading Policy and a copy of the Constitution.

All new Directors participate in an induction program about their roles and responsibilities and the practices of the Company. Appropriate checks are undertaken in respect of new Directors including comprehensive reference checking, criminal record and bankruptcy history.

Annually, as part of the materials for the Company’s AGM, all material information in the Company’s possession relevant to a decision whether or not to re-elect a Director is provided to shareholders in relation to Directors standing for re-election.

Agreements with Senior Executives

All senior executives of the Company are employed pursuant to detailed written agreements which set out the terms of their employment and addressing in particular the matters recommended by Principle 1.3 of the Corporate Governance Recommendations.

Company Secretary

The Company Secretary is responsible for the operation and management of the Company's secretariat function. The Company Secretary reports to the Chairman (on behalf of the Board) with respect to the proper functioning of the Board. Each member of the Board has access to the Company Secretary. The appointment and removal of the Company Secretary is determined by the Board.

Diversity Policy

The Company has not developed a formal diversity policy and has not followed Recommendation 1.5. The Board has also not set measurable objectives for achieving gender diversity.

The Company recognises that diversity is a critical aspect of effective management of its people and their contributions to the success of the Company. This diversity is reflected in the differences in gender, race, age, culture, education, family or carer status, religion and disability which is found across the Company.

The Company employs less than 100 staff and is not a "relevant employer" under the Workplace Gender Equality Act. With regard to the relatively small number of staff at present, the Board does not consider it necessary to establish a policy concerning diversity at this time.

In respect of the Board, it is the aim of the Directors to ensure the Board is comprised of individuals that are best equipped to contribute to the success of the business and who can represent the interest of all shareholders, irrespective of gender.

In respect of gender diversity, the proportion of women employees in the whole organisation, the investment team, senior executive positions and on the Board as at 30 June 2015 date is detailed in the table below:

	No. of Persons	No. of Women	Proportion of Women
Whole Organisation	30	13	43%
Investment Team	9	0	0%
Senior Executives	7	3	43%
Board	4	0	0%

The Board affirms its commitment to embracing and promoting diversity in the workplace and providing a work environment that is free from discrimination and promotes equal opportunity for all.

Board evaluation

During the reporting period, the Board conducted a review of the performance of the Board, the Directors and the Committees to which they were appointed in accordance with the process set out in the Board Charter. Given the nature of the Company's activities and the size of the Board, the Board believes that there is sufficient formality in the process of evaluation. The Board's performance is measured against both qualitative and quantitative indicators. The results of the evaluation process and a review of the Skills Matrix have been used as a tool to recognise areas of relative weakness for the purposes of Director recruitment. In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

Directors' profiles setting out their skills, experience, expertise, period of office and other Directorships of listed entities are disclosed in the Directors' Report included in the Company's 2015 Annual Report and on the Company's website.

Senior executive evaluation

The Chief Executive Officer reviews the performance of the senior executives throughout the year. These evaluations take into account criteria such as the achievement and performance towards the Company's objectives and (where appropriate) performance benchmarks and the achievement of individual performance objectives.

The Nomination and Remuneration Committee undertakes the performance evaluation of the Chief Executive Officer which in turn makes a recommendation to the Board which monitors the Chief Executive Officer's performance and setting of key performance indicators.

During the reporting period performance evaluations of the senior executives was undertaken by the Company in accordance with these processes.

2 Structure the Board to Add Value

Board Composition

Directors with a range of qualifications, expertise, experience, diversity and personal attributes are appointed to the Board to enable it to effectively discharge its duties and to add value to the Board's deliberations with the benefit of a variety of perspectives and skills.

At 30 June 2015, the Board is comprised of two Executive Directors and two Independent Directors. An Independent Director, Naomi Edwards resigned as a director during the reporting period. Peter Hall continues to be the Chairman of the Company.

Peter Hall	Executive Director and Chairman	Appointed 19 April 1993
Wayne Hawkins	Lead Non-executive, Independent Director	Appointed 22 December 2000
Mark Forstmann	Non-executive, Independent Director	Appointed 22 December 2000
Naomi Edwards	Non-executive, Independent Director	Appointed 14 October 2011, resigned 2 June 2015
David Deverall	Managing Director and Chief Executive Officer	Appointed 30 July 2012

Whilst the Board composition does not comply with the Corporate Governance Recommendations 2.4 and 2.5 (which recommend that the majority of the Board should be Independent Directors and the chair be independent), the Board is of the view that the existing Board structure is suitable to its business and changing it would not add value for shareholders. The Company notes that for the majority of the reporting period, the majority of the Board were Independent Directors.

The Board is actively seeking to recruit a further independent non executive director. It is the intention of the Company that an appointment will be made and put to shareholders for consideration at the 2015 annual general meeting of the Company.

The Board has adopted a definition of independence as referenced in its Board Charter (which is available in the corporate governance section of the Company's website). A Director will be considered independent where the Director is independent of management, does not hold a substantial interest in the Company and is free from any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with the exercise of independent judgement and has not been employed in an executive capacity or been a material professional advisor in the last three years.

The Board has made its own assessment to determine the independence of each Director and notes that at the date of this Statement all Non-executive Directors are considered Independent.

In addition, the Board gives consideration to tenure when considering independence. The Board believes that independence is evidenced by an ability to constructively challenge and independently contribute to the work of the Board. Despite the length of service of the two Independent Directors, the Board considers they remain Independent Directors. In addition, annually each Director attests as to their own independence.

The Board recognises that shareholders and other interested parties may prefer to raise concerns they may have with an Independent Non-executive Director, and has appointed Wayne Hawkins as the Lead Non-executive Director. The role of the lead Independent Director is set out in the Company's Board Charter which is available in the corporate governance section of the Company's website.

Board Committees

To assist the Board in fulfilling its duties and obligations, the Board has established the following standing Committees:

- Hunter Hall Group Audit, Risk and Compliance Committee
- Hunter Hall Group Nomination and Remuneration Committee

Due to the size of the Company the Board does not consider it necessary to have a separate Nominations Committee and Remuneration Committee. The Board considers that the joint Hunter Hall Group Nomination and Remuneration Committee sufficiently support the Board. For further details of the number of meetings held and attended by the Board and its Committees, and details on the Directors, including qualifications, skills and experience, please refer to the Directors' Report found in this Annual Report.

Nomination and Remuneration Committee

The Board has a Nomination and Remuneration Committee. During the reporting period the members were:

Wayne Hawkins	Committee Chairman, Lead Non-executive Independent Director
Mark Forstmann	Non-executive Independent Director
Naomi Edwards	Non-executive Independent Director (resigned 2 June 2015)

The Nomination and Remuneration Committee met on four occasions during the reporting period and all three members of the Committee attended each meeting.

For part of the reporting period, the Company did not comply with Recommendation 2.1 in that, on the resignation of Naomi Edwards on 2 June 2015, the Committee was not comprised of three members.

The Nomination and Remuneration committee has a Board approved Charter setting out its roles and responsibilities, composition, structure, membership requirements and operation. The Charter contains specific board reporting requirements and a copy is available in the corporate governance section of the Company's website.

Board Skills Matrix

The Board has adopted a Board Skills Matrix which sets out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy of the Board Skills Matrix is available in the corporate governance section of the Company's website.

The Board Skills Matrix sets out the broad skills that the Board believe are important for the Board as a whole to carry out their duties.

During the reporting period each Director individually undertook a self assessment and completed a Board Skills Matrix. Resulting from the assessment and meetings, the Board has identified the particular skills, diversity, experience and expertise that will best complement Board effectiveness. Directors believe the mix of skills of the current Directors is appropriate for the Company however the Board will take into account of the Board Skills Matrix when filling any Board vacancies.

Induction of new Directors and professional development

A new director is offered an induction and training program about the Company, its policies and charters and their roles and responsibilities. New directors also have the opportunity to meet with key management staff.

As part of its ongoing review of its own performance and skill set, the Board is committed to offering education and training to Directors to ensure they remain fit and proper to act as directors with the requisite skills for the proper functioning of the Board.

3 Act Ethically and Responsibly

Code of Conduct

The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Board has adopted a Code of Conduct which sets out the expectations placed on Directors, Officers and employees in their business dealings. The Board reviewed the Code of Conduct during the reporting period to ensure that its

policy remained reflective of best practice. A revised Code of Conduct was adopted by the Board on 27 May 2015 and is available in the corporate governance section of the Company's website.

The Code of Conduct requires high standards of personal integrity and honesty in all dealings, a respect for the privacy of shareholders and others and observance of all relevant laws.

Under the Code of Conduct the standards expected include:

- acting honestly, fairly and ethically in all business dealings;
- acting to prevent bribery and corruption;
- protecting assets, resource and information;
- working with others including showing proper courtesy, consideration and sensitivity in their dealings with clients and colleagues; and
- acting in the best interest of the Company's shareholders.

4 Safeguard Integrity in Corporate Reporting

Audit, Risk and Compliance Committee

The Board has established an Audit, Risk and Compliance Committee (ARCC) to provide assistance to the Board and has adopted a formal Charter for the ARCC. The Charter was reviewed during the reporting period and a revised Charter was adopted by the Board on 27 May 2015. A copy of the ARCC Charter is available in the corporate governance section of the Company's website.

The principal role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibility in relation to Hunter Hall's financial reporting, internal control structure, risk management systems, insurance arrangements and external audit functions.

The ARCC meets as frequently as required but at least quarterly during each financial year. During the reporting period the ARCC met five times and all members attended each meeting of the Committee.

The ARCC is comprised exclusively of Non-executive Independent Directors and its chair is Independent. The Chair of the Committee is not the Chair of the Board.

For the reporting period the members of the ARCC were:

Mark Forstmann	Committee Chairman, Non-executive Independent Director
Wayne Hawkins	Lead Non-executive, Independent Director
Naomi Edwards	Non-executive Independent Director (resigned 2 June 2015)

For part of the reporting period, the Company did not comply with Recommendation 4.1 or 7.1 in that, on the resignation of Naomi Edwards on 2 June 2015, the Committee was not comprised of three Directors.

CEO and CFO Declaration

In addition to the role of the ARCC in reviewing and reporting on the financial statements, prior to the financial statements for a financial year being presented to the Board for their approval, the CEO and CFO provide the Board with a declaration that, in their opinion, the financial records of the Company have been properly maintained in accordance with the Corporations Act and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Independent Auditor

The Auditor is invited to attend each Annual General Meeting of the Company, and to be available to answer shareholder questions about the conduct of the audit, and preparation and content of the Auditor's Report.

5 Make Timely and Balanced Disclosure

The Company is a “disclosing entity” pursuant to section 111AC of the Corporations Act 2001 and complies with the continuous disclosure requirements as set out in the ASX Listing Rules and the Corporations Act 2001.

The Board is committed to keeping its shareholders and the market fully informed of material developments that may have an impact on the Company or its share price.

The Company has adopted a continuous disclosure protocol and the Company Secretary was appointed as the Disclosure Officer of the Company. The Continuous Disclosure Policy was reviewed during the Reporting Period to ensure it reflects best practice and current guidance from the ASX, ensuring all interested parties have an equal opportunity to obtain information which is issued by the Company. A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Company’s website.

Procedures are in place to identify matters that a reasonable person would expect to have a material effect on the price or value of securities of the Company. The Company’s procedures ensure that such matters are notified to the ASX in a timely manner in accordance with the ASX Listing Rules.

The Company is committed to giving all shareholders comprehensive and equal access to information about its activities and to fulfilling its continuous disclosure obligations to the wider market.

