

FORM: Half-yearly financial report

Name of *issuer*

Australia & International Holdings Limited

ACN or ARBN

009 706 414

Half yearly
(tick)

✓

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

31 December 2008

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

Extracts from this statement for announcement to the market (see note 1).				
		\$A		\$A
Revenue (item 1.1)	down	705,597	to	(356,370)
Profit (loss) for the period (item 1.9)	down	610,642	to	(363,470)
Profit (loss) for the period attributable to members of the parent (item 1.11)	down	610,642	to	(363,470)
Dividends		Current period	Previous corresponding period	
Franking rate applicable:		30%	30%	
Interim dividend (Half yearly report only) (item 10.11 – 10.12)		The directors had made no proposal or declared in respect of the 6 months ended 31 December 2008.		6 cents
Amount per security				
Franked amount per security				
				100%
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

NTA Backing

2.1

	Current period	Previous corresponding period
Net tangible asset backing per ordinary <i>security</i>	263.54 cents	425.85 cents

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

NIL

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does 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:
- | | |
|---|--|
| <input type="checkbox"/> The financial statements have been audited. | <input checked="" type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> 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:


(Director/Company Secretary)

Date: 13 March 2009

Print name: Ian F. Davey

AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED

A C N 009 706 414

Interim Financial Report

**For the Half-Year Ended
31 December 2008**

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

INCOME STATEMENT

BALANCE SHEET

STATEMENT OF CASH FLOW

STATEMENT OF CHANGES IN EQUITY

NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS' DECLARATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

CORPORATE DIRECTORY

DIRECTORS' REPORT

Your directors present their report together with the consolidated financial report of the economic entity comprising Australia & International Holdings Limited ("the Company") and its controlled entities, for the half-year ended 31 December 2008 and the auditors' report thereon.

Directors

The names of the directors in office at any time during or since the half financial year are:

Bernard C. E. Rowley – *Chairman of Directors*

Christopher T. Burrell

Roger J. Burrell

Frank J. Finn

Neil Summerson – Resigned on 31 August 2008

Company Secretary

Ian F. Davey

Company Operations and Results

Overview

The Company provides investors with a medium to long-term investment vehicle with exposure to Australian and overseas listed equity investments. The primary objective is to provide returns from dividends and capital growth.

Performance Outcomes

The value of the Company's portfolio was down by 23% for the half-year ended 31 December 2008. The net asset value per share was \$2.63, (June 2008: \$3.45). The final dividend for the year ended 30 June 2008 was 4 cents per share.

For comparative purposes we look at a theoretical portfolio comprising:

1. A benchmark 25% overseas allocation, valued back to Australian dollars, and
2. A 75% domestic allocation.

The overseas benchmark can be found in the "MSCI" World (excluding Australia) Accumulation Index in local currency. For the half-year ended 31 December 2008, MSCI performance declined by 10%. For the domestic benchmark, we use the All Ordinaries Accumulation Index, which fell by 30%

Therefore, a return on our theoretical portfolio for the half-year ended 31 December 2008 is calculated as:

$$\begin{aligned} & (\text{Aust. asset weight} \times \% \text{chg. ASX All Ords Accum Index}) + (\text{Overseas asset weight} \times \% \text{chg. MSCI Index}) \\ &= (75\% \times -30\%) + (25\% \times -10\%) = -25\% \end{aligned}$$

For clarity we would emphasize that the returns from the All Ordinaries and the MSCI World indices are gross returns, whereas the return that you as a shareholder in AIH obtain is a net return after company costs and taxes. In addition, the returns from the accumulation indices are only partially franked, whereas the return shareholder's receive from AIH is fully franked.

