# Prospectus

## Offer of shares and options

Offer of up to 200 million shares at 50 cents each to raise up to $100 million
Offer of up to 200 million options

AMCIL

AMCIL Limited
ABN 57 073 990 735

Note: This Prospectus is an important document and should be read in its entirety. If you have any queries about any part of this Prospectus you should consult your accountant, stockbroker, financial planner, solicitor or other professional adviser.

Broker to the Issue
Goldman Sachs JBWere

Legal Advisers to AMCIL
Allens Arthur Robinson

# Contents



# Timetable*

| | |
|---|---|
| Date of Prospectus | Friday 28 November 2003 |
| Record date to determine priority for Eligible Shareholders | Friday 28 November 2003 |
| Offer opens and Prospectus sent to shareholders | Wednesday 3 December 2003 |
| Offer closes | Monday 22 December 2003 |
| Last day to dispatch transaction confirmation statements | Thursday 15 January 2004 |

* These dates are indicative only. AMCIL reserves the right to change the dates, or accept late applications either generally or in particular cases, without prior notice.

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# 1. Chairman's Letter

28 November 2003

Dear investor

As you may be aware, the Board of AMCIL has been considering the future direction of the Company following the adjournment of special business at the Annual General Meeting held on 17 September 2003 relating to the winding up of the Company.

The proposal the Board is recommending to shareholders involves a reorganisation of AMCIL's existing capital, a recapitalisation through a public offer of shares and options and a broadening of AMCIL's investment mandate. Implementation of the proposal requires shareholder approval at a General Meeting to be held on Friday, 19 December 2003.

If the proposal is approved, the Company will remain a listed investment company. The Company will maintain its thematic focus, but will broaden its investment mandate from investing in the media and telecommunications sectors. The proposal involves concentrating on investment opportunities that arise from the more general thematic/cyclical rotations in the market, corporate activity and stock specific activity. Over the medium to long term, these cycles regularly produce emerging investment themes or associated periods when there are opportunities to buy into undervalued stocks. Conversely, there are periods when it is possible to realise positions that are perceived to be temporarily overvalued.

As well as the media and telecommunications sectors, more recent examples include:

- the impact of changes in interest rates on the share prices of property trusts and the infrastructure sector;
- investment in banks – valuations become more attractive as market interest moves away from banks and into perceived growth sectors such as resources;
- cyclical interest in the resources and mining stocks which may allow for some profit realisation;
- investment in distressed securities; and
- participation in Initial Public Offerings and placements.

At present, other listed investment companies, such as Australian Foundation Investment Company Limited and Djerriwarrh Investments Limited, have investment objectives focusing on growing fully franked dividends, and medium to long term capital appreciation. These companies are not always in a position to actively pursue the type of opportunities outlined above, as these opportunities sit outside the investment criteria established for these companies.

It is therefore proposed to reposition AMCIL as a listed investment company with a different risk/return profile than is evident in the more traditional listed investment companies. The investment horizon is likely to be a medium term one, with performance unlikely to be aligned with any particular market index. However, the overall objective is to create wealth for shareholders over the medium to long term.

Directors will assess the capacity of the Company to pay dividends in light of profit performance.

The Offer under this Prospectus is for 80 million Shares at an issue price of 50 cents each and 80 million Options, with over-subscriptions of up to an additional 120 million Shares and 120 million Options, to raise between $40 million and $100 million. The Offer is conditional on:

(a) a minimum subscription of 80 million Shares; and

(b) Shareholder approval of the above proposal at the General Meeting of the Company.

The Offer opens on 3 December 2003 and closes at the close of business on 22 December 2003. I invite you to read this Prospectus and look forward to your participation in this Offer.

Yours sincerely

Terry Campbell
Chairman

# 2. Important Notice

This Prospectus is an important document and should be read in its entirety. If you have any queries about any part of this Prospectus you should consult your accountant, stockbroker, financial planner, solicitor or other professional adviser.

Before applying for Shares and Options under this Prospectus, investors should consider whether the Shares and Options are a suitable investment for them in light of their own investment objectives and financial circumstances and having regard to the merits and risks involved. Various risks may affect the future operating and financial performance of AMCIL and the value of an investment in AMCIL. Some of these risks are discussed in more detail in section 6 of this Prospectus.

The potential tax effects of the Offer will vary between investors. A summary of potential Australian tax implications is contained in section 7.9 of this Prospectus, but all investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

This Prospectus is dated 28 November 2003 and was lodged with ASIC on 28 November 2003.

ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus.

The expiry date of this Prospectus is 28 December 2004. No securities will be issued on the basis of this Prospectus after the expiry date.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus (or the New Zealand Investment Statement). Any information or representation not contained in this Prospectus (or the New Zealand Investment Statement) may not be relied upon as having been authorised by AMCIL in connection with the Offer.

This Prospectus and the Application Form do not constitute an offer or an invitation to subscribe in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The Shares and Options being offered under this Prospectus are offered in New Zealand under an Investment Statement in reliance on the Securities Act (Australian Issuers) Exemption Notice 2002 (New Zealand). No action has been taken to register or qualify the Shares and Options or the Offer or otherwise permit a public offering of the Shares and Options in any jurisdiction other than Australia and New Zealand.

Certain words and phrases used in this Prospectus have defined meanings set out in the Glossary in section 8 of this Prospectus.

All financial amounts shown in this Prospectus are expressed in Australian dollars and cents unless otherwise stated.

# 3. About AMCIL

### 3.1 History

AMCIL is a listed investment company that commenced in 1996 to undertake a thematic investment in the media and telecommunications sectors, particularly in Australia and New Zealand.

At the Company's Annual General Meeting on 23 October 2002, approval was given by Shareholders to the Board's recommendation to progressively sell the Company's investments and return the capital to Shareholders. Until recently, the Board has pursued this path and the majority of capital has been returned to Shareholders.

At the Company's AGM held on 17 September 2003, resolutions concerning the winding up of the Company were adjourned to allow Directors to consider proposals for the Company's future received from a number of interested parties.

Following consideration of these proposals, the Board of AMCIL has developed a specific proposal which is outlined in section 3.5 of this Prospectus and which will be put to Shareholders at a General Meeting of the Company on 19 December 2003.

### 3.2 Corporate objectives

AMCIL, under this proposal, will aim to generate returns for its Shareholders through a combination of an increase in the value of the portfolio of assets over the medium to long term and, where possible, a fully franked dividend income.

In this regard, AMCIL's objectives are to:

- provide shareholders with an attractive total return, comprising both income and capital growth, which exceeds the return of the Australian All Ordinaries Accumulation index over the medium to long term;
- operate within risk parameters acceptable to Directors; and
- preserve and grow the capital of the Company.

### 3.3 Investment strategy and approach

The investment approach will be to take advantage of opportunities that arise from thematic/cyclical rotations in the market, corporate activity and stock specific situations across a number of sectors within the Australian and New Zealand markets. Over the medium to long term, these cycles regularly produce emerging investment themes or associated periods when there are opportunities to buy into undervalued stocks. Conversely, there are periods when it is possible to realise positions that are perceived to be temporarily overvalued.

As well as the media and telecommunications sectors, more recent examples include:

- the impact of changes in interest rates on the share prices of property trusts and the infrastructure sector;
- investment in banks – valuations become more attractive as market interest moves away from banks and into perceived growth sectors such as resources;
- cyclical interest in the resources and mining stocks which may allow for some profit realisation;
- investment in distressed securities; and
- participation in Initial Public Offerings and placements.

Performance is unlikely to be aligned with any particular market index, although it is expected that general movements in the Australian and New Zealand share markets will impact on the portfolio. AMCIL is also likely to have a different risk/reward profile than the more traditional listed investment companies which tend to focus on the mid to large cap Australian companies.

