



HUNTER HALL GLOBAL VALUE LIMITED

ACN 107 462 966

Appendix 4E Preliminary Final Report For the year ended 30 June 2016

Results announcement to the market All comparisons to the year ended 30 June 2015

	\$'000	movement	% movement
Revenue from ordinary activities	48,658	down	32%
Profit from ordinary activities after tax attributable to members	30,489	down	40%
Net Profit for the period attributable to members	30,489	down	40%

The investment performance of the Company's investment portfolio (after all fees and expenses) for the year to 30 June 2016 was 12.3% (2015: 30%). Despite outperforming its benchmark by 11.9% in FY2016 (2015: 5.4%), the Company's revenue and profit results are lower than FY2015.

Dividend Information

	Cents per share	Franked amount cents per share	Tax rate for franking
2016 Interim dividend	3.00	3.00	30%
2016 Final dividend	3.50	3.50	30%

Final dividend dates

Ex-dividend date	22 September 2016
Record date	23 September 2016
Last date for DRP	26 September 2016
Payment date	30 September 2016

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the declared final fully franked dividend of 3.5 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares which the cash dividend would purchase at the relevant price. The relevant price will be the weighted average sale price of all shares in the Company sold on the Australian Securities Exchange during the five trading days commencing on and including the Record Date, with no discount applied.

Net Tangible Assets per share

	30 June 2016	30 June 2015
Net Tangible Assets (after tax) backing per share	\$1.35	\$1.34

Dividends paid during the period amounted to 11 cents per share.

	Cents per share	Franked amount cents per share	Tax rate for franking
2015 Final ordinary dividend	4.0	-	-
2015 Final special dividend	4.0	-	-
2016 Interim dividend	3.0	3.0	30%

GPO Box 3955, Sydney NSW 2001, Australia

Telephone: +61 2 8224 0300

Email: invest@hunterhall.com.au

Website: www.hunterhall.com.au

STATEMENT OF COMPREHENSIVE INCOME

For the period ended:

		30 June 2016 \$'000	30 June 2015 \$'000
	Note		
Revenue			
Interest received		211	130
Dividends received		3,597	5,022
Other revenue		51	63
Total revenue		3,859	5,215
Change in value of investments			
Realised gains from investments	2	43,705	48,993
Unrealised gains from investments	2	1,094	16,928
Total gains from investments		44,799	65,921
Total Revenue		48,658	71,136
Management fees	3(a)	(5,096)	(4,186)
Expenses			
Directors' fees		(200)	(206)
Administration fees		(88)	(78)
Custody fees		(65)	(61)
ASX listing fees		(90)	(110)
Share registry fees		(122)	(138)
Recruitment fees		(35)	-
Audit fees		(75)	(75)
Research and travel		(40)	(34)
Marketing		(33)	(7)
Legal fees		(43)	(80)
Tax fees		(23)	(24)
Legal and professional expenses		(43)	(57)
Disbursements, mailing and printing		(18)	(11)
Other expenses		(21)	(90)
Expenses relating to prior periods	3(d)	(120)	-
	18(a)	(1,016)	(971)
Total expenses		(6,112)	(5,157)
Profit before income tax		42,546	65,979
Income tax expense	4	(12,057)	(14,794)
Net profit after income tax expense		30,489	51,185
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		30,489	51,185
Basic earnings per share (cents per share)	6	12.6	25.3

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

STATEMENT OF FINANCIAL POSITION

As at:		30 June 2016 \$'000	30 June 2015 \$'000
	Note		
Assets			
Cash and cash equivalents	7	70,144	33,064
Trade and other receivables	8	666	7,807
Financial assets	9	283,496	300,549
Deferred tax assets	5 (a)	298	4,198
Total assets		354,604	345,618
Liabilities			
Trade and other payables	10	3,657	4,109
Financial liabilities	11	-	713
Current tax liabilities	5 (b)	3,989	-
Deferred tax liabilities	5 (c)	18,698	18,562
Total liabilities		26,344	23,384
Net assets		328,260	322,234
Equity			
Issued capital	12	303,220	301,126
Profit reserve	14	103,497	99,565
Retained Losses	13	(78,457)	(78,457)
Total equity		328,260	322,234

The Statement of Financial Position is presented on a liquidity basis and should be read in conjunction with the accompanying Notes.

