

Australia and International Holdings Limited

ABN 98 009 706 414

Financial Statements - 30 June 2018

Australia and International Holdings Limited
Corporate Directory
30 June 2018

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 and International Holdings Limited will be held at the offices of Burrell Stockbroking & Superannuation: Level 4, 24 Little Edward Street Spring Hill QLD 4000, Wednesday 21 November 2018 12:00PM
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 Hacketts 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 Securities Exchange (NSX code: AID)
Website	http://www.burrell.com.au

Australia & International Holdings Limited**Directors' Report****30 June 2018**

The directors present their report, together with the financial statements of Australia and International Holdings Limited ('the Company') for the financial year ended 30 June 2018.

Directors

The following persons were directors of Australia and 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 financial year consisted of long-term investing in publicly listed Australian and overseas companies and managed funds.

Dividends

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

Final dividend

	30-Jun-18	30-Jun-17
	\$	\$
Final dividend paid	<u>93,148</u>	<u>88,253</u>
Year ended	30/06/2017	30/06/2016
Cents per share	6 ¢	6 ¢
Franking %	75%	75%
Date paid	20/10/2017	21/10/2016

Interim dividend

	30-Jun-18	30-Jun-17
	\$	\$
Interim dividend paid	<u>92,823</u>	<u>92,196</u>
Half-year ended	31/12/2017	31/12/2016
Cents per share	6 ¢	6 ¢
Franking %	70%	70%
Date paid	20/04/2018	18/04/2017

Review of operations

	30-Jun-18	30-Jun-17
Net profit for the Company for the financial year after providing for income tax	<u>288,239</u>	<u>118,257</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.

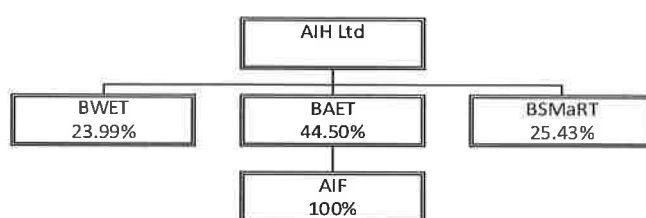
Australia & International Holdings Limited
Directors' Report
30 June 2018

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 the 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 Smallcaps Midcaps and Resources Trust ("BSMaRT").

BAET, BWET and BSMaRT are all 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 2018 approximately 88% of AIH's investment portfolio comprised of investments in BAET, BWET and BSMaRT in the percentages of 56%, 21% and 11% respectively. This was achieved through the following ownership structure, whereby AIH owned 44.50% of the units on issue in BAET, 23.99% of the units on issue in BWET and 25.43% of the units on issue in BSMaRT.



Performance Outcomes

Net Return

The net return to shareholders for the financial year ended 30 June 2018 was 9.62% (30 June 2017: 7.45%) . 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.

Gross Returns

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 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 financial year ended 30 June 2018 and the comparative period are as follows:

	30-Jun-18 %	30-Jun-17 %
Burrell Australian Equities Trust (excl. AIF)	16.1	16.0
Burrell Australian Equities Trust (incl. AIF)	16.1	15.6
Burrell World Equities Trust	12.0	8.8
Burrell Small-cap, Mid-cap and Resources	26.7	3.1
Australian All Ordinaries Accumulation Index	13.7	13.1
Australian Small Ordinaries Accumulation	24.3	7.0
MSCI World Index ex Australia (in Australian dollar terms)	13.3	13.7

Australia & International Holdings Limited

Directors' Report

30 June 2018

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

	30-Jun-18 %	30-Jun-17 %
Energy	5.4	2.8
Materials	11.5	7.4
Industrials	4.7	5.0
Consumer discretionary	5.0	7.7
Consumer staples	3.2	3.9
Financials	42.6	36.0
Real estate investment trusts	-	6.4
Managed funds and LICs	7.1	7.9
Exchange traded funds	3.1	3.3
Others – Health care, Information technology, Telecomms and Utilities	17.4	19.6

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

	30-Jun-18 %	30-Jun-17 %
Australia & New Zealand	77.7	77.5
Americas	9.7	11.0
United Kingdom	0.4	0.3
Europe excl. United Kingdom	3.2	2.3
Asia Pacific excl. Australia	0.8	0.7
Global	8.2	8.2

Securities representing 5% or more of the combined investments and trading portfolio as at 30 June 2018 are:

	30-Jun-18 % of portfolio	30-Jun-17 % of portfolio
Commonwealth Bank of Australia	10.6	12.0

Net Asset Value per Share

	30-Jun-18	30-Jun-17
Net asset value per share for the Company	\$3.07	\$2.91

Earnings per Share

	30-Jun-18	30-Jun-17
Earnings per share based on the net operating result (cents)	18.53 ¢	7.8 ¢

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 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.

