

# **Australia & International Holdings Limited**

**ABN 98 009 706 414**

**Financial Statements - 30 June 2012**

**Australia & International Holdings Limited**  
**Corporate directory**  
**30 June 2012**

Directors	Bernard C E Rowley Christopher T Burrell Roger J Burrell Frank J Finn	
Company secretary	Ian F Davey	
Notice of annual general meeting	The annual general meeting of Australia & International Holdings Limited:	
	will be held at	Level 5, 24 Little Edward Street Spring Hill QLD 4000
	time	12:00 PM
	date	Tuesday 13 November 2012
Registered office	24 Little Edward Street Spring Hill QLD 4000 Phone: 61 7 3006 7200 Fax: 61 7 3839 6964	
Principal place of business	24 Little Edward Street Spring Hill QLD 4000	
Share register	Newcastle Capital Markets Registries Pty Limited 10 Murray Street Hamilton NSW 2303 Phone 61 2 4920 2877 Fax 61 2 4920 2878	
Auditor	Lawler Hacketts Audit Level 3, 549 Queen Street Brisbane QLD 4000	
Bankers	DDH Graham Limited 18th Floor, 344 Queen Street Brisbane QLD 4000	
Stock exchange listing	Australia & International Holdings Limited shares are listed on the National Securities Exchange (NSX code: AID)	
Website address	<a href="http://www.burrell.com.au">http://www.burrell.com.au</a>	

**Australia & International Holdings Limited**  
**Directors' Report**  
**30 June 2012**

The directors present their report, together with the financial statements of Australia & International Holdings Limited ("AIH") for the year ended 30 June 2012.

**Directors**

The following persons were directors of Australia & International Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Bernard C E Rowley  
 Christopher T Burrell  
 Roger J Burrell  
 Frank J Finn

**Company Secretary**

Ian F Davey

**Principal Activities**

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

**Dividends**

Dividends paid during the financial year were as follows:

	2012 \$	2011 \$
Final dividend for the year ended 30 June 2011 (2011: 30 June 2010) of 5.0 cents (2011: 5.0 cents) per ordinary share paid on 21 October 2011 (2011: 11 October 2010) fully franked based on a tax rate of 30%.	63,138	96,228
Interim dividend for the year ended 30 June 2012 (2011: 30 June 2011) of 5.0 cents (2011: 5.0 cents) per ordinary share paid on 30 April 2012 (2011: 15 April 2011) fully franked based on a tax rate of 30%.	63,327	59,654
Dividend under an off-market capital buy-back of 56.0 cents per ordinary share paid on 16 December 2010 fully franked based on a tax rate of 30%.	-	420,000
	<u>126,465</u>	<u>575,882</u>

**Review of operations**

The profit for the entity for the financial year after providing for income tax amounted to \$141,440 (30 June 2011: \$427,879).

**Overview**

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

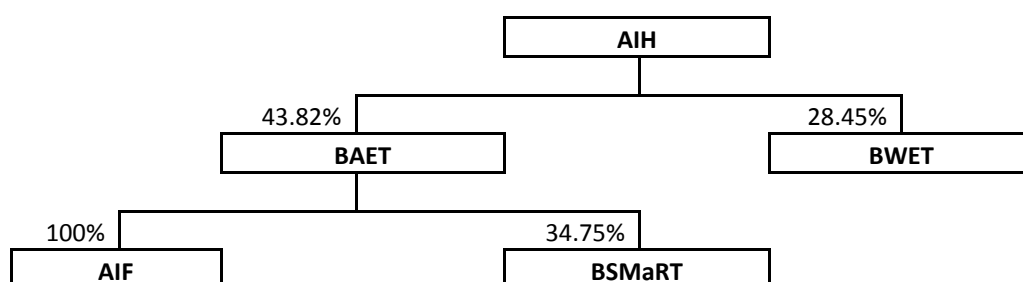
**Structure**

The Company is structured in order to provide investors with the opportunity to invest in a vehicle that holds positions in a strategically balanced and well-diversified set of portfolios. The majority of shareholder funds are invested over a medium to long term period in both Australian and international companies and managed funds. This is facilitated through the Company's investments in the Burrell Australian Equities Trust ("BAET") and the Burrell World Equities Trust ("BWET"). BAET further holds units in the Burrell Small-caps, Mid-caps and Resources Trust ("BSMaRT"), which holds some short term trading and sector overweight positions in the Australian equities market. Prior to July 2011 these short term and overweight positions were held in the Australian Index Fund Pty Ltd ("AIF"), but these investments have been transferred to BSMaRT, which is a managed trust akin to BAET and BWET. This allows outside sophisticated investors to buy units directly in the trust and makes it easier for unitholders to redeem their investment. AIF is now mainly used to hold ASX exchange traded options positions.

### Structure (continued)

BAET, BWET and BSMaRT are all unregistered managed investment schemes. BAET invests in listed Australian equities and managed funds. BWET invests in listed international equities and managed funds and may use foreign exchange hedging instruments to hedge its exposure to fluctuations in foreign currencies. BSMaRT holds short term trading and sector overweight positions in the Australian equities market.

