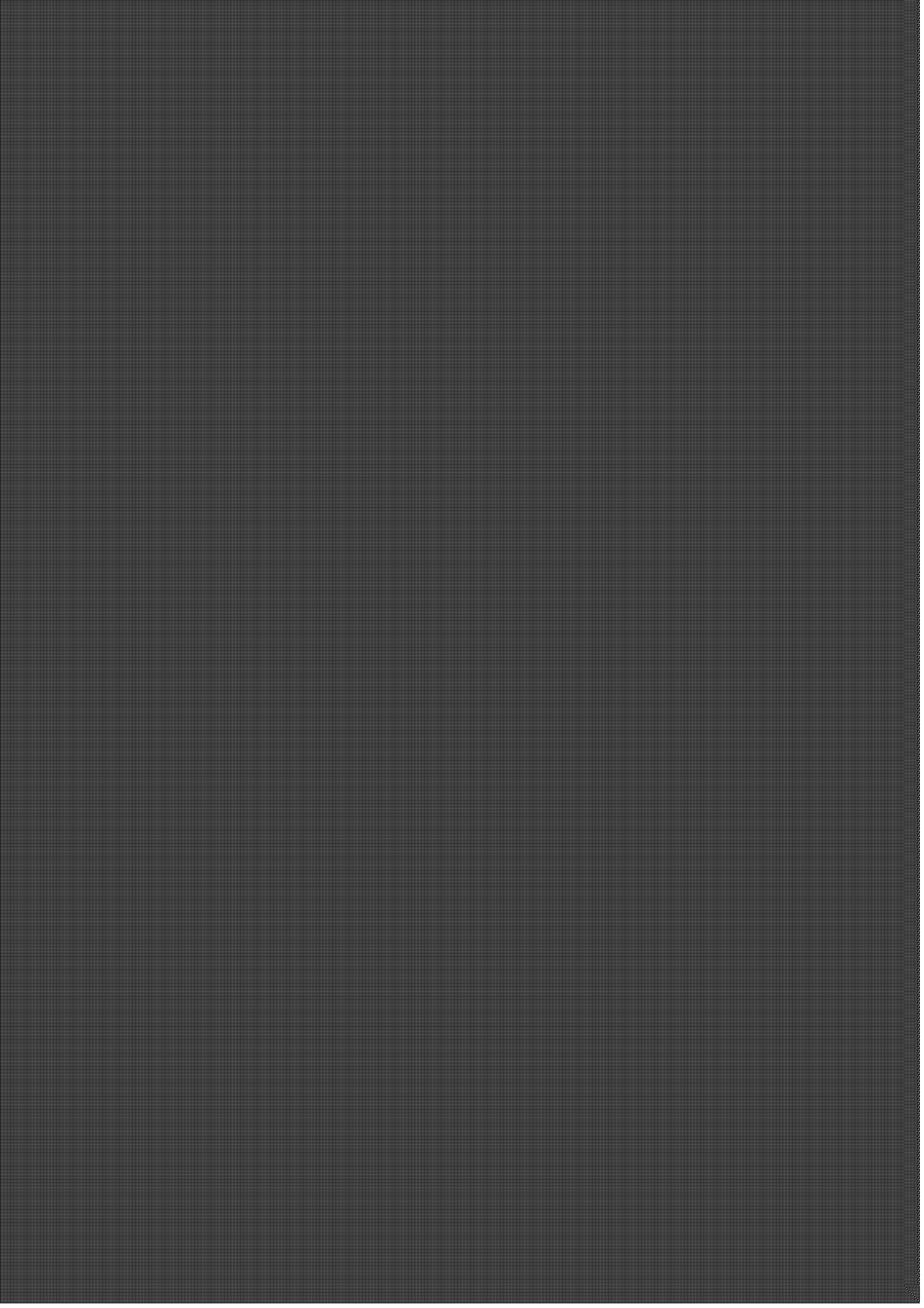




HUNTER HALL
INTERNATIONAL
LIMITED

ABN 43 059 300 426

30 JUNE 2003
FINANCIAL REPORT



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Directors' Report

Your Directors present their report on the Company and its controlled entities (the "consolidated entity") for the financial year ended 30 June 2003.

Directors

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

Peter James MacDonald Hall (*Executive Chairman*)

David Ian Scott (*Deputy Chairman and Executive Director*)

David Barclay Buckland (*Executive Director*)

Peter Charles Constable (*Non-executive Director*) (*resigned 14 November 2002*)

Mark Benedict Forstmann (*Non-executive Director*)

Suzanne Mary Daniel (*Non-executive Director*)

William Wayne Hawkins (*Non-executive Director*)

Frederick Raymond Woollard (*Executive Director*) (*resigned 15 April 2003*)

The Directors have been in office from the start of the financial year to the date of this report unless otherwise noted.

Principal Activities

Hunter Hall International Limited ("Hunter Hall") is an investment holding company.

Through its wholly owned subsidiary, Hunter Hall Investment Management Limited ("HHIML"), it operates an investment management business, which manages the Hunter Hall Value Growth Trust ("VGT"), the Hunter Hall Australian Value Trust ("AVT"), the Hunter Hall Global Ethical Trust ("GET") and the Hunter Hall International Ethical Fund ("HHIEF"). The HHIEF is an offshore fund listed on the Dublin stock exchange. In addition, Hunter Hall through its new subsidiary Hunter Hall Superannuation Company Pty Limited, launched the Hunter Hall Ethical Superannuation Fund on 28 July 2003. This product is designed to enable the investment of superannuation savings in the three trusts.

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

Review of Operations

Hunter Hall Investment Management Limited, a subsidiary of Hunter Hall, is the Responsible Entity for the VGT, AVT and GET and the Investment Manager for the HHIEF.

Funds under management at 30 June 2003 totalled \$541.4 million, an increase of \$130.4 million, or 31%, on 30 June 2002 (\$410.6 million). Net inflow for the year to June 2003 was \$128 million (down from \$214 million in the year to June 2002), whilst performance growth was \$2.6 million.

The VGT recorded a return of 2.0% for the year to 30 June 2003. This compares with a negative 1.1% return by the All Ordinaries Accumulation Index. Between its inception on 2 May 1994 and 30 June 2003, the VGT recorded a compound annual average return of 17.7%. This compares with a compound average annual return of 8.2% by the All Ordinaries Accumulation Index over the same period.

The AVT recorded a negative 8.8% return for the year to 30 June 2003. This compares with a negative 1.1% return by the All Ordinaries Accumulation Index. Between its inception on 29 November 2001 and 30 June 2003, the AVT recorded a compound annual average return of 12.0%. This compares with a negative 1.6% return by the All Ordinaries Accumulation Index over the same period.

The GET recorded a negative 3.2% return for the year to 30 June 2003. This compares with a negative 18.3% return by the MSCI World Accumulation Net Return Index in Australian Dollars. Between its inception on 29 November 2001 and 30 June 2003 the GET recorded a compound annual average return of negative 7.0%. This compares with a negative 20.5% return by the MSCI World Accumulation Net Return Index in Australian Dollars over the same period.

The HHIEF recorded a return of 13.3% for the six months to 30 June 2003 following its inception on 31 December 2002. In this period the MSCI World Accumulation Net Return Index in US dollars returned 11.1%.

Information on Directors

During the year, the following persons held office as Director:

Peter James MacDonald Hall, B.A.

Chairman, Managing Director, Investment Manager

Mr Hall has 20 years experience in investment markets and is Chairman of the Company. Previously Mr Hall was Investment Manager of HGL Limited (formerly 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 is also Chairman of Hunter Hall Investment Management Limited, a trustee of the Hunter Hall Charitable Trust, Chairman of the Investment Committee and is a member of the Hunter Hall Remuneration Committee and of the Hunter Hall Charities Committee.

