HUNTER HALL GLOBAL VALUE LIMITED

ACN 107 462 966

30 JUNE 2004 FINANCIAL REPORT

Corporate Directory

PRINCIPAL AND REGISTERED OFFICE

Hunter Hall Global Value Limited
Level 2, 60 Castlereagh Street
SYDNEY NSW 2000
Australia

Telephone +61 2 8224 0300

Facsimile +61 2 8224 0333

Email invest@hunterhall.com.au

Website www.hunterhall.com.au

DIRECTORS

Peter James MacDonald Hall
Executive Chairman

David Barclay Buckland
Executive Director

Jack Theseus Lowenstein
Executive Director

David Ian Scott
Non-executive Director

Adam Paul Blackman
Non-executive Director

Alex Koroknay
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
Australia

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DIRECTORS' REPORT

Your Directors present their report on Hunter Hall Global Value Limited ("the Company") for the financial period from incorporation on 22 December 2003 to 30 June 2004.

Directors

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

Peter James MacDonald Hall *(Executive Chairman, appointed 22 December 2003)*

David Ian Scott *(Non-executive Director, appointed 22 December 2003)*

David Barclay Buckland *(Executive Director, appointed 22 December 2003)*

Jack Theseus Lowenstein *(Executive Director, appointed 22 December 2003)*

Adam Paul Blackman *(Non-executive Director, appointed 30 January 2004)*

Alex Koroknay *(Non-executive Director, appointed 22 December 2003)*

Principal Activities

Hunter Hall Global Value Limited ("GVL") was incorporated on 22 December 2003 to invest in a portfolio of permitted investments. GVL was listed on the Australian Stock Exchange ("ASX") on 19 March 2004 and did not trade until that date.

GVL provides investors with the opportunity to invest in a medium to long term concentrated portfolio, and gain access to a defined investment process and the experience of the investment management team of the Manager, Hunter Hall Investment Management Limited.

GVL predominantly invests in international and some ASX listed securities. Some late-stage private equity companies may also be part of the Company's investment universe.

There were no significant changes in the nature of GVL's principal activities during the financial period.

Review of Operations

The profit of the Company after providing for income tax amounted to $1,207,320.

Net assets management at 30 June 2004 totalled $219,283,312.

GVL recorded a return of 1.8% between 19 March (the date GVL was listed on the ASX and commenced trading) and 30 June 2004. This compares with a positive 11% return by the MSCI World Accumulation Net Return Index in Australian Dollars over the same period.

Information on Directors

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

Peter James MacDonald Hall, B.A.

Chairman, Managing Director, Investment Manager

Mr Hall has 21 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 Chairman of Hunter Hall International Limited and Hunter Hall Investment Management Limited, a Trustee of the Hunter Hall Charitable Trust, Chairman of the Investment Committee and is a member of the Remuneration Committee and of the Charities Committee. Mr Hall is also a Trustee of the Asian Rhino Project and the ABC Trust, a UK based charity.

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

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

Mr Buckland has 20 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 responsible for approximately $1 billion of investment funds. Mr Buckland is also a Director of Hunter Hall International Limited, Hunter Hall Investment Management and Bennelong Administration Services Pty Limited and is a member of the Hunter Hall Investment Committee.

Jack Theseus Lowenstein, M.A. (Oxon)

Executive Director

Mr Lowenstein is a Director of Hunter Hall International Limited and a consultant to Hunter Hall Investment Management Limited with responsibility for monitoring and researching Australian and Asian companies and advising on matters relating to corporate governance in GVL's Australian investments. Mr Lowenstein has worked for more than eleven years in Australian investment and corporate finance. Prior to that, he had eight years experience in researching and reporting on international markets for the Euromoney Publications magazine group. Mr Lowenstein is also Chairman of Kontiki Capital Limited, a Fiji based investment bank and a Director of Kresta Holdings Limited and of Reinsurance Australia Corporation Limited. He is a member of the Hunter Hall Risk Management Committee and the Audit Committee.

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

Non-executive Director

Mr Scott has 17 years experience in corporate management including finance, taxation, legal issues and marketing. Previously he was employed in legal and chartered accounting firms including Coopers & Lybrand. Mr Scott is a former Director of Hunter Hall International Limited and Hunter Hall Investment Management Limited. Mr Scott is a member of the Hunter Hall Audit Committee.

Adam Paul Blackman, B. Econ., FCA., JP.

Non-executive Director

Mr Blackman is a fellow of the Institute of Chartered Accountants in Australia and has had over 15 years experience in public practice. Mr Blackman has been a partner in the Chartered firm of Gilden Staub since 1996 and is primarily involved in business and taxation planning services. He has had several years experience in reviewing and advising on compliance issues in the financial services industry. Mr Blackman is Chairman of the Audit Committee.

Alex Koroknay, B.A., LLM

Non-executive Director

Mr Koroknay is a practising solicitor and is a consultant to Nash O'Neill Tomko where he was partner from 1998 to 2002. He specialises in managed investments, superannuation and venture capital financing, and is experienced with the requirements of the Corporations Act and Superannuation Industry (Supervision) Act. Mr Koroknay acts for a number of fund managers. Prior to joining Nash O'Neill Tomko, Mr Koroknay was a partner at Dibbs Crowther and Osborne, Manager – Corporate Securities at Allen Allen and Hemsley and was a consultant to Toomey, Pegg and Drevikovsky. Mr Koroknay is a member of the Audit Committee.

Likely Developments

The Company will continue to pursue its objective of achieving substantial growth in the value of each share through ownership of a portfolio of undervalued international and Australian equities, augmented by a tax efficient capital management policy.

Meetings of Directors

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

			COMMITTEE MEETINGS	
	DIRECTORS' MEETINGS		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Peter James MacDonald	3	3	-	-
David Ian Scott	3	3	-	-
David Barclay Buckland	3	3	-	-
Jack Theseus Lowenstein	3	3	-	-
Adam Paul Blackman	3	3	2	2
Alex Koroknay	3	3	2	2

Dividends Paid or Recommended

As the Company has not yet accumulated significant distributable profits in the short time it has been trading, the Directors have resolved not to declare a dividend for the period to 30 June 2004.

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the period other than as noted in the review of operations.

Options

181,190 shares have been issued by virtue of exercise of options during the period or 196,190 to the date of this report. There are 219,803,810 unissued ordinary shares in respect of which options were outstanding at the date of this report.

