

APPENDIX 4D HALF-YEAR REPORT

1 Company details

Name of entity:	Australia & International Holdings Limited
ABN:	98 009 706 414
Reporting period:	Half-year ended 31-December-2018
Previous reporting period:	Half-year ended 31-December-2017

2 Results for announcement to the market

(a)	Revenue	31-Dec-18	31-Dec-17	% Change
	Revenues from ordinary activities	\$129,541	\$149,728	Down 13.48%
	Other income	\$-	\$17,401	Down 100.00%

(b)	Profit	31-Dec-18	31-Dec-17	% Change
	Profit from ordinary activities after tax attributable to the owners of Australia & International Holdings Limited	\$105,108	\$122,364	Down 14.10%
	Profit for the half-year attributable to the owners of Australia & International Holdings Limited	\$105,108	\$122,364	Down 14.10%

(c) Dividends

2018 Final dividend	¢
Amount per security	6.000 cents
Franked amount per security (refer point 6. for further detail)	3.900 cents

(d) Comments

The profit for the company after providing for income tax amounted to \$105,108 (31 December 2017: \$122,363). Revenue and other income for the six months ended 31 December 2018 was \$129,541, which was \$20,186 or 13.5% lower than the prior comparable period. This was mainly attributable to lower distributions receivable from the Burrell Australian Equities Trust, the Burrell Smallcap, Midcap and Resources Trust, and the Burrell World Equities Trust. Expenses for the six months were \$3,095, or 10.1% lower. The income tax expense was \$17,237 higher than the previous year, mainly due to an offsetting decrease in the deferred tax asset. The effect of these movements resulted in the after tax profit being \$17,255 or 14.1% lower for the six month period.

Refer to the Review of Operations section of the Directors' Report for further comment.

3 Net tangible assets

Net tangible asset backing per ordinary security:	¢
Reporting period	291 cents
Previous corresponding reporting period	307 cents

Australia & International Holdings Limited
Half-year report

4 Control gained over entities

None

5 Loss of control over entities

None

6 Dividends

Current period	¢
Dividend amount per security (paid on 20/10/2017)	6.000 cents
Franked amount per security	3.900 cents

Previous corresponding period	¢
Dividend amount per security (paid on 21/10/2016)	6.000 cents
Franked amount per security	4.500 cents

The Company's dividend reinvestment plan (DRP) applied to both dividends paid.

7 Details of associates and joint venture entities

None

8 Foreign entities

None

9 Any other significant information

None

10 Audit qualification or review

The accounts were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11 Attachments

The Interim Report of Australia and International Holdings Limited for the half-year ended 31 December 2018 is attached.

12 Signature

Signed:


Christopher Burrell
Director

Date:

13 March 2019
Brisbane

Australia & International Holdings Limited

ABN 98 009 706 414

Interim Financial Report for the half-year ended 31 December 2018

Australia & International Holdings Limited
Corporate Directory
31 December 2018

Directors	Bernard C E Rowley Christopher T Burrell Roger J Burrell Frank J Finn
Company secretary	Ian F Davey
Registered office	Level 4, 24 Little Edward Street Spring Hill QLD 4000 Phone: 61 7 3006 7200 Fax: 61 7 3839 6964
Principal place of business	Level 4, 24 Little Edward Street Spring Hill QLD 4000
Share register	Newcastle Capital Markets Registries Pty Limited 10 Murray Street Hamilton NSW 2303 Telephone: 61 2 4920 2877 Facsimile: 61 2 4920 2878
Auditor	PKF Brisbane Audit Level 6, 10 Eagle 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 Stock Exchange (NSX code: AID)
Website	http://www.burrell.com.au

Australia & International Holdings Limited
Directors' Report
For the Half-year ended 31 December 2018

The directors present their report, together with the financial statements of Australia & International Holdings Limited (the Company) for the half-year ended 31 December 2018.