STATEMENT OF CHANGES IN EQUITY

	Note	Issued Capital \$'000	Profit Reserve \$'000	Retained Losses \$'000	Total \$'000
Balance as at 1 July 2014		235,987	63,653	(78,457)	221,183
Profit for the year		-	-	51,185	51,185
Transfer to profit reserve		-	51,185	(51,185)	-
Total comprehensive income for the year		-	51,185	-	51,185
Transactions with owners in their capacity as owners:					
Contributed equity	12	66,141	-	-	66,141
Capitalised costs	12	(1,002)	-	-	(1,002)
Dividends paid	15	-	(15,273)	-	(15,273)
Balance as at 30 June 2015		301,126	99,565	(78,457)	322,234
Profit for the year		-	-	30,489	30,489
Transfer to profit reserve		-	30,489	(30,489)	-
Total comprehensive income for the year		-	30,489	-	30,489
Transactions with owners in their capacity as owners:					
Contributed equity	12	2,126	-	-	2,126
Capitalised costs	12	(32)	-	-	(32)
Dividends paid	15	-	(26,557)	-	(26,557)
Balance as at 30 June 2016		303,220	103,497	(78,457)	328,260

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

STATEMENT OF CASH FLOWS

For the period ended:

		30 June 2016 \$'000	30 June 2015 \$'000
	Note		
Cash flows from operating activities			
Proceeds from sale of investments		324,992	227,746
Payments for purchase of investments		(259,193)	(278,420)
Interest received		206	140
Dividends received		4,239	4,576
Other		51	63
Management fees paid		(5,085)	(4,317)
Income tax paid		(4,032)	-
Payment to suppliers		(809)	(1,065)
Net cash outflow from operating activities	16	60,369	(51,277)
Cash flows from financing activities			
Capital raising		-	63,536
Listing costs		(32)	-
Dividends paid	15	(24,431)	(14,099)
Net cash (outflow)/inflow from financing activities		(24,463)	49,437
Net increase/(decrease) in cash and cash equivalents held		35,906	(1,840)
Cash and cash equivalents at beginning of year		33,064	34,538
Translation of foreign cash held		1,174	366
Cash and cash equivalents at end of year	7	70,144	33,064

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Company is a for-profit entity for the purpose of preparing the financial report.

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

The Company's financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 24 August 2016.

Except for cash flow information, the financial statements have been prepared on an accruals basis.

Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. They have been consistently applied unless otherwise stated.

a. Revenue and other income

Dividend income is recognised on the date shares are quoted ex-dividend. Distribution income is recognised as of the date the unit value is quoted ex-distribution. Interest income is recognised on an accruals basis.

All revenue is stated net of the amount of Goods and Services Tax (GST).

b. Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits with banks or financial institutions.

c. Fair values of financial assets and liabilities

Recognition and initial measurement

Financial assets and liabilities are recognised when the Company becomes a party to the binding contractual provisions to the instrument. For financial assets this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets and liabilities are valued at fair value. Financial instruments are classified into the following categories and fair values of financial instruments are determined on the following basis:

i. Investments

All investments are initially recognised at cost, being the fair value of the consideration given including brokerage and other acquisition charges associated with the investment. After initial recognition, investments have been classified as designated "fair value through profit or loss". Gains and losses on investments are recognised in the Statement of Comprehensive Income.

Last market close price is used for all investments quoted in an active market. Where this price falls outside the bid-ask spread discretion is used as to whether the most appropriate price is the bid price or last market close price.

ii. Trade and other receivables

Trade and other receivables are initially recognised at fair value. They are subsequently stated at amortised cost.

iii. Trade and other payables

Trade and other payables are initially recognised at fair value. They are subsequently stated at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Forward foreign exchange hedging contracts (Derivative financial instruments)

The Company only uses forward foreign exchange hedging contracts to hedge the risks associated with foreign currency fluctuations. The Company has established foreign exchange dealing lines with the major Australian banks. Forward foreign exchange hedging contracts are marked to market daily and are disclosed as financial assets or financial liabilities as the valuation requires.