David Ian Scott, B.Bus., Dip. Law, Grad. Dip. Art

Deputy Chairman, Executive Director

Mr Scott has more than 16 years experience in corporate management including finance, taxation, legal issues and marketing. Previously he was employed in legal and chartered

Directors' Report *continued*

accounting firms, including Coopers & Lybrand. Mr Scott is also a Director of Hunter Hall Investment Management Limited and Hunter Hall Superannuation Company Pty Limited, and is a member of the Audit Committee, the Risk Management Committee and the Charities Committee.

David Barclay Buckland, B.Com., M. App.Fin, ASIA, FCPA, ACIS

Executive Director, Chief Executive Officer of Hunter Hall Investment Management Ltd

Mr Buckland has 19 years experience in investment markets in Sydney and London and most recently was a Director of Ord Minnett Securities. Previously Mr Buckland worked as a Research Analyst at Statton Securities before spending seven years at NZI Corporation where he was Portfolio Manager – Equities and Investment Manager and was responsible for approximately \$1 billion of investment funds. Mr Buckland is also a Director of Bennelong Administration Services Pty Limited and is a member of the Investment Committee.

William Wayne Hawkins, B. Ec., ASIA

Non-executive Director

Mr Hawkins has over 37 years experience in investment management. Mr Hawkins' previous positions include Funds Manager and Investment Analyst with City Mutual Life Assurance Society Limited, Group Investment Manager with New Zealand South British Insurance, Chief Investment Officer and Managing Director (Funds Management) with Oceanic Capital Corporation Group, Investment Manager with Chancellor Equity Management Pty Limited and Fiducian Portfolio Services Limited. Mr Hawkins is also a Director of Hunter Hall Investment Management Limited and Hunter Hall Superannuation Company Pty Limited and Chairman of the Audit Committee, the Risk Management Committee and of the Remuneration Committee.

Mark Benedict Forstmann, B.Sc., B.A. (Comms.)

Non-executive Director

Mr Forstmann has 16 years experience in investment markets including equities, currencies and fixed interest. Between 1986 and 1994 he worked at Bank 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 managing his personal investment portfolio and film and television production. Mr Forstmann is a member of the Audit Committee, the Risk Management Committee and the Investment Committee.

Suzanne Mary Daniel, M.A. (Journalism), B.A. (Comms.), ATCL

Non-executive Director

Suzanne Daniel is a communication consultant working primarily in public affairs, media and presentation skills, and issues and crisis management. Ms Daniel has previously worked for Hill and Knowlton, the United Nations, the Australian Broadcasting Corporation, The Sydney

Morning Herald and the British Broadcasting Corporation. Ms Daniel was awarded a Vincent Fairfax Fellowship through the St James Ethics Centre, a programme that aims to foster ethics in leadership. She also sits on the board of the Young Endeavour Youth Scheme. Ms Daniel is an associate member of the Public Relations Institute of Australia and the Australian Institute of Company Directors. She is a trustee of the Hunter Hall Charitable Trust and Chairman of its Charities Committee.

Peter Charles Constable, B. Ec. (*resigned 14 November 2002*)

Non-executive Director

Frederick Raymond Woollard, B. Ec., Grad. Dip.S.I.A. (*resigned 15 April 2003*)

Executive Director, Investment Manager and Analyst

Likely Developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Meetings of Directors

During the financial year, 27 meetings of Directors (including committees) were held. Attendances were:

	COMMITTEE MEETINGS							
	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE		INVESTMENT COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr P M Hall	12	12	1	1	10	9	-	-
Mr D I Scott	12	10	1	1	4	2	-	-
Mr D B Buckland	12	12	-	-	10	9	-	-
Mr F R Woollard	9	9	-	-	10	8	-	-
Mr W W Hawkins	12	12	1	1	4	4	4	4
Mr M B Forstmann	12	12	-	-	10	9	4	4
Mr P C Constable	5	5	-	-	-	-	3	3
Ms S M Daniel	12	11	-	-	-	-	-	-

Directors' Report *continued*

The Risk Management Committee was established in March 2003 and did not meet during the reporting period.

Review of Operations

The consolidated profit of the consolidated entity, after providing for income tax, amounted to \$2,574,018 (2002: \$4,084,620).

Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

Final 2002 ordinary dividend of \$0.085 per share paid on 26 September 2002:	\$1,935,036
Interim ordinary dividend of \$0.07 per share paid on 8 April 2003:	\$1,606,814
To be paid on 26 September 2003, final 2003 ordinary dividend of \$0.043 per share declared by the Directors:	\$997,774

Events Subsequent to Balance Date

There were no matters or circumstances which have arisen since the end of the financial year which 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.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Director's and Executive Officers' Remuneration

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, seeks to emphasise payment for results through providing various reward schemes, such as the payment of incentives based on the achievement of performance targets.

The objective of the reward schemes is to both reinforce the short and long-term goals of the Company and to align the interests of management and shareholders.

The emoluments of each Director of the Company and each of the next three executive officers of the consolidated entity are as follows:

	Salary \$	Super- Director's annuation fees \$	Super- contributions \$	Consultancy fees \$	Perform- ance bonus \$	Bonus \$	Other \$	Options \$	Total \$
Executive Directors:									
Mr P M Hall		9,000		251,108	328,362		36,003		624,473
Mr D I Scott	82,501		7,425					77,424	167,350
Mr D B Buckland	229,358		20,642		40,320			391,578	681,898
Mr F R Woollard ⁽¹⁾	185,112	8,563	775						194,448
Non-executive Directors :									
Mr W W Hawkins		38,701	3,483					5,205	47,390
Mr M B Forstmann		32,569	2,931		3,000			5,164	43,664
Ms S M Daniel		20,184	1,817	2,679				4,941	29,620
Mr P C Constable ⁽²⁾		9,557	860					22,984	33,401
Executive Officers:									
Mrs O Karim	119,652		12,750			14,339		18,863	165,605
Ms K Tracey ⁽³⁾	41,921		2,630					3,990	48,541
Mr J A Templer	145,707		13,075			15,257		5,475	179,514
⁽¹⁾ Resigned on 28 April 2003									
⁽²⁾ Resigned on 14 November 2002									
⁽³⁾ Appointed on 15 April 2003									

Options

Options that were granted over issued shares during or since the end of the financial year by the Company to Directors and executive officers as part of their remuneration are as follows:

Executives	Number of Options	First Exercise Date	Last Exercise Date	Exercise Price
K Tracey	300,000	01-01-04	31-03-08	\$4.00
J Templer	80,000	01-01-04	31-03-08	\$4.00

The grant of these options has been included in the above remuneration disclosure in accordance with s.300A(1)(c) of the Corporations Act, ASIC Practice Note 68 and ASIC recent guidance.

404,400 shares have been issued by virtue of the exercise of options during the year or 615,400 to the date of this report. There are 2,274,000 unissued ordinary shares in respect of which options were outstanding at the date of this report (refer to note 22 for the position at 30 June 2003).

Directors' Report *continued*

Directors' Interests

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

	Shares		Options	
	Number	Number	Last Exercise Date	Exercise Price
P M Hall	12,650,000	-	-	-
D I Scott	566,870	175,000	31/03/06	\$0.40
D B Buckland	200,000	800,000	30/09/06	\$1.20
S M Daniel	20,000	30,000	31/12/05	\$0.90
M B Forstmann	94,867	50,000	31/12/05	\$0.90
W W Hawkins	30,000	30,000	15/04/06	\$0.90

Environmental Issues

The consolidated entity's operations are not subject to any environmental regulation under the law of the Commonwealth and State.

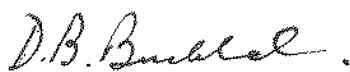
Indemnifying Officers or Auditor

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 Director and officers of the company, other than conduct involving a wilful breach of duty in relation to the Company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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.