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.

Australia & International Holdings Limited
Directors' Report
30 June 2018

Information on directors

Name: Bernard C E Rowley

Title: Chairman

Qualifications: Fellow of the Institute of Actuaries of Australia, Fellow of the Australian Institute of Company Directors.

Experience and expertise: 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.

Other current directorships: None.

Former directorships (in the last 3 years): Chairman of Cuna Mutual Life, Chairman of Cuna Mutual Group, Director of River City Motorway Group and Director of Australian Shale and Oil Resources Company.

Interests in shares: 32,421 Fully Paid Ordinary Shares, Non-beneficially held.

Interests in options: None.

Name: Christopher T Burrell

Title: Director

Qualifications: M.F.M, B. Com (Hons), L.L.B. (Hons), F.C.A., SF Fin, M.S.A.A.

Experience and expertise: 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.

Other current directorships: Director of Burrell Stockbroking Pty Ltd and Director of The Donald and Joan Wilson Foundation.

Former directorships (in the last 3 years): None.

Interests in shares: 295,367 beneficially and 150,000 non-beneficially held Fully Paid Ordinary Shares.

Interests in options: None.

Australia & International Holdings Limited

Directors' Report

30 June 2018

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 Multiple Sclerosis Australia (MSA), Chair and committee Member of Multiple Sclerosis Society of Queensland (MSQ), and Legal Consultant to QM Properties Group, Property Solutions Group and Classic Holidays Group. 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 Australia.

Former directorships (in the last 3 years): None.

Interests in shares: 80,008 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.

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. He was also at various times Dean of the Faculty of Commerce and Economics and Head of the School of Commerce.

Other current directorships: None.

Former directorships (in the last 3 years): None.

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

Interests in options: None.

Company Secretary Ian Davey, (BBus, CPA, FFin), 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).

Meetings of directors

The number of meetings of the company's Board of Directors held during the year ended 30 June 2018, and the number of meetings attended by each director was:

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

Australia & International Holdings Limited

Directors' Report

30 June 2018

Retirement, election and continuation in office of directors

Mr R J Burrell and Prof. F J Finn 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 2018. No other management or staff is employed by the Company.

Director's shareholdings

The number of shares in the Company held during the financial year by each director of the entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals	Balance at the end of the year
Mr C T Burrell	295,367	-	-	295,367
Mr C T Burrell (non-beneficial owner)	150,000	-	-	150,000
Mr R J Burrell	80,008	-	-	80,008
Prof F J Finn	35,681	-	-	35,681
Mr B C E Rowley (non-beneficial owner)	32,421	-	-	32,421
	<u>593,477</u>	<u>-</u>	<u>-</u>	<u>593,477</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, Mr B C E Rowley and Mr R J Burrell are Directors of Burrell Stockbroking Pty Ltd. This company provides stockbroking and secretarial, portfolio administration and management services to the Company. Brokerage of \$138 was paid by the Company to Burrell Stockbroking Pty Ltd during the year, and an amount of \$14,080 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.

Other details relating to Directors are set out at Note 24. Related Parties, in the Notes to and forming part of the Financial Statements for the year ended 30 June 2018.

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 2018 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.

(End of Remuneration Report)

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 2018.

Options

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

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 2018.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

Australia & International Holdings Limited

Directors' Report

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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.

Australia & International Holdings Limited

Directors' Report

30 June 2018

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 on 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 which 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 PKF Hacketts Audit

There are no officers of the company who are former audit partners of PKF 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 page 8.

Auditor

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

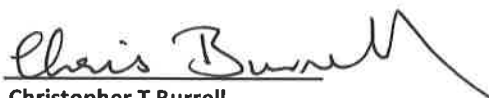
This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Bernard C Rowley

Chairman



Christopher T Burrell

Director

12 September 2018
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 year ended 30 June 2018, there have been:

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

PKF HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 12 September 2018

Australia and International Holdings Limited
Financial report
30 June 2018

Corporate Governance Statement

The Board of Australia & International Holdings Limited is committed to high levels of accountability and integrity and adheres to the following principles of corporate governance:

- The adoption of transparent structures and operations;
- The application of robust risk management and internal structures; and
- Board accountability to shareholders and interested parties.

Structure of the Board

The Board is structured to maintain an appropriate balance of independent directors and to support a suitable degree of separation from the management of the Company. The Board currently consists of four directors, with the Chairman and one other director being fully independent.

Details of the qualifications and experience of the directors are included in the Directors' Report attached to the Financial Statements.