Directors

The following persons were directors of Australia & International Holdings Limited during the whole of the half-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

Principal Activities

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

Dividends

Dividends paid or provided for during the half-year were as follows:

Final dividend

	31-Dec-18	31-Dec-17
	\$	\$
Final dividend paid	<u>92,861</u>	<u>93,149</u>
Year ended	30/06/2018	30/06/2017
Cents per share	6 ¢	6 ¢
Franking %	65%	75%
Date paid	19/10/2018	20/10/2017

Review of operations

	31-Dec-18	31-Dec-17
	\$	\$
Net profit for the Company for the half year after providing for income tax	<u>105,108</u>	<u>122,364</u>

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.

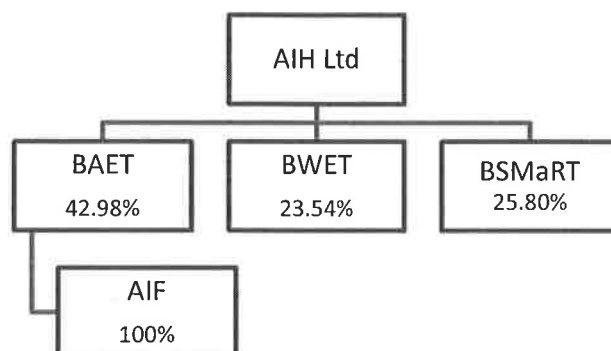
Structure

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 investment 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"), the Burrell World Equities Trust ("BWET"), and the Burrell Small-caps, Mid-caps and Resources Trust ("BSMaRT").

BAET is an unregistered managed investment scheme and open to wholesale investors only; whereas, BSMaRT and BWET are both registered managed investment schemes, which are open to both wholesale and retail investors. BAET invests in listed Australian equities, managed funds, and holds 100% of the equity in Australian Index Fund Pty Ltd, whose portfolio is made up of predominantly ASX Exchange Traded Options. 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.

Australia & International Holdings Limited
Directors' Report
For the Half-year ended 31 December 2018

As at 31 December 2018 approximately 89% of AIH's investment portfolio comprised of investments in BAET, BWET and BSMaRT in the percentages of 55.0%, 22.1% and 11.7% respectively. This was achieved through the following ownership structure, whereby AIH owned 42.98% of the units on issue in BAET, 23.54% of the units on issue in BWET and 25.80% of the units on issue in BSMaRT.



Performance Outcomes

Net Return of the Overall Company

The net return to shareholders for the half-year ended 31 December 2018 was -3.26%, based on a net asset value as at 31 December 2018 of \$2.91, plus the dividend of 6.0 cents, and compared to the net asset value per share as at 30 June 2018 of \$3.07. 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 mostly franked. As such we look at the 'gross returns' from the individual investment portfolios, as follows:

Gross Returns of the Individual Portfolios

For comparative purposes the international portfolio is benchmarked 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 smallcap, midcap and resources 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 that the Company invested in for the half-year ended 31 December 2018 and the comparative period are shown in the table below. These returns are expressed on a pre-tax basis and are defined as the movement for the period in the net asset values of the portfolios.

	31-Dec-18	31-Dec-17
	%	%
Burrell Australian Equities Trust (excl. AIF)	-4.0	10.4
Burrell Australian Equities Trust (incl. AIF)	-2.6	10.8
Burrell World Equities Trust	-4.3	13.9
Burrell Small-cap, Mid-cap and Resources Trust	-11.7	22.5
Australian All Ordinaries Accumulation Index	-7.3	9.3
Australian Small Ordinaries Accumulation Index	-12.8	18.7
MSCI World Index ex Australia (in AUD terms)	-4.7	9.7

Australia & International Holdings Limited
Directors' Report
For the Half-year ended 31 December 2018

