

**AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED
AND CONTROLLED ENTITIES**

A C N 009 706 414

Financial Statements

**For the year ended
30 June 2009**

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DIRECTORS' REPORT

The directors present their report together with the financial report of Australia & International Holdings Limited ("the Company") and the consolidated financial report of the economic entity, being the Company and its controlled entities, for the year ended 30 June 2009 and the auditors' report thereon.

Directors

The directors of the Company at any time during the whole of the financial year and up to the date of this report:

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

Fellow of Institute of Actuaries of Australia, Fellow of the Australian Institute of Company Directors

Bernard has been a Director since 1998 and Chairman since 2002. He is currently the Chairman of Cuna Mutual Group, Chairman of Burrell Stockbroking Pty Ltd, Director of River City Motor Way Group, Director of Petroleum Ltd. He was previously the Chief Executive of Suncorp Insurance & Finance in 1986 - 1996.

Christopher T. Burrell – *Director, Company Secretary*

MFM, B.Com. (Hons), L.L.B. (Hons), F.C.A., SF Fin, M.S.D.I.A

Chris has been a Director since 1983. He was the company's Chairman from 1983 to 2002. He has been the Managing Director of Burrell Stockbroking Pty Ltd since 1997. He is a former Partner from Coopers & Lybrand, Chartered Accountants for 15 years, a previous Director of Queensland, electricity retailer, ERGON, a former Member of the Industrial Research & Development Committee within the Commonwealth Department of Industry, Science and Resources and a former State Councillor for the Securities Institute of Australia.

Roger J. Burrell – *Director*

B.Com, L.L.B., F Fin, FAICD, Diploma of Financial Services

Roger has been a Director since 1987. He is also currently a Director and Chief Executive Officer of Access Funds Management Ltd, Director of Multiple Sclerosis Australia, Vice-President of Multiple Sclerosis Society of Queensland and Legal Consultant to DLA Phillips Fox, QM Properties Group and Property Solutions Group. Roger is also a former partner of national law firms Clayton Utz 1987-2000 and Phillips Fox 2000-2006.

Frank J. Finn – *Director*

B.Com. (Hons), M.B.A. PhD, F.C.P.A., F Fin

Frank has been a Director since 1996. He was the Professor of Finance, Director of Studies at the Faculty of Business, Economics & Law of University of Queensland.

Neil Summerson – *Director*

B.Com, F.C.A., F.A.I.C.D., F.A.I.M.

Neil resigned as a Director on 31 August 2008 consequent on his acceptance of the Chairmanship of the Bank of Queensland. He is currently a Chairman of Australian Property Management Ltd, Chairman of Australian Property Growth Fund, Chairman of PQ Lifestyles Ltd, Chairman of International Professional Services Pty Ltd, Chairman of Motorama Group Holdings Pty Ltd, Chairman of Moore Stephens Qld Ltd, Chairman of Epic Group of Companies, Chairman of Idec Pty Ltd, Director of Australian Made Campaign Ltd, Director of Amer Alia Inc, Director of Leyshon Pty Ltd & Group Companies, Director of DGS Property Group Pty Ltd, Director of Glendower Group of Companies.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' REPORT CONTINUED

Company Secretary

Ian F. Davey

B.Bus, CPA, F Fin, S.D.I.A.M.

Ian has been a Company Secretary of the Company since September 2000 and is also an Associate Director of Burrell Stockbroking Pty Ltd. Prior to joining the Company, he was the Finance Controller of James Engineering Pty Ltd 1985-2000.

Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

DIRECTOR	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS HELD WHILE DIRECTOR IN OFFICE
B. C. E. Rowley	4	4
C. T. Burrell	4	4
R. J. Burrell	3	4
F. J. Finn	4	4
N. Summerson	NIL	NIL

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 Company's net assets value per share at 30 June 2009 was \$2.72 (2008: \$3.45). The final dividend for the year ended 30 June 2008 was 4 cents per share, and the interim dividend for the half-year ended 31 December 2008 was 4.5 cents per share. Taking into consideration the fall in the value of the net assets and dividends paid, the return of an investment in the Company for the full year ended 30 June 2009 was -18.70%. This may not look encouraging, but given the global financial and economic circumstances throughout the year it is not too bad at all. In fact, the performance over our comparative index was +2.51%.

For such a comparison 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 year ended 30 June 2009, MSCI performance declined by 18.39%. For the domestic benchmark, we use the All Ordinaries Accumulation Index, which fell by 22.15%.

DIRECTORS' REPORT CONTINUED

Therefore, a return on our theoretical portfolio for the year ended 30 June 2009 is calculated as:

$$(Aust. \text{ asset weight} \times \% \text{chg. ASX All Ords Accum Index}) + (\text{Overseas asset weight} \times \% \text{chg. MSCI Index}) = (75\% \times -22.15\%) + (25\% \times -18.39\%) = -21.21\%$$

Also, we would emphasise 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 you receive from AIH is fully franked.