Roles, Responsibilities and Functioning of the Board

The main functions and responsibilities of the Board are:

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

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

Risk Management

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

Australia and International Holdings Limited
Financial report
30 June 2018

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General information

The financial report covers Australia and International Holdings Limited as an individual entity. The financial report is presented in Australian dollars, which is Australia and 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 and 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 12 September 2018. The directors have the power to amend and reissue the financial report.

Australia and International Holdings Limited
Statement of profit or loss and other comprehensive income
For the financial year ended 30 Jun 2018

	Note	2018 \$	2017 \$
Revenue	4	355,661	168,226
Other income	5	23,964	(2,240)
Expenses			
Accounting and audit fees		(14,080)	(15,345)
Legal expenses		(1,201)	(1,425)
Listing fees		(11,699)	(7,662)
Managed portfolio service fees		(3,807)	(4,089)
Secretarial expenses		(11,275)	(11,319)
Stock exchange fees		(14,277)	(12,950)
Other expenses		(989)	(434)
Profit before income tax (expense)/benefit		<u>322,297</u>	<u>112,762</u>
Income tax (expense)/benefit	6	<u>(34,058)</u>	<u>5,495</u>
Profit after income tax (expense)/benefit for the financial year attributable to the owners of Australia and International Holdings Limited	16	288,239	118,257
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		<u>144,211</u>	<u>217,475</u>
Other comprehensive income for the financial year, net of tax		<u>144,211</u>	<u>217,475</u>
Total comprehensive income for the financial year attributable to the owners of Australia and International Holdings Limited		<u><u>432,450</u></u>	<u><u>335,732</u></u>
		Cents	Cents
Basic earnings per share	23	18.53 ¢	7.8 ¢
Diluted earnings per share	23	18.53 ¢	7.8 ¢

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

Australia and International Holdings Limited
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	7	43,264	37,001
Income tax	8	-	743
Trade and other receivables	9	195,247	31,717
Total current assets		<u>238,511</u>	<u>69,461</u>
Non-current assets			
Available-for-sale financial assets	10	4,954,752	4,760,312
Deferred tax asset	11	4,665	37,980
Total non-current assets		<u>4,959,417</u>	<u>4,798,292</u>
Total assets		<u>5,197,928</u>	<u>4,867,753</u>
Liabilities			
Current liabilities			
Trade and other payables	12	2,705	-
Total current liabilities		<u>2,705</u>	<u>-</u>
Non-current liabilities			
Deferred tax liability	13	413,457	351,652
Total non-current liabilities		<u>413,457</u>	<u>351,652</u>
Total liabilities		<u>416,162</u>	<u>351,652</u>
Net assets		<u>4,781,766</u>	<u>4,516,101</u>
Equity			
Issued capital	14	3,735,474	3,716,288
Reserves	15	631,604	487,393
Retained profits	16	414,688	312,420
Total equity		<u>4,781,766</u>	<u>4,516,101</u>

Australia and International Holdings Limited
Statement of changes in equity
For the financial year ended 30 June 2018

	Note	Contributed equity \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 30 Jun 2016		3,500,709	269,918	374,612	4,145,239
Profit after income tax (expense)/benefit for the financial year		-	-	118,257	118,257
Other comprehensive income for the financial year, net of tax		-	217,475	-	217,475
Total comprehensive income for the financial year		-	217,475	118,257	335,732
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	14	215,579	-	-	215,579
Dividends paid	17	-	-	(180,449)	(180,449)
Balance at 30 Jun 2017		<u>3,716,288</u>	<u>487,393</u>	<u>312,420</u>	<u>4,516,101</u>
	Note	Contributed equity \$	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 financial year		-	-	288,239	288,239
Other comprehensive income for the financial year, net of tax		-	144,211	-	144,211
Total comprehensive income for the financial year		-	144,211	288,239	432,450
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	14	19,186	-	-	19,186
Dividends paid	17	-	-	(185,971)	(185,971)
Balance at 30 June 2018		<u>3,735,474</u>	<u>631,604</u>	<u>414,688</u>	<u>4,781,766</u>

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

Australia and International Holdings Limited
Statement of cash flows
For the financial year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(54,624)	(55,992)
Dividends received		22,908	22,801
Interest received		406	1,478
Trust distributions received from related parties		179,787	176,624
Other revenue		-	2,093
Income taxes (paid)/refunded		-	(743)
		<u>-</u>	<u>(743)</u>
Net cash from/(used in) operating activities	22	<u>148,477</u>	<u>146,262</u>
Cash flows from investing activities			
Payments for investments		(23,050)	(237,030)
Proceeds from sale of investments		47,622	86,737
		<u>47,622</u>	<u>86,737</u>
Net cash from/(used in) investing activities		<u>24,572</u>	<u>(150,293)</u>
Cash flows from financing activities			
Proceeds from the issue of shares	14	19,186	215,579
Dividends paid	17	(185,972)	(180,449)
		<u>(185,972)</u>	<u>(180,449)</u>
Net cash provided by/(used in) financing activities		<u>(166,786)</u>	<u>35,130</u>
Net increase/(decrease) in cash and cash equivalents		6,263	31,099
Cash and cash equivalents at the beginning of the financial year		<u>37,001</u>	<u>5,902</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>43,264</u></u>	<u><u>37,001</u></u>

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

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

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 for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS") 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.

