

24 August 2015

The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Amcil Limited
ABN 57 073 990 735
Level 21, 101 Collins St
Melbourne VIC 3000
T 03 9650 9911
F 03 9650 9100
invest@amcil.com.au
amcil.com.au

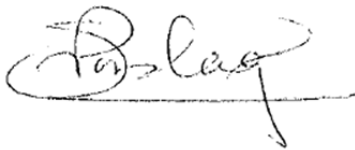
Electronic Lodgement

**AMCIL Limited
Statutory Annual Report, Annual Shareholder Review,
Notice of Meeting and Proxy Form**

Dear Sir / Madam

Please find attached the 2015 Statutory Annual Report, Annual Shareholder Review, Notice of Meeting and Proxy Form being sent to shareholders.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Pordage', with a long horizontal line extending to the right and a small arrow pointing downwards at the end.

Simon Pordage
Company Secretary

AMCIL

Annual Report
2015

A Focused
Portfolio
of Australian
Equities



The Company aims to provide shareholders with:

- ▶ Attractive returns through strong capital growth in the portfolio over the medium to long term.
- ▶ The generation of fully franked dividend income.

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DIRECTORS' REPORT

We are pleased to report to the shareholders of AMCIL Limited (AMCIL or 'the Company') in relation to the financial year to 30 June 2015 as follows.

YEAR IN SUMMARY

PROFIT FOR THE YEAR

\$7.0m

▲ Up 11.2% from 2014

TOTAL PORTFOLIO RETURN

+5.1% Including franking*

S&P/ASX 200 Accumulation Index +6.8%*

TOTAL PORTFOLIO

\$221.0m

Including cash at 30 June

▲ \$220.2 million in 2014

FULLY FRANKED DIVIDEND

4.0¢

▼ 6.5 cents in 2014

TOTAL SHAREHOLDER RETURN

+1.9% Including franking*

Share price plus dividend

MANAGEMENT EXPENSE RATIO

0.67%

0.65% in 2014

* Assumes an investor can take full advantage of the franking credits.

5 YEAR SUMMARY

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------|--------|--------|--------|--------|
| Profit after tax (\$ million) | 6.98 | 6.28 | 7.58 | 8.92 | 8.37 |
| Net profit per share (cents) | 2.93 | 2.81 | 3.63 | 4.27 | 4.13 |
| Dividends per share (cents) ^(a) | 4.0 | 6.5 | 8.0 | 2.5 | 3.5 |
| Investments at market value (\$ million) ^(b) | 208.00 | 200.16 | 172.10 | 152.92 | 147.85 |
| Net asset backing (cents) ^(c) | 91 | 95 | 90 | 77 | 78 |
| Number of shareholders (30 June) | 2,392 | 2,329 | 2,257 | 2,190 | 2,246 |

Notes

(a) 2015 carries 2.1 cents attributable 'LIC gain' per share. 2014: 5.7 cents, 2013: 7.1 cents, 2012 and 2011: nil.

(b) Excludes cash.

(c) Net asset backing per share based on year-end data before the provision for the final (and where applicable, special) dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as directors do not intend to dispose of the portfolio.

ABOUT THE COMPANY

AMCIL manages a focused portfolio covering large and small companies in the Australian equity market. As a result, small companies by market size can have an equally important impact on portfolio returns as larger companies in the Australian market.

The number of holdings in the portfolio will depend on market conditions and investment opportunities. The selection of stocks in the portfolio is based on attractive valuations as well as the outlook for growth and the competitive structure of the industry.

Investment Aims

The Company aims to provide shareholders with attractive returns through strong capital growth in the portfolio over the medium to long term and the generation of fully franked dividend income.

Dividend Policy

Depending on the profit and/or realised gains, from year to year the dividends paid by the Company will maximise the distribution of franking credits. It would not be our normal practice to distribute realised capital gains unless franking credits have been generated. As a result, AMCIL's dividends may vary over time.

Investing in the Company

As a listed investment company (LIC), the Company's shares can be bought or sold through the Australian Securities Exchange (ASX) (ASX Code: AMH). The Company does not charge entry or exit fees when shareholders acquire or dispose of their holdings although transaction costs will be borne when buying or selling through a stockbroker. There are no trailing commissions.

Transparency

We take an active approach to keeping shareholders informed about the Company's activities and performance including yearly and half-yearly results announcements, regular shareholder briefings and access to all Company announcements, including monthly net tangible asset announcements, through the ASX and the Company's website amcil.com.au

REVIEW OF OPERATIONS AND ACTIVITIES

Profit

Profit for the year was \$7.0 million, up on last year's result of \$6.3 million. The profit figure this year includes a non-cash dividend of \$0.9 million received as a result of the demerger of South32 from BHP Billiton.

Income generated from dividends and distributions, excluding the demerger dividend, was \$7.0 million, which was in line with last year's figure. The contribution from the trading portfolio and option income was \$0.6 million, up from \$0.1 million last year, as AMCIL looked to take advantage of higher share prices and subsequently better pricing for call options. Higher volatility towards the end of the year also assisted the generation of income from this activity.

Dividend

AMCIL will pay a final dividend for the year of 4 cents per share fully franked.

1.5 cents of the 4 cent final dividend is sourced from capital gains, on which the Company will pay tax. The amount of the pre tax attributable gain, known as a 'LIC capital gain', is therefore 2.1 cents. This enables some shareholders to claim a tax deduction in their tax return. Further details are included in the dividend statement.

The Company's dividend policy is to maximise the distribution of available franking credits each year. As a result of this policy, dividends are likely to fluctuate from year to year depending on income generated and any realised gains generated through portfolio activity. There were less taxable realised gains generated from the portfolio this year. As a result, the total dividend is down from last year's total dividend of 6.5 cents per share fully franked where a special dividend of 4 cents per share fully franked was sourced from after tax realised gains.

Portfolio Performance and Activity

As a medium to long term investor, the last financial year has been challenging. Energy and resource holdings have been severely impacted by falling commodity prices, whilst higher yielding companies have generally been trading at high valuations. AMCIL has chosen to have a high level of cash for the majority of the year, although more recently has been able to deploy some of this into

Figure 1: S&P/ASX 200 Price Index

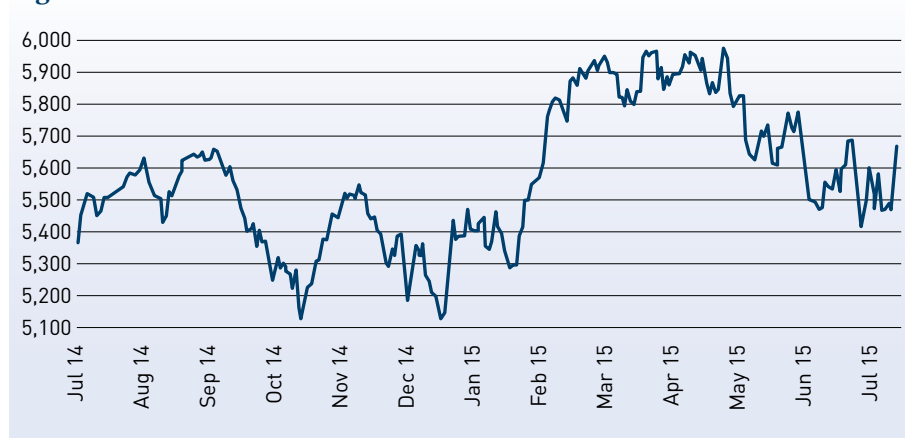
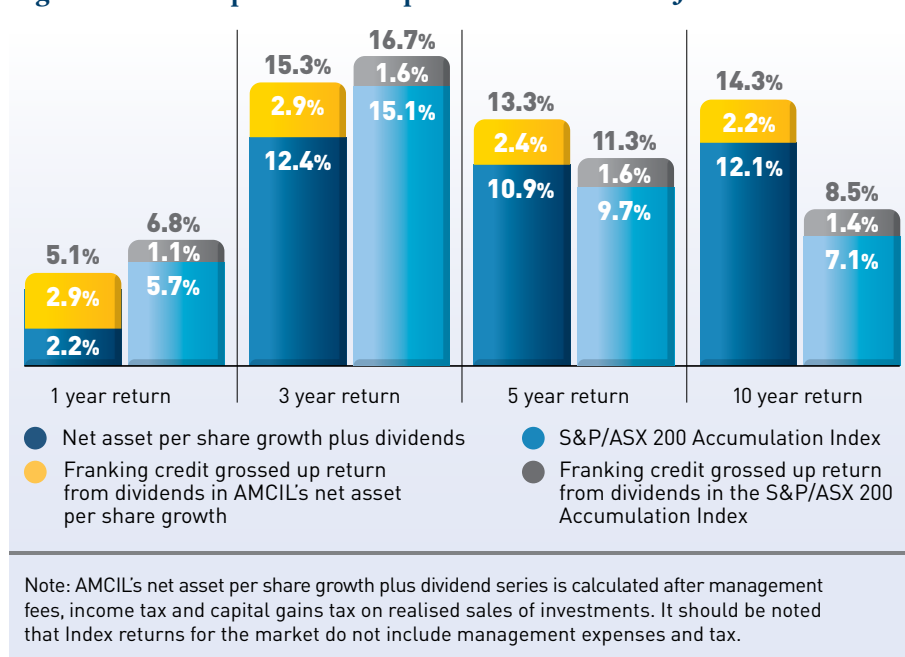


Figure 2: Portfolio performance – per annum return to 30 June 2015



the market with the major focus of this activity in small and mid sized companies, including selected initial public offerings (IPOs).

AMCIL's portfolio, including the full value of franking credits distributed with the dividend, returned 5.1 per cent over the year whereas the S&P/ASX 200 Accumulation Index return on the same basis was up 6.8 per cent. The 10 year return of the portfolio was 14.3 per cent per annum compared to the Index return of 8.5 per cent per annum on an equivalent basis.

Figure 2 highlights the additional benefits franking credits can make to portfolio returns. This chart assumes an investor can fully utilise the distributed franking credits and these have been added to AMCIL's portfolio and Index returns.

Figure 3: Investment by sector as at 30 June 2015

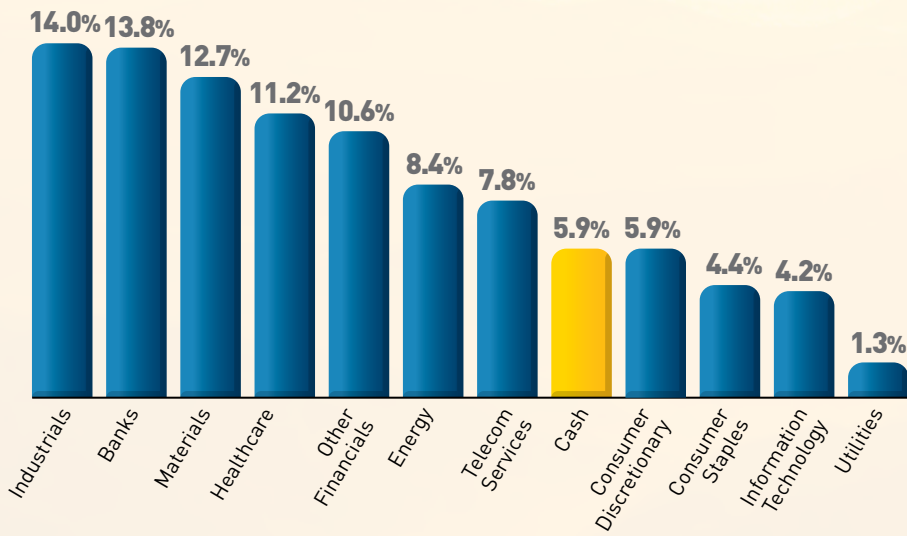
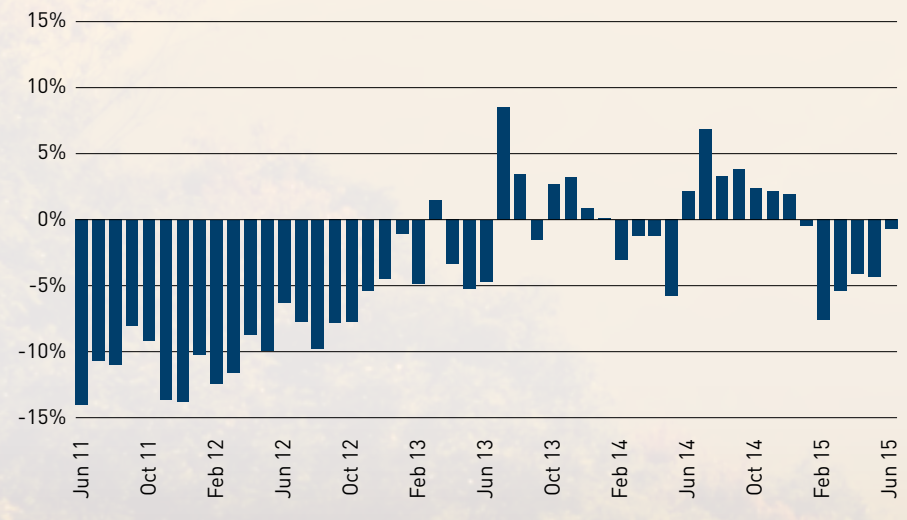


