

Australia & International Holdings Limited A.C.N. 009 706 414

For announcement to the market

Preliminary Report For the Year Ended 30 June 2008

				\$A,000
Revenue (<i>item 1.1</i>)	down	41.24%	to	457
Profit (loss) for the period (<i>item 1.9</i>)	down	54.87%	to	291
Profit (loss) for the period attributable to members of the parent (<i>item 1.11</i>)	down	56.25%	to	564
Dividends				
Franking rate applicable:		Current period 100%		Previous corresponding period 100%
Final dividend (<i>preliminary final report only</i>)(<i>item 10.13-10.14</i>)				
Amount per <i>security</i>		6 cents per share		5 cents per share
Franked amount per <i>security</i>		6 cents per share		5 cents per share
Interim dividend (<i>Half yearly report only</i>) (<i>item 10.11 –10.12</i>)				
Amount per <i>security</i>		6 cents per share		8 cents per share
Franked amount per <i>security</i>		6 cents per share		8 cents per share
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

Australia & International Holdings Limited
Income Statement
Preliminary Report For the Year Ended 30 June 2008

	Note	Consolidated		Parent entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue	3	456,954	777,638	537,080	283,065
Accountancy and audit fees		(42,950)	(36,125)	(42,950)	(36,125)
Managed portfolio fees		(49,040)	(48,385)	(4,008)	(4,760)
Secretarial expenses		(24,000)	(24,000)	(24,000)	(24,000)
Legal expenses		(13,913)	(13,316)	(11,099)	(12,892)
Stock exchange fees		(17,510)	-	(17,510)	-
Other expenses		(19,011)	(12,050)	(11,649)	(9,631)
Profit before income tax		290,530	643,762	425,864	195,657
Income tax (expense)/benefit	5(a)	(41,383)	(79,384)	(55,650)	(54,354)
Profit for the year		249,147	564,378	370,214	141,303
Profit is attributable to:					
Equity holders of Australia & International Holdings Limited		246,927	564,378	370,214	141,303
Minority interest		2,220	-	-	-
		249,147	564,378	370,214	141,303
		Cents	Cents		
Earnings per share for profit attributable to the ordinary equity holders of the company					
Basic earnings per share	6	14.08	32.75		
Diluted earnings per share	6	14.08	32.75		
Comparison of half-year profits		Consolidated			
		2008	2007		
		\$	\$		
Profit/loss after tax attributable to members reported for the 1st half year		247,172	211,117		
Profit/loss after tax attributable to members reported for the 2nd half year		(245)	353,261		
		246,927	564,378		

The income statement should be read in conjunction with the accompanying notes to the financial statements

Australia & International Holdings Limited
Balance Sheet
Preliminary Report As at 30 June 2008

	Note	Consolidated		Parent entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	7	260,243	328,883	4,907	29,373
Receivables	9(a)	26,630	83,572	463,240	256,252
Current tax benefits	5(c)	-	-	-	-
Other financial assets	8	982,356	1,076,419	-	-
Total Current Assets		1,269,229	1,488,874	468,147	285,625
NON-CURRENT ASSETS					
Receivables	9(b)	-	-	821,385	2,278,380
Other financial assets	10	5,255,798	6,060,222	5,269,944	4,966,131
Deferred tax assets	5(e)	-	-	-	-
Total Non-Current Assets		5,255,798	6,060,222	6,091,329	7,244,511
Total Assets		6,525,027	7,549,096	6,559,476	7,530,136
CURRENT LIABILITIES					
Payables		30,852	67,589	28,184	15,999
Deferred income	11	43,343	31,675	-	-
Current tax liability	5(b)	24,332	50,796	38,965	35,597
Total Current Liabilities		98,527	150,060	67,149	51,596
NON-CURRENT LIABILITIES					
Deferred tax liability	5(d)	317,597	541,087	316,895	540,385
Total Non-Current Liabilities		317,597	541,087	316,895	540,385
Total Liabilities		416,124	691,147	384,044	591,981
Net Assets		6,108,903	6,857,949	6,175,432	6,938,155
EQUITY					
Issued capital	12	4,074,364	3,990,335	4,074,364	3,990,335
Reserves	13(a)	763,008	1,786,457	1,570,399	2,573,991
Retained Profits	13(b)	1,114,710	1,081,157	530,669	373,829
Parent entity interest	14	5,952,082	6,857,949	6,175,432	6,938,155
Minority interest	15	156,821	-	-	-
Total equity		6,108,903	6,857,949	6,175,432	6,938,155
Net Tangible Assets Per Share					
		Cents	Cents		
		362.97	423.15		