Performances of Individual Portfolios

The performances of individual portfolios for the year ended 30 June 2009 and the comparative period are as follows:

	2009 %	2008 %
Australian Long Term Portfolio	-26.42	-14.38
International Long Term Portfolio	-10.96	-14.26
Trading Portfolio	-37.67	-2.34
Australian All Ordinaries Accumulation Index	-22.15	-12.12
MSCI World Index excluding Australia	-18.39	-22.66

The Company's investments by sector are:

	2009 %	2008 %
Energy	12.71	15.97
Materials	20.43	25.59
Industrials	7.63	6.01
Consumer discretionary	7.44	6.74
Consumer staples	3.98	2.47
Financials	27.52	27.19
Property Trust	4.10	5.01
Managed funds and LICs	8.43	5.46
Other – health care, information technology, telecommunications and utilities	7.76	5.56

DIRECTORS' REPORT CONTINUED

The Company's investments by geographic area are:

	2009 %	2008 %
Australia	77.00	77.66
Americas	10.40	9.21
United Kingdom	2.70	2.78
Europe excluding United Kingdom	6.20	6.94
Japan	2.60	2.97
New Zealand	0.60	0.44
Asia ex. Japan	0.50	-

Securities representing 5% or more of the combined investment and trading portfolio at 30 June 2009 were:

	Percentage of Portfolio
BHP Billiton	13.1
Woodside Petroleum	6.7
Commonwealth Bank of Australia	6.5
Westpac Banking Corporation	6.2
Sophisticated Investors Club	5.3

Principal Activities

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

	Consolidated 2009	Consolidated 2008	Parent entity 2009	Parent entity 2008
Operating (Loss)/Profit for the year after income tax	(\$262,245)	\$246,927	\$144,374	\$370,214

Net Assets Value per Share

Net assets value per share for the economic entity as at 30 June 2009 is \$2.72 (2008: \$3.45).

DIRECTORS' REPORT CONTINUED

Dividends Paid or Recommended

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

	Fully franked dividend per share (cents)	Total (\$)
Ordinary dividends declared and paid during the year:		
Final 2008, paid 30 December 2008	4.0	70,822
Interim 2009, paid 29 June 2009	4.5	84,339
Total amount	8.5	155,161

The franked components of all dividends paid or declared since the end of the previous financial year were fully franked based on a tax rate of 30%.

Significant Changes in State Affairs

There were no significant changes in the company's state of affairs occurred during the financial year.

Events Subsequent to Balance Date

Issue of Units in the Burrell Australian Equities Trust to Outside Interests

In August 2009, new Units were issued to give holders an interest in the domestic portfolio rather than all of the combined portfolios. This benefits investors who want to diversify into Australian market with minimal outlays and gain exposure to the domestic trading arm of AIH. Units have only been offered to sophisticated investors within the meaning given in the *Corporations Act 2001*. There has been no dilution of the holdings of existing shareholders in AIH as the units were issued at the Net Asset Backing of the trust at the time of issue.

There were no other matters or circumstances have arisen since the end of the financial year 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.

Environmental Regulations

The Company's operations are not materially affected by environmental regulations.

Likely Developments

The Company will continue to invest in publicly listed securities in Australia and overseas for the benefit of shareholders.

Retirement, Election and Continuation in Office of Directors

Messrs R J Burrell and F J Finn are the Directors retiring by rotation, who, being eligible, offer themselves for re-election.

DIRECTORS' REPORT CONTINUED

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.

Remuneration Report

No remuneration was paid to the Directors of AIH during or after the year ended 30 June 2009. No other management or staff are employed by AIH.

Full details relating to the Directors are set out at Note 21 Related Parties, in the Notes to and forming part of the Financial Statements for the year ended 30 June 2009.

Except as otherwise disclosed, no director of the Company has received, or has become entitled to receive, a benefit because of a contract that the directors, or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made (during the year ended 30 June 2009 or at any other time) with:

- a) the Company; or
- b) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive, the benefit.

Directors Holdings of Securities Issued by Company

Details of Director' holdings are to be found in Note 21 of the Financial Report.

Non-audit Services

Details of non-audit services performed by the auditors may be found in Note 4 of the Financial Report. The Board of Directors is satisfied that the level of non-audit services provided would not compromise their ability to act independently and in the interests of shareholders.

Proceedings on behalf of the Company

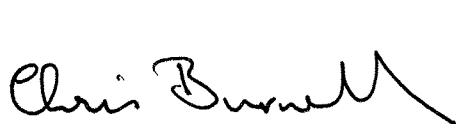
No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporation Act 2001*.

DIRECTORS' REPORT CONTINUED

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 9 of the directors' report.

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



C T Burrell
Director



B C Rowley
Chairman

Dated at Brisbane, 22nd September 2009

CORPORATE GOVERNANCE

The Board of Australia & International Holdings Limited is committed to the highest levels of honesty and integrity.

Roles and Functions of the Board

The main functions and responsibilities of the Board are:

- Oversight of the company;
- Setting the investment strategy for the portfolios;
- Ensuring systems are in place to ensure risk is controlled and internal and external compliance and legal obligations are met;
- Approving and monitoring financial and other reporting.

Structure of the Board and Establishment of Committees

The objective of the Board is to maintain a majority of independent directors so as to maintain an appropriate degree of separation from the management of AIH. The Chairman is an independent director. The size and nature of AIH does not warrant the establishment of a nomination committee, however, the Board seeks to maintain a balanced mix of investment, finance, business and legal skills in its composition. Further, the size and nature of AIH does not warrant the establishment of an audit or compliance committee. As the Directors have not to this date sought any remuneration for their services to shareholders, there has not been any need to establish a remuneration committee.