Figure 4: Share price premium/discount to net asset backing



REVIEW OF OPERATIONS AND ACTIVITIES continued

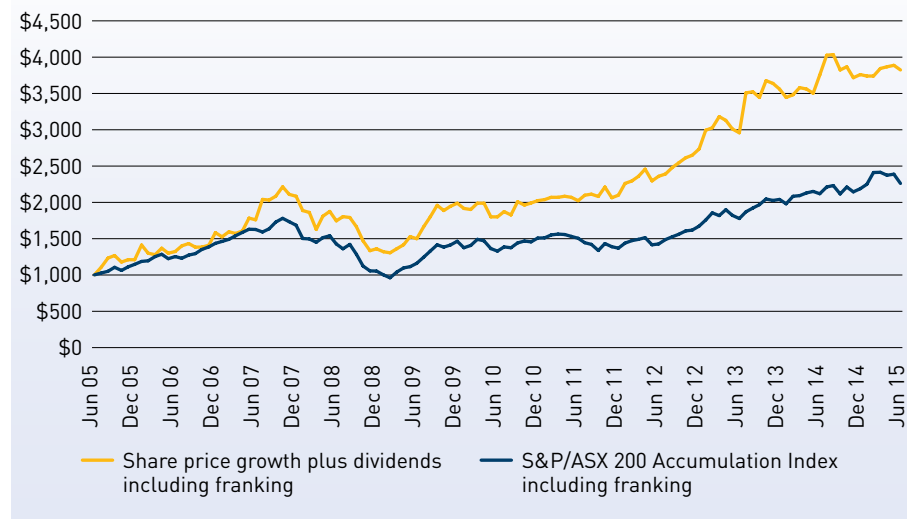
The largest positive contributors to the portfolio over the one year period included Transurban, TPG Telecom, Lifestyle Communities, Telstra and Incitec Pivot. Holdings with the largest negative performance were Oil Search, Santos, BHP Billiton, Senex Energy, Tox Free Solutions and ALS.

A number of new holdings were added to the portfolio. These included Sonic Healthcare, Asciano, Sims Metal Management, iSelect, Veda Group, CSG and Federation Centres.

Details of the new companies added to the portfolio are:

- **Sonic Healthcare** is one of the world's largest medical diagnostics companies. It is the largest pathology company in Australia and Germany, and the third largest in the United States with laboratories in Switzerland, Belgium, Ireland and the United Kingdom. It is also the second largest radiology provider in Australia.
- **Asciano** is an Australian freight logistics company, operating in railway freight and shipping. Asciano was demerged from Toll Holdings in 2007 and owns Patrick Corporation and Pacific National as subsidiary companies. Asciano specialises in bulk and container shipping and transportation. It also has port and train operations across Australia. It is currently subject to a takeover offer from Brookfield Infrastructure Partners L.P.
- **Sims Metal Management** is the leading metals and electronics recycling company in the world. The company specialises in ferrous and non-ferrous metals recycling, post-consumer electronic goods recycling, and municipal waste recycling. Its primary operations are located in the United States, Australia and the United Kingdom.
- **iSelect** is a multi-channel comparison service for insurance, household utilities and personal finance products.
- **Veda Group** is the largest credit reference agency in Australia and New Zealand. It provides credit reporting, credit scoring and marketing analytics services.
- **CSG** provides print and business technology solutions as well as operating an equipment financing division to corporate and government customers.

Figure 5: Ten year performance of an investment of \$1,000 in AMCIL shares including dividends and the full benefit of franking



Note: Assumes the reinvestment of dividends. This chart calculates the benefit of franking credits at the time dividends are paid for both AMCIL and the Index. In practice there is a timing difference between receipt of the dividend and the realisation of the franking benefit in the following tax year.

- **Federation Centres** (following the merger between Federation Centres and Novion Property Group on 11 June 2015) is one of Australia's largest owners and managers of shopping centres. The Group's portfolio of assets ranges from large super-regional malls to direct factory outlets and smaller convenience and neighbourhood centres across Australia.

Sales included positions in small energy companies and those with business exposure to the resources sector, as well as a lightening of positions in some larger companies such as Transurban, Coca-Cola Amatil and Westpac.

Purchases in the investment portfolio totalled \$52.8 million for the year with total sales of \$45 million for period.

Figure 3 highlights the profile of the total portfolio by the various sectors of the market at the end of the financial year. In comparison to last year there has been an increase in portfolio weightings in healthcare (up from 4.3 per cent last year) and telecom services (up from 6.3 per cent last year) sectors. There was also a decrease in cash to 5.9 per cent

from 9.1 per cent at the end of last year. The biggest reduction was in energy (down from 14 per cent last year) as the fall in oil price over the year impacted the share prices of companies in this sector and some companies were sold.

Share Price

Figure 4 highlights how the share price has traded relative to the net asset backing over recent years. It has moved from a slight premium at the end of June 2014 to a very small discount by year-end.

Figure 5 outlines the benefit of compound returns and the value of AMCIL's investment approach. It shows the total share price return (including dividends and the full benefit of franking credits) from an investment of \$1,000 in AMCIL shares over a 10 year period relative to the return from the S&P/ASX 200 Accumulation Index, including franking credits.

REVIEW OF OPERATIONS AND ACTIVITIES continued

Outlook

There are a number of themes that are likely to influence the equity market over the coming months. Low interest rates in Australia continue to make equities attractive relative to other asset classes. On the other hand, there is a view that interest rates in the United States are likely to rise over the year as the economy continues to improve. Any negative response to this in the United States markets is likely to have an effect on the Australian market. This, along with ongoing uncertainties arising from China as it seeks to rebalance its economy and issues from fiscal adjustments in Europe, may create investment opportunities on any market setbacks.

The Company continues to have sufficient resources to take advantage of any short term falls to deploy cash into the market as it has done in recent months. AMCIL's approach tends to be contrarian. It seeks to take advantage of company specific investment opportunities that may arise from heightened volatility and is also willing to sell holdings for risk management purposes where share prices have reached very high valuation levels.

Financial Condition

The Company's financing consists predominantly of shareholders' funds.

Likely Developments

The Company intends to continue its investment activities in future years as it has done since recapitalisation. The results of these investment activities depend upon the performance of the companies and securities in which we invest. Their performance in turn depends on many economic factors. These include economic growth rates, inflation, interest rates, exchange rates and taxation levels. There are also industry and company specific issues such as management competence, capital strength, industry economics and competitive behaviour.

The Directors do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of the Company's investments. Accordingly, Directors do not provide a forecast of the likely results of our activities. However, the Company's focus is on results over the medium to long term.

Dividends

Directors have declared a fully franked final dividend of 4 cents per share (last year 2.5 cents final dividend plus 4 cents special dividend, both fully franked).

The dividend paid during the year ended 30 June 2015 was as follows:

| | \$'000 |
|---|--------|
| Final dividend for the year ended 30 June 2014 of 2.5 cents fully franked at 30 per cent plus a special dividend of 4 cents, also fully franked, paid on 26 August 2014 | 14,825 |

Listed Investment Company Capital Gains

LICs, which make capital gains upon which tax is payable on the sale of investments held for more than one year, are able to attach to their dividends a LIC capital gains amount, which some shareholders are able to use to claim a tax deduction. This is called a 'LIC capital gain attributable part'. The purpose of this is to put shareholders in LICs on a similar footing with holders of managed investment trusts with respect to capital gains tax on the sale of underlying investments.

Tax legislation sets out the definition of a LIC, which AMCIL satisfies. Furthermore, from time to time the Company sells securities out of the investment portfolio held for more than one year, which may result in capital gains being made and tax being paid. The Company is therefore on occasion in a position to be able to make available to shareholders a LIC capital gain attributable part with our dividends. In respect of this year's dividend of 4 cents per share for the year ended 30 June 2015, 1.5 cents has been sourced from capital gains and it therefore carries with it a 2.1 cents per share LIC capital gain attributable part. The amount that shareholders may be able to claim as a tax deduction depends on their individual situation. Further details are provided in the dividend statements.

Significant Changes in the State of Affairs

Directors are not aware of any other significant changes in the operations of the Company, or the environment in which it operates, that will adversely affect the results in subsequent years.

Events Since Balance Date

The Directors are not aware of any other matters or circumstance not otherwise disclosed in the Financial Report or the Directors' Report that has arisen since the end of the financial year that has affected or may affect the operations, or the results of those operations, or the state of affairs of the Company in subsequent financial years.

Environmental Regulations

The Company's operations are such that they are not directly affected by any material environmental regulations.

Rounding of Amounts

The Company is of the kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and Financial Report. Unless specifically stated otherwise, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Capital Changes

As a result of the Company's Dividend Reinvestment Plan, 5,884,121 new shares were issued at \$0.94 per share in August 2014.

As a result of the 2014 Share Purchase Plan, 7,912,290 new shares were issued at \$0.86 per share in November 2014.

The Company's buy-back facility remains open although no shares were bought back during the year.

The Company's contributed equity rose by \$12.3 million to \$157.9 million from \$145.6 million. At the close of the year the Company had 241.9 million shares on issue.

Corporate Governance Statement

The Company's Corporate Governance Statement for the financial year ended 30 June 2015 can be found on the Company's website at:

amcil.com.au/Corporate-Governance.aspx



TOP 20 INVESTMENTS

As at 30 June 2015

Includes investments held in both the investment and trading portfolios.

Valued at closing prices at 30 June 2015

| | | Total Value \$'000 | % of Portfolio |
|--------------|---------------------------------|-----------------------|-------------------|
| 1 | Commonwealth Bank of Australia* | 15,232 | 7.3 |
| 2 | Oil Search* | 13,133 | 6.3 |
| 3 | BHP Billiton* | 10,260 | 4.9 |
| 4 | Telstra Corporation* | 10,015 | 4.8 |
| 5 | Brambles | 9,222 | 4.4 |
| 6 | Westpac Banking Corporation* | 7,669 | 3.7 |
| 7 | National Australia Bank | 7,661 | 3.7 |
| 8 | CSL | 6,658 | 3.2 |
| 9 | QBE Insurance Group | 6,605 | 3.2 |
| 10 | Incitec Pivot | 6,576 | 3.2 |
| 11 | Transurban Group | 6,185 | 3.0 |
| 12 | Lifestyle Communities | 6,100 | 2.9 |
| 13 | Qube Holdings | 5,939 | 2.9 |
| 14 | TPG Telecom | 5,875 | 2.8 |
| 15 | AMP | 5,779 | 2.8 |
| 16 | Santos | 5,397 | 2.6 |
| 17 | ResMed* | 4,718 | 2.3 |
| 18 | Japara Healthcare | 4,134 | 2.0 |
| 19 | Brickworks | 3,726 | 1.8 |
| 20 | James Hardie Industries | 3,464 | 1.7 |
| Total | | 144,349 | |

As a percentage of total portfolio (excludes cash) 69.4%

* Indicates that options were outstanding against part of the holding.

Cash position at 30 June 2015 – \$13 million.

BOARD AND MANAGEMENT

Directors

Bruce B Teele BSc, BCom (Melb). Chairman and Non-Executive Director. Chairman of the Investment Committee.

Mr Teele was elected to the Board in 2003 and appointed Chairman in 2004. He is a Director of Djerriwarrh Investments Limited. He was formerly the Chairman of Australian Foundation Investment Company Limited (AFIC) and the Executive Chairman of the JBWere Group.

Ross E Barker BSc (Hons), MBA (Melb), F Fin. Managing Director. Member of the Investment Committee.

Mr Barker has been a Director of the Company since May 1996 and was appointed Managing Director in February 2001. He is also Managing Director of AFIC, Djerriwarrh Investments Limited and Mirrabooka Investments Limited. He is also Chairman of Melbourne Business School Ltd and a member of the Financial Reporting Council.

Peter C Barnett FCPA. Independent Non-Executive Director. Chairman of the Audit Committee.

Mr Barnett is a company Director who was appointed a Director in August 1996. He is a former Director of Djerriwarrh Investments Limited, Mayne Group Limited and Santos Limited and a former member of the advisory council of ABN Amro Australasia Limited.

Roger Brown B.Eng, MBA. Independent Non-Executive Director.