Directors' 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 Specified Executives, 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.

Executive Directors and Specified Executives of Hunter Hall Global Value Limited are also Directors or Executives of Hunter Hall International Limited, and their services to Hunter Hall Global Value Limited form part of an investment management agreement for the provision of certain services by Hunter Hall International Limited and its controlled entities to Hunter Hall Global Value Limited. The Company is not an employer and hence does not meet the definition of Specified Executives. Directors are not paid directly from Hunter Hall Global Value Limited. Full remuneration disclosures of these Directors and Specified Executives are included in the financial report of Hunter Hall International Limited.

The information below relates to the remuneration paid to the Non-executive Directors of the Company:

	Primary Remuneration			
	Salary $	Director's Fees $	Superannuation Contributions $	Total $
2004				
Non Exec. Directors				
Mr D I Scott	5,462	-	492	**5,954**
Mr A P Blackman	-	10,000	-	**10,000**
Mr A Koroknay	-	10,000	-	**10,000**

Directors' Interests

Peter James MacDonald, David Barclay Buckland and Jack Theseus Lowenstein are part of the Investment Team of Hunter Hall Investment Management Limited and accordingly will receive a portion of any Performance Fee that is paid to Hunter Hall Investment Management Limited. No Performance Fee was payable by the Company during the period.

Environmental Issues

The Company'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 the 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 period.

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

Jack Theseus Lowenstein

Director

Sydney

28 September 2004

Corporate Governance

The Board of Hunter Hall Global Value Limited is committed to achieving the highest standard of corporate governance appropriate to a company of its size and nature. The table below summarises the Company's compliance with the ASX Corporate Governance best practice recommendations.

No.	Essential Principle	Best Practice Recommendations	Status of compliance
1	Lay solid foundations for management and oversight	➢ Formalise and disclose the functions reserved to the board and those delegated to management.	**Comply** Refer section 1.1.
2	Structure the board to add value	➢ A majority of the board should be independent directors.	**Partially comply** Refer section 1. The Board consists of three Non-executive Directors and Three Executives. Adam Blackman, a Non-executive Director, is considered to be an independent.
		➢ The chairperson should be an independent director.	**Do not comply** Refer section 1. The Chairman of the Board is Peter Hall, an Executive Director. Mr Hall is also Executive Chairman of Hunter Hall International Limited and its subsidiaries and the Chief Investment Officer of Hunter Hall Investment Management Limited.
		➢ The same individual should not exercise the roles of chairperson and CEO.	**Do not comply** Mr Peter Hall is the Executive Chairman and the Managing Director of the Company.
		➢ The board should establish a nomination committee.	**Do not comply** Given its structure and its relationship with Hunter Hall International Limited, the Board does not deem it necessary to establish a separate Nomination Committee.
		➢ Disclose the following information in the corporate governance section of the annual report: • the skills, experience and expertise relevant to the position of director held by each director in office as the date of the annual report.	**Comply** Refer section 1.
		• the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds.	**Comply** The Board considers Adam Blackman to be an independent Director. Refer section 2.2 for details.
		• a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company.	**Comply** Refer section 1.3.

No.	Essential Principle	Best Practice Recommendations	Status of compliance
2	Structure the board to add value *continued*	• the term of office held by each director in office at the time of the annual report.	**Comply** Refer section 1.
		• the names of members of the nomination committee and their attendance at meetings of the committee.	**Do not comply** As noted above the Company does not have a Nomination Committee.
		• an explanation of any departures from best practice recommendations.	**Comply** See details above.
3	Promote ethical and responsible decision making	➢ Establish a code of conduct to guide the directors, the CEO, the CFO and other key executives.	**Comply.** Refer section 1.9.1.
		➢ Disclose the policy concerning trading in the entity's securities by directors, officers and employees.	**Comply** Refer section 1.8.
4	Safeguard integrity in financial reporting	➢ Require the CEO and CFO to state in writing to the Board that the financial reports present a true and fair view, in all material respects, of the entity's financial condition and performance, and are in accordance with relevant accounting standards.	**Partially comply** Given the services provided by the Investment Manager, Hunter Hall Investment Management, and the Administrator, Bennelong Administration Services Pty Limited, the Board is satisfied that a statement meeting these requirements is provided by the representatives of the service providers.
		➢ The board should establish an audit committee.	**Comply** Refer section 2.2.
		➢ Structure the audit committee so that it consists of the following: only non-executive directors; a majority of independent directors; an independent chairperson, who is not chairperson of the board; and at least three members.	**Partially comply** Whilst all the members of the Committee are Non-executive Directors, only one of the members is considered to be independent. Refer section 2.2.
		➢ The audit committee should have a formal charter.	**Partially comply** Whilst the Company has not adopted a formal charter it follows policies and principles as if a formal charter were in place. Refer section 2.2.
		➢ Disclose the information described in "Guide to Reporting on Principle 4" in the corporate governance section of the annual report:	
		• details of the names and qualifications of those appointed to the audit committee, or, where an audit committee has not been formed, those who fulfil the functions of an audit committee.	**Comply** Refer section 2.2.

No.	Essential Principle	Best Practice Recommendations	Status of compliance
4	Safeguard integrity in financial reporting *continued*	• the number of meetings of the audit committee and the names of the attendees.	**Comply** Refer section Meetings of Directors in the attached Directors' Report.
		• explanation of any departures from best practice recommendations.	**Comply** Refer section 2.2 and notes above.
		• Make the following material publicly available: • the audit committee charter;	**Do not comply** Refer section 2.2 It is anticipated that a formal charter will be adopted in the ensuing half year.
		• information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.	**Comply** Refer section 1.10.
5	Make timely and balanced disclosure	➢ Establish written policies and procedures designed to ensure compliance with disclosure requirements, and to ensure accountability at a senior management level for that compliance.	**Comply** Refer section 1.4.
		➢ Disclose the information described in "Guide to Reporting on Principle 5" in the corporate governance section of the annual report.	**Comply** Refer to section 1.4.
6	Respect the rights of shareholders	➢ Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	**Comply** Refer section 1.4.
		➢ Request the external auditor to attend the annual general meeting, and to be available to answer shareholder questions about the conduct of the audit, and preparation and content of the auditor's report.	**Comply** Refer section 1.10.
7	Recognise and manage risk	➢ The board, or appropriate board committee, should establish policies on risk oversight and management.	**Comply** Refer section 1.5.
		➢ The CEO and CFO should state to the board in writing that the statement given in accordance with best practice recommendation regarding the integrity of financial statements is founded on a sound system of risk management and internal compliance and control that implements the policies adopted by the board; and the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	**Partially comply** In place of a statement from the CEO and the CFO, the Board relies on statements and reporting by the: ➢ Compliance Officer; ➢ Administrator, Bennelong Administration Services Pty Limited; ➢ Investment Manager, Hunter Hall Investment Management Limited; ➢ Audit Committee; ➢ Risk Management Committee of Hunter Hall International Limited.
		➢ Disclose the information described in "Guide to Reporting on Principle 7" in the corporate governance section of the annual report.	**Comply** Refer above.