The Board is responsible for making decisions on what should be disclosed publicly under the market disclosure policy, and for developing and maintaining relevant guidelines. The Company Secretary has responsibility for ensuring compliance with continuous disclosure requirements in the ASX Listing Rules, and overseeing and coordinating information disclosure to the ASX, shareholders, the media and the public.

The Company also publishes annual reports, notices of meetings, media releases, copies of all ASX releases and any other information that is relevant to the performance and activities of the Company on the Hunter Hall website.

6 Respect the Rights of Shareholders

The Company recognises and supports the right of shareholders to receive effective communication ensuring shareholders are informed of all necessary information to fully assess the performance of the Company. The Company communicates with shareholders through its annual report, disclosures to the ASX, at the Annual General Meeting (AGM) and via the Company’s website. In addition, shareholders have the opportunity to elect to receive relevant documentation electronically from the Company, via the Company’s Registry and can communicate with the Company via email.

Through various means of communication, the Company aims to provide shareholders with a clear and balanced understanding of the aims and objectives of the Company. Copies of all relevant corporate governance documents relating to the Company can be found in the corporate governance section of the Company’s website.

Further cementing the Company’s commitment to ensuring shareholders are kept properly informed, all shareholders are invited to attend an annual investor update. This provides an opportunity for shareholders to obtain information on the investment portfolios, the performance of the underlying investments and provides an opportunity for shareholders to hear directly from the Chief Investment Officer and relevant Portfolio Managers. This forum is made available on an annual basis and is held separately to the Company’s Annual General Meeting.

At each Annual General Meeting, the Chairman opens the floor for general question time and provides the shareholders with the opportunity to be heard and to ask questions of their Directors as they choose. In addition, the Company ensures that the Company’s auditor attends the AGM or other meetings of the Company and shareholders are afforded the opportunity of asking the Company’s auditor questions regarding the conduct and content of the audit. A shareholder may submit a question throughout the year via the investor relations section of the Company’s website or to the auditor prior to the meeting by emailing the Company Secretary.

7 Recognise and Manage Risk

The Board recognises the importance of prudent identification and management of risk factors as part of its responsibility to the Company's shareholders and other significant stakeholders. Further, the Board recognises that effective management of risk is vital to the continued growth and success of the Company.

Due to the nature of the Company's business, the Company and its shareholders are exposed to risk and uncertainty. The Company has established various corporate governance, compliance and risk systems to mitigate the risks but the Company cannot guarantee that these safeguards and systems will be effective. Additionally, some risks are outside the control of the Company.

Due to the size of the Company and scale of operations of its business, the Company does not have a separate risk committee or an internal audit function but rather a combined Audit Risk and Compliance Committee (ARCC).

The Board has overall responsibility for the Risk Management Program including receiving regular reports from the ARCC on the risk profile of the Company. The ARCC provides assistance to the Board to fulfil its oversight responsibility for risk management.

The Risk Management Program has been designed to allow the Board to oversee the risk management process with assistance from management. The Board is responsible for setting the Company's risk appetite and ensures that it reviews each quarter the risk profile for the business. Regular monitoring is also undertaken by the ARCC.

During the reporting period the ARCC has considered and reported to the Board on a review of the Company's Risk Management Program. The Risk Management Program was improved by the addition of a "risk reporting" section and a "key risk metrics" report. By setting specific measurement criteria the Board is able to more clearly articulate the Company's risk appetite and in turn allows management to more precisely monitor the management of those risks. Both the ARCC and the Board is satisfied that the Risk Management Program in place in respect of the Company is sound.

The Board receives an annual assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board does not believe that it has any material exposure to economic, environmental and social sustainability risk.

8 Remunerate Fairly and Responsibly

The Board has a Nomination and Remuneration Committee. At the date of this report the members were:

Wayne Hawkins	Committee Chairman, Lead Non-executive Independent Director
Mark Forstmann	Non-executive Independent Director
Naomi Edwards	Non-executive Independent Director (resigned 2 June 2015)

The Nomination and Remuneration Committee met on four occasions during the reporting period and all three members of the Committee attended each meeting.

For part of the reporting period, the Company did not comply with Recommendation 8.1 in that, on the resignation of Naomi Edwards on 2 June 2015, the Committee was not comprised of three members.

The Nomination and Remuneration committee has a Board approved Charter setting out its roles and responsibilities, composition, structure, membership requirements and operation. The Charter contains specific Board reporting requirements and a copy is available in the corporate governance section of the Company's website.

For details of the remuneration practices and the level of remuneration paid to Directors and Key Management Personnel please refer to the Remuneration Report found in this Annual Report.

This statement is dated this 17th day of August 2015.

Hunter Hall is committed to Corporate Social Responsibility (CSR) and adopts a range of Responsible Investment (RI) policies and processes.

This commitment derives from Hunter Hall's pioneering role in the ethical investments sector and its objective to develop a generous, progressive and sustainable investment institution.

Responsible Investment

Hunter Hall became a signatory to the United Nations Principles for Responsible Investment (UN PRI) in July 2010. The UN PRI is an investor initiative, in partnership with the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact, working together to put the six Principles for Responsible Investment into practice. Our responsible investment initiatives are outlined below in line with UN PRI requirements, specifically Principle 6: to report on our activities and progress towards implementing the Principles.

Principle 1: We will incorporate ESG (environmental, social and corporate governance) issues into investment analysis and decision making processes

Ethical Investment Policy

Hunter Hall is committed to the concept of responsible investing and seeks to avoid investing in businesses that are, in its opinion, involved in activities that are harmful to people, animals or the environment. The Ethical Investment Policy is periodically reviewed to ensure we remain a leader in ethical investing. As a result of a review during the 2014 financial year the policy was amended to exclude fossil fuel companies. There have been no changes to the policy in 2015.

Negative Screen

All Hunter Hall retail investment portfolios utilise a negative screening process. This screening process seeks to avoid investment in companies that derive operating revenues from direct and material business involvement in:

- the manufacture or sale of weapons and weapons components
- tobacco manufacture
- gambling outlets or systems
- intensive animal farming
- animal testing for cosmetics
- activities that give rise to human rights violations
- unremediated destruction of the environment
- uranium mining and nuclear reactors
- fossil fuel exploration, production, refining, transport and storage

While the negative screening process as described above may seem straightforward, investors should be aware that from time to time borderline cases arise where it is unclear whether a potential investment should be rejected or not. In such cases Hunter Hall retains the right to exercise its collective judgment and will take the merits of the investment into account.

Acknowledging the difficulty with such borderline cases, Hunter Hall follows a policy of transparency and aims to provide as much information about the Funds' investments as practicable.

Investors should be aware that the negative screening process does not restrict investment in businesses engaged in mining, the manufacture or sale of alcohol or those that use animal by-products. Hunter Hall is of the view that mining does not necessarily cause permanent damage to the environment provided that due attention is paid to site remediation, control of contamination, worker safety and the welfare of any nearby population. Although we acknowledge the sensitivity of some investors with regards to the sale of alcohol or animal by-products, Hunter Hall believes the decision to invest in these activities to be a personal investor preference, rather than a stated preference of the Funds.

Labour standards are considered but not systematically taken into account in the selection, retention or realisation of investments.

Positive Screen

The Hunter Hall Global Deep Green Trust (GDG) implements a positive ethical investment policy by only investing in companies that are deemed to contribute positively to environmental, humanitarian, social and sustainability issues. The GDG invests globally in activities such as:

- renewable energy from solar, wind, waves, geothermal, biomass, advances in battery, storage and transmission technologies and efficiency gains
- technologies and products which reduce environmental damage such as hybrid automobile engines, water purification and desalination, waste management and advanced materials
- medical services and devices, biotechnology, pharmaceuticals and veterinary care
- education and communications
- animal husbandry, aquaculture, fisheries, forestry and agriculture conducted in an environmentally sustainable and humane way
- activities and instruments involved in microfinance, water management, biodiversity credits, carbon credits, intellectual property related to DNA

The GDG complies with Hunter Hall's negative screening process, used for all its investment portfolios and furthermore, excludes any countries that support commercial whaling. Norway, Iceland, Denmark, South Korea and Russia kill substantial numbers of whales and dolphins. This whaling screen currently prohibits the GDG from investing in countries which account for approximately 3% of the MSCI All Country World Index on an aggregated basis

The perception of the ethicality of many activities is likely to be subject to revision as circumstances change. Examples are nuclear power, wind power and biofuels, which have both vociferous proponents and critics. Hunter Hall will seek to avoid jumping to hasty conclusions about the ethicality of an activity and will be flexible so as to adapt to change.

Fossil fuel exclusion

On 29 May 2014 Hunter Hall announced that it would end investments in fossil fuel companies. The investment portfolios have always been underweight fossil fuel companies but the Board felt the time was right to end investment in these companies outright.

The fossil fuel screen excludes companies with a Global Industry Classification Standard (GICS) 101020 titled "Oil, Gas and Consumable Fuels". This classification currently accounts for approximately 6.4% of the MSCI World Index.

In addition, our existing negative screen means our investment portfolios will be underweight carbon intensive companies such as diversified mining companies with uranium activities and other energy and mining companies which have caused unremediated environmental damage.

Fossil fuels – The stranded asset argument

In 2011 a UK based non profit organisation, Carbon Tracker Initiative (CTI), released a ground breaking report titled 'Unburnable Carbon'. The report compared the CO₂ equivalent of the proven reserves owned by private and public companies and governments to the amount of CO₂ that could be burned in the 50 years to 2050 (the carbon budget) for global temperatures to have an 80% chance of remaining below the 2% increase as agreed by the international community in December 2010 (The Cancun Agreement). CTI's study revealed a startling mismatch. They calculated the proven reserves to be 2,795 GtCO₂ and the carbon budget for the remaining 40 years to 2050 to be just 565 GtCO₂. The implication for financial markets being that if the international community remained committed to the 2% target, 80% of the proven reserves would need to stay in the ground. In other words these assets will not realise the economic value currently subscribed to them.

In December 2015 the United Nations Framework Conference on Climate Change (UNFCCC) will be held in Paris. The main objective of the conference is to reach a universal legally binding agreement that addresses climate change and enables the transition to a low carbon society. To do this, limiting global warming to 2% has been reiterated as the goal. This can only be achieved by limiting the amount of carbon extracted from the earth and released into the atmosphere. For this reason we see substantial risk in the value of any company with carbon assets.

We have already observed a dramatic decline in the value of coal companies. In the US, tougher emissions standards have seen a significant number of coal fired utilities decommissioned or switch to gas. Coupled with the efficiency gains and cheaper renewables the Dow Jones US Coal Sector Index has fallen 87% for the five years to July 2015.

The UNFCCC in December will focus the world's attention on this issue. Being fossil fuel free means Hunter Hall portfolios are already well positioned should the international community reach an agreement of substance.

Policy Compliance

The Hunter Hall investment team monitors all investments in the Funds. In the event that the activities of an investee company changes, or if additional information becomes available such that the investment is considered to breach the Ethical Investment Policy, the investment is disposed of as soon as practicable. When disposing of an asset under such circumstances Hunter Hall endeavours to dispose of the asset for the best price it reasonably can, taking into account liquidity and other market forces. It is possible therefore that disposal of such an investment could extend over a period of time.

To support the integrity of the policy, an independent consultant (CAER - Corporate Analysis. Enhanced Responsibility) carries out an annual review of all companies in the Hunter Hall portfolios. This process highlights any exposures that require more research to test the conformance of each company with the screening rules and can result in a company being marked for disposal. The annual ethical review is largely complete. During 2014/15 we divested from China Machinery and Engineering Corporation due to governance concerns and its material involvement in building coal fired power plants.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices

Proxy Voting

Hunter Hall aims to participate and vote at all meetings of companies held in the portfolios (where eligible) on the advice of the portfolio manager responsible for the company concerned. We believe that Boards tend to perform better if the Directors are aware that there are active and informed shareholders taking an interest in the company's affairs.

