

AIH CHAIRMAN'S ADDRESS

In what was a challenging year, AIH continued its sound performance in 2007/2008.

YEAR'S RESULTS

The total return for the year resulted in a fall of 8.93% after taking to account both the dividends and the decrease in net assets.

The Net Tangible Assets at 30 June stood at \$3.45 (after dividend payments). This compares with \$3.92 at the prior year end.

Dividends of 12 cents per share were paid during the year.

PERFORMANCE

It is important to assess AIH as a long-term investor. It is the company's objective to provide shareholders with secure returns through a balance of capital and dividend growth from a diversified Australian and International investment portfolio. Therefore the company's performance is best measured over the longer term to match these objectives.

The negative result AIH achieved during 2007/2008 while disappointing in itself, represented a significant out-performance against comparable indices. The average return from an equivalent 75% Australian/25% International portfolio was negative 14.75%. An out-performance of 5.82% during the year is very pleasing particularly given generally difficult market conditions.

OUTLOOK AND PROSPECTS

The conditions currently being experienced in financial and stock markets around the world are unprecedented. Coming as they do from a fundamental breakdown in many areas of financial markets, it is difficult to predict the duration of the problems and the resultant lack of confidence by many sectors of financial markets including investors.

Most economic commentators believe that while the Australian economy will slow over the next year, recession is unlikely with growth of around two percent most probable. The national income effect of our exports especially iron ore and coal, the decline in the Australian dollar, recent reductions in official interest rates and the \$10.2 Billion fiscal stimulus are all positives. Australia is also well placed given that we came into this difficult period with a surplus of over \$20 Billion (2% GDP) and with official interest rates high relative to other leading economies giving Australia more options to stave off a major slowdown than most.

Markets tend to anticipate growth before economic conditions improve. While we are now experiencing a significant downturn, patient investors with a long-term view can find opportunities in quality investments at these times. For this reason, we believe that your company is well placed to benefit from recovery when it occurs.

I now invite Chris Burrell as representative of our Manager to present his report.