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

	31-Dec-18	31-Dec-17
	%	%
Energy	5.2	4.3
Materials	11.2	8.9
Industrials	4.8	5.6
Consumer discretionary	4.7	6.8
Consumer staples	1.6	3.6
Financials	39.0	36.4
Real estate investment trusts	4.4	5.0
Managed funds and LICs	6.6	7.2
Exchange traded funds	5.9	3.3
Others – Health care, Information technology, Telecoms	16.6	18.9

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

	31-Dec-18	31-Dec-17
	%	%
Australia & New Zealand	76.2	77.4
Americas	8.9	11.2
United Kingdom	0.9	0.3
Europe excl. United Kingdom	3.3	2.7
Asia Pacific excl. Australia	0.6	0.8
Global	10.1	7.6

Securities representing 5% or more of the combined investments and trading portfolio as at 31 December 2018 are:

	31-Dec-18	31-Dec-17
	% of portfolio	% of portfolio
Commonwealth Bank of Australia	10.3	10.6

Net Asset Value per Share

	31-Dec-18	30-Jun-18
Net Asset Value per share for the Company	\$2.91	\$3.07

Earnings Per Share

	31-Dec-18	31-Dec-17
Earnings Per Share based on the net operating result (cents)	6.74 ¢	7.87 ¢

Significant changes in the state of affairs

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

Australia & International Holdings Limited
Directors' Report
For the Half-year ended 31 December 2018

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 page 5.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Bernard Rowley
Chairman



Christopher T Burrell
Director

13 March 2019
Brisbane

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 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 half-year ended Monday, 31 December 2018, there have been:

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

PKF

PKF BRISBANE AUDIT



**Liam Murphy
Partner**

Brisbane, 13 March 2019

Australia & International Holdings Limited
Index to the condensed financial statements
For the Half-year ended 31 December 2018

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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:

Level 4, 24 Little Edward Street
Brisbane 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 13 March 2019. The directors have the power to amend and reissue the financial report.

Australia & International Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	31-Dec-18 \$	31-Dec-17 \$
Continuing operations			
Revenue	4	129,541	149,728
Other income	5	-	17,401
Expenses			
Accounting and audit fees		(7,791)	(7,007)
Legal expenses		-	(1,201)
Listing fees		(4,693)	(7,337)
Managed portfolio service fees		(1,204)	(1,670)
Secretarial expenses		(6,223)	(5,599)
Stock exchange fees		(7,279)	(7,138)
Other expenses		(337)	(670)
Profit before income tax (expense)/benefit		<u>102,014</u>	<u>136,507</u>
Income tax (expense)/benefit		<u>3,094</u>	<u>(14,143)</u>
Profit after income tax (expense)/benefit for the half-year attributable to the owners of Australia & International Holdings Limited		105,108	122,364
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain/(loss) on the revaluation of available-for-sale financial assets, net of tax		-	219,692
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		(263,202)	-
Other comprehensive income for the half-year, net of tax		<u>(263,202)</u>	<u>219,692</u>
Total comprehensive income for the half-year attributable to the owners of Australia & International Holdings Limited		<u>(158,094)</u>	<u>342,056</u>
		Cents	Cents
Basic earnings per share	11	6.74 ¢	7.87 ¢
Diluted earnings per share	11	6.74 ¢	7.87 ¢

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Australia & International Holdings Limited
Statement of financial position
As at 31 December 2018

	Note	31-Dec-18	30-Jun-18
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	18,470	43,264
Prepayments		7,278	-
Trade and other receivables		144,192	195,247
Total current assets		<u>169,940</u>	<u>238,511</u>
Non-current assets			
Financial assets	7	4,664,281	4,954,752
Deferred tax asset		7,759	4,665
Total non-current assets		<u>4,672,040</u>	<u>4,959,417</u>
Total assets		<u>4,841,980</u>	<u>5,197,928</u>
Liabilities			
Current liabilities			
Trade and other payables		2,350	2,705
Total current liabilities		<u>2,350</u>	<u>2,705</u>
Non-current liabilities			
Deferred tax liability		300,656	413,457
Total non-current liabilities		<u>300,656</u>	<u>413,457</u>
Total liabilities		<u>303,006</u>	<u>416,162</u>
Net assets		<u>4,538,974</u>	<u>4,781,766</u>
Equity			
Issued capital	8	3,743,637	3,735,474
Reserves		368,402	631,604
Retained profits		426,935	414,688
Total equity		<u>4,538,974</u>	<u>4,781,766</u>