Our voting record for the year follows:

Meetings 2014/2015	170	%
Voted	151	89%
Not voted*	19	11%

	Resolutions	For	Against	Abstain
Total	1311	1255	56	0
%		96%	4%	0%

*Includes meetings where Hunter Hall was ineligible to vote.

The meetings where Hunter Hall either opposed or abstained from voting included the following substantive issues:

Nature of resolution	Companies
Shareholder Proposal	Google, Yahoo!, JP Morgan, Verizon
Spill Meeting	Sotheby's
Remuneration related	Alchemia, Alkane Resources
Appointment of Director	Alchemia, Alkane Resources

These companies have generally been informed of each voting decision.

Shareholder Activism

Hunter Hall has a long track-record as an active investor for the purposes of good corporate governance, particularly when we believe that the gap between the price and value of the company is due to either board or management deficiencies. Our ability to do so is also a function of our investment style – buying substantial positions in undervalued and out-of-favour companies.

Under such circumstances Hunter Hall undertakes a proactive approach. For example, we may endeavour to convince the investee board of the merits of a share buy-back, we may agitate for changes to the board and/or management, or we may nominate a representative for the board or support another individual to go onto the board. In extreme situations, we may propose (or even call) a general meeting of shareholders.

During the 2014/15 year Hunter Hall was active in seeking two board renewals and the internalisation of a management agreement in investee companies.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest

As part of our Ethical Investment Policy compliance we seek sufficient disclosure from investee companies on their activities and policies in order to be satisfied whether they pass our ethical screens. If this information is not in the public domain we ask the company to provide us with further information.

Within our investment process, the assessment of corporate governance standards for each company favours those with a transparent approach to financial and corporate governance related disclosure, particularly where they are listed in emerging markets.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry

and

Principle 5: We will work together to enhance our effectiveness in implementing the Principles

Standards and Industry Participation

Hunter Hall has an ongoing commitment to further develop its Ethical Investment Policy and participate in industry-related forums that provide the opportunity to promote ethical investing and are relevant to our investment process and universe. Where an initiative concentrates its efforts on investment securities in which Hunter Hall has limited or no exposure then we may decline becoming involved. This is simply to align our developmental work on ethical investing with the interests of our investors and shareholders.

In addition to our participation in the UN PRI, Hunter Hall is a member of both ESG Research Australia (ESG RA) and the Responsible Investment Association of Australasia (RIAA). Hunter Hall has a long standing relationship with RIAA, formally known as the Ethical Investment Association (EIA). A Hunter Hall representative was on the RIAA Board from its inception in 2000 to 2012.

Our products are also certified as an “ethical investment” by RIAA, whose Certification Symbol signifies that Hunter Hall has adopted strict disclosure practices required under the RIAA Certification Program for the category of Fund Manager. We have also participated as a sponsor and participant at RIAA Conferences in Australia.

The Hunter Hall Global Equities Trust (formerly Global Ethical Trust) was awarded the 2011 Money Management/Lonsec Fund Manager of the Year award in the Ethical/SRI Manager category, in part for its “true commitment and high ethical screening process” combined with a “leading contribution to the responsible investment sector in Australia”.

Corporate Social Responsibility

Shareholder Nominated Charitable Donations Scheme

Since listing on the Australian Securities Exchange (ASX) in February 2001 Hunter Hall International Limited (HHL) has donated 5% of its pre-tax profits to charities or charitable purposes. Hunter Hall Investment Management Limited (HHIML), the responsible entity of the Hunter Hall Funds, has also elected to donate a portion of its fees from the Hunter Hall Global Deep Green Trust to charity:

- 0.5% of the 1.6% annual Management Fee
- 20% of any Performance Fee earned

The Hunter Hall Shareholder Nominated Charitable Donations Scheme allows shareholders, on a basis proportional to the number of shares they own, to nominate Australian registered charities for the receipt of donations.

Each year, shareholders receive a form which lists a variety of charities designed to represent a full spectrum of charitable concerns so that each shareholder is able to select a charity that accords with their area of interest.

Shareholders with up to 50,000 shares choose a charity from a list, initially chosen in consultation with charity research specialist Givewell and reviewed annually by the Hunter Hall Charitable Donations Scheme Committee. Shareholders with over 50,000 shares may nominate up to three charities from the list or nominate any other Australian registered charities for their proportion of the donation.

For the year to 30 June 2015 HHL donated approximately \$374,000 to various charitable causes, bringing the total amount of charitable donations to almost \$10m since its ASX listing.

Our longest standing charities are:

- Amnesty International Australia – protecting and defending human rights
- Australian Literacy and Numeracy Foundation – dedicated to raising language, literacy and numeracy standards, especially in marginalised communities
- Black Dog Institute – is a world leader in mental health
- Bush Heritage Australia – protecting Australia's unique landscapes and wildlife
- Frontier Services – supporting the people of remote Australia
- Giant Steps – helps children and families experiencing autism

The most recent additions to the charity list are:

- IDisease – eliminating diseases in indigenous communities
- Manjeri School Project – education and community development in rural Uganda
- Mummy's Wish – supports Mum's with cancer
- SHINE for Kids – supports children with parents in the criminal justice system

Some of the charities supported by Shareholders with over 50,000 shares include:

- The Asian Rhino Project - raises awareness and support for the three Asian rhinoceros species. Since 2003, the ARP has established itself internationally as a non-government organisation dedicated to the recovery of Asian rhino species in the wild. The ARP is actively involved with the IUCN Species Specialist Group, the International Rhino Foundation, WWF AREAS programs as well as many smaller range-state NGOs and boards. Peter Hall is Patron of this organisation.
- Save Foundation of Australia - committed to saving endangered species of Africa from extinction. Founded in 1987, the organisation has a broad range of activities, with a particular focus on the African black rhinoceros. Save Foundation projects which Hunter Hall Shareholders have supported since 2001 include African Rhino Project, Australian Orangutan Project and Free the Bears Fund.

The 2015 listed charities are outlined in the Shareholder Nominated Charitable Donations Scheme brochure, which further explains the formal selection process. It also communicates key messages of the charities and demonstrates how previous Hunter Hall Shareholder donations have benefited the various charities supported. The brochure can be found on our website. http://www.hunterhall.com.au/charitable_giving_program.html

Hunter Hall Employee Benefits

Hunter Hall employees enjoy a range of benefits, including:

- The Employee Charity Volunteering Day
- Professional Development
- Paid Parental Leave

Employee Charity Volunteering Day

As an extension of the Charitable Donations Scheme detailed above, Hunter Hall encourages each employee to support the community by volunteering some of their working hours to charity. Hunter Hall provides each employee with one paid day off work per annum to participate in their chosen volunteer program.

Employees have assisted, or volunteered with, a number of charitable organisations during the year, including:

- Hunter Hill Ryde Community Services
- NSW Rural Fire Service
- International Rhino Foundation

Professional Development

As at 30 June 2015 Hunter Hall has a complement of 25 staff, measured on a full-time equivalent basis.

Hunter Hall has a strong training culture which supports the professional development of all employees. Both in-house and external professional development is encouraged and financial support, together with study leave, is made available to all employees for work- related courses.

During the year five (19%) of our employees undertook formal training in a range of courses, including studies in finance, governance and accounting.

Paid Parental Leave

A paid parental leave policy has also been introduced to support a primary carer having more than three years service with the Company of eight weeks salary, inclusive of statutory entitlements. The amount of leave scales to 12 weeks salary for a primary carer with more than seven years of service with the Company.

Ethical Conduct

The workplace culture at Hunter Hall is built around the principles of K.E.R.I.G (Kindness, Excellence, Respect, Integrity and Generosity) and policies and management practices are designed to build a working environment in harmony with these principles.

Other detailed employee policies address client confidentiality and compliance with legislative and ethical requirements.

Hunter Hall has a number of policies outlining personal trading in HHL securities and other listed securities. These policies state that Hunter Hall directors and employees cannot trade in HHL securities except during trading windows. In addition employees must obtain pre approval from the Risk Manager for personal trades in listed securities.

Carbon Offsets

Hunter Hall offsets its contribution to carbon emissions from corporate activities through external estimates of emissions levels and the purchase of the equivalent value of carbon offsets.

Air travel is the largest component of our greenhouse gas (GHG) footprint and in 2013 a new policy was introduced to purchase offsets on both domestic and international air travel at the point of sale via airline operators. Hunter Hall has partnered with Greenfleet to offset GHG emissions attributable to other areas – electricity, car rental, taxis, freight, paper and office waste. Greenfleet develops native forests in areas of environmental concern and aims to improve biodiversity by providing additional habitat for native wildlife.

Our emissions have reduced significantly over the last few years, from 314 tonnes in the 2013 financial year to 73 tonnes in 2014. This is predominantly due to the reduction in international travel.

On 28 July 2014 Hunter Hall Sydney office relocated to new premises at 56 Pitt St. The property has a NABERS energy rating of:

Energy	Water
4.5 stars	4 stars

We have continued our initiatives to reduce our carbon footprint by managing our paper usage, including all printers being set to print double sided by default, using 100% recycled paper for all in house printing, and all publications are printed on recycled paper with ISO 14001 Environmental Accreditation. In 2014 we implemented a 'paper-lite' policy seeking to eliminate the use of paper wherever possible.

In an effort to reduce paper wastage, effective from 2013, the default option for the receipt of Annual Reports changed so that, unless otherwise notified, Hunter Hall would make the reports and any associated documents available on our website. Furthermore, unit holders of the Funds have the option to receive publications in electronic form.

Information Technology Infrastructure

To reduce the amount of non-degradable waste, Hunter Hall's management of its information technology equipment lifecycle involves the following:

- Redeploy aged assets in areas with less intensive requirements
- Upgrading assets as an alternative to simple replacements
- Redeploying assets to test, development and disaster recovery roles
- Employing an e-waste recycling service to securely and environmentally dismantle, and where possible recycle, the assets

Combined these measures reduce the amount of Hunter Hall's non-degradable waste.