As at 30 June 2012 approximately 77% of AIH's investment portfolio comprised of investments in BAET and BWET in the percentages of 56.0% and 21% respectively. This was achieved through the following ownership structure, whereby AIH owned 43.82% of the units on issue in BAET and 28.45% of the units on issue in BWET.



### Performance Outcomes

#### Net Return

The net return to shareholders for the financial year ended 30 June 2012 was -5.6%. This 'net return' is not directly comparable to publicly reported share price or accumulation indices because it 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 return shareholders in AIH received from dividends are fully franked. As such we look at the 'gross returns' from the individual investment portfolios.

#### Gross Returns

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 ASX All Ordinaries Accumulation 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 individual portfolios the Company invested in for the year ended 30 June 2012 and the comparative period are as follows:

	30-Jun-12	30-Jun-11
	%	%
Burrell Australian Equities Trust (excluding AIF)	-6.9	8.4
Burrell Australian Equities Trust (including AIF)	-8.6	10.1
Burrell World Equities Trust	-1.2	2.2
Burrell Small-cap, Mid-cap and Resources Trust	-17.5	-15.1
Australian All Ordinaries Accumulation Index	-7.0	12.2
Australian Small Ordinaries Accumulation Index	-14.6	-0.6
MSCI World Index ex Australia (in Australian dollar terms)	-2.6	0.1

### **Gross Returns (continued)**

The Company looks through to the investment portfolios of BAET, BWET and BSMaRT to see its investments by industry sector:

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>%</b>	<b>%</b>
Energy	8.0	9.6
Materials	13.9	16.4
Industrials	4.0	6.8
Consumer discretionary	7.3	6.8
Consumer staples	4.8	4.7
Financials	29.3	24.6
Real estate investment trusts	7.8	6.3
Managed funds and LICs	12.1	12.7
Exchange traded funds	3.3	4.4
Others – Health care, Information technology, Telecommunications and Utilities	9.5	7.7

The Company's investments on a look-through basis by geographic area were:

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>%</b>	<b>%</b>
Australia & New Zealand	84.2	82.3
Americas	7.7	8.4
United Kingdom	1.6	2.3
Europe excl. United Kingdom	2.3	3.3
Asia Pacific excl. Australia	0.8	0.7
Global	3.4	3.0

Securities representing 5% or more of the combined investments and trading portfolio as 30 June 2012 were:

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>% of</b>	<b>% of</b>
	<b>portfolio</b>	<b>portfolio</b>
Commonwealth Bank of Australia	12.7	11.1
Sophisticated Investors Club	8.7	9.7
BHP Billiton	7.9	8.9
Westpac Banking Corporation	6.9	6.3

### **Net Asset Value per Share**

The net asset value per share for the company as at 30 June 2012 was \$2.62 (30 June 2011: \$2.88).

### **Earnings per Share**

Earnings per share based on the net operating result were 11.2 cents per share (30 June 2011: 27.65 cents per share).

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the entity during the financial year.

### **Matters subsequent to the end of the financial year**

No matter of circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Australia & International Holdings Limited**  
**Directors' Report (continued)**  
**30 June 2012**

**Likely developments and expected results of operations**

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Information on directors**

<b>Name:</b>	Bernard C E Rowley
<b>Title:</b>	Chairman
<b>Qualifications</b>	Fellow of the Institute of Actuaries of Australia, Fellow of the Australian Institute of Company Directors.
<b>Experience and expertise:</b>	Bernard has been a Director since 1998 and Chairman since 2002. He was previously the Chief Executive Officer of Suncorp Insurance & Finance for the years 1986 to 1996.
<b>Other current directorships:</b>	Director of Texon Petroleum Ltd, and Director of Australian Shale Oil Resources Company.
<b>Former directorships (in the last 3 years):</b>	Chairman of Cuna Mutual Life, Chairman of Cuna Mutual Group, and Director of River City Motorway Group.
<b>Interests in shares:</b>	32,421 Fully Paid Ordinary Shares, Non-beneficially held.
<b>Interests in options:</b>	None.
<b>Name:</b>	Christopher T Burrell
<b>Title:</b>	Director
<b>Qualifications:</b>	M.F.M, B. Com (Hons), L.L.B. (Hons), F.C.A., SF Fin, M.S.A.A.
<b>Experience and expertise:</b>	Chris has been a Director since 1983. He was the Company's Chairman from 1983 to 2002. He has held the position of Managing Director of Burrell Stockbroking Pty Ltd since 1997. He was a Partner at Coopers and 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.
<b>Other current directorships:</b>	Director of Burrell Stockbroking Pty Ltd
<b>Interests in shares:</b>	335,747 beneficially and 72,187 non-beneficially held Fully Paid Ordinary Shares.