No.	Essential Principle	Best Practice Recommendations	Status of compliance
8	Encourage enhanced performance	➢ Disclose the process for performance evaluation of the board, its committees and individuals directors, and key executives.	**Comply** Refer section 1.6.
9	Remunerate fairly and responsibly	➢ Disclose the remuneration policies to enable investors to understand the costs and benefits of those policies, and the link between the remuneration paid to directors and key executives and corporate performance.	**Comply** The Company is not an employer of any executives and therefore it does not have any remuneration polices to disclose. Directors fees are paid to non-executive directors at a level that is considered to be in line with the size of the Company. Refer section Directors' and Executive Officers' Remuneration in the attached Directors' Report for details of the level of remuneration paid to the directors.
		➢ The board should establish a remuneration committee.	**Do not comply** The Board does not deem it necessary to establish a remuneration committee – please refer above for further detail.
		➢ Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	**Not applicable** The Company has not made any equity based executive remuneration.
10	Recognise the legitimate interest of stakeholders	➢ Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	**Comply** Refer section 1.9.

In addition to the Corporate Governance practices disclosed in the following pages the Company also intends to post copies of its corporate governance practices on its website, which is currently being upgraded and will be completed during the 2005 financial year.

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 from the Company's listing date, 19 March 2004 to the date of this report, unless indicated otherwise.

1. The Board of Directors

The Board is made up of three Non-executives and three Executive Directors. Peter Hall is both Chairman and Managing Director of the Company. Whilst the composition does not comply with the ASX corporate governance principles the Board is of the view that the existing board structure is suitable to its business and changing it would not be adding value for shareholders.

For details of Directors as at the date of this report please refer to the Information on Directors section in the Directors' Report in this Annual Report.

1.1 Board Responsibilities

The Board has the responsibility for ensuring the Company is properly managed so as to protect and enhance shareholders' interests in a manner which is consistent with Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted appropriate corporate governance policies and practices to lay solid foundations for management and oversight. Whilst the Board has not adopted a formal charter, it accepts the following as its responsibilities:

- ensuring the Company is properly managed so as to protect and enhance Shareholders' interests,
- appointing and retiring Non-executive Directors,
- creating Board Committees,
- adopting the Continuous Disclosure Protocol,
- identifying and managing significant business risks,
- adopting a share trading policy for Directors and Employees (if required in future),
- adopting a Code of Ethical Standards,
- ensuring auditor independence,
- reviewing the performance of the Board, the Company and its service providers,
- oversight of the Company, including its control and accountability systems,
- appointing and removing the Chief Executive Officer (or equivalent),
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company Secretary,
- input into and final approval of any corporate strategy and performance objectives,
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance,
- monitoring service providers' performance and implementation of strategy, and ensuring appropriate resources are available,
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures,
- approving and monitoring financial and other reporting.

1.2 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.

1.3 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. A Deed of Indemnity and Right of Access to Documents has been entered into by the Company with each of the Directors.

1.4 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 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, the Company Secretary, as Disclosure Officer of the Company.

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

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

The Company also publishes on its website the Company annual reports, profit announcements, notices of meetings, media releases, and any other information that relates to the performance and activities of the Company.

1.5 Identification and Management of Significant Business Risk

The Board has identified the 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 of Hunter Hall International Limited which reports to the Board on business risk matters.

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

1.6 Annual Review

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

- the performance of the Board and the Company.
- the performance of the service providers: the Investment Manager, Hunter Hall Investment Management Limited, and the Administrator, Bennelong Administration Services Pty Limited.

The performance of the service providers is reviewed against the formal agreements that are in place, and in the case of the Directors' performance is measured against the responsibilities outlined in their appointment letters and against the Company's Corporate Governance principles.

1.7 Equity Participation by Directors

The Board encourages Directors to own shares in the Company.

1.8 Directors and Employees Share Trading Policy

Share trading by Directors, staff, and their associates (the "designated officers") is restricted in accordance with the Company's trading policy. The designated officers of the Company may not acquire or dispose of shares in the Company except during the week following the issues of the Company's monthly announcement to the ASX of the NTA backing of its shares. The designated officers may not trade in those shares in which the Company is invested.

1.9 Ethical Standards

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. Consequently the Company follows the Code of Conduct established by Hunter Hall International Limited (Hunter Hall), which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions.

All employees and Directors of Hunter Hall are expected to observe the highest standards of ethics, integrity and behaviour during the course of their employment with Hunter Hall.

The standards expected include:

- compliance with all Company policies, procedures, and contracts,
- compliance with all reasonable and legal instructions of management,
- to be honest and fair in dealings with clients, colleagues, Company management and the general public.

Specifically, employees and Directors are expected to:

- act with integrity in the performance of their duties,
- maintain client confidentiality,
- exercise proper courtesy, consideration and sensitivity in their dealings with clients and colleagues,
- comply with the provisions of relevant legislation and ethical requirements of their profession,
- respect the Company's ownership of all Company funds, equipment, supplies, records and property,
- maintain during employment with the Company and after the termination of employment, the confidentiality of any information acquired during the course of employment with Hunter Hall,
- not make any unauthorised statements to the media about the Company's business (requests for media statements should be referred to the CEO),
- refrain from sexual or other unlawful harassment in the workplace,
- observe occupational health and safety rules,
- not bring drugs into the workplace.

Breaches of the Code of Conduct will be dealt with in accordance with Hunter Hall's Termination Policy.

1.9.1 The Company's Code of Ethics

The Board believes that a formal Code of Ethics, to which all members of the Company are committed, assists the Company, through its operatives, to make socially aware decisions and to achieve better outcomes for all stakeholders, if and when it is faced with ethical dilemmas.

