

CHAIRMAN'S REPORT

BOARD OF THE AUSTRALIAN OLYMPIC FOUNDATION

Friday 8 May 2009

At 31 December 2008 the Foundation's net assets totalled \$111.7 million, after provision for the additional distribution to the AOC of \$3.9 million for the 2005-2008 quadrennium, paid in 2009.

The AOF has made an interim cash distribution of \$1.5 million to the AOC for the March quarter 2009, bringing to \$56.6 million, total cash contributions to the AOC since 1 January 2001.

While the March quarter overall saw a continuation of the deterioration in Australian and overseas markets since the onset of the global financial crisis, there was some recovery late in the quarter and in April with the ASX 200 up 5.5%, the All Ordinaries Index up 6.0% and the Dow Jones Industrial Index up 7.3% for that month.

At end April, 2009 the AOC's net assets (after the above distribution of \$1.5 million) totalled approximately \$109.6 million, comprising managed funds valued at \$82.5 million and cash and short term deposits of \$27.1 million.

Whilst the recent increases are encouraging, it is too early to conclude that the global financial crisis is behind us or that the equities and property markets will regain lost ground in the near future, given the deteriorating growth forecasts for the Australian and most other economies and effect on employment, corporate profits and Government revenue.

The Investment Advisory Committee met in February and on Wednesday of this week, receiving presentations from our consultant, Mercer Investment Consulting and fund managers, Barclays Global Investors, GMO Australia, and the Goodman Australia Industrial Fund as well as considering their and other fund managers monthly reports and reviews.

Whilst the Foundation is a long term investor, its investment strategy is closely monitored and under continuous review by the Investment Advisory Committee, particularly as it addresses the challenges of the current market.

JOHN COATES AC
Chairman