The balance sheet should be read in conjunction with the accompanying notes to the financial statements

Australia & International Holdings Limited
Statement of Cash Flows
Preliminary Report For the Year Ended 30 June 2008

	Note	Consolidated		Parent entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash flows from operating activities					
Dividends received		196,815	202,833	20,331	20,359
Interest received		17,420	20,204	558	1,443
Trust distributions received		32,378	21,554	-	-
Realised foreign exchange movements		25,030	-	-	-
Income taxes (paid)/refunded		(66,651)	(34,870)	(51,096)	(5,654)
Other expenses paid/income received		(70,579)	(63,129)	(99,041)	(81,682)
Net cash provided by (used in) operating activities	19	<u>134,413</u>	<u>146,592</u>	<u>(129,248)</u>	<u>(65,534)</u>
Cash flows from investing activities					
Proceeds from sale of investments		4,202,394	2,280,700	2,215	14,551
Purchases of investments		(4,547,134)	(2,263,525)	(2,154)	(1,889)
Net cash provided by (used in) investing activities		<u>(344,740)</u>	<u>17,175</u>	<u>61</u>	<u>12,662</u>
Cash flows from financing activities					
Share application monies received		1,844,563	211,143	84,029	211,142
Loans (to)/from controlled entities		(1,481,214)	-	235,751	71,180
Dividends paid	17	(213,374)	(225,634)	(213,374)	(225,634)
Net cash provided by (used in) financing activities		<u>149,975</u>	<u>(14,492)</u>	<u>106,406</u>	<u>56,688</u>
Net (decrease)/increase in cash held		(60,352)	149,275	(22,781)	3,816
Cash at beginning of financial year		328,883	187,293	29,374	26,011
Effects of exchange rate fluctuations on the balances held in foreign currencies		(8,288)	(7,685)	(1,686)	(454)
Cash at end of financial year	7	<u>260,243</u>	<u>328,883</u>	<u>4,907</u>	<u>29,374</u>

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial statements

Australia & International Holdings Limited
Statement of Changes in Equity
Preliminary Report For the Year Ended 30 June 2008

	Share Capital	Capital Profit Reserve	Asset Revaluation Reserve	Retained Profits	Total
	\$	\$	\$	\$	\$
Parent:					
As at 1st July 2006	3,779,193	-	1,848,036	458,178	6,085,407
Issue of shares	211,142	-	-	-	211,142
Profit attributable to members	-	-	-	141,303	141,303
Dividends paid or provided	-	-	-	(225,652)	(225,652)
Movement in asset revaluation reserve	-	-	725,955	-	725,955
As at 30th June 2007	3,990,335	-	2,573,991	373,829	6,938,155
Issue of shares	84,029	-	-	-	84,029
Profit attributable to members	-	-	-	370,214	370,214
Dividends paid or provided	-	-	-	(213,374)	(213,374)
Movement in asset revaluation reserve	-	-	(1,003,592)	-	(1,003,592)
As at 30th June 2008	4,074,364	-	1,570,399	530,669	6,175,432
Consolidated:					
As at 1st July 2006	3,779,193	-	1,320,593	742,431	5,842,217
Issue of shares	211,142	-	-	-	211,142
Profit attributable to members	-	-	-	564,378	564,378
Dividends paid or provided	-	-	-	(225,652)	(225,652)
Movement in asset revaluation reserve	-	-	465,864	-	465,864
As at 30th June 2007	3,990,335	-	1,786,457	1,081,157	6,857,949
Issue of shares	84,029	-	-	-	84,029
Issue of units	166,464	-	-	-	166,464
Profit attributable to members	-	-	-	249,147	249,147
Dividends paid or provided	-	-	-	(213,374)	(213,374)
Distributions declared	-	-	-	(2,220)	(2,220)
Movement in asset revaluation reserve	-	-	(1,033,092)	-	(1,033,092)
As at 30th June 2008	4,240,828	-	753,365	1,114,710	6,108,903
Equity is attributable to					
Equity holders of Australia & International Holdings Limited	4,074,364	-	763,008	1,114,710	5,952,082
Minority interest	166,464	-	(9,643)	-	156,821
	4,240,828	-	753,365	1,114,710	6,108,903

The above statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements

Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Australia & International Holdings Ltd comply with International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure* and AASB 124 *Related Party Disclosures*.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of non-current assets.

