

AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED

A C N 009 706 414

Interim Financial Report

**For the Half-Year Ended
31 December 2010**

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CORPORATE DIRECTORY

DIRECTORS' REPORT

Your directors present their report for Australia & International Holdings Limited ("the Company") for the half-year ended 31 December 2010 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

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.

The Company holds the majority of its investments in the Burrell Australian Equities Trust and the Burrell World Equities Trust.

The Burrell Australian Equities Trust itself invests for the medium to long term in predominantly blue chip companies listed on the Australian Securities Exchange and some managed funds. It also owns all of the shares in Australian Index Fund Pty Ltd, which itself invests for the shorter term in mid-cap companies, and in overweight portfolio positions in blue chip companies. The holding in Australian Index Fund Pty Ltd by Burrell Australian Equities Trust represents approximately 15% of its portfolio assets.

The Burrell World Equities Trust is also a medium to long term investment vehicle, which invests in large cap. International companies and some overseas managed funds. Companies selected for investment have businesses that are not usually well represented in Australia, such as pharmaceuticals and information technology.

Performance Outcomes

Net Return

The net return to shareholders for the six month period to the end of December 2010 was 6.0% based on a net asset value per share of \$2.96 (30 June 2010: \$2.84), and a final dividend paid in October 2010 of 5.0 cents per share, fully franked. This return is after costs have been deducted for managing and administering the portfolios and the Company. It is also after an allowance for tax at the rate of 30% has been deducted from operating profits and on the increases in value of the investment portfolios. Further, the returns shareholders in AIH receive from dividends are fully franked. As such, our net return is not directly comparable to publicly reported share price or accumulation indices.

DIRECTORS' REPORT CONTINUED

Gross Return of the Individual Portfolios

For comparative purposes we benchmark the international portfolio against the "MSCI" World (excluding Australia) Accumulation Index in local currency; and, the Australian long-term portfolio against the S&P/ASX 200 Index.. The trading portfolio is more difficult to benchmark because it includes a mix of mid-cap shares and some overweight positions in blue-chip shares. However, we feel that the return from this portfolio is related to the performance of the Australian long-term portfolio.

The performances of the portfolios for the half-year ended 31 December 2010 and the comparative period are as follows:

	31-Dec-10 %	31-Dec-09 %
Burrell Australian Equities Trust	11.3%	27.6%
Australian Index Fund Pty Ltd	68.7%	40.6%
S&P/ASX 200	10.3%	23.2%
Burrell World Equities Trust	3.0%	8.4%
MSCI World Index excluding Australia	0.4%	8.7%

Investment by Sector and Geographic Area

The Company's investments by sector are:

	31-Dec-10 %	31-Dec-09 %
Energy	10.6%	11.7%
Materials	14.3%	18.9%
Industrials	7.1%	8.1%
Consumer discretionary	7.4%	6.3%
Consumer staples	5.7%	5.3%
Financials	23.9%	26.6%
Real estate investment trust	5.6%	3.5%
Managed Funds and LICs	12.9%	8.1%
Exchange traded fund	3.2%	2.8%
Other – Health care, Information technology, Telecommunications and Utilities	9.3%	8.7%

DIRECTORS' REPORT CONTINUED

The Company's investments by geographic area are:

	31-Dec-10 %	31-Dec-09 %
Australia	80.3%	80.0%
Americas	9.7%	8.4%
United Kingdom	1.8%	1.8%
Europe excl. United Kingdom	3.6%	4.5%
Asia Pacific excl. Australia	0.9%	2.0%
Global Managed Fund	3.7%	3.3%

Securities representing 5% or more of the combined investment and trading portfolio at 31 December 2010 were:

	Percentage of Portfolio
Commonwealth Bank of Australia	9.3%
Sophisticated Investors Club	9.2%
BHP Billiton	8.4%
Westpac Banking Corporation	5.4%

Principal Activities

	31-Dec-10 \$	31-Dec-09 \$
Operating Result for the half-year after income tax	413,590	55,468

The entity's principal activity during the year consisted of long-term investing and share trading 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 2010 was \$2.96 (30 June 2010: \$2.84).