DIRECTORS' REPORT CONTINUED

Performances of Individual Portfolios

The performances of individual portfolios for the half-year ended 31 December 2008 and the comparative period are as follows:

	31-Dec-08 %	31-Dec-07 %
Australian Portfolio	-29.1	2.23
International Portfolio	-13.6	-2.81
Trading Portfolio	-55.7	8.38
Australian All Ordinaries Accumulation Index	-29.7	3.7
MSCI World Index excluding Australia	-9.9	-3.9

The Company's investments by sector are:

	31-Dec-08 %	31-Dec-07 %
Energy	12.6	13.4
Materials	19.4	24.9
Industrials	9.6	5.9
Consumer discretionary	8.2	9.4
Consumer staples	4.4	3.2
Financials	29.8	28.7
Managed Funds and LICs	8.2	6.4
Other – Health care, Information technology, Telecommunications and Utilities	7.8	8.1

The Company's investments by geographic area are:

	31-Dec-08 %	31-Dec-07 %
Australia	72.4	77.1
Americas	10.9	8.6
United Kingdom	3.4	3.9
Europe excluding United Kingdom	8.7	7.3
Japan	4.0	2.9
New Zealand	0.6	0.2

Securities representing 5% or more of the combined investment and trading portfolio at 31 December 2008 were:

	Percentage of Portfolio
BHP Billiton	14.67
Westpac Banking Corporation	6.58
Woodside Petroleum Ltd	6.33

DIRECTORS' REPORT CONTINUED

Principal Activities

	Consolidated	
	31-Dec-08	31-Dec-07
	\$	\$
Operating Result for the half-year after income tax	(363,470)	247,172

The consolidated entity's principal activity during the year consisted of share trading and long-term investing in publicly listed Australian and overseas companies.

Net Assets Value per Share

Net assets value per share for the economic entity as at 31 December 2008 is \$2.63 (June 2008: \$3.45).

Dividends Paid or Recommended

Details of dividend in respect of the current year are as follows:

A final, fully franked, ordinary dividend of 4.0 cents per share in respect of the year ended 30 June 2008 amounted to \$70,822 and was paid on 30 December 2008.

Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the period.

Events Subsequent to Balance Date

The Australian and world equities markets have continued to deteriorate as the global financial crisis has given way to the global economic crisis. The net assets value per share as at the end of February 2009 was \$2.43 per share. Apart from this, no other matters or circumstances have arisen since the period end which significantly affected or may significantly affect:

- a) the economic entity's operations in future years, or
- b) the results of those operations in future financial years, or
- c) the economic entity's state of affairs in future financial years.

Indemnification and Insurance of Officers

The Company has agreed to indemnify the Directors and Officers of the Company against any liabilities that may arise as a result of their position in the Company except where the liability arises out of conduct involving lack of good faith.

DIRECTORS' REPORT CONTINUED


Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2008 has been received and can be found on page 5 of the directors' report.

This report is made in accordance with a resolution of the directors.



Christopher T. Burrell
Director
Brisbane



Bernard C. Rowley
Chairman

5 March 2009

4th March 2009

The Board of Directors
Australia & International Holdings Limited
Level 4, 24 Little Edward Street
Spring Hill
QLD 4000

Auditor's Independence Declaration

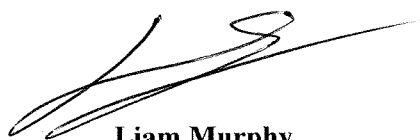
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australia & International Holdings Limited.

As lead review partner for the review of the half-year financial report of Australia & International Holdings Limited and its consolidated entities for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

Yours faithfully

Hacketts DFK



Liam Murphy
Partner

INCOME STATEMENT

	Notes	Consolidated	
		31-Dec-08	31-Dec-07
		\$	\$
Revenue	3	(356,370)	349,227
Accountancy and audit fees		(17,000)	(17,700)
Managed portfolio fees		(15,923)	(21,457)
Secretarial expenses		(12,000)	(12,000)
Legal expenses		(7,483)	(12,195)
Stock exchange fees		(9,437)	-
Other expenses		(4,426)	(4,986)
(Loss) profit before income tax		(422,639)	280,889
Income tax (expense)/benefit		59,169	(33,717)
(Loss) profit for the year		(363,470)	247,172
(Loss) profit is attributable to:			
Equity holders of Australia & International Holdings Limited		(363,470)	247,172
Minority equity interest		-	-
		(363,470)	247,172
		Cents	Cents
Earnings per share for (loss) profit attributable to the ordinary equity holders of the company			
Basic earnings per share		-20.53	14.13
Diluted earnings per share		-20.53	14.13