Risk Management

The Board is responsible for identifying and managing risks to AIH and these are set out in the Notes to these accounts. Some risks are reduced by having appropriate controls and policies & procedures in place with audit review. Investment risk is reduced by the setting of an appropriate investment strategy with guidelines and benchmarks for the investment manager to follow with regular Board review.

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF
AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES**

In relation to our audit of the financial report of Australia & International Holdings Limited and Controlled Entities for the year ended 30 June 2009, 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*, and
- (b) No contraventions of any applicable code of professional conduct.

Hacketts DFK

Liam Murphy
Partner

Brisbane, 22nd September 2009

INCOME STATEMENTS

	Notes	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue	3	(207,231)	456,954	245,143	537,080
Accountancy and audit fees		(28,136)	(42,950)	(27,514)	(42,950)
Managed portfolio fees		(33,855)	(49,040)	(2,236)	(4,008)
Secretarial expenses		(24,000)	(24,000)	(24,000)	(24,000)
Legal expenses		(12,556)	(13,913)	(12,344)	(11,099)
Stock exchange fees		(19,341)	(17,510)	(19,341)	(17,510)
Other expenses		(6,501)	(19,010)	(4,955)	(11,649)
(Loss) profit before income tax		(331,620)	290,530	154,753	425,864
Income tax (expense)/benefit	5(a)	86,050	(41,383)	(10,379)	(55,650)
(Loss) profit for the year		(245,570)	249,147	144,374	370,214
(Loss) profit is attributable to:					
Equity holders of Australia & International Holdings Limited		(262,245)	246,927	144,374	370,214
Minority equity interest		16,675	2,220	-	-
		(245,570)	249,147	144,374	370,214
		Cents	Cents		
Earnings per share for (loss)/profit attributable to the ordinary equity holders of the company					
Basic earnings/(loss) per share	6	(14.64)	14.08		
Diluted earnings/(loss) per share	6	(14.64)	14.08		

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

BALANCE SHEETS

	Notes	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	7	284,923	260,243	13,083	4,907
Receivables	8(a)	105,986	26,630	220,462	463,240
Other financial assets	9(a)	582,250	982,356	-	-
Current tax benefits	5(c)	25,240	-	-	-
Total Current Assets		998,399	1,269,229	233,545	468,147
NON-CURRENT ASSETS					
Receivables	8(b)	-	-	-	821,385
Other financial assets	9(b)	4,368,440	5,255,798	5,010,501	5,269,944
Deferred tax assets	5(e)	95,728	-	-	-
Total Non-Current Assets		4,464,168	5,255,798	5,010,501	6,091,329
Total Assets		5,462,567	6,525,027	5,244,046	6,559,476
CURRENT LIABILITIES					
Payables		43,207	30,852	23,300	28,184
Deferred income	10	21,814	43,343	-	-
Current tax liability	5(c)	-	24,332	736	38,965
Total Current Liabilities		65,021	98,527	24,036	67,149
NON-CURRENT LIABILITIES					
Deferred tax liability	5(d)	24,331	317,597	22,753	316,895
Total Non-Current Liabilities		24,331	317,597	22,753	316,895
Total Liabilities		89,352	416,124	46,789	384,044
Net Assets		5,373,215	6,108,903	5,197,257	6,175,432
EQUITY					
Issued capital	11	4,334,553	4,074,364	4,334,553	4,074,364
Reserves	12(a)	118,793	763,008	342,822	1,570,399
Retained profits	12(b)	697,303	1,114,710	519,882	530,669
Parent entity interest	13	5,150,649	5,952,082	5,197,257	6,175,432
Minority interest	14	222,566	156,821	-	-
Total Equity		5,373,215	6,108,903	5,197,257	6,175,432

The above Balance Sheets should be read in conjunction with the accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

	Notes	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from short-term trading activities		1,009,803	1,609,285	-	-
Payments to short-term trading activities		(928,242)	(1,539,190)	-	-
Dividends received		203,596	196,815	17,410	20,331
Interest received		10,847	17,420	346	558
Trust distributions received		41,703	32,378	-	-
Trust distributions from related parties		-	-	17,627	-
Realised foreign exchange movements		6,271	25,030	-	-
Income taxes (paid)/refunded		(58,827)	(70,639)	(42,069)	(51,096)
Other expenses (paid)/income received		(129,546)	(70,579)	(82,489)	(99,041)
Net cash provided by (used in) operating activities	18	155,605	200,519	(89,175)	(129,248)
Cash flows from investing activities					
Receipts from long-term investing activities		935,045	2,593,109	55,549	2,215
Payments to long-term investing activities		(1,286,237)	(2,891,100)	(151,894)	(2,154)
Net cash provided by (used in) investing activities		(351,192)	(297,991)	(96,345)	61
Cash flows from financing activities					
Share application monies received		373,536	250,494	260,188	84,029
Loans (to) from controlled entities		-	-	88,669	235,751
Dividends paid	16	(155,161)	(213,374)	(155,161)	(213,374)
Distributions paid		(1,842)	-	-	-
Net cash provided by (used in) financing activities		216,533	37,120	193,696	106,406
Net increase/(decrease) in cash held		20,946	(60,352)	8,176	(22,781)
Cash at beginning of financial year		260,243	328,883	4,907	29,374
Effects of exchange rate fluctuations on the balances held in foreign currencies		3,734	(8,288)	-	(1,666)
Cash at end of financial year	7	284,923	260,243	13,083	4,907