AMCIL would look to establish access to lines of credit to allow the Company to gear its balance sheet when appropriate investment returns are available. The Board's current intention is that the level of gearing would be not more than 25 per cent of the total portfolio value. In addition, the Company may also use options written against some of its investments to generate additional income.

Subject to the amount of capital raised under this Prospectus and the identification of attractive opportunities that fit within the investment criteria of the Company, the likely number of securities in the portfolio over time is expected to be between 20 to 40 securities, which will allow for appropriate diversification of portfolio risk.

### 3.4 Portfolio management

The portfolio will be overseen by an investment committee which would normally meet fortnightly. The investment committee approves all investment decisions, reviews performance of investments, sets investment policies and deals with other portfolio related activities such as voting instructions and lodgment of proxies.

### 3.5 Proposal to be put to Shareholders

The proposal to be put to Shareholders at the General Meeting of the Company on 19 December 2003 involves:

(a) consolidating the existing share capital of the Company on the basis of 1 share for every 16 shares currently held;

(b) issuing new shares and options in the Company (as set out in this Prospectus); and

(c) increasing the scale of the Company's activities by broadening its investment mandate.

Each of items (a) to (c) are ordinary resolutions and are conditional on the other two being passed by Shareholders. Therefore, if the 3 resolutions are not passed by Shareholders, none of the Shares or Options offered under this Prospectus will be issued.

Shareholders will also vote on the election of Mr Bruce Teele to the Board of Directors and to authorise the Directors and Mr Teele to participate in the Offer. It is expected that, if elected, Mr Teele will act as Chairman of the Company.

### 3.6 Consolidation of Shares

The Company currently has on issue 95,505,406 fully paid ordinary shares. Subject to Shareholder approval at the General Meeting on 19 December 2003, the existing share capital will be consolidated on the basis of 1 share for every 16 shares currently held. The result will be that each Shareholder will hold in number one sixteenth of the shares held prior to the consolidation.

| | Pre consolidation | Post consolidation |
|---|---|---|
| Issued shares | 95,505,406 | 5,969,088 (approximately)* |

* This number will vary due to the rounding up of fractional entitlements.

The restructure will not involve the payment of or distribution of any amounts to Shareholders and will not affect the Company's paid up capital.

### Share fractions

Fractions of shares resulting from the consolidation will be rounded up to the next highest number. These shares will be treated as fully paid up.

### Reasons for consolidation

The Net Asset Backing per share was $0.03 on 31 October 2003. As at the close of trading on 25 November 2003, the Company's shares were trading at $0.04. It is expected that, by reducing the number of shares on issue, the consolidation will result in an increase in the share price. A number of factors, including economic and market conditions, will determine the actual post consolidation share price.

### Timetable for consolidation

| Event | Date |
|---|---|
| General Meeting of Shareholders | Friday 19 December 2003 |
| First day of trading in consolidated shares (on deferred settlement basis) | Monday 22 December 2003 |
| Last day for sending transaction confirmation statements to Shareholders | Wednesday 7 January 2004 |
| Normal trading in consolidated shares on a T+3 basis | Thursday 8 January 2004 |

# 4. Details of the Offer

### 4.1 The Offer

The Offer consists of a minimum of 80 million Shares at an issue price of 50 cents each together with 80 million Options. For each Share issued, Applicants will be issued 1 Option.

The Directors reserve the right to accept over-subscriptions for up to an additional 120 million Shares at an issue price of 50 cents each together with 120 million Options.

The Shares offered under this Prospectus will be fully paid and will rank equally in all respects with existing shares.

The Options will be exercisable at 50 cents each on or before 28 February 2007. Further details relating to the terms and conditions of the Options are set out in section 7.2.

The Offer will be subject to Shareholder approval as set out in section 4.8 and a minimum subscription of 80 million Shares, as set out in section 4.7.

### 4.2 Summary of principal dates*

| | |
|---|---|
| Date of Prospectus | Friday 28 November 2003 |
| Record date to determine priority for Eligible Shareholders | Friday 28 November 2003 |
| Offer opens and Prospectus sent to Shareholders | Wednesday 3 December 2003 |
| Offer closes | Monday 22 December 2003 |
| Last day to dispatch transaction confirmation statements | Thursday 15 January 2004 |

* These dates are indicative only. AMCIL reserves the right to change the dates, or accept late applications either generally or in particular cases, without prior notice.

### 4.3 Who can apply in the Offer?

The Offer is open to persons and corporations who are resident in Australia or New Zealand.

### 4.4 How many Shares and Options can I apply for?

There is no maximum amount that may be applied for under the Offer, subject to the Allocation Policy set out in section 4.6. Applications must be for a minimum of 2000 Shares and 2000 Options (i.e. a minimum subscription price of $1000). Applications may be made for additional Shares and Options in multiples of 200 Shares and 200 Options (i.e. in multiples of $100).

### 4.5 Priority Offer to Eligible Shareholders

Eligible Shareholders are Shareholders appearing on the Company register of members at 7.00pm AEST on 28 November 2003 and whose registered addresses are in Australia or New Zealand.

Eligible Shareholders applying in the Offer will have mailed to them a personalised Application Form with this Prospectus. If they apply correctly on that form, Eligible Shareholders will receive a guaranteed minimum allocation of 10,000 Shares and 10,000 Options (subject to applying for at least that many Shares and Options) and a general preference in allocation over other Applicants for any Shares and Options applied for above 10,000 Shares and 10,000 Options.

Shareholders who did not receive a copy of the Prospectus or who do not apply on the personalised Application Form are not entitled to receive any guaranteed minimum allocation or a general preference in allocation over other Applicants.

### 4.6 Allocation policy

AMCIL has absolute discretion regarding allocation of Shares and Options to Applicants in the Offer and may reject any Application, or allocate fewer Shares than applied for, in their absolute discretion, subject to the Priority Offer to Eligible Shareholders.

The Company will ensure that each Eligible Shareholder will be allocated their application in full up to 10,000 Shares and 10,000 Options, with the opportunity for an additional allocation depending on overall demand in the Offer. The Company will allocate Shares and Options to all Eligible Shareholders in priority to anyone else, and will issue them in a fair and equitable manner.

The Company will limit the number of securities it issues to an Eligible Shareholder to the higher of 5 per cent of all the securities being offered and the number the holder would be entitled to under a pro rata issue of all those securities.

### 4.7 Minimum Subscription and Over-Subscriptions

The Offer is conditional on a minimum subscription of 80 million Shares. The Offer will not be underwritten.

If the minimum subscription is not met, none of the Shares and Options offered under this Prospectus will be issued. If no issue is made, all Application Money will be refunded to the Applicant without interest.

The Directors reserve the right to accept over-subscriptions for up to an additional 120 million Shares and 120 million Options. The maximum number of Shares that may be issued under this Offer is therefore 200 million and the maximum number of Options is 200 million.

### 4.8 Shareholder approval

The Offer is conditional on Shareholders approving three resolutions at the General Meeting of the Company to be held on 19 December 2003. These resolutions relate to:

- consolidation of the existing share capital of the Company;
- the issue of Shares and Options under this Prospectus; and
- increasing the scale of the Company's activities by broadening its investment mandate.

The effect of the first and third of these resolutions is described in more detail in sections 3.6 and 3.3.

If the three resolutions are not passed by Shareholders, none of the Shares and Options offered under this Prospectus will be issued. If no issue is made, all Application Money will be refunded to the Applicant without interest.

### 4.9 ASX Listing

AMCIL will make application to the ASX within seven days after the date of this Prospectus for the Shares and Options to be quoted on the ASX. If permission is given for official quotation of the Shares, the Shares will trade under AMCIL's existing ordinary share ASX code of AMH and will rank equally in all respects with existing ordinary shares. If permission is given for official quotation of the Options, the Options will trade under the new ASX code of AMHO.

If the ASX does not grant permission for official quotation of the Shares and Options within three months after the date of this Prospectus, none of the Shares and Options offered under this Prospectus will be issued, unless ASIC grants AMCIL an exemption permitting the issue.