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



David Barclay Buckland
Director

Dated this 30th day of September 2003.

Corporate Governance

Hunter Hall International Limited and the Board are committed to achieving the highest standard of corporate governance. Following the release by the ASX Corporate Governance Council best practice recommendations in March 2003, the Board has commenced a review of the Company's corporate governance framework. The Board will ensure the Company is in a position to address all the best practice recommendations by the required reporting period, being 30 June 2004. Set out below are the corporate governance practices the Company operates under, and is required to disclose under ASX Listing Rule 4.10.3. These practices were in place prior to 30 June 2003.

Board of Directors

The Board has 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.

Composition of the Board

The Board currently consists of 6 Directors, 3 of whom, including the Chairman, are executive and 3 of whom are non-executive.

The non-executive directors are considered to be independent members of the Board to the extent that:

- they are not members of the management team,
- they do not hold a substantial shareholding in the Company,
- they have not within the last three years been employed in an executive capacity,
- they are not a significant supplier or customer,
- they do not have any significant contractual relationship, and
- they are free from any interest any business or other relationship which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Company.

Appointment and Retirement of non-executive Directors

The Board determines the terms and conditions relating to the appointment and retirement of non-executive directors.

Each Director is issued with a letter of appointment setting out the Director's rights and responsibilities.

Directors' Access to Independent Professional Advice

For the purposes of the proper performance of their duties, Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise.

Creation of Board Committees

The Board has created the following committees:

- Audit Committee, chaired by Wayne Hawkins (*Non-executive Director*)
- Risk Management Committee, chaired by Wayne Hawkins (*Non-executive Director*)
- Remuneration Committee, chaired by Wayne Hawkins (*Non-executive Director*)
- Investment Committee, chaired by Peter Hall (*Executive Chairman of the Board*)
- Charities Committee, chaired by Suzanne Daniel (*Non-executive Director*)

Board Committees Generally

It is the Board's policy that committees of the Board dealing with corporate governance matters should:

- be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise,
- be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they may require, and
- operate in accordance with the terms established by the Board.

Audit Committee

At the date of this report the Audit Committee comprised:

Wayne Hawkins, Chairman (*Non-executive Director*)

David Scott (*Executive Director*)

Mark Forstmann (*Non-executive Director*)

The primary objective of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its controlled entities, including HHIML in its role as investment manager. In addition, the Committee:

- through active and open communication with the external auditors, ensures that audits are conducted in a manner that is appropriate to the nature of the Company's activities,
- oversees and appraises the quality of the audits conducted by the Company's external auditors,
- performs an independent and objective review of financial information presented by management to shareholders, regulators, and the general public,

- monitors and assesses compliance with the Company's corporate governance controls, including its operating, administrative and accounting controls, and
- monitors the Company's corporate governance policies and controls, and its compliance therewith.

Risk Management Committee

At the date of this report the Risk Management Committee comprised:

Wayne Hawkins, Chairman (*Non-executive Director*)

David Scott (*Executive Director*)

Mark Forstmann (*Non-executive Director*)

The Committee is responsible for overseeing the risk management function, in accordance with the risk management system outlined in the Risk Management System Statement which was adopted by the Board in March 2003. The Committee reports to the Board of HHIML and HHIL on the risk management process.

The Committee is responsible for:

- Communicating the risk management process to staff members,
- Ensuring relevant staff education,
- Implementing clear reporting lines for staff members, and
- Receiving reports on risk management.

Remuneration Committee

At the date of this report the Remuneration Committee comprised:

Wayne Hawkins, Chairman (*Non-executive Director*)

David Scott (*Executive Director*)

Peter Hall (*Executive Director*)

The principal functions of the Remuneration Committee include reviewing and making recommendations to the Board regarding:

- the remuneration of the senior executives and the non-executive Directors,
- the remuneration policies and practices for the Company including participation in the Employee Option Plan and other benefits,
- superannuation arrangements, and
- the Employee Option Plan.

The Committee is required to be cognisant of regulations regarding remuneration, particularly in relation to the Corporations Act.

The development of remuneration policies and guidelines is seen as a continual process, evolving to meet the needs of the Company and other interested parties.

Corporate Governance *continued*

The Committee will conduct at least annual reviews of the remuneration policies and practices to ensure they are:

- relevant to the Company's wider objectives and strategies, and
- legal and defensible.

The Remuneration Committee, in carrying out its functions and responsibilities, is guided by the following objectives:

- to ensure that the remuneration policies provide the maximum opportunity and framework to achieve the Company's financial and other objectives,
- to ensure remuneration policies allow maximum flexibility to management to achieve corporate objectives in day-to-day operations
- to ensure individual effort and contribution by employees is capable of being individually rewarded,
- to promote a remuneration climate and culture which allows and encourages individuals to excel,
- to develop a remuneration policy appropriate for a listed public company, and
- to recognise that corporate profit performance is a key determinant of the remuneration process.

In developing remuneration policies which will contribute to attracting, motivating and retaining the quality and personal characteristics of staff required at all levels of operations, the Committee is to follow a balanced approach, consisting of three key determinants:

- the need for competitive base remuneration in order to attract and retain pre-determined staff skills and characteristics,
- a bonus system which individually rewards short term contributions to the Company's "key success determinants" (as defined by management from time to time), and
- A long term reward/incentive share option plan to create a real alignment of employee interests with shareholders' interests.

Investment Committee

At the date of this report the Investment Committee comprised:

Peter Hall, Chairman (*Executive Chairman*)

David Buckland (*Executive Director*)

Mark Forstmann (*Non-executive Director*)

Kim Tracey (*Chief Investment Officer*)

The role of the Committee is to:

- review the objectives of the Hunter Hall Trusts and the guidelines applicable to the investment of Trust property,
- ensure compliance with the Investment Policies determined by the Board,

- ensure adequate segregation of duties of the investment team,
- undertake supervision and review of the investment decisions in relation to the Trusts,
- review investment proposals for Hunter Hall and make recommendations to the Board,
- ensure effective and timely reporting,
- ensure compliance with the authority levels set by the Board, and
- fulfil such other functions as the Board may determine from time to time.

Charities Committee

At the date of this report the Charities Committee comprised:

Suzanne Daniel, Chairman (*Non-executive Director*)

Peter Hall (*Executive Chairman*)

David Scott (*Executive Director*)

Paula Ferrao (*Staff representative*)

Petrina Angus (*Staff representative*)

The Charities Committee's principal functions include reviewing and making recommendations to the Board and to the trustees of the Hunter Hall International Charitable Fund regarding donations by the Fund and the supervision of the Shareholder Nominated Charitable Donations Scheme.

Adoption of a Continuous Disclosure Protocol

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 Australian Stock Exchange ("ASX") Listing Rules and the Corporations Act 2001. The Company discloses to the ASX any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of securities of the Company unless certain exemptions from the obligation to disclose apply. The Company adopts a continuous disclosure protocol and has appointed Ouafaa Karim as Disclosure Officer of the Company.

Identification and Management of Significant Business Risk

The Board has identified significant areas of potential business and legal risk for the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company are monitored by the Risk Management Committee which reports directly to the Board.

The Board reviews and monitors the parameters under which such risks will be managed.

Corporate Governance *continued*

Annual Review

It is the Board's policy that the Board should at least annually review:

- the performance of the Board, the Company and management, and
- the allocation of work between the Board and management.

Equity Participation by Directors

The Board encourages Directors to own shares in the Company.

Directors and Employees Dealing in Company Shares

Share trading by Directors and employees is restricted in accordance with the Company's trading policy.

Directors and employees of the Company and its subsidiaries and their associates may not acquire or dispose of shares in the Company except during the period of one month commencing on the day that the Company makes a trading statement to the ASX.