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

STATEMENT OF CHANGES IN EQUITY

	Share Capital \$	Capital Profit Reserve \$	Asset Revaluation Reserve \$	Retained Profits \$	Total \$
Parent:					
As at 1st July 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
Issue of shares	260,189	-	-	-	260,189
Profit attributable to members	-	-	-	144,374	144,374
Dividends paid or provided	-	-	-	(155,161)	(155,161)
Movement in asset revaluation reserve	-	-	(1,227,577)	-	(1,227,577)
As at 30th June 2009	4,334,553	-	342,822	519,882	5,197,257
Consolidated:					
As at 1st July 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	-	-	(1,003,592)	-	(1,003,592)
As at 30th June 2008	4,240,828	-	753,365	1,114,710	6,108,903
Issue of shares	260,189	-	-	-	260,189
Issue of units	113,347	-	-	-	113,347
Profit attributable to members	-	-	-	(245,570)	(245,570)
Dividends paid or provided	-	-	-	(155,161)	(155,161)
Distributions declared	-	-	-	(16,676)	(16,676)
Movement in asset revaluation reserve	-	-	(691,817)	-	(691,817)
As at 30th June 2009	4,614,364	-	61,548	697,303	5,373,215

AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES
For the Year Ended 30 June 2009

STATEMENT OF CHANGES IN EQUITY CONTINUED

	Share Capital \$	Capital Profit Reserve \$	Asset Revaluation Reserve \$	Retained Profits \$	Total \$
Equity is attributable to:					
Equity holders of Australia & International Holdings Limited	4,334,553	-	118,793	697,303	5,150,649
Minority Interest	279,811	-	(57,245)	-	222,566
	4,614,364	-	61,548	697,303	5,373,215

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial report is a general purpose financial report prepared in accordance with Accounting Standard, other authoritative pronouncements of the Australian Accounting Standards Boards, and the Corporations Act 2001. This Financial Report has been authorised for issue as per the Directors'.

Australia & International Holdings Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia. The economic entity comprises the Company and its controlled entities for the year ended 30 June 2009.

Statement of Compliance

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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.

(c) Revenue recognition

Revenue is recognised when it is probable that the economic benefits 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) Foreign currency translation

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.

Controlled Entities

The Company's investments in Burrell Australian Equities Trust and 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(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 and Cash equivalents

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j) Financial Instruments CONTINUED

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.

Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with IFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumption of future events.

In accordance with AASB 112 Income Taxes, deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the Investment Portfolio at current tax rates. As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 5. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

NOTE 2: SEGMENT INFORMATION

Segment information is presented in conformity with the accounting policies of the entity as disclosed in Note 1 and Accounting Standard AASB 114 *Segment Reporting*. The primary reporting, business segments, is based on the consolidated entity's management and internal reporting structure.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables and financial assets. Segment liabilities consist primarily of trade and other creditors. Segment assets and liabilities do not include income taxes.

(a) Business segments

The consolidated entity comprises the following divisions by investments portfolio type.

(i) Australian long-term shares

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

(ii) 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.

(iii) Share trading portfolio

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

(b) 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 AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION CONTINUED

Primary reporting – business segments

2009	Australian Long-Term Shares \$	Overseas Long-Term Shares \$	Australian Share Trading Portfolio \$	Inter-Segment Allocations/ Eliminations \$	Consolidated \$
Dividend income	158,373	36,776	8,447	-	203,596
Interest income	3,259	6,860	728	-	10,847
Trust income	16,785	13,160	11,758	-	41,703
Other income	-	-	-	-	-
Realised foreign exchange movements	-	111,987	-	-	111,987
Unrealised foreign exchange movements	-	3,734	-	-	3,734
Fair value movement in financial assets	-	-	(213,483)	-	(213,483)
Profit on trading in options	-	-	30,408	-	30,408
Loss on sale of investments	(201,465)	(50,493)	(144,065)	-	(396,023)
Total segment revenue	(23,048)	122,024	(306,207)	-	(207,231)
Segment result	(23,098)	120,478	(309,728)	-	(212,348)
Unallocated expenses					(119,272)
Profit from ordinary activities before income tax benefit					(331,620)
Income tax benefit					86,050
Profit from ordinary activities after income tax benefit					(245,570)
Segment assets	3,321,534	1,327,163	692,902	-	5,341,599
Unallocated assets					120,968
Total assets					5,462,567
Segment liabilities	-	15,588	26,135	-	41,723
Unallocated liabilities					47,629
Total liabilities					89,352
Net cash inflow from operating activities	173,211	79,147	102,493	(181,619)	173,232

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION CONTINUED

Primary reporting – business segments

2008	Australian Long-Term Shares \$	Overseas Long-Term Shares \$	Australian 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	2,046	-	32,018
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)
Loss 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					(158,424)
Profit from ordinary activities before income tax expense					290,531
Income tax expense					(41,383)
Profit from ordinary activities after income tax expense					(249,147)
Segment assets	3,978,713	1,564,982	981,332	-	6,525,027
Unallocated assets					-
Total assets					6,525,027
Segment liabilities	-	1,861	43,343	-	45,204
Unallocated liabilities					370,920
Total liabilities					416,124
Net cash inflow from operating activities	281,979	67,120	85,896	(234,476)	200,519