The above Income Statements should be read in conjunction with the accompanying notes to the financial statements

BALANCE SHEET

	Notes	Consolidated	
		31-Dec-08	30-Jun-08
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	290,237	260,243
Receivables		8,921	26,630
Foreign exchange receivables	6	463,992	-
Other financial assets		565,828	982,356
Total Current Assets		<u>1,328,978</u>	<u>1,269,229</u>
NON-CURRENT ASSETS			
Other financial assets		3,842,932	5,255,798
Deferred tax assets		4,258	-
Total Non-Current Assets		<u>3,847,190</u>	<u>5,255,798</u>
Total Assets		<u>5,176,168</u>	<u>6,525,027</u>
CURRENT LIABILITIES			
Payables		45,830	30,852
Foreign exchange payables	6	418,034	-
Deferred income	7	68,364	43,343
Current tax liability		(59,217)	24,332
Total Current Liabilities		<u>473,011</u>	<u>98,527</u>
NON-CURRENT LIABILITIES			
Deferred tax liability		17,085	317,597
Total Non-Current Liabilities		<u>17,085</u>	<u>317,597</u>
Total Liabilities		<u>490,096</u>	<u>416,124</u>
Net Assets		<u>4,686,072</u>	<u>6,108,903</u>
EQUITY			
Issued Capital		4,113,481	4,074,364
Reserves		(324,289)	763,008
Retained Earnings		680,418	1,114,710
Parent entity interest		<u>4,469,610</u>	<u>5,952,082</u>
Minority interest		216,462	156,821
Total Equity		<u>4,686,072</u>	<u>6,108,903</u>

STATEMENT OF CASH FLOW

	Notes	Consolidated	
		31-Dec-08	31-Dec-07
		\$	\$
Cash flows from operating activities			
Receipts from short-term trading activities		640,371	997,856
Payments to short-term trading activities		(662,040)	(615,048)
Dividends received		131,652	114,535
Interest received		8,181	7,203
Trust distributions received		18,365	16,737
Realised foreign exchange movements		6,306	-
Income taxes (paid)/refunded		(8,228)	(20,306)
Other expenses paid/income received		(33,357)	(12,485)
Net cash provided by (used in) operating activities	10	<u>101,250</u>	<u>488,492</u>
Cash flows from investing activities			
Receipts from long-term investing activities		539,824	680,730
Payments to long-term investing activities		(679,613)	(1,138,909)
Net cash provided by (used in) investing activities		<u>(139,789)</u>	<u>(458,179)</u>
Cash flows from financing activities			
Share application monies received		132,544	44,280
Dividends paid	9	(70,822)	(107,825)
Distributions paid		(1,842)	-
Net cash provided by (used in) financing activities		<u>59,880</u>	<u>(63,545)</u>
Net (decrease)/increase in cash held		21,341	(33,232)
Cash at the beginning of financial year period		260,243	328,883
Effect of exchange rate fluctuations on the balances held in foreign currencies		8,653	(3,725)
Cash at the end of balance date	5	<u>290,237</u>	<u>291,926</u>

The above Statement of Cash Flow should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