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'), being the Board of Directors. 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 recognised 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.

Note 1. Significant accounting policies (continued)

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, 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.

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.

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently 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 arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Note 1. Significant accounting policies (continued)

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 in other comprehensive income through 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.

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. This accounting standard does not contemplate 'available for sale' financial assets.

AASB 139 – Financial Instruments: Recognition and Measurement

This accounting standard is applied in accounting for investments in financial instruments and stipulates that where a financial asset is classified as 'available for sale' it should be initially recorded at cost and any changes in fair value recorded in the available for sale reserve in equity.

At the end of the financial 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 44.50%, 23.99% and 25.43% 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 has adopted the accounting treatment under AASB 139 and recorded the investments as 'available for sale'. 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.

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.

Note 1. Significant accounting policies (continued)

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.

Dividends

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

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at the reporting date.

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 for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement. The standard is effective for periods beginning on or after 1 January 2018 and therefore will be effective in the Company financial statements for the year ending 30 June 2019. AASB 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model for recognising impairment provisions based on expected credit losses and new hedge accounting requirements.

Management is currently assessing the effects of applying the new standard on the Company's financial statements and noted that AASB 9 requires the Company to recognise the realised and unrealised gains or losses in Other Comprehensive Income and will not be released to Profit & Loss on the sales of investments.

At this stage, management is not able to estimate the effect of the new rules on the Company's financial statements. Management will make more detailed assessments of the effect over the next twelve months.

Note 1. Significant accounting policies (continued)

AASB 15: Revenue from Contracts with Customers, and the relevant amending standards (effective 1 January 2018).

AASB 15 is effective for periods beginning on or after 1 January 2018 and therefore will be effective in the Company financial statements for the year ending 30 June 2019. The standard establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for performance obligations only when they are satisfied and the control of goods or services is transferred. In doing so, the standard applies a five-step approach to the timing of revenue recognition and applies to all contracts with customers, except those in the scope of other standards. It replaces the separate models for goods, services and construction contracts under the current accounting standards.

The majority of Company's revenue are trust distributions and dividends income, where there is no particular performance obligation attached and revenue is recognised when it is received or when the right to receive payment is established. There is no material impact from the adoption of AASB 15 on these revenue streams.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Management has reviewed the impact of this standard and notes that the new standard is not expected to have a material effect on the Company's financial statements.

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, the Burrell World Equities Trust and the Burrell Smallcaps Midcaps and Resources Trust who in turn invest the majority of their funds for the medium to long-term 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 long-term shares, Australian small-mid cap shares, and overseas long-term shares. The Australian large-cap portfolio is made up of blue chip and quality shares in the ASX All Ordinaries Index, the Australian small-mid cap portfolio comprises Australian smallcap, midcap and resources stocks, 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.

Note 3. Operating segments (continued)

Operating segment information

	Note	Australian Large-cap Long-Term Shares \$	Australian Small-Mid- cap Shares \$	Overseas Long-Term Shares \$	Intersegment eliminations/ unallocated \$	Total \$
30 June 2018						
Revenue						
Dividend income		22,908	-	-	-	22,908
Interest revenue		406	-	-	-	406
Trust distributions from related parties		162,186	78,766	91,395	-	332,347
Other trust income		-	-	-	-	-
Other income		-	-	-	-	-
Total revenue		<u>185,500</u>	<u>78,766</u>	<u>91,395</u>	<u>-</u>	<u>355,661</u>
Segment result		<u>185,500</u>	<u>78,766</u>	<u>91,395</u>	<u>(57,328)</u>	<u>298,333</u>
Net gain/(loss) on disposal of available-for-sale financial assets		<u>17,401</u>	<u>-</u>	<u>6,564</u>	<u>-</u>	<u>23,964</u>
Profit/(loss) before income tax		<u>202,900</u>	<u>78,766</u>	<u>97,959</u>	<u>(57,328)</u>	<u>322,297</u>
Income tax expense						(34,058)
Profit after income tax						<u>288,239</u>
Assets						
Segment assets		<u>3,324,089</u>	<u>654,280</u>	<u>1,171,629</u>	<u>47,930</u>	<u>5,197,928</u>
Total assets						<u>5,197,928</u>
Liabilities						
Segment liabilities		<u>322,959</u>	<u>13,804</u>	<u>76,695</u>	<u>2,705</u>	<u>416,162</u>
Total liabilities						<u>416,162</u>