Statement of Profit or Loss

for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Continuing operations:			
Revenues	3	18,585	18,968
Other income	4	4,834	597
Employee benefits expense		(7,128)	(6,319)
Performance fee paid		(297)	-
Share based payments expense		(184)	(234)
Directors' fees		(298)	(225)
Consultancy fees		(33)	(494)
Marketing costs		(516)	(584)
Professional fees		(226)	(328)
Insurance costs		(270)	(310)
Occupancy costs		(630)	(1,007)
Depreciation and amortisation expense	5	(171)	(131)
Commissions and management fee rebates	5	(384)	(721)
Charitable donations		(374)	(307)
Reimbursable expenses		(2,524)	(2,364)
Realised/unrealised losses from derivative financial instruments		(4)	-
Other expenses		(634)	(1,075)
Total expenses		(13,673)	(14,099)
Profit before income tax expense		9,746	5,466
Income tax expense	6	(1,890)	(1,681)
Profit for the year from continuing operations		7,856	3,785
(Loss)/profit for the year from discontinued operations	16	-	(77)
Profit for the year from continuing and discontinued operations		7,856	3,708
Profit/(loss) for the year from continuing and discontinued operations:			
Attributable to members of the parent company		6,969	3,715
Attributable to non-controlling interest		887	(7)
		7,856	3,708
Profit for the year from continuing operations:			
Attributable to members of the parent company		6,969	3,758
Attributable to non-controlling interest		887	27
		7,856	3,785
Loss for the year from discontinued operations:			
Attributable to members of the parent company		-	(43)
Attributable to non-controlling interest		-	(34)
		-	(77)

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

Statement of Profit or Loss

for the year ended 30 June 2015 *continued*

	Note	2015 cents per share	2014 cents per share
Basic earnings per share continuing operations	10	25.95	14.09
Diluted earnings per share continuing operations	10	25.67	14.09
Basic earnings per share discontinued operations	10	-	(0.16)
Diluted earnings per share discontinued operations	10	-	(0.16)
Basic earnings per share	10	25.95	13.93
Diluted earnings per share	10	25.67	13.93

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

Statement of Comprehensive Income

for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Profit/(loss) for the year from continuing and discontinued operations	7,856	3,708
Other comprehensive income		
Changes in fair value of available for sale financial instruments, after tax	130	10
Unrealised foreign exchange translation	361	213
Total comprehensive income from continuing and discontinued operations	8,347	3,931
Attributable to the parent company	7,460	3,938
Attributable to non-controlling interest	887	(7)
	8,347	3,931

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

Statement of Financial Position

as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	11	14,238	15,195
Trade and other receivables	12	2,369	3,508
Financial assets	13	-	475
Other current assets	14	299	340
Total current assets		16,906	19,518
Non-current assets			
Financial assets	17	13,545	2,469
Property, plant and equipment	18	501	275
Deferred tax assets	19	857	888
Intangible assets	20	126	121
Total non-current assets		15,029	3,753
Total assets		31,935	23,271
Current liabilities			
Trade and other payables	21	3,334	2,387
Current tax liabilities	22	983	751
Short term provisions	23	648	624
Other current liabilities	24	81	-
Total current liabilities		5,046	3,762
Non-current liabilities			
Long term provisions	25	488	340
Deferred tax liabilities	26	57	-
Other non-current liabilities	27	-	81
Total non-current liabilities		545	421
Total liabilities		5,591	4,183
Net assets		26,344	19,088
Equity			
Issued capital	28	17,891	17,614
Reserves	30	22	(617)
Retained earnings		5,456	1,811
Parent entity interest		23,369	18,808
Non-controlling interest		2,975	280
Total equity		26,344	19,088

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

Statement of Changes in Equity

for the year ended 30 June 2015

	Note	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total \$'000
Balance as at 1 July 2013		17,288	(1,074)	2,714	332	19,260
Total comprehensive income		-	223	3,715	(7)	3,931
Subtotal		17,288	(851)	6,429	325	23,191
Shares issued during the year	28	326	-	-	-	326
Purchase of shares of non-controlling interest		-	-	-	253	253
Redemption of shares of non-controlling interest		-	-	(94)	(298)	(392)
Dividends paid	9	-	-	(4,524)	-	(4,524)
Share based payments expense	29	-	234	-	-	234
Balance as at 30 June 2014		17,614	(617)	1,811	280	19,088
Balance as at 1 July 2014		17,614	(617)	1,811	280	19,088
Total comprehensive income		-	491	6,969	887	8,347
Subtotal		17,614	(126)	8,780	1,167	27,435
Shares issued during the year	28	277	(36)	-	-	241
Purchase of shares of non-controlling interest		-	-	-	1,808	1,808
Dividends paid	9	-	-	(3,324)	-	(3,324)
Share based payments expense	29	-	184	-	-	184
Balance as at 30 June 2015		17,891	22	5,456	2,975	26,344

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

Statement of Cash Flows

for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		21,710	19,285
Payments to suppliers and employees		(14,620)	(14,665)
Dividends received		200	122
Interest received		219	119
Income tax paid		(1,570)	(1,681)
Net cash inflow from operating activities	31	5,939	3,180
Cash flows from investing activities			
Payments for investments of HHL		(514)	(1,274)
Proceeds from sale of investments of HHL		480	7,097
Payments for property, plant and equipment		(417)	(222)
Payments for investments by seeded funds		(9,253)	(2,389)
Proceeds from sale of investments of seeded funds		4,096	2,402
Proceeds from forward exchange contracts		(4)	(68)
Net cash inflow from investing activities		(5,612)	5,546
Cash flows from financing activities			
Payments for issue /(proceeds from redemption) of non-controlling interest shares		1,808	(199)
Dividends paid by HHL		(3,088)	(4,198)
Distributions paid by seeded funds		(4)	(38)
Net cash outflow from financing activities		(1,284)	(4,435)
Net increase/(decrease) in cash held		(957)	4,291
Cash and cash equivalents at beginning of year		15,195	10,904
Cash and cash equivalents at end of year	11	14,238	15,195

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

Note 1: Statement of Significant Accounting Policies

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report of Hunter Hall International Limited (the Company) and its controlled entities (the Consolidated Entity) complies with all International Financial Reporting Standards (IFRS) in their entirety. The financial report covers the consolidated entity of Hunter Hall International Limited and its controlled entities. The Company is a listed public company, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Summary of Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. Principles of consolidation

A controlled entity is any entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Consolidated Entity. A list of controlled entities is contained in Note 15a. to the financial statements. All controlled entities have a 30 June financial year end.

All inter company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Parent Company.

Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. Income tax

The Consolidated Entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

NOTE 1: Statement of Significant Accounting Policies *continued*

b. Income tax *continued*

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Hunter Hall International Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group, effective 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

c. Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment losses.

Depreciation

The depreciable amounts of fixed assets purchased prior to 1 July 2010 are depreciated on a diminishing value basis.

The depreciable amounts of fixed assets purchased post 1 July 2010 are depreciated on a prime cost basis. The useful life used for office equipment, furniture & fixtures is between 2.5 and 8.5 years.

d. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis unless another systematic basis is more representative of the term pattern of the users benefits.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

e. Financial instruments

Recognition and measurement

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Profit or Loss in the period in which they arise. The Consolidated Entity has also designated its investment portfolio as held at fair value through profit or loss as permitted by AASB 139 Financial Instruments: Recognition and Measurement. The performance of the investment portfolios of the Hunter Hall Australian Equities Fund (AEF) and of the Hunter Hall High Conviction Equities Trust (HCT) are measured and evaluated by management on the basis of fair value movement and managed in accordance with their documented investment strategy.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Statement of Profit or Loss unless they are designated as hedges.

Fair value

Securities listed upon a recognised public stock exchange are valued at the closing price recorded by the exchange on which the security is principally traded, where the last traded price falls within that day's bid-ask spread. In circumstances where the closing price is not within the bid-ask spread, fair value is determined based on current bid prices. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, with reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss.

f. Impairment of non financial assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Intangible assets**Goodwill**

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. The balance is tested annually for impairment and carried at cost less accumulated impairment losses.

Software

Software is initially recorded at cost and amortised over 4.5 years on a diminishing value basis.

h. Foreign currency transactions and balances**Functional and presentation currency**

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

NOTE 1: Statement of Significant Accounting Policies *continued*

h. Foreign currency transactions and balances *continued*

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Statement of Profit or Loss.

Consolidated Entity companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- i. Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- ii. Income and expenses are translated at average exchange rates for the period.
- iii. Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Entity's foreign currency translation reserve in the Statement of Financial Position.

i. Employee benefits

A provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the Consolidated Entity to employee superannuation funds and are charged as expenses when incurred.

j. Share-based payment transactions

The Consolidated Entity provides benefits to employees (including Directors) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares (equity-settled transactions).

The Consolidated Entity has an Employee Share Option Plan (ESOP) in place which provides benefits to Directors, senior executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black Scholes model.

In valuing equity-settled transactions, no performance conditions are taken into account, other than conditions linked to the price of the shares of Hunter Hall International Limited (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at grant date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these

conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest.

Where terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

In addition to the ESOP, the Consolidated Entity also has the Portfolio Manager Share Plan (PMSP), which was approved by shareholders on 26 September 2006. This plan provides benefits to eligible Portfolio Managers.

The cost of these equity-settled transactions with Portfolio Managers is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial option pricing model.

In valuing equity-settled transactions, no performance conditions are taken into account, other than conditions linked to the price of the shares of Hunter Hall International Limited (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the estimated date on which the relevant Portfolio Managers become fully entitled to the award (vesting date). The vesting date is contingent upon the Consolidated Entity achieving certain pre-determined thresholds of half-yearly pre-tax profits.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at grant date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

At the 28 November 2013 AGM of the members of Hunter Hall International, under ASX Listing Rule 10.14 shareholders approved the issue of up to 210,000 ordinary shares to Mr David Deverall under the long term incentive plan (LTIP) for no consideration on or about 30 November 2013, 2014 and 2015.

The cost of this LTIP is measured in reference to the share price at grant date (30 November 2013, 2014 and 2015).

The cost of the LTIP is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which Mr David Deverall becomes fully entitled to the award (vesting date).

On the 1 July 2013, the executive team was granted ordinary shares equivalent to 20% of their salary at grant date, for no consideration, contingent on being employed on the 1 July 2016.

The number of shares issued under this LTIP is measured in reference to the share price at grant date.

The cost of the LTIP is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the executive team becomes fully entitled to the award (vesting date).

k. Bonus schemes

The Company recognises bonus schemes on an accrual basis and expenses as the employee provides the service.

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

NOTE 1: Statement of Significant Accounting Policies *continued*

l. Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

m. Revenue and other income

Interest revenue is recognised on an accruals basis. Dividend revenue is recognised when the right to receive a dividend has been established. Entry fees are recognised as revenue in the month that funds are received by the trusts. Management fees are recognised as revenue on a monthly basis, based on the fees receivable for funds under management for that month. Performance fees are recognised as revenue, on a six monthly basis (at 30 June and 31 December, except for HHV which is 30 June only) when the fee becomes unconditionally due. The fees are receivable within seven days from the end of the relevant period.

All revenue is stated net of the amount of goods and services tax (GST).

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Charitable donations

The Company donates 5% of pre tax profits of the Consolidated Entity (excluding movement in value of seeded funds) to charities and charitable causes. This donation is recognised as an expense for the year and a liability is recognised at year end.

p. Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

q. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

Key estimates – Deferred Tax Assets

Deferred tax assets have been recognised for all deductible temporary differences to the extent that the Directors consider it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Key estimates – Impairment

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2015.

Key estimates – Share based payments

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Method and assumptions used in determining fair value are detailed in Note 29.

Key estimates – Employee Leave Entitlements

The liability for employee benefits is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

r. Class orders applied**Rounding of amounts**

Unless otherwise shown in the financial statements, amounts have been rounded to the nearest thousand dollars and are shown in A\$'000.

Hunter Hall International Limited is a company of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 issued 10 July 1998.

s. Adoption of new and revised accounting standards*AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013)*

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010- 2012 Cycle:

- i. clarify that the definition of a “related party” includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- ii. amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

t. Accounting Standards issued but not yet effective*AASB 9 Financial Instruments (December 2014)*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB

139. The main changes are:

- i. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity’s business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- ii. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- iii. Introduces a “fair value through other comprehensive income” measurement category for particular simple debt instruments.
- iv. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

NOTE 1: Statement of Significant Accounting Policies *continued*

t. Accounting Standards issued but not yet effective *continued*

- v. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
- the change attributable to changes in credit risk are presented in Other Comprehensive Income (“OCI”)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
 - classification and measurement of financial liabilities; and
 - derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

- i. The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- ii. When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128 (2011).

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012- 2014 Cycle

These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB.

Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements.

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 year to 30 June 2015 Hunter Hall International Limited delivered a profit after tax, before the movement in value of seeded funds of \$4.188m (2014: \$3.648m). This comprised of \$3.933m from the investment management business (2014: \$3.590m) and \$255k from realised gains from investing activities (2014: \$58k).