	Consolidated	
	31-Dec-08	31-Dec-07
	\$	\$
Share Capital		
Ordinary shares at the beginning of the period	4,240,828	3,990,335
Shares issued during period	132,544	44,280
Shares capital at the end of period	4,373,372	4,034,615
 Available for Sale Investments Revaluation Reserve		
Available for sale investments revaluation reserve at the beginning of period	753,365	1,786,457
(Decrease) increase in available for sale investments revaluation reserve	(1,121,083)	(70,272)
Available for sale investments revaluation reserve at the end of period	(367,718)	1,716,185
 Retained Earnings		
Retained earnings at the beginning of period	1,114,710	1,081,157
(Loss) profit attributable to members of the entity	(363,470)	247,172
Dividends paid	(70,822)	(107,825)
Retained earnings at the end of period	680,418	1,220,504
 Total equity at the end of period	4,686,072	6,971,304
 Equity is attributable to		
Equity holders of Australia & International Holdings Limited	4,469,610	6,971,304
Minority interests	216,462	-
	4,686,072	6,971,304

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australia Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Australia & International Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Foreign exchange hedge contracts are recognised in the balance sheet as an asset (receivable) and corresponding liability (payable) at inception. Subsequent movements in exchange rates are adjusted against the carrying value of the asset and the difference recorded in the income statement.

Otherwise, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Report Basis and Conventions

The half-year report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis accounting has been applied.

NOTE 2: SEGMENT INFORMATION

Business segments

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

Australian long-term shares

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

Overseas long-term shares

Long-term shareholding in stocks traded on stock exchange 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

Comprised 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION CONTINUED

Primary reporting – business segments

Six months ended 31 December 2008	Australian Long-Term Shares	Overseas Long-Term Shares	Share Trading Portfolio	Inter- Segment Allocations/ Eliminations	Consolidated
	\$	\$	\$	\$	\$
Dividend income	110,378	15,780	5,494	-	131,652
Interest income	2,781	4,820	580	-	8,181
Trust income	8,511	1,026	8,828	-	18,365
Other income	-	-	-	-	-
Realised foreign exchange movements	-	6,306	-	-	6,306
Unrealised foreign exchange movements	-	54,611	-	-	54,611
Fair value movement in financial assets	-	-	(351,698)	-	(351,698)
Loss on trading in options	-	-	(26,375)	-	(26,375)
Loss on sale of non-current investments	(74,557)	(36,095)	-	-	(110,652)
Loss on sale of trading investments	-	-	(86,760)	-	(86,760)
Total segment revenue	47,113	46,448	(449,931)	-	(356,370)
Segment result	46,027	41,176	(452,002)	-	(364,799)
Unallocated expenses					(57,840)
Loss from ordinary activities before income tax expense					(422,639)
Income tax (expense)/benefit					59,169
Loss from ordinary activities after income tax expense					(363,470)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION CONTINUED

Six months ended 31 December 2007	Australian Long-Term Shares	Overseas Long-Term Shares	Share Trading Portfolio	Inter- Segment Allocations/ Eliminations	Consolidated
	\$	\$	\$	\$	\$
Dividend income	102,125	7,353	5,057	-	114,535
Interest income	1,828	1,979	3,396	-	7,203
Trust income	15,828	-	909	-	16,737
Other income	90	-	34,670	-	34,760
Unrealised foreign exchange movements	-	(3,725)	-	-	(3,725)
Fair value movement in financial assets	-	-	(94,237)	-	(94,237)
Profit on trading in options	-	-	3,283	-	3,283
Gain on sale of non-current investments	119,204	(9,425)	-	-	109,779
Gain on sale of trading investments	-	-	160,892	-	160,892
Total segment revenue	239,075	(3,818)	113,970	-	349,227
Segment result	239,045	(5,411)	111,501	-	345,135
Unallocated expenses					(64,246)
Profit from ordinary activities before income tax expense					280,889
Income tax (expense)/benefit					(33,717)
Profit from ordinary activities after income tax expense					247,172