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 \$
30 June 2017						
Revenue						
Dividend income		22,801	-	-	-	22,801
Interest revenue		1,478	-	-	-	1,478
Trust distributions from related parties		121,831	14,018	8,098	-	143,947
Other trust income		-	-	-	-	-
Other income		-	-	-	-	-
Total revenue		<u>146,110</u>	<u>14,018</u>	<u>8,098</u>	<u>-</u>	<u>168,226</u>
Segment result		<u>150,163</u>	<u>14,018</u>	<u>6,285</u>	<u>(55,464)</u>	<u>115,002</u>
Net gain/(loss) on disposal of available-for-sale financial assets		(4,053)	-	1,813	-	(2,240)
Profit/(loss) before income tax		<u>146,110</u>	<u>14,018</u>	<u>8,098</u>	<u>(55,464)</u>	<u>112,762</u>
Income tax benefit						5,495
Profit after income tax						<u>118,257</u>
Assets						
Segment assets		<u>3,175,600</u>	<u>526,649</u>	<u>1,089,780</u>	<u>75,724</u>	<u>4,867,753</u>
Total assets						<u>4,867,753</u>
Liabilities						
Segment liabilities		<u>285,731</u>	<u>(856)</u>	<u>66,777</u>	<u>-</u>	<u>351,652</u>
Total liabilities						<u>351,652</u>

Note 4. Revenue

	2018 \$	2017 \$
<i>Sales revenue</i>		
Dividends	22,908	22,801
Interest	406	1,478
Trust distributions from related parties	<u>332,347</u>	<u>143,947</u>
Revenue	<u>355,661</u>	<u>168,226</u>

Note 5. Other income

	2018 \$	2017 \$
Net gain/(loss) on disposal of available-for-sale financial assets	<u>23,964</u>	<u>(2,240)</u>

Note 6. Income tax expense

	Note	2018 \$	2017 \$
<i>Income tax expense</i>			
Current tax		-	1,514
Deferred tax - origination and reversal of temporary differences		60,954	(7,039)
Adjustment recognised for prior periods		(26,896)	30
Aggregate income tax expense/(benefit)		<u>34,058</u>	<u>(5,495)</u>
Deferred tax included in income tax expense/(benefit) comprises:			
Decrease/(increase) in deferred tax assets	11	<u>60,954</u>	<u>(7,039)</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>			
Profit before income tax (expense)/benefit		<u>322,297</u>	<u>112,762</u>
Tax at the statutory tax rate of 30%		96,689	33,829
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Entertainment expenses		126	-
Tax effect of timing differences not taken up as deferred tax items		3,999	(3,866)
Tax offsets		<u>(39,860)</u>	<u>(35,488)</u>
Adjustment recognised for prior periods		<u>60,954</u>	<u>(5,525)</u>
		<u>(26,896)</u>	<u>30</u>
Income tax expense/(benefit)		<u>34,058</u>	<u>(5,495)</u>
<i>Amounts charged/(credited) directly to equity</i>			
Deferred tax liabilities	13	<u>61,805</u>	<u>87,441</u>

Note 7. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash and cash equivalents	<u>43,264</u>	<u>37,001</u>

Note 8. Current assets - income tax

	2018 \$	2017 \$
Income tax refund	<u>-</u>	<u>743</u>

Note 9. Current assets - trade and other receivables

	2018 \$	2017 \$
Distributions receivable from related parties	<u>195,247</u>	<u>31,717</u>

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

	Note	2018	2017
		\$	\$
Investments at fair value	19	<u>4,954,752</u>	<u>4,760,312</u>
		<u>4,954,752</u>	<u>4,760,312</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous period are set out below:

Opening fair value		4,760,312	4,307,342
Additions		23,050	237,030
Disposals		(23,658)	(86,737)
Adjustment to cost base of investments on capital reductions		(10,968)	-
Revaluation increments/(decrements)		<u>206,016</u>	<u>302,677</u>
Closing fair value		<u>4,954,752</u>	<u>4,760,312</u>

Refer to Note 18 for further information on financial instruments.