The fair value of forward foreign exchange hedging contracts is calculated by reference to current forward exchange rates for contracts with the same maturity profiles.

Gains and losses arising from changes in fair value are taken directly to the Statement of Comprehensive Income.

e. Foreign currency translation

Foreign currency transactions are translated into Australian Dollars (AUD) using the exchange rates at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign assets and liabilities at year end exchange rates are recognised in the Statement of Comprehensive Income.

Translation differences on monetary assets and liabilities, forward foreign exchange hedging contracts and investments are reported as part of the change of value of investments on the Statement of Comprehensive Income. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within revenue.

Assets and liabilities denominated in a foreign currency are translated using the exchange rates at reporting date.

f. Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

g. Goods and Services Tax

Revenue, 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 the GST is recognised as part of the cost of acquisition of the asset or is expensed. 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.

h. Profit Reserve

The profit reserve consists of amounts transferred from retained losses that are preserved for future dividend payments.

i. 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 Company.

Key estimates - recognition of Deferred Tax Asset

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits. The Company has no losses carried forward (2015: \$12.829m). Losses in the prior period related to realised losses on the investment portfolio of the Company.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Critical accounting estimates and judgements (continued)

Key estimates - impairment

The Company assesses impairment of assets at each reporting date by evaluating conditions specific to the Company. When an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of any assets for the year ended 30 June 2016.

j. 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 Global Value Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

k. New and amended standards adopted by the Company

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Company.

l. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period and have not been early adopted by the Company. The Directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The Directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are held at fair value through profit or loss, the change in impairment rules will not impact the Company. The Company has not yet decided when to adopt AASB 9.

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

The Company's main sources of income are interest, dividends and distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements. The Company has not yet decided when to adopt AASB 15.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

m. Change in accounting policy

The Company has amended the presentation of its trading activities in financial instruments from investing activities to operating activities in the Statement of Cash Flows. This change has been made to better reflect the operational business of the Company which is primarily investing activities and to provide more relevant and reliable information. There has been no adjustment to the line items in the statement. Note 16 has also been updated to reflect the change as have comparatives.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 : CHANGES IN FAIR VALUE OF INVESTMENTS

	2016 \$'000	2015 \$'000
Realised gains on investments	52,608	46,735
Realised losses on forward foreign exchange hedging contracts	(5,420)	(349)
Realised (losses)/gains on cash held	(3,483)	2,607
Net realised gains on investments	43,705	48,993
Unrealised (losses)/gains on investments	(1,336)	17,268
Unrealised gains/(losses) on forward foreign exchange hedging contracts	1,256	(706)
Unrealised gains on cash held	1,174	366
Net unrealised gains on investments	1,094	16,928
Net changes in fair value of investments	44,799	65,921

NOTE 3 : EXPENSES

a. Management Fees

In accordance with the Investment Management Agreement between the Company and Hunter Hall Investment Management Limited (the Investment Manager). The Investment Manager is entitled to a management fee of 1.5% per annum of the gross value of the investment portfolio, payable on a monthly basis.

The amounts paid and payable to the Investment Manager in accordance with the Investment Management Agreement were:

Management fees	5,096	4,186
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b. Performance Fees

In accordance with the Investment Management Agreement between the Company and Hunter Hall Investment Management Limited (the Investment Manager). The Investment Manager is entitled to a performance fee of 15% of any outperformance when the investment return of the portfolio outperforms the MSCI World Total Return Index, Net Dividends Reinvested in A\$. The method of calculating the fee is detailed in the Investment Management Agreement. The performance fee has a high watermark.

As at 30 June 2016 the performance was still below this watermark and accordingly no performance fee was due and payable.

Performance fee deficit not brought to account	(3,813)	(8,868)
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c. Auditor's Remuneration

Remuneration of the Auditor of the Company for:

Audit of year end Financial Report	41	41
Review of half year Financial Report	24	24
Other services	10	10
Total	75	75

d. Expenses relating to prior periods

The Company's expenses for the year to 30 June 2016 of \$1.02m were overstated by \$120k relating to prior years' expenses not provided for.