The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(b) Principles of Consolidation

The consolidated financial statements of the economic entity include the financial statements of the Company, being the parent entity, and its controlled entities ("the consolidated entity").

Where the entity began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances and effects of transactions between controlled entities included in the consolidated financial statements have been eliminated.

Minority interests in the results and equity of controlled entities are shown separately in the consolidated income statement and balance sheet respectively.

Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(c) Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured.

Revenue from passive dividends and trust income is recognised as it is received.

Revenue from interest and other income is recognised as it is accrued.

Revenue from investments in shares held on trading account (at fair value through profit and loss) is recognised as fair value adjustments, being the increase / (decrease) in the fair value at balance date.

Revenue from sale of investments is recognised from the date of contract and is the difference between the sale price less selling costs and the cost of purchase or if revalued, the revalued amount.

(d) Foreign Currency

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the profit and loss account in the financial year in which the exchange rates change.

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

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.

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 economic 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.

(f) Investments

Securities

All interests in listed securities are shown in the Company's accounts at net market value. The basis of determining net market value of quoted investments is at market value as quoted on the relevant stock exchange less an allowance for realisation costs. Unquoted investments are valued at the lower of cost or their estimated market value less an allowance for realisation costs.

Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) Investments (Cont'd)

Controlled Entities

The Company's investments in Burrell Australian Equities Trust & Burrell World Equities Trust and interests in listed securities are shown in the Company's accounts at net market value. The basis of determining net market value of quoted investments is at market value as quoted on the relevant stock exchanges less an allowance for realisation costs. Unquoted investments are valued at the lower of cost or their estimated market value less an allowance for realisation costs.

The investment of Burrell Australian Equities Trust and Burrell World Equities Trust in its controlled entity, Australian Index Fund Pty Ltd is at cost, but on consolidation the investments owned are shown at net market value as the principal activity of the subsidiary consists of share trading and overweight investment positions. Unrealised changes in the net market value of these investments are brought to account in determining the profit or loss for the year.

Revaluation of Investments in and out of Controlled Entities

Revaluation increments arising from revaluations are credited directly to the Asset Revaluation Reserve after deducting a provision for potential deferred capital gains tax liability, if applicable.

Where there is a revaluation decrement this will be credited to the Profit & loss unless reversing an increment.

(g) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or consolidated entity, at balance date.

(h) Derivatives

The consolidated entity used equity options in the management of its investment portfolio.

The premium received on options contracts that are unexpired and open at balance date have initially been brought to account as deferred income and subsequently revalued at theoretical value. Increments or decrements are recognised in the Income Statement.

(i) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

(j). 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.

Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j). Financial Instruments (Cont'd)

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.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group 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.

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 entity assesses 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 impairment has arisen. Impairment losses are recognised in the income statement.

NOTE 2: SEGMENT INFORMATION

Business segments

The consolidated entity is organised into the following divisions by investment portfolio type.

Australian long term shares

This portfolio is made up of blue chip quality shares in the ASX All Ordinaries Index.

Overseas long term shares

Long term shareholdings in stocks traded on stock exchanges with similar corporate governance regimes as Australia. This portfolio is primarily made up of shares in companies operating in the USA, UK and Europe.

Share trading portfolio

Comprises trading positions, including new floats where the long term investment criteria are not met and some overweight positions.

Geographical segments

The economic entity operated predominantly in Australian and overseas markets as described above. Directors are of the opinion that the disclosures required of the secondary geographical segment are adequately covered by business segment reporting.