Australia & International Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2018

	Note	Contributed equity \$	Other Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2017		3,716,288	487,393	312,420	4,516,101
Profit after income tax (expense)/benefit for the half-year		-	-	122,364	122,364
Other comprehensive income for the half-year, net of tax		-	219,692	-	219,692
Total comprehensive income for the half-year		-	219,692	122,364	342,056
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs		10,184	-	-	10,184
Dividends paid	9	-	-	(93,148)	(93,148)
Balance at 31 December 2017		<u>3,726,473</u>	<u>707,085</u>	<u>341,636</u>	<u>4,775,194</u>
	Note	Contributed equity \$	Other Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2018		3,735,474	631,604	414,688	4,781,766
Profit after income tax (expense)/benefit for the half-year		-	-	105,108	105,108
Other comprehensive income for the half-year, net of tax		-	(263,202)	-	(263,202)
Total comprehensive income for the half-year		-	(263,202)	105,108	(158,094)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	8	8,163	-	-	8,163
Dividends paid	9	-	-	(92,861)	(92,861)
Balance at 31 December 2018		<u>3,743,637</u>	<u>368,402</u>	<u>426,935</u>	<u>4,538,974</u>

Australia & International Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2018

	Note	31-Dec-18	31-Dec-17
		\$	\$
Cash flows from operating activities			
Dividends received		12,054	12,472
Interest received		246	152
Trust distributions received from related parties		168,297	32,483
Other expenses (paid)/income received		<u>(35,160)</u>	<u>(20,555)</u>
Net cash from/(used in) operating activities		<u>145,437</u>	<u>24,552</u>
Cash flows from investing activities			
Payments for financial assets		(85,532)	-
Proceeds from sale of financial assets		<u>-</u>	<u>22,614</u>
Net cash from/(used in) investing activities		<u>(85,532)</u>	<u>22,614</u>
Cash flows from financing activities			
Proceeds from the issue of shares		8,163	10,184
Dividends paid		<u>(92,861)</u>	<u>(92,298)</u>
Net cash from/(used in) financing activities		<u>(84,699)</u>	<u>(82,114)</u>
Net increase/(decrease) in cash and cash equivalents		(24,794)	(34,948)
Cash and cash equivalents at the beginning of the half-year		<u>43,264</u>	<u>37,001</u>
Cash and cash equivalents at the end of the half-year	6	<u>18,470</u>	<u>2,053</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
For the Half-year ended 31 December 2018

Note 1. Significant accounting policies

Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim 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. 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 2018, (with the exception of the change to accounting policy for AASB 9 *Financial Instruments*), together with any public announcements made during the following half-year.

Basis of preparation

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2018, except for the impact of the Accounting Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations applicable to the current half-year reporting period

A number of new and revised accounting standard requirements became mandatory for the first time during the half-year reporting period to 31 December 2018. The Company has adopted all of the new and revised standards and interpretations that are relevant to its operations and effective for the current half-year. Adoption has not resulted in any material changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior half-year, with the exception of the adoption of AASB 9 *Financial Instruments*, which was generally adopted without restating comparative information.

Effect of changes in Accounting Standards

With effect from 1 July 2018, the Company has adopted AASB 9 *Financial Instruments*. The adoption of this new standard has no impact on the Company's net assets, net profit or total comprehensive income.

(i) Old Accounting Treatment

Previously, the Company's investment portfolio was accounted for under AASB 139 *Financial Instruments: Recognition and Measurement*.