	2016	2015	Allocation of 2015 expenses	Adjusted 2015	Change
Directors' fees	200	206	18	224	-10.7%
Administration fees	88	78	8	86	2.3%
Custody fees	65	61	7	68	-4.4%
ASX listing fees	90	110	10	120	-25.0%
Share registry fees	122	138	16	154	-20.8%
Recruitment fees	35	-	-	-	0.0%
Audit fees	75	75	-	75	0.0%
Legal fees	43	80	-	80	-46.3%
Tax fees	23	24	-	24	-4.2%
Legal and professional expenses	43	57	52	109	-60.6%
Research and travel	40	34	5	39	2.6%
Marketing	33	7	3	10	230.0%
Disbursements, mailing and printing	18	11	-	11	63.6%
Other expenses	21	90	1	91	-76.9%
Expenses relating to prior periods	120	-	-	-	0.0%
	1,016	971	120	1,091	-6.9%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 : INCOME TAX EXPENSE

	2016 \$'000	2015 \$'000
The components of tax expense comprise:		
Current tax expense	11,871	-
Deferred tax expense relating to unrealised movements on investments	328	5,212
Tax losses utilised	-	13,723
Trade and other payables	(232)	(2)
Deferred tax on capitalised costs	90	-
Recognition of prior years' deferred tax liabilities	-	13,351
Tax losses previously not recognised	-	(17,490)
	12,057	14,794

The prima facie tax on profit before tax is reconciled to the income tax benefit provided in the financial report as follows:

Prima facie tax payable on profit before income tax of 30%	12,764	19,794
Less tax effect of:		
Foreign withholding tax	(279)	(322)
Franking credits	(428)	(539)
Recognition of prior years' deferred tax liabilities	-	13,351
Tax losses previously not recognised	-	(17,490)
Income tax attributable to entity	12,057	14,794

Applicable weighted average effective tax rates	28%	22%
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The effective tax rate has increased from 22% to 28% because the Company brought to account 100% of carried forward losses in the year to 30 June 2015.

NOTE 5 : TAX

a Deferred Tax Asset

Tax losses	-	3,849
Trade and other payables	44	5
Capitalised costs	254	344
Total tax assets	298	4,198

Movements

Opening deferred tax asset	4,198	-
Charged to the statement of comprehensive income:		
Recognition of prior years' deferred tax assets	-	17,490
Tax losses utilised	(3,849)	-
Current year income tax expense	-	(13,637)
Deferred tax on capitalised costs	(90)	344
Trade and other payables	39	2
Closing deferred tax asset	298	4,198

In the year to 30 June 2015 the Company undertook a capital raising with costs of \$1.03m. The tax effect of these costs has been capitalised and amortised over 5 years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 : TAX (CONTINUED)

	2016 \$'000	2015 \$'000
b Current Tax Liabilities		
Income tax	3,989	-
Total current tax liabilities	3,989	-
Movements		
Balance at the beginning of the year	-	-
Current year income tax expense	11,871	-
Tax losses utilised	(3,849)	-
Income tax paid	(4,033)	-
Closing current tax liabilities	3,989	-
c Deferred Tax Liabilities		
Current year fair value adjustments	328	5,212
Prior year fair value adjustments	18,562	13,350
Accrued income	(192)	-
Total deferred tax liabilities	18,698	18,562
Movements		
Opening deferred tax liabilities	18,562	-
Charged to the statement of comprehensive income:		
Recognition of prior years' deferred tax liabilities	-	13,350
Unrealised movements in investments	328	4,970
Accrued income	(192)	242
Closing deferred tax liabilities	18,698	18,562

NOTE 6 : EARNINGS PER SHARE (EPS)

Net profit after tax used in the calculation of basic EPS	30,489	51,185
	No.	No.
	Shares	Shares
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	242,232,788	202,570,969

The earnings per share have been calculated using the profit attributable to the shareholders of the Company as the numerator.