Mr Brown was appointed to the Board on February 2014. He has been the Executive Chairman of ARB Corporation Limited since February 1987. Mr Brown also held the position of Managing Director of the company from 1987 to 2012. Mr Brown has wide experience as a CEO and Director and brings to the Company a wealth of knowledge from ARB Corporation's involvement in the automotive industry in Australia and overseas.

Rupert Myer AO BCom (Hons) (Melb), MA (Cantab). Independent Non-Executive Director. Member of the Audit Committee and the Investment Committee.

Mr Myer is a company Director and was appointed a Director in January 2000. He is Chairman of the Australia Council for the Arts, Deputy Chairman of Myer Holdings Ltd and a Director of The Myer Foundation, Healthscope Limited and eCargo Holdings Limited.

Richard B Santamaria BCom, LLB (Hons) (Melb). Independent Non-Executive Director. Member of the Audit Committee and the Investment Committee.

Mr Santamaria was appointed a Director in August 1996. He is Group General Counsel of Australia and New Zealand Banking Group Limited and was formerly a Partner and Executive Partner Corporate at the law firm Allens Arthur Robinson (now Allens). He is a former Director of ANZ Trustees Limited.

BOARD AND MANAGEMENT continued

Senior Executives

Geoffrey N Driver B Ec, Grad Dip Finance, MAICD. General Manager, Business Development and Investor Relations.

Mr Driver joined the Company in January 2003. Previously, he was with National Australia Bank Ltd for 18 years in various roles covering business strategy, marketing, distribution, investor relations and business operations. Mr Driver is Deputy Chairman of Trust for Nature (Victoria).

R Mark Freeman BE, MBA, Grad Dip App Fin (Sec Inst), AMP (INSEAD). Chief Investment Officer.

Mr Freeman has been Chief Investment Officer since joining the Company in February 2007. Prior to this he was a Partner with Goldman Sachs JBWere, where he spent 12 years advising the investment companies on their investment and dealing activities. He has a deep knowledge and experience of investment markets and the Company's approaches, policies and processes.

Simon M Pordage LLB (Hons), FGIA, FCIS, MAICD. Company Secretary.

Mr Pordage joined the Company in February 2009. He is a Chartered Secretary and has over 17 years' company secretarial experience and was previously Deputy Company Secretary for Australia and New Zealand Banking Group Limited and prior to that was Head of Board Support for Barclays PLC in the United Kingdom. He is a Vice President and Non-Executive Director of Governance Institute of Australia, Chairman of its National Legislation Review and Remuneration Committees and Deputy Chairman of its Victorian Council.

Andrew JB Porter MA (Hons) (St And), FCA, MAICD. Chief Financial Officer.

Mr Porter joined the Company in January 2005. He is a Chartered Accountant and has had over 21 years' experience in accounting and financial management both in the United Kingdom, with Andersen Consulting and Credit Suisse First Boston, and in Australia where he was Regional Chief Operating Officer for the Corporate and Investment Banking Division of CSFB. He is also a Non-Executive Director of the Royal Victorian Eye & Ear Hospital and a member of the National Executive of the G100, the peak body for CFOs.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2015 and the numbers of meetings attended by each Director were:

| | Board | | Investment Committee | | Audit Committee | |
|---------------|--------------------|----------|----------------------|-----------------|--------------------|----------------|
| | Eligible to Attend | Attended | Eligible to Attend | Attended | Eligible to Attend | Attended |
| BB Teele | 13 | 12 | 16 | 15 | - | - |
| RE Barker | 13 | 13 | 16 | 16 | - | 3 [#] |
| PC Barnett | 13 | 10 | 16 | 9 | 3 | 1 |
| RH Myer | 13 | 12 | 16 | 14 | 3 | 3 |
| R Brown | 13 | 13 | - | 15 [#] | - | - |
| RB Santamaria | 13 | 12 | 16 | 14 | 3 | 3 |

[#] Attended meetings by invitation.

Retirement, Election and Continuation in Office of Directors

Mr PC Barnett, having last been re-elected by shareholders at the 2012 Annual General Meeting (AGM), will retire and, being eligible, will offer himself for re-election at the forthcoming 2015 AGM.

Insurance of Directors and Officers

During the financial year, the Company paid insurance premiums to insure the Directors and Officers named in this report to the extent allowable by law. The terms of the insurance contract preclude disclosure of further details.

REMUNERATION REPORT

(a) Principles Used to Determine Nature and Amount of Remuneration

The constitution of AMCIL requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate Directors. The amount of remuneration excludes amounts that were owing to them when the Directors' retirement allowances were frozen at 31 December 2003. Shareholders approved an aggregate maximum amount of \$600,000 for the remuneration of Directors at the AGM in October 2012.

Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

AMCIL does not pay any performance-based remuneration.

Mr Barker serves as Managing Director of AMCIL pursuant to an agreement with Australian Investment Company Services (AICS). As part of these remuneration arrangements with AICS, Mr Barker receives an 'at risk' component, which is based on performance, as do other Executives. The performance criteria include quantitative and qualitative assessments that include, amongst other things, the services that they have provided to AMCIL and for which AICS is paid.

The Directors and the Company have agreed to freeze Directors' retirement benefits at the 31 December 2003 level. This frozen amount will be paid to the respective Directors when they ultimately retire, without further adjustment. The Company continues to pay SGC contributions on Directors' fees.

(b) Remuneration of Directors

Directors of the Company determine the fees of Directors within the aggregate limit established by shareholders in general meeting.

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2015 were as follows:

| | Short Term Fee/Base Salary \$ | Post Employment Superannuation \$ | Total Remuneration \$ |
|---|-------------------------------------|---|-----------------------------|
| BB Teele – Chairman (Non-Executive) | | | |
| 2015 | 106,849 | 10,151 | 117,000 |
| 2014 | 103,890 | 9,610 | 113,500 |
| RE Barker – Managing Director (Executive) | | | |
| 2015 | - | - | - |
| 2014 | - | - | - |
| PC Barnett – Director (Non-Executive) | | | |
| 2015 | 29,010 | 29,490 | 58,500 |
| 2014 | 42,134 | 14,616 | 56,750 |
| RG Brown – Director (Non-Executive) (appointed 19 February 2014) | | | |
| 2015 | 53,425 | 5,075 | 58,500 |
| 2014 | 19,843 | 1,835 | 21,678 |
| TA Campbell – Director (Non-Executive) (retired 9 October 2013) | | | |
| 2015 | - | - | - |
| 2014 | 13,827 | 1,279 | 15,106 |
| RH Myer – Director (Non-Executive) | | | |
| 2015 | 53,425 | 5,075 | 58,500 |
| 2014 | 51,945 | 4,805 | 56,750 |
| RB Santamaria – Director (Non-Executive) | | | |
| 2015 | 53,425 | 5,075 | 58,500 |
| 2014 | 51,945 | 4,805 | 56,750 |
| SDM Wallis – Director (Non-Executive) (retired 9 October 2013) | | | |
| 2015 | - | - | - |
| 2014 | 13,827 | 1,279 | 15,106 |
| Total remuneration: Directors | | | |
| 2015 | 296,134 | 54,866 | 351,000 |
| 2014 | 297,411 | 38,229 | 335,640 |

REMUNERATION REPORT continued

(c) Directors' Retirement Allowances

The Board proposed and shareholders approved at the 2004 AGM discontinuing the practice of paying Directors' retirement allowances.

The Director's retirement allowance provided in past years was equal to the total emoluments that the Director received in the three years immediately preceding retirement, where a Director had held office for five or more years and a proportionate part for less than five years' service.

For relevant Directors in office at 31 December 2003, the amounts accrued as at that date will be paid to them upon their ultimate retirement. No further accruals of Directors' retiring allowances will be made after 31 December 2003. New Directors appointed to the Company, including Mr Teele who was re-appointed on 19 December 2003, will not be entitled to any Directors' retirement allowance.

The amounts payable to the respective current Directors who were in office at 31 December 2003, which will be paid when they retire, are set out below. These amounts were expensed in prior years as the retirement allowances accrued.

| | Amount Payable on Retirement \$ |
|---------------|------------------------------------|
| RE Barker | 87,000 |
| PC Barnett | 87,000 |
| RH Myer | 68,150 |
| RB Santamaria | 87,000 |
| | 329,150 |

Holdings of Securities Issued by the Company

As at the date of this report, Directors and Executives who hold shares issued by the Company for their own benefit or who have an interest in holdings in the name of another party, and the total number of such securities, are as follows:

| | Balance at 1 July 2014 | Net Changes | Balance at 30 June 2015 |
|---------------|---------------------------|----------------|----------------------------|
| BB Teele | 37,044,294 | 2,478,224 | 39,522,518 |
| RE Barker | 4,579,267 | 137,583 | 4,716,850 |
| PC Barnett | 591,437 | 17,442 | 608,879 |
| RG Brown | 0 | 217,442 | 217,442 |
| RH Myer | 712,300 | 66,696 | 778,996 |
| RB Santamaria | 285,185 | 37,163 | 322,348 |
| RM Freeman | 529,041 | 132,098 | 661,139 |
| GN Driver | 232,658 | 53,530 | 286,188 |
| SM Pordage | 2,653 | 1,458 | 4,111 |
| AJB Porter | 5,440 | 2,762 | 8,202 |

It is the Company's policy that no AMCIL shares owned by Directors or Executives are held subject to margin loans.

(d) Executives

The Company has five Executives, RE Barker, Managing Director, GN Driver, General Manager – Business Development and Investor Relations, RM Freeman, Chief Investment Officer, AJB Porter, Chief Financial Officer and SM Pordage who is Company Secretary (2014: five Executives).

No remuneration is paid to the Executives directly by AMCIL as their services are provided pursuant to the arrangements with AICS outlined in the Notes to the Financial Statements.

NON-AUDIT SERVICES

Details of non-audit services performed by the auditors may be found in Note F2 of the Financial Report.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the *Corporations Act 2001* including reviewing or auditing the auditor's own work, acting in management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards.

A copy of the Auditors' Independence Declaration is set out on page 14.

This report in relation to the financial year to 30 June 2015 is presented by the Directors of the Company in accordance with a resolution of Directors.



BB Teele
Chairman

Melbourne
21 July 2015

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of AMCIL Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, 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.

A handwritten signature in black ink, appearing to read 'Charles Christie', written in a cursive style.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
21 July 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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FINANCIAL STATEMENTS

INCOME STATEMENT

For the year ended 30 June 2015

| | Note | 2015 \$'000 | 2014 \$'000 |
|---|--------|----------------|----------------|
| Dividends and distributions | A3 | 7,883 | 6,946 |
| Revenue from deposits and bank bills | | 425 | 758 |
| Other revenue | | 23 | 10 |
| Total revenue | | 8,331 | 7,714 |
| Net gains on trading portfolio | A3 | 134 | 142 |
| Income from options written portfolio | A3 | 440 | - |
| Income from operating activities | | 8,905 | 7,856 |
| Finance costs | | (65) | (73) |
| Administration expenses | B1 | (1,485) | (1,369) |
| Profit before income tax expense | | 7,355 | 6,414 |
| Income tax expense | B2, E2 | (375) | (135) |
| Profit for the year | | 6,980 | 6,279 |
| | | Cents | Cents |
| Basic earnings per share | A5 | 2.93 | 2.81 |

This Income Statement should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

| | Year to 30 June 2015 | | | Year to 30 June 2014 | | |
|---|--------------------------------|--------------------------------|-----------------|--------------------------------|--------------------------------|-----------------|
| | Revenue ¹ \$'000 | Capital ¹ \$'000 | Total \$'000 | Revenue ¹ \$'000 | Capital ¹ \$'000 | Total \$'000 |
| Profit for the year | 6,980 | - | 6,980 | 6,279 | - | 6,279 |
| Other comprehensive income | | | | | | |
| Gains/(losses) for the period | - | (289) | (289) | - | 26,153 | 26,153 |
| Deferred tax expense on above | - | (210) | (210) | - | (7,859) | (7,859) |
| Total other comprehensive income | - | (499) | (499) | - | 18,294 | 18,294 |
| Total comprehensive income | 6,980 | (499) | 6,481 | 6,279 | 18,294 | 24,573 |

1. 'Capital' includes realised or unrealised gains or losses (and the tax on those) on securities in the investment portfolio. Income in the form of distributions and dividends is recorded as 'revenue'. All other items, including expenses, are included in profit for the year, which is categorised under 'revenue'.

None of the items included in other comprehensive income will be recycled through the Income Statement.