Dividends Paid or Recommended

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

A final, fully franked, ordinary dividend of 5.0 cents per share in respect of the year ended 30 June 2010 amounted to \$96,228 and was paid on 11 October 2010.

DIRECTORS' REPORT CONTINUED

Significant Changes in the State of Affairs of the Company

In November 2010 the Company conducted a successful selective off-market share buy-back to buy back up to 750,000 fully paid ordinary shares in the Company at a price of \$2.87 per share for a total amount of \$2,152,000 (including dividend of \$0.56/share with total amount of \$420,000). The buy-back was fully subscribed. Participants in the buy-back received proportionate units in the Burrell Australian Equities Trust and the Burrell World Equities Trust of equivalent value to the buy-back price.

The main reason for the Buy-back was so that holders of larger parcels of shares in Australia & International Holdings Limited, by converting their share holdings into unit holdings in the Burrell Australian Equities Trust and the Burrell World Equities Trust, obtained greater flexibility in being able to come-and-go by being able to redeem those units. The Board felt that this would also benefit smaller shareholders, as there would be less price competition at different levels in the absence of large orders. Another expected benefit is that, as a result of the Buy-back, accounting, audit and administration costs will be reduced.

Further, as a result of the Buy-back and the subsequent reduction in holdings by the Company in the Burrell Australian Equities Trust and the Burrell World Equities Trust to less 50% in each trust, the Company no longer has to prepare consolidated accounts. Investments in BAET and BWET are now treated in accordance with the Australian Accounting Standard, AASB 128 'Investment in Associates'.

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

Events Subsequent to Balance Date

No 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.

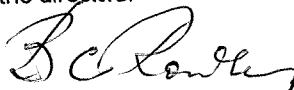
Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2010 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



Bernard C Rowley
Chairman

Brisbane, 8 March 2011

**Auditor's Independence Declaration
under S 307C of the Corporations Act 2001
to the Directors of Australia & International Holdings Limited**

Brisbane
Perth
Sydney
Melbourne
Newcastle

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2010, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; *and*
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

LAWLER HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 8 March 2011

STATEMENT OF COMPREHENSIVE INCOME

	Notes	31-Dec-10 \$	31-Dec-09 \$
Revenue	3	554,568	114,959
Accountancy and audit fees		(6,250)	(24,600)
Managed portfolio fees		(1,294)	(1,238)
Secretarial expenses		(5,000)	(15,600)
Stock exchange fees		(9,387)	(10,766)
Legal expenses		(67)	(2,270)
Other expenses		(30)	(5,017)
Profit before income tax		532,540	55,468
Income tax (expense)/benefit		(118,950)	-
Profit for the half-year		413,590	55,468
 Profit attributable to equity holders of Australia & International Holdings Limited		413,590	55,468
 Other comprehensive income after income tax			
Net gain/(loss) on revaluation of financial assets		(157,388)	822,891
Other comprehensive income/(expense) for the half-year, net of tax		(157,388)	822,891
Total comprehensive income/(expense) for the half-year		256,202	878,359
 Total comprehensive income for the half-year attributable to equity holders of Australia & International Holdings Limited		256,202	878,359
 Earnings per share		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	4	22.10	2.93
Diluted earnings per share	4	22.10	2.93