NOTE 7 : CASH AND CASH EQUIVALENTS

Cash at bank:		
Australian Dollar	8,051	4,235
United States Dollar	62,093	28,732
Other	-	97
	70,144	33,064

NOTE 8 : TRADE AND OTHER RECEIVABLES

Dividends receivable	106	748
Interest accrued	11	6
GST receivable	114	151
Prepayments	32	49
Outstanding investment settlements	403	6,853
	666	7,807

There are no past due or impaired receivables at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 : FINANCIAL ASSETS

	2016 \$'000	2015 \$'000
Investments held at fair value	282,974	300,549
Mark to market on forward foreign exchange hedging contracts	522	-
	283,496	300,549

All investments held at 30 June 2016 were listed on recognised exchanges.

NOTE 10 : TRADE AND OTHER PAYABLES

Outstanding investment settlements	3,028	3,644
Accruals	169	12
Payable to related parties:		
Management fees	447	453
Directors fees	13	-
	3,657	4,109

NOTE 11 : FINANCIAL LIABILITIES

Mark to market on forward foreign exchange hedging contracts	-	713
	-	713

NOTE 12 : ISSUED CAPITAL

	No. shares	No. shares
Issued ordinary shares at the beginning of the reporting period	241,039,182	188,474,762
Dividends reinvested (DRP)	1,928,809	1,003,278
Rights issue	-	23,261,142
Placement	-	28,300,000
Issued ordinary shares at reporting date	242,967,991	241,039,182

	\$'000	\$'000
Issued ordinary shares at cost at the beginning of the period	301,126	235,987
Dividends reinvested (DRP)	2,126	1,174
Rights issue	-	29,309
Placement	-	35,658
Capitalised costs	(32)	(1,002)
Issued ordinary shares at cost at reporting date	303,220	301,126

Capital Management

The Directors manage the Company's capital by regularly ensuring that the Company employs its capital in the most efficient manner. The Directors believe that shareholder value is maximised through effective management of dividends distributed to shareholders, share buy-backs, and share placements. These capital management initiatives will be used when deemed appropriate by the Directors. To achieve this, the Directors monitor the weekly and month end NTA results, investment performance, the Company's expenses and share price movements.

For the year ended 30 June 2016, the Company paid dividends of \$26,557,368 (2015: \$15,273,375).

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes of Equity.

The Company is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 : RETAINED LOSSES

	2016 \$'000	2015 \$'000
Balance at beginning of period	(78,457)	(78,457)
Current period profit	30,489	51,185
Transfer to profit reserve	(30,489)	(51,185)
Balance at end of period	(78,457)	(78,457)

NOTE 14 : PROFIT RESERVE

Balance at beginning of period	99,565	63,653
Transfer from retained losses	30,489	51,185
Final unfranked dividend of 4.0 cents paid 18 September 2015 (2015: 3.0 cents partially franked)	(9,642)	(5,654)
Final unfranked special dividend of 4.0 cents paid 18 September 2015 (2015: nil)	(9,642)	-
Interim fully franked dividend of 3.0 cents paid 22 April 2016 (2015: 4.0 cents partially franked)	(7,273)	(9,619)
Balance at end of period	103,497	99,565

The profit reserve consists of amounts transferred from retained losses that are preserved for future dividend payments.

NOTE 15 : DIVIDENDS

a. Dividends paid

Final unfranked dividend of 4.0 cents paid 18 September 2015 (2015: 3.0 cents partially franked)	9,642	5,654
Final unfranked special dividend of 4.0 cents paid 18 September 2015 (2015: nil)	9,642	-
Interim fully franked dividend of 3.0 cents paid 22 April 2016 (2015: 4.0 cents partially franked)	7,273	9,619
	26,557	15,273

b. Dividend reinvestment plan

Final unfranked dividend of 4.0 cents paid 18 September 2015 (2015: 3.0 cents partially franked)	(753)	(495)
Final unfranked special dividend of 4.0 cents paid 18 September 2015 (2015: nil)	(753)	-
Interim fully franked dividend of 3.0 cents paid 22 April 2016 (2015: 4.0 cents partially franked)	(620)	(679)
	(2,126)	(1,174)