If no issue is made, all Application Money will be refunded without interest.

### 4.10 Can the Offer be withdrawn?

AMCIL reserves the right to withdraw the Offer at any time. AMCIL will withdraw the Offer if the minimum subscription is not reached (see section 4.7) or if Shareholder approval is not given (see section 4.8). AMCIL also reserves the right to close the Offer or any part of it early, or extend the Offer or any part of it, or accept late Applications, reject any Application, or allocate any Applicant fewer Shares and Options than applied for.

### 4.11 Refunds and dealing with Application Monies

If any Application is rejected in whole or in part, or if the Offer is withdrawn for any reason, the relevant Application Money will be refunded to the Applicant without interest.

All Application Money will be held on trust for Applicants until the Shares and Options are issued or, if the Shares and Options are not issued, until the Application Money is refunded to the Applicants.

Interest earned on the Application Money will be for the benefit of AMCIL and will be retained by AMCIL even if the issue of Shares and Options does not take place.

### 4.12 Issue of Shares and Dispatch of Transaction Confirmation Statements

No issue of Shares and Options will be made pursuant to this Prospectus until the proceeds of the Offer have been received and the ASX has granted permission for official quotation of the Shares and Options on the ASX.

It is expected that the Shares and Options will be issued by Thursday, 15 January 2004.

Transaction confirmation statements for Shares and Options are expected to be dispatched on Thursday, 15 January 2004.

### 4.13 Brokerage and handling fees

The Company has appointed Goldman Sachs JBWere as Broker to the Issue.

No brokerage or commission is payable by Applicants on acquisition of Shares under the Offer.

A handling fee of 1.5 per cent of the amount subscribed (and accepted by the Company) plus GST will be paid by AMCIL to participating organisations of the ASX (including GSJBW) and members of the Australian Financial Planning Association in respect of successful Applications which are lodged by them and bear their stamp.

See section 7 for further details of various fees payable by AMCIL in connection with the Offer.

### 4.14 How to apply

An Application for Shares and Options can only be made by completing and lodging the Application Form accompanying this Prospectus. It must be completed in accordance with the instructions appearing on that form. The personalised Application Form accompanying the Prospectus to be sent to Shareholders will be yellow. In all other cases, the Application Form accompanying the Prospectus will be grey.

Application Form(s) must be accompanied by a cheque or bank draft drawn on an Australian branch of an Australian bank in Australian currency of 50 cents per share. Cheques must be made payable to 'AMCIL Limited – Share Issue Account' and crossed 'Not Negotiable'. If your cheque is dishonoured your application will be disregarded. Cash will not be accepted and receipts for payment will not be issued.

By submitting payment and the Application Form, an Applicant will be deemed to have made an irrevocable offer to subscribe for the number of Shares and Options for which payment is made. The Applicant agrees that, in consideration of AMCIL accepting and processing the Application, once an Application has been lodged it cannot be withdrawn except if the Applicant has a withdrawal right under the Corporations Act or AMCIL consents.

### 4.15 When to apply

Completed Application Forms, together with the full amount payable, may be lodged at any time after the commencement of business on Wednesday, 3 December 2003. Forms must be received by ASX Perpetual Registrars Limited, Melbourne, by 5.00pm (AEST) Monday, 22 December 2003. Investors are encouraged to submit their Applications as early as possible.

### 4.16 Investors' questions

If you have any questions on how to complete the Application Form you should contact the Company's share registry, ASX Perpetual Registrars Limited.

ASX Perpetual Registrars Limited
GPO Box 2785
Melbourne, Victoria 3001
Telephone: 1300 554 474 (local call cost within Australia)
+ 61 3 9615 9947 (outside Australia)
Facsimile: + 61 3 9615 9900

If you have any questions concerning this Prospectus, either before or after investing, please contact AMCIL or your professional adviser.

AMCIL Limited
GPO Box 2114S
Melbourne, Victoria 3001
Telephone: + 61 3 9650 9911
Facsimile: + 61 3 9650 9100

### 4.17 New Zealand Offer

An Investment Statement has been prepared for New Zealand resident investors concerning the Offer. New Zealand resident investors must refer to the Investment Statement, which is accompanied by an Application Form.

For New Zealand resident investors, the Investment Statement prevails to the extent that it differs from this Prospectus.

# 5. Financial Information

A description of the financial impact of the Offer is set out below. This description has been prepared on the basis that the Options have not been exercised. For more information on the financial condition of AMCIL at 30 June 2003, please refer to the 2003 Annual Report.

### 5.1 Pro forma statement of financial position

A pro forma statement of financial position for AMCIL is provided on page 9 showing the net effect of the Offer, as if that event had occurred on 31 October 2003. The pro forma statement of financial position is based on AMCIL's unaudited financial statements for the period 1 July 2003 to 31 October 2003.

### 5.2 Capital structure

The issued capital of AMCIL as at 31 October 2003 and the pro forma issued capital after the issue of Shares and Options under this Prospectus are as follows.

| | Based on minimum subscription $40m | | Based on maximum subscription $100m | |
|---|---|---|---|---|
| | Number | Shareholders' equity ($) | Number | Shareholders' equity ($) |
| **Issued capital** | | | | |
| Ordinary shares as at 31 October 2003 | 95,505,406 | 22,551,340 | 95,505,406 | 22,551,340 |
| After consolidation – 1:16 | 5,969,088* | 22,551,340 | 5,969,088* | 22,551,340 |
| Shares to be issued | 80,000,000 | 40,000,000 | 200,000,000 | 100,000,000 |
| Costs of Offer *(estimated)* | - | (895,000) | - | (1,795,000) |
| **Total issued capital after the issue** | 85,969,088* | 61,656,340 | 205,969,088* | 120,756,340 |
| Retained profits/(losses) | - | (19,602,780) | - | (19,602,780) |
| **Total shareholders' equity** | 85,969,088 | 42,053,560 | 205,969,088 | 101,153,560 |

* This number will vary due to the rounding up of fractional entitlements.

### 5.3 Net Asset Backing

The Net Asset Backing per share in AMCIL as at 31 October 2003 and the Net Asset Backing per share adjusted for the issue of Shares and Options under this Prospectus are as follows.

| Net Asset Backing per share | Based on minimum subscription $40m | | Based on maximum subscription $100m | |
|---|---|---|---|---|
| | Before issue and consolidation | Adjusted for the issue and consolidation | Before issue and consolidation | Adjusted for the issue and consolidation |
| Pre Capital Gains Tax | 3 cents | 49 cents | 3 cents | 49 cents |
| Post Capital Gains Tax | 3 cents | 49 cents | 3 cents | 49 cents |

The figure does not include potential tax credits related to realised losses of the portfolio, as Directors cannot be certain these can be recouped.

As there is no estimated tax on gains on the aggregate portfolio the net asset value post capital gains tax is the same as net asset value pre capital gains tax.

### 5.4 Movements in Shareholders' Equity

The following sets out the movements in Shareholders' Equity from the audited financial statements as at 30 June 2003 to the unaudited position as at 31 October 2003.

| | Contributed equity ($'000) | Retained profits/(losses) ($'000) |
|---|---|---|
| Balance as at 30 June 2003 | 60,757 | (19,822) |
| Capital return for 95.5 million shares at 40c per share | (38,206) | - |
| Unaudited profit for four months to 31 October 2003 | - | 220 |
| Balance as at 31 October 2003 (before issue) | 22,551 | (19,602) |

### 5.5 Franking balance

AMCIL has a franking account balance of $3,890,234, the level of which is unaffected by the issue of Shares and Options under this Prospectus.

### 5.6 Availability of Capital Gains Tax losses

As at 31 October 2003 the Company had incurred losses on the sales of investments for capital gains tax purposes of $32.5 million. The tax benefits that might arise from this position have not been included in the Company's Financial Statements to date because the Directors believed that the capital gains tax losses were unlikely to be recouped, particularly while the Company was in the process of winding down its operations.