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

STATEMENT OF FINANCIAL POSITION

	Notes	31-Dec-10 \$	30-Jun-10 \$
CURRENT ASSETS			
Cash and cash equivalents	5	6,555	57,061
Receivables		110,341	39,065
Other assets		4,205	-
Total Current Assets		<u>121,101</u>	<u>96,126</u>
NON-CURRENT ASSETS			
Investment in associates	12	3,065,742	5,188,900
Other financial assets		646,367	339,637
Deferred tax assets		5,013	19,108
Total Non-Current Assets		<u>3,717,122</u>	<u>5,547,645</u>
Total Assets		<u>3,838,223</u>	<u>5,643,771</u>
CURRENT LIABILITIES			
Payables		19,243	25,655
Current tax liability		100,150	-
Total Current Liabilities		<u>119,393</u>	<u>25,655</u>
NON-CURRENT LIABILITIES			
Deferred tax liability		192,563	139,355
Total Non-Current Liabilities		<u>192,563</u>	<u>139,355</u>
Total Liabilities		<u>311,956</u>	<u>165,010</u>
Net Assets		<u>3,526,267</u>	<u>5,478,761</u>
EQUITY			
Issued Capital	6	2,742,712	4,435,180
Reserves		177,373	612,283
Retained Earnings		606,182	431,298
Total Equity		<u>3,526,267</u>	<u>5,478,761</u>

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

STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Financial Asset Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2009	4,334,553	342,823	519,881	5,197,257
Total comprehensive income for the half-year	-	822,891	55,468	878,359
Transactions with owners in their capacity as owners:				
Issuance of shares	46,661	-	-	46,661
Dividend paid or declared	-	-	(85,126)	(85,126)
Balance at 31 December 2009	<u>4,381,214</u>	<u>1,165,714</u>	<u>490,223</u>	<u>6,037,151</u>
 Balance at 1 July 2010	 4,435,180	 612,284	 431,297	 5,478,761
Total comprehensive income for the half-year	-	(157,388)	413,590	256,202
Transfer of reserves to retained earnings	-	(277,523)	277,523	-
Transactions with owners in their capacity as owners:				
Issuance of shares	6 53,280	-	-	53,286
Ordinary shares bought back, net of costs	6 (1,745,748)	-	-	(1,745,742)
Dividend paid or declared	7 -	-	(516,228)	(516,221)
Balance at 31 December 2010	<u>2,742,712</u>	<u>177,373</u>	<u>606,182</u>	<u>3,526,267</u>

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

STATEMENT OF CASH FLOWS

	Notes	31-Dec-10 \$	31-Dec-09 \$
Cash flows from operating activities			
Dividends received		12,022	9,043
Interest received		705	765
Trust distributions from related parties		25,353	89,981
Income taxes (paid)/refunded		(3,599)	-
Other expenses paid/income received		(29,359)	(44,377)
Net cash provided by (used in) operating activities	8	5,122	55,412
Cash flows from investing activities			
Receipts from long-term investing activities		2,474,734	-
Payments to long-term investing activities		(331,676)	(2,903)
Net cash provided by (used in) investing activities		2,143,058	(2,903)
Cash flows from financing activities			
Payment for shares bought back	6	(1,745,748)	-
Dividends paid	7	(462,938)	(38,465)
Loans to/from related entities		10,000	-
Net cash provided by (used in) financing activities		(2,198,686)	(38,465)
Net (decrease)/increase in cash held		(50,506)	14,044
Cash at the beginning of financial period		57,061	13,083
Cash at the end of financial period	5	6,555	27,127

The above Statement of Cash Flow 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 2010 has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

This financial report is intended to provide users with an update on the latest annual financial statements of Australia & International Holdings Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2010, together with any public announcements made during the year.

The same accounting policies and methods of computation have been followed in this interim report as were applied in the most recent annual financial statements.

In November 2010, the Company conducted a successful buy-back which resulted in the subsequent reduction in holdings by the Company in the Burrell Australian Equities Trust and Burrell World Equities Trust to less than 50% in each trust. Therefore, BAET and BWET are no longer the Company's subsidiaries and the accounting treatment for investments in both trusts are now in accordance with AASB 128 'Investment in Associates'.

Investments in Associates

Associate companies are companies in which the Company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate company. In addition the Company's share of profit or loss of the associate company is included in the Company's profit or loss.

Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the relation to the Company's investment in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Company will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

NOTE 2: SEGMENT INFORMATION

Business segments

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

Australian portfolio

This portfolio comprises of blue chip, quality shares in the ASX All Ordinaries Index, and trading positions, including new floats where the long-term investments criteria are not met and some overweight positions.