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 2: SEGMENT INFORMATION CONTINUED

Primary reporting – business segments

2008	Australian Long-Term Shares \$	Overseas Long-Term Shares \$	Share Trading Portfolio \$	Inter-Segment Allocations/ Eliminations \$	Consolidated \$
Dividend income	153,257	35,524	8,034	-	196,815
Interest income	7,038	5,019	5,363	-	17,420
Trust income	26,026	3,946	2,406	-	32,378
Other income	90	-	24,198	-	24,288
Realised foreign exchange movements	-	25,030	-	-	25,030
Unrealised foreign exchange movements	-	(8,288)	-	-	(8,288)
Fair value movement in financial assets	-	-	(244,237)	-	(244,237)
Profit on trading in options	-	-	(14,502)	-	(14,502)
Gain on sale of investments	264,591	(61,258)	224,717	-	428,050
Total segment revenue	451,002	(27)	5,979	-	456,954
Segment result	450,816	(2,426)	565	-	448,955
Unallocated expenses					(158,425)
Profit from ordinary activities before income tax expense					290,531
Income tax (expense)/benefit					(41,941)
Profit from ordinary activities after income tax expense					248,590
Segment assets	3,978,713	1,564,982	981,332	-	6,525,027
Unallocated assets					4,258
Total assets					6,529,285
Segment liabilities	-	(1,861)	(43,343)	-	(45,204)
Unallocated liabilities					(379,348)
Total liabilities					(424,552)
Net cash inflow from operating activities	421,979	67,120	15,802	(230,488)	274,413

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 2: SEGMENT INFORMATION (Cont'd)

Primary reporting – business segments

2007	Australian Long-Term Shares \$	Overseas Long-Term Shares \$	Share Trading Portfolio \$	Inter-Segment Allocations/ Eliminations \$	Consolidated \$
Dividend income	162,075	29,696	11,062	-	202,833
Interest income	12,802	1,628	5,774	-	20,204
Trust income	19,480	-	2,074	-	21,554
Other income	192	-	37,682	-	37,874
Unrealised foreign exchange movements	-	(7,685)	-	-	(7,685)
Fair value movement in financial assets	-	-	154,944	-	154,944
Profit on trading in options	-	-	(52,340)	-	(52,340)
Gain on sale of investments	212,359	29,077	158,818	-	400,254
Total segment revenue	406,908	52,716	318,014	-	777,638
Segment result	406,844	50,891	311,556	-	769,291
Unallocated expenses					(125,529)
Profit from ordinary activities before income tax expense					643,762
Income tax (expense)/benefit					(79,384)
Profit from ordinary activities after income tax expense					564,378
Segment assets	5,181,634	1,449,022	918,440	-	7,549,096
Unallocated assets					1,835
Total assets					7,550,931
Segment liabilities	-	(51,604)	(31,675)	-	(83,279)
Unallocated liabilities					(609,702)
Total liabilities					(692,981)
Net cash inflow from operating activities	265,040	29,498	18,910	(166,856)	146,592

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 3: REVENUE

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating activities				
Net gain on sale of investments	413,548	347,914	51,303	5,734
Dividend income	196,815	202,833	20,331	20,359
Interest	17,420	20,204	558	1,443
Trust distributions	32,378	21,554	-	-
Trust distributions - AIT & BWET	-	-	466,574	255,983
Realised foreign exchange movements	25,030	-	-	-
	<u>685,191</u>	<u>592,505</u>	<u>538,766</u>	<u>283,519</u>
Revenue from outside operating activities				
Fair value adjustments on financial assets	(244,237)	154,944	-	-
Unrealised exchange gains	(8,288)	(7,685)	(1,686)	(454)
Other income	24,288	37,874	-	-
	<u>(228,237)</u>	<u>185,133</u>	<u>(1,686)</u>	<u>(454)</u>
Total revenue from ordinary activities	<u>456,954</u>	<u>777,638</u>	<u>537,080</u>	<u>283,065</u>

**NOTE 4: PROFIT FROM ORDINARY
ACTIVITIES BEFORE TAX**

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Expenses				
Foreign exchange losses	-	-	-	-
Auditors remuneration				
Audit fees	22,000	17,175	22,000	17,175
Other services	4,400	14,950	4,400	14,950
	<u>26,400</u>	<u>32,125</u>	<u>26,400</u>	<u>32,125</u>