The Company is strongly committed to creating value for shareholders, and believes that adhering to the Hunter Hall values will enable it to make a positive contribution as a socially responsible Company.

The values are:

- INTEGRITY – doing what we say we will do, when we say we will do it.
- ACHIEVEMENT – working productively together to achieve our corporate goal.
- LEADERSHIP – accepting the challenge and responsibility of determining new and better ways of achieving our corporate goal.
- ACCOUNTABILITY – empowering members of the Company with authority to fully discharge their responsibilities to the Company and all stakeholders.
- RESPECT – for each other, for all with whom we have dealings and for the community in which we conduct our business.
- EQUITY – ensuring all people and groups that have an interest in the Company are treated equally and fairly, without prejudice or malice, and with the highest level of goodwill.
- DIGNITY – respecting and valuing diversity of opinion, goals and value systems of all with whom we have dealings.
- HONESTY – always acting lawfully, and conducting activities of the Company in a manner consistent with the highest moral and ethical standards of the community.
- OPENNESS – carrying on the business of the Company with the highest regard for and commitment to achieving transparency of operations, and goodwill to those with whom we have dealings.
- CONFLICT MANAGEMENT – avoiding real or perceived conflicts of interest whenever possible, and disclosing such conflicts on a timely basis, to all affected parties.
- EXCELLENCE – assisting and encouraging colleagues to achieve the highest level of excellence in all their endeavours on behalf of the Company.

1.10 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 Company. It is, however, the Board's policy that, in addition to the audit of the year end financial report and review of the half-year financial report, 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 Company'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 Company in a cost effective and efficient manner.

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

2. Board Committees

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,
- operate in accordance with the terms established by the Board.

2.1 Creation of Board Committees

The Board has created the following committee:

- Audit Committee, chaired by Adam Blackman (Non-executive Director)

The Board also relies on regular reporting from the following Hunter Hall International committees:

- Investment Committee, chaired by Peter Hall (Executive Chairman of the Board and of Hunter Hall International Limited and Hunter Hall Investment Management Limited),
- Remuneration and Nomination Committee, chaired by Wayne Hawkins (Non-executive Director of Hunter Hall International Limited),
- Risk Management Committee, chaired by Wayne Hawkins (Non-executive Director of Hunter Hall International Limited).

2.2 Audit Committee

Whilst the Board has not adopted a formal Charter for the Audit Committee, it has accepted and followed the following principles:

Functions of Audit Committee

- The primary objective of the Committee is to assist the Board in fulfilling their responsibilities relating to accounting and reporting practices. In addition, the committee will:
  - ➢ through active and open communication with the external auditors, ensure that audits are conducted in a manner that is appropriate to the nature of the Company's activities,
  - ➢ oversee and appraise the quality of the audits conducted by the Company's external auditors,

- perform an independent and objective review of financial information presented by management to shareholders, unitholders, superannuation members, regulators, and the general public.
- monitor and assess compliance with the Company's corporate governance controls, including its operating, administrative and accounting controls.
- monitor the Company's corporate governance policies and controls, and its compliance therewith.

- In carrying out its functions, the Audit Committee may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of the Company.
- The Audit Committee must inform the Board if it believes that it does not have adequate resources to properly perform its functions as an Audit Committee.
- The Audit Committee is made up of a majority of Non-executive Directors and the members are suitably qualified to carry out their responsibilities.

Appointment, Replacement and Removal

The Board of Directors of the Company is responsible for appointing members to the Audit Committee. Members are appointed until further notice from the Board.

If an Audit Committee member resigns, is removed, ceases to be a Non-executive Director or is otherwise unable to perform his or her duties, the Board may fill the vacancy.

The Board may remove an Audit Committee member by giving at least one month's written notice to that Audit Committee member.

Minutes, reports and recommendations

Meetings are formally minuted. The chair must ensure that minutes of the Audit Committee meetings are kept and include details of all records, recommendations and actions required. The minutes are available to Audit Committee members and the Board.

Meeting frequency

The Audit Committee meets bi-annually or more frequently as determined by the Audit Committee. Meetings may also be called at the request of the Chair or the Board.

Disclosure of interests

An Audit Committee member discloses any direct or indirect pecuniary interest that they may have in a matter being considered or about to be considered by the Audit Committee, if their interest could conflict with the proper performance of their duties in relation to the consideration of the matter.

This disclosure must occur at the first meeting of the Audit Committee after the relevant facts have come to the Audit Committee member's knowledge and must be recorded in the minutes of the meeting.

Rights to information and reports

The Audit Committee members have the right to receive such reports, as they deem necessary to carry out their functions and responsibilities.

Audit Committee Members

The Board has appointed the following Directors as members of the Audit Committee:

Adam Paul Blackman – *Non-executive Director, appointed 29 March 2004 (Chairman)*

Alex Koroknay – *Non-executive Director, appointed 29 March 2004*

David Ian Scott – *Non-executive Director, appointed 29 June 2004*

At the date of this report the Audit Committee comprised of three Non-executive Directors. The Board believes the Chairman Adam Blackman to be an independent director on the basis that he:

- is Non-executive,
- is not a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company,
- has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment, within the past three years,
- has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided, within the past three years,
- is not a material supplier or customer of the Company other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer,
- has no material contractual relationship with the Company, or another group member other than as a Director of the Company,
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company,
- is free from any interest in any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2004

	Note	Period ended 30 June 2004 $
Revenue from ordinary activities	2	3,238,601
Administration fees		23,441
Management fees		951,789
Directors' fees		23,207
Foreign exchange losses		794,559
Other expenses		99,180
Profit from ordinary activities before income tax expense		1,346,425
Income tax expense relating to ordinary activities	3	139,105
Net profit from ordinary activities after income tax expense		**1,207,320**
Net increase in Asset Revaluation Reserve	15	2,505,217
Total valuation adjustments recognised directly in equity		**2,505,217**
Total changes in equity other than those resulting from transactions with owners as owners		**3,712,537**
Basic and diluted earnings per share (cents per share)	6	**1.02**
Alternate basic and diluted earnings per share (cents per share)	6	0.55