All investments were carried at fair value and classified as set out below:

Portfolio	AASB 139 Classification
Non-current financial assets	Available for sale financial assets

Unrealised gains and losses on investments held in the non-current financial assets were taken to the revaluation reserve, through the statement of changes in equity and reported as other comprehensive income.

On sale of investments in the investment portfolio, the cumulative gain or loss from purchase to sale of the non-current financial assets were transferred from the revaluation reserve to the Income Statement, and reported as part of profit.

Where there was objective evidence of impairment of an investment in the non-current financial assets, an impairment charge was required to be booked through the Income Statement (as a transfer from the revaluation reserve), even where no loss had been realised.

Australia & International Holdings Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

Note 1. Significant accounting policies (continued)

(ii) New Accounting Treatment

AASB 9 introduces new categories of classification for financial instruments. All the Company's non-current financial assets continue to be carried at fair value and now classified as follows:

Portfolio	AASB 9 Classification
Non-current financial assets	Financial assets at fair value through other comprehensive income

Equity instruments in the Non-current financial assets portfolio:

All gains and losses (realised and unrealised) on equity instruments held in the non-current financial assets portfolio are reported as other comprehensive income and are accumulated in the revaluation reserve. Realised gains and losses, are no longer reclassified from other comprehensive income to the Income Statement, and do not form part of the Company's profits.

Cumulative gains and losses are transferred from the revaluation reserve to realised gains reserve when the investments are sold. The realised gain reserve is used primarily to record gains upon which income tax has been or will be paid, and which consequently are available for distributions to unitholders.

There are no impairment provisions in AASB 9 for investments designated at fair value through other comprehensive income.

(iii) Transitional provisions

Comparatives have not be restated, as AASB 9 only applied retrospectively to investments held at the date of adoption, being 1 July 2018.

Equity Instruments in the non-current financial assets portfolio: Non-current financial assets sold prior to this date are accounted for under AASB 139 as described above. Non-current financial assets sold after this date are accounted for under AASB 9 and the cumulative gains and losses remain in other comprehensive income.

Further details on the impact of restating comparatives have been set up in Note 7.

The election to present gains and losses in Other Comprehensive Income must either be made on an individual basis when an investment asset is purchased or it can be made under a blanket policy choice. The Company has elected to apply a blanket policy which means that both unrealised and realised gains and losses will be recorded in Other Comprehensive Income. This will eliminate the need to elect each time an investment asset is purchased.

At the end of the half-year the Company held investments in the Burrell Australian Equities Trust, the Burrell World Equities Trust and the Burrell Smallcaps Midcaps and Resources Trust ("the Trusts") representing 42.98%, 23.54% and 25.80% respectively of the units on issue of each trust. This would normally mean that the investments by the Company in these entities be accounted for by adopting the AASB 128 Investments in Associates Accounting Standard. However, the directors have considered the nature of the company's investment in the Trusts and determined the Company does not have significant influence. Accordingly, the Company, as an investor, has adopted the accounting treatment under AASB 9 and recorded the investments as 'financial assets at fair value through other comprehensive income', whereas previously they were recorded as 'available for sale' under AASB 139. This has been done because all three trusts are investment vehicles which invest in the shares of listed companies and managed funds and these assets held by the trusts are accounted for as 'available for sale' assets. Therefore, the Company has 'looked through' to the nature of its underlying assets and applied the same accounting treatment to maintain consistency and avoid confusion to the readers of these financial statements. It should be noted that the affect on the net assets of the Company under equity accounting and the current treatment is the same.

Australia & International Holdings Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

Note 1. Significant accounting policies (continued)

Investments in Associates

AASB 128 – Investments in Associates

This accounting standard is applied in accounting for investments in entities where the investor has significant influence, which is presumed if the investor holds 20% or more of the voting power of the investee, unless it can be shown otherwise. Investments in associates are normally accounted for in the financial statements by applying the equity method of accounting whereby the investment is recognised at cost and adjusted for thereafter for the post acquisition change in the Company's share of the net assets of the associate entity.