**Australia & International Holdings Limited**  
**Directors' Report (continued)**  
**30 June 2012**

**Interests in options:** None.

**Name:** Roger J Burrell

**Title:** Director

**Qualifications:** B. Com, L.L.B., F Fin, F.A.I.C.D., Diploma of Financial Services.

**Experience and expertise:** Roger has been a Director since 1987. He is also the Chief Executive Officer of Access Funds Management Ltd, Principal of AFM Property Services, Director of Waratah Cooperative Housing Societies, Director of Multiple Sclerosis Society of Australia (MS Australia), deputy Chair and committee Member of Multiple Sclerosis Society of Queensland (MSQ), Legal Consultant to QM Properties Group, Property Solutions Group and Classic Holiday Group, and Compliance Committee Member of One Group Securities Ltd. Roger is also a former Partner at national law firm Clayton Utz, (1987 – 2000) and former Partner (2000 – 2006) and Consultant (2006 – 2011) at Phillips Fox (subsequently DLA Piper/ DLA Phillips Fox).

**Other current directorships:** Access funds Management Ltd., Multiple Sclerosis of Australia and Waratah Cooperative Housing Societies.

**Interests in shares:** 59,349 beneficially held Fully Paid Ordinary Shares.

**Interests in options:** None.

**Name:** Frank J Finn

**Title:** Director

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

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

**Interests in shares:** 35,681 beneficially held Fully Paid Ordinary Shares.

**Interests in options:** None.

**Company Secretary**

Ian Davey has been a Company Secretary of the Company since 2000 and is also a Director of Burrell Stockbroking Pty Ltd. Prior to joining the Company, he was the Financial Controller of James Engineering Pty Ltd (1985 – 2000).

**Australia & International Holdings Limited**  
**Directors' Report (continued)**  
**30 June 2012**

**Meetings of directors**

The number of meetings of the company's Board of Directors held during the year ended 30 June 2012, and the number of meetings attended by each director was:

	Attended	Full Board	Held
Bernard C Rowley	3		4
Christopher T Burrell	2		4
Roger J Burrell	3		4
Frank J Finn	3		4

**Retirement, election and continuation in office of directors**

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

**Remuneration report (audited)**

No remuneration was paid to the Directors during the year ended 30 June 2012. No other management or staff is employed by the Company.

Full details relating to Directors are set out at Notes 22 and 23 – Related Parties, in the Notes to and forming part of the Financial Statements for the year ended 30 June 2012.

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 2012 or at any other time) with the Company; or 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.

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2012.

*Options*

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2012.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2012.

This concludes the remuneration report, which has been audited.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is lack of good faith.



**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related party.

**Proceedings of behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Officers of the company who are former audit partners of Lawler Hacketts Audit**

There are no officers of the company who are former audit partners of Lawler Hacketts Audit.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

**Auditor**


Lawler Hacketts Audit continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2) (a) of the Corporations Act 2001.

On behalf of the directors



Christopher T Burrell  
Director



Frank J Finn  
Director

11 September 2012  
Brisbane

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Brisbane  
Rockhampton  
Sydney  
Melbourne  
Newcastle

**Lawler Hacketts Audit**



**Liam Murphy**

Partner

Brisbane, 11<sup>th</sup> September 2012

**Australia & International Holdings Limited**  
**Financial report**  
**30 June 2012**

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**General information**

The financial report covers Australia & International Holdings Limited as an individual entity. The financial report is presented in Australian dollars, which is Australia & International Holdings Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Australia & International Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

24 Little Edward Street  
Spring Hill QLD 4000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 11 September 2012.

**Australia & International Holdings Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2012**

	<b>Note</b>	<b>2012 \$</b>	<b>2011 \$</b>
<b>Revenue</b>	4	167,040	133,163
Other income	5	15,310	431,041
<b>Expenses</b>			
Accountancy and audit fees		(9,587)	(9,600)
Managed portfolio fees		(1,895)	(2,637)
Secretarial expenses		(7,672)	(7,600)
Legal expenses		(1,425)	(1,314)
Stock exchange fees		(6,231)	(10,589)
Listing fees		(13,198)	(9,597)
Other expenses		<u>(876)</u>	<u>(461)</u>
<b>Profit before income tax expense</b>		141,466	522,406
Income tax expense	6	<u>(26)</u>	<u>(94,527)</u>
<b>Profit after income tax expense for the year attributable to the owners of Australia &amp; International Holdings Limited</b>	16	141,440	427,879
<b>Other comprehensive income</b>			
Loss on the revaluation of available-for-sale financial assets, net of tax		<u>(327,738)</u>	<u>(188,317)</u>
Other comprehensive income for the year, net of tax		<u>(327,738)</u>	<u>(188,317)</u>
<b>Total comprehensive income for the year attributable to the owners of Australia &amp; International Holdings Limited</b>		<u><u>(186,298)</u></u>	<u><u>239,562</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	21	11.12	27.65
Diluted earnings per share	21	11.12	27.65

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Australia & International Holdings Limited**  
**Statement of financial position**  
**As at 30 June 2012**