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	Note	30 June 2004 $
ASSETS		
Cash assets	7	130,615,465
Receivables	8	744,611
Other financial assets	9	93,140,876
Deferred tax assets	10	20,948
TOTAL ASSETS		224,521,900
LIABILITIES		
Payables	11	4,004,871
Tax liabilities	12	160,053
Deferred tax liabilities	13	1,073,664
TOTAL LIABILITIES		5,238,588
NET ASSETS		**219,283,312**
EQUITY		
Contributed equity	14	215,570,775
Reserves	15	2,505,217
Retained profits	16	1,207,320
TOTAL EQUITY		**219,283,312**

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

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2004

	Note	Period ended 30 June 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received		2,291,017
Dividends received		305,809
Sundry receipts		25,390
Payments to suppliers		(97,171)
Realised foreign exchange losses		(522,473)
Net cash inflow from operating activities	17	2,002,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased		(86,957,882)
Net cash outflow from investing activities		(86,957,882)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		220,181,190
Payment of share issue costs		(4,610,415)
Net cash inflow from financing activities		215,570,775
Net increase in cash held		130,615,465
Cash at start of period		-
Cash at end of period	7	**130,615,465**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

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 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 Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Financial Period

The financial period comprises the period from date of incorporation on 22 December 2003 to 30 June 2004. However, the Company did not trade until 19 March 2004 on listing on the Australian Stock Exchange and hence the results reflect the trading for the period.

b. Investments

All investments are measured using the fair value basis. Shares and securities listed on international and Australian stock exchanges are valued at market value as quoted less an allowance for realisation costs. Non-listed shares and securities are valued at their estimated market value less an allowance for realisation costs. Investments including shares and securities are valued continuously and, for this reason, cost of sales equals sales revenue when investments are sold. Revaluations are credited directly to the Asset Revaluation Reserve after deducting a provision for potential deferred income tax. When shares, securities and other investments are disposed of, the balance in the Asset Revaluation Reserve relating to the disposed share, security or other investment is transferred to the Capital Profits Reserve.

c. Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Australian currency at the rates of exchange ruling on the date of the transaction. All realised exchange gains and losses are taken to account in the period in which they arise.

Foreign currency monetary assets and liabilities existing at balance date are revalued at the rates of exchange ruling at balance date. The resulting unrealised exchange differences are brought to account in determining the Profit or Loss for the period.

d. Derivatives

The Company utilises short term forward contracts to manage its risk associated with movements in foreign exchange rates. Realised and unrealised gains or losses are brought into account in determining the profit or loss for the period.

e. Revenue recognition

Dividends and distributions are brought to account on the date that the shares or units are traded "ex-dividend". Interest income is brought to account on an accruals basis.

f. Income Tax

The Company 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.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

f. Income Tax *continued*

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

g. 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.

h. 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 expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

i. Adoption of Australian equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of Australian Equivalent International Financial Reporting Standards (AEIFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The Company's management, in consultation with its auditors, is assessing the significance of these changes and preparing for their implementation. The Audit Committee of the Company has been tasked to oversee and manage the Company's transition to AEIFRS. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The Directors are of the opinion that the key differences in the Company's accounting policies which will arise from the adoption of AEIFRS are:

Impairment of assets

The Company currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. In terms of pending AASB 136 Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Income tax

Currently, the Company adopts the liability method of tax-effect accounting whereby the income tax expense is 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. Under the Australian equivalent to AASB 112, the Company will be 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. On adoption of AASB 112 a deferred tax asset will be recognised in relation to tax deductions available in future periods for the transactions costs relating to the issue of the Company's shares. Refer to Note 3. for the current future income tax benefit not brought forward to account.

Accounts payable

These represent liabilities for goods or services provided to the Company which were unpaid at the end of the period. The amounts were uninsured and are unusually settled within supplier terms.

Classifications of financial instruments

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

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i. Adoption of Australian equivalents to International Financial Reporting Standards *continued*

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 will result in a change to the current accounting policy, which does not classify financial instruments. Current measurement is at market value less an allowance for realisation costs, with derivative financial instruments recognised on the Balance Sheet and continuous revaluations are credited to the Asset Revaluation Reserve after deducting a provision for potential deferred tax. The future financial effect of this change in net fair value in accounting policy is not yet known, as the classification and measurement process has not yet been fully completed.

	Period ended 30 June 2004 $

2: REVENUE FROM ORDINARY ACTIVITIES

Interest received	2,899,824
Dividends received	313,387
Other revenue	25,390
	3,238,601

3: INCOME TAX EXPENSE

a) The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax expense provided in the financial report as follows:

Prima facie tax payable on profit from ordinary activities before tax income tax at 30%	403,928
Add tax effect of:	
Foreign withholding tax	11,802
Less tax effect of:	
Transaction costs relating to share issue	(276,625)
Income tax expense relating to ordinary activities	**139,105**

b) Future income tax benefits (FITB) not brought to account, the benefits of which will only be realised if the conditions for deductibility set out on Note 1i.) occur -

Excluded from the above figures for FITB not brought into account is $1,106,500 which represents the tax deductions available in future periods in relation to the transaction costs of the share issue, which are deductible over 5 years. This amount does not meet the definition of a future income tax benefit, as it does not result from timing differences or tax losses under AASB 1020: Income Taxes.

	Period ended 30 June 2004 $

4: AUDITOR'S REMUNERATION

Remuneration of the auditor of the Company for:	
Audit of the financial report	25,000
Other assurance services	3,620
Other tax services	5,600
Preparation of independent accountants report and independent taxation reports for inclusion in the Prospectus	25,975
	60,195

5: MANAGEMENT EXPENSE RATIO (MER)

The MER is a measure of the additional expense incurred by shareholders as a result of investing in the Company. The majority of these expenses comprise fees paid to the investment manager and the custodian. Expenses that would otherwise be incurred by a direct investor, such as transaction costs, brokerage, government taxes and charges on purchases and sales, are excluded.

The MER of the Company calculated in accordance with the Investment and Financial Services Association (IFSA) Standard No. 4.00, is shown in the following table. The table combines the expenses incurred directly by the Company and those incurred indirectly through investments in other managed investment schemes.