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 5: TAX

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) The components of tax expense/(benefit) comprise:				
Current tax	60,537	79,248	45,397	54,218
Deferred tax	(2,423)	136	(2,423)	136
Over/Under provision in respect of previous years	(16,731)	-	12,676	-
	41,383	79,384	55,650	54,354
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2007: 30%)	87,159	193,128	85,759	58,697
Add : Tax effect of				
Non-deductible entertainment and fines	451	517	451	517
Non-deductible legal fees	-	2,596	-	2,596
The difference of the trust distribution for tax purposes	(530)	-	-	40,965
Underprovision from previous year		-	12,676	-
	87,080	196,241	98,886	102,775
Less : Tax effect of				
Fair value adjustments on financial assets	21,552	(66,519)	-	-
Imputation credits	(47,783)	(47,352)	(43,879)	(44,896)
Capital profits not subject to income tax	4,499	(97)	4,499	(97)
Restructuring legal costs s40-880	(1,026)	-	(1,026)	-
Over-provision from previous year	(16,731)	-	-	-
Other	(5,508)	(2,889)	(2,831)	(3,428)
Income tax expense	42,082	79,384	55,650	54,354
Income tax expense is attributable to:				
Equity holders of Australia & International Holdings Limited	41,383	79,384	55,650	54,354
Minority interest	699	-	-	-
	42,082	79,384	55,650	54,354

The weighted average effective tax rates are as follows: **14.4%** **12.3%** **13.1%** **27.8%**

There has been no significant change in the tax rate for the consolidated entity. The change in the effective tax rate for the parent entity is due to significant capital profits and imputation credits in the current financial year.

Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 5: TAX continued

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(c) Current tax liabilities				
Movements during the year:				
Balance at the beginning of the year	50,796	6,146	35,597	(13,239)
Income tax (paid)/refunded	(67,783)	(34,548)	(52,281)	(5,509)
Adjustment to previous tax expense	-	(186)	-	(9)
Current year's income tax expense/(recovery) on operating profit	42,082	79,384	55,650	54,354
	<u>25,094</u>	<u>50,796</u>	<u>38,965</u>	<u>35,597</u>

Current year's Income tax expense is attributable to:

Equity holders of Australia & International Holdings Limited

Minority interest

	24,332	50,796	38,965	35,597
	762	-	-	-
	<u>25,094</u>	<u>50,796</u>	<u>38,965</u>	<u>35,597</u>

(d) Deferred tax liabilities

Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% on:

Unrealised foreign exchange gains

Unrealised capital gains

Total Deferred Tax Liabilities

	-	-	-	-
	317,597	541,087	316,895	540,385
	<u>317,597</u>	<u>541,087</u>	<u>316,895</u>	<u>540,385</u>

Reconciliation: Deferred Tax Liabilities

Gross movements

The overall movement in the deferred tax account is as follows

Opening balance

Charged to the income statement

Charged to the financial assets revaluation reserve

Closing balance

	541,087	401,504	540,385	400,803
	-	-	-	-
	(223,490)	139,583	(223,490)	139,582
	<u>317,597</u>	<u>541,087</u>	<u>316,895</u>	<u>540,385</u>

The movement in deferred tax liability for each temporary difference during the year is as follows:

Financial asset revaluations

Opening balance

Charged to the financial asset revaluation reserve

Closing balance

	541,087	401,504	540,385	400,803
	(223,490)	139,583	(223,490)	139,582
	<u>317,597</u>	<u>541,087</u>	<u>316,895</u>	<u>540,385</u>

Unrealised foreign exchange gains

Opening balance

Charged to income statement

Closing balance

	-	-	-	-
	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 5: TAX continued

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(e) Deferred tax assets				
Deferred tax assets comprises the estimated future benefit at the applicable rate of 30% on:				
Business related capital expenditure	-	-	-	-
Total Deferred Tax Assets	-	-	-	-

Reconciliation: Deferred Tax Assets

Gross movements

The overall movement in the deferred tax account is as follows

Business related capital expenditure

Opening balance	-	-	-	-
Charged to the income statement	-	-	-	-
Closing balance	-	-	-	-

NOTE 6: EARNINGS PER SHARE

	Consolidated	
	2008	2007
	Cents	Cents
Basic earnings per share	14.08	32.75
Diluted earnings per share	14.08	32.75
	\$	\$
Earnings used in calculation of both basic and diluted earnings per share	246,927	564,378
	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculation of basic earnings per share	1,754,154	1,723,257
Adjustment for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary shares used in calculation of diluted earnings per share	1,754,154	1,723,257