Ethical Standards

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 Company intends to maintain a reputation for integrity. The Board has adopted a Code of Ethics which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions.

The Company's Code of Ethics:

- states the Company's values and principles,
- sets the framework in which the Company manages the business, its employees and relationships with all stakeholders, including the community in which it operates, and
- establishes the foundation on which all the Company's policies are determined.

A key element of that Code is the requirement that officers and employees act in accordance with the law and with the highest standards of propriety.

The Company is strongly committed to creating value for shareholders, and believes that adhering to the above Code of Ethics will enable it to make a positive contribution as a socially responsible company.

Auditor Independence

It is the Board's policy that, in order to maintain the independence of the audit function, the external auditor shall not be engaged to perform consulting work for the group. It is, however, the Board's policy that, in addition to the audit of the year end financial reports and review of the half-year financial reports, the external auditor may be engaged to provide advice and assistance in relation to compliance with financial reporting requirements, to act as tax agent and perform the group's tax compliance work (including any related tax advice needed) and to perform other ad hoc assurance assignments. The above policy helps the Board to ensure that the auditor is independent at the same time as ensuring that professional services are rendered to the group in a cost effective and efficient manner.

Ethical Policy

The Company's ethical investment policy is comprised of the following elements:

Hunter Hall is committed to the concept of "responsible investing" and applies a negative screen to potential investments. Investments are made using a set of criteria which establishes an acceptable level of ethical behaviour and specifically restricts investments in companies which derive revenues from the sale of armaments, tobacco products, gambling, animal husbandry, destruction of the environment and uranium mining. The ethical investment policy allows investments in businesses engaged in mining, the manufacture or sale of alcohol, the use of animals in medical experiments or which use animal by-products.

Among ethical or socially responsible products offered in Australia, the Trusts would be characterised as "light green" rather than "dark green". The Company's investment policy permits investment in mining businesses, provided that site remediation and native title issues are properly addressed. It does not operate a "positive screen" which could lead to funds being invested in what the Directors would consider to be sub-economic businesses, thereby leading to reduced investment returns.

Hunter Hall has a policy of transparency and communication in relation to investments. Monthly and quarterly reports of the Trusts' investments are available on the Hunter Hall website and an annual Report to Investors, which gives extensive information on the portfolios, is sent to all Fund Members and supporting advisors each year. In addition Fund Members and supporting advisors are invited to Hunter Hall's Annual Investors Meeting.

The Company has a strict policy for share trading by Directors, employees and their associates by which they are prohibited from investing in shares held by the Trusts without the prior consent of the Investment Committee.

Corporate Governance *continued*

Charitable Giving

Hunter Hall International Limited is committed to donating 5% of its pre-tax profits to charities or charitable purposes.

In November 2002, the Hunter Hall Shareholder Nominated Charitable Donations Scheme was launched. This scheme allows Hunter Hall International Limited shareholders, on a basis proportional to the number of shares they own, to nominate Australian registered charities for the receipt of donations.

For the year ended 30 June 2002 the Company's donations exceeded \$325,000, and for the year ended 30 June 2003, donations exceeded \$200,000. These donations were directed to numerous charities which deal with environmental, social and humanitarian issues.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated Entity		Parent Company	
		2003 \$	2002 \$	2003 \$	2002 \$
Revenues from ordinary activities	2	13,288,535	21,591,913	12,564,425	12,647,836
Cost of investments sold		1,330,988	7,438,702	708	-
Employee benefits expense		2,458,674	1,703,404	2,458,674	1,703,404
Staff profit share		146,669	319,391	146,669	319,391
Charitable donations		205,659	325,119	205,659	325,119
Depreciation and amortisation expense		165,332	127,087	157,478	119,232
Reimbursable trust expenses		1,549,046	1,001,209	1,527,047	977,209
Consultancy fees		336,959	328,845	336,959	328,845
Brokerage		603,321	853,536	603,321	853,536
Borrowing costs expense	3	9,549	27,561	9,549	26,077
Performance fee paid		409,061	2,251,468	409,061	2,251,468
Management Fees		176,512	-	4,650	-
Directors' Fees		128,727	78,261	128,727	78,261
Occupancy costs		502,490	248,392	502,490	248,392
Marketing costs		156,191	254,006	156,191	254,006
Product development		318,780	94,227	318,780	94,227
Compliance related fees		70,042	47,000	70,042	47,000
Listed company costs		51,132	30,775	51,132	30,775
Foreign exchange losses		47,762	22,896	47,430	22,896
Share of net loss of associate		70,000	-	-	-
Other expenses from ordinary activities		785,684	582,161	785,227	579,389
Profit from ordinary activities before income tax expense	3	3,765,958	5,857,873	4,644,633	4,388,609
Income tax expense relating to ordinary activities	4	1,191,939	1,773,253	1,132,358	1,153,426
Net profit		2,574,018	4,084,620	3,512,275	3,235,183
Total changes in equity other than those resulting from transactions with owners as owners		2,574,018	4,084,620	3,512,275	3,235,183
Basic earnings per share (cents per share)	8	11.28	20.49		
Diluted earnings per share (cents per share)	8	10.26	17.05		

The Statement of Financial Performance should be read in conjunction with the accompanying Notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Note	Consolidated Entity		Parent Company	
		2003 \$	2002 \$	2003 \$	2002 \$
CURRENT ASSETS					
Cash assets	9	5,504,990	7,464,882	3,013,257	3,609,312
Receivables	10	1,376,383	1,409,274	577,406	328,797
Other financial assets	11	443,245	1,024,590	-	1,024,590
Other	12	148,823	48,049	148,823	48,049
TOTAL CURRENT ASSETS		7,473,441	9,946,795	3,739,486	5,010,748
NON-CURRENT ASSETS					
Receivables	10	491,884	-	491,884	-
Other financial assets	11	345,395	342,822	4,008,249	4,006,404
Investments accounted for using the equity method	13	230,000	-	-	-
Property, plant and equipment	14	935,669	210,485	935,669	210,485
Deferred tax assets	15	138,563	218,038	138,563	218,038
Intangible assets	16	117,852	125,706	-	-
TOTAL NON-CURRENT ASSETS		2,259,363	897,051	5,874,364	4,434,927
TOTAL ASSETS		9,732,804	10,843,846	9,613,850	9,445,675
CURRENT LIABILITIES					
Payables	17	1,044,008	1,559,147	814,815	1,434,685
Current tax liabilities	18	420,143	626,591	420,291	181,075
Interest-bearing liabilities	19	35,971	10,115	35,971	10,115
Provisions	20	107,335	91,753	107,335	91,753
Other	21	13,292	-	13,292	-
TOTAL CURRENT LIABILITIES		1,620,749	2,287,606	1,391,704	1,717,628
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	19	6,073	127,655	6,073	127,655
Other	21	39,876	-	39,876	-
TOTAL NON-CURRENT LIABILITIES		45,949	127,655	45,949	127,655
TOTAL LIABILITIES		1,666,698	2,415,261	1,437,653	1,845,283
NET ASSETS		8,066,106	8,428,585	8,176,197	7,600,393
EQUITY					
Contributed equity	22	7,064,700	6,459,391	7,064,700	6,459,391
Retained profits	23	1,001,406	1,969,194	1,111,497	1,141,002
TOTAL EQUITY		8,066,106	8,428,585	8,176,197	7,600,393