Overseas portfolio

Long-term portfolio invests in listed international equities and managed funds and uses foreign exchange hedging instruments to hedge its exposure to fluctuations in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION CONTINUED

Primary reporting – business segments

Six months ended 31 December 2010	Australian portfolio \$	Overseas portfolio \$	Consolidated \$
Dividend income	12,022	-	12,022
Interest income	705	-	705
Trust distributions from related parties	97,916	13,115	111,031
Profit on sale of non-current investments	430,810	-	430,810
Total segment revenue	541,453	13,115	554,568
Segment result	540,159	13,115	553,274
Unallocated expenses			(20,734)
Profit from ordinary activities before income tax expense			532,540
Income tax expense			(118,950)
Profit from ordinary activities after income tax expense			413,590

Six months ended 31 December 2009	Australian portfolio \$	Overseas portfolio \$	Consolidated \$
Dividend income	9,043	-	9,043
Interest income	765	-	765
Other income	14,482	-	14,482
Trust distributions from related parties	90,669	-	90,669
Total segment revenue	114,959	-	114,959
Segment result	113,721	-	113,721
Unallocated expenses			(58,253)
Profit from ordinary activities before income tax expense			55,468
Income tax expense			-
Profit from ordinary activities after income tax expense			55,468

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: REVENUE

	31-Dec-10	31-Dec-09
	\$	\$
Revenue from operating activities		
Net gain on sale of non-current investments	430,810	-
Dividend income	12,022	9,043
Interest income	705	765
Trust distributions from related parties	111,031	90,669
	<u>554,568</u>	<u>100,477</u>
Revenue from outside operating activities		
Other income	-	14,482
	<u>-</u>	<u>14,482</u>
Total revenue from ordinary activities	<u>554,568</u>	<u>114,959</u>

NOTE 4: EARNINGS PER SHARE (EPS)

	31-Dec-10	31-Dec-09
	Cents	Cents
Basic earnings per share	22.10	2.93
Diluted earnings per share	22.10	2.93
	\$	\$
Earnings used in calculation of both Basic and Diluted EPS	413,590	55,468
	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculation of Basic EPS	1,871,569	1,892,420
Adjustment for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary shares used in calculation of Diluted EPS	<u>1,871,569</u>	<u>1,892,420</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: CASH AND CASH EQUIVALENTS

	31-Dec-10	30-Jun-10
	\$	\$
DDH Graham Limited	6,555	57,061
	<u>6,555</u>	<u>57,061</u>

NOTE 6: CONTRIBUTED EQUITY

	31-Dec-10	30-Jun-10	31-Dec-10	30-Jun-10
	No. of shares	No. of shares	\$	\$
Fully paid ordinary shares:				
Ordinary shares – fully paid	1,193,083	1,924,555	2,742,712	4,435,180
Movement in issued and paid-up ordinary share capital of Australia & International Holdings Limited are as follows:	Date	No. of shares	Issue Price	\$
On issue 30 June 2010		1,924,555		4,435,180
Dividend reinvestment plan	11/10/2010	18,528	\$2.87	53,280
Share buy-back (refer Note 7)	16/12/2010	(750,000)	\$2.31	(1,732,500)
Share buy-back cost	16/12/2010			(13,248)
		<u>1,193,083</u>		<u>(1,692,468)</u>
On issue 31 December 2010				

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 7: DIVIDENDS & CAPITAL MANAGEMENT

A final, fully franked, ordinary dividend of 5.0 cents per share (2009: 4.5 cents) in respect of the year ended 30 June 2010 amounted to \$96,228 (2009: \$85,126) and was paid on 11th October 2010 (2009: 22nd December 2009). The record date was on 4th October 2010 (2009: 14th December 2009).

A fully-franked ordinary dividend of 56.0 cents per shares was paid as part of the Buy-Back price that was completed on 16th December 2010 amounted to \$420,000. The record date of the Buy-Back was on 19th November 2010.

As at 31st December 2010, the directors had made no proposal or declared concerning in respect of the 6 months ended 31 December 2010.

A 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.