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank	133,516	195,672	4,907	12,566
Rahn & Bodmer - AUD bank account	5,057	529	-	-
Rahn & Bodmer - USD bank account	850	598	-	-
Rahn & Bodmer - CHF bank account	23	9,156	-	-
Rahn & Bodmer - EUR bank account	637	2,838	-	-
Fortrend - AUD bank account	25,201	27	-	-
Fortrend - USD bank account	16,778	10,494	-	-
Quilter & Co Limited	78,181	109,569	-	16,807
	<u>260,243</u>	<u>328,883</u>	<u>4,907</u>	<u>29,373</u>

NOTE 8: CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Financial assets at fair value through profit and loss				
Quoted investments at fair value (refer Note1(j))	<u>762,356</u>	<u>876,419</u>	<u>-</u>	<u>-</u>
(b) Financial assets available for sale				
Other investments at costs (refer Note1(j))	<u>220,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Total current other financial assets	<u>982,356</u>	<u>1,076,419</u>	<u>-</u>	<u>-</u>

NOTE 9: RECEIVABLES

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Current Receivables				
Distributions receivable - Controlled entities	-	-	462,964	255,983
Debtors	<u>26,630</u>	<u>83,572</u>	<u>276</u>	<u>269</u>
	<u>26,630</u>	<u>83,572</u>	<u>463,240</u>	<u>256,252</u>
(b) Non-Current Receivables				
Loans to controlled entities	<u>-</u>	<u>-</u>	<u>821,385</u>	<u>2,278,380</u>

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 10: NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Financial assets - available for sale				
Shares in other corporations - at fair value (refer Note 1(j))	5,255,798	6,060,222	290,371	542,864
(b) Financial assets - available for sale				
Investments in controlled entities - at fair value (refer Note 1(j))	-	-	4,979,573	4,423,267
Total non-current other financial assets	5,255,798	6,060,222	5,269,944	4,966,131

NOTE 11: DEFERRED INCOME	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Deferred premium on options written	43,343	31,675	-	-

The Company policy is to defer the recognition of revenue on premiums received on options written until the options are exercised or expire.

The Company uses options to earn additional income on the trading portfolio by either:

- (1) writing call option contracts over shares which are currently held with the expectation that the price of the underlying shares will remain relatively stable or increase by a small amount over the option term, or
- (2) writing put option contracts with the expectation that the price of the underlying shares will increase in the near term. These options are written at strike prices where, if the price of the underlying shares happens to fall and the options are exercised, the manager is comfortable with the price paid for the shares.

Options positions are calculated daily and the total exposure is reviewed regularly. Collateral in the form of shares has been lodged with the Australian Clearing House to cover margin calls when they arise.

NOTE 12: ISSUED CAPITAL	Consolidated and Parent		Consolidated and Parent	
	2008	2007	2008	2007
	No. of shares	No. of shares	\$	\$
Parent				
Share capital:				
Ordinary shares - fully paid	1,770,551	1,748,577	4,074,364	3,990,335
Details	Date	No. of shares	Issue Price	\$
Opening balance	1/07/2007	1,748,577		3,990,335
Dividend Reinvestment Plan	20/12/2007	10,577	\$4.17	44,280
Dividend Reinvestment Plan	30/06/2008	11,397	\$3.50	39,749
		1,770,551		4,074,364

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 13: RESERVES AND RETAINED PROFITS

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Reserves				
Asset revaluation reserve	<u>763,008</u>	<u>1,786,457</u>	<u>1,570,399</u>	<u>2,573,991</u>
Movements:				
Asset revaluation reserve				
Opening balance	1,786,457	1,320,593	2,573,991	1,848,036
Revaluation of investments	(1,023,449)	465,864	(1,003,592)	725,955
Closing balance	<u>763,008</u>	<u>1,786,457</u>	<u>1,570,399</u>	<u>2,573,991</u>
(b) Retained profits				
Retained profits at the beginning of the financial year	1,081,157	742,431	373,829	458,178
International Holdings Limited	246,927	564,378	370,214	141,303
Dividends paid or provided for	(213,374)	(225,652)	(213,374)	(225,652)
Retained profits at the end of the financial year	<u>1,114,710</u>	<u>1,081,157</u>	<u>530,669</u>	<u>373,829</u>

