HUNTER HALL INTERNATIONAL LIMITED

ABN 43 059 300 426

16 March 2006

To: ASX Announcements Office

Hunter Hall International Limited
Half Yearly Reporting

We enclose the following reports for release to the market:

- Appendix 4D – Half Year Financial Report, for the period ended 31 December 2005;
- Half Yearly Report for the period ended 31 December 2005 with Audit Review Report from the Company Auditors, Grant Thornton.

Yours sincerely

Ouafaa Karim
Company Secretary

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HUNTER HALL INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

ABN 43 059 300 426

APPENDIX 4D

HALF YEAR FINANCIAL REPORT

Six months ended ('current period') 31 December 2005

Results for announcement to the market

					$A'000
2.1	Revenue from ordinary activities	**Up**	24%	**To**	15,574
2.2	Profit from ordinary activities after tax attributable to members	**Up**	42%	**To**	5,645
2.3	Net profit for the period attributable to members	**Up**	42%	**To**	5,645

2.4	**Dividends**	**Amount per security (cents)**	**Franked amount per security (cents)**
	Dividends	20.3	20.3
	Previous corresponding period	16.7	16.7
	Record date for determining entitlements		17 March 2006

3	**NTA backing**	**Current period (cents)**	**Previous corresponding period (cents)**
	Net tangible backing per ordinary security	79.58	52.54

4 Details of controlled entities

The Company invested $9.5m to acquire a further 48.19% of Hunter Hall International Ethical Fund PLC effective 28 October 2005 resulting in a total holding of 75.83%. Profit of $659,131 relating to the controlled entity is included in the consolidated income statement ending 31 December 2005.

5 Details of dividends

The company has declared a fully franked dividend of 20.3 cents per share. Record date for the dividend is 17 March 2006 and payment date will be 31 March 2006.

6 Dividend reinvestment

Hunter Hall operates a Dividend Reinvestment Plan (DRP) whereby the shareholders can elect that all or part of their dividends be used to apply for fully paid ordinary shares in the Company.

Copies of the Hunter Hall International Dividend Reinvestment Plan and DRP Election forms may be obtained by contacting the Registrar. (Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney NSW 2000. Investor Enquiries 02 8216 5700.)

The last date for acceptance of an election form for this dividend payment is the Record

Date, 17 March 2006.

7	**Details of associate and joint ventures**	N/A
8	**Details of foreign entities**	N/A
9	**Details of audit dispute or audit qualification**	N/A

10 Other significant information
Refer to the attached reviewed Half year financial report

11 Commentary on results for the period
Refer to the attached Directors' Report included in the Half year financial report

12 Audited accounts
The report is based on the attached Half year financial report which has been reviewed by our auditors.

HUNTER HALL INTERNATIONAL LIMITED

ABN 43 059 300 426

31 DECEMBER 2005
HALF YEAR FINANCIAL REPORT

CONTENTS

HUNTER HALL INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

Directors' Report

Your Directors present their report on Hunter Hall International Limited (the "Company") and its controlled entities (the "Consolidated Entity") for the half year ended 31 December 2005.

Directors
The names of Directors who held office during or since the end of the half year are:

Peter James MacDonald Hall (Chairman)
David Barclay Buckland (Executive Director)
Jack Theseus Lowenstein (Deputy Chairman)
Suzanne Mary Daniel (Non-executive Director)
Mark Benedict Forstmann (Non-executive Director)
William Wayne Hawkins (Non-executive Director)

The Directors have been in office from the start of the half year to the date of this report.

Principal Activities

Through its wholly owned subsidiaries the Company operates an investment management business. Hunter Hall Investment Management Limited (HHIML) is the responsible entity of three retail trusts, the Hunter Hall Value Growth Trust (VGT), the Hunter Hall Australian Value Trust (AVT), and the Hunter Hall Global Ethical Trust (GET). HHIML is also the Investment Manager for the Hunter Hall International Ethical Fund (IEF), an offshore fund listed on the Dublin Stock Exchange, and of Hunter Hall Global Value Limited (GVL), a listed investment company that commenced trading on the Australian Stock Exchange on 19 March 2004. Hunter Hall Superannuation Company Pty Limited (HHSC), is the Trustee of the Hunter Hall Ethical Superannuation Fund (ESF), a retail public offer superannuation fund designed to enable the investment of superannuation savings in the three Hunter Hall retail trusts. Hunter Hall International (UK) Pty Limited, a company registered in the United Kingdom, provides international investment research for the Hunter Hall group, and Bennelong Administration Services provides administration services for the Hunter Hall Trusts, GVL and the ESF, including unit pricing, fund accounting and unit registry.