In November 2010 the Company conducted a successful selective off-market share buy-back to buy back up to 750,000 fully paid ordinary shares in the Company at a price of \$2.87 per share for a total amount of \$2,152,000 (including dividend of \$0.56/share with total amount of \$420,000). The buy-back was fully subscribed. Participants in the buy-back received proportionate units in the Burrell Australian Equities Trust and the Burrell World Equities Trust of equivalent value to the buy-back price.

The main reason for the Buy-back was so that holders of larger parcels of shares in Australia & International Holdings Limited, by converting their share holdings into unit holdings in the Burrell Australian Equities Trust and the Burrell World Equities Trust, obtained greater flexibility in being able to come-and-go by being able to redeem those units. The Board felt that this would also benefit smaller shareholders, as there would be less price competition at different levels in the absence of large orders. Another expected benefit is that, as a result of the Buy-back, accounting, audit and administration costs will be reduced.

Further, as a result of the Buy-back and the subsequent reduction in holdings by the Company in the Burrell Australian Equities Trust and the Burrell World Equities Trust to less 50% in each trust, the Company no longer has to prepare consolidated accounts.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: RECONCILIATION OF OPERATING (LOSS) PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31-Dec-10	31-Dec-09
	\$	\$
Operating (loss) profit after tax	413,590	55,468
Net (gain)/loss on sale of non-current investments	(430,810)	-
Changes in operating assets and liabilities:		
(Increase)/decrease in debtors	(909)	(3,750)
(Increase)/decrease in receivables from related entities	(84,572)	(688)
(Increase)/decrease in deferred tax assets	14,095	-
(Decrease)/increase in creditors	-	-
(Decrease)/increase in accrued expenses	(6,422)	4,382
(Decrease)/increase in provision for income tax	100,150	-
(Decrease)/increase in provision for deferred income tax	-	-
Net cash inflow from operating activities	5,122	55,412

NOTE 9: 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 10: NON-CASH FINANCING AND INVESTING ACTIVITIES

During the period, the Company issued 18,528 new shares under a Dividend Reinvestment Plan at \$2.87 per share for a total value of \$53,280. This transaction increased the contributed equity balance by \$53,280 without any cash inflow/outflow.

NOTE 11: 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 THE FINANCIAL STATEMENTS

NOTE 12: DERECOGNITION OF SUBSIDIARIES

In November 2010, the Company conducted a successful off-market buy-back. Participants in the buy-back received proportionate units in the Burrell Australian Equities Trust (BAET) and Burrell World Equities Trust (BWET) of equivalent value to the buy-back price. As a result, the Company reduced its ownership in BAET from 82.5% to 44.6% and BWET from 56.5% to 34.8%. The reduction in holdings by the Company in both trusts to less than 50%, means that BAET and BWET are no longer the Company's subsidiaries and the accounting treatment in BAET and BWET are now in accordance with the Australian Accounting Standard, AASB 128 'Investment in Associates'.

The capital gain as a result from the disposal of BAET and BWET are included in the Statement of Comprehensive Income amounted to \$430,810.

NOTE 13: EVENTS OCCURRING AFTER BALANCE DATE


No matter or circumstances has arisen since 31 December 2010 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

The Directors of Australia & International Holdings Limited (the Company) declare that:

- (a) the half-year financial statements and notes, as set out on pages 10 to 16, are in accordance with the Corporations Act 2001 including:
- (i) giving a true and fair view of the financial position of the Company as at 31 December 2010 and of its performance 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) In the Directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of directors.



Christopher T Burrell
Director
Brisbane



Bernard C Rowley
Chairman

8 March 2011

**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 which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australia & International Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Company's financial position as at 31 December 2010 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, 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 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.

Matters Relating to the Electronic Publication of the Reviewed Financial Report

This review report relates to the financial report of Australia & International Holdings Limited for the half-year ended 31 December 2010 included on the website of Australia & International Holdings Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence


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

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

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 is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and *Corporations Regulations 2001*.



LAWLER HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 8 March 2011

CORPORATE DIRECTORY

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