NOTE 14: EQUITY

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Retained profits at the beginning of the financial year	6,857,949	5,842,217	6,938,155	6,085,407
Total changes in equity recognised in the income statement incl. asset revaluation reserve	(776,522)	1,030,242	(633,378)	867,258
Transactions with owners as owners:				
Contributions of equity, net of transaction costs	84,029	211,142	84,029	211,142
Dividend paid or provided	(213,374)	(225,652)	(213,374)	(225,652)
Total equity at the end of the financial year	<u>5,952,082</u>	<u>6,857,949</u>	<u>6,175,432</u>	<u>6,938,155</u>

NOTE 15: MINORITY INTEREST

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Interest in:				
Issued capital	166,464	-	-	-
Reserves	(9,643)	-	-	-
Retained profits	-	-	-	-
	<u>156,821</u>	<u>-</u>	<u>-</u>	<u>-</u>

Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 16: CONTROLLED ENTITIES

	Class of Share	Interest Held	
		2008 %	2007 %
Controlled entities:			
Australian Index Fund Pty Ltd	ORD	100	100
Australia & International Holdings (No.2) Pty Ltd	ORD	100	100
Burrell Australian Equities Trust	UNITS	100	100
Burrell World Equities Trust	UNITS	100	100

Both Australian Index Fund Pty Ltd and Australia & International Holdings (No.2) Pty Ltd are Australian controlled entities and are considered small proprietary companies as defined by the Corporations Law and are not required to be audited for statutory purposes.

NOTE 17: DIVIDENDS

	Consolidated	
	2008 \$	2007 \$
Final dividend of 6.0 cents (2007 - 5.0 cents) per fully paid share paid on 20 December 2007 (2007 - 8 December 2007)		
Franked @30% - 6.0 cents per share	107,825	86,789
Interim dividend of 6.0 cents (2007 - 5.0 cents) per fully paid share paid on 30 June 2008 (2007 - 27 June 2007)		
Franked @30% - 6.0 cents per share	105,549	86,789
Special dividend of 0.0 cents (2007 - 3.0 cents) per fully share paid on --- (2007 - 27 June 2007)		
Franked @30%	-	52,074
	213,374	225,652

Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan during the years ended 30th June 2008 and 30th June 2007 were as follows:

Paid in cash	129,345	146,593
Satisfied by issue of shares	84,029	79,059
	213,374	225,652

Dividend franking account:

The franked portion of the final dividends recommended after 30 June 2007 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2008

Franking credits available for subsequent financial years based on a tax rate of 30%	150,768	78,787
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Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 18: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest Rate Risk

The economic entity is exposed to interest rate risk on its cash holdings, which are generally subject to floating interest rates.

The effective weighted average interest rate at balance date is 6.7% (2007: 3.6%).

(b) Foreign Exchange Risk

The economic entity holds some investments and cash denominated in foreign currencies. These assets are not subject to any hedging arrangements. Fluctuations in exchange rates impact on the value of these investments and any movements in the value of investments caused by foreign exchange fluctuations are taken to the profit and loss account as either realised or unrealised gains or losses.

(c) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparts failed to perform as contracted.

The economic entity minimizes credit risk by undertaking transactions with recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

(d) Net Fair Values of Financial Assets and Liabilities

The carrying value of financial assets and liabilities approximates net fair value. The carrying value of listed shares is determined by valuing them at the current market bid price, adjusted for transactions costs necessary to realise the asset.

NOTE 19: RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating profit after tax	249,147	627,515	370,214	185,226
Net (gain)/loss on sale of investments	(428,050)	(400,254)	(51,303)	(5,734)
Net (gain)/loss on option trading and provision	14,502	20,665	-	-
Net exchange differences	8,288	7,685	1,686	454
Changes in operating assets and liabilities:				
(Increase)/decrease in debtors	58,557	27,733	(8)	551
(Increase)/decrease in receivables from controlled entities	-	-	(462,964)	(255,983)
(Increase)/decrease in future income tax benefit	-	(136)	-	(136)
(Decrease)/increase in creditors	1,020	(4)	193	-
(Decrease)/increase in accrued expenses	11,989	5,175	11,989	5,175
(Decrease)/increase in provision for income tax	(22,854)	13,157	3,367	4,913
(Decrease)/increase in provision for deferred income tax	(2,423)	-	(2,423)	-
(Decrease)/increase in provision for diminution	244,237	(154,944)	-	-
Net cash inflow from operating activities	134,413	146,592	(129,248)	(65,534)

Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 20: COMMITMENTS AND CONTINGENT LIABILITIES

There are no outstanding commitments for expenditure and the directors are not aware of any contingent liabilities that are likely to have a material effect on the results of the entity as disclosed in these financial statements.