	<b>Note</b>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	243,448	115,715
Trade and other receivables	8	91,325	(1,106)
Income tax refund due	9	9,996	6,552
Total current assets		<u>344,769</u>	<u>121,161</u>
<b>Non-current assets</b>			
Available-for-sale financial assets	10	3,210,203	3,670,058
Deferred tax	11	6,482	22,735
Total non-current assets		<u>3,216,685</u>	<u>3,692,793</u>
<b>Total assets</b>		<u>3,561,454</u>	<u>3,813,954</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	4,136	2,175
Total current liabilities		<u>4,136</u>	<u>2,175</u>
<b>Non-current liabilities</b>			
Deferred tax	13	63,938	181,201
Total non-current liabilities		<u>63,938</u>	<u>181,201</u>
<b>Total liabilities</b>		<u>68,074</u>	<u>183,376</u>
<b>Net assets</b>		<u>3,493,380</u>	<u>3,630,578</u>
<b>Equity</b>			
Issued capital	14	3,098,882	2,923,317
Reserves	15	(219,617)	108,121
Retained profits	16	614,115	599,140
<b>Total equity</b>		<u>3,493,380</u>	<u>3,630,578</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Australia & International Holdings Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2012**

	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2010	4,435,180	612,283	431,298	5,478,761
Profit after income tax expense for the year	-	-	427,879	427,879
Other comprehensive income for the year, net of tax	-	(504,162)	315,845	(188,317)
Total comprehensive income for the year	-	(504,162)	743,724	239,562
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	233,885	-	-	233,885
Ordinary shares bought back, net of costs	(1,745,748)	-	-	(1,745,748)
Dividends paid	-	-	(575,882)	(575,882)
Balance at 30 June 2011	<u>2,923,317</u>	<u>108,121</u>	<u>599,140</u>	<u>3,630,578</u>
	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2011	2,923,317	108,121	599,140	3,630,578
Profit after income tax expense for the year	-	-	141,440	141,440
Other comprehensive income for the year, net of tax	-	(327,738)	-	(327,738)
Total comprehensive income for the year	-	(327,738)	141,440	(186,298)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	175,565	-	-	175,565
Dividends paid	-	-	(126,465)	(126,465)
Balance at 30 June 2012	<u>3,098,882</u>	<u>(219,617)</u>	<u>614,115</u>	<u>3,493,380</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Australia & International Holdings Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2012**

	<b>Note</b>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers (inclusive of GST)		(38,943)	(62,011)
Dividends received		18,270	19,997
Interest received		5,262	2,135
Other revenue		1,972	-
Trust distributions received from related parties		77,119	137,906
Income taxes paid		<u>(15,231)</u>	<u>(104,706)</u>
Net cash from/(used in) operating activities	20	<u>48,449</u>	<u>(6,679)</u>
<b>Cash flows from investing activities</b>			
Payments for investments		(125,457)	(331,686)
Proceeds from sale of business		<u>155,621</u>	<u>322,234</u>
Net cash from/(used in) investing activities		<u>30,164</u>	<u>(9,452)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	14	175,565	220,637
Dividends paid	17	(126,445)	(155,852)
Repayment of borrowings		<u>-</u>	<u>10,000</u>
Net cash from financing activities		<u>49,120</u>	<u>74,785</u>
Net increase in cash and cash equivalents		127,733	58,654
Cash and cash equivalents at the beginning of the financial year		<u>115,715</u>	<u>57,061</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>243,448</u></u>	<u><u>115,715</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

*AASB 101 Presentation of Financial Statements*

The company has applied the revised AASB 101 from 1 July 2009 and now presents a statement of comprehensive income, which incorporates the income statement and all non-owner changes in equity. As a result, the company now presents all owner changes in the statement of changes in equity. The balance sheet is now referred to as the statement of financial position. There is a requirement to present a third statement of financial position if there is restatement of comparatives through either a correction of error, change in accounting policy or a reclassification. The cash flow statement is now referred to as the statement of cash flows.

*AASB 124 Related Party Disclosures (December 2009)*

The company has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

*AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets*

The company has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amended disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised; and (ii) when assets are derecognised but the company has a continuing exposure to the asset after the sale.

*AASB 1054 Australian Additional Disclosures*

The company has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.



**Australia & International Holdings Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 1. Significant accounting policies (continued)**

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

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

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
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**Note 1. Significant accounting policies (continued)**

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Investments and other financial assets**

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the company establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 1. Significant accounting policies (continued)**

**Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australia & International Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**

GST incurred is not recoverable from the tax authority and is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

Cash flows are presented on a gross basis.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2012. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

*AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The company will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the company.

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
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**Note 1. Significant accounting policies (continued)**

*AASB 1053 Application of Tiers of Australian Accounting Standards*

This standard is applicable to annual reporting periods on or after 1 July 2013. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. Even though it qualifies as a Tier 2, the company will not adopt this standard for reduced disclosure.

*AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013. These amendments make numerous amendments to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. Even though it qualifies as a Tier 2, the company will not adopt these amendments for reduced disclosure.

*AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the company.

*AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the company.

*AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The adoption of the revised standard from 1 July 2012 will impact the company's presentation of its statement of comprehensive income.