Note 11. Non-current assets - deferred tax

	Note	2018	2017
		\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>			

Amounts recognised in profit or loss:

Timing differences on revenue recognition and tax losses from excess franking credits

		<u>4,665</u>	<u>37,980</u>
Deferred tax asset		<u>4,665</u>	<u>37,980</u>

Movements

Opening balance

Credited/(charged) to profit or loss

Prior year adjustment

		<u>37,980</u>	<u>32,485</u>
	6	<u>(60,954)</u>	<u>7,039</u>
		<u>27,639</u>	<u>(1,544)</u>

Closing balance

		<u>4,665</u>	<u>37,980</u>
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Note 12. Current liabilities - trade and other payables

	2018	2017
	\$	\$
Trade payables	<u>2,705</u>	<u>-</u>

Note 13. Non-current liabilities - deferred tax

	Note	2018 \$	2017 \$
<i>Deferred tax liability comprises temporary differences attributable to:</i>			
Amounts recognised in equity:			
Revaluation of available-for-sale financial assets		413,457	351,652
Deferred tax liability		413,457	351,652
<i>Movements</i>			
Opening balance		351,652	264,211
Credited/(charged) to equity	6	61,805	87,441
Prior year adjustment		-	-
Closing balance		413,457	351,652

Note 14. Equity - issued capital

	2018 Shares	2017 Shares	2018 \$	2017 \$
Ordinary shares - fully paid	1,559,305	1,552,648	3,735,474	3,716,288

Movements in ordinary share capital

	Date	No. of shares	Issue price	\$
Balance	30 Jun 2016	1,471,989		3,500,709
DRP cost	1 Aug 2016			(867)
Dividend reinvestment plan	21 Oct 2016	3,542	\$2.91	10,307
DRP cost	21 Oct 2016			(1,443)
Rights & entitlement issue	8 Dec 2016	73,629	\$2.70	198,799
Rights & entitlement cost	8 Dec 2016			(1,650)
Dividend reinvestment plan	18 Apr 2017	3,488	\$2.99	10,433
Balance	30 Jun 2017	1,552,648		3,716,288
DRP cost	1 Jul 2017			(371)
Dividend reinvestment plan	20 Oct 2017	3,364	\$3.03	10,184
DRP cost	20 Oct 2017			(368)
Dividend reinvestment plan	20 Apr 2018	3,293	\$3.07	10,110
DRP cost	20 Apr 2018			(369)
Balance	30 Jun 2018	1,559,305		3,735,474

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 and the company does not have a limited amount of authorised capital.

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.

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 2017 Annual Report.

Australia and International Holdings Ltd
Notes to the financial statements
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Note 15. Equity - Reserves

	2018 \$	2017 \$
Available-for-sale reserve	631,604	487,393

Movements in reserves

	Note	Available-for-sale \$	Total \$
Balance at 30 June 2016		269,918	269,918
Revaluation - gross		304,916	304,916
Deferred tax	6	(87,441)	(87,441)
Balance at 30 June 2017		487,393	487,393
Revaluation - gross		206,016	206,016
Deferred tax	6	(61,805)	(61,805)
Balance at 30 June 2018		631,604	631,604

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

	Note	2018 \$	2017 \$
Retained profits at the beginning of the financial year		312,420	374,612
Profit after income tax (expense)/benefit for the year		288,239	118,257
Dividends paid	17	(185,971)	(180,449)
Retained profits at the end of the financial year		414,688	312,420

Note 17. Equity - dividends

Dividends

Final dividend

	2018 \$	2017 \$
Final dividend paid	93,147	88,253
Year ended	30/06/2017	30/06/2016
Cents per share	6 ¢	6 ¢
Franking %	75%	75%
Date paid	20/10/2017	21/10/2016

Interim dividend

	2018 \$	2017 \$
Interim dividend paid	92,823	92,196
Half-year ended	31/12/2017	31/12/2016
Cents per share	6 ¢	6 ¢
Franking %	70%	70%
Date paid	20/04/2018	18/04/2017
Total dividends paid or payable	185,971	180,449

Note 17. Equity - dividends (continued)

Franking credits

	2018	2017
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30%	26,185	29,479

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 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; and
- 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 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. The values of these holdings are converted from foreign currency to domestic currency at balance date, and as such the company is exposed to foreign currency risk through foreign exchange rate fluctuations. Under certain conditions the trust uses exchange traded options and foreign currency denominated currency accounts 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 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.

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 that applied to cash balances over the financial year was 1.6% (2017: 1.6%).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company minimises credit risk by undertaking transactions with recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

Note 18. Financial instruments (continued)

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.

Note 19. Fair Value measurement

The company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- available-for-sale financial assets

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

The company's financial assets that are measured using a Level 2 valuation comprise unlisted unit trusts. The unit prices used in determining the fair value of the company's investment in those trusts is determined based on the fair value (market value or Level 1 methodology) of the underlying assets in the trusts that are entirely held in listed securities. The company does not have any financial assets at fair value measured at Level 3.