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: REVENUE

	Consolidated	
	31-Dec-08	31-Dec-07
	\$	\$
Revenue from operating activities		
Net gain on sale of non-current investments	(110,652)	109,779
Net gain on sale of trading investments	(86,760)	160,892
Net gain on options trading	(26,375)	3,283
Dividend income	131,652	114,535
Interest income	8,181	7,203
Trust distributions	18,365	16,737
Trust distributions – BAET & BWET	-	-
Realised foreign exchange movements	6,306	-
	<u>(59,283)</u>	<u>412,429</u>
Revenue from outside operating activities		
Fair value adjustments on financial assets	(351,698)	(94,237)
Unrealised foreign exchange movements	54,611	(3,725)
Other income	-	34,760
	<u>(297,087)</u>	<u>(63,202)</u>
Total revenue from ordinary activities	<u>(356,370)</u>	<u>349,227</u>

NOTE 4: EARNINGS PER SHARE (EPS)

	Consolidated	
	31-Dec-08	31-Dec-07
	Cents	Cents
Basic earnings per share	-20.53	14.13
Diluted earnings per share	-20.53	14.13
	\$	\$
Earnings used in calculation of both Basic and Diluted EPS	(363,470)	247,172
	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculation of Basic EPS	1,770,629	1,749,210
Adjustment for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary shares used in calculation of Diluted EPS	<u>1,770,629</u>	<u>1,749,210</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
	31-Dec-08	30-Jun-08
	\$	\$
Cash at bank	32,729	133,516
Rahn & Bodmer – AUD bank account	120	5,057
Rahn & Bodmer – USD bank account	1,287	850
Rahn & Bodmer – CHF bank account	9,990	23
Rahn & Bodmer – EUR bank account	5	637
Rahn & Bodmer – GBP bank account	66,580	-
Fortrend – AUD bank account	158,787	25,201
Fortrend – USD bank account	15,924	16,778
Fortrend – CHF bank account	23	-
Citi Quilter	4,792	78,181
	290,237	260,243

NOTE 6: FOREIGN EXCHANGE RECEIVABLES & PAYABLES

The Company is exposed to currency risk on its overseas long term investment portfolio. During the reporting period the company hedged a portion of this risk against assets denominated in US dollars and Japanese Yen. Forward rate agreements were taken out to sell USD200,000 at AUDUSD 0.6263 and JPY8.5m at AUDJPY 58.76, both expiring on 30th June 2009.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: DEFERRED INCOME

	Consolidated	
	31-Dec-08	30-Jun-08
	\$	\$
Deferred premium on options written	68,364	43,343
	<u>68,364</u>	<u>43,343</u>

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.

All of the options bought or sold by AIH are exchange traded options on the Australian Securities Exchange (ASX). 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.

Writing (selling) a call option gives the buyer the right, but not the obligation, to buy shares at the exercise price on or before expiry of the option. As at 31 December 2008, AIH had sold calls which, at the option of the buyer, may require AIH to sell \$35 thousand (30 June 2008: \$164 thousand) worth of shares.

Writing (selling) a put option gives the buyer the right, but not the obligation, to sell shares at the exercise price on or before expiry of the option. As at 31 December 2008, AIH had sold puts which, at the option of the buyer, may require AIH to buy \$550 thousand (30 June 2008: \$306 thousand) worth of shares.

NOTE 8: ISSUED CAPITAL

	31-Dec-08	30-Jun-08	31-Dec-08	30-Jun-08
	No. of shares	No. of shares	\$	\$
Share capital:				
Ordinary shares – fully paid	1,784,999	1,770,551	4,113,481	4,074,364
Details	Date	No. of shares	Issue Price	\$
Opening balance	01/07/2008	1,770,551		4,074,364
Dividend Reinvestment Plan	30/12/2008	14,448	\$2.70	39,117
		<u>1,784,999</u>		<u>4,113,481</u>

The Company has a Dividend Reinvestment Plan (DRP) under which shareholders elected to have their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares was based on the most recent Net Asset Value per share calculated at the time from the management accounts of the Company.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: DIVIDENDS & CAPITAL MANAGEMENT

A final, fully franked, ordinary dividend of 4 cents per share (2007: 6 cents) in respect of the year ended 30 June 2008 amounted to \$70,822 (2007: \$107,825) and was paid on 30th December 2008 (2007: 20th December 2007). The record date was on 30th December 2008 (2007: 27th November 2007).