The position is unclear as to whether these carry forward capital gains tax losses can be recouped following the recapitalisation of the Company and the broadening of its investment mandate.

Whether or not they can be recouped will depend on a number of factors in the future, either outside the Directors' control or about which the Directors are currently unable to make a prediction. Their continued availability to the Company will depend, among other things, on whether or not there has been an underlying change in the majority of ownership of the Company. Further, if there has been such an underlying change in the ownership of the Company, the Company would then need to determine whether or not it could satisfy the 'same business test', which essentially requires it to demonstrate that it carried on exactly the same business. Whilst thematic investment remains AMCIL's core business, this test may be difficult to satisfy.

Furthermore, on top of satisfying these conditions, it would also be necessary for the Company going forward to actually realise taxable capital gains against which to apply the carry forward capital gains tax losses. It is not possible for the Directors to make any projections as to when or if such realised capital gains will occur.

### 5.7 Management expense ratio

The level of expenses incurred in administering the Company is referred to as the management expense ratio and is calculated on the average value of the portfolio, including cash. This was approximately 0.7 per cent per annum of the portfolio's average market value for the year to 30 June 2003.

Based on previous experience, the Company expects administration costs to be in the order of $800,000 per annum. Following the Offer, the Company's management expense ratio is expected to be on an annualised basis in the range of 0.8 per cent (based on the maximum subscription under the Offer) to 2.0 per cent (based on the minimum subscription under the Offer), depending on the amount of capital raised.

The level of expenses is affected by issues such as continued research input from the Company's brokers, continuation of the agreed level of support from GSJBW in dealing functions and information technology and the maintenance of the current small staff complement, even though this places some operational dependencies on key personnel. Any significant increase in the regulatory burden could also affect our costs.

AMCIL has no performance based fees and does not intend to introduce such a fee.

### 5.8 Dividend policy

Directors will assess the capacity of AMCIL to pay dividends in light of profit performance and a number of other factors. These other factors include:

- the dividend policies of the companies in which AMCIL invests, including the level of franking attached to these dividends;
- other sources of income, if any, such as interest, option premiums and trading profits from the trading account;
- the level of borrowings, if any, that the Company has and the consequent interest charge;
- the amount of tax paid by the Company; and
- the accounting treatment of write-downs, if any, on the investment portfolio. Under Australian Accounting Standards, if, as a result of market falls, AMCIL were required to write off against the investment portfolio more than the balance in the Asset Revaluation Reserve at the time, the additional write-down would need to be included in profit from ordinary activities. Similarly, if assets were sold from the portfolio at a loss and the loss was greater than the current balance in the Asset Realisation Reserve at the time, this would also need to be included in profit from ordinary activities. In both cases, this could affect AMCIL's reported profit, and therefore the level of dividends.

AMCIL will be able to pay dividends from current profits and from realised gains made on the sale of investments which are included in the Asset Realisation Reserve. However, until the current accumulated losses have been recouped, AMCIL will not be able to source dividends from retained earnings.

### 5.9 Use of invested funds

The proceeds of the Offer will be used for general investment purposes in the context of AMCIL's investment aims. Directors will seek attractive opportunities to invest, but will also adopt a cautious approach to developing AMCIL's portfolio. The funds raised from the Offer will initially be held in short term investments in bank bills, similar cash securities, on deposit in the short term money market or with Goldman Sachs JBWere Capital Markets Limited. They will then be progressively invested in securities of selected companies as appropriate investment opportunities arise.

## Proforma statement of financial position for AMCIL

| | | Based on minimum subscription $40m | Based on maximum subscription $100m |
|---|---|---|---|
| | Statement of Financial Position as at 31 October 2003 ($'000) | Pro forma Statement of Financial Position as at 31 October 2003 ($'000) | Pro forma Statement of Financial Position as at 31 October 2003 ($'000) |
| **Current assets** | | | |
| Cash | 3,029 | 43,029 | 103,029 |
| Receivables | 49 | 49 | 49 |
| Tax refund | 743 | 743 | 743 |
| Future income tax benefit | 150 | 150 | 150 |
| **Total current assets** | **3,971** | **43,971** | **103,971** |
| **Non-current assets** | | | |
| Investment securities | - | - | - |
| **Total non-current assets** | - | - | - |
| **Total assets** | **3,971** | **43,971** | **103,971** |
| **Current liabilities** | | | |
| Payables | 514 | 1,409 | 2,309 |
| Provisions | 500 | 500 | 500 |
| Tax liability | 8 | 8 | 8 |
| **Total current liabilities** | **1,022** | **1,917** | **2,817** |
| **Non-current liabilities** | - | - | - |
| **Total non-current liabilities** | - | - | - |
| **Total liabilities** | **1,022** | **1,917** | **2,817** |
| **Net Assets** | **2,949** | **42,054** | **101,154** |
| **Shareholders' equity** | | | |
| Contributed equity | 22,551 | 61,656 | 120,756 |
| Reserves | - | - | - |
| Retained profits/(losses) | (19,602) | (19,602) | (19,602) |
| **Total shareholders' equity** | **2,949** | **42,054** | **101,154** |

# 6. Risk Factors

There are a number of factors, both specific to AMCIL and of a general nature, which may affect the future operating and financial performance of AMCIL and the value of an investment in AMCIL. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of AMCIL, are dependent on the policies adopted and approaches taken by regulatory authorities or otherwise cannot be mitigated. This section describes some of the risks associated with an investment in AMCIL.

Before deciding to invest in AMCIL, prospective investors should consider carefully the following factors, as well as the other information contained in this Prospectus and, if they consider appropriate, take professional advice from their accountant, stockbroker, financial planner, solicitor or other professional adviser.

General factors which may have a significant impact on the future performance of AMCIL include:

- domestic and international economic conditions;
- regulatory and Governmental policy changes;
- the level of interest rates;
- movements in foreign exchange rates;
- the impact of the global security situation and possible terrorist disturbances;
- any changes which may occur to the taxation of company income and capital gains;
- any changes to the system of dividend imputation in Australia; and
- the adoption in Australia from 1 January 2005 of International Financial Reporting Standards.

Company specific factors which may have a significant impact on the future performance of AMCIL include:

- the success of the investment strategies of the Company;
- the performance of the specific companies in which AMCIL invests;
- the level of dividend payments made by the companies in which AMCIL invests;
- the market prices of the securities in which AMCIL invests;
- the market liquidity of the securities in which AMCIL invests;
- the size of the investment portfolio and the ability to diversify risk;
- the level of borrowing which the Company undertakes (also known as gearing);
- the impact of the possible licensing requirement of the Company under the Financial Services Licensing provisions of the Corporations Act; and
- requirements of Australian tax law in relation to listed investment companies. The Company currently complies with the conditions set out in the Australian tax law for it to be regarded as a listed investment company. As such it is able to pass on to certain Shareholders tax benefits arising from capital gains made on investments held for more than 12 months. Its ability to continue to pass on such benefits, should they arise in future, depends on it continuing to satisfy the particular requirements of Australian tax law.

The Company's ability to pay dividends will depend on a number of factors, as set out in section 5.8.

# 7. Additional Information

## 7.1 Rights attaching to Shares

The Shares to be issued pursuant to this Prospectus will be ordinary shares in AMCIL and will rank equally in all respects with the Company's then issued shares.

Subject to any rules or provisions to the contrary in the Constitution, the Corporations Act and the Listing Rules, the Board has the power to issue new shares, grant options on the shares or otherwise dispose of the shares on the terms and conditions and for the consideration the Board thinks fit.

The following is a broad summary of rights which attach to ordinary shares. It is not intended to be an exhaustive or definitive summary of the rights and obligations of Shareholders.