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2015

| | Note | 2015 \$'000 | 2014 \$'000 |
|---|--------|----------------|----------------|
| Current assets | | | |
| Cash | D1 | 12,973 | 20,014 |
| Receivables | | 955 | 1,055 |
| Trading portfolio | | 547 | - |
| Total current assets | | 14,475 | 21,069 |
| Non-current assets | | | |
| Investment portfolio | A2 | 207,642 | 200,159 |
| Deferred tax assets | E2 | - | 57 |
| Total non-current assets | | 207,642 | 200,216 |
| Total assets | | 222,117 | 221,285 |
| Current liabilities | | | |
| Payables | | 1,037 | 359 |
| Tax payable | | 1,684 | 4,424 |
| Borrowings – bank debt | D2 | - | - |
| Options sold | A2 | 186 | - |
| Total current liabilities | | 2,907 | 4,783 |
| Non-current liabilities | | | |
| Deferred tax liabilities | E2 | 7 | - |
| Deferred tax liabilities – investment portfolio | B2 | 13,533 | 14,770 |
| Total non-current liabilities | | 13,540 | 14,770 |
| Total liabilities | | 16,447 | 19,553 |
| Net assets | | 205,670 | 201,732 |
| Shareholders' equity | | | |
| Share capital | A1, D6 | 157,880 | 145,598 |
| Revaluation reserve | A1, D3 | 22,661 | 28,296 |
| Realised capital gains reserve | A1, D4 | 7,064 | 12,810 |
| Retained profits | A1, D5 | 18,065 | 15,028 |
| Total shareholders' equity | | 205,670 | 201,732 |

This Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

| 2015 | Note | Share Capital \$'000 | Revaluation Reserve \$'000 | Realised Capital Gains \$'000 | Retained Profits \$'000 | Total \$'000 |
|--|------|----------------------------|----------------------------------|--|-------------------------------|-----------------|
| Total equity at the beginning of the year | | 145,598 | 28,296 | 12,810 | 15,028 | 201,732 |
| Dividends paid | A4 | - | - | (9,123) | (5,702) | (14,825) |
| Shares issued under Dividend Reinvestment Plan | D6 | 5,531 | - | - | - | 5,531 |
| Shares issued under Share Purchase Plan | D6 | 6,805 | - | - | - | 6,805 |
| Other share capital adjustments | | (54) | - | - | - | (54) |
| Total transactions with shareholders | | 12,282 | - | (9,123) | (5,702) | (2,543) |
| Profit for the year | | - | - | - | 6,980 | 6,980 |
| Other comprehensive income (net of tax) | | | | | | |
| Net loss for the period on investments | | - | (499) | - | - | (499) |
| Other comprehensive income for the year | | - | (499) | - | - | (499) |
| Transfer to retained profits of cumulative non-taxable gains on investments sold | | - | (1,759) | - | 1,759 | - |
| Transfer to realised capital gains reserve of cumulative taxable gains on investments sold | | - | (3,377) | 3,377 | - | - |
| Total equity at the end of the year | | 157,880 | 22,661 | 7,064 | 18,065 | 205,670 |

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

2014 comparative

| 2014 | Note | Share Capital \$'000 | Revaluation Reserve \$'000 | Realised Capital Gains \$'000 | Retained Profits \$'000 | Total \$'000 |
|--|------|----------------------------|----------------------------------|--|-------------------------------|-----------------|
| Total equity at the beginning of the year | | 129,377 | 21,446 | 13,430 | 13,412 | 177,665 |
| Dividends paid | A4 | - | - | (10,454) | (6,273) | (16,727) |
| Shares issued under Dividend Reinvestment Plan | D6 | 6,162 | - | - | - | 6,162 |
| Shares issued under Share Purchase Plan | D6 | 10,119 | - | - | - | 10,119 |
| Other share capital adjustments | | (60) | - | - | - | (60) |
| Total transactions with shareholders | | 16,221 | - | (10,454) | (6,273) | (506) |
| Profit for the year | | - | - | - | 6,279 | 6,279 |
| Other comprehensive income (net of tax) | | | | | | |
| Net gain for the period on investments | | - | 18,294 | - | - | 18,294 |
| Other comprehensive income for the year | | - | 18,294 | - | - | 18,294 |
| Transfer to retained profits of cumulative non-taxable gains on investments sold | | - | (1,610) | - | 1,610 | - |
| Transfer to realised capital gains reserve of cumulative taxable gains on investments sold | | - | (9,834) | 9,834 | - | - |
| Total equity at the end of the year | | 145,598 | 28,296 | 12,810 | 15,028 | 201,732 |

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the year ended 30 June 2015

| | Note | 2015 \$'000 Inflows/ (Outflows) | 2014 \$'000 Inflows/ (Outflows) |
|--|------|--|--|
| Cash flows from operating activities | | | |
| Sales from trading portfolio | | 1,124 | 2,098 |
| Purchases for trading portfolio | | (1,258) | (1,418) |
| Interest received | | 481 | 751 |
| Proceeds from entering into options in options written portfolio | | 628 | - |
| Payment to close out options in options written portfolio | | (1) | - |
| Dividends and distributions received | | 7,270 | 6,130 |
| | | 8,244 | 7,561 |
| Other receipts | | 23 | 10 |
| Administration expenses | | (1,508) | (1,529) |
| Finance costs paid | | (65) | (66) |
| Income taxes paid | | (340) | (72) |
| Net cash inflow/(outflow) from operating activities | E1 | 6,354 | 5,904 |
| Cash flows from investing activities | | | |
| Sales from investment portfolio | | 45,049 | 55,452 |
| Purchases for investment portfolio | | (51,745) | (55,245) |
| Tax paid on capital gains | | (4,156) | (5,011) |
| Net cash inflow/(outflow) from investing activities | | (10,852) | (4,804) |
| Cash flows from financing activities | | | |
| Shares issued | | 12,336 | 16,282 |
| Share issue transaction costs | | (54) | (60) |
| Dividends paid | | (14,825) | (16,727) |
| Net cash inflow/(outflow) from financing activities | | (2,543) | (505) |
| Net increase/(decrease) in cash held | | (7,041) | 595 |
| Cash at the beginning of the year | | 20,014 | 19,419 |
| Cash at the end of the year | D1 | 12,973 | 20,014 |

For the purpose of the Cash Flow Statement, 'cash' includes cash and deposits held at call.

This Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

A. Understanding AMCIL's Financial Performance

A1. How AMCIL Manages its Capital

AMCIL's objective is to provide shareholders with attractive total returns including capital growth over the medium to long term and to pay an enhanced level of dividends.

AMCIL recognises that its capital will fluctuate with market conditions. In order to manage those fluctuations, the Board may adjust the amount of dividends paid, issue new shares, buy back the Company's shares or sell assets to settle any debt.

AMCIL's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity is provided below:

| | 2015 \$'000 | 2014 \$'000 |
|------------------------|----------------|----------------|
| Share capital | 157,880 | 145,598 |
| Revaluation reserve | 22,661 | 28,296 |
| Realised capital gains | 7,064 | 12,810 |
| Retained profits | 18,065 | 15,028 |
| | 205,670 | 201,732 |

Refer to notes D3–D6 for a reconciliation of movement for each equity account from period to period.

A2. Investments Held and How They Are Measured

AMCIL has three portfolios of securities: the investment portfolio, the options written portfolio, and the trading portfolio. Details of all holdings as at the end of the reporting period can be found at the end of the Annual Report.

The investment portfolio holds securities that the Company intends to retain on a long term basis. The options written portfolio and trading portfolio are held for short term trading only. Both are relatively small in size when utilised. The options written portfolio can contain both call and put options and are only written over securities held in the investment portfolio.

The balance and composition of the investment portfolio was:

| | 2015 \$'000 | 2014 \$'000 |
|--------------------------------------|----------------|----------------|
| Equity instruments (at market value) | 207,642 | 200,054 |
| Unlisted securities (at fair value) | 0 | 105 |
| | 207,642 | 200,159 |

The fair value (the price at which the option may be bought) at 30 June of the securities in the options written portfolio was:

| | | |
|--------------|-----|---|
| Call options | 186 | - |
| Put options | - | - |
| | 186 | - |

If all call options were exercised, this would lead to the sale of \$13.3 million worth of securities at an agreed price – the 'exposure' (2014: no call options in the portfolio).

\$3.1 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2014: \$3.6 million). These shares are lodged with ASX Clear under the terms of ASX Clear Pty Ltd, which require participants in the exchange traded option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

How Investments Are Shown in the Financial Statements

The accounting standards set out the following hierarchy for fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liabilities that are not based on observable market data.

All financial instruments held by AMCIL are classified as Level 1 (other than an immaterial amount of call options and the Company's investment in the unlisted security Hexima, which is Level 2). Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period.

Net Tangible Asset Backing Per Share

The Investment Committee regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains in AMCIL's long term investment portfolio. Deferred tax is calculated as set out in Note B2. The relevant amounts as at 30 June 2015 and 30 June 2014 were as follows:

| | 30 June 2015 | 30 June 2014 |
|---|--------------|--------------|
| | \$ | \$ |
| Net Tangible Asset Backing Per Share | | |
| Before tax | 0.91 | 0.95 |
| After tax | 0.85 | 0.88 |

Equity investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' (OCI) because they are equity instruments held for long term capital growth and dividend income, rather than to make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the Statement of Comprehensive Income. The cumulative change in value of the shares over time is then recorded in the revaluation reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realisation reserve.

Options

Options are classified as financial assets or liabilities at fair value through profit and loss and usually have an expiry date within 12 months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

Puttable instruments and Convertible Notes

Puttable instruments and convertible notes are classified as financial assets at fair value through profit and loss under the accounting standards and therefore need to be treated differently in the financial statements from equity investments, even though they are managed in the same way as the rest of the investment portfolio. Changes in the value of these investments are reflected in the Income Statement and not in the Statement of Comprehensive Income with the other investments. Any gains or losses on these securities are transferred from retained profits to the revaluation reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realisation reserve.

Securities Sold and How They Are Measured

During the period \$45 million (2014: \$53 million) of equity securities were sold. The cumulative gain on the sale of securities was \$5.1 million for the period after tax (2014: \$11.4 million). This has been transferred from the revaluation reserve to retained profits and the realisation reserve (see Statement of Changes in Equity). These sales were accounted for at the date of trade.

Where securities are sold, any difference between the sale price and the carrying amount is transferred from the revaluation reserve to the realisation reserve or, for any difference between the accounting gain and the taxable gain, to retained profits and the amounts noted in the Statement of Changes in Equity. This means the Company is able to identify the realised gains out of which it can pay a LIC gain as part of the dividend, which conveys certain taxation benefits to many of AMCIL's shareholders.

The realised gain or loss on options written is not recognised until the option expires, is exercised or is closed out. All unrealised gains or losses that represent movements in the market value of the options are recognised through the Income Statement.

A3. Operating Income

The total income received from AMCIL's investments in 2015 is set out below:

| | 2015 | 2014 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Dividends and distributions | | |
| Dividends from securities held in investment portfolio at 30 June | 7,196 | 5,689 |
| Investment securities sold during the year | 687 | 1,257 |
| Dividends from securities held in trading portfolio at 30 June | - | - |
| Trading securities sold during the year | - | - |
| | 7,883 | 6,946 |

Dividends from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Dividends from unlisted securities are recognised as income when they are received. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

NOTES TO THE FINANCIAL STATEMENTS continued

Trading Income and Non-equity Investments

Net gains on the trading and options portfolio are set out below:

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Net gains | | |
| Net realised gains from trading portfolio | 93 | 142 |
| Realised gains on options written portfolio | 364 | - |
| Unrealised gains from trading portfolio | 41 | - |
| Unrealised gains on options written portfolio | 76 | - |
| | 574 | 142 |

A4. Dividends Paid

The dividends paid and payable for the year ended 30 June 2015 are shown below:

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| (a) Dividends Paid During the Year | | |
| Final dividend for the year ended 30 June 2014 of 2.5 cents and a special dividend of 4 cents per share, both fully franked at 30 per cent, paid 26 August 2014 (2014: 3 cents plus a special dividend of 5 cents, both fully franked at 30 per cent, paid on 27 August 2013) | 14,825 | 16,727 |
| | 14,825 | 16,727 |

(b) Franking Credits

Balance on the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables

4,390 6,825

Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:

(4,146) (6,354)

Net available

244 471

These franking account balances would allow AMCIL to frank additional dividend payments up to an amount of:

569 1,099

AMCIL's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and on AMCIL paying tax.

(c) Dividends Declared After Balance Date

Since the end of the year Directors have declared a final dividend of 4 cents per share fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2015 to be paid on 25 August 2015, but not recognised as a liability at the end of the financial year is:

9,675

(d) Listed Investment Company Capital Gain Account

Balance of the LIC capital gain account

4,857 10,313

This equates to an attributable amount of:

6,938 14,733

Distributed LIC capital gains may entitle certain shareholders to a deduction in their tax return, as set out in the dividend statement. LIC capital gains available for distribution are dependent on the disposal of investment portfolio holdings that qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios. \$3.6 million of the capital gain (\$5.2 million of the attributable amount) will be paid out as part of the final dividend on 25 August 2015.