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 3: REVENUE

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating activities				
Net (loss)/gain on sale of investments	(365,615)	413,548	(11,451)	51,303
Dividend income	203,596	196,815	17,410	20,331
Interest income	10,847	17,420	346	558
Trust distributions	41,703	32,378	-	-
Trust distributions – BAET & BWET	-	-	226,097	466,574
Realised foreign exchange movements	111,987	25,030	-	-
	2,518	685,191	232,402	538,766
Revenue from outside operating activities				
Fair value adjustments on financial assets	(213,483)	(244,237)	-	-
Unrealised foreign exchange movements	3,734	(8,288)	-	(1,686)
Other income	-	24,288	-	-
Recovery of administration expense	-	-	12,741	-
	(209,749)	(228,237)	12,741	(1,686)
Total revenue from ordinary activities	(207,231)	456,954	245,143	537,080

NOTE 4: REMUNERATION OF AUDITORS

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Auditors remuneration				
Audit fees	22,550	22,000	22,550	22,000
Other services	5,850	4,400	5,850	4,400
	28,400	26,400	28,400	26,400

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 5: TAX

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) The components of tax expense/(benefit) comprise:				
Current tax	8,168	60,537	9,746	45,397
Deferred tax	(93,517)	(2,423)	633	(2,423)
Over/under provision in respect of previous years	(701)	(16,731)	-	12,676
	(86,050)	41,383	10,379	55,650
(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% (2008: 30%)	(107,893)	87,159	46,426	85,759
Non-deductible entertainment and fines	73	451	73	451
Non-deductible legal fees	182	-	182	-
The difference of the trust distribution for tax purposes	-	(530)	(60,620)	-
Capital gains tax losses	72,802	-	72,802	-
Fair value adjustment on financial assets	800	21,552	-	-
Imputation credits	(47,718)	(47,783)	(45,603)	(43,879)
Capital profits not subject to income tax	428	4,499	428	4,499
Restructuring legal costs s40-880	(1,025)	(1,026)	(1,025)	(1,026)
Under/(over)-provision from previous year	(701)	(16,731)	-	12,676
Other	(2,998)	(5,508)	(2,284)	(2,831)
Adjustments attributable to Minority Interests	-	(699)	-	-
Income tax expense	(86,050)	41,383	10,379	55,650
Income tax expense is attributable to:				
Equity holders of Australia & International Holdings Limited	(86,050)	41,383	10,379	55,650
Minority interests	-	-	-	-
	(86,050)	41,383	10,379	55,650
The weighted average effective tax rates are as follows:	-	14.4%	6.7%	13.1%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 5: TAX CONTINUED

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
(c) Current tax liabilities/(assets)				
Movement during the year:				
Balance at the beginning of the year	24,332	50,796	38,965	35,597
Income tax (paid)/refunded	(59,250)	(67,847)	(48,608)	(52,282)
Current year's income tax expense/(recovery) on operating profit	9,678	41,383	10,379	55,650
Adjustment to previous tax expense	-	-	-	-
	(25,240)	24,332	736	38,965
Current year's income tax liabilities/(assets) is attributable to:				
Equity holders of Australia & International Holdings Limited	(25,240)	24,332	736	38,965
Minority interests	-	-	-	-
	(25,240)	24,332	736	38,965
(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	24,331	317,597	22,753	316,895
Total deferred tax liabilities	24,331	317,597	22,753	316,895
Reconciliation: Deferred Tax Liabilities				
Gross movements				
The overall movement in the deferred tax account is as follows				
Opening balance	317,597	541,087	316,895	540,385
Charged to the income statement	-	-	-	-
Charged to the financial asset revaluation reserve	(293,266)	(223,490)	(294,142)	(223,490)
Closing balance	24,331	317,597	22,753	316,895
The movement in deferred tax liability for each temporary difference during the year is as follows:				
Opening balance	317,597	541,087	316,895	540,385
Charged to the financial asset revaluation reserve	(293,266)	(223,490)	(294,142)	(223,490)
Closing balance	24,331	317,597	22,753	316,895

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 5: TAX CONTINUED

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Unrealised foreign exchange gains				
Opening balance	-	-	-	-
Charged to the financial asset revaluation reserve	-	-	-	-
Closing balance	-	-	-	-
(e) Deferred tax assets				
Deferred tax assets comprises the estimated future benefit at the applicable rate of 30% on:				
Tax losses	95,728	-	-	-
Total Deferred tax assets	95,728	-	-	-
Reconciliation: Deferred Tax Assets				
Gross movements				
The overall movement in the deferred tax account is as follows				
Opening balance	-	-	-	-
Charged to the income statement	95,728	-	-	-
Closing balance	95,728	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 6: EARNINGS PER SHARE

	Consolidated	
	2009	2008
	Cents	Cents
Basic earnings per share	(14.64)	14.08
Diluted earnings per share	(14.64)	14.08
	\$	\$
Earnings used in calculation of both basic and diluted earnings per share	(262,245)	246,927
	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculation of basic earnings per share	1,791,733	1,754,154
Adjustment for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary shares used in calculation of diluted earnings per share	1,791,733	1,754,154