### Voting rights

Subject to any rights or restrictions on voting from time to time affecting any class of shares and subject to any contrary provisions of the Constitution, at a meeting of Shareholders, each Shareholder entitled to vote may vote in person or by proxy or by a person appointed under a power of attorney or, being a corporation, by a duly authorised representative, and has 1 vote on a show of hands and 1 vote per share on a poll.

### Dividends

The Board may from time to time declare a dividend to be paid to AMCIL's Shareholders. The Company's ability to pay dividends will depend on a number of factors, as set out in section 5.8.

### Transfer

Subject to the Constitution, the Corporations Act, the Listing Rules and the SCH Business Rules, shares are freely transferable. Subject to the Listing Rules and the Corporations Act, the Directors may refuse to register a transfer or apply a holding lock to prevent a transfer of shares only in limited circumstances (for example, where AMCIL has a lien on those shares).

### Winding up

If AMCIL is wound up, the liquidator may divide among all or any of AMCIL's Shareholders, in specie or in kind, any part of AMCIL's assets. The division may be carried out as the liquidator thinks fit, subject to the right of any Shareholder prejudiced by the division to dissent.

### Variation of rights

The rights, privileges and restrictions attaching to the shares can only be varied by a special resolution passed at a meeting of Shareholders or with the written consent of Shareholders who hold at least 75 per cent of the votes attaching to shares.

### Partial takeovers

AMCIL's Constitution contains provisions regulating proportional takeover offers for shares in AMCIL as permitted by the Corporations Act. Those provisions cease to apply on the third anniversary of the date of their adoption or last renewal. The provisions were adopted on 23 October 2002.

## 7.2 Terms and conditions of Options

The terms and conditions of the Options are as follows:

(a) each Option entitles the holder, when exercised, to 1 share in the Company;

(b) the Options are exercisable at any time on or before 28 February 2007;

(c) the exercise price of each Option is 50 cents;

(d) an Option is exercised by the holder lodging at the Company's share registry a notice of exercise in a form approved by the Company, together with a cheque for the exercise price of each Option exercised;

(e) subject to (f) below, the allotment of shares as a result of Options being exercised will be dealt with by the Board within seven days of receipt of an exercise notice;

(f) if the Company announces a dividend, the allotment of shares as a result of an exercise notice which is received between the date of that announcement and the record date for that dividend will take place as soon as practicable after the relevant record date;

(g) application will be made for the Options to be quoted on the ASX;

(h) subject to the Corporations Act, AMCIL's Constitution and the Listing Rules, the Options are fully transferable and will be traded separately from the issued shares;

(i) all shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued shares, but will not be listed until the ASX has granted quotation;

(j) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of shares to shareholders (including bonus issues and other pro rata issues) during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any such issue, optionholders will be notified of the proposed issue at least 7 business days before the record date of any proposed issue. This will give optionholders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue; and

(k) in the event of any reorganisation of the issued capital of the Company prior to the expiry date of the Options, the rights of the optionholder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

## 7.3 Disclosing entity

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

AMCIL is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. As a company listed on the ASX, AMCIL is subject to the Listing Rules which require immediate disclosure to the market of any information of which AMCIL is aware which a reasonable person might expect to have a material impact on the price or value of its securities.

The ASX maintains detailed records of company announcements for all companies listed on the ASX. AMCIL's file is available for inspection at the ASX in Melbourne, and AMCIL's announcements may be viewed on the ASX's website at www.asx.com.au.

ASIC also maintains records in respect of documents lodged with it by AMCIL, and these may be obtained from or inspected at any office of ASIC.

AMCIL will provide free of charge to any person who requests it during the application period under this Prospectus a copy of:

(a) AMCIL's financial statements for the year ended 30 June 2003 (being the last financial statement of a full financial period lodged with the ASIC before the date of this Prospectus); and

(b) documents released to the ASX, including those pursuant to AMCIL's continuous disclosure obligations under the Listing Rules and the Corporations Act, since the lodgment of the financial statements referred to in paragraph (a) above. The following is a list of such releases that are available:

| Document date | Document description |
|---|---|
| 6 August 2003 | NTA as at 31 July 2003 |
| 15 August 2003 | Annual Report 2003 |
| 15 August 2003 | Notice of Meeting |
| 29 August 2003 | Interest in AMCIL |
| 5 September 2003 | NTA as at 31 August 2003 |
| 10 September 2003 | Interest in AMCIL |
| 17 September 2003 | 2003 AGM Chairman's Address |
| 17 September 2003 | 2003 AGM Results |
| 8 October 2003 | NTA as at 30 September 2003 |
| 29 October 2003 | Proposal for AMCIL |
| 12 November 2003 | NTA as at 31 October 2003 |
| 19 November 2003 | Letter from Chairman, Notice of Meetings and Proxy Form |

### 7.4 Broker Agreement

Goldman Sachs JBWere has agreed to act as Broker to the Issue. The agreement to act as Broker to the Issue is constituted by a letter of offer dated 28 November 2003 from GSJBW to AMCIL which was signed on behalf of AMCIL on 28 November 2003 (the ***Agreement***). The principal terms of the Agreement are set out below.

**Representations and Warranties**

AMCIL represents and warrants to GSJBW that at the date of this letter and at all times until the Settlement Date (being 15 January 2004), each of the following representations and warranties is completely true and accurate and not misleading in any way:

(a) AMCIL has power to make the Offer and to enter into, perform its obligations under and be bound by the terms and conditions of the Agreement;

(b) AMCIL has the power to issue the Shares and Options and the Shares will be issued free from all liens, charges and other encumbrances and will rank equally with existing ordinary shares of AMCIL following reconstruction as set out in the Prospectus;

(c) Subject to Shareholder approval of the Offer being obtained at the General Meeting on 19 December 2003, AMCIL has all necessary and required licenses, authorisations, grants and regulatory approvals to issue the Shares;

(d) AMCIL is in compliance with its Constitution and all material obligations under the Corporations Act, the ASX Listing Rules, other applicable laws and regulations and other legally binding requirements of ASIC or ASX in relation to the Offer and the Prospectus, and the Prospectus does not contain any statements that are misleading or deceptive (including within the meaning of section 728(2) of the Corporations Act, nor omit any matter required to be disclosed by section 710, 711, 713 or 716, and AMCIL is not the subject of any regulatory or governmental audit, investigation, dispute or proceedings except as disclosed to GSJBW prior to the date of the Agreement;

(e) the execution, delivery and performance by it of this Agreement, the making of the Offer and the issue and distribution of the Prospectus do not and will not result in a material breach of any agreement or document which is binding upon it or any asset of it;

(f) all information provided or to be provided to GSJBW by or on behalf of AMCIL in relation to it and the Offer is true and correct and is not misleading or deceptive or likely to mislead or deceive;

(g) all statements and all information provided by AMCIL or any employees or agents of AMCIL to ASX were true and correct when made to ASX and in making such statements or providing such information nothing material was omitted which would have made such statements or information misleading in any respect; and

(h) AMCIL and each of its Directors has made such enquiries as are reasonable and will continue until the Settlement Date to do so, to make sure that there are no omissions from the Prospectus of a matter required to be disclosed by Chapter 6D of the Corporations Act and that the statements included in the Prospectus are not misleading or deceptive, and do not become misleading or deceptive.

AMCIL undertakes that it will notify GSJBW as soon as it becomes aware of a breach or potential breach of any warranty as set out above.

The warranties provided above survive termination of the Agreement.

**Prospectus and Supplementary Prospectus**

AMCIL must:

(a) lodge the Prospectus with ASIC by 5.00pm on the Lodgment Date (being 28 November 2003), or any later time or date approved in writing by GSJBW;

(b) if it forms the view or becomes aware of any matter that would require AMCIL to lodge a Supplementary Prospectus with ASIC under section 719 of the Corporations Act or to avoid a contravention of section 728(1) of the Corporations Act, immediately notify GSJBW of that matter and AMCIL must as soon as practicable lodge a Supplementary Prospectus with the ASIC in a form approved in writing by GSJBW; and

(c) ensure that the Prospectus and any Supplementary Prospectus complies with the Corporations Act, any applicable ASIC class orders, any requirements of ASIC and ASX and AMCIL's obligations under the ASX Listing Rules.