Note 19. Fair Value measurement (continued)

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2018			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
<i>Financial assets</i>					
Available-for-sale financial assets:					
shares in listed companies		375,483	-	-	375,483
units in unlisted trusts - related parties		-	4,579,269	-	4,579,269
Total financial assets recognised at fair value on a recurring basis	10	375,483	4,579,269	-	4,954,752

		30 June 2017			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
<i>Financial assets</i>					
Available-for-sale financial assets:					
shares in listed companies		449,089	-	-	449,089
units in unlisted trusts - related parties		-	4,311,222	-	4,311,222
Total financial assets recognised at fair value on a recurring basis	10	449,089	4,311,222	-	4,760,312

b. **Valuation Techniques and Inputs Used to Measure Level 2 Fair Values**

Description	Valuation Technique(s)	Inputs Used	Fair Value at 30 June 2018 \$
<i>Financial assets</i>			
Shares in unlisted unit trusts - related parties	Market approach using unit prices determined by underlying fair value of listed assets	Fair value of trust's listed investments	4,579,269

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF Hacketts Audit, the auditor of the company:

	2018 \$	2017 \$
<i>Audit services - PKF Hacketts Audit</i>		
Audit of financial statements	15,200	14,700
	15,200	14,700

Note 21. Events after the reporting period

No matter or circumstance has arisen since 30 June 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.

Note 22. Reconciliation of profit after income tax to cash from/(used in) operating activities

	2018	2017
	\$	\$
Profit after income tax expense for the year	288,239	118,257
Adjustments for:		
Net fair value loss/(gain) on available-for-sale financial	(23,964)	2,240
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(152,560)	34,772
Decrease/(increase) in deferred tax assets	33,315	(5,495)
Increase/(decrease) in provision for income tax	743	(743)
Increase/(decrease) in other operating liabilities	2,704	(2,769)
Net cash from/(used in) operating activities	148,477	146,262

Note 23. Earnings per share

	2018	2017
	\$	\$
Profit after income tax attributable to the owners of Australia and International Holdings Limited	288,239	118,257
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,555,620	1,516,284
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,555,620	1,516,284
	Cents	Cents
Basic earnings per share	18.53 ¢	7.8 ¢
Diluted earnings per share	18.53 ¢	7.8 ¢

Note 24. Related Parties

Investments in related trusts

	2018	2017
	\$	\$
Investments - Non-current		
Investment in the Burrell Australian Equities Trust	2,887,277	2,694,792
Investment in the Burrell World Equities Trust	1,101,725	1,089,780
Investment in the Burrell Smallcap, Midcap and Resources Trust	590,266	526,650
	<u>4,579,269</u>	<u>4,311,222</u>
Total	<u>4,579,269</u>	<u>4,311,222</u>

Distributions from related trusts

Distributions received or due and receivable by the Company from:

	2018	2017
	\$	\$
The Burrell Australian Equities Trust	162,186	121,831
The Burrell World Equities Trust	91,395	8,098
The Burrell Smallcap, Midcap and Resources Trust	78,766	14,018
	<u>332,347</u>	<u>143,947</u>

Other transactions with Directors

Mr C T Burrell, Mr B C E Rowley and Mr R J Burrell are Directors of Burrell Stockbroking Pty Ltd. This company provides stockbroking and secretarial, portfolio administration and management services to the Company. Brokerage of \$138 was paid by the Company to Burrell Stockbroking Pty Ltd during the year, and an amount of \$14,080 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.

Australia and International Holdings Limited
Directors' declaration

In the directors' opinion:

1. the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached financial statements and notes thereto comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
3. the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Bernard C Rowley
Chairman



Christopher T Burrell
Director

Brisbane
12 September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIA & INTERNATIONAL HOLDINGS LIMITED

Report on the Financial Report

Opinion

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 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

In our opinion 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 2018 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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 about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

Accounting treatment of investments in Burrell Australian Equities Trust, Burrell World Equities Trust and Burrell Smallcaps Midcaps and Resources Trust

Why significant

As at 30 June 2018, the carrying value of the investments in Burrell Australian Equities Trust, Burrell World Equities Trust and Burrell Smallcaps Midcaps and Resources Trust ("the Trusts") was \$4,579,269 (2017: \$4,311,222), as disclosed in Notes 10 & 19 representing 88.10% of total assets at that date.

The company accounted for the investment in the Trusts on a 'look-through' basis and recognised these investments in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* as available-for-sale financial assets with the fair value adjustments recorded in the fair value reserve in equity.