**Australia & International Holdings Limited**  
**Notes to the Financial Statements**  
**30 June 2012**

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

**Note 3. Operating segments**

As previously noted, the Company is predominantly invested in the Burrell Australian Equities Trust and the Burrell World Equities Trust who in turn invest the majority of their funds for the long-term in blue-chip companies listed on the Australian and international stock exchanges and selected managed funds. The Company's allocation of investments and the performance of these investments are in line with the investment portfolios of the two trusts and it follows that an appropriate categorisation of segments for reporting purposes is into Australian long-term shares and overseas long-term shares. The Australian portfolio is made up of blue chip and quality shares in the ASX All Ordinaries Index, and the overseas portfolio consists of shareholdings in stocks traded on stock exchanges with similar corporate governance regimes as Australia. This portfolio is primarily made up of shares in companies operating in the USA, UK, Europe and Asia.

	<b>Australian Long-Term Shares \$</b>	<b>Overseas Long-Term Shares \$</b>	<b>Total \$</b>
<b>2012</b>			
Dividends	18,270	-	18,270
Interest	5,262	-	5,262
Trust distributions from related parties	114,060	27,476	141,536
Other income	1,973		1,973
Net gain/(loss) on disposal of available-for-sale financial assets	21,483	(6,173)	15,310
Total segment revenue	161,047	21,303	182,350
Segment result	161,047	21,303	182,350
Unallocated expenses			(40,884)
Profit from ordinary activities before income tax benefit/(expense)			141,467
Income tax benefit/(expense)			(26)
Profit from ordinary activities after income tax benefit/(expense)			141,440
Segment assets	2,810,453	734,521	3,544,975
Unallocated assets		16,478	16,478
Total assets			3,561,453
Segment liabilities	106,508	(42,570)	63,938
Unallocated liabilities			4,136
Total Liabilities			68,074
Net assets			3,493,379
Segment cash inflow from operating activities	87,401	15,222	102,624
Unallocated net cash (outflow) from operating activities			(54,174)
Net cash inflow/(outflow) from operating activities			48,450

**Australia & International Holdings Limited**  
**Notes to the Financial Statements**  
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**Note 3. Operating segments (continued)**

	<b>Australian Long-Term Shares \$</b>	<b>Overseas Long-Term Shares \$</b>	<b>Total \$</b>
<b>2011</b>			
Dividends	19,997	-	19,997
Interest	2,135	-	2,135
Trust distributions from related parties	97,916	13,115	111,031
Net gain/(loss) on disposal of available-for-sale financial assets	518,681	(87,640)	431,041
Total segment revenue	638,729	(74,525)	564,204
Segment result	638,729	(74,525)	564,204
Unallocated expenses			(41,798)
Profit from ordinary activities before income tax benefit/(expense)			522,406
Income tax benefit/(expense)			(94,527)
Profit from ordinary activities after income tax benefit/(expense)			427,879
Segment assets	2,806,384	863,673	3,670,057
Unallocated assets			145,003
Total assets			3,815,060
Segment liabilities	218,386	(37,185)	181,201
Unallocated liabilities			3,281
Total Liabilities			184,482
Net assets			3,630,578
Segment cash inflow from operating activities	146,923	13,115	160,038
Unallocated net cash (outflow) from operating activities			(166,717)
Net cash inflow/(outflow) from operating activities			(6,679)

**Note 4. Revenue**

	<b>2012 \$</b>	<b>2011 \$</b>
<i>Other revenue</i>		
Dividends	18,270	19,997
Interest	5,262	2,135
Trust distributions from related parties	141,536	111,031
Other revenue	1,972	-
Revenue	167,040	133,163

**Note 5. Other income**

	<b>2012 \$</b>	<b>2011 \$</b>
Net gain on disposal of available-for-sale financial assets	15,310	431,041

**Australia & International Holdings Limited**  
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**Note 6. Income tax expense**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Current tax	(9,996)	112,130
Deferred tax - origination and reversal of temporary differences	16,253	(17,722)
Adjustment recognised for prior periods	(6,231)	119
	<u>26</u>	<u>94,527</u>
Aggregate income tax expense		
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 11)	<u>16,253</u>	<u>(17,722)</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	141,466	522,406
Tax at the statutory tax rate of 30%	42,440	156,722
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	161	129
Tax offset for franked dividends	(30,115)	(50,086)
Capital losses	(4,593)	(3,435)
Restructuring legal costs s 40-880	(2,218)	(2,737)
Accrued expenses	582	(7,050)
Sundry items	-	865
	<u>6,257</u>	<u>94,408</u>
Adjustment recognised for prior periods	(6,231)	119
Income tax expense	<u>26</u>	<u>94,527</u>
<i>Amounts charged/(credited) directly to equity</i>		
Deferred tax liabilities (note 13)	<u>(117,263)</u>	<u>41,846</u>

**Note 7. Current assets - cash and cash equivalents**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u>243,448</u>	<u>115,715</u>

**Australia & International Holdings Limited**  
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**Note 8. Current assets - trade and other receivables**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	30,522	-
Distributions receivable	60,803	(1,106)
	<u>91,325</u>	<u>(1,106)</u>

**Note 9. Current assets - income tax refund due**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Income tax refund due	<u>9,996</u>	<u>6,552</u>

**Note 10. Non-current assets - available-for-sale financial assets**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Quoted investments at fair value	<u>3,210,203</u>	<u>3,670,058</u>

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out

Opening fair value	3,670,058	5,528,537
Additions	125,457	331,686
Disposals	(140,311)	(2,043,925)
Revaluation decrements	<u>(445,001)</u>	<u>(146,240)</u>
Closing fair value	<u>3,210,203</u>	<u>3,670,058</u>

Refer to note 18 for further information on financial instruments.