AASB 9 Financial Instruments

Initial recognition and measurement:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement:

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss;

on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

Australia & International Holdings Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

Note 1. Significant accounting policies (continued)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie no practical ability to make unilateral decision to sell the asset to a third party).

The Company recognised a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial asset that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Australia & International Holdings Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

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 half-years.

Australia & International Holdings Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

Note 3. Operating segments

As previously noted, the Company is predominantly invested in the Burrell Australian Equities Trust, the Burrell World Equities Trust, and the Burrell Smallcaps Midcaps and Resources Trust, who in turn invest the majority of their funds in 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 three trusts and it follows that an appropriate categorisation of segments for reporting purposes is into: Australian large-cap long-term shares; Australian small and midcap shares; and overseas long-term shares. The Australian long term portfolio is made up of blue chip and quality shares in companies in the ASX All Ordinaries Index, whilst the Australian mid cap and small cap portfolio comprises shares in companies outside of the top 100 companies in the same index. 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.

Operating segment information

Note	Australian Large-cap Long-Term Shares	Australian Small-Mid-cap Shares	Overseas Long-Term Shares	Intersegment eliminations/unallocated	Total
	\$	\$	\$	\$	\$
31 December 2018					
Revenue					
Dividend income	12,054	-	-	-	12,054
Interest revenue	-	-	-	246	246
Trust distributions from related parties	102,128	3,602	11,510	-	117,241
Total revenue	114,182	3,602	11,510	246	129,541
Segment result	114,182	3,602	11,510	(27,280)	102,014
Net gain/(loss) on disposal of available-for-sale financial assets	-	-	-	-	-
Profit/(loss) before income tax benefit	114,182	3,602	11,510	(27,280)	102,014
Income tax expense					3,094
Profit after income tax benefit					105,108
Assets					
Segment assets	3,135,120	578,126	1,095,226	33,507	4,841,980
Intersegment eliminations					-
Total assets					4,841,980
Liabilities					
Segment liabilities	244,495	(10,123)	66,285	2,350	303,006
Total liabilities					303,006

Australia & International Holdings Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

Note 3. Operating segments (continued)

	Note	Australian Large-cap Long-Term Shares	Australian Small-Mid- cap Shares	Overseas Long-Term Shares	Intersegment eliminations/ unallocated	Total
31 December 2017		\$	\$	\$	\$	\$
Revenue						
Dividend income		12,472	-	-	-	12,472
Interest revenue		-	-	-	152	152
Other income		-	-	-	-	-
Total revenue		<u>113,335</u>	<u>14,749</u>	<u>21,492</u>	<u>152</u>	<u>149,728</u>
Segment result		<u>113,335</u>	<u>14,749</u>	<u>21,492</u>	<u>(30,471)</u>	<u>119,105</u>
Net gain/(loss) on disposal of available-for-sale financial assets		<u>17,401</u>	<u>-</u>	<u>-</u>		<u>17,401</u>
Profit/(loss) before income tax benefit		<u>130,735</u>	<u>14,749</u>	<u>21,492</u>	<u>(30,471)</u>	<u>136,505</u>
Income tax benefit						<u>(14,143)</u>
Profit after income tax benefit						<u>122,362</u>
Assets						
Segment assets		<u>3,379,963</u>	<u>640,499</u>	<u>1,184,822</u>	<u>33,771</u>	<u>5,239,055</u>
Intersegment eliminations						<u>-</u>
Total assets						<u>5,239,055</u>
Liabilities						
Segment liabilities		<u>328,090</u>	<u>28,874</u>	<u>88,842</u>	<u>18,056</u>	<u>463,862</u>
Total liabilities						<u>463,862</u>

Note 4. Revenue

	31-Dec-18 \$	31-Dec-17 \$
Dividends	12,054	12,472
Interest	246	152
Other revenue	-	-
Revenue	<u>129,541</u>	<u>149,728</u>