Investing activities delivered \$2.781m in unrealised gains from the investments in the seeded funds attributable to the shareholders of Hunter Hall International Limited, and a further \$887k attributable to non controlling interests (2014: \$67k and \$7k respectively).

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, launched on 11 December 2014) and of a wholesale equity fund, the Hunter Hall Australian Equities Fund (AEF). HHIML is also the Investment Manager for the Hunter Hall Global Value Limited (HHV), a listed investment company.

ii. *Investing activities*

The Group provided \$1m seed capital for the Hunter Hall Australian Equities Fund (AEF) in 2014 and \$5m seed capital for the Hunter Hall High Conviction Equities Trust (HCT) in 2015. During the year the Company also invested a further \$0.5m in Hunter Hall Global Value Limited (HHV). The total market value of the investment portfolio was \$11.0m at 30 June 2015.

These investments delivered \$184k in dividend and distribution income during the year. The Company also held \$12.8m in cash at 30 June 2015, earning \$181k in interest income in the year.

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 30 June 2015 the Company held 83% of the AEF and 76% of the HCT, both of which were consolidated in the financial statements. The net profit after tax of \$887k for this segment represents the profit attributable to external unitholders in these funds (non-controlling interests).

Basis of accounting for purposes of reporting by operating segments

i. 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.

ii. 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.

iii. Segment assets

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

iv. 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

Year ended 30 June 2015	Investment Management Business \$'000	Investing Activities \$'000	Consolidation of seeded funds \$'000	Consolidated \$'000
Revenue from Investment Management	15,910	-	249	16,159
Trust expenses reimbursed	-	-	2,426	2,426
Total revenues from external customers	15,910	-	2,675	18,585
Investment and other income	-	365	4,469	4,834
Ongoing operating expenses	(9,917)	-	(454)	(10,371)
One-off expenses	(204)	-	-	(204)
Total operating expenses	(10,121)	-	(454)	(10,575)
Operating profit before tax	5,789	365	6,690	12,844
Trust expenses reimbursed	-	-	(2,426)	(2,426)
Performance fees	298	-	(596)	(298)
Charitable donations	(374)	-	-	(374)
Profit before tax	5,713	365	3,668	9,746
Tax	(1,780)	(110)	-	(1,890)
Profit after tax, before movement in value of seeded funds	3,933	255	3,668	7,856
Movement in value of seeded funds	-	2,781	(2,781)	-
Net profit after tax	3,933	3,036	887	7,856
Net profit attributable to non-controlling interest	-	-	(887)	(887)
Net profit after tax attributable to HHL	3,933	3,036	-	6,969

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

NOTE 2: Operating Segments *continued*

b. Segment performance *continued*

Year ended 30 June 2014	Investment Management Business \$'000	Investing Activities \$'000	Consolidation of seeded funds \$'000	Consolidated \$'000
Revenue from Investment Management	16,042	-	642	16,684
Trust expenses reimbursed	-	-	2,284	2,284
Total revenues from external customers	16,042	-	2,926	18,968
Investment and other income	-	83	514	597
Ongoing operating expenses	(9,976)	-	(1,019)	(10,995)
One-off expenses	(513)	-	-	(513)
Total operating expenses	(10,489)	-	(1,019)	(11,508)
Operating profit before tax	5,553	83	2,421	8,057
Trust expenses reimbursed	-	-	(2,284)	(2,284)
Charitable donations	(307)	-	-	(307)
Profit before tax	5,246	83	137	5,466
Tax	(1,656)	(25)	-	(1,681)
Profit after tax, before movement in value of seeded funds	3,590	58	137	3,785
Discontinued operations	-	-	(77)	(77)
Movement in value of seeded funds	-	67	(67)	-
Net profit after tax	3,590	125	(7)	3,708
Net profit attributable to non-controlling interest	-	-	7	7
Net profit after tax attributable to HHL	3,590	125	-	3,715

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

c. Segment assets and liabilities

As at 30 June 2015	Investment Management Business \$'000	Investing Activities \$'000	Consolidation of seeded funds \$'000	Consolidated \$'000
Cash	12,734	-	1,504	14,238
Current investments	-	-	-	-
Other current assets	2,365	-	303	2,668
Total current assets	15,099	-	1,807	16,906
Non-current investments at cost - unit trusts	-	20	-	20
Non-current investments at cost - HHV	-	1,597	-	1,597
Non-current investments at cost - AEF	-	1,198	467	1,665
Non-current investments at cost - HCT	-	5,000	1,181	6,181
Non-current investments unrealised gain	-	3,223	996	4,219
Other non-current assets	1,348	-	-	1,348
Total non-current assets	1,348	11,037	2,644	15,029
Current liabilities	(3,570)	-	(1,476)	(5,046)
Non-current liabilities	(490)	(55)	-	(545)
Net assets	12,387	10,982	2,975	26,344
Outside equity interest	-	-	(2,975)	(2,975)
Net assets attributable to HHL	12,387	10,982	-	23,369

NOTE 2: Operating Segments *continued*c. Segment assets and liabilities *continued*

As at 30 June 2014	Investment Management Business \$'000	Investing Activities \$'000	Consolidation of seeded funds \$'000	Consolidated \$'000
Cash	15,166	-	29	15,195
Current investments	-	475	-	475
Other current assets	3,779	-	69	3,848
Total current assets	18,945	475	98	19,518
Non-current investments at cost - unit trusts	-	24	-	24
Non-current investments at cost - HHV	-	1,080	-	1,080
Non-current investments at cost - AEF	-	1,000	267	1,267
Non-current investments unrealised gain	-	148	(50)	98
Other non-current assets	1,284	-	-	1,284
Total non-current assets	1,284	2,252	217	3,753
Current liabilities	(3,727)	-	(35)	(3,762)
Non-current liabilities	(421)	-	-	(421)
Net assets	16,081	2,727	280	19,088
Outside equity interest	-	-	(280)	(280)
Net assets attributable to HHL	16,081	2,727	-	18,808

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

Note 3: Revenue

	2015 \$'000	2014 \$'000
Management fee income	16,156	16,668
Entry fee income	3	16
Trust expenses reimbursed	2,426	2,284
	18,585	18,968

Note 4: Other Income

	2015 \$'000	2014 \$'000
Realised/unrealised gains from investments	4,366	194
Interest received	219	119
Dividend income	202	122
Rental income	47	162
	4,834	597

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

Note 5: Profit for the Year

	2015 \$'000	2014 \$'000
Profit before income tax has been determined after charging:		
Expenses		
Depreciation of property, plant and equipment	155	101
Amortisation of intangible asset	16	30
Total depreciation and amortisation expense	171	131
Commissions and management fee rebates	384	721
<i>Other relevant expenses:</i>		
Operating lease expense	464	797
Defined contribution superannuation expense	331	318
Significant revenue, net gains and expenses		
Other Income		
Gains from investments	4,366	194

Note 6: Income Tax Expense

	Note	2015 \$'000	2014 \$'000
The components of tax expense comprise:			
Current tax		1,890	1,613
Deferred tax assets	19	31	22
Deferred tax liabilities	26	(57)	-
Foreign exchange translation		5	-
Adjustments for current tax of prior periods		21	46
		1,890	1,681
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial report as follows:			
Prima facie tax payable on profit before income tax at 30%			
Consolidated entity		2,924	1,640
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Other non allowable items		(9)	(11)
Share based payment expenses during the year		55	70
		2,970	1,699
Under/(over) provision in prior years		21	46
Seeded funds not subject to income tax		(1,101)	(64)
		(1,080)	(18)
Total income tax expense		1,890	1,681
Applicable weighted average effective tax rates		19%	31%

The decrease in the weighted average effective consolidated tax rate for 2015 is the result of increased profits from subsidiaries not subject to income tax.

Note 7: Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's Key Management Personnel (KMP) for the year ended 30 June 2015.

The totals of remuneration paid to KMP of the Company and the Consolidated Entity during the year are as follows:

	2015 \$'000	2014 \$'000
Short-term employee benefits	1,651	1,885
Post-employment benefits	79	192
Share-based payments	160	159
Total	1,890	2,236

Key Management Personnel

Names and positions held of Directors and other Key Management Personnel of the Company and Consolidated Entity in office at any time during the financial year are:

Peter Hall	Executive Chairman, Chief Investment Officer
David Deverall	Managing Director, Chief Executive Officer
Wayne Hawkins	Lead Non-executive Director
Mark Forstmann	Non-executive Director
Naomi Edwards	Non-executive Director (resigned 2 June 2015)
Paula Ferrao	Chief Financial Officer
Shane Smith	Head of Product, Risk & Client Services

There were no other employees meeting the definition of a Key Management Personnel.

Note 8: Remuneration of Auditors

	2015 \$'000	2014 \$'000
Remuneration of the Auditor of the Consolidated Entity for:		
Audit and review of financial reports	94,012	103,820
Other audit and assurance services:		
Other assurance services	10,653	26,280
	104,665	130,100
Remuneration of overseas affiliates of the Consolidated Entity's Auditor for:		
Audit of the financial report of a subsidiary (HHUK and HHSING)	20,917	28,740
Taxation services (HHUK and HHSING) ⁽¹⁾	25,688	4,545
	46,605	33,285

(1) 2015 comprises two years of fees

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

Note 9: Dividends

	2015 \$'000	2014 \$'000
Ordinary dividend of 6.4 cents per share, paid on 25 September 2014 (2014: 10.0 cents) partially franked at the tax rate of 30%	1,712	2,655
Interim dividend of 6.0 cents per share, paid on the 25 March 2015 (2014: 7.0 cents) franked at the tax rate of 30%	1,612	1,869
	3,324	4,524
Proposed final fully franked dividend of 9.5 cents per share (2014: 6.4 cents) franked at the tax rate of 30%	2,559	1,730
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of dividends provided for and franking credits that may not be distributable in subsequent financial years	1,200	734
Subsequent to year end, reduction in the franking account due to proposed dividend reflected in Note 9a	(1,097)	(723)
Franking account post proposed final dividend	103	11

Note 10: Earnings Per Share

a. Reconciliations of earnings used in calculating earnings per share

	2015 \$'000	2014 \$'000
Profit from continuing operations	7,856	3,785
Attributable to non controlling interests	(887)	(27)
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	6,969	3,758
(Loss)/profit from discontinuing operations	-	(77)
Profit/(loss) from discontinuing operations attributable to non controlling interests	-	34
(Loss)/profit from discontinuing operations attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	-	(43)

b. Weighted average number of shares used as the denominator

	2015 '000's	2014 '000's
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	26,860	26,667
Effect of dilutive shares	288	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	27,148	26,667

Note 11: Cash and Cash Equivalents

	2015 \$'000	2014 \$'000
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position sheet as follows:		
Cash at bank and in hand	14,238	15,195
	14,238	15,195

Note 12: Trade and Other Receivables

	2015 \$'000	2014 \$'000
Amounts receivable from related parties:		
Managed investment entities	1,751	2,940
Other Director related entities	18	164
	1,769	3,104
Other receivables	600	404
	2,369	3,508

Note 13: Current Financial Assets

	2015 \$'000	2014 \$'000
Term deposits	-	475
	-	475

Note 14: Other Current Assets

	2015 \$'000	2014 \$'000
Prepayments	299	340
	299	340

Note 15: Subsidiaries

a. Details of entities

Name of entity	Country of incorporation	Class of shares	Percentage Owned	
			2015 %	2014 %
Hunter Hall Investment Management Ltd	Australia	Ordinary	100	100
Rushcutter Investments Pty Ltd	Australia	Ordinary	100	100
Bennelong Administration Services Pty Ltd	Australia	Ordinary	100	100
Hunter Hall International (UK) Ltd	United Kingdom	Ordinary	100	100
Hunter Hall International (Singapore) Pte Limited	Singapore	Ordinary	100	100
Hunter Hall Australian Equities Fund	Australia	Units	83	80
Hunter Hall High Conviction Equities Trust	Australia	Units	76	-
Hunter Hall Global Equities Trust - Hedged	Australia	Units	-	80

b. Details of acquisitions and disposals of controlled entities

On 28 February 2011 Rushcutter Investments Pty Ltd (Rushcutter) subscribed for \$1m in the Hunter Hall Global Equities Trust - Hedged (GEH), previously Hunter Hall Global Ethical Trust - Hedged. In July 2013 the directors of the Hunter Hall Investment Management Ltd (HHIML) resolved to wind up the Hunter Hall Global Equities Trust - Hedged (GEH) and its portfolio was liquidated and final redemption proceeds were paid to unitholders on 25 September 2013.