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

Financial Review

The Consolidated Entity experienced an improvement in after tax profits to a record $5.486m (Dec 2004: $3.962m), the result was assisted by net performance fees of $0.524m (up from $0.419m in Dec 2004). Excluding performance fees and the impact of consolidating the acquisition of the IEF, profits from investment management were up 20.7% to $6.813m.

Net management fees to Australian Operations were $10.804m, up 17.29% from the previous year (2004: $9.211m). Net entry fees were $0.049m (5.8% below the 2004 result of $0.052m). Expenses were 12% higher then the previous year at $4.040m (2004: $3.618m). The profit from Investment Management activities at $6.813m was 21% higher then the previous year (2004: $5.645m).

Cash holdings excluding the IEF at 31 December 2005 were $5.241m before payment of income tax and dividends.

During the half year the Consolidated Entity invested $9.5m in the Dublin-based IEF. The profit of the period is boosted by a substantial non-cash item; a net $495,000 reflecting an unrealised gain on our investment in the IEF. This unrealised gain will fluctuate in line with the investment performance of the IEF.

Dividends Paid or Recommended
Dividends paid or declared for payment are as follows:

For the year ended 30 June 2005, a final ordinary dividend of $0.195 per share was declared by the Directors, and was paid on 19 September 2005.
For the half year ended 31 December 2005, an interim fully franked dividend of $0.203 per share was declared by the Directors, on 3 March 2006.

Review of Operations

Funds under management at 31 December 2005 totalled $1.503 billion, an increase of $171 million or 13% on 30 June 2005 ($1.332 billion). The net inflow of funds into the trusts was $12.4 million (down from $68.2 million in the six months to June 2005), whilst performance growth was $192.6 million (up from $3.3 million in the six months to June 2005), net distribution outflows were $33.6 million, including a $6.4 million dividend paid by the GVL.

The VGT recorded a return of 15.4% for the six months to 31 December 2005. This compares with a 13.8% return by the All Ordinaries Accumulation Index. Between its inception on 2 May 1994 and 31 December 2005 the VGT recorded a compound annual average return of 18.8%, compared with a compound average annual return of 11.6% by the All Ordinaries Accumulation Index over the same period.

The AVT recorded a 12.2% return for the six months to 31 December 2005. This compares with a 13.8% return by the All Ordinaries Accumulation Index. Between its inception on 29 November 2001 and 31 December 2005 the AVT recorded a compound annual average return of 14.3%, compared with a 13.8% return by the All Ordinaries Accumulation Index over the same period.

The GET recorded an 18.8% return for the six months to 31 December 2005. This compares with a 14.6% return by the Morgan Stanley Capital International Inc. (MSCI) World Accumulation Net Return Index in Australian Dollars. Between its inception on 29 November 2001 and 30 June 2005 the GET recorded a compound annual average return of 11.3%, compared with a -1.1% return by the MSCI World Accumulation Net Return Index in Australian Dollars over the same period.

The IEF recorded a 10% return for the six months to 31 December 2005, compared to its benchmark, the MSCI World Accumulation Net Return Index in US dollars, return of 10.3%. Between its inception on 31 December 2002 and 31 December 2005 the IEF recorded a compound annual average return of 23.4%, outperforming its benchmark by 4.7%.

GVL recorded a net asset backing after tax of $1.1763 per share at 31 December 2005 compared to a net asset backing of $1.0725 at 30 June 2005. A dividend of 3c per share was paid by the GVL for ex-date 30 September 2005. There are 220m April 2007 options exercisable at $1.00 outstanding.

Adoption of Australian Equivalents to IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in Note 2 of this report.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307c of the Corporations Act 2001 in relation to the review of the interim financial report for the half year ended 31 December 2005 is set out on page 20 and forms part of this report.