**AMCIL undertakings**
AMCIL agrees that it will:

(a) within seven days of the date of the Prospectus make application to the ASX for permission for the Shares and Options to be listed separately for quotation on the ASX;

(b) undertake continuing due diligence inquiries in a manner acceptable to GSJBW (acting reasonably) until allotment of the Shares and Options is complete;

(c) immediately notify GSJBW if a matter becomes known to AMCIL which AMCIL believes may result in there being a material misstatement in, or material omission from, the Prospectus; and

(d) conduct the Offer in accordance with the Timetable (as described in the Agreement), the Prospectus, its Constitution, the Corporations Act, the ASX Listing Rules, other laws and regulations and any other legally binding requirement of ASIC or ASX.

**Fees and expenses**
Subject to the Offer proceeding, on the Settlement Date, AMCIL will pay GSJBW a management fee of $30,000. AMCIL will also pay participating organisations of the ASX (including GSJBW) and members of the Australian Financial Planning Association a handling fee of 1.5 per cent on successful applications bearing the broker's or financial planner's stamp.

AMCIL will be responsible for payment of its own legal fees and the costs of accountants, (including the cost of audit and accounting reports and provision of comfort letters) and other professional advisers, as well as roadshows, and investor presentations. AMCIL shall reimburse GSJBW upon request for the reasonable out-of-pocket expenses incurred by GSJBW in connection with the Offer, including, without limitation, travel, legal, incidental travel expenses, communications and printing costs incurred by GSJBW. The above fees are exclusive of GST. These fees shall be paid without any set-off or deduction including for any withholding or similar taxes or charges.

**Indemnities**
AMCIL indemnifies GSJBW and its affiliates and each of their directors, officers, and employees (each an ***Indemnified Person***) and will keep them indemnified from all claims, actions, losses, liabilities, costs, charges, damages, outgoings, payments and expenses (including reasonable legal expenses on a full indemnity basis) ***(Loss)*** as a result of or in any way connected to, whether directly or indirectly:

(a) the Prospectus and Supplementary Prospectus (if any);

(b) any warranty or representation made or given under the Agreement being untrue, inaccurate or misleading or any breach by AMCIL of this Agreement;

(c) any statement in the Prospectus or Supplementary Prospectus being misleading or deceptive (including misleading representations within the meaning of section 728 of the Corporations Act) or likely to mislead or deceive or containing an omission of a matter required to be disclosed under Chapter 6D of the Corporations Act; or

(d) any announcement, advertising, publicity or other promotion made, distributed or issued by or with the knowledge or consent of AMCIL in relation to the Prospectus, any Supplementary Prospectus or the Offer,

except to the extent that the Loss constitutes a penalty or fine which that Indemnified Person is required to pay for any contravention of the Corporations Act or any other applicable law or are determined by final judgement of a court of competent jurisdiction to be incurred as a result of the fraud, wilful default or negligence of that Indemnified Person.

Any approval or consent given by GSJBW does not waive or in any way prejudice the right of an Indemnified Person to the indemnity set out above and such right survives the expiry or termination of the Agreement.

AMCIL agrees that GSJBW holds the benefit of the indemnity set out above on trust for itself and each other Indemnified Person.

**Access to due diligence material**
AMCIL agrees to provide access for or copies to GSJBW, its directors, officers, advisers and agents to certain due diligence materials for seven years commencing on the date of issue of the last of the Shares and Options.

## 7.5 Cash Management Services

It is proposed that Goldman Sachs JBWere Capital Markets Limited will provide investment management services with respect to managing the Company's portfolio of cash and short term investments on market terms and conditions.

## 7.6 Broking relationship with GSJBW

The Company has made in the past, and is likely to make in the future, considerable use of the stockbroking services of GSJBW. However, it is not intended that it would do so exclusively. In addition to the usual investment research and dealing services provided by a stockbroker to an institutional client such as AMCIL, the following are also features of our relationship with GSJBW.

GSJBW will act as the Company's sponsoring broker in the CHESS system to record and hold the Company's listed investments on the respective security registers. In addition, any option transactions undertaken by the Company would occur pursuant to an Option Client Agreement with GSJBW and open positions would be recorded at the Options Clearing House through GSJBW as our options clearing broker.

As part of the broking relationship with GSJBW, AMCIL will have access to specialist investment company dealing and research staff and services made available by that firm.

By virtue of the administration services provided by Australian Foundation Investment Company Limited to AMCIL, AMCIL also has access indirectly to a number of administrative services and facilities provided by GSJBW, including provision of an information technology platform and requisite back up and disaster recovery arrangements.

### 7.7 Administration services

Australian Foundation Investment Company Limited provides administration services to AMCIL for a fee which is determined according to the cost to Australian Foundation Investment Company Limited of providing the relevant services.

### 7.8 Registry services

ASX Perpetual Registrars Limited provides share registry services to AMCIL pursuant to an agreement made in May 2003. ASX Perpetual Registrars Limited charges set rates for individual services.

### 7.9 Australian taxation implications

The following summary is intended to provide information of a general nature in relation to the Australian tax implications arising from the acquisition, holding and disposal of the Shares and Options issued pursuant to this Prospectus. This information should not in any way be relied upon as advice. It is not exhaustive of all possible Australian tax considerations which could apply to particular AMCIL shareholders and optionholders. Accordingly, all prospective investors should seek their own expert independent advice on the taxation consequences as it applies to them and their specific circumstances.

The information set out in this section reflects the current provisions of the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 (collectively the ***Australian income tax laws***) as at December 2003.

The Shares and Options issued pursuant to this Prospectus may be acquired as capital or revenue assets. Shares acquired as capital assets will have a cost base equal to the amount paid to acquire the Shares and possibly other related capital expenditure. It is expected that the Options will have a nil cost base. The cost incurred in acquiring the Shares as revenue assets may be deductible.

A disposal of the Shares and Options that have not been exercised may give rise to tax under the capital gains or income tax provisions set out in the Australian income tax laws. A capital gain or loss will generally arise depending on whether the consideration received in respect of the disposal of the Shares or Options is greater or less than the cost base of the Shares or Options. In some cases, a capital gain may be reduced, eliminated or deferred depending on whether the holder of the Shares or Options has available losses or is eligible for a discount and/or concession set out in the Australian income tax laws. The disposal of Shares and Options by New Zealand residents (and non-residents generally) will generally only give rise to Australian capital gains tax implications if the non-resident together with associates (if any) own 10 per cent or more of the issued capital in AMCIL or the Shares or Options are assets that form part of the non-resident's permanent establishment in Australia. Certain shareholders, for example those who carry on business of trading in shares, or those who acquired the Shares and Options for the purpose of profit making by a sale or who carry on a business of which the sale of shares is a normal instance, may be liable to tax under the income tax provisions in respect of any profit on the disposal of the Shares and Options. In the case of New Zealand residents and other non-residents who are residents of countries with which Australia has a double tax agreement, any liability to Australian tax under the income tax provisions and possibly capital gains tax provisions may be affected by the terms of the double tax agreement.

The exercise of the Options will not be treated as a disposal of the Options for capital gains or income tax purposes. Therefore, no liability to tax should arise. On exercise of the Options, the cost base of the new shares issued should equal the amount paid to exercise the Options.

Dividends paid by AMCIL will either form part of the assessable income of Shareholders or, in the case of New Zealand residents and other non-residents generally, may be subject to Australian dividend withholding tax. Where Australia has a double tax agreement with the country in which the non-resident is a resident (such as New Zealand), the rate of dividend withholding tax will generally be 15 per cent of the gross amount of the dividend. If no double tax agreement exists, the rate will be 30 per cent. To the extent that any dividend is franked, any income or withholding tax payable on the dividend will be reduced. In some cases, Shareholders may be entitled to receive refunds in respect of any franked dividends received.