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**Note 11. Non-current assets - deferred tax**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Timing differences of revenue recognition	6,482	22,735
Deferred tax asset	<u>6,482</u>	<u>22,735</u>
<i>Movements:</i>		
Opening balance	22,735	19,108
Credited/(charged) to profit or loss (note 6)	(16,253)	17,722
Prior year adjustment	-	(119)
Tax losses utilised in current year	<u>-</u>	<u>(13,976)</u>
Closing balance	<u>6,482</u>	<u>22,735</u>

**Note 12. Current liabilities - trade and other payables**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Trade payables	4,086	2,145
Other payables	<u>50</u>	<u>30</u>
	<u>4,136</u>	<u>2,175</u>

Refer to note 18 for further information on financial instruments.

**Note 13. Non-current liabilities - deferred tax**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Deferred tax liability	<u>63,938</u>	<u>181,201</u>
<i>Movements:</i>		
Opening balance	181,201	139,355
Charged/(credited) to equity	<u>(117,263)</u>	<u>41,846</u>
Closing balance	<u>63,938</u>	<u>181,201</u>

**Note 14. Equity - issued capital**

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>1,334,043</u>	<u>1,262,762</u>	<u>3,098,882</u>	<u>2,923,317</u>

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
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**Note 14. Equity - issued capital (continued)**

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2010	1,924,555		4,435,180
Dividend reinvestment plan	11 October 2010	18,528	\$2.87	53,280
Share buy-back	16 December 2010	(750,000)	\$2.31	(1,732,500)
Share buy-back cost	16 December 2010	-	\$0.00	(13,248)
Dividend reinvestment plan	15 April 2011	10,025	\$2.99	29,871
Rights issue	28 April 2011	59,654	\$2.70	161,066
Rights issue cost	28 April 2011	-	\$0.00	(10,332)
Balance	30 June 2011	1,262,762		2,923,317
Dividend reinvestment plan	21 October 2011	3,780	\$2.62	9,990
Dividend reinvestment plan	30 April 2012	4,174	\$2.73	11,317
Rights issue	30 May 2012	63,327	\$2.50	158,318
Rights issue cost	30 May 2012	-	\$0.00	(4,060)
Balance	30 June 2012	1,334,043		3,098,882

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

In November 2010, the Company conducted a successful off-market buy-back of its shares. Participants in the buy-back received proportionate units in BAET and 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%. As at 30 June 2011, as a result of BAET and BWET issuing further units to third parties, the Company's investments in BAET and BWET became 42.46% and 33.88% respectively. A capital gain of \$430,810 was achieved as a result of the disposal of the units in BAET and BWET and this is recorded in the Statement of Comprehensive Income. The reduction in holdings in the two trusts to less than 50% meant that they are no longer subsidiaries of the Company and therefore there is no longer a requirement to produce a consolidated set of financial statements. A discussion of the accounting treatment adopted following this reduction of ownership is included in Note 1 of these financial statements.

*Capital risk management*

The company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2011 Annual Report.

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
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**Note 15. Equity - reserves**

				<b>2012</b>	<b>2011</b>
				<b>\$</b>	<b>\$</b>
Available-for-sale reserve				<u>(219,617)</u>	<u>108,121</u>
	<b>\$</b>	<b>Revaluation surplus \$</b>	<b>Available- for-sale \$</b>	<b>Foreign currency \$</b>	<b>Hedging \$</b>
					<b>Total \$</b>
Balance at 1 July 2010	-	-	612,283	-	-
Revaluation - gross		-	(146,240)	-	-
Deferred tax		-	(41,846)	-	-
Transfer from reserve		-	(315,845)	-	-
Other adjustments		-	(231)	-	-
Balance at 30 June 2011	-	-	108,121	-	-
Revaluation - gross		-	(445,001)	-	-
Deferred tax		-	117,263	-	-
Balance at 30 June 2012	-	-	<u>(219,617)</u>	-	-

*Available-for-sale reserve*

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

**Note 16. Equity - retained profits**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Retained profits at the beginning of the financial year	599,140	431,298
Profit after income tax expense for the year	141,440	427,879
Dividends paid (note 17)	(126,465)	(575,882)
Transfer from revaluation surplus reserve	-	315,845
Retained profits at the end of the financial year	<u>614,115</u>	<u>599,140</u>