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

Peter MacDonald Hall
Director
Sydney
16 March 2006

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated Entity	
		Half-year ended 31 December 2005	Half-year ended 31 December 2004
		$	$
Revenues	3	14,586,603	12,565,684
Other Income	3	987,469	39,100
Performance fee paid		(724,468)	(418,690)
Employee benefit expense		(2,369,534)	(1,785,967)
Trust expenses		(876,470)	(955,365)
Commissions		(277,776)	(429,475)
Charitable donations		(397,363)	(314,889)
Consultancy fees		(255,340)	(476,700)
Employee bonus		(250,078)	(227,000)
Depreciation and amortisation expense		(172,502)	(149,623)
Finance costs		(94,150)	-
Directors' fees		(158,715)	(62,385)
Occupancy costs		(424,545)	(386,830)
Marketing costs		(111,419)	(414,627)
Product development		(265,958)	(219,372)
Professional fees		(259,058)	(207,946)
Management fees		(440,076)	(342,731)
Compliance fees		(38,500)	(38,500)
Listed company costs		(45,950)	(44,015)
Unrealised loss on Investments		(42,620)	(204,156)
Other expenses		(564,892)	(331,137)
Share of net profits of associates		35,535	93,546
Profit before income tax expense	4	7,840,193	5,688,922
Income tax expense		2,194,881	1,726,900
Net profit		**5,645,312**	**3,962,022**
Net profit attributable to minority interest		159,302	-
Net profit attributable to members of the parent entity		5,486,010	3,962,022
Basic earnings per share (cents per share)		22.62	16.72
Diluted earnings per share (cents per share)		22.18	16.11

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

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Consolidated Entity	
	31 December 2005	30 June 2005
	$	$
CURRENT ASSETS		
Cash and cash equivalents	11,296,222	11,176,910
Trade and other receivables	4,575,824	4,390,854
Financial assets	12,432,772	428,262
Other	232,592	187,046
TOTAL CURRENT ASSETS	28,537,410	16,183,072
NON-CURRENT ASSETS		
Financial assets	26,893	28,260
Investments accounted for using the equity method	-	1,342,961
Property, plant and equipment	683,284	318,221
Deferred tax assets	336,405	336,405
Intangible assets	812,724	901,373
TOTAL NON-CURRENT ASSETS	1,859,306	2,927,220
TOTAL ASSETS	**30,396,716**	**19,110,292**
CURRENT LIABILITIES		
Trade and other payables	3,241,930	2,895,607
Current tax liabilities	759,008	1,164,252
Financial liabilities	55,042	-
Short-term provisions	140,174	122,429
Other	13,292	13,292
TOTAL CURRENT LIABILITIES	4,209,446	4,195,580
NON-CURRENT LIABILITIES		
Other long-term provisions	66,866	99,411
Long-term borrowings	6,000,000	-
Other	6,646	13,292
TOTAL NON-CURRENT LIABILITIES	6,073,512	112,703
TOTAL LIABILITIES	**10,282,958**	**4,386,265**
NET ASSETS	**20,113,758**	**14,802,009**
EQUITY		
Issued capital	11,220,993	10,367,831
Reserves	447,123	4,350
Retained earnings	4,880,287	4,351,846
PARENT INTEREST	**16,548,403**	**14,724,027**
Minority interest	3,565,355	-
TOTAL EQUITY	**20,113,758**	**14,802,009**

The Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Consolidated Entity			
	Contributed Equity $	Reserves $	Retained Profits $	Total $
Balance as at 1 July 2005	**10,367,831**	**4,350**	**4,429,833**	**14,802,014**
Fair value of available for sale investments	-	74,122	-	**74,122**
Unrealised foreign exchange reserves	-	368,651	-	**368,651**
Income recognised directly in equity	-	442,773	-	**442,773**
Profit attributable to members of the parent entity	-	-	5,486,010	**5,486,010**
Total recognised income	-	442,773	5,486,010	**5,928,783**
Shares issued during the period	729,721	-	-	**729,721**
Share based payments expense	123,441	-	-	**123,441**
Dividends paid	-	-	(4,733,259)	**(4,733,259)**
Reverse equity accounted profits on purchase of subsidiary	-	-	(302,297)	**(302,297)**
Balance as at 31 December 2005	**11,220,993**	**447,123**	**4,880,287**	**16,548,403**
Balance as at 1 July 2004	**8,537,170**	**-**	**3,231,386**	**11,768,556**
Fair value of available for sale investments	-	4,350	-	**4,350**
Income recognised directly in equity	-	4,350	-	**4,350**
Profit attributable to members of the parent entity	-	-	3,962,022	**3,962,022**
Total recognised income	-	4,350	3,962,022	**3,996,372**
Shares issued during the period	799,128	-	-	**799,128**
Share based payments expense	168,065	-	-	**168,065**
Dividends paid	-	-	(3,298,340)	**(3,298,340)**
Balance as at 31 December 2004	**9,504,363**	**4,350**	**3,895,068**	**13,403,781**