### 7.10 Directors' interests

Other than as set out below or elsewhere in this Prospectus:

- no Director has, or has had in the 2 years prior to lodgment of this Prospectus with ASIC, an interest in:
  - (a) the formation or promotion of AMCIL;
  - (b) any property acquired, or proposed to be acquired, by AMCIL in connection with:
    - (i) its formation or promotion; or
    - (ii) the Offer; or
  - (c) the Offer; and
- no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or any proposed Director or to any firm in which any Director or proposed Director is or was a partner:
  - (a) to induce that person to become, or to qualify as, a director of AMCIL; or
  - (b) for services provided by that person or by the firm in which that person is or was a partner in connection with the formation or promotion of AMCIL or the Offer.

**Holdings of ordinary shares**

The Directors have the following interests in ordinary shares in the Company, either directly or indirectly:

| Name of Director | Number of Shares pre-consolidation | Number of Shares post-consolidation |
|---|---|---|
| Terrence A Campbell, Chairman | 294,265* | 18,392 |
| Ross E Barker, Managing Director | 50,796 | 3,175 |
| Peter C Barnett | 85,011 | 5,314 |
| Rupert Myer | 30,000 | 1,875 |
| Richard B (Bob) Santamaria | 34,203 | 2,138 |
| Bruce B Teele (proposed Director) | 2,430,240 | 151,890 |

* Includes 168,469 shares held by a trustee company of which TA Campbell is a Director.

Each Director will be entitled to participate in the Offer, as set out in section 3.5.

**Remuneration**

The Constitution contains several provisions as to remuneration of Directors. As remuneration for services, each Director is to be paid an amount determined by the Board, subject to a maximum aggregate amount of $240,000 in respect of non-executive Directors which was approved by Shareholders at the Annual General Meeting in 1996. Any Director who devotes special attention to AMCIL's business, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director or who, at the request of the Board, engages in any journey on the business of AMCIL, may be paid a fee for the services as determined by the Board.

In addition, every Director is entitled to be paid all reasonable travel, accommodation and other expenses incurred by the Director in attending meetings of AMCIL, the Board or of any committees or while engaged in the business of AMCIL.

In respect of the year ending 30 June 2003, the Company paid $174,000 in directors' fees, comprising $58,000 to the Chairman, and $29,000 for each of the other Directors including the Managing Director. Director's fees for the Managing Director are paid to Australian Foundation Investment Company Limited as part of his employment arrangements. Superannuation contributions were paid in addition to this amount.

Directors' fees are currently under review. The Directors will continue to be paid an amount which is within the maximum aggregate amount of $240,000 approved by Shareholders in 1996.

**Retirement allowances**

A retirement allowance becomes payable to a Director upon retirement. The amount of that payment is currently equal to the three years of Directors' fees received immediately preceding retirement where the Director has held office for five years or more, and a proportionate part for less than five years service.

Assuming the issue proceeds, the Company intends to freeze accrued Directors' retirement allowances as at 31 December 2003. No new Director appointed or elected to the Board, including Mr Teele if elected, will be entitled to retirement allowances. There will be no further accruals in respect of existing Directors beyond 31 December 2003.

The Directors are developing a proposal in relation to how to deal with the frozen accrued retirement allowances.

**Indemnity, insurance and access**

AMCIL indemnifies each Director, to the extent permitted by law, against any liability incurred by the Director in or arising out of the conduct of the business of AMCIL, or in or arising out of the discharge of the duties of the Director.

AMCIL maintains Directors and Officers insurance for each Director, and must continue to maintain the Directors and Officers insurance during the Director's term of appointment and for at least 15 years thereafter.

Each Director has a right during the term of his or her appointment and for at least 15 years thereafter to access, and take copies of, the Board Papers for the sole purpose of defending any legal proceedings.

**Other interests**

TA Campbell is, and RE Barker and BB Teele were, a shareholder, employee, consultant and/or director of JBWere Limited (now Goldman Sachs JBWere), JBWere Group Holdings Pty Ltd (now Goldman Sachs JBWere Group Holdings Pty Ltd) and JBWere Capital Markets Limited (Goldman Sachs JBWere Capital Markets Limited).

RE Barker and BB Teele ceased to be a director, employee, consultant or shareholder of the Goldman Sachs JBWere Group prior to 30 June 2002.

TA Campbell, because of his continuing interest in the Goldman Sachs JBWere Group, has an interest in the fee paid to Goldman Sachs JBWere as Broker to the Issue (see section 7.4) and the proposed cash management services agreement between AMCIL and Goldman Sachs JBWere Capital Markets Limited (see section 7.5).

RB Santamaria is a partner of Allens Arthur Robinson, which is providing legal services to AMCIL in respect of this Offer (see section 7.11).

TA Campbell, RE Barker and BB Teele are directors and shareholders of Australian Foundation Investment Company Limited and therefore have an interest in the administration services agreement between AMCIL and Australian Foundation Investment Company Limited (see section 7.7).

### 7.11 Interests of experts

Except as set out below, no:

(a) person named in this Prospectus as performing a function in a professional, advisory, or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of AMCIL; or

(c) Broker to Issue,

(each, a ***relevant person***) holds, at the time of lodgment of this Prospectus with ASIC, or has held in the two years before lodgment of this Prospectus with ASIC, an interest in:

(d) the formation or promotion of AMCIL;

(e) the Offer; or

(f) any property acquired or proposed to be acquired by AMCIL in connection with its formation or promotion or the Offer.

Except as set out below, no one has paid or agreed to pay any amount or given or agreed to give any benefits for services provided by a relevant person in connection with the formation or promotion of AMCIL or the Offer.

The amounts set out below are exclusive of GST.

Allens Arthur Robinson has acted as legal adviser in respect of the Offer. In aggregate, AMCIL has paid or agreed to pay Allens Arthur Robinson approximately $180,000 (plus disbursements) for these services (including advice in relation to the Company's reorganisation generally). Further amounts may be paid to Allens Arthur Robinson in accordance with its normal time based charges.

PricewaterhouseCoopers Securities Limited has performed accounting advisory work in relation to the Offer, including for the purposes of due diligence enquiries. In aggregate, AMCIL has paid or agreed to pay PricewaterhouseCoopers Securities Limited approximately $15,000 (plus disbursements) for these services. Further amounts may be paid to PricewaterhouseCoopers Securities Limited in accordance with its normal time based charges.

Goldman Sachs JBWere has acted as Broker to the Issue for $30,000, and is also entitled to a 1.5 per cent handling fee on successful applications bearing GSJBW's stamp (as set out in section 7.4).

### 7.12 Consents

None of the parties referred to below have made any statement that is included in this Prospectus or any statement on which a statement made in this prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any part of, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Allens Arthur Robinson has given and has not, before lodgment of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

PricewaterhouseCoopers Securities Limited and PricewaterhouseCoopers have given and have not, before lodgment of this Prospectus with ASIC, withdrawn their consent to being named in this Prospectus in the form and context in which they are named.

Goldman Sachs JBWere has given and has not, before lodgment of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

ASX Perpetual Registrars Limited has given and has not, before lodgment of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

### 7.13 Governing law

This Prospectus, the Offer and the contracts formed on acceptance of applications constituted by submitted Application Forms are governed by the laws applicable in Victoria. Each Applicant submits to the exclusive jurisdiction of the courts of Victoria.

### 7.14 Consent to lodgment

Every Director has consented to the lodgment of this Prospectus with ASIC under the Corporations Act.

# 8. Glossary

In this Prospectus, the following definitions apply unless the context requires otherwise.

**$** or **dollars** means Australian dollars.

**Allocation Policy** means the Company's policy regarding allocation of Shares and Options to Applicants as set out in section 4.6.