**Note 17. Equity - dividends**

*Dividends*

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Final dividend for the year ended 30 June 2011 (2011: 30 June 2010) of 5.0 cents (2011: 5.0 cents) per ordinary share paid on 21 October 2011 (2011: 11 October 2011) fully franked based on a tax rate of 30%	63,138	96,228
Interim dividend for the year ended 30 June 2012 (2011: 30 June 2011) of 5.0 cents (2011: 5.0 cents) per ordinary share paid on 30 April 2012 (2011: 15 April 2011) fully franked based on a tax rate of 30%	63,327	59,654
Dividend under off-market capital buy-back of 56.0 cents per ordinary share paid on 16 December 2010 fully franked based on a tax rate of 30%.	-	420,000
	<u>126,465</u>	<u>575,882</u>

**Australia & International Holdings Limited**  
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**Note 17. Equity - dividends (continued)**

*Franking credits*

	2012 \$	2011 \$
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>68,551</u>	<u>64,768</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

**Note 18. Financial instruments**

***Financial risk management objectives***

The Company's activities expose it to a variety of financial risks: market risk, (including foreign currency risk, price risk, and, interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the Company.

***Market risk***

*Foreign currency risk*

The Company holds units in a trust that invests in Internationally listed shares and managed funds which are converted from foreign currency to domestic currency at balance date, and as such is exposed to foreign currency risk through foreign exchange rate fluctuations. Under certain conditions the trust uses exchange traded options to hedge against adverse exchange rate movements.

Foreign exchange risk arises from recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

*Changes in Value*

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 the parent entity are subject to market risk as their values change as the market change.

The overall decrease in the value of overall investments held as at 30th June 2012 over their cost, after allowing for selling costs was \$275 thousand (2011: \$170 thousand increase). A fall in market values across all portfolios of 5% and 10% would reduce equity in the Company by approximately \$161 thousand and \$322 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.

The Company holds units in a trust which through a sub-entity uses ASX exchange traded options to enhance income 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.

*Price risk*

The company is not exposed to any significant price risk.

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 18. Financial instruments (continued)**

*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 4.1% (201: 1.9%).

**Credit risk**

Credit risk represents the loss that would be recognised if counterparts failed to perform as contracted. The economic entity minimises credit risk by undertaking transactions with recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

**Liquidity risk**

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

**Note 19. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Note 20. Reconciliation of profit after income tax to net cash from/(used in) operating activities**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	141,440	427,879
Adjustments for:		
Net fair value gain on available-for-sale financial assets	(15,310)	(431,041)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(92,431)	30,172
Decrease/(increase) in deferred tax assets	16,253	(3,627)
Decrease in trade and other payables	-	(10)
Decrease in provision for income tax	(3,444)	(6,552)
Increase/(decrease) in other operating liabilities	1,941	(23,500)
Net cash from/(used in) operating activities	<u>48,449</u>	<u>(6,679)</u>

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 21. Earnings per share**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax attributable to the owners of Australia & International Holdings Limited	141,440	427,879
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	1,271,434	1,547,498
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,271,434	1,547,498
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11.12	27.65
Diluted earnings per share	11.12	27.65

**Note 22. Related Parties - Director' shareholdings**

**Directors**

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

	<b>2012</b>	<b>2011</b>
<b>Shares Held by Directors</b>		
Mr C T Burrell	335,747	335,747
Mr C T Burrell (non-beneficial owner)	72,187	72,187
Mr R J Burrell	17,800	17,800
Mr R J Burrell (non-beneficial owner)	41,549	36,005
Prof F J Finn	35,681	33,982
Mr B C E Rowley (non-beneficial owner)	32,421	29,780
Total Director's holdings of shares	535,385	525,501

**Australia & International Holdings Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 23. Related Parties - Director' transactions**

**Transactions of Directors and Director-related entities concerning shares and options**

The aggregate number of shares of Australia and International Holdings Ltd acquired or disposed of by the Directors of the Company or their Director-related entities during the year:

	2012	2011
<b>Number of shares</b>		
Acquisitions of ordinary shares, including shares issued under a Dividend Reinvestment Plan, rights issue or share top-up plan	9,884	37,905
Disposals of ordinary shares under a capital buy-back	<u>-</u>	<u>434,818</u>
Total	<u><u>9,884</u></u>	<u><u>472,723</u></u>

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 company provides stockbroking and secretarial, portfolio administration and management services to the Company. There was no brokerage paid by the Company to Burrell Stockbroking Pty Ltd during the year, and the amount of \$9,567 was paid in respect of the other services. Mr C T Burrell, Mr B C E Rowley and Mr R J Burrell are Directors of Burrell & Co Holdings Pty Ltd. This company provides clearing and settlement services to the Company. There were no fees or charges paid by the Company to Burrell & Co Holdings Pty Ltd during the year.