In July 2013 the Company provided \$1m seed capital for the Hunter Hall Australian Equities Fund (AEF), launched on 16 July 2013.

On 11 December 2014 the Company provided \$5m seed capital for the Hunter Hall High Conviction Equities Trust (HCT).

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

Note 16: Discontinued Operations

	2015 \$'000	2014 \$'000
Revenue from discontinued operations	-	60
Expenses from discontinued operations	-	(137)
(Loss)/gain before tax from discontinued operations	-	(77)
Income tax from discontinued operations	-	-
(Loss)/gain after tax from discontinued operations	-	(77)
Other comprehensive income from discontinued operations	-	-
Total comprehensive (loss)/gain attributable to discontinued operations	-	(77)
Total comprehensive income attributable to continuing operations	8,347	4,008
Total comprehensive income	8,347	3,931
Cash flows generated by discontinued operations for the reporting period under review until disposal are as follows:		
Operating activities	-	(1)
Investing activities	-	1,028
Effect of foreign currency fluctuations on cash held	-	(68)
Cashflows from discontinued operations	-	959

Note 17: Non-Current Financial Assets

	2015 \$'000	2014 \$'000
Shares in listed companies and other assets designated as fair value through profit or loss	11,733	1,357
Investments available for sale at fair value	1,812	1,112
	13,545	2,469

Note 18: Property, Plant and Equipment

	2015 \$'000	2014 \$'000
Office equipment, furniture and fittings:		
Balance at the beginning of the year	275	158
Additions	386	219
Foreign exchange translation	(5)	(1)
Depreciation expense	(155)	(101)
Carrying amount at the end of the year	501	275
Cost	1,338	942
Accumulated depreciation	(837)	(667)
Net book amount	501	275

Note 19: Deferred Tax Assets**a. The balance comprises temporary differences attributable to**

	Note	2015 \$'000	2014 \$'000
Provisions		857	888
		857	888

b. Reconciliations

	Note	2015 \$'000's	2014 \$'000's
Opening balance		888	910
Debited to the Profit and Loss Statement	5	(31)	(22)
Closing balance		857	888

Movements in carrying amounts

Movement in the carrying amounts for each class of deferred tax asset between the beginning and the end of the current financial year:

	2014 \$'000	(Debited) Statement of Profit or Loss \$'000	2015 \$'000
Provisions	888	(31)	857
Total	888	(31)	857

	2013 \$'000	(Debited) Statement of Profit or Loss \$'000	2014 \$'000
Provisions	910	(22)	888
Total	910	(22)	888

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

Note 20: Intangible Assets

	2015 \$'000	2014 \$'000
Goodwill	110	110
Software		
At cost	193	172
Accumulated amortisation and impairment	(177)	(161)
Net carrying value	16	11
Total intangible assets	126	121

Movements in carrying amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

Movements	Goodwill \$'000	Computer Software \$'000	Total \$'000
As at 30 June 2013	110	41	151
Amortisation charge	-	(30)	(30)
As at 30 June 2014	110	11	121
As at 30 June 2014	110	11	121
Additions	-	21	21
Amortisation charge	-	(16)	(16)
As at 30 June 2015	110	16	126

Note 21: Trade and Other Payables

	2015 \$'000	2014 \$'000
Other payables:		
Accrued charitable donations	316	315
Employee benefits payable	1,160	306
Sundry creditors and accrued expenses	1,858	1,766
	3,334	2,387

Note 22: Current Tax Liabilities

	2015 \$'000	2014 \$'000
Income tax	983	751
	983	751
Movements in tax liabilities		
Carrying amount at beginning of year	751	773
Current year tax expense	1,890	1,681
Movement in deferred tax	(88)	(22)
Tax paid	(1,570)	(1,681)
Carrying amount at end of year	983	751

Note 23: Short Term Provisions

	2015 \$'000	2014 \$'000
Employee benefits provision	648	624
	648	624
Movements in provisions		
Opening employee benefits	624	827
Employee benefits accrued during the year	236	221
Employee benefits used during the year	(212)	(424)
Carrying amount at end of year	648	624

Employees

The Consolidated Entity employed 27 employees as at 30 June 2015 (2014: 28 employees), 3 of whom were employed by the London subsidiary, Hunter Hall International (UK) Limited.

Note 24: Other Current Liabilities

	2015 \$'000	2014 \$'000
PM shares deposits paid	81	-
	81	-

Note 25: Long Term Provisions

	2015 \$'000	2014 \$'000
Employee benefits provision	488	340
	488	340
Movements in provisions		
Opening employee benefits	340	291
Employee benefits accrued during the year	148	49
Carrying amount at end of year	488	340

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

Note 26: Deferred Tax Liabilities

a. The balance comprises temporary differences attributable to

	Note	2015 \$'000	2014 \$'000
Fair value adjustments		57	-
		57	-

b. Reconciliations

	Note	2015 \$'000's	2014 \$'000's
Opening balance		-	-
Credited to the Statement of Profit or Loss	6	57	-
Closing balance		57	-

Movements in carrying amounts

Movement in the carrying amounts for each class of deferred tax liability between the beginning and the end of the current financial year:

	Fair value adjustments \$'000	Total \$'000
As at 30 June 2013	-	-
Charged to the Statement of Profit or Loss	-	-
As at 30 June 2014	-	-
As at 30 June 2014	-	-
Charged/(credited) to the Profit and Loss Statement	57	57
As at 30 June 2015	57	57

Note 27: Other Non-Current Liabilities

	2015 \$'000	2014 \$'000
PM shares deposits paid	-	81
	-	81

Note 28: Issued Capital

	2015 \$'000	2014 \$'000
Ordinary shares at cost	17,891	17,614
	17,891	17,614

	2015 Number	2014 Number
Ordinary shares on issue	26,940,194	26,762,157
	26,940,194	26,762,157

a. Movements in ordinary share capital

	2015 \$'000	2014 \$'000
Opening balance	17,614	17,288
Shares issued during the year	277	326
Closing balance	17,891	17,614

	2015 Number	2014 Number
Opening balance	26,762,157	26,545,537
Shares issued during the year under the Dividend Reinvestment Plan	108,037	146,620
Shares issued during the year to Mr Deverall (CEO) as approved by shareholders	70,000	70,000
Closing balance	26,940,194	26,762,157

b. Share rights

Ordinary shares participate in dividends and the proceeds on winding up the Company in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The share capital of the Company consists only of fully paid ordinary shares. The shares do not have a par value.

c. Share options

At the end of the year there were Nil (2014: 54,000) unissued ordinary shares in respect of which options were outstanding. Vesting of options granted is subject to continuation of employment with the Company.

d. Portfolio Manager (PM) shares

PM shares are non-transferable, partly paid shares, with an issue price of \$6.00 each. The shares are convertible to ordinary shares subject to certain hurdles being met. The Directors may, at their discretion, declare a non-cumulative dividend is payable on PM Shares up to a maximum of 4% on the amount paid on the shares, subject to the amount not exceeding the dividend for the ordinary shares. Ordinary shares issued because of a conversion of PM shares have the same rights as, and rank equally with, other ordinary shares on issue.

For financial reporting purposes the PM shares are treated as options under AASB 2: Share Based Payments. 240,000 PM shares remain on issue at year end (2014: 240,000). For further details refer to Note 29b.

Note 29: Share-Based Payments

a. Employee share option plan

At the end of the year there were Nil (2014: 54,000) unissued ordinary shares in respect of which options were outstanding. Vesting of options granted is subject to continuation of employment with the Company.

The Employee Share Option Plan (ESOP) allows the Company to grant options over shares to employees, key executives and Directors.

Eligibility

Under the ESOP the Board may offer options to purchase ordinary shares in the Company to Directors, executives and other employees of the Company (Eligible Executives), whom the Board in its sole discretion determines.

Option Issue

The consideration for options is an amount equal to the exercise price, but payment is deferred until the options are exercised. Generally options may not be transferred. Options will not be quoted on the ASX. However, the Company will apply for official quotation of shares issued on the exercise of options. Shares issued through the exercise of options rank equally with other ordinary shares of the Company.

Exercise Price, Exercise Period and other terms:

2015								
Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable
26 June 2009	30-Jun-15	\$4.95	24,000	-	-	(24,000)	-	-
23 November 2011	30-Jun-17	\$4.00	30,000	-	-	(30,000)	-	-
Total			54,000	-	-	(54,000)	-	-
Weighted average exercise price			\$4.42	\$0.00	\$0.00	\$4.42	\$0.00	\$0.00

2014								
Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable
8 October 2007	31-Dec-13	\$15.30	21,000	-	-	(21,000)	-	-
26 June 2009	30-Jun-15	\$4.95	198,000	-	-	(174,000)	24,000	-
23 November 2011	30-Jun-17	\$4.00	50,000	-	-	(20,000)	30,000	-
Total			269,000	-	-	(215,000)	54,000	-
Weighted average exercise price			\$5.58	\$0.00	\$0.00	\$5.87	\$4.42	\$0.00

(1) Of which 30,000 were not issued under the Employee Option Plan

The weighted average fair value of the options granted during the year was \$Nil (2014: \$Nil).

The weighted average remaining contractual life of share options outstanding at the end of the period is 0 years (2014: 1.95 years).

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is the best indicator of future volatility, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Included in the income statement is \$11,133 of employee option plan write back (2014: expense of \$38,867), and relates, in full, to equity-settled share-based payment transactions.

b. Portfolio Manager Share Plan

On 22 September 2006 Hunter Hall International Limited held a general meeting of shareholders to approve the adoption of the Portfolio Manager Share Plan (PMSP). The PMSP enables the Portfolio Managers to purchase up to 2.35m shares in HHL indirectly from Hampshire Assets and Services Pty Ltd (the largest shareholder of HHL and 100% owned by Chairman Peter Hall) for \$6.00 each. Purchase of the shares is contingent upon the Company achieving each of the five thresholds of half yearly pre-tax profits starting at \$8m and rising in four steps to \$20m over the period to 31 December 2015.

Accounting standards require that PM shares issued under the PMSP be treated as options and expensed in the financial statements. This note therefore sets out the terms and inputs associated with valuation of the class PM shares as options in accordance with accounting standards.

Eligibility

There is one remaining Portfolio Manager in the PMSP.

Share issue

In the half year to 31 December 2006 the Company achieved the first threshold of \$8m in half yearly pre-tax profits, giving the Portfolio Managers the right to purchase 470,000 shares in the Company at \$6.00 each. In the half year to 30 June 2007 the second threshold target of \$10.5m pre-tax profits was met, giving the Portfolio Managers the right to purchase an additional 370,000 shares in the Company at \$6.00 each. No further thresholds have been met during the subsequent financial years. As at the reporting date 240,000 shares have been purchased from Hampshire Assets and Services Pty Ltd.