MER related expenses incurred by the Company	**2004 $**	**2004* %**
Including performance fees	1,068,361	1.42
Excluding performance fees	1,068,361	1.42

**annualised percentage*

	Period ended 30 June 2004 $
6: EARNINGS PER SHARE (EPS)	
Earnings used in the calculation of both basic and dilutive EPS	1,207,320
EARNINGS PER SHARE	
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	118,709,799
Effect of dilutive share options	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period used in calculation of dilutive EPS	**118,709,799**
Weighted average number of potential ordinary shares outstanding during the period treated as non dilutive in calculation of basic EPS	13,147,649
ALTERNATE EARNINGS PER SHARE	
Weighted average number of ordinary shares outstanding during the period used in calculation of alternate basic EPS	220,131,764
	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period used in calculation of alternate dilutive EPS	**220,131,764**
Weighted average number of potential ordinary shares outstanding during the period treated as non dilutive in calculation of alternate basic EPS	13,147,649

The Company considers the alternative method of calculating EPS more meaningful as the EPS calculated from the date of incorporation, 22 December 2003, as required by AASB 1027: Earnings Per Share is distorted significantly by the time period before the Company issued 220,000,000 shares, listed on the ASX and started trading on 19 March 2004. Hence the alternate EPS calculation uses the period from 19 March 2004 (rather than 22 December 2003) to 30 June 2004 in calculating the weighted average number of ordinary shares.

	30 June 2004
7: CASH	
Cash at bank	130,615,465
	130,615,465
8: RECEIVABLES	
Dividends accrued	58,311
Interest accrued	608,358
GST receivable	77,493
Other	449
	744,611

	30 June 2004 $

9: OTHER FINANCIAL ASSETS

Securities at fair value	93,140,876
	93,140,876

Details of the Company's top 10 investments are as follows:

Name of entity	Principal activities	Carrying value $	Ownership %
Noritz	water heater manufacturer	8,458,283	0.72
Brambles Industries	logistics	7,200,000	0.12
Woolworths Group plc	retailing	7,093,744	0.42
MCI	communications	7,015,873	0.11
Elisa Corporation	communications	6,743,738	0.25
Aioi Insurance	non life insurance	6,103,864	0.13
Ridley Corporation	stockfeed and salt	6,042,561	1.77
Steel Partners	Japanese fund	5,720,006	0.00
Feltex Carpets	carpet	4,766,194	2.07
Industria Macchine Automatiche	packaging machinery	4,548,860	0.65

10: DEFERRED TAX ASSETS

Future income tax benefit – timing differences	20,948
	20,948

11: PAYABLES

Amounts owing on investments purchased	2,876,197
Other payables	69,828
Payable to director related entity:	
Manager's account	1,046,968
Payable to other Director related entities	11,878
	4,004,871

12: TAX LIABILITIES

Income tax payable	160,053
	160,053

	30 June 2004 $

13: DEFERRED TAX LIABILITIES

Provision for deferred income tax	1,073,664
	1,073,664

14: CONTRIBUTED EQUITY

220,181,191 fully paid ordinary shares	215,570,775
Issued Ordinary Shares on incorporation	1
Shares issued on 19 March 2004	220,000,000
Options exercised	181,190
Transaction costs relating to share issues	(4,610,416)
Total contributed equity at reporting date	**215,570,775**

	No.
Issued Ordinary Shares on incorporation	1
Shares issued on 19 March 2004	220,000,000
Options exercised	181,190
Issued Ordinary Shares at reporting date	**220,181,191**

Share Rights

Upon listing of the company, 220,000,000 ordinary shares were issued for $1 each in accordance with the prospectus. Ordinary shares participate in dividends and the proceeds on winding up the Company in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Options

Upon listing of the Company, shareholders received one tradeable option for each share purchased. These options are exercisable between 19 March 2004 and 30 April 2007 for $1 for one ordinary share in the Company. These shares have the same rights attached as the existing ordinary shares. During the period 181,190 options were exercised for 181,190 ordinary shares. At 30 June 2004 219,818,810 options remained outstanding.

15: RESERVES

Asset Revaluation Reserve	
Movements during the period:	
Opening balance	-
Revaluation increment on investments	2,505,217
Closing balance	**2,505,217**

	Period ended 30 June 2004 $

16: RETAINED PROFITS

Opening balance	-
Movement during period	1,207,320
Closing balance	**1,207,320**

17: CASH FLOW INFORMATION

Net profit from ordinary activities after income tax	1,207,320
Unrealised changes in market value	272,085
Changes in assets and liabilities:	
Increase in assets	(765,556)
Increase in liabilities	1,288,723
Net cash provided by operating activities	**2,002,572**

18: FINANCIAL INSTRUMENTS

a) Interest Rate Risk

The Company'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 0 to 1 Years $	Non-Interest Bearing $	Total $
Financial Assets:				
Cash	5.29	130,615,465	-	130,615,465
Other receivables	-	-	744,611	744,611
Investments	-	-	93,140,876	93,140,876
Total Financial Assets	**-**	**130,615,465**	**93,885,487**	**224,500,952**
Financial Assets:				
Payables	-	-	4,007,871	4,007,871
Total Financial Liabilities	**-**	**-**	**4,007,871**	**4,007,871**

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 Company minimises concentrations of credit risk by undertaking transactions with a number of customers and counter parties on recognised and reputable exchanges. The Company is not materially exposed to any individual counter party or individual security.

18: FINANCIAL INSTRUMENTS *continued*

c) Net Fair Value of Financial Assets and Liabilities

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 Company believes the diminution to be temporary.

d) Market Risk

The Company is exposed, particularly through its equity portfolio, to market risks influencing investment valuations. These market risks include Australian and international economic factors and also relate to changes in taxation policy, monetary policy, interest rates and statutory requirements.

In general, market risks are minimised through the selection of high quality counter-parties, brokers and financial institutions.

e) Foreign Exchange Risk

With approximately 72% of the Company's assets held in foreign stocks there is a risk associated with movements in foreign exchange. The Company has adopted a policy to hedge against exchange rate movements through short term forward contracts. This has resulted in an unrealised loss of $272,085 in the period to 30 June 2004. The Company's exposure to foreign currency is as follows:

30 June 2004	British Pounds AUD $	Australian Dollars AUD $	US Dollars AUD $	Korean Won AUD $	Japanese Yen AUD $	NZ Dollars AUD $	European Euros AUD $
Gross investment amounts denominated in foreign currency	12,416,661	23,774,986	7,015,873	6,400,558	20,282,153	4,766,194	19,037,610
Amount effectively hedged	-	-	-	-	(7,075,163)	-	-
Net exposure to foreign currency	**12,416,661**	**23,774,986**	**7,015,873**	**6,400,558**	**13,206,990**	**4,766,194**	**19,037,610**

f) Derivative Financial Instruments

A derivative is a financial contract the value of which depends on or is derived from the value of underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Company's portfolio management. In particular the Company utilises short term forward contracts to manage its risk associated with movements in foreign exchange rates.