A5. Earnings Per Share

The table below shows the earnings per share based on the profit for the year:

| | 2015 | 2014 |
|--|-------------|-------------|
| Basic earnings per share | Number | Number |
| Weighted average number of ordinary shares used as the denominator | 237,898,108 | 223,689,722 |
| | \$'000 | \$'000 |
| Profit for the year | 6,980 | 6,279 |
| | Cents | Cents |
| Basic earnings per share | 2.93 | 2.81 |

Dilution

As there are no options, convertible notes or other dilutive instruments on issue, diluted earnings per share is the same as basic earnings per share.

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

| | 2015 | 2014 |
|----------------------------------|--------|--------|
| | \$'000 | \$'000 |
| Administration fees paid to AICS | (768) | (717) |
| Other administration expenses | (717) | (652) |

Administration Fees Paid to AICS

AICS undertakes the day-to-day management of AMCIL's investments and its operation, including financial reporting and administration.

Other Administration Expenses

A major component of other administration expenses is Directors' remuneration. This has been summarised below:

| | Short Term Benefits \$ | Post Employment Benefits \$ | Total \$ |
|-----------|------------------------------|-----------------------------------|-------------|
| 2015 | | | |
| Directors | 296,134 | 54,866 | 351,000 |
| 2014 | | | |
| Directors | 297,411 | 38,229 | 335,640 |

AMCIL recognises Directors' retirement allowances that have been crystallised as 'amounts payable'. There are no further retirement allowances that will need to be expensed.

Detailed remuneration disclosures are provided in the Remuneration Report.

The Company does not make loans to Directors.

B2. Tax

AMCIL's tax position, and how it accounts for tax, is explained here. Detailed reconciliations of tax accounting to the financial statements can be found in Note E2.

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

NOTES TO THE FINANCIAL STATEMENTS continued

A provision has been made for taxes on any unrealised gains or losses on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments, convertible notes that are classified as debt and the options written portfolio.

A provision also has to be made for any taxes that could arise on sale of securities in the investment portfolio, even though there is no intention to dispose of them. Where AMCIL disposes of such securities, tax is calculated according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward.

Tax Expense

The income tax expense for the period is shown below:

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| <i>(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable</i> | | |
| Profit before income tax expense | 7,355 | 6,414 |
| Tax at the Australian tax rate of 30 per cent (2014 – 30 per cent) | 2,207 | 1,924 |
| Tax offset for franked dividends | (1,539) | (1,502) |
| Tax effect of sundry items not taxable in calculating taxable income | (260) | (76) |
| | 408 | 346 |
| Over provision in prior years | (33) | (211) |
| Total tax expense | 375 | 135 |

Deferred Tax Liabilities – Investment Portfolio

The accounting standards require us to recognise a deferred tax liability for the potential capital gains tax on the unrealised gain in the investment portfolio. This amount is shown in the Balance Sheet. However, the Board does not intend to sell the investment portfolio, so this tax liability is unlikely to arise at this amount. Any sale of securities would also be affected by any changes in capital gains tax legislation or tax rate applicable to such gains when they are sold.

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Deferred tax liabilities on unrealised gains in the investment portfolio | 13,533 | 14,770 |
| Opening balance at 1 July | 14,770 | 11,068 |
| Tax on realised gains | (1,447) | (4,157) |
| Charged to OCI for ordinary securities on gains or losses for the period | 210 | 7,859 |
| | 13,533 | 14,770 |

B3. Risk

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

As a LIC that invests in tradeable securities, AMCIL can never be free of market risk as it invests its capital in securities that are not risk free – the market price of these securities will fluctuate.

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the investment portfolio, would lead to a reduction in AMCIL's comprehensive income of \$7.3 million and \$14.5 million respectively, at a tax rate of 30 per cent (2014: \$7 million and \$14 million). A market fall of 5 per cent and 10 per cent across the trading portfolio and options written portfolio would lead to a decrease in profit after tax of \$13,000 and \$26,000 respectively (2014: nil). The revaluation reserve at 30 June 2015 was \$22.7 million (2014: \$28.3 million). It would require a fall in the value of the investment portfolio of 15.6 per cent after tax to fully deplete this (2014: 20.2 per cent).

AMCIL seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee and risk can be managed by reducing exposure where necessary. AMCIL does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

AMCIL's investment by sector is as below:

| | 2015 % | 2014 % |
|--|-----------|-----------|
| Energy | 8.39 | 14.00 |
| Materials | 12.66 | 12.66 |
| Industrials | 13.97 | 17.29 |
| Consumer discretionary | 5.90 | 2.58 |
| Consumer staples | 4.40 | 6.50 |
| Banks | 13.83 | 15.44 |
| Other financials (including property trusts) | 10.55 | 10.11 |
| Telecommunications | 7.75 | 6.34 |
| Healthcare | 11.23 | 4.28 |
| Other – information technology and utilities | 5.45 | 1.71 |
| Cash | 5.87 | 9.09 |

Securities representing over 5 per cent of the combined investment and trading portfolio (including options) at 30 June were:

| | 2015 % | 2014 % |
|-------------------|-----------|-----------|
| Commonwealth Bank | 7.32 | |
| Oil Search | 6.31 | |
| Oil Search | | 8.90 |
| Commonwealth Bank | | 7.48 |
| BHP Billiton | | 7.31 |
| Westpac | | 5.42 |

No other security represents over 5 per cent of the Company's investment and trading portfolios.

AMCIL is not currently materially exposed to interest rate risk as all its cash investments are short term for a fixed interest rate. AMCIL is also not directly exposed to currency risk as all its investments are quoted in Australian dollars.

The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or investment portfolios although stock may be purchased on-market to meet call obligations.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. AMCIL is exposed to credit risk from cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue. The risk in relation to each of these items is set out below.

Cash

All cash investments not held in a transactional account are invested in short term deposits with Australia's 'big four' commercial banks or their wholly-owned subsidiaries or in cash management trusts managed by those subsidiaries. In the unlikely event of a bank default or default on the underlying securities in the cash trust, there is a risk of losing the cash deposits and any accrued unpaid interest.

Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale.

Trading and Investment Portfolios

Converting and convertible notes or other interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk will be realised in the event of a shortfall on winding up of the issuing companies.

NOTES TO THE FINANCIAL STATEMENTS continued

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial liabilities.

AMCIL monitors its cash flow requirements daily. The Investment Committee also monitors the level of contingent payments on a regular basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require AMCIL to purchase securities, and facilities that need to be repaid. AMCIL ensures that it has either cash or access to short term borrowing facilities sufficient to meet these contingent payments.

AMCIL's inward cash flows depend upon the dividends received. Should these drop by a material amount, AMCIL would amend its outward cash flows accordingly. AMCIL's major cash outflows are the purchase of securities and dividends paid to shareholders, and both of these can be adjusted by the Board and management. Furthermore, the assets of AMCIL are largely in the form of readily tradeable securities, which can be sold on-market if necessary.

The table below analyses AMCIL's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

| | Less Than 6 Months \$'000 | 6-12 Months \$'000 | Greater Than 1 Year \$'000 | Total Contractual Cash Flows \$'000 | Carrying Amount \$'000 |
|------------------------|---------------------------------|--------------------------|----------------------------------|---|------------------------------|
| 30 June 2015 | | | | | |
| Non-derivatives | | | | | |
| Payables | 1,037 | - | - | 1,037 | 1,037 |
| Options written* | - | - | - | - | 186 |
| | 1,037 | - | - | 1,037 | 1,223 |
| 30 June 2014 | | | | | |
| Non-derivatives | | | | | |
| Payables | 359 | - | - | 359 | 359 |
| | 359 | - | - | 359 | 359 |

* In the case of call options, there are no contractual cash flows because if the option is exercised the contract will be settled in the securities over which the option is written. The contractual cash flows for put options written are the cash sums the Company will pay to acquire securities over which the options have been written, and it is assumed for purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow).

C. Unrecognised Items

Unrecognised items, such as contingencies, do not appear in the financial statements, usually because they don't meet the requirements for recognition. However, they have the potential to have a significant impact on the Company's financial position and performance.

C1. Contingencies

Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the Financial Report.

ADDITIONAL INFORMATION

Additional information that shareholders may find useful is included here. It is grouped into three sections:

- D. Balance Sheet reconciliations
- E. Income Statement reconciliations
- F. Other information

D. Balance Sheet Reconciliations

This section provides information about the basis of calculation of line items in the financial statements that the Directors do not consider significant in the context of the Company's operations.

D1. Current Assets – Cash

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Cash at bank and in hand (including on-call) | 12,973 | 6,014 |
| Fixed term deposits | - | 14,000 |
| | 12,973 | 20,014 |

Cash holdings yielded an average floating interest rate of 2.66 per cent (2014: 3.4 per cent). All cash investments not held in a transactional account or an overnight 'at call' account are invested in short term deposits with Australia's 'big four' commercial banks or their wholly-owned subsidiaries, all rated 'AA-' by S&P, which have a maturity of three months or less, or in cash management trusts managed by those subsidiaries (currently rated AAAm).

D2. Credit Facilities

The Company was party to agreements under which the Commonwealth Bank of Australia would extend cash advance facilities.

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Commonwealth Bank of Australia – cash advance facility | 10,000 | 10,000 |
| Amount drawn down at 30 June | - | - |
| Undrawn facilities at 30 June | 10,000 | 10,000 |

Repayment of facilities is done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities when utilised are usually drawn down for no more than three months.

D3. Revaluation Reserve

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Opening balance at 1 July 2014 | 28,296 | 21,446 |
| Gains/(losses) on investment portfolio | (289) | 26,153 |
| Deferred tax on above | (210) | (7,859) |
| Transfer to retained profits for non-taxable realised gains | (1,759) | (1,610) |
| Transfer to realised capital gains reserve for taxable realised gains | (3,377) | (9,834) |
| | 22,661 | 28,296 |

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy Note A2.

ADDITIONAL INFORMATION continued

D4. Realised Capital Gains Reserve

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Opening balance at 1 July | 12,810 | 13,430 |
| Dividends paid | (9,123) | (10,454) |
| Cumulative taxable realised gains for period through OCI (net of tax) | 3,377 | 9,834 |
| | 7,064 | 12,810 |

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in A2.

D5. Retained Profits

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Opening balance at 1 July | 15,028 | 13,412 |
| Dividends paid | (5,702) | (6,273) |
| Profit for the year | 6,980 | 6,279 |
| Transfer from revaluation reserve for realised non-taxable gains | 1,759 | 1,610 |
| | 18,065 | 15,028 |

This reserve relates to past profits.

D6. Share Capital

| Date | Details | Notes | Number of Shares '000 | Issue Price \$ | Paid-up Capital \$'000 |
|------------|----------------------------|-------|-----------------------------|----------------------|------------------------------|
| 1/7/2013 | Balance | | 209,088 | | 129,377 |
| 27/8/2013 | Dividend Reinvestment Plan | (i) | 7,083 | 0.87 | 6,162 |
| 8/10/2013 | Share Purchase Plan | (ii) | 11,906 | 0.85 | 10,119 |
| Various | Costs of issue | | - | | (60) |
| 30/6/2014 | Balance | | 228,077 | | 145,598 |
| 26/8/2014 | Dividend Reinvestment Plan | (i) | 5,885 | 0.94 | 5,531 |
| 18/11/2014 | Share Purchase Plan | (iii) | 7,912 | 0.86 | 6,805 |
| Various | Costs of issue | | - | | (54) |
| 30/6/2015 | Balance | | 241,874 | | 157,880 |

(i) Shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares under the Dividend Reinvestment Plan (DRP). The price of the new DRP shares is based on the average selling price of shares traded on the ASX and Chi-X in the five days after the shares begin trading ex-dividend.

(ii) During the year ended 30 June 2014 the Company announced a Share Purchase Plan (SPP). The SPP issue price was set at the Dividend Reinvestment Plan price for the 2013 final and special dividend or a 5 per cent discount to the volume-weighted average price of AMCIL shares traded on the ASX over the five trading days up to, and including, the day on which the SPP offer was scheduled to close, whichever was the lower.

(iii) During the year ended 30 June 2015 the Company announced a SPP. The SPP issue price was set at a 2.5 per cent discount to the volume-weighted average price of AMCIL shares traded on the ASX and Chi-X over the five trading days up to, and including, the day on which the SPP offer was scheduled to close.

All shares have been fully paid, rank *pari passu* and have no par value.