Net dividends paid in cash

	No. shares	No. shares
Final unfranked dividend of 4.0 cents paid 18 September 2015, reinvestment price: \$1.08 (2015: 3.0 cents partially franked, reinvestment price: \$1.12)	697,186	442,386
Final unfranked special dividend of 4.0 cents paid 18 September 2015, reinvestment price: \$1.08 (2015: nil)	697,186	-
Interim fully franked dividend of 3.0 cents paid 22 April 2016, reinvestment price: \$1.16 (2015: 4.0 cents partially franked, reinvestment price, \$1.21)	534,438	560,892
	1,928,809	1,003,278

c. Franking account

	\$'000	\$'000
Balance at beginning of period	915	2
Franking credits that will arise from current tax liabilities	3,989	-
Payment of declared final fully franked dividend	(3,645)	-
Franking account balance post payment of final dividend	1,260	2

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 : CASH FLOW INFORMATION

	2016 \$'000	2015 \$'000
Reconciliation of net cash outflow from operating activities to net profit after income tax:		
Net profit after income tax	30,489	51,185
Changes in fair value of investments	(44,799)	(65,921)
Proceeds from sale of investments	324,992	227,746
Payments for purchase of investments	(259,193)	(278,420)
Change in trade and other receivables	674	(537)
Change in trade and other payables	164	(122)
Change in prepayments	17	(4)
Change in deferred tax asset	3,900	86
Change in deferred tax liability	136	18,849
Change in income tax payable	3,989	-
Recognition of prior year deferred tax asset	-	(4,139)
Net cash outflow from operating activities	60,369	(51,277)

NOTE 17 : FINANCIAL RISK MANAGEMENT

The Company holds the following financial instruments:

Financial Assets

Cash and cash equivalents	70,144	33,064
Trade and other receivables	666	7,807
Investments at fair value	283,496	300,549
Deferred tax assets	298	4,198
	354,604	345,618

Financial Liabilities

Trade and other payables	3,657	4,109
Financial liabilities	-	713
Current tax liabilities	3,989	-
Deferred tax liabilities	18,698	18,562
	26,344	23,384

The forward foreign exchange hedging contracts are used by the Company for risk management purposes. There is no gearing through the use of derivatives.

Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are market risk, credit risk and liquidity risk.

a. Market Risk

(i) Price risk

The Company is exposed to equity securities price risk arising from investments held by the Company and classified on the Statement of Financial Position as fair value through profit or loss of \$283.0m (2015: \$300.5m).

Sensitivity analysis

At reporting date, if the equity prices had been 10% lower or higher profit or loss before income tax of the Company would have (decreased)/increased by \$28,297,296 (2015: \$30,054,977). The analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2015.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 : FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk (continued)

(i) Price risk (continued)

The following investments constitute 5% or more of the Company's equity portfolio:

2016			
Company	Market Value	%	Business Description
St Barbara Ltd	40,032	14.1%	gold explorer and producer
Sirtex Medical Ltd	20,772	7.3%	liver cancer treatments
Vocus Communications Ltd	17,999	6.4%	telecommunications
Doray Minerals Limited	16,754	5.9%	gold explorer and producer
2015			
Company	Market Value	%	Business Description
Sirtex Medical Ltd	50,737	17%	gold explorer and producer
M2 Group Ltd	15,630	5%	telecommunications

(ii) Foreign exchange risk

As at 30 June 2016 the portfolio (net assets excluding net tax liabilities) was invested 41.6% in International Equities (2015: 58.8%) , 39.1% in Australian Equities (2015: 30.5%) and 19.3% in Cash held predominantly in USD (2015: 10.7%). The portfolio had an exposure to foreign cash and investments of A\$199m (2015: \$227m), with 14.4% (2015: 36.2%) of the foreign equity exposure hedged back into Australian Dollars by forward foreign exchange hedging contracts.

The use of forward foreign exchange hedging contracts resulted in a realised loss of \$5.4m in the year to 30 June 2016 (2015: loss of \$0.349m) and an unrealised gain of \$1.256m (2015: loss of \$0.706m).