**Note 24. Related Parties - Investments in related trusts**

	2012 \$	2011 \$
<b>Investments - Non-current</b>		
Investment in the Burrell Australian Equities Trust	1,936,662	2,119,902
Investment in the Burrell World Equities Trust	722,267	863,673
Investment in the Burrell Smallcap, Midcap and Resources Trust	<u>8</u>	<u>9</u>
Total	<u><u>2,658,937</u></u>	<u><u>2,983,584</u></u>

**Note 25. Related Parties - Distributions from related trusts**

Distributions received or due and receivable by the Company from:

	2012 \$	2011 \$
Burrell Australian Equities Trust	114,060	97,916
Burrell World Equities Trust	<u>27,476</u>	<u>13,115</u>
Total	<u><u>141,536</u></u>	<u><u>111,031</u></u>

**Australia & International Holdings Limited**  
**Directors' declaration**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

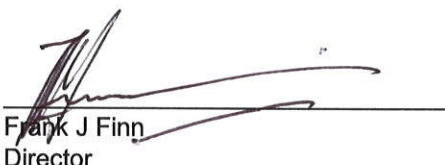
The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Christopher T Burrell  
Director



Frank J Finn  
Director

11 September 2012  
Brisbane



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

**Report on the Financial Report**

We have audited the accompanying financial report of Australia & International Holdings Limited (the company), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Brisbane  
 Rockhampton  
 Sydney  
 Melbourne  
 Newcastle

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

*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. Those 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 company'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.

*Independence*

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

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

*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 financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of Australia & International Holdings Limited for the year ended 30 June 2012 complies with s 300A of the *Corporations Act 2001*.

  
**Lawler Hacketts Audit**

**Liam Murphy**  
Partner

Brisbane, 11th September 2012

**Australia & International Holdings Limited**  
**Five year summary of performance**  
**30 June 2012**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Profit and Loss</b>					
Revenue from operating activities	182,350	564,204	177,449	245,143	537,080
Total expenses	(40,884)	(41,798)	(90,421)	(90,390)	(111,216)
Profit from ordinary activities before income tax expense	141,466	522,406	87,028	154,753	425,864
Income tax benefit/(expense)	(26)	(94,527)	4,778	(10,379)	(55,650)
Net profit/(loss)	141,440	427,879	91,806	144,374	370,214
Net profit/(loss) attributable to the owners of Australia & International Holdings Limited	141,440	427,879	91,806	144,374	370,214
<b>Balance Sheet</b>					
Current assets	344,769	121,161	96,126	233,545	468,147
Non-current assets	3,216,685	3,692,793	5,547,645	5,010,501	6,091,329
Total assets	3,561,454	3,813,954	5,643,771	5,244,046	6,559,476
Current liabilities	4,136	2,175	25,655	24,036	67,149
Non-current liabilities	63,938	181,201	139,355	22,753	316,895
Total liabilities	68,074	1,83,376	165,010	46,753	384,044
Shareholders' funds	3,493,380	3,630,578	5,478,761	5,197,257	6,175,432
Earnings per share (in cents)	11.12	27.65	4.82	8.06	21.10
Dividends per share (in cents)	10.00	10.00	9.50	8.50	12.00
Net assets value per share (in cents)	261.86	287.51	284.68	274.74	348.79
Price earnings share (x)	23.55	10.40	59.06	34.09	16.53

The shareholder information set out below was applicable as at 30 June 2012.

**Distribution of equitable securities**

Analysis of the number of equity security holders by size and holding:

	Number of holders of ordinary shares
1 to 1,000	10,577
1,001 to 5,000	141,315
5,001 to 10,000	165,420
10,001 to 100,000	680,984
100,001 and over	335,747
	<hr/>
	1,334,043

Holdings less than a marketable parcel	1,345
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**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
CTBFam Pty Ltd <Secret Super Fund>	205,089	15.4
Mr Christopher Thomas Burrell	130,658	9.8
CTBFam Pty Ltd	72,187	5.4
Ms Marian Micalizzi	59,876	4.5
Sajrej Pty Ltd	59,828	4.5
Donna Irwin	47,352	3.5
Estate of Mrs Margaret W Burrell	41,645	3.1
RJB Superannuation Pty Ltd <The R J Burrell Superannuation Fund>	41,549	3.1
Mr Jason Edward Leggatt	41,099	3.1
Wanstead Investment Company	38,126	2.9
Prof. Francis James Finn	35,681	2.7
Burrell Stockbroking Pty Ltd	32,497	2.4
Rowley Pty Ltd <Rowley Superannuation Fund>	32,421	2.4
Sheford Investments Pty Ltd	23,876	1.8
Mrs Rosemary Josephine Burt	21,759	1.6
Majella Pty Ltd <Higham Super Fund A/c>	18,070	1.4
Mr Roger J Burrell	17,800	1.3
Ms Lynda K Myers	15,752	1.2
Dr Roger J Hartigan <Hartigan Fund A/c>	14,000	1.0
Mrs Laurel A Yesberg & Mr Dean R Yesberg <Laurel Yesberg Super A/c>	12,987	1.0
	<hr/>	
	962,252	72.1

*Unquoted equity securities*

There are no unquoted equity securities

**Substantial shareholders**

Substantial holders in the company are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
CTBFam Pty Ltd <Secret Super Fund>	205,089	15.4
Mr Christopher Thomas Burrell	130,658	9.8
CTBFam Pty Ltd	72,187	5.4

**Voting rights**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.