**AMCIL** or **the Company** means AMCIL Limited (ABN 57 073 990 735).

**Applicant** means a person who submits a valid Application.

**Application** means an application to subscribe for Shares and Options under this Prospectus made on the Application Form.

**Application Form** or **Form** means the application form referred to in, and accompanied by a copy of, this Prospectus.

**Application Money** means the amount accompanying an Application Form submitted by an investor.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means Australian Stock Exchange Limited (ABN 98 008 624 691).

**Board** means the board of Directors.

**Broker to the Issue** means Goldman Sachs JBWere.

**Constitution** means the constitution of AMCIL.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of AMCIL.

**Goldman Sachs JBWere** or **GSJBW** means Goldman Sachs JBWere Pty Ltd (ABN 21 006 797 897).

**Listing Rules** means the official listing rules of the ASX.

**Offer** means the invitation to apply for Shares and Options under this Prospectus.

**Options** means the options offered under this Prospectus pursuant to the Offer.

**Prospectus** means this Prospectus dated 28 November 2003.

**SCH Business Rules** means the SCH Business Rules issued by ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

**Shareholder** means a registered holder of ordinary shares in AMCIL.

**Shares** means the ordinary shares offered under this Prospectus pursuant to the Offer.

# 9. Directory

**Directors**
Terrence A Campbell, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Rupert Myer
Richard B (Bob) Santamaria

**Company Secretary**
Mark A Licciardo

**Registered Office**
Level 20
101 Collins Street
Melbourne, Victoria 3000

**Broker to the Issue**
Goldman Sachs JBWere
Level 17, 101 Collins Street
Melbourne, Victoria 3000

**Legal Advisers**
Allens Arthur Robinson
Stock Exchange Centre
530 Collins Street
Melbourne, Victoria 3000

**Auditors**
PricewaterhouseCoopers
Chartered Accountants
333 Collins Street
Melbourne, Victoria 3000

**Accounting Advisers**
PricewaterhouseCoopers Securities Limited
333 Collins Street
Melbourne, Victoria 3000

**Share Registry**
ASX Perpetual Registrars Limited
GPO Box 2785
Melbourne, Victoria 3001

Pin cheque here (do not staple)

AMCIL

ABN 57 073 990 735

Broker Code | Adviser Code

# Application Form

This Application Form must not be handed to another person unless attached to or accompanied by the Prospectus dated 28 November 2003 and any relevant supplementary Prospectus. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus.

Number of Shares applied for. For each Share issued, Applicants will be issued 1 Option | Issue price per Share | I/We lodge full Application Money (A$0.50 per share)

**A** 0 0 at A$0.50 **B** A$ 0 0 . 0 0

(minimum 2,000 Shares, thereafter in multiples of 200 Shares)

**PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)**

**C**

Applicant
Surname/Company Name

Title | First Name | Middle Name

Joint Applicant #2
Surname

Title | First Name | Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

**PLEASE COMPLETE ADDRESS DETAILS**

**D**

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

Email address if available

**E**

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

The name or address on CHESS must exactly match the name you have given here on this Application Form.

**F**

TFN/ABN/Exemption Code
First Applicant | Joint Applicant #2

Joint Applicant #3

TFN/(ABN) type - if NOT an individual, please mark the appropriate box: Company | Partnership | Trust | Super Fund

**G**

Telephone Number where you can be contacted during business hours | Contact Name (PRINT)

**H**

Cheque or money orders should be drawn on an Australian branch of an Australian bank in Australian currency and be made payable to "AMCIL Limited - Share Issue Account" and crossed "Not Negotiable".

Cheque or Money Order Number | BSB | Account Number

**LODGEMENT INSTRUCTIONS** You must return your application so it is received before 5.00pm AEST on 22 December 2003 to: ASX Perpetual Registrars Limited, GPO Box 2785, Melbourne, VIC, 3001

AMH IPO001

# Your Guide to the Application Forms

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The securities to which this Application Form relates are AMCIL Limited ("AMCIL") Shares and Options. Further details about the Shares and Options are contained in the Prospectus dated 28 November 2003 issued by AMCIL. The expiry date of the Prospectus is 28 December 2004. While the Prospectus is current, AMCIL will send paper copies of the Prospectus, any supplementary document and the Application Form free of charge on request.

This Application Form accompanies the Prospectus. The Prospectus contains important information about investing in the Shares and Options. You should read the Prospectus before applying for Shares and Options.

**A** Insert the number of Shares you wish to apply for. For each Share issued, Applicants will be issued 1 Option. The Application must be for a minimum of 2,000 Shares and thereafter in multiples of 200 Shares. You may be issued all of the Shares applied for or a lesser number.

**B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque(s) equals this amount.

**C** Write the full name you wish to appear on the statement of Shares. This must be either your own name or the name of a company. Up to three joint applicants may register. You should refer to the table below for the correct registrable title.

**D** Please enter your postal address for all correspondence. All communications to you from AMCIL and the Registrar will be mailed to the person(s) and address as shown. For joint applicants only one address can be entered.

**E** If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form your Shares and Options will be issued to AMCIL's Issuer Sponsored subregister.

**F** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your application. However, if these are not provided, AMCIL will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from income payments.

**G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

**H** Please complete cheque details and make it payable to "AMCIL Limited - Share Issue Account" as follows:

- Make your cheques payable to "AMCIL Limited - Share Issue Account" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian branch of an Australian bank.
- The amount should agree with the amount shown in Section B.
- Sufficient cleared funds should be held in your account, as cheques dishonoured by your Bank are likely to result in your Application being rejected.
- Pin (do not staple) your cheque(s) to the Application Form where indicated.

ASX Perpetual Registrars Limited advise that once you become a shareholder in AMCIL Limited, Chapter 2C of the *Corporations Act 2001* requires information about you (including your name, address and details of the Shares you hold) to be included in AMCIL's public register. This information must continue to be included in AMCIL's public register if you cease to be a shareholder. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000*. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. Our privacy policy is available on our website (www.asxperpetual.com.au).

**CORRECT FORMS OF REGISTRABLE NAMES**

Note that ONLY legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|---|---|---|
| **Individual**<br>Use given names in full, not initials | Mrs Katherine Clare Edwards | K C Edwards |
| **Company**<br>Use Company's full title, not abbreviations | Liz Biz Pty Ltd | Liz Biz P/L or Liz Biz Co. |
| **Joint Holdings**<br>Use full and complete names | Mr Peter Paul Tranche &<br>Ms Mary Orlando Tranche | Peter Paul &<br>Mary Tranche |
| **Trusts**<br>Use the trustee(s) personal name(s) | Mrs Alessandra Herbert Smith<br><Alessandra Smith A/C> | Alessandra Smith<br>Family Trust |
| **Deceased Estates**<br>Use the executor(s) personal name(s) | Ms Sophia Garnet Post &<br>Mr Alexander Traverse Post<br><Est Harold Post A/C> | Estate of late Harold Post<br>or<br>Harold Post Deceased |
| **Minor (a person under the age of 18 years)**<br>Use the name of a responsible adult with an appropriate designation | Mrs Sally Hamilton<br><Henry Hamilton> | Master Henry Hamilton |
| **Partnerships**<br>Use the partners' personal names | Mr Frederick Samuel Smith &<br>Mr Samuel Lawrence Smith<br><Fred Smith & Son A/C> | Fred Smith & Son |
| **Long Names** | Mr Hugh Adrian John Smith-Jones | Mr Hugh A J Smith Jones |
| **Clubs / Unincorporated Bodies / Business Names**<br>Use office bearer(s) personal name(s) | Mr Alistair Edward Lilley<br><Vintage Wine Club A/C> | Vintage Wine Club |
| **Superannuation Funds**<br>Use the name of the trustee of the fund | XYZ Pty Ltd<br><Super Fund A/C> | XYZ Pty Ltd<br>Superannuation Fund |

- Put the name(s) of any joint applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application.