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank	156,688	133,516	13,083	4,907
Rahn & Bodmer – AUD bank account	268	5,057	-	-
Rahn & Bodmer – USD bank account	1,237	850	-	-
Rahn & Bodmer – CHF bank account	11,318	23	-	-
Rahn & Bodmer – EUR bank account	1,174	637	-	-
Rahn & Bodmer – GBP bank account	60,937	-	-	-
Fortrend – AUD bank account	46,739	25,201	-	-
Fortrend – USD bank account	-	16,778	-	-
Fortrend – CHF bank account	19	-	-	-
Citi Quilter	6,443	78,181	-	-
	284,923	260,243	13,083	4,907

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 8: RECEIVABLES

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Current Receivables				
Distributions receivable – Controlled entities	-	-	220,192	462,964
Debtors	105,986	26,630	270	276
	105,986	26,630	220,462	463,240
(b) Non-Current Receivables				
Loans to controlled entities	-	-	-	821,385
	-	-	-	821,385

NOTE 9: OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Current Other Financial Assets				
(i) Financial assets at fair value through profit and loss				
Quoted Investments at fair value (refer Note 1(j))	297,022	762,356	-	-
(ii) Financial assets available for sale				
Other investments at costs (refer Note 1(j))	285,228	220,000	-	-
Total current other financial assets	582,250	982,356	-	-
(b) Non-Current Other Financial Assets				
Financial assets – available for sale				
Shares in other corporations – at fair value (refer Note 1(j))	4,368,440	5,255,798	278,480	290,371
Investments in controlled entities – at fair value (refer Note 1(j))	-	-	4,732,021	4,979,573
	4,368,440	5,255,798	5,010,501	5,269,944

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 10: DEFERRED INCOME

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Deferred income on options written	21,814	43,343	-	-

Premium on sold options are initially brought to account as a liability at cost which equates to fair value. Option premium income is recognised when the options expire or as settled. At balance sheet date, outstanding options are valued at fair value, based on quoted price. Revaluation gains or losses are presented in the income statement.

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 30 June 2009, AIH had sold calls which, at the option of the buyer, may require AIH to sell \$76.0 thousand (2008: \$164.0 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 30 June 2009, AIH had sold puts which, at the option of the buyer, may require AIH to buy \$259.0 thousand (2008: \$306.0 thousand) worth of shares.

NOTE 11: ISSUED CAPITAL

	Consolidated and Parent		Consolidated and Parent	
	2009	2008	2009	2008
	No. of Shares	No. of Shares	\$	\$
Parent				
Share Capital:				
Ordinary shares – fully paid	1,891,688	1,770,551	4,334,553	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
Rights issue	04/05/2009	89,200	\$2.00	174,476
Dividend reinvestment plan	29/06/2009	17,489	\$2.67	46,596
		1,891,688		4,334,553

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 AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 12: RESERVES AND RETAINED PROFITS

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Reserves				
Asset revaluation reserve	118,793	763,008	342,822	1,570,399
Movements:				
Opening balance	763,008	1,786,457	1,570,399	2,573,991
Revaluation of investments	(644,215)	(1,023,449)	(1,227,577)	(1,003,592)
Closing balance	118,793	763,008	342,822	1,570,399
(b) Retained Profits				
Retained profits at the beginning of the financial year	1,114,710	1,081,157	530,669	373,829
Net profit attributable to members of Australia & International Holdings Limited	(262,246)	246,927	144,374	370,214
Dividends paid or provided for	(155,161)	(213,374)	(155,161)	(213,374)
Retained profits at the end of the financial year	697,303	1,114,710	519,882	530,669

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy Note 1(f).

NOTE 13: EQUITY

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Total equity at the beginning of the financial year	5,952,082	6,857,949	6,175,432	6,938,155
Total changes in equity recognised in the income statement including asset revaluation reserve	(906,461)	(776,522)	(1,083,203)	(633,378)
Transactions with owners as owners:				
Contributions of equity, net of transaction costs	260,189	84,029	260,189	84,029
Dividends paid or provided	(155,161)	(213,374)	(155,161)	(213,374)
Total equity at the end of financial year	5,150,649	5,952,082	5,197,257	6,175,432

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 14: MINORITY INTERESTS

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Interest in:				
Issued capital	279,811	166,464	-	-
Reserves	(57,245)	(9,643)	-	-
Retained profits	-	-	-	-
	222,566	156,821	-	-

As at 30th June 2009, the minority interests hold 15.58% (2008: 9.46%) of Burrell World Equities Trust.