Other Information

Other information is financial and non-financial information in the annual report of the company which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report and Shareholders' information. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- to assess whether the company has control or significant influence over the investments in the Trusts:
 - obtaining the position paper prepared by management and assessing whether the assumptions used by management are still appropriate;
 - assessing whether the company's accounting treatment complies with AASB 139; and
 - assessing the appropriateness of the related disclosures in Notes 1, 10 and 19.

In preparing the financial report, the Directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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 judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Australia & International Holdings Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

PKF HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 12 September 2018

Australia and International Holdings Limited
Shareholder information
30 June 2018

The shareholder information set out below was applicable as at 30 June 2018

Distribution of equitable securities

Analysis of the number of equitable security holders by size of holdings:

	Number of holders of ordinary shares	Number of ordinary shares held	% of total shares held
1 to 1,000	23	5,466	0.4%
1,001 to 5,000	42	129,132	8.3%
5,001 to 10,000	41	283,397	18.2%
10,001 to 100,000	25	695,943	44.6%
100,001 and over	3	445,367	28.6%
	134	1,559,305	100.0%
Holdings of less than a marketable parcel		950	0.1%

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary Shares	
	Number held	% of total shares held
Mr Christopher Thomas Burrell	157,766	10.1%
CTBFam Pty Ltd	150,000	9.6%
CTBFam Pty Ltd <Secret Super Fund>	137,601	8.8%
Sajrej Pty Ltd	77,713	5.0%
Ms Marian Micalizzi	59,876	3.8%
RJB Superannuation Pty Ltd <The RJ Burrell Superannuation Fund>	58,381	3.7%
Donna Irwin	47,352	3.0%
Mr Jason Edward Leggatt	45,312	2.9%
Wanstead Investment Company	45,000	2.9%
Prof. Francis James Finn	35,681	2.3%
JNBFam Pty Ltd	34,246	2.2%
Rowley Pty Ltd <Rowley Superannuation Fund>	32,421	2.1%
Mrs Rosemary Josephine Burt	31,667	2.0%
Sheford Investments Pty Ltd	29,467	1.9%
Mr Roger Burrell	21,627	1.4%
Mr Anthony Meale Killer & Mrs Sandra Marie Killer <The Killer Super Fund>	19,329	1.2%
<LAUREL YESBERG SUPER A/C>	18,017	1.2%
Dr Roger J Hartigan <Hartigan Fund A/c>	16,800	1.1%
Mr Roger John Burrell & Mr Christopher Thomas Burrell <STUD TTF>	15,304	1.0%
BDS Computing Pty Ltd <Superannuation Fund>	15,147	1.0%
	1,048,707	67.3%

Unquoted equity securities

There are no unquoted equity securities on issue.

Australia and International Holdings Limited
Shareholder information
30 June 2018

Substantial shareholders

Substantial shareholders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares held
Mr Christopher Thomas Burrell	157,766	10.1%
CTBFam Pty Ltd	150,000	9.6%
CTBFam Pty Ltd <Secret Super Fund>	137,601	8.8%
Sajrej Pty Ltd	77,713	5.0%

Voting rights

The voting rights attached to the ordinary shares of the Company are set out below:

Ordinary shares

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.

Australia and International Holdings Limited
Five year summary of performance
30 June 2018

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Profit and Loss					
Revenue from operating activities	379,625	165,986	159,144	155,695	158,399
Total expenses	(57,328)	(53,224)	(56,509)	(50,215)	(48,201)
Profit from ordinary activities before income tax expense	322,297	112,762	102,635	105,480	110,198
Income tax benefit/(expense)	(34,058)	5,495	(761)	7,687	(9,379)
Net profit/(loss) after tax	288,239	118,257	101,874	113,167	100,819
Net profit/(loss) attributable to the owners of Australia & International Holdings Limited	288,239	118,257	101,874	113,167	100,819
Balance Sheet					
Current assets	238,511	69,461	72,391	140,583	48,696
Non-current assets	4,959,417	4,798,292	4,339,827	4,692,598	4,613,565
Total assets	5,197,928	4,867,753	4,412,218	4,833,181	4,662,261
Current liabilities	2,705	0	2,769	0	25,583
Non-current liabilities	413,457	351,652	264,211	372,776	374,295
Total liabilities	416,162	351,652	266,980	372,776	399,878
Shareholders' funds	4,781,766	4,516,101	4,145,238	4,460,405	4,262,383
Earnings per share	18.53 ¢	7.8 ¢	6.94 ¢	7.95 ¢	7.36 ¢
Dividends per share	12 ¢	12 ¢	12 ¢	12 ¢	11.5 ¢
Net assets value per share	307 ¢	291 ¢	282 ¢	305 ¢	310 ¢
Price earnings ratio (x)	16.57	37.31	40.62	38.38	42.12