E. Income Statement Reconciliations

E1. Reconciliation of Net Cash Flows From Operating Activities to Profit

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Profit for the year | 6,980 | 6,279 |
| Net decrease/(increase) in trading portfolio | (547) | - |
| Increase/(decrease) in options written portfolio | 186 | - |
| Dividends received as securities under DRP investments | (376) | (362) |
| Decrease/(increase) in current receivables | 100 | 1,832 |
| – Less increase/(decrease) in receivables for investment portfolio | - | (1,748) |
| Increase/(decrease) in deferred tax liabilities | (1,173) | 3,766 |
| – Less (increase)/decrease in deferred tax liability on investment portfolio | 1,237 | (3,702) |
| Increase/(decrease) in current payables | 678 | (161) |
| – Less decrease/(increase) in payables for investment portfolio | (700) | - |
| Increase/(decrease) in provision for tax payable | (2,740) | (854) |
| – Less decrease/(increase) in tax payable on capital gains | 2,709 | 854 |
| Net cash flows from operating activities | 6,354 | 5,904 |

E2. Tax Reconciliations

Tax Expense Composition

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Charge for tax payable relating to the current year | 344 | 282 |
| Over provision in prior years | (33) | (211) |
| Decrease in deferred tax assets – investment portfolio | 64 | 64 |
| | 375 | 135 |

Amounts Recognised Directly Through Other Comprehensive Income

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Net movement in tax liabilities relating to capital gains tax on the movement in gains in the investment portfolio | 210 | 7,859 |
| | 210 | 7,859 |

Deferred Tax Assets and Liabilities

The deferred tax balances are attributable to:

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| (a) The difference in the value of the trading portfolio for tax and accounting purposes | (12) | - |
| (b) Tax on unrealised losses in the options written portfolio | (23) | - |
| (c) Provisions and expenses charged to the accounting profit that are not yet tax deductible | 99 | 107 |
| (d) Interest and dividend income receivable that is not assessable for tax until receipt | (71) | (50) |
| | (7) | 57 |

Movements:

| | | |
|--|------------|-----------|
| Opening asset balance at 1 July | 57 | 121 |
| Credited/(charged) to Income Statement | (64) | (64) |
| | (7) | 57 |

Deferred tax assets arise when provisions and expenses have been charged but are not yet tax deductible. These assets are realised when the relevant items become tax deductible, as long as enough taxable income has been generated to claim the assets against, and as long as there are no changes to the tax legislation that affect AMCIL's ability to claim the deduction.

The portion of deferred tax liability likely to be reversed within the next 12 months is \$106,000 (2014: \$43,000). This relates primarily to items described in items (a), (b) and (d) above.

ADDITIONAL INFORMATION continued

F. Other Information

This section covers other information that is not directly related to specific line items in the financial statements, including information about related party transactions, share based payments, assets pledged as security and other statutory information.

F1. Related Parties

All transactions with deemed related parties were made on normal commercial terms and conditions and approved by independent Directors.

F2. Remuneration of Auditors

During the year the auditor earned the following remuneration:

| | 2015 | 2014 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| PricewaterhouseCoopers | | |
| Audit or review of financial reports | 109,624 | 105,904 |
| Non-audit services | | |
| Taxation compliance services | 11,164 | 10,883 |
| Total remuneration | 120,788 | 116,787 |

F3. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board, through its sub-committees, has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

Description of Segments

The Board makes the strategic resource allocations for AMCIL. AMCIL has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for AMCIL's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy and AMCIL's performance is evaluated on an overall basis.

Segment Information Provided to the Board

The internal reporting provided to the Board for AMCIL's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of capital gains tax on investments (as reported in AMCIL's net tangible asset announcements to the ASX).

Other Segment Information

Revenues from external parties are derived from the receipt of dividend, distribution and interest income, and income arising on the trading portfolio and realised income from the options portfolio.

AMCIL is domiciled in Australia and all of AMCIL's income is derived from Australian entities or entities that maintain a listing in Australia. AMCIL has a diversified portfolio of investments, with only one investment comprising more than 10 per cent of AMCIL's income, including realised income from the trading and options written portfolios (BHP Billiton – 17.7 per cent due to the demerger dividend (\$0.9 million or 10.2 per cent of income) from the South32 demerger).

F4. Summary of Other Accounting Policies Not Previously Disclosed

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. This Financial Report has been authorised for issue and is presented in the Australian currency. AMCIL has the power to amend and reissue the Financial Report.

AMCIL has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

| Phrase | AASB Terminology |
|---------------|--|
| Market value | Fair value for actively traded securities |
| Cash | Cash and cash equivalents |
| Share capital | Contributed equity |
| Options | Derivatives written over equity instruments that are valued at fair value through profit or loss |

AMCIL complies with International Financial Reporting Standards (IFRS). AMCIL is a 'for profit' entity.

AMCIL has not applied any Australian Accounting Standards or AASB Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2015 ('the inoperative standards') except for AASB 9, which was adopted on 7 December 2009. The impact of the inoperative standards has been assessed and the impact has been identified as not being material. AMCIL only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

Basis of Accounting

The financial statements are prepared using the valuation methods described in A2. All other items have been treated in accordance with the historical cost convention.

Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities of AMCIL approximates their carrying value.

Rounding of Amounts

AMCIL is a company of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order, to the nearest thousand dollars or, in certain cases, to the nearest dollar.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (1) the financial statements and notes set out on pages 16 to 33 are in accordance with the *Corporations Act 2001* including:
- (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note F4 to the financial statements confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer and to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.



BB Teele
Chairman

Melbourne
21 July 2015



Independent auditor's report to the members of AMCIL Limited

Report on the financial report

We have audited the accompanying financial report of AMCIL Limited (the company), which comprises the balance sheet as at 30 June 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion:

- (a) the financial report of AMCIL 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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note F.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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.

Auditor's opinion

In our opinion, the remuneration report of AMCIL Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Charles Christie', written in a cursive style.

Charles Christie
Partner

Melbourne
21 July 2015

OTHER INFORMATION

INFORMATION ABOUT SHAREHOLDERS

At 14 July 2015 there were 2,395 holdings of shares. These holdings were distributed in the following categories:

| Size of Holding | Holdings |
|-------------------|--------------|
| 1 to 1,000 | 361 |
| 1,001 to 5,000 | 269 |
| 5,001 to 10,000 | 163 |
| 10,001 to 100,000 | 1,142 |
| 100,000 and over | 460 |
| Total | 2,395 |

| | |
|---|---------|
| Percentage held by the 20 largest holders | 38.54% |
| Average shareholding | 100,991 |

There were 281 shareholdings of less than a marketable parcel of \$500 (530 shares).

Voting Rights of Ordinary Shares

The Constitution provides for votes to be cast:

- (i) on a show of hands, one vote for each shareholder; and
- (ii) on a poll, one vote for each fully paid ordinary share.

Major Shareholders

The 20 largest registered shareholders of the Company's ordinary shares as at 14 July 2015 are noted below:

| Holder | Shares Held | % |
|---|-------------|-------|
| Bruce Teele | 39,522,518 | 16.34 |
| Djerriwarrh Investments Ltd | 10,599,254 | 4.38 |
| National Nominees Limited | 8,272,898 | 3.42 |
| Terrence Campbell | 4,913,253 | 2.03 |
| Christine Joy Campbell | 4,903,742 | 2.03 |
| Ross Barker | 4,716,850 | 1.95 |
| Fobsha Pty Limited | 3,210,960 | 1.33 |
| S D M Wallis | 2,240,677 | 0.93 |
| Ancona Valley Holdings Pty Ltd <Roswell Super Fund A/C> | 2,185,113 | 0.90 |
| RAC & JD Brice Superannuation Pty Ltd <Brice Super Fund A/C> | 1,486,887 | 0.61 |
| Invia Custodian Pty Limited <Matthew Dillon A/C> | 1,282,783 | 0.53 |
| HSBC Custody Nominees (Australia) Limited | 1,272,650 | 0.53 |
| Riga (QLD) Pty Ltd | 1,221,419 | 0.50 |
| Baker Custodian Corporation | 1,185,090 | 0.49 |
| Yelgarn Pty Ltd | 1,088,439 | 0.45 |
| Australian Executor Trustees Limited <No 1 Account> | 1,061,751 | 0.44 |
| FFSF Asset Management Pty Ltd <FF Super Fund A/C> | 1,059,581 | 0.44 |
| Annieandjohnpaterson Foundation Ltd <Paterson Foundation A/C> | 1,000,000 | 0.41 |
| Gotalaz Pty Ltd <Clare Inv Sf No1 Fr Tax A/C> | 1,000,000 | 0.41 |
| Parsley Investments Pty Ltd <Paterson Superannuation A/C> | 1,000,000 | 0.41 |

SUBSTANTIAL SHAREHOLDERS

The Company has been notified of substantial shareholdings as follows:

| <u>Holder</u> | <u>Number of Shares</u> | <u>Date Notified</u> |
|---------------|-------------------------|----------------------|
| Bruce B Teele | 32,848,688* | 15/12/09 |

* Shareholding as per last substantial shareholding notification. Current shareholding reflected on page 37.

TRANSACTIONS IN SECURITIES

During the year ended 30 June 2015, the Company recorded 531 transactions in securities. \$256,171 in brokerage (including GST) was paid or accrued for the year.

HOLDINGS OF SECURITIES

As at 30 June 2015

Details of the Company's portfolios are given below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share (which is recorded each month on the toll free telephone service at 1800 780 784).

| Code | Company | Principal Activities | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|--------------------------------|--|-----------------------------|-----------------------------|--------------------------------|
| ADH | Adairs | A specialty retailer of home furnishings in Australia with a national footprint of stores across a number of store formats | 0 | 500 | 1,330 |
| AIO | Asciano | Transport infrastructure business, with a focus on ports and rail | 0 | 475 | 3,159 |
| ALQ | ALS | Provider of analytical laboratory services to mining, life sciences, energy and industrial clients | 350 | 275 | 1,609 |
| AMA | AMA Group | An automotive aftercare and accessories business focused on the vehicle panel repair market and the manufacture and sale of bull bars | 0 | 1,169 | 701 |
| AMP | AMP | Major Australasian financial services organisation | 1,079 | 960 | 5,779 |
| APE | AP Eagers | Operator of a national footprint of full service motor vehicle dealerships representing a broad range of car and truck brands in Australia | 0 | 38 | 360 |
| ARB | ARB Corporation | Manufacturer and distributor of four-wheel drive vehicle accessories in Australia and internationally | 125 | 184 | 2,402 |
| ASH | Ashley Services Group | Workforce solutions provider, with operations in vocational training, recruitment and labour hire | 0 | 794 | 473 |
| BGL | BigAir Group | Provider of wireless broadband solutions for business and university campus environments | 3,101 | 2,000 | 1,230 |
| BHP* | BHP Billiton | Diversified international resources company | 408 | 380 | 10,260 |
| BKW | Brickworks | Australia's largest manufacturer of bricks and pavers, with other investments in property development and listed equities | 290 | 270 | 3,726 |
| BLX | Beacon Lighting Group | Australia's largest lighting and accessory retailer with integrated operations from design and sourcing, through to merchandising and retailing | 608 | 1,624 | 3,248 |
| BXB | Brambles | Global provider of supply chain management and logistics solutions | 870 | 870 | 9,222 |
| CAJ | Capitol Health | Specialist provider of diagnostic imaging services | 0 | 3,482 | 2,664 |
| CBA* | Commonwealth Bank of Australia | Banking and wealth management services | 185 | 180 | 15,232 |
| CCL | Coca-Cola Amatil | Manufactures and distributes a range of carbonated soft drinks, fruit products and functional beverages, many of which are trademarks of The Coca-Cola Company | 365 | 100 | 915 |
| CGL | The Citadel Group | Provider of professional training services and technology-related consulting | 0 | 537 | 2,083 |
| CPU | Computershare | Global leader in the provision of registry-related investor services to publicly listed companies, and other business process solutions | 303 | 250 | 2,928 |
| CSL | CSL | Biopharmaceutical company that researches, develops, manufactures and markets products to treat and prevent serious human medical conditions | 62 | 77 | 6,658 |
| CSV | CSG | A print and communications solution provider to corporate and government customers | 0 | 1,530 | 2,440 |
| CVO | Cover-More Group | Provider of travel insurance and medical assistance services | 0 | 940 | 2,237 |
| ENE | Energy Developments | International provider of renewable energy and low greenhouse gas emission energy | 0 | 400 | 2,920 |
| FDC* | Federation Centres | Owner and operator of Australian retail shopping centres | 0 | 800 | 2,334 |