19: DIRECTORS' REMUNERATION

The names and positions of the Directors of the Company who held office during the year are as follows:

Directors

Peter James MacDonald Hall *(Executive Chairman)*

David Ian Scott *(Non-executive Director)*

David Barclay Buckland *(Executive Director)*

Jack Theseus Lowenstein *(Executive Director)*

Adam Paul Blackman *(Non-executive Director)*

Alex Koroknay *(Non-executive Director)*

Executive Directors and Specified Executives of Hunter Hall Global Value Limited are also Directors or Executives of Hunter Hall International Limited, and their services to Hunter Hall Global Value Limited form part of an investment management agreement for the provision of certain services by Hunter Hall International Limited and its controlled entities to Hunter Hall Global Value Limited. The Company is not an employer and hence does not meet the definition of Specified Executives. Directors are not paid directly from Hunter Hall Global Value Limited and hence no remuneration disclosures are included. Full remuneration disclosures of these Directors and Specified Executives are included in the financial report of Hunter Hall International Limited.

The information below relates to the remuneration paid to the Non-executive Directors of the Company:

	Primary Remuneration			
	Salary $	Director's Fees $	Superannuation Contributions $	Total $
2004				
Non Exec. Directors				
Mr D I Scott	5,462	-	492	**5,954**
Mr A P Blackman	-	10,000	-	**10,000**
Mr A Koroknay	-	10,000	-	**10,000**

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

a) Directors and their related entities acquired 10,000 ordinary shares and 10,000 options in the Company on the same terms and conditions available to other Shareholders.

20: 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.

Director related entities:

a) Hunter Hall International Ltd	
Expense reimbursements paid in relation to cost associated with listing the Company on the ASX	(390,397)
Expense reimbursements paid in relation to cost incurred on behalf of the Company	(168,692)
b) Hunter Hall Investment Management Ltd	
Management fees paid and payable pursuant to investment management services provided by Hunter Hall Investment Management Ltd to the Company	(951,789)
c) Bennelong Administration Services Pty Ltd	
Administration fees paid and payable pursuant to administration services provided by Bennelong Administration Services Pty Ltd to the Company	(23,441)
d) Rushcutter Investments Pty Ltd	
Purchase during the period of 8,992,127 options in the Company which were held at 30 June 2004	1,002,881
e) Other Director related entities:	
Agreement with Nash O'Neil Tomko - Lawyers (related party of Alex Koroknay) for consultancy services	(23,127)

21: STATEMENT OF OPERATIONS BY SEGMENTS

The Company operates in one business segment, being security investment. The Company operates from Australia only and therefore has only one geographical segment. However, the Company has investment exposures in different countries which are shown below. The Company invests in securities listed or to be listed on the foreign stock exchanges, unlisted securities and overseas fixed interest securities. As at 30 June 2004 31.0% of the Company assets were held in foreign stocks. Details of the geographical exposures are as follows:

	Revenue $	Unrealised Gains $	Market Value $	Portfolio Share %
Investments listed in:				
Australia	1,466	635,248	23,703,661	10.6
Great Britain	-	600,341	12,379,411	5.5
United States of America	-	245,741	6,994,825	3.1
Japan	122,908	334,694	20,221,306	9.0
Korea	-	127,499	6,381,356	2.9
Europe	190,479	505,748	18,980,498	8.5
New Zealand	23,924	55,945	4,751,895	2.1
Foreign Exchange Hedge Contracts	-	-	(272,076)	(0.1)
Sub Total	**338,777**	**2,505,216**	**93,140,876**	**41.6**
Cash	2,899,824	-	130,615,465	58.4
Total	**3,238,601**	**2,505,216**	**223,756,341**	**100.0**

22: SUBSEQUENT EVENTS

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

23: 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 31 are in accordance with the Corporations Act 2001, including:

   a. complying with Accounting Standards and the Corporations Regulations 2001; and

   b. giving a true and fair view of the financial position as at 30 June 2004 and performance for the period ended on that date of the Company;

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.

Jack Theseus Lowenstein

Director

Sydney

28 September 2004

Chartered Accountants
Business Advisers and Consultants

Grant Thornton

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF HUNTER HALL GLOBAL VALUE 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 Hunter Hall Global Value Limited (the Company) for the period ended 30 June 2004.

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 financial position, and of its performance as represented by the results of its 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.

Level 17, 383 Kent Street
Sydney NSW 2000
PO Locked Bag Q800
QVB Post Office
Sydney NSW 1230
T +61 2 8297 2400
F +61 2 9299 4445
E info@gtnsw.com.au
W www.grantthornton.com.au

Grant Thornton NSW
A New South Wales Partnership
ABN 25 034 787 757

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF HUNTER HALL GLOVAL VALUE 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 Global Value Limited is in accordance with:

(a) the Corporations Act 2001, including:

 (i) giving a true and fair view of the Company's financial position as at 30 June 2004 and of its performance for the period 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

GRANT THORNTON NSW

Chartered Accountants

M A ADAM-SMITH

Partner

Sydney

28 September 2004

SHAREHOLDER INFORMATION

As at 31 August 2004 there were 10,914 ordinary Shareholders and 9,447 Option holders.

DISTRIBUTION OF SHAREHOLDERS

Category (size of Holding)	Number of ordinary shares
1 – 1,000	47,344
1,001 – 5,000	13,027,188
5,001 – 10,000	29,160,725
10,001 – 100,000	116,200,577
100,001 and over	61,758,356
TOTAL	220,194,190

The number of Shareholders holding less than a marketable parcel is 6.

DISTRIBUTION OF OPTION HOLDERS

Category (size of Holding)	Number of options
1 – 1,000	3,000
1,001 – 5,000	11,954,939
5,001 – 10,000	26,142,647
10,001 – 100,000	107,516,499
100,001 and over	74,188,725
TOTAL	219,805,810

The number of Option holders holding less than a marketable parcel is 1,329.