NOTE 15: CONTROLLED ENTITIES

	Class of Share	Interest Held	
		2009	2008
		%	%
Controlled entities:			
Australian Index Fund Pty Ltd	ORD	100.00	100.00
Australia & International Holdings (No. 2) Pty Ltd	ORD	-	100.00
Burrell Australian Equities Trust	UNITS	100.00	100.00
Burrell World Equities Trust	UNITS	84.42	90.54

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 16: DIVIDENDS AND CAPITAL MANAGEMENT

	Consolidated	
	2009	2008
	\$	\$
Final dividend of 4.0 cents (2008 – 6.0 cents) per fully paid share paid on 30 December 2008 (2008 – 20 December 2007)		
Franked @ 30%	70,822	107,825
Interim dividend of 4.5 cents (2008 – 6.0 cents) per fully paid share paid on 29 June 2009 (2008 – 30 June 2008)		
Franked @ 30%	84,339	105,549
	155,161	213,374
Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan during the years ended 30 th June 2009 and 30 th June 2008 were as follows:		
Paid in cash	69,448	129,345
Satisfied by issue of shares	85,713	84,029
	155,161	213,374
Dividend franking account:		
The franked portion of the final dividends recommended after 30 th June 2008 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 th June 2009		
Franking credits available for subsequent financial years based on a tax rate of 30%	162,948	150,768

The Company has adopted an investment strategy which seeks to maximise medium to long-term shareholder value and manage risk in certain market conditions to specifically preserve capital.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 17: 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 3.8% (2008: 6.7%).

(b) Foreign Exchange Risk

The economic entity holds some investments and cash denominated in foreign currencies. 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.

During the financial year ended 30 June 2009, the Company hedged a portion of the currency risk against assets denominated in US Dollars and Japanese Yen. The forward rate agreements sold USD 200 thousand at AUDUSD 0.6263 and JPY 8.5 million at AUDJPY 58.76, both were expired on 30th June 2009. These foreign currency hedging resulted in realised foreign exchange profits of \$105 thousand.

(c) Credit Risk Exposure

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.

(e) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will change due to changes in the market value for those instruments. Therefore, the portfolios of investments that make up most of the assets of AIH are subject to market risk as their values change as the market change.

The overall increase in the value of the long-term investments held as at 30th June 2009 over their cost, after allowing for selling costs and company tax at the rate of 30% was \$96 thousand

A fall in market values across all portfolios of 5% and 10% would reduce equity in AIH by approximately \$250 thousand and \$500 thousand respectively.

A fall in the market value of 5% and 10% if the equities held in the trading portfolio would decrease its value by \$29 thousand and \$58 thousand respectively.

Market risk cannot be diversified away, but it can be reduced by investing across a broad range of industry sectors and countries. The proportions of the portfolios invested across these two categories are shown in the Directors' Report.

As noted in Notes 1 and 10 of these financial statements, AIH uses options to enhance the income of the trading portfolio by taking a premium on options positions sold. The value of options will fluctuate according to price and volatility changes in the underlying securities over which they are written. Options values will also vary with changes to interest rates and company dividends. Further, they will decrease with the passage of time.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 18: RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating profit/(loss) after tax	(245,570)	249,147	144,374	370,214
Net (gain)/loss on sale of investments	251,957	(203,333)	11,451	(51,303)
Net (gain)/loss on options trading and provisions	(21,530)	11,668	-	-
Net exchange differences	(3,734)	8,288	-	1,686
Unrealised losses on financial assets through profit/(loss)	213,483	244,237	-	-
Changes in operating assets and liabilities:				
(Increase)/decrease in debtors	(75,000)	56,942	42	(8)
(Increase)/decrease in current trading investments	186,623	(150,174)	-	-
(Increase)/decrease in receivables from controlled entities	-	-	(202,565)	(462,963)
(Increase)/decrease in future income tax benefit	(94,218)	-	-	-
(Decrease)/increase in creditors	(2,058)	1,019	(1,194)	193
(Decrease)/increase in accrued expenses	(3,689)	11,989	(3,689)	11,989
(Decrease)/increase in provision for income tax	(50,659)	(26,841)	(38,228)	3,367
(Decrease)/increase in provision for deferred income tax	-	(2,423)	633	(2,423)
	155,605	200,519	(89,176)	(129,248)

NOTE 19: 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 20: NON-CASH FINANCING AND INVESTING ACTIVITIES

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Purchase of investments in subsidiaries through loan settlement	-	-	(1,178,000)	-
	-	-	(1,178,000)	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 21: 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
R J Burrell
F J Finn
B C E Rowley
N Summerson*

* Mr Summerson resigned as a director on 31 August 2008

Directors holdings of shares:

	2009 No. of shares	2008 No. of shares
Mr C T Burrell	140,148	135,813
Mr C T Burrell (Non-beneficially)	581,269	525,834
Mr R J Burrell	82,076	78,169
Prof F J Finn	33,982	31,892
Mr B C E Rowley	3,501	3,335
Mr B C E Rowley (Non-beneficially)	30,395	26,972
Mr N Summerson	-	-
Total Directors holdings of shares	871,371	802,015

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

Aggregate number 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:

	2009 No. of shares	2008 No. of shares
Ordinary shares, including shares issued under Dividend Reinvestment Plan, Right issues and Share top-up plan	69,356	13,021
Disposals	Nil	Nil

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

Other transactions with directors and director-related entities

Mr C T Burrell and Mr B C E Rowley are directors of Burrell Stockbroking Pty Ltd. 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 \$53,285 (2008: \$43,581).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 21: RELATED PARTIES CONTINUED

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:

	2009 \$	Parent entity 2008 \$
Controlled Entity		
Receivables – non-current		
Loan to Australian Index Fund Pty Ltd	-	164,249
Loan to Burrell Australian Equities Trust	-	657,136
Loan to Burrell World Equities Trust	-	-
	-	821,385

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	3,477,715	3,024,061
Investment in Burrell World Equities Trust	1,254,308	
	4,732,023	3,024,061
Distribution received or due and receivable by the Company from:		
Burrell Australian Equities Trust	135,731	445,301
Burrell World Equities Trust	84,461	17,662
	220,192	462,963

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

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 Street, Spring Hill, Queensland 4000

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 25: EVENTS OCCURING AFTER BALANCE DATE

No 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.