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated Entity		Parent Company	
		2003 \$	2002 \$	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		12,970,279	13,175,841	12,410,681	13,022,111
Payments to suppliers and employees		(9,613,357)	(8,233,085)	(9,513,453)	(8,152,181)
Interest received		304,605	125,576	156,989	91,248
Borrowing costs		(9,549)	(27,561)	(9,549)	(26,077)
Income tax paid		(1,339,395)	(1,483,868)	(813,668)	(1,300,600)
Net cash inflow from operating activities 24		2,312,583	3,556,903	2,231,000	3,634,501
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(877,048)	(150,026)	(877,048)	(150,026)
Purchase of investments		(2,076,281)	(3,407,575)	(301,845)	(1,343,890)
Sale of investments		1,713,050	7,685,476	485,572	-
Dividends received		-	16,199	898,462	592,000
Loans repaid by controlled entity		-	-	-	3,328,034
Purchase of additional shares in controlled entity		-	-	-	(2,000,000)
Net cash (outflow)/ inflow for investing activities		(1,240,279)	4,144,074	205,141	426,118
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		336,760	1,388,440	336,760	1,388,440
Repayment of borrowings		(95,726)	(114,237)	(95,726)	(114,237)
Dividends paid by parent company		(3,273,230)	(2,175,422)	(3,273,230)	(2,175,422)
Net cash (outflow) from financing activities		(3,032,196)	(901,219)	(3,032,196)	(901,219)
Net (decrease) / increase in cash held		(1,959,892)	6,799,758	(596,055)	3,159,400
Cash at beginning of year		7,464,882	665,124	3,609,312	449,912
Cash at end of year	9	5,504,990	7,464,882	3,013,257	3,609,312

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Consolidated Entity of the Company and controlled entities, and the Company as an individual parent company. The Company is a listed public company, incorporated and domiciled in Australia.

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

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

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 Company. A list of controlled entities is contained in Note 11 to the financial statements.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

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 permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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 taxation 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.

The Company has not yet made a formal decision in relation to forming a tax consolidated group under the Tax Consolidation Regime. Hence all tax balances have continued to be accounted for in the individual entities and in accordance with the requirements of UIG 39.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

e. Depreciation

The depreciable amounts of all fixed assets are depreciated on a diminishing value basis, except leasehold improvements which are depreciated on a straight line basis, over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment, furniture & fixtures	13-40%
Leased office equipment, furniture & fixtures	33%
Leasehold improvements	33%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

f. Investments

Investments are carried at cost. Investments are classified between current and non-current based upon the Directors' intention as to whether the investments are held on a long-term basis or for sale within twelve months. The carrying amount of current and non-current investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Investments in associated companies are recognised on the cost basis in the financial statements of the parent company and by applying the equity method of accounting in the financial statements of the consolidated entity.

g. Intangible Assets

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. Goodwill on consolidation is amortised on a straight line basis over the period of 20 years. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

h. Employee Benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after 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 estimate 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.

The Company operates an employee option plan, details of which are provided in Note 22 to the financial statements. Profits or losses incurred by employees, being the difference between the market value and the issue price of the shares acquired, are not recorded by the Consolidated Entity as remuneration paid to employees.

i. Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

j. Revenue

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 monthly 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) when the fee becomes unconditionally due. The fees are receivable from the Trusts within seven days from the end of the relevant period.

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

k. Goods and Services Tax

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 the 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.

l. Charitable Donations

The Company donates 5% of the profits of the Consolidated Entity (pre staff profit share expense and pre tax) to charities and charitable causes. This donation is recognised as an expense for the year and a liability is recognised at year end.

m. Change in Accounting Policy

The Company adopted the revised accounting standard AASB 1028 Employee Benefits from 1 July 2002. There were no material changes to Employee Benefit liabilities as a result of adopting the revised standard.

n. Comparative Figures

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
2: REVENUE				
Operating activities				
Management fees	7,576,422	4,431,950	8,900,190	6,484,461
Management fee rebates	171,862	-	-	-
Entry fees	1,376,762	2,681,977	-	-
Performance fees	818,122	4,502,936	818,122	4,502,936
Administration fees	206,000	-	206,000	-
Dividends received from controlled entity	-	-	898,462	592,000
Proceeds from sale of investments	1,228,712	8,792,156	1,235	-
Interest received	304,605	125,576	156,989	91,248
Trust reimbursements	1,549,044	1001,191	1,527,044	977,191
Other revenue	57,006	56,128	56,383	-
	13,288,535	21,591,913	12,564,425	12,647,836
3: PROFIT FROM ORDINARY ACTIVITIES				
Profit from ordinary activities before income tax has been determined after charging:				
a. Expenses				
Borrowing costs – other persons	9,549	27,561	9,549	26,077
Depreciation of property, plant and equipment	147,960	115,335	147,960	115,335
Depreciation of leased plant and equipment	9,518	3,897	9,518	3,897
Amortisation of goodwill on consolidation	7,854	7,855	-	-
Operating lease expense	155,466	67,706	155,466	67,706
Foreign exchange translation loss	47,762	22,896	47,610	22,896
b. Revenue and net gains				
Net gain on disposal of investment	12,612	1,353,454	691	-

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
4: INCOME TAX EXPENSE				
The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax expense provided in the financial report is as follows:				
Prima facie tax payable on profit from ordinary activities before tax income tax at 30%	1,129,787	1,757,362	1,393,390	1,316,583
Add tax effect of:				
Non-deductible depreciation and amortisation	2,348	8,294	-	5,937
Capital loss not brought to account	30,896	-	-	-
Other non-allowable items	8,507	13,834	8,507	13,834
Equity accounted loss	21,000	-	-	-
	1,192,538	22,128	1,401,897	19,771
Less tax effect of:				
Over provision for income tax in the prior year	(599)	(6,237)	-	(5,330)
Fully franked/rebateable dividends	-	-	269,539	177,600
Income tax expense relating to ordinary activities	1,191,939	1,773,253	1,132,358	1,153,426
Future income tax loss benefits not brought to account:				
Timing differences	-	-	-	-
Tax losses	30,896	-	-	-
	30,896	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
5: REMUNERATION AND RETIREMENT BENEFITS				
Directors' remuneration				
Income paid or payable to the Directors of each entity in the Consolidated Entity by the entities of which they are Directors and any related parties	1,822,244	3,747,022	1,822,244	3,747,022

Number of Company Directors whose income from the Company and any related parties was within the following bands:

			2003 No.	2002 No.
\$20,000	—	\$29,999	1	2
\$30,000	—	\$39,999	1	1
\$40,000	—	\$49,999	2	
\$50,000	—	\$59,999	-	1
\$160,000	—	\$169,999	1	-
\$190,000	—	\$199,999	1	1
\$620,000	—	\$629,999	1	-
\$680,000	—	\$689,999	1	-
\$1,070,000	—	\$1,079,999	-	1
\$1,130,000	—	\$1,139,999	-	1
\$1,210,000	—	\$1,219,999	-	1

The name of directors in office at any time during or since the end of the year are:

Peter James MacDonald Hall (*Executive Chairman*)

David Ian Scott (*Deputy Chairman and Executive Director*)

David Barclay Buckland (*Executive Director*)

Peter Charles Constable (*Non-executive Director*) (*resigned 14 November 2002*)

Suzanne Mary Daniel (*Non-executive Director*)

Mark Benedict Forstmann (*Non-executive Director*)

William Wayne Hawkins (*Non-executive Director*)

Frederick Raymond Woollard (*Executive Director*) (*resigned 15 April 2003*)

The Directors have been in office from the start of the financial year to the date of this report unless otherwise noted.