Exercise Price, Exercise Period and other terms:

2015

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable	Vested and unexercisable
22 September 2006	31-Dec-15	\$6.00	240,000	-	-	-	240,000	-	-
Total			240,000	-	-	-	240,000	-	-
Weighted average exercise price			\$6.00	-	-	-	\$6.00	-	-

2014

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable	Vested and unexercisable
22 September 2006	31-Dec-15	\$6.00	240,000	-	-	-	240,000	-	-
Total			240,000	-	-	-	240,000	-	-
Weighted average exercise price			\$6.00	\$0.00	\$0.00	\$0.00	\$6.00	\$0.00	\$0.00

No PM Share Options were granted during the financial year (2014: nil).

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is the best indicator of future volatility, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Included under Portfolio Manager equity plan expense in the Income Statement is an expense of \$nil (2014: \$nil).

c. CEO Long Term Incentive Plan

As part of his employment agreement, and as approved by shareholders, Mr. Deverall (CEO) was granted 70,000 ordinary shares (Long Term Incentive Shares) for no consideration on each 30 November for each of the five years beginning 30 November 2013, up to a total of 350,000 shares.

As at reporting date 140,000 shares have been issued with 210,000 shares outstanding. Included in the income statement is \$120,400 of CEO LTI expense (2014: \$143,500), and relates, in full, to equity-settled share-based payment transactions.

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

NOTE 29: Share-based Payments *continued*

d. Executive Team Long Term Incentive Plan

On the 1 July 2013, the executive team was granted ordinary shares equivalent to 20% of their salary at grant date, for no consideration, contingent on being employed on the 1 July 2016.

As at reporting date no shares under this scheme have been issued with \$154,900 worth of shares outstanding.

Included in the income statement is \$51,633 of Executive Team LTI expense (2014: \$51,633), and relates, in full, to equity-settled share-based payment transactions.

e. Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2015 \$'000	2014 \$'000
Employee share option plan expense	184	234
	184	234

Note 30: Reserves

	2015 \$'000	2014 \$'000
Available for sale investments revaluation reserve	138	8
Share-based payments reserve	187	39
Foreign currency translation reserve	(303)	(664)
	22	(617)
Movements in reserves		
Available for sale investments revaluation reserve		
The available for sale investments revaluation reserve records revaluations of non current assets		
Opening balance	8	(2)
Changes in fair value	130	10
Balance 30 June	138	8
Share-based payments reserve		
The share-based payments reserve records items recognised as expenses on valuation of employee share options		
Opening balance	39	(195)
Shares exercised	(36)	-
Share based payments expense	184	234
Balance 30 June	187	39
Foreign currency translation reserve		
The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiaries		
Opening balance	(664)	(877)
Unrealised foreign exchange translation of foreign controlled entities	361	213
Balance 30 June	(303)	(664)

Note 31: Cash Flow Information

	2015 \$'000	2014 \$'000
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	7,856	3,708
Cash flows included in profit not attributable to operating activities		
Gain/(loss) on sale of investment	(385)	11
Gain on forward exchange contracts	19	68
Non cash flows		
Amortisation	16	30
Depreciation	155	105
Fair value (gains)/ losses - investments	(3,485)	273
Share based payments expense	184	234
Change in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(increase) in trade and term debtors	871	(1,171)
Decrease in deferred taxes	88	22
Decrease/(increase) in value of other assets	41	(23)
Increase in trade creditors and accruals	175	99
(Decrease)/increase in income taxes receivable	36	-
Increase/(decrease) in income taxes payable	196	(22)
Increase/(decrease) in employee entitlements	172	(154)
Net cash inflow from operating activities	5,939	3,180

a. Non-cash financial activity

In accordance with the Company's Dividend Reinvestment Plan, \$242,572 (2014: \$325,673) of dividends paid during the year were reinvested in the shares of the Company.

b. Standby facilities

No standby facilities exist.

Note 32: Lease Commitments

	2015 \$'000	2014 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	353	391
Later than one year but not later than five years	1,048	1,351
Later than five years	-	22
	1,401	1,764

Sydney – The property lease is a non-cancellable lease with an expiry date of July 2019, with rent payable monthly in advance. The amount payable is subject to a 4% annual increase. An option exists to renew the lease at the end of the 5 year period for an additional term of 5 years.

London – The property lease is a 5 year non-cancellable lease with a 3 year term remaining, with rent payable monthly in advance. The amount payable is fixed until the end of the existing term. An option exists to break the lease at the end of the 3 year term with six months notice. The lease allows for subletting of all lease areas.

Photocopiers – the photocopier lease is a non-cancellable lease with a 48 month term remaining, with rent payable monthly in advance.

Note 33: Related Party Transactions

a. Share transactions of Directors

Directors and Director related entities hold directly, indirectly or beneficially as at the reporting date equity interests in members of the Consolidated Entity, in the form of ordinary shares and options over ordinary shares in the Company. Movements in equity interests during the year were as follows:

- Directors and their related entities acquired 70,000 ordinary shares (2014: 70,000) as part of the CEO remuneration package.
- Directors and their related entities acquired 50,000 ordinary shares in the Company (2014: Nil) on the same terms and conditions available to other shareholders.
- Directors and their related entities disposed of 35,000 shares in the Company (2014: 35,000) for a total consideration of \$57,770 (2014: \$71,710) on the same terms and conditions available to other shareholders.
- Directors and their related entities acquired Nil ordinary shares (2014: Nil) under the Hunter Hall International Employee Staff Option Plan on the same terms and conditions available to other employees.

b. Unit Transaction of Directors

Directors and their related entities purchased 1,027,416 units in the HCT, purchased 96,455 units in the AEF and sold 109,676 units in the AEF on the same terms and conditions available to other unitholders (2014: purchased 250,545 units in the AEF).

c. Transactions with related parties

Directors and their related entities disposed of Nil shares in HHV (2014: disposed of 200,000 shares in HHV) for a total consideration of Nil (2014: \$214,000) on the same terms and conditions available to other shareholders.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

d. Controlling entity

By virtue of its majority shareholding, the controlling entity of the Company is Hampshire Assets & Services Pty Limited (Hampshire). Dividends of \$1,445,840 (2014: \$1,982,200) were paid to Hampshire.

e. Transactions with Director related entities

	2015 \$	2014 \$
Management fees received and receivable pursuant to investment management services provided by Hunter Hall Investment Management Ltd to the:		
Hunter Hall Equity Funds	12,163,524	13,416,967
Hunter Hall Global Value Limited	4,084,079	3,262,844
Amount receivable at year end	2,376,938	2,943,814
Performance fees received and receivable pursuant to investment management services provided by Hunter Hall Investment Management Ltd to the:		
Hunter Hall Equity Funds	595,315	-
Amount receivable / (payable) at year end	595,315	-
Expense reimbursements received in relation to:		
Hunter Hall Equity Funds	2,426,139	2,284,068
Amount receivable at year end	174,192	211,484
Expenses paid in relation to:		
Hunter Hall Equity Funds	(2,552,541)	(2,363,173)

For details of transactions with Steep Investments (related party of Peter Hall) please refer to the Remuneration Report.

f. Transactions with key management personnel

	2015 \$	2014 \$
Short-term benefits		
Salary, fees and leave	1,558,379	1,741,199
Profit share and bonuses	92,480	143,988
Total short-term benefits	1,650,859	1,885,187
Post employment benefits		
Superannuation	78,483	93,442
Total post employment benefits	78,483	93,442
Termination benefits	-	98,576
Share based payments	160,233	159,177
Total remuneration	1,889,575	2,236,382

Note 34: Financial Risk Management

a. Capital risk management

The Consolidated Entity manages its capital to ensure that entities in the Consolidated Entity will be able to continue as a going concern while maximising the return to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

During the year ended 30 June 2015, the Company paid dividends of \$3,324,158 (2014: \$4,523,526).

The Consolidated Entity's overall strategy remains unchanged from 2014.

The capital structure of the Consolidated Entity consists of debt, cash and cash equivalents, financial assets and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes of Equity and Notes to this report.

Operating cash flows are used to meet the Consolidated Entity's operating costs, as well as to make the routine outflows of tax, dividends and repayment of maturing debt.

The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

	2015 \$'000	2014 \$'000
Total equity	26,344	19,088
Cash and cash equivalents	14,238	15,195
Financial assets	13,545	2,944

The Company must adhere to the following financial covenants:

As a holder of an Australian financial services (AFS) licence, Hunter Hall Investment Management Limited (HHIML) must hold the greater of:

- \$150,000
- 0.5% of the average value of scheme property (capped at \$5 million), or
- 10% of the average RE revenue (uncapped).

HHIML must hold at least 50% of the NTA requirement above in cash and cash equivalents and the balance as liquid assets.

The Company has met all its financial covenants throughout the year.

b. Categories of financial instruments

The Consolidated Entity's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable, loans to and from subsidiaries and derivatives. The main purpose of non derivative financial instruments is to manage the working capital of the Consolidated Entity. Derivatives are used by the Consolidated Entity for economic hedging purposes. Such instruments include forward exchange contracts and interest rate swap agreements. The Consolidated Entity does not speculate in the trading of derivative instruments.

The Consolidated Entity holds the following financial instruments:

	2015 \$'000	2014 \$'000
Financial assets		
Cash and cash equivalents	14,238	15,195
Trade and other receivables	2,369	3,508
Term deposits	-	475
Financial assets at fair value through profit or loss	11,733	1,357
Available-for-sale financial assets	1,812	1,112
	30,152	21,647
Financial liabilities		
Trade and other payables	3,334	2,387
Current tax liabilities	983	751
Other financial liabilities	81	81
	4,398	3,219

c. Market risk

Management fees are directly related to Funds Under Management (FUM) of the underlying investment vehicles. The risk of changes in FUM due to changes in the underlying net assets of the investment vehicles is the main market risk faced by the entity.

Factors impacting FUM include:

- Investment performance: changes in absolute investment performance directly impact FUM and have a strong correlation to the entity's ability to attract and retain investors.
- Market volatility: changes in equity markets, exchange rates and/or interest rates directly impact FUM
- Inflows: the ability to attract and retain investors

FUM is reconciled as follows:

	2015 \$'M	2014 \$'M
Opening FUM	960	1,114
Net outflows	(64)	(321)
Distributions paid	(13)	(1)
Dividends paid	(15)	(11)
HHV share buy backs	-	(10)
Investment performance	250	189
Closing FUM	1,118	960

A 5% movement in investment performance would have a corresponding impact on management fees. Similarly, a 5% movement in net flows would also have a corresponding impact on management fees.

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

NOTE 34: Financial Risk Management *continued*

c. Market Risk *continued*

For the year to 30 June 2015 management fees made up 87% (2014: 88%) of the Consolidated Entity's revenue from operations.

i. Cash flow and fair value interest rate risk

As at the reporting date, the Consolidated Entity had no borrowings.

ii. Price risk

The Consolidated Entity is exposed to equity securities price risk arising from investments held by the Group and classified on the Statement of Financial Position as fair value through profit or loss. The majority of these investments are held by the Hunter Hall Australian Equities Fund (AEF), the Hunter Hall High Conviction Equities Trust (HCT) and managed by Hunter Hall Investment Management Ltd (the Investment Manager).