NOTE 21: NON-CASH FINANCING AND INVESTING ACTIVITIES

There are no financing and investing transactions that do not require the use of cash or cash equivalents.

NOTE 22: RELATED PARTIES

Directors

The names of each person holding the position of director of Australia & International Holdings Limited during the financial year were:

C. T. Burrell	B. C. E. Rowley
R. J. Burrell	N. Summerson*
F. J. Finn	R. Higham**

* Mr Summerson resigned as a director on 31 August 2008

** Mr Higham resigned as a director on 4 March 2008 and continue to hold the shares

Directors holdings of shares:

Director:	2008 No. of shares	2007 No. of shares
Mr C. T. Burrell	135,813	135,813
Mr C. T. Burrell (Non-beneficially)	525,834	514,760
Mr R. J. Burrell	78,169	78,169
Professor F. J. Finn	31,892	30,910
Mr B. C. E. Rowley	30,307	29,805
Mr R. A. Higham	16,500	16,500
Mr N. Summerson	-	-

Transactions of directors and director-related entities concerning shares or share options

Aggregate numbers of shares of Australia & International Holdings Limited acquired or disposed of by the directors of the company and consolidated entity or their director-related entities from the company:

	2008 No.	2007 No.
ACQUISITIONS		
Ordinary shares, including shares issued under the Dividend Reinvestment plan, Rights issue and Share top-up plan.	12,558	13,021
Disposals	Nil	Nil

Transactions relating to dividends, issues of rights and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

Australia & International Holdings Limited

Notes To and Forming Part of the Financial Statements

For the Year Ended 30 June 2008

NOTE 22: RELATED PARTIES (CONT'D)

Other transactions with directors and director-related entities

Mr C. T. Burrell and Mr B. C. E. Rowley are directors of Burrell Stockbroking, stock and sharebrokers. This firm provides stockbroking services to Australia & International Holdings Limited and its subsidiary, Australian Index Fund Pty Ltd. Brokerage paid by the economic entity to Burrell Stockbroking during the year amounted to \$43,581 (2007: \$33,761).

No other remuneration of benefit was received by any director of the economic entity during the financial year.

Wholly-Owned Group

Details of interests in wholly-owned entities are set out in Note 16. Details of dealings with these entities are set out below:

Balances with Entities within the Wholly-Owned Group

	Parent entity	
	2,008	2,007
	\$	\$
Controlled Entity		
Receivables - non-current		
Loan to Australian Index Fund Pty Ltd	164,249	522,249
Loan to Burrell Australian Equities Trust	657,136	1,022,986
Loan to Burrell World Equities Trust	-	733,145
	821,385	2,278,380

No interest was due to the company in relation to these receivables during the year

Trusts

Investments - non-current		
Investment in Burrell Australian Equities Trust	3,042,061	3,968,614
Distribution received or due and receivable by the Company from:		
Burrell Australian Equities Trust	445,301	255,983
Burrell World Equities Trust	17,662	-
	462,964	255,983

NOTE 23: KEY MANAGEMENT PERSONNEL COMPENSATION

No remuneration or other benefits were received by any directors or specified executives of the consolidated entity in either the current or prior financial years.

Australia & International Holdings Limited
Notes To and Forming Part of the Financial Statements
For the Year Ended 30 June 2008

NOTE 24: CORPORATE INFORMATION

Australia & International Holdings Limited is a company limited by shares that is incorporated and domiciled in Australia.

The registered office of Australia & International Holdings Limited is located at:

Level 4, 24 Little Edward St., Spring Hill, Queensland 4000

The principal activities of the company during the year were investing in equity markets.

NOTE 24: EVENTS OCCURRING AFTER BALANCE DATE

Mr Summerson resigned on 31 August 2008.

No other matter or circumstances has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place

Level 5, 24 Little Edward Street, Spring Hill

Date

TBA

Time

TBA

Approximate date the annual report will be available

30 September 2008

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

- ☐ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☒ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The issuer has/does not have* (*delete one*) a formally constituted audit committee.

Sign here: Ian F. Davey
(~~Director~~ Company secretary)

Date: 16th September 2008

Print name: IAN DAVEY