At 30 June 2016 the mark to market on forward foreign exchange hedging contracts was an unrealised gain of \$0.522m. (2015: unrealised loss of \$0.713m)

The Company is an investor in foreign currency assets and benefits from any weakening in the Australian Dollar against those currencies to which it is exposed. The accounting policy in regard to forward foreign exchange hedging contracts is detailed in Note 1(d).

Sensitivity analysis

At reporting date a 10% strengthening/weakening of the Australian Dollar at 30 June 2016 would have (decreased)/increased profit or loss before income tax by \$17,697,116 (2015:\$15,975,752). The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2015.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 : FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk (continued)

(ii) Foreign exchange risk (continued)

The Company's total net exposure to fluctuations in foreign currency exchange rates at the reporting date was as follows:

	Cash	Investments	Forwards	Trade and other receivables	Tax Asset	Total
Assets (AUD)						
Australian Dollar	8,051	145,806	20,291	171	298	174,617
Euro	-	6,940	-	-	-	6,940
British Pound	-	12,135	-	-	-	12,135
Hong Kong Dollar	-	10,753	(5,379)	-	-	5,374
Japanese Yen	-	11,612	-	420	-	12,032
Norwegian Kroner	-	5,286	-	-	-	5,286
Korean Won	-	1,685	-	-	-	1,685
United States Dollar	62,093	88,757	(14,390)	75	-	136,535
	70,144	282,974	522	666	298	354,604

	Cash	Investments	Forwards	Trade and other payables	Tax liability	Total
Liabilities (AUD)						
Australian Dollar	-	-	-	629	22,687	23,316
British Pound	-	-	-	2,734	-	2,734
Japanese Yen	-	-	-	236	-	236
United States Dollar	-	-	-	58	-	58
	-	-	-	3,657	22,687	26,344

The Company's total net exposure to fluctuations in foreign currency exchange rates at the comparative reporting date was as follows:

	Cash	Investments	Forwards	Trade and other receivables	Tax Asset	Total
Assets (AUD)						
Australian Dollar	4,235	102,726	87,828	2,687	4,198	201,675
Euro	3	12,042	130	930	-	13,105
British Pound	-	3,493	-	(8)	-	3,485
Hong Kong Dollar	-	31,114	(19,115)	708	-	12,707
Japanese Yen	-	23,803	(21,913)	2,046	-	3,936
New Zealand Dollar	-	3,084	-	-	-	3,084
Norwegian Kroner	3	5,106	-	-	-	5,109
Korean Won	-	6,574	280	1	-	6,855
Taiwanese Dollar	91	-	-	-	-	91
United States Dollar	28,732	112,607	(47,210)	1,443	-	95,571
	33,064	300,549	-	7,807	4,198	345,618

	Cash	Investments	Forwards	Trade and other payables	Tax liability	Total
Liabilities (AUD)						
Australian Dollar	-	-	-	3,387	18,562	21,949
British Pound	-	-	-	346	-	346
Euro	-	-	130	-	-	130
Hong Kong Dollar	-	-	85	126	-	211
Japanese Yen	-	-	298	250	-	548
Korean Won	-	-	280	-	-	280
United States Dollar	-	-	(80)	-	-	(80)
	-	-	713	4,109	18,562	23,384

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 : FINANCIAL RISK MANAGEMENT (continued)

a. Market risk

(iii) Interest rate risk

The main interest rate risk for the Company arises from its cash holdings. The Company's exposure to interest rate risk is immaterial.

	2016 \$'000	2015 \$'000
Cash and cash equivalents		
Cash balance subject to floating interest rate	70,144	33,065
	%	%
Weighted average effective interest rate	0.31	0.39

Sensitivity analysis

At reporting date, if the interest rates had been 0.25% lower or higher profit or loss before income taxes of the Company would have (decreased)/increased by \$175,360 (2015: \$82,664).

b. Credit risk

Credit risk principally arises from cash deposits, forward foreign exchange hedging contracts held with banks and financial institutions, as well as outstanding receivables.