Note 5. Other income

	31-Dec-18 \$	31-Dec-17 \$
Net gain(loss) on disposal of available-for-sale financial assets	<u>-</u>	<u>17,401</u>

Note 6. Current assets - cash and cash equivalents

	31-Dec-18 \$	30-Jun-18 \$
Cash and cash equivalents	<u>18,470</u>	<u>43,264</u>

Australia & International Holdings Limited
Notes to the financial statements
For the Half-year ended 31 December 2018

Note 7. Non-current assets - financial assets

	31-Dec-18	30-Jun-18
	\$	\$
Non-Current		
Equity investments at fair value	4,664,281	4,954,752
	<u>4,664,281</u>	<u>4,954,752</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current

Opening fair value	4,954,752	4,760,312
Additions	85,532	23,050
Disposals		(23,658)
Reduction in cost base of investments on capital returns	-	(10,968)
Revaluation increments/(decrements)	(376,003)	206,016
Closing fair value	<u>4,664,281</u>	<u>4,954,752</u>

Note 8. Equity - issued capital

	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,562,459</u>	<u>1,559,305</u>	<u>3,743,637</u>	<u>3,735,474</u>

Movements in ordinary share capital

	Date	No. of shares	Issue price	\$
Balance	30 Jun 2018	1,559,305		3,735,474
Dividend reinvestment plan	19 Oct 2018	3,154	\$3.07	9,680
DRP cost	19 Oct 2018			(1,517)
Balance	31 Dec 2018	<u>1,562,459</u>		<u>3,743,637</u>

Note 9. Equity - dividends

Dividends

Final dividend

	31-Dec-18	31-Dec-17
	\$	\$
Final dividend paid	<u>92,861</u>	<u>93,149</u>

Year ended	30/06/2018	30/06/2017
Cents per share	6 ¢	6 ¢
Franking %	65%	75%
Date paid	19/10/2018	20/10/2017

Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 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
Notes to the financial statements
For the Half-year ended 31 December 2018

Note 11. Earnings per share

	31-Dec-18	31-Dec-17
	\$	\$
Profit after income tax attributable to the owners of	<u>105,108</u>	<u>122,364</u>
	Number	Number
Weighted average number of ordinary shares used in	<u>1,560,454</u>	<u>1,553,964</u>
Weighted average number of ordinary shares used in	<u>1,560,454</u>	<u>1,553,964</u>
	Cents	Cents
Basic earnings per share	6.74 ¢	7.87 ¢
Diluted earnings per share	6.74 ¢	7.87 ¢

Note 12. Effect of changes in Accounting Standards

The adoption of AASB 9 Financial Instruments has no impact on the Company's comparative profit, other comprehensive Income and reserves.

As described in Note 1, the adoption of AASB 9 has resulted in a change in the classification of the Company's investment portfolio, although this has not impacted the value of these investments.

	As	Restated
	\$	\$
Available for sale financial assets*	4,954,752	-
Financial assets at fair value through other comprehensive	-	4,954,752

* Investments held in the available for sale assets portfolio at 30 June 2018, which were sold prior to the adoption of AASB 9 on 1 July 2018, have not been reclassified as assets at fair value through other comprehensive income, as the transitional provisions of AASB 9 only allow retrospective application of the new standard to investments held on the date of adoption of this standard.

Australia & International Holdings Limited
Directors' declaration

To the Members of Australia and International Holdings Limited

In accordance with a resolution of the directors of Australia & International Holdings Limited ("the company"), the directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 19, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional requirements, and
 - b. giving a true and fair view of the entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. 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.

On behalf of the directors



Bernard Rowley
Chairman



Christopher T Burrell
Director

Brisbane
13 March 2019

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

Conclusion

We have reviewed the accompanying half-year financial report of Australia & International Holdings Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

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:-

- (a) giving a true and fair view of the company's financial position as at 31 December 2018, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal 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 a 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 half-year 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 Monday, 31 December 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AIH Half Year 2018, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

13 MARCH 2019
BRISBANE