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
5: REMUNERATION AND RETIREMENT BENEFITS <i>continued</i>				
Executives' remuneration				
Income paid or payable to Executives of each entity in the Consolidated Entity by the entities of which they are Executives and any related parties	2,061,829	4,054,645	2,061,829	4,054,645

Number of Company executives, including executive directors, whose income from the Company and any related parties was within the following bands:

	2003 No.	2002 No.
\$30,000 — \$39,999	-	1
\$40,000 — \$49,999	1	-
\$160,000 — \$169,999	2	-
\$170,000 — \$179,999	1	-
\$190,000 — \$199,999	1	2
\$220,000 — \$229,999	-	1
\$620,000 — \$629,999	1	-
\$680,000 — \$689,999	1	-
\$1,070,000 — \$1,079,999	-	1
\$1,130,000 — \$1,139,999	-	1
\$1,210,000 — \$1,219,999	-	1

The amounts disclosed above in relation to director and executive remuneration include the fair value of options granted and are consistent with the more detailed remuneration disclosures included in the Directors' Report. The inclusion of options granted in the above disclosures is consistent with the requirements of the Urgent Issues Group Abstract 14 "Directors Remuneration" and ASIC guidelines. The values attributed to options granted for both the current year and the prior year have been calculated in accordance with the prescribed method set out in Exposure Draft ED 108 Share-Based Payments and the 2002 balances have been restated accordingly. However, no amounts have been charged through the Statement of Financial Performance in relation to the granting of options. This treatment is consistent with the current generally accepted accounting practice in Australia, as there is currently no Accounting Standard dealing with the accounting treatment for share options. When a standard is issued in the future, the Consolidated Entity will account for the issue of share options in accordance with the requirements of that standard.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
6: AUDITOR'S REMUNERATION				
Remuneration of the auditor of the Company for:				
Audit of year end financial report	42,000	36,350	42,000	36,350
Review of half year financial report	15,750	14,272	15,750	14,272
Other assurance services	22,419	11,537	22,419	11,537
Taxation services	15,405	7,520	15,405	7,250
	95,574	69,679	95,574	69,679
7: DIVIDENDS				
Fully franked ordinary dividend of 8.5 cents per share (2002: 1.9 cents) franked at the tax rate of 30% (2002: 30%)	1,935,036	361,495	1,935,036	361,495
Fully franked interim ordinary dividend of 7.0 cents per share (2002: 11 cents) franked at the tax rate of 30% (2002: 30%)	1,606,744	2,107,001	1,606,744	2,107,001
	3,541,780	2,468,496	3,541,780	2,468,496
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 be prevented from distribution in subsequent financial years. The franking credits have been calculated on the paid basis from 1 July 2002 and the 2002 balances restated accordingly.	-	-	506,747	405,732

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
8: EARNINGS PER SHARE				
Earnings used in the calculation of both basic and dilutive EPS	2,574,018	4,084,620	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	22,824,570	19,937,761	-	-
Effect of dilutive share options	2,259,624	4,025,539	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the year used in calculation of dilutive EPS	25,084,193	23,963,300	-	-
9: CASH				
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 as follows:				
Cash at bank	2,579,540	1,381,265	1,920,679	595,516
Deposits at call	2,925,450	6,083,617	1,092,577	3,013,795
	5,504,990	7,464,882	3,013,257	3,609,312
10: RECEIVABLES				
CURRENT				
Amounts receivable from:				
Other receivables	97,258	39,565	2,846	52,500
Other related parties	1,279,125	1,369,709	574,560	276,297
	1,376,383	1,409,274	577,406	328,797
NON-CURRENT				
Other receivables	491,884	-	491,884	-
	491,884	-	491,884	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
11: OTHER FINANCIAL ASSETS				
CURRENT				
Interest bearing loan	-	1,024,590	-	1,024,590
Unlisted investments, at cost:				
Shares in listed corporations	443,245	-	-	-
	443,245	1,024,590	-	1,024,590
NON-CURRENT				
Unlisted investments, at cost:				
Units in unit trusts	342,833	342,822	319,300	319,300
Shares in listed corporations	2,563	-	1,845	-
Shares in controlled entities	-	-	3,687,104	3,687,104
Shares in associated companies	-	-	300,000	-
	345,395	342,822	4,008,249	4,006,404

- a. The interest bearing loan is receivable in Pounds Sterling and is not hedged
- b. Percentage held in controlled entities :

	Country of incorporation	Percentage owned	
		2003	2002
Parent Company:			
Hunter Hall International Ltd	Australia		
Subsidiaries of Hunter Hall International Ltd:			
Hunter Hall Investment Management	Australia	100%	100%
Rushcutter Investments Pty Ltd	Australia	100%	100%
Bennelong Administration Services Pty Ltd	Australia	100%	-
Hunter Hall Superannuation Company Pty Ltd	Australia	100%	-

Bennelong Administration Services Pty Ltd, which provides administration services to the Trusts and the Superannuation Fund, and Hunter Hall Superannuation Company Pty Ltd, which acts as trustee to the Hunter Hall Ethical Superannuation Fund, were incepted on 10th December 2002 and 25th September 2002 respectively with a share capital of \$2 each.

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
12: OTHER ASSETS				
CURRENT				
Prepayments	148,823	48,049	148,823	48,049
	148,823	48,049	148,823	48,049
13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
In the year to 30 June 2003, Hunter Hall International Ltd purchased a 30% interest in AM Constable Pty Ltd for \$300,000, an unlisted company whose principal activity is funds management.				
(a) Movements during the year in equity accounted investment in associated companies				
Balance at the beginning of the financial year	-	-	-	-
Add: New investments during the year	300,000	-	-	-
Less : Share of associated company's loss from ordinary activities and extraordinary items after income tax	(70,000)	-	-	-
Balance at the end of the financial year	230,000	-	-	-
(b) Retained earnings attributable to associate share of associate's loss from ordinary activities before income tax expense	(70,000)	-	-	-
Share of associate's income tax expense	-	-	-	-
Share of associate's loss from ordinary activities after income tax expense	(70,000)	-	-	-
Share of accumulated loss at the beginning of the financial year	-	-	-	-
Share of accumulated loss at the end of the financial year	(70,000)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
14: PROPERTY, PLANT AND EQUIPMENT				
Office equipment, furniture & fixtures				
At cost	1,058,461	304,708	1,058,461	304,708
Accumulated depreciation	(247,113)	(117,545)	(247,113)	(117,545)
Total office equipment	811,348	187,163	811,348	187,163
Leased office equipment, furniture & fixtures				
At cost	27,219	27,219	27,219	27,219
Accumulated amortisation	(13,415)	(3,897)	(13,415)	(3,897)
Total leased office equipment	13,804	23,322	13,804	23,322
Leasehold improvements				
At cost	184,108	60,807	184,108	60,807
Accumulated amortisation	(73,585)	(60,807)	(73,585)	(60,807)
Total leasehold improvements	110,517	-	110,517	-
Total Property, Plant and Equipment	935,669	210,485	935,669	210,485

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Office equipment, furniture & fixture \$	Leased office equipment, furniture & fixture \$	Leasehold improvements \$	Total \$
2003 Consolidated & Parent Entity:				
Balance at the beginning of year	187,163	23,322	-	210,485
Additions	753,753	-	123,295	877,048
Disposals	(2,517)			(2,517)
Depreciation expense	(135,183)	(9,518)	(12,778)	(157,478)
Carrying amount at the end of year	811,348	13,804	110,517	935,669
2002 Consolidated & Parent Entity:				
Balance at the beginning of year	121,317	-	58,375	179,692
Additions	122,807	27,219	-	150,026
Depreciation expense	(56,961)	(3,897)	(58,375)	(119,233)
Carrying amount at the end of year	187,163	23,322	-	210,485