The Company's major credit risk arises from assets and cash held with the custodian, JP Morgan, and cash on deposit with ANZ. The Company also has minimal exposure through outstanding settlements with brokers.

c. Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate uninvested cash levels are maintained.

While the portfolio of the Company is comprised of some large positions in illiquid securities, the portfolio overall remains relatively liquid. Based on an assumption of trading 10% of the trailing three month daily volume 84.6% of the portfolio could be realised in one month (2015: 87.9%) and 95.9% of the portfolio in six months (2015: 97.6%).

Maturities of financial liabilities

Financial liabilities held by the Company include management fees payable to the Investment Manager, unsettled trades and other payables. The below table shows the maturities of financial liabilities held by the Company. The Company held short term forward foreign exchange hedging contracts which are also included below where any liability existed at reporting date. Forward foreign exchange hedging contracts are marked to market daily and are disclosed as financial assets or financial liabilities as the valuation requires. Further information on these instruments is in Note 17(a).

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total
2016					
Financial Liabilities					
Due to brokers	3,028	-	-	-	3,028
Other payables	629	-	-	-	629
Total	3,657	-	-	-	3,657
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total
2015					
Financial Liabilities					
Due to brokers	3,644	-	-	-	3,644
Mark to market of forward foreign exchange hedging	-	713	-	-	713
Other payables	465	-	-	-	465
Total	4,109	713	-	-	4,822

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 : FINANCIAL RISK MANAGEMENT (continued)

d. Net fair values

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).

Fair value of financial assets that are traded in active markets are based on quoted close prices. For other Level 1 financial instruments the Company determines fair values using unit trust prices.

Fair value of forward foreign exchange hedging contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

There has been no transfer between levels from the previous reporting period.

There are no unlisted instruments as at 30 June 2016.

2016	Level 1	Level 2	Level 3	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
Listed investments at fair value	282,974	-	-	282,974
Forward foreign exchange hedging contracts	-	522	-	522
Total	282,974	522	-	283,496
2015	Level 1	Level 2	Level 3	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
Listed investments at fair value	300,531	-	-	300,531
Unlisted investments at fair value	-	-	18	18
Total	300,531	-	18	300,549

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. As disclosed in Note 8 there were no past due or impaired receivables at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18 : RELATED PARTY TRANSACTIONS

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

	2016 \$	2015 \$
a. Hunter Hall International Ltd		
The Company's expenses are paid by Hunter Hall International Limited, the parent of the Investment Manager, and reimbursed monthly by the Company.	(1,015,235)	(963,826)
b. Hunter Hall Investment Management Ltd		
Management fees paid and payable	(5,095,844)	(4,186,181)
c. Hunter Hall Investment Management Ltd		
Pursuant to a securities sale deed with Rushcutter Investments Pty Limited, a wholly owned subsidiary of Hunter Hall International Limited:		
Sale of securities	-	1
d. Macpherson & Kelley Lawyers		
Legal fees paid	-	(60,923)
e. JP Morgan		
JP Morgan, the custodian of the Company's assets, provided certain corporate benefits to Philip Clark including a serviced office and car parking.		
f. Bell Potter Securities Ltd		
Bell Potter Securities Ltd is a broker used by the Investment Manager and is also the employer of Julian Constable. Payment of brokerage commissions to Bell Potter for trade execution is at normal market rates.		

NOTE 19 : STATEMENT OF OPERATIONS BY SEGMENT

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Chief Investment Officer of the Investment Management company in assessing and determining the allocation of resources.

The Company operates in one business segment, being investment in securities.

NOTE 20 : SUBSEQUENT EVENTS

There were no other events subsequent to year end that require disclosure other than those matters referred to elsewhere in this report. The after tax Net Tangible Assets of the Company at 19 August 2016 was \$346.6m, an increase of 5.6% or \$18.4m from the \$328.3m recorded at 30 June 2016.

As at 19 August 2016 the performance fee deficit not brought to account had reduced from \$3.8m to \$1.7m.

NOTE 21 : CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2016 and 30 June 2015 that require disclosure.