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes of the economic entity, set out on pages 10 to 35, 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 30 June 2009 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Act 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 made in accordance with a resolution of the Board of Directors.



C T Burrell
Director



B C Rowley
Chairman

Dated at Brisbane, 22nd September 2009

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**

Report on the financial report

We have audited the accompanying financial report of Australia & International Holdings Limited (the company) and its controlled entities ("the group"), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
(Continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.


Auditor's opinion

In our opinion:

- a. the financial report of Australia & International Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and group's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Hacketts DFK



Liam Murphy
Partner

Brisbane, 22nd September 2009

NSX ADDITIONAL INFORMATION

Share Capital

Australia & International Holdings Limited has on issue 1,891,688 fully paid ordinary shares as at 30th June 2009. All ordinary shares of the Company carry one vote per share.

Top 20 Shareholders

The top twenty shareholders as at 30th June 2009 are as follows:

Rank	Investors	Listed Ordinary Units	
		No. of shares	% of Issued Capital
1	CTBFam Pty Ltd <CT & JT Burrell Super Fund A/c>	512,457	27.09%
2	Mr Christopher T. Burrell	140,148	7.41%
3	Sajrej Pty Ltd	113,958	6.02%
4	Mr Trevor James Maloney & Mrs Margaret Ann Maloney <T & M Maloney Super Fund A/c>	113,171	5.98%
5	CTBFam Pty Ltd	68,812	3.64%
6	RJB Superannuation Pty Ltd <The R J Burrell Super A/c>	64,276	3.40%
7	Sheford Investments Pty Ltd	60,612	3.20%
8	Ms Marian Micalizzi	59,876	3.17%
9	Donna Irwin <Superannuation A/c>	47,352	2.50%
10	Mr Jason Edward Leggatt	37,278	1.97%
11	Prof Francis James Finn	33,982	1.80%
12	Rowley Pty Ltd <Rowley Superannuation A/c>	30,395	1.61%
13	Ms Lynda Kaye Myers	27,000	1.43%
14	Wanstead Investment Company Pty Ltd	20,126	1.06%
15	Majella Pty Ltd <Higham Super Fund A/c>	18,070	0.96%
16	Mrs Rosemary Josephine Burt	17,857	0.94%
17	Mr Roger John Burrell	17,800	0.94%
18	Mrs Margaret Wells Burrell & Mr Christopher Thomas Burrell <TR Burrell Super Fund A/c>	16,302	0.86%
19	Paxton-Hall Investments Pty Ltd <Paxton-Hall Super Fund A/c>	16,243	0.86%
20	Superhay Pty Ltd <R S Tibbits Super Fund A/c>	15,754	0.83%
		1,431,469	75.67%

Distribution of Equity Securities

Analysis of number of shareholders by size of holding

Range	Number of holders	Number of shares	% of Issued Capital
1 - 1,000	41	9,561	0.5%
1,001 - 5,000	52	151,258	8.0%
5,001 - 10,000	27	189,053	10.0%
10,001 - 100,000	25	662,082	35.0%
100,001 and over	4	879,734	46.5%
	149	1,891,688	100.0%

NSX ADDITIONAL INFORMATION CONTINUED

Five Year Summary of the Performance of Australia & International Holdings Limited

	Consolidated				
	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$
Profit and Loss					
Revenue from operating activities	(207,231)	456,954	777,638	490,202	545,464
Total expenses	(124,389)	(166,423)	(133,876)	(98,913)	(57,400)
Profit from ordinary activities before income tax expense	(331,620)	290,531	643,762	391,289	488,064
Income tax benefit/(expense)	86,050	(41,383)	(79,384)	(45,317)	(69,167)
Net (loss)/profit	(245,570)	249,148	564,378	345,972	418,897
Balance Sheet					
Current Assets	998,399	1,269,229	1,488,874	1,280,677	1,075,679
Non-Current Assets	4,464,168	5,255,798	6,060,222	5,085,172	3,784,756
Total Assets	5,462,567	6,525,027	7,549,096	6,365,849	4,860,435
Current Liabilities	65,021	98,527	150,060	122,128	69,891
Non-Current Liabilities	24,331	317,597	541,087	401,504	212,973
Total Liabilities	89,352	416,124	691,147	523,632	282,864
Shareholders' Funds	5,373,215	6,108,903	6,857,949	5,842,217	4,577,571
 Earnings per share (in cents)	 (14.64)	 14.08	 32.75	 22.19	 23.76
 Dividends per share (in cents)	 8.50	 12.00	 13.00	 12.00	 10.00
 Net Tangible Assets per share (in cents)	 273.56	 362.97	 423.15	 369.69	 312.78
 Price Earnings Share (x)	 (21.88)	 24.50	 12.20	 16.90	 10.90

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/