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

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Consolidated Entity	
	Half-year ended 31 December 2005	**Half-year ended 31 December 2004**
	$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	14,139,356	13,478,827
Payments to suppliers and employees	(7,084,038)	(7,551,424)
Dividends received	25,395	4,893
Interest received	225,210	171,553
Finance costs	(94,150)	-
Income tax paid	(2,600,125)	(1,820,263)
Net cash inflow from operating activities	**4,611,648**	**4,283,586**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(448,916)	(286,541)
Purchase of investments	(6,841,626)	(128,117)
Sale of investments	251,074	113,076
Cash acquired on acquisition of subsidiary	462,796	-
Net cash used in investing activities	**(6,576,672)**	**(301,582)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	339,790	518,601
Proceeds from borrowings	6,000,000	-
Repayment of borrowings	-	(9,489)
Dividends paid by parent company	(4,343,328)	(3,017,812)
Net cash inflow/(outflow) from financing activities	**1,996,462**	**(2,508,700)**
Net increase in cash held	31,438	1,473,304
Cash at 1 July	11,176,910	8,292,152
Effect of currency translations	87,874	-
Cash at 31 December	**11,296,222**	**9,765,456**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Hunter Hall International Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

As this is the first interim financial report prepared under Australian equivalents to IFRS (AIFRS), the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under AIFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and AIFRS is included in Note 2.

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

Summary of Significant Accounting Policies

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

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

a. Principles of Consolidation

A controlled entity is any entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Company.

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

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

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

b. Income Tax

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Summary of Significant Accounting Policies continued

b. Income Tax continued

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

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

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.

Hunter Hall International Limited and its wholly-owned Australian controlled entities decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office was notified of this decision on 14 January 2004.

As a consequence, Hunter Hall International Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable for income tax within the tax consolidated entities are recognised as tax-related amounts receivable or payable. Expenses and revenues are recognised as a component of income tax expense (revenue).

The deferred tax balances recognised by the Parent Company in relation to wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime, with one exception. The deferred tax balances relating to assets that had their tax values reset on joining the tax-consolidated group, have been re-measured based on the carrying amount of those assets at the tax consolidated group level and their reset tax values. The re-measurement adjustments to these deferred tax balances are also recognised in the consolidated financial statements as income tax expense or revenue, or as direct debits to the asset revaluation reserve to the extent the adjustments relate to the revaluation of assets.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. 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 the term of the lease or over their estimated useful lives where it is likely that the Consolidated Entity will obtain ownership of the asset. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Summary of Significant Accounting Policies continued

e. Depreciation

The depreciable amounts of all fixed assets are depreciated on a diminishing value basis, except leasehold improvements and capitalised administration software costs 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%

f. Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise. The Consolidated Entity has also designated an investment portfolio held at fair value through the Income Statement as permitted by *AASB 139 Financial Instruments: Recognition and Measurement.*

Loans and receivables

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

Available-for-sale financial assets

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

Financial liabilities

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

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Summary of Significant Accounting Policies continued

g. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies.

h. 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 is tested annually for impairment and carried at cost less accumulated impairment losses and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

i. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet.

j. *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. Equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Summary of Significant Accounting Policies continued

k. Share-based payment transactions

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

The Consolidated Entity has an Employees Share Option Plan (ESOP) in place which provides benefits to directors and senior executives

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

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

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

- the extent to which the vesting period has expired and
- the number of awards that, in the opinion of the directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

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

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

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

l. Cash and Cash Equivalents

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

m. Revenue

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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Summary of Significant Accounting Policies continued

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

o. 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 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 balance sheet are shown inclusive of GST.

p. 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.

q. Comparative Figures

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

2: ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Consolidated Entity has prepared financial statements in accordance with AIFRS from 1 July 2005.

In accordance with the requirements of *AASB 1 First-time Adoption of Australian equivalents to International Financial Reporting Standards*, adjustments to the Consolidated Entity accounts resulting from the introduction of AIFRS have been applied retrospectively to the comparative figures.

a. *Financial Impacts*

The financial impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ("AGAAP") are illustrated below.