The Board of Hunter Hall Investment Management manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Investment Manager monitors the investment performance of the funds and their overall market position on a daily basis and provides the Board with monthly investment performance reports which includes commentary on securities that have materially impacted on the value of the portfolio. The Board meets regularly and at each meeting review investment performance and overall market positions. It also monitors the Investment Manager's compliance with the respective Fund's objectives on a monthly basis.

There were no material changes to the Consolidated Entity's policies and processes for managing market risk and the methods and assumptions used to measure risk during the year.

At reporting date, if the equity prices had been 5% higher or lower net profit and equity of the Consolidated Entity would have been \$677,000 higher/lower (2014: \$111,000 higher/lower).

The sensitivity to equity prices has not changed significantly from the prior year.

The basis of the sensitivity analysis above has been selected as Directors feel these are the most likely movements.

iii. Structural foreign exchange risk

Structural foreign exchange risk is the risk that movements in foreign exchange rates may have an adverse effect on the Group's Australian dollar earnings and economic value when the Group's foreign currency denominated earnings and capital are translated into Australian dollars.

The Group's exposure to this risk arises from its subsidiary domiciled in the United Kingdom, Hunter Hall International (UK) Limited (HHUK), and from global equity investments held by the Hunter Hall High Conviction Equities Trust (HCT).

As a result of the requirement to translate earnings and net assets of HHUK into Australian dollar consolidated financial statements, movements in exchange rates could lead to changes in the Australian dollar equivalent of offshore earnings and capital which could introduce variability to the Group's reported financial results.

In order to minimise this exposure, the Group manages the foreign exchange rate risk associated with offshore earnings and capital as follows:

- capital that is defined to be permanently employed in an offshore jurisdiction (for example to meet regulatory or prudential requirements) and which has no fixed term and is not anticipated to be repatriated in the foreseeable future, remains unhedged.
- the economic risk of Great Britain Pounds future earnings are managed where the Group believes there is a strong likelihood of significant adverse moves in the AUD/GBP exchange rate.

The Group has \$2.767m financial assets (2014: \$3.145m) and \$455k liabilities (2014: \$580k) denominated in GBP, which expose the Group to currency risk.

The sensitivity analysis of profit and equity in regards to the Group's financial assets and financial liabilities and the AUD/GBP exchange rate has been calculated on an "all other things being equal" basis. It assumes a 10% change of the AUD/GBP exchange rate (2014: 10%). These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

At reporting date, if the AUD had weakened against the GBP by 10% the net profit and equity of the Consolidated Entity would have been \$139,000 lower (2014: \$178,000 lower).

As at period end, the Hunter Hall High Conviction Equities Trust (HCT) held 3% of its assets in foreign equities. At reporting date, if the AUD had weakened against the following currencies by 10% the net profit and equity of the Consolidated Entity would have been \$35,000 lower (2014: Nil).

The total net exposure of the Hunter Hall High Conviction Equities Trust (HCT) to fluctuations in foreign currency exchange rates were as follows:

	2015 \$'000	2014 \$'000
Financial assets		
Currency		
Australian Dollar	11,442	-
Hong Kong Dollar	350	-
	11,792	-
Financial Liabilities		
Currency		
Australian Dollar	1,446	-
	1,446	-

d. Credit risk

The Consolidated Entity takes on exposure to credit risk, which is the risk that a counterparty or an issuer will be unable to pay amounts in full when due.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date in respect of recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The Consolidated Entity has a concentration of credit risk exposure from amounts receivable from the investment vehicles it manages, which represents 74% of receivables (2014: 84%).

As at the reporting date the Consolidated Entity did not have any amounts receivable, whether from related entities or otherwise, which were past due or considered impaired (2014: Nil).

Notes to the Financial Statements

for the year ended 30 June 2015 *continued*

NOTE 34: Financial Risk Management *continued*

e. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long term funding and liquidity management requirements.

The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

Maturities of financial liabilities

The tables below analyse the Consolidated Entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2015	1-3 months \$'000	4-6 months \$'000	Between 6 and 12 months \$'000	Over one year \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Non-derivatives						
Non-interest bearing	4,082	316	-	-	4,398	4,398
Interest bearing	-	-	-	-	-	-
Total non-derivatives	4,082	316	-	-	4,398	4,398

Consolidated 30 June 2014	1-3 months \$'000	4-6 months \$'000	Between 6 and 12 months \$'000	Over one year \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Non-derivatives						
Non-interest bearing	2,823	315	-	81	3,219	3,219
Interest bearing	-	-	-	-	-	-
Total non-derivatives	2,823	-	-	81	3,219	3,219

f. Net fair values

The net fair values of listed investments have been valued at the quoted market close price at reporting date. For unlisted investments 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 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed investments at fair value	13,521	-	-	13,521
Unlisted investments at fair value	24	-	-	24
Total	13,545	-	-	13,545

As at 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Term deposits	-	475	-	475
Listed investments at fair value	2,447	-	-	2,447
Unlisted investments at fair value	22	-	-	22
Total	2,469	475	-	2,944

Notes to the Financial Statements

for the year ended 30 June 2014 *continued*

Note 35: Parent Entity Information

Information relating to Hunter Hall International Limited (the Parent Entity):

	2015 \$'000	2014 \$'000
Statement of financial position		
Current assets	11,755	10,611
Total assets	24,413	22,469
Current liabilities	3,670	3,533
Total liabilities	4,190	3,932
Net assets	20,223	18,537
Issued capital	17,891	17,614
Reserves	320	49
Retained earnings	2,012	874
Total equity	20,223	18,537
Statement of profit or loss and other comprehensive income		
Profit for the year	4,460	5,097
Other comprehensive income	-	-
Total comprehensive income	4,460	5,097

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

Note 36: Events Subsequent to Reporting Date

On 17 August 2015 the Directors declared a final dividend of 9.5 cents per share fully franked, with a record date of 10 September 2015 and a payment date of 24 September 2015.

There were no other events subsequent to year end that require disclosure other than those matters referred to elsewhere in this report.


The financial report was authorised for issue on 17 August 2015 by the Board of Directors.

Note 37: Contingent Liabilities

There were no contingent liabilities at year end that require disclosure.

- 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 30 June 2015 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - 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.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.
- 3 Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

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



Wayne Hawkins
Lead Non-executive Director

Dated this 17th day of August 2015

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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 audit of Hunter Hall International Limited for the year ended 30 June 2015, 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 audit;
and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



G S Layland
Director – Audit & Assurance

Sydney, 17 August 2015

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**Independent Auditor's Report
To the Members of Hunter Hall International Limited****Report on the financial report**

We have audited the accompanying financial report of Hunter Hall International Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Hunter Hall International Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 16 to 22 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Hunter Hall International Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



G S Layland
Director – Audit & Assurance

Sydney, 17 August 2015

As at 14 August 2015 there were 2,384 Shareholders.

Distribution of Shareholders

Category (size of Holding)	Number of Shareholders	Number of ordinary shares
1 – 1,000	702	318,795
1,001 – 5,000	1,054	2,863,208
5,001 – 10,000	332	2,450,811
10,001 – 100,000	283	6,690,077
100,001 – and over	13	14,617,303
Total	2,384	26,940,194

The number of Shareholders holding less than a marketable parcel is 239.

20 Largest Shareholders – Ordinary Shares

Name	Number of ordinary shares	% of total issued ordinary shares
1. HAMPSHIRE ASSETS & SERVICES PTY LTD	10,400,000	38.60
2. HAMPSHIRE ASSETS & SERVICES PTY LIMITED	1,204,998	4.47
3. MR ANDREW STANLEY HALL	800,000	2.97
4. EQUITAS NOMINEES PTY LIMITED <3021524 A/C>	511,668	1.90
5. SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	414,098	1.54
6. AUBIGNY INVESTMENTS PTY LTD <PETER J HALL SETTLE NO2 A/C>	292,272	1.08
7. CREATIVE LIVING (QLD) PTY LTD	160,000	0.59
8. EQUITAS NOMINEES PTY LIMITED <2874398 A/C>	158,459	0.59
9. TUSA PTY LIMITED	150,000	0.56
10. MR BRYAN F SHORT <SHORT FAMILY S/F A/C>	135,856	0.50
11. GREEN SUPER PTY LTD <ROSS KNOWLES SUPER FUND A/C>	135,799	0.50
12. J P MORGAN NOMINEES AUSTRALIA LIMITED	129,798	0.48
13. MR DONALD GORDON MACKENZIE + MRS GWENNETH EDNA MACKENZIE	124,355	0.46
14. MR JAMES FISHER MCDONALD	100,000	0.37
15. MS ELIZABETH RASMUSSEN	100,000	0.37
16. MR DAVID MCBAIN	97,739	0.36
17. MR RUSSELL KEENAN	92,173	0.34
18. LUTON PTY LTD	90,000	0.33
19. JACANA GLEN PTY LTD <LARKING SUPER FUND NO 2 A/C>	75,000	0.28
20. MR DAVID DEVERALL	70,000	0.26
Total of top 20 holders of Ordinary shares	15,242,215	56.55

Substantial Shareholders

The names of the substantial Shareholders listed in the holding Company's register as at 14 August 2015 are:

Shareholder	Number held	Percentage
Hampshire Assets & Services Pty Ltd	11,604,998	43.07
Mr. Peter Hall	12,002,270	44.55

Voting Rights

Subject to the Company's Constitution:

- a. At meetings of Shareholders, each Shareholder is entitled to vote in person, by proxy, by attorney or by representative
- b. On a show of hands, each Shareholder present in person, by proxy, by attorney or by representative is entitled to one vote
- c. On a poll, each Shareholder present in person, by proxy, by attorney or by representative is entitled to one vote for every share held by the Shareholder

In the case of joint holdings, only one joint holder may vote.

Voting by Proxy

Shareholders may appoint a proxy or attorney to represent them at a Shareholder meeting. If a proxy is appointed and the Shareholder attends the meeting then that proxy is automatically revoked.

A corporate Shareholder may appoint a proxy, an attorney or a corporate representative.

Dividend Payments

The Company offers Shareholders the following choices of how dividend entitlements can be received:

- a. Cash – a cheque is mailed to the Shareholder's registered address
- b. Direct Credit Deposit – the dividend is paid directly to the nominated bank account. Direct credits avoid delay in postal delivery and the possibility of lost cheques and are therefore a preferred option.
- c. Dividend Reinvestment Plan (DRP) – the Shareholders can elect that all or part of their dividends be used to apply for fully paid ordinary shares in the Company

Copies of the Hunter Hall Dividend Reinvestment Plan (DRP) and the DRP Election forms may be obtained by contacting the share registry.

Principal Registered Address of the Company

The principal registered office is Level 2, 56 Pitt Street, Sydney NSW 2000.

Telephone +61 2 8224 0300

Registry

Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000.

Investor Enquiries 1300 855 080.

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited (ASX). The company shares are traded under the symbol HHL. Details of trading activity are published in most daily newspapers and also obtainable from the ASX website: www.asx.com.au.

Principal and Registered Address

Hunter Hall International Limited
Level 2, 56 Pitt Street
SYDNEY NSW 2000
Australia

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Facsimile +61 2 8224 0333

Email invest@hunterhall.com.au

Website www.hunterhall.com.au

Directors

Peter Hall AM

Executive Chairman, Chief Investment Officer

David Deverall

Managing Director, Chief Executive Officer

Wayne Hawkins

Lead Non-executive Director

Mark Forstmann

Non-executive Director

Naomi Edwards

Non-executive Director (resigned 2 June 2015)

Company Secretary

Christina Seppelt

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
SYDNEY NSW 2000
Australia



Ethical
Managed Funds

Hunter Hall International Limited

Investor Relations 1800 651 674

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