As at 31st December 2008, the directors had made no proposal or declared concerning in respect of the 6 months ended 31 December 2008.

Dividend reinvestment plan is in operation, under which holders of ordinary shares may elect to have all of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash

The Company has adopted an investment strategy which seeks to maximise medium to long-term shareholder value.

Shareholder value comes from both increased capital value and a regular stream of dividend payments.

The amount of capital the Company has available will fluctuate according to market conditions and the Company may increase or reduce dividends, raise new capital, or buy back its own shares in accordance with those conditions.

NOTE 10: RECONCILIATION OF OPERATING (LOSS) PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated	
	31-Dec-08	31-Dec-07
	\$	\$
Operating (loss) profit after tax	(363,470)	247,172
Net (gain)/loss on sale of non-current investments	110,652	(109,779)
Net (gain)/loss on option trading and provision	25,021	(2,159)
Net exchange differences	(54,611)	3,725
Changes in operating assets and liabilities:		
(Increase)/decrease in debtors	17,744	9,902
(Increase)/decrease in current trading investments	64,830	220,793
(Increase)/decrease in receivables from controlled entities	-	-
(Increase)/decrease in future income tax benefit	-	-
(Decrease)/increase in creditors	(857)	-
(Decrease)/increase in accrued expenses	17,640	11,191
(Decrease)/increase in provision for income tax	(83,780)	13,410
(Decrease)/increase in future income tax benefit	16,383	-
(Decrease)/increase in provision for deferred income tax	-	-
(Decrease)/increase in provision for diminution	351,698	94,237
Net cash inflow from operating activities	101,250	488,492

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: 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 12: 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 13: 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 Street, Spring Hill, Queensland 4000

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

NOTE 14: EVENTS OCCURRING AFTER BALANCE DATE

The Australian and world equities markets have continued to deteriorate as the global financial crisis has given way to the global economic crisis. The net assets value per share as at the end of February 2009 was \$2.43 per share. Apart from this, no matter or circumstances has arisen since 31 December 2008 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.

DIRECTORS' DECLARATION

In the opinion of the Board of directors of Australia & International Holdings Limited (the Company):

- (a) the half-year financial statements and notes of the economic entity, set out on pages 10 to 17, are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 December 2008 and of their performance, as represented by the results of their operations and their cash flows, for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) 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 signed in accordance with a resolution of the Board of directors.



Christopher T. Burrell
Director
Brisbane



Bernard C. Rowley
Chairman

5 March 2009

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Australia & International Holdings Limited and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Australia & International Holdings Limited and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given the Directors of the Company a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australia & International Holdings Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Hacketts DFK



Liam Murphy
Partner

Dated this 5th day of March 2009

CORPORATE DIRECTORY

Directors	Bernard C. E. Rowley Christopher T. Burrell Roger J. Burrell Frank J. Finn
Secretary	Ian F. Davey
Registered Office	Level 4, 24 Little Edward Street Spring Hill QLD 4000 Phone 61 7 3006 7200 Fax 61 7 3839 6964
Postal Address	GPO Box 1398 Brisbane QLD 4001
Share Registrar	Newcastle Capital Markets Registries Pty Limited 10 Murray Street Hamilton, NSW 2303 Phone 61 2 4920 2877 Fax 61 2 4920 2878
Auditor	Hacketts DFK Level 3, 549 Queen Street Brisbane, QLD 4000
Nominated Adviser	Burrell Stockbroking Pty Ltd Level 4, 24 Little Edward Street Spring Hill, QLD 4000
Bankers	DDH Graham Limited 18 th Floor, 344 Queen Street Brisbane, QLD 4000
Stock Exchange	National Stock Exchange of Australia Limited Ground Floor 384 Hunter Street Newcastle, NSW 2300 NSX Code: AID
Website	http://www.burrell.com.au/