	Note	Consolidated Entity	
		12 Months to 30 June 2005	6 Months to 31 December 2004
Reconciliation of net profit			
Net profit reported under AGAAP		**8,749,152**	**4,025,154**
Key transitional adjustments:			
Equity accounted associate	f	92,581	93,546
Expense share based payments - current profits	g	(283,127)	(168,068)
Bring employee benefits to present value	h	(11,655)	(5,055)
Reversal of amortisation of goodwill	c	7,854	3,927
Reversal of depreciation of relocation costs	i	25,036	12,518
Total transitional adjustments		**(169,311)**	**(63,132)**
Net profit reported under AIFRS		**8,579,841**	**3,962,022**

	Note	Consolidated Entity		
		30 June 2005	31 December 2004	1 July 2004
Reconciliation of Equity				
Total equity reported under AGAAP		**14,580,698**	**13,115,478**	**11,589,538**
Retrospective adjustments to Equity:				
Equity accounted associate	f	271,599	272,564	179,018
Expense share based payments - retained profits	g	(529,767)	(414,705)	(246,640)
Bring share based payments to Contributed Equity	g	529,767	414,704	246,640
Bring non current investments to fair value	e	4,350	4,350	-
Expense relocation costs	i	(110,739)	-	-
Bring employee benefits to present value	h	(11,655)	(5,055)	-
Reversal of amortisation of goodwill	c	7,854	3,927	-
Reversal of depreciation of relocation costs	i	59,902	12,518	-
Total transitional adjustments		**221,311**	**288,303**	**179,018**
Total Equity under AIFRS		**14,802,009**	**13,403,781**	**11,768,556**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

2: ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *continued*

b. Impairment of assets

Under *AASB 136 Impairment of Assets*, the recoverable amount of an asset is determined as the higher of fair value (less costs to sell) and value in use. The Consolidated Entity previously determined the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets' use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy. The Consolidated Entity has reassessed its impairment testing policy and tested all relevant assets for impairment. There were no indications of impairment.

c. Goodwill on consolidation

Under *AASB 3 Business Combinations*, goodwill is capitalised to the Balance Sheet and subjected to an annual impairment test. Amortisation of goodwill is to be prohibited. Previously the accounting policy of the Consolidated Entity was to amortise goodwill on a straight line basis over the period of 20 years. The amortisation expense on goodwill has been reversed for the 30 June 2005 financial year.

d. Income tax

Under *AASB 112 Income Taxes*, the Consolidated Entity is required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit. Previously the Consolidated Entity adopted the liability method of tax-effect accounting whereby the income tax expense were based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. After assessing the effect of these requirements there are no changes to existing tax balances.

e. Investments

Under *AASB 139 Financial Instruments Recognition and Measurement*, financial instruments are required to be classified into one of five categories which determine the accounting treatment of the item. The classifications are:

- loans and receivables – measured at amortised cost,
- held to maturity – measured at amortised cost,
- held for trading – measured at fair value with fair value changes charged to net profit or loss,
- available for sale – measured at fair value with changes taken to equity,
- non-trading liabilities – measured at amortised cost.

This differs to the previous accounting policy which did not classify financial instruments. Fair value is determined based on current bid prices for all quoted investments.

f. Investments in Associates

During the half year the Consolidated Entity had one investment where the power to participate in the financial and operating decisions is held. Under *AASB 128: Investments in Associates* the investment is accounted for using the equity method. Previous accounting policy under *AASB 1016: Accounting for Investments in Associates* was to hold the investment at the lower of cost or market on the basis that the investment was acquired exclusively with a view to its disposal.

g. Share based payments

Under *AASB 2: Share Based Payments* equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

2: ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *continued*

h. Employee Benefits

Under *AASB 119: Employee Benefits* annual leave entitlements expected to be paid outside 12 months need to be calculated to present value, and any present value calculation of employee benefits is required to use discount rates based on market yields on high quality corporate bonds. This differs to the previous accounting policy where all annual leave benefit liability was calculated at nominal value, and long service leave benefit liability used discount rates based on government bonds.

i. Intangible Assets

Under *AASB 138: Intangible Assets* computer software is classified as an intangible. This has resulted in a reclassification from the previous classification of Property, Plant & Equipment to Intangibles. This reclassification has had no impact on the profit or equity of the Consolidated Entity.