SUBSTANTIAL SHAREHOLDERS

The names of the substantial Shareholders listed in the Company's register as at 31 August 2004 are:

Shareholder	Number of ordinary shares	% of total issued ordinary capital
FORBAR CUSTODIANS LIMITED <FORSYTH BARR LTD-NOMINEE A/C>	14,421,860	6.55

20 LARGEST SHAREHOLDERS – ORDINARY SHARES AS AT 31 AUGUST 2004

Name	Number of ordinary shares	% of total issued ordinary capital
1. FORBAR CUSTODIANS LIMITED <FORSYTH BARR LTD-NOMINEE A/C>	14,421,860	6.55
2. TOWER TRUST LIMITED	4,966,678	2.26
3. PERMANENT NOMINEES (AUST) LIMITED <FS A/C>	4,900,000	2.23
4. PERMANENT TRUSTEE AUSTRALIA LIMITED <993 A/C>	3,136,402	1.42
5. CROWNACE PTY LTD	2,000,000	0.91
6. UBS PRIVATE CLIENTS AUSTRALIA NOMINEES PTY LTD	1,841,500	0.84
7. FORTIS CLEARING NOMINEES P/L <SETTLEMENT A/C>	1,015,000	0.46
8. TREE POT PTY LTD <TREE POT A/C>	1,000,000	0.45
9. MS THELMA JOAN MARTIN-WEBER	1,000,000	0.45
10. LEONARD FAMILY COMPANY PTY LTD <LEONARD FAMILY NO 1 A/C>	900,000	0.41
11. PERMANENT TRUSTEE COMPANY LIMITED <SMF0128 A/C>	549,537	0.25
12. MR JAMES REGINALD INGLIS & MRS ROSALIND MARY INGLIS	513,330	0.23
13. AFFORDABLE GEOTHERMAL SYSTEMS P/L	500,000	0.23
14. THE COMPANY OF THE SISTERS OF ST JOSEPH OF THE SACRED HEART	500,000	0.23
15. E G HOLDINGS PTY LIMITED	500,000	0.23
16. MR ROD MANNING <R & K PROPERTY A/C>	500,000	0.23
17. NICTON ARMSTRONG PTY LTD	500,000	0.23
18. PAN AUSTRALIAN NOMINEES PTY LIMITED	500,000	0.23
19. MR CHRISTOPHER JAMES PIGGOTT & MRS SHIRLEY JANICE PIGGOTT	500,000	0.23
20. MRS DIANA INGRID RITCHIE	500,000	0.23

20 LARGEST OPTION HOLDERS – LISTED OPTIONS AS AT 31 AUGUST 2004

Name	Number of options	% of total issued options
1. FORBAR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	15,255,950	6.94
2. RUSHCUTTER INVESTMENTS PTY LTD	8,235,791	3.75
3. TOWER TRUST LTD	4,246,490	1.93
4. MR MARTIN FRANCIS HOSKING	1,500,000	0.68
5. USB PRIVATE CLIENTS AUSTRALIA NOMINEES PTY LTD	1,315,000	0.60
6. FORTIS CLEARING NOMINEES P/L <SETTLEMENT A/C>	1,015,000	0.46
7. LEONARD FAMILY COMPANY PTY LTD <LEONARD FAMILY NO 1 A/C>	1,000,000	0.45
8. MS THELMA JOAN MARTIN-WEBER	1,000,000	0.45
9. MR CHRISTOPHER JAMES PIGGOTT & MRS SHIRLEY JANICE PIGOTT	800,000	0.36
10. MR DON MCLEOD	700,000	0.32
11. MR JAMES KIM FAI CHIU	660,000	0.30
12. FERNWAYE PTY LTD <FOLIE STAFF SUPER FUND A/C>	591,000	0.27
13. MR GREG PAUL SPURGIN	521,541	0.24
14. AFFORDABLE GEOTHERMAL SYSTEMS P/L	500,000	0.23
15. THE COMPANY OF THE SISTERS OF ST JOSEPH OF THE SACRED HEART	500,000	0.23
16. DONGLEN PTY LIMITED	500,000	0.23
17. E G HOLDINGS PTY LIMITED	500,000	0.23
18. GOWING BROS LIMITED	500,000	0.23
19. MR ROD MANNING <R & K PROPERTY A/C>	500,000	0.23
20. NICTON ARMSTRONG PTY LTD	500,000	0.23

VOTING RIGHTS

Subject to the Company Constitution:

1: At meetings of Shareholders, each Shareholder is entitled to vote in person, by proxy, by attorney or by representative;

2: On a show of hands, each Shareholder present in person, by proxy, by attorney or by representative is entitled to one vote;

3: On a poll, each Shareholder present in person, by proxy, by attorney or by representative is entitled to one vote for every share held by the Shareholder

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

VOTING BY PROXY

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

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

DIVIDEND PAYMENTS

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

1: Cash – a cheque is mailed to the Shareholder's registered address

2: Direct Credit Deposit –the dividend is paid directly to the nominated bank account. Direct credits avoid delay in postal delivery and the possibility of lost cheques and are therefore a preferred option.

3: Dividend Reinvestment Plan (DRP) – the Shareholders can elect that all or part of their dividends be used to apply for fully paid ordinary shares in the Company.

Copies of the Hunter Hall Global Value Limited Dividend Reinvestment Plan and DRP Election forms may be obtained by contacting the Registrar.

PRINCIPAL REGISTERED ADDRESS OF THE COMPANY

The principal registered office is Level 2, 60 Castlereagh Street, Sydney NSW 2000. Telephone +61 2 8224 0300.

REGISTRY

Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney NSW 2000. Investor Enquiries 1300 850 505 (within Australia), +61 3 9615 5970 (outside Australia).

STOCK EXCHANGE LISTING

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

Corporate Directory

PRINCIPAL AND REGISTERED OFFICE

Hunter Hall Global Value Limited
Level 2, 60 Castlereagh Street
SYDNEY NSW 2000
Australia

Telephone +61 2 8224 0300

Facsimile +61 2 8224 0333

Email invest@hunterhall.com.au

Website www.hunterhall.com.au

DIRECTORS

Peter James MacDonald Hall
Executive Chairman

David Barclay Buckland
Executive Director

Jack Theseus Lowenstein
Executive Director

David Ian Scott
Non-executive Director

Adam Paul Blackman
Non-executive Director

Alex Koroknay
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
Australia

HUNTER HALL
GLOBAL VALUE
LIMITED

ACN 107 462 966