HOLDINGS OF SECURITIES continued

As at 30 June 2015

| Code | Company | Principal Activities | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|----------------------------|---|--------------------------------|--------------------------------|-----------------------------------|
| FPH | Fisher & Paykel Healthcare | Designs, manufactures and markets a range of medical devices used in respiratory care and the treatment of obstructive sleep apnoea | 0 | 166 | 1,011 |
| GTY | Gateway Lifestyle Group | Develops and operates residential communities for elderly residents | 0 | 125 | 255 |
| HSO | Healthscope | One of Australia's leading private healthcare operators through the ownership and operation of private hospitals and medical centres | 0 | 375 | 1,020 |
| # | Hexima | Agricultural-biotech company engaged in the research and development of technology for the genetic modification of crops | 875 | 875 | 0 |
| IPL | Incitec Pivot | Manufacturer and supplier of nitrogen-based fertiliser and industrial explosives | 1,500 | 1,708 | 6,576 |
| IPP | iProperty Group | Operates internet-based real estate portals in Asian markets including Malaysia, Singapore, Hong Kong and Indonesia | 1,150 | 1,100 | 2,640 |
| ISU | iSelect | Provides an online comparison service that compares insurance, household utilities and personal finance products | 0 | 1,630 | 2,347 |
| JHC | Japara Healthcare | Provider of residential aged care services | 1,075 | 1,609 | 4,134 |
| JHX | James Hardie Industries | Building materials company focused on fibre cement products, predominantly in the United States | 200 | 200 | 3,464 |
| LIC | Lifestyle Communities | Develops, owns and manages independent living communities for elderly citizens. The company operates eight villages across Victoria, encompassing a full range of community and lifestyle-orientated facilities on site | 2,200 | 2,500 | 6,100 |
| MLB | Melbourne IT | Provides services to corporate customers to help them conduct their businesses online | 0 | 175 | 292 |
| MYX | Mayne Pharma Group | A specialty pharmaceutical company that develops and manufactures branded and generic products, which it distributes globally; either directly or through distribution partners | 0 | 1,200 | 1,182 |
| NAB | National Australia Bank | Banking and wealth management services | 250 | 230 | 7,661 |
| OCL | Objective Corporation | Provider of information technology software and services | 0 | 512 | 1,065 |
| OSH* | Oil Search | Oil and gas explorer, developer and producer with assets predominantly in Papua New Guinea | 1,842 | 1,842 | 13,133 |
| QBE | QBE Insurance Group | General insurance and reinsurance services provider | 530 | 483 | 6,605 |
| QUB | Qube Holdings | Provider of import and export logistics services with national operations | 2,500 | 2,527 | 5,939 |
| RMD* | ResMed | Leading developer, manufacturer and distributor of medical equipment for treating, diagnosing and managing sleep-disordered breathing and other respiratory disorders | 485 | 650 | 4,718 |
| S32 | South32 | A globally diversified metals and mining company formed via its demerger by BHP | 0 | 808 | 1,445 |
| SGM | Sims Metal Management | A global metal recycling business that buys, processes and sells ferrous and non-ferrous recycled metals and recycles redundant electrical equipment | 0 | 240 | 2,501 |
| SHL | Sonic Healthcare | Specialist diagnostics company providing radiology and pathology services in Australia and overseas | 0 | 160 | 3,419 |
| STO | Santos | Leading Australian oil and gas producer, with a major position in the Cooper Basin and stakes in several key development projects, including Papua New Guinea and Gladstone LNG | 680 | 689 | 5,397 |
| TCL | Transurban Group | Developer and operator of electronic toll roads in Australia and overseas | 1,263 | 665 | 6,185 |

| Code | Company | Principal Activities | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|--------------|-----------------------------|--|--------------------------------|--------------------------------|-----------------------------------|
| TGR | Tassal Group | Producer and exporter of Atlantic salmon from Tasmania | 1,125 | 876 | 2,916 |
| TLS* | Telstra Corporation | Telecommunications operator and information services provider | 1,567 | 1,634 | 10,015 |
| TPM | TPG Telecom | Provider of a diverse range of communication services to residential users, small and medium enterprises, government and large corporate enterprises. The company owns and operates its own domestic network infrastructure and an international submarine cable connecting Australia and Guam | 540 | 655 | 5,875 |
| TSE | Transfield Services | Operations, maintenance and construction services business operating globally in the resources, energy, industrial, infrastructure, property and defence sectors | 1,650 | 1,545 | 2,202 |
| TWE | Treasury Wine Estates | Wine company with over 50 brands produced in Australia, New Zealand, the United States and Italy and sold globally | 671 | 671 | 3,347 |
| VED | Veda Group | A data analytics business that is the leading provider of credit information and analysis in Australia and New Zealand through the provision of credit reports relating to individuals and businesses | 0 | 1,100 | 2,442 |
| WBC* | Westpac Banking Corporation | Banking and wealth management services | 320 | 240 | 7,669 |
| WES | Wesfarmers | Diversified conglomerate with retailing operations in supermarkets, department stores, home improvement and office supplies. The group also operates businesses involved in coal mining, energy, insurance, chemicals, fertilisers and industrial and safety products | 75 | 65 | 2,537 |
| Total | | | | | 208,003 |

* Indicates that options were outstanding against part or all of the holding.

Unlisted security.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

| Acquisitions (Above \$2 Million)* | Cost \$'000 |
|-----------------------------------|----------------|
| Sonic Healthcare | 3,594 |
| Asciano | 3,017 |
| Sims Metal Management | 2,952 |
| iSelect | 2,549 |
| Veda Group | 2,537 |
| CSG | 2,405 |
| Federation Centres | 2,378 |
| Capitol Health | 2,244 |
| CSL | 2,121 |
| Energy Developments | 2,088 |
| Cover-More Group | 2,008 |

* All are new stocks to the portfolio other than CSL.

| Disposals (Above \$2 Million) | Proceeds \$'000 |
|-------------------------------|--------------------|
| Equity Trustees# | 6,481 |
| Transurban Group | 5,066 |
| Tox Free Solutions# | 3,382 |
| SAI Global# | 2,820 |
| Coca-Cola Amatil | 2,588 |
| Westpac Banking Corporation | 2,584 |
| AWE# | 2,074 |

Complete disposal from the portfolio.

SUB-UNDERWRITING

During the year the Company participated as a sub-underwriter of issues of securities. The principal underwriter and securities involved were:

| Company | Underwritten by | Description | Amount Underwritten |
|----------------------------|--|--|---------------------|
| National Australia Bank | Macquarie Capital (Australia) Limited, Merrill Lynch Equities (Australia Limited) and Morgan Stanley Australia Securities Limited | Accelerated renounceable entitlement offer of 2 new shares for every existing 25 shares (2 for 25) | \$2,499,992 |
| ARB Corporation | Taylor Collison Limited | ARB Dividend Reinvestment Plan and ARB Bonus Share Plan | \$1,000,000 |
| Australian Careers Network | Petra Capital Pty Ltd | Initial Public Offer | \$850,000 |

SHARE CAPITAL CHANGES

| Date | Type | Price/Amount \$ |
|-------------------|--------------------------------|--------------------|
| 18 November 2014 | Share Purchase Plan | 0.86 |
| 26 August 2014 | Dividend Reinvestment Plan | 0.94 |
| 8 October 2013 | Share Purchase Plan | 0.85 |
| 27 August 2013 | Dividend Reinvestment Plan | 0.87 |
| 5 January 2011 | Share Purchase Plan | 0.64 |
| 27 August 2010 | Dividend Reinvestment Plan | 0.60 |
| 11 December 2009 | Share Purchase Plan | 0.64 |
| 27 August 2009 | Dividend Reinvestment Plan | 0.59 |
| 15 August 2008 | Dividend Reinvestment Plan | 0.62 |
| 27 August 2007 | Dividend Reinvestment Plan | 0.75 |
| Various | Exercise of options | 0.50 |
| 23 January 2004 | Share issue | 0.50 |
| 19 December 2003 | Capital consolidation 1 for 16 | |
| 15 August 2003 | Capital return | 0.40 |
| 23 May 2003 | Capital return | 0.40 |
| 11 March 2003 | Capital return | 0.40 |
| 17 January 2003 | Capital return | 0.32 |
| 18 November 2002 | Capital return | 0.33 |
| 7 April 2000 | 1 for 5 rights issue | 2.00 |
| 24 January 2000 | Exercise of JBWere option | 2.00 |
| 10 September 1999 | Dividend Reinvestment Plan | 2.54 |
| 2 June 1999 | 1 for 3 rights issue | 2.40 |
| 15 March 1999 | Dividend Reinvestment Plan | 2.38 |
| 16 September 1998 | Dividend Reinvestment Plan | 2.14 |
| 17 June 1998 | 1 for 2 rights issue | 2.00 |
| 27 March 1998 | Dividend Reinvestment Plan | 2.17 |
| 12 September 1997 | Dividend Reinvestment Plan | 1.95 |
| 18 October 1996 | Initial issue | 2.00 |

COMPANY PARTICULARS

AMCIL Limited (AMCIL)
ABN 57 073 990 735

Directors

Bruce B Teele, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Roger G Brown
Rupert Myer AO
Richard B Santamaria

Company Secretaries

Simon M Pordage
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office and Mailing Address

Level 21, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@amcil.com.au
Website amcil.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

Telephone 1800 780 784 (toll free)

Share Registrar

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Shareholder

Enquiry Lines 1300 653 916
+61 3 9415 4224 (from overseas)
Facsimile +61 3 9473 2500
Website investorcentre.com/contact

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registrar as above.

Securities Exchange Code

AMH Ordinary shares

SHAREHOLDER MEETINGS

Annual General Meeting

Time 1.30pm
Date Wednesday 7 October 2015
Venue RACV City Club
Location 501 Bourke Street
Melbourne

Brisbane Shareholder Meeting

Time 1.00pm
Date Friday 9 October 2015
Venue Hilton Hotel
Location 190 Elizabeth Street
Brisbane

Adelaide Shareholder Meeting

Time 1.00pm
Date Monday 12 October 2015
Venue Adelaide Festival Centre
Location King William Road
Adelaide

Sydney Shareholder Meeting

Time 1.00pm
Date Monday 19 October 2015
Venue Four Seasons Hotel
Location 199 George Street
Sydney



Annual Review
2015

A Focused
Portfolio
of Australian
Equities



The Company aims to provide shareholders with:

- ▶ Attractive returns through strong capital growth in the portfolio over the medium to long term.
- ▶ The generation of fully franked dividend income.

CONTENTS

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AMCIL manages a focused portfolio covering large and small companies in the Australian equity market. As a result, small companies by market size can have an equally important impact on portfolio returns as larger companies in the Australian market.

The number of holdings in the portfolio will depend on market conditions and investment opportunities. The selection of stocks in the portfolio is based on attractive valuations as well as the outlook for growth and the competitive structure of the industry.

YEAR IN SUMMARY

PROFIT FOR THE YEAR

\$7.0m

▲ Up 11.2% from 2014

FULLY FRANKED DIVIDEND

4.0¢

▼ 6.5 cents in 2014

TOTAL PORTFOLIO RETURN

+5.1% Including franking*

S&P/ASX 200 Accumulation Index +6.8%*

TOTAL SHAREHOLDER RETURN

+1.9% Including franking*

Share price plus dividend

MANAGEMENT EXPENSE RATIO

0.67%

0.65% in 2014

TOTAL PORTFOLIO

\$221.0m

Including cash at 30 June

▲ \$220.2 million in 2014

* Assumes an investor can take full advantage of the franking credits.

REVIEW OF OPERATIONS AND ACTIVITIES

Profit

Profit for the year was \$7.0 million, up on last year's result of \$6.3 million. The profit figure this year includes a non-cash dividend of \$0.9 million received as a result of the demerger of South32 from BHP Billiton.

Income generated from dividends and distributions, excluding the demerger dividend, was \$7.0 million, which was in line with last year's figure. The contribution from the trading portfolio and option income was \$0.6 million, up from \$0.1 million last year, as AMCIL looked to take advantage of higher shares prices and subsequently better pricing for call options. Higher volatility towards the end of the year also assisted the generation of income from this activity.

Dividend

AMCIL will pay a final dividend for the year of 4 cents per share fully franked.

1.5 cents of the 4 cent final dividend is sourced from capital gains, on which the Company will pay tax. The amount of the pre tax attributable gain, known as an 'LIC capital gain', is therefore 2.1 cents. This enables some shareholders to claim a tax deduction in their tax return. Further details are included in the dividend statement.

The Company's dividend policy is to maximise the distribution of available franking credits each year. As a result of this policy, dividends are likely to fluctuate from year to year depending on income generated and any realised gains generated

through portfolio activity. There were less taxable realised gains generated from the portfolio this year. As a result, the total dividend is down from last year's total dividend of 6.5 cents per share fully franked, where a special dividend of 4 cents per share fully franked was sourced from after tax realised gains.

Portfolio Performance and Activity

As a medium to long term investor, the last financial year has been challenging. Energy and Resource holdings have been severely impacted by falling commodity prices, whilst higher yielding companies have generally been trading at high valuations. AMCIL has chosen to have a high level of cash for the majority of the year, although more recently has been able to deploy some of this into the market with the major focus of this activity in small and mid sized companies, including selected initial public offerings (IPOs).