Under *AASB 138: Intangible Assets* relocation costs do not meet the recognition requirements. As a consequence, relocation costs less accumulated depreciation was reversed against opening retained earnings.

	Consolidated Entity	
	Half-year ended 31 December 2005	Half-year ended 31 December 2004
3: REVENUES AND OTHER INCOME	**$**	**$**
Revenues		
Management fees	11,400,964	9,765,536
Entry fees	131,167	269,408
Performance fees	1,248,510	837,381
Administration fees	733,107	561,276
Interest received	225,210	164,066
Expenses reimbursed	847,645	963,059
Other	-	4,958
	14,586,603	**12,565,684**
Other Income		
Realised gain from investments	-	39,100
Unrealised gain on investments	987,469	-
	987,469	**39,100**
Total	**15,574,072**	**12,604,784**

4: PROFIT FROM ORDINARY ACTIVITIES

The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Performance fees received	1,248,510	837,380
Performance fee paid[1]	(724,467)	(418,690)
Net performance fee	**524,043**	**418,690**

[1]In accordance with management contracts, 50% of the gross performance fee is paid to the investment management team as disclosed in the Initial Public Offer Prospectus dated 12 January 2001. Gross performance fees are prior to amounts of $200,466 eliminated on consolidation of the IEF.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

5: DIVIDENDS PAID

Final fully franked dividend of $0.139 per share franked at tax rate of 30%	-	3,298,340
Final fully franked dividend of $0.195 per share franked at tax rate of 30%	4,733,259	-
	4,733,259	**3,298,340**

6: ACQUISITION OF SUBSIDIARY

The Company acquired a further 48.19% of Hunter Hall International Ethical Fund PLC effective 28 October 2005 resulting in a total holding of 75.83%.

	Consolidated Entity	
	Half-year ended 31 December 2005	**Half-year ended 31 December 2004**
	$	$
Purchase consideration	**12,879,503**	-
The purchase price was allocated as follows:		
Cash consideration for 48.19% interest	9,440,363	-
Assets & liabilities acquired at acquisition date:		
Cash	350,945	-
Investments	3,177,720	-
Other assets	102,256	-
Other liabilities	(191,781)	-
	3,439,140	
Goodwill on consolidation	-	-
Total	**12,879,503**	-

The assets and liabilities arising from the acquisition are recognised at fair value, which is equal to their carrying value at acquisition date.

Profit of $659,131 relating to the subsidiary is included in the consolidated income statement for the 2 months ending 31 December 2005.

If the acquisition had taken place at the beginning of the half year, the profit for the Group would have been $5,774,242 and revenue from continuing operations would have been $15,796,493.

7: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the half year ended 31 December 2005, on 3 March 2006, an interim fully franked ordinary dividend of $0.203 per share was declared by the Directors (2004: $0.167). This has not been provided for in the Balance Sheet as at 31 December 2005.

8: CONTINGENT LIABILITIES

There were no contingent liabilities requiring disclosure at 31 December 2005 or 30 June 2005.

9: SEGMENT INFORMATION

The Consolidated Entity operated within one business segment (Investment Management) which represents its primary segment reporting format and three geographical segments (Australia, United Kingdom and Ireland).

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1: The Financial Statements and Notes, as set out on pages 5 to 18:

a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

b. give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and its performance for the half year ended on that date.

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.

Peter MacDonald Hall
Director
Sydney
16 March 2006

Chartered Accountants
Business Advisers and Consultants

Grant Thornton

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF HUNTER HALL INTERNATIONAL LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Hunter Hall International Limited for the half-year ended 31 December 2005, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

M A ADAM-SMITH
Partner

Sydney 16 March 2006

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF HUNTER HALL INTERNATIONAL LIMITED

Scope

The half-year financial report and directors' responsibility

The half-year financial report comprises comprising the income statement, balance sheet, statement of changes in equity, cash flow statement, notes to the financial statements and the directors' declaration for the consolidated entity, for the half-year ended 31 December 2005. The consolidated entity comprises both Hunter Hall International Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the half-year 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 half-year financial report.

Review approach

We conducted an independent review of the half-year financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the half-year financial report is not presented fairly in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the half-year financial report with the Australian Securities & Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

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

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INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF HUNTER HALL INTERNATIONAL LIMITED (cont)

Statement

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

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

GRANT THORNTON NSW
Chartered Accountants

M A ADAM-SMITH
Partner

Sydney

16 March 2006