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
15: DEFERRED TAX ASSETS				
Future income tax benefit - timing differences	138,563	218,038	138,563	218,039
	138,563	218,038	138,563	218,039
16: INTANGIBLE ASSETS				
Goodwill at cost	157,131	157,131	-	-
Accumulated amortisation	(39,279)	(31,425)	-	-
	117,852	125,706	-	-
17: PAYABLES				
CURRENT				
Sundry creditors and accrued expenses	858,617	1,148,848	510,679	845,829
Payables to related parties	-	-	118,745	178,557
Payable to investment team	45,864	133,180	45,864	133,180
Accrued charitable donations	139,527	277,119	139,527	277,119
	1,044,008	1,559,147	814,815	1,434,685
18: TAX LIABILITIES				
CURRENT				
Income tax	420,143	626,591	420,291	181,075
	420,143	626,591	420,291	181,075
19: INTEREST-BEARING LIABILITIES				
CURRENT				
Lease liabilities	9,801	10,115	9,801	10,115
Loan	26,170	-	26,170	-
	35,971	10,115	35,971	10,115
NON-CURRENT				
Lease liabilities	6,073	13,312	6,073	13,312
Bank loans	-	114,343	-	114,343
	6,073	127,655	6,073	127,655

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
20: PROVISIONS				
CURRENT				
Employee benefits	107,335	91,753	107,335	91,753
	107,335	91,753	107,335	91,753
Number of employees at year end	28	15	28	15
Number of Directors at year end	6	8	6	8
21: OTHER LIABILITIES				
CURRENT				
Deferred lease incentive received	13,292	-	13,292	-
NON-CURRENT				
Deferred lease incentive received	39,876	-	39,876	-
22: CONTRIBUTED EQUITY				
22,993,037 (2002: 22,519,829) fully paid ordinary shares	7,064,700	6,459,391	7,064,700	6,459,391
Issued ordinary shares at the beginning of the reporting period	6,459,391	4,777,877	6,459,391	4,777,877
Shares issued during the year under Dividend Reinvestment Plan	268,550	293,074	268,550	293,074
Options exercised	336,760	1,388,440	336,760	1,388,440
Issued ordinary shares at reporting date	7,064,700	6,459,391	7,064,700	6,459,391
	No.	No.	No.	No.
Issued Ordinary Shares at the beginning of reporting period	22,519,829	19,009,100	22,519,829	19,009,100
Shares issued during the year under Dividend Reinvestment Plan	68,808	77,129	68,808	77,129
Options exercised	404,400	3,433,600	404,400	3,433,600
Issued ordinary shares at reporting date	22,993,037	22,519,829	22,993,037	22,519,829

22: CONTRIBUTED EQUITY *continued*

Share Rights

Ordinary shares participate in dividends and the proceeds on winding up the parent 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. Ordinary shares participate in dividends and the proceeds on winding up the parent entity in proportion to the number of shares held.

Share Options

At the end of the year there were 2,485,000 (2002: 2,989,400) unissued ordinary shares in respect of which options were outstanding.

Employee Option Plan

The Employee Option Plan allows the Company to grant options over shares to key executives and Directors.

Eligibility

Under the Employee Option Plan the Board may offer options to purchase ordinary Shares in the Company to Directors or other executives 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. Options may not generally 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 under the options rank equally with other shares of the Company.

Exercise Price, Exercise Period and other terms:

	2003		2002	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance at beginning of year	2,989,400	1.06	5,073,000	0.41
Granted	800,000	4.00	1,350,000	1.31
Forfeited	(900,000)	0.40	-	-
Exercised	(404,400)	0.82	(3,433,600)	0.40
Balance at end of year	2,485,000	2.28	2,989,400	1.06
Exercisable at end of year	20,120	0.40	27,560	0.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

22: CONTRIBUTED EQUITY *continued*

30 June 2003		Outstanding		Exercisable	
Option Price	Options	Average Option Life	Average Option Price \$	Number of Options	Average Option Price \$
\$0.40	445,000 ^{(1) (2)}	6.25	0.40	20,120	0.40
\$0.90	140,000	2.25	0.90	-	-
\$1.20	800,000 ⁽³⁾	3.25	1.20	-	-
\$4.00	1,100,000	4.42	4.00	-	-
	2,485,000	4.92		20,120	0.40

⁽¹⁾ Of which 241,000 are not issued under the Employee Option Plan

⁽²⁾ Vesting of 175,000 options is subject to meeting specific performance targets

⁽³⁾ Vesting is subject to meeting specific performance targets

30 June 2002		Outstanding		Exercisable	
Option Price	Options	Average Option Life	Average Option Price \$	Number of Options	Average Option Price \$
\$0.40	1,519,400 ^{(1) (2)}	5.75	0.40	27,560	0.40
\$0.90	170,000	3.79	0.90	-	-
\$1.20	1,000,000 ⁽³⁾	4.25	1.20	-	-
\$4.00	300,000	4.42	4.00	-	-
	2,989,400	5.92		27,560	0.40

⁽¹⁾ Of which 1,258,000 are not issued under the Employee Option Plan

⁽²⁾ Vesting of 250,000 options is subject to meeting specific performance targets

⁽³⁾ Vesting is subject to meeting specific performance targets

	Note	Consolidated Entity		Parent Company	
		2003 \$	2002 \$	2003 \$	2002 \$
23: RETAINED PROFITS					
Retained profits at the beginning of the financial year		1,969,194	353,073	1,141,002	374,316
Net profit attributable to the members of the parent company		2,573,991	4,084,620	3,512,275	3,235,183
Dividends paid	7	(3,541,780)	(2,468,496)	(3,541,780)	(2,468,496)
Retained profits at the end of the financial year		1,001,406	1,969,194	1,111,497	1,141,002
24: CASH FLOW INFORMATION					
a. Reconciliation of cash flow from operations with net profit					
Profit from ordinary activities after income tax		2,574,018	4,084,620	3,512,275	3,235,183
Cash flows included in profit from ordinary activities not attributable to operating activities:					
Dividends received		-	(16,199)	(898,462)	(592,000)
Loss / (Profit) on sale of investment		12,612	(1,353,455)	(691)	-
Non-cash flows in profit from ordinary activities:					
Amortisation		17,372	11,752	9,518	3,897
Depreciation		142,346	115,335	142,346	115,335
Unrealised foreign exchange loss		137,262	(22,896)	47,610	-
Share of net loss of associate		70,000	-	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries					
Decrease/(increase) in trade and term debtors		53,593	(957,176)	(248,610)	(272,678)
(Increase) in prepayments		(100,774)	(25,824)	(100,774)	(25,824)
Decrease/ (increase) in deferred tax asset		79,475	(191,354)	79,475	(191,354)
Increase/(decrease) in trade creditors and accruals		(461,824)	1,357,873	(566,484)	1,245,274
Increase/(decrease) in income taxes payable		(227,079)	481,738	239,215	44,179
Increase in employee entitlements		15,582	72,489	15,582	72,489
Cash flows from operations		2,312,583	3,556,903	2,231,000	3,634,501

b. Non-cash Financing Activity

In accordance with the Company's Dividend Reinvestment Plan, \$268,550 (2002: \$293,074) of dividends paid during the year were reinvested in the shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
25: CAPITAL AND LEASING COMMITMENTS				
Lease commitments				
Payable:				
— no later than 1 year	300,083	65,237	300,083	65,237
— later than 1 year but not later than 5 years	881,292	18,152	881,292	18,152
Total Lease commitments	1,181,375	83,389	1,181,375	83,389
26: 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.				
i. Hunter Hall Investment Management				
Payment of management fees pursuant to an investment management agreement for the provision of certain services by Hunter Hall to Hunter Hall Investment Management Ltd	-	-	8,923,765	6,495,489
Payment of performance fees pursuant to an investment management agreement for the provision of certain services by Hunter Hall to Hunter Hall Investment Management Ltd	-	-	818,122	4,502,936
Dividends received by parent company from Hunter Hall Investment Management Ltd	-	-	898,462	-
Dividends received by parent company from Rushcutter Investments Pty Ltd	-	-	-	592,000