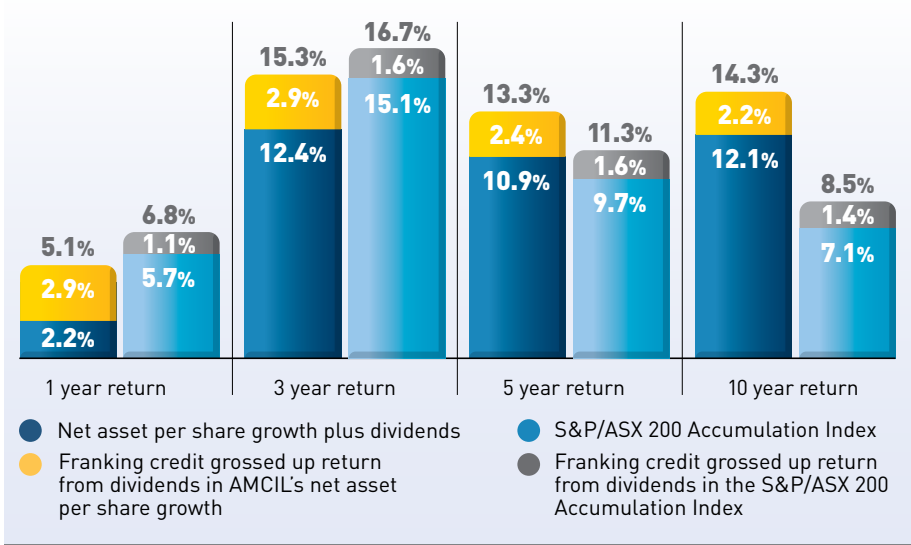
AMCIL's portfolio, including the full value of franking credits distributed with the dividend, returned 5.1 per cent over the year whereas the S&P/ASX 200 Accumulation Index return on the same basis was up 6.8 per cent. The 10 year return of the portfolio was 14.3 per cent per annum compared to the Index return of 8.5 per cent per annum on an equivalent basis.

Figure 2 highlights the additional benefits franking credits can make to portfolio returns. This chart assumes an investor can fully utilise the distributed franking credits and these have been added to AMCIL's portfolio and Index returns.

Figure 1: S&P/ASX 200 Price Index



Figure 2: Portfolio performance – per annum return to 30 June 2015



Note: AMCIL's net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax on realised sales of investments. It should be noted that Index returns for the market do not include management expenses and tax.

REVIEW OF OPERATIONS AND ACTIVITIES

continued

The largest positive contributors to the portfolio over the one year period included Transurban, TPG Telecom, Lifestyle Communities, Telstra and Incitec Pivot. Holdings with the largest negative performance were Oil Search, Santos, BHP Billiton, Senex Energy, Tox Free Solutions and ALS.

A number of new holdings were added to the portfolio. These included Sonic Healthcare, Asciano, Sims Metal Management, iSelect, Veda Group, CSG and Federation Centres.

Details of the new companies added to the portfolio are:

- **Sonic Healthcare** is one of the world's largest medical diagnostics companies. It is the largest pathology company in Australia and Germany, and the third largest in the United States with laboratories in Switzerland, Belgium, Ireland and the United Kingdom. It is also the second largest radiology provider in Australia.
- **Asciano** is an Australian freight logistics company, operating in railway freight and shipping. Asciano was demerged from Toll Holdings in 2007 and owns Patrick Corporation and Pacific National as subsidiary companies. Asciano specialises in bulk and container shipping and transportation. It also has port and train operations across Australia. It is currently subject to a takeover offer from Brookfield Infrastructure Partners L.P.
- **Sims Metal Management** is the leading metals and electronics recycling company in the world. The company specialises in ferrous and non-ferrous metals recycling, post-consumer electronic goods recycling, and municipal waste recycling. Its primary operations are located in the United States, Australia and the United Kingdom.
- **iSelect** is a multi-channel comparison service for insurance, household utilities and personal finance products.
- **Veda Group** is the largest credit reference agency in Australia and New Zealand. It provides credit reporting, credit scoring and marketing analytics services.
- **CSG** provides print and business technology solutions as well as operating an equipment financing division to corporate and government customers.
- **Federation Centres** (following the merger between Federation Centres and Novion Property Group on 11 June 2015) is one of Australia's largest owners and managers of shopping centres. The Group's portfolio of assets ranges from large super-regional malls to direct factory outlets and smaller convenience and neighbourhood centres across Australia.

Sales included positions in small energy companies and those with business exposure to the resources sector, as well as a lightening of positions in some larger companies such as Transurban, Coca-Cola Amatil and Westpac.

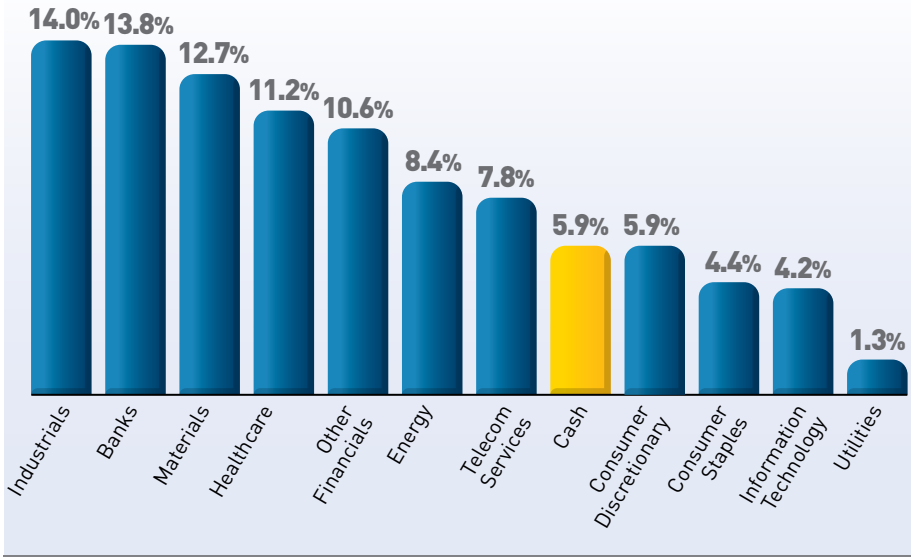




REVIEW OF OPERATIONS AND ACTIVITIES

continued

Figure 3: Investment by sector as at 30 June 2015



Purchases in the investment portfolio totalled \$52.8 million for the year with total sales of \$45.0 million for period.

Figure 3 highlights the profile of the total portfolio by the various sectors of the market at the end of the financial year. In comparison to last year there has been an increase in portfolio weightings in healthcare (up from 4.3 per cent last year)

and telecom services (up from 6.3 per cent last year) sectors. There was also a decrease in cash to 5.9 per cent from 9.1 per cent at the end of last year. The biggest reduction was in energy (down from 14.0 per cent last year) as the fall in oil price over the year impacted the share prices of companies in this sector and some companies were sold.

REVIEW OF OPERATIONS AND ACTIVITIES

continued

Share Price

Figure 4 below highlights how the share price has traded relative to the net asset backing over recent years. It has moved from a slight premium at the end of June 2014 to a very small discount by year-end.

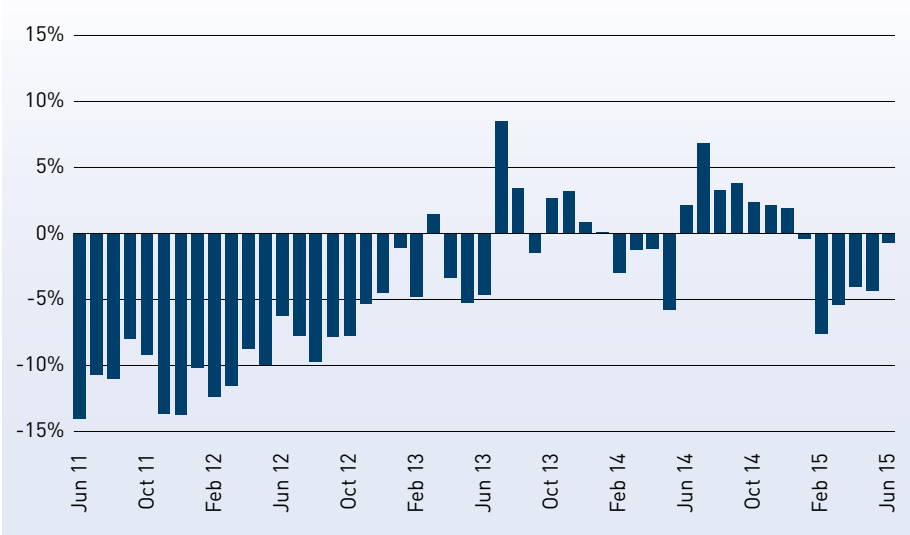
Figure 5 outlines the benefit of compound returns and the value of AMCIL's investment approach. It shows the total share price return (including dividends and the full benefit of franking credits) from an

investment of \$1,000 in AMCIL shares over a 10 year period relative to the return from the S&P/ASX 200 Accumulation Index, including franking credits.

Outlook

There are a number of themes that are likely to influence the equity market over the coming months. Low interest rates in Australia continue to make equities attractive relative to other asset classes.

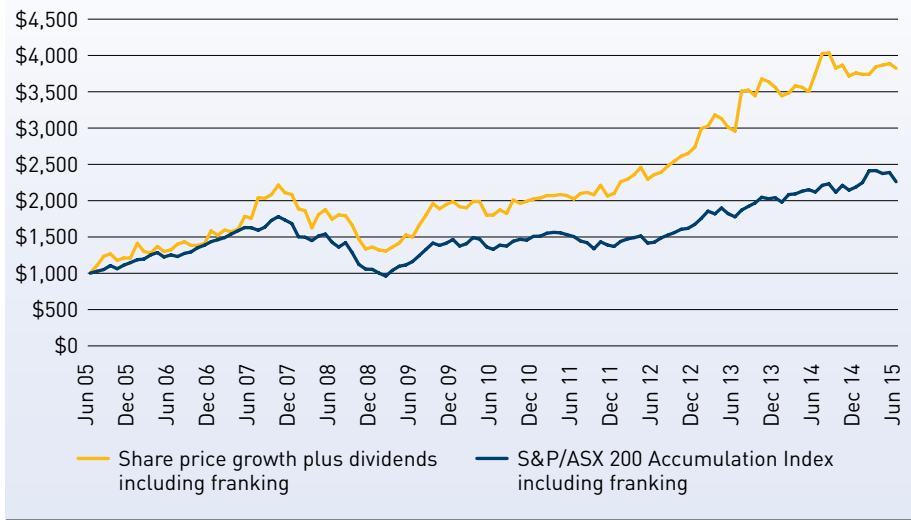
Figure 4: Share price premium/discount to net asset backing



On the other hand, there is a view that interest rates in the United States are likely to rise over the year as the economy continues to improve. Any negative response to this in the United States markets is likely to have an effect on the Australian market. This, along with ongoing uncertainties arising from China as it seeks to rebalance its economy and issues from fiscal adjustments in Europe, may create investment opportunities on any market setbacks.

The Company continues to have sufficient resources to take advantage of any short term falls to deploy cash into the market as it has done in recent months. AMCIL's approach tends to be contrarian. It seeks to take advantage of company specific investment opportunities that may arise from heightened volatility and is also willing to sell holdings for risk management purposes where share prices have reached very high valuation levels.

Figure 5: Ten year performance of an investment of \$1,000 in AMCIL shares including dividends and the full benefit of franking



Note: Assumes the reinvestment of dividends. This chart calculates the benefit of franking credits at the time dividends are paid for both AMCIL and the Index. In practice there is a timing difference between receipt of the dividend and the realisation of the franking benefit in the following tax year.

TOP 20 INVESTMENTS

As at 30 June 2015

Includes investments held in both the investment and trading portfolios.

Valued at closing prices at 30 June 2015

| | | Total Value \$'000 | % of Portfolio |
|--------------|---------------------------------|-----------------------|-------------------|
| 1 | Commonwealth Bank of Australia* | 15,232 | 7.3 |
| 2 | Oil Search* | 13,133 | 6.3 |
| 3 | BHP Billiton* | 10,260 | 4.9 |
| 4 | Telstra Corporation* | 10,015 | 4.8 |
| 5 | Brambles | 9,222 | 4.4 |
| 6 | Westpac Banking Corporation* | 7,669 | 3.7 |
| 7 | National Australia Bank | 7,661 | 3.7 |
| 8 | CSL | 6,658 | 3.2 |
| 9 | QBE Insurance Group | 6,605 | 3.2 |
| 10 | Incitec Pivot | 6,576 | 3.2 |
| 11 | Transurban Group | 6,185 | 3