26: RELATED PARTY TRANSACTIONS *continued*

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
ii. Bennelong Administration Services Pty Ltd				
Payment of administration fees pursuant to an investment management agreement for the provision of certain services by Hunter Hall to Bennelong Administration Services Pty Ltd	-	-	206,000	-
iii. Management Investment Entities				
Purchase of units in the VGT	-	-	-	-
Purchase of 1,000,000 units in the GET	-	1,000,000	-	-
Sale of 1,000,000 units in the GET	-	1,013,800	-	-
Purchase of 1,000,000 units in the AVT	-	1,000,000	-	-
Sale of 1,000,000 units in the AVT	-	1,375,900	-	-
Purchase of 10,000 shares in the IEF	1,773,707	-	-	-
Sale of 5,000 shares in the IEF	1,227,477	-	-	-
Management fees received and receivable pursuant to investment management services provided by Hunter Hall Investment Management Ltd to the:				
VGT	6,882,029	5,969,666	-	-
AVT	1,479,235	363,100	-	-
GET	596,629	162,723	-	-
HHIEF	11,645	-	-	-
Performance fees received and receivable pursuant to investment management services provided by Hunter Hall Investment Management Ltd to the:				
VGT	41,798	4,230,409	-	-
AVT	-	272,527	-	-
GET	726,668	-	-	-
HHIEF	49,655	-	-	-
Administration fees received and receivable pursuant to administration services provided by Bennelong Ltd to the:				
VGT	146,000	-	-	-
AVT	35,000	-	-	-
GET	25,000	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

26: RELATED PARTY TRANSACTIONS *continued*

	Consolidated Entity		Parent Company	
	2003 \$	2002 \$	2003 \$	2002 \$
Expenses paid in relation to Hunter Hall Investment Management Ltd to the:				
HHIEF	(118,745)	-	-	-
iv. Director-related Entities				
Agreement with Mark Forstmann for the provision of foreign exchange advice	38,125	25,774	38,125	25,774
Agreement with Pecon Pty Ltd (related party of Peter Constable) for consultancy services	24,200	-	24,200	-
Agreement with Lubicon Pty Ltd (related party of Peter Constable) for the purchase of investments in EBS				
Purchase in The CDL No. 1 Private Equity Fund	-	310,000	-	310,000
Investment management advice	4,650	9,300	4,650	9,300

v. Share Transactions of Directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the Consolidated Entity, in the form of ordinary shares and options over ordinary shares in Hunter Hall:

Directors and their related entities acquired 5,771 ordinary shares in the Company on the same terms and conditions available to other shareholders and exercised options to acquire 75,000 ordinary shares in the Company under the issues described in Note 20 to the financial report. Directors disposed of 158,130 shares during the period for a total consideration of \$632,026.

Directors and their related entities acquired 248,000 ordinary shares under the Hunter Hall International Staff Option Plan, on the same terms and conditions available to other employees.

27: FINANCIAL INSTRUMENTS

a. Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Floating interest rate		Non-interest bearing		Total			
	2003	2002	0 to 1 Years \$	1 to 5 Years \$	2003	2002	2003	2002		
Financial Assets:										
Cash	3.71	4.21	5,504,990	7,464,882	-	-	-	-	5,504,990	7,464,882
Loans	5.00	5.00	-	-	491,884	1,024,590	-	-	491,884	1,024,590
Other receivables	-	-	-	-	-	-	1,376,383	1,409,274	1,376,383	1,409,274
Investments	-	-	-	-	-	-	788,640	342,822	788,640	342,822
Total financial assets			5,504,990	7,464,882	491,884	1,024,590	2,165,023	1,752,096	8,161,897	10,241,568
Financial liabilities:										
Bank loans and overdrafts	-	7.32	-	-	-	114,343	-	910,845	-	114,343
Other loans	3.82	-	26,170	-	-	-	-	-	26,170	-
Lease liabilities	-	-	-	-	15,874	23,427	-	-	15,874	23,427
Payables	-	-	-	-	-	-	1,044,008	1,559,147	1,044,008	1,559,147
Total Financial Liabilities			26,170	-	15,874	137,770	1,044,008	2,469,992	1,086,052	1,696,917

b. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance 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 Trusts (VGT, AVT, GET) it manages, which represents 92% of receivables.

c. Net Fair Values

The net fair values of listed investments have been valued at the quoted market close price at balance date. For unlisted investments where there is no organised financial market the net fair value has been based on either cost or the redemption price published by the issuer at balance date.

The net fair values of loans and amounts due approximates their carrying value.

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

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial assets where the carrying amount exceeds net fair values have not been written down as the Consolidated Entity believes the diminution to be temporary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

27: FINANCIAL INSTRUMENTS

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2003		2002	
	Carrying amount \$	Net fair value \$	Carrying amount \$	Net fair value \$
Financial assets				
Cash	5,504,990	5,504,990	7,464,882	7,464,882
Interest bearing loan	491,884	491,884	1,024,590	1,024,590
Other receivables	1,376,383	1,376,383	1,409,274	1,409,274
Investments accounted for using the equity method	230,000	230,000	-	-
Unlisted investments	319,300	319,300	319,300	319,300
Unlisted investments (units in trusts)	23,533	22,095	23,522	22,628
Listed investments	445,808	420,422	-	-
	8,391,898	8,365,074	10,241,568	10,240,674
Financial liabilities				
Other loans and amounts due	26,170	26,170	114,343	114,343
Lease liabilities	15,874	15,874	23,427	23,427
Payables	1,044,008	1,044,008	1,559,147	1,559,147
	1,086,052	1,086,052	1,696,917	1,696,917

28: STATEMENT OF OPERATIONS BY SEGMENTS

The Company operated within one business segment (Investment Management) and one geographical segment (Australia).

29: SUBSEQUENT EVENTS

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

30: CONTINGENT LIABILITIES

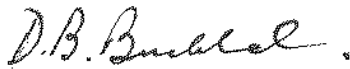
There were no contingent liabilities at year end that require disclosure.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the Financial Statements and Notes, as set out on pages 17 to 42 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standards and the Corporations Act 2001, and
 - b. giving a true and fair view of the financial position as at 30 June 2003 and performance for the year ended on that date of the Company and Consolidated Entity,
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



David Barclay Buckland
Director

Dated this 30th day of September 2003.

INDEPENDENT AUDIT REPORT TO MEMBERS OF HUNTER HALL INTERNATIONAL LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Hunter Hall International Limited (the company) and the company and its controlled entities (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**INDEPENDENT AUDIT REPORT
TO MEMBERS OF HUNTER HALL INTERNATIONAL LIMITED (cont)**


Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Hunter Hall International Limited is in accordance with:

- (i) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



GRANT THORNTON NSW
Chartered Accountants



M A ADAM-SMITH
Partner

Sydney

30 September 2003

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Corporate Directory

Principal and Registered Office

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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 James MacDonald Hall

Executive Chairman

David Ian Scott

Deputy Chairman and Executive Director

David Barclay Buckland

Executive Director

William Wayne Hawkins

Non-executive Director

Mark Benedict Forstmann

Non-executive Director

Suzanne Mary Daniel

Non-executive Director

Company Secretary

Ouafaa Karim

Auditor

Grant Thornton

Level 17, 383 Kent Street

SYDNEY NSW 2000

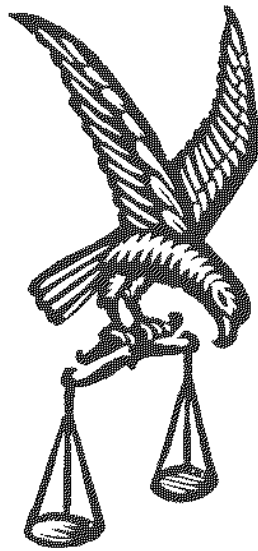
Australia

Share Registry

**Computershare Investor Services
Pty Limited,**

Level 3, 60 Carrington Street,

SYDNEY NSW 2000



HUNTER HALL
INTERNATIONAL
L I M I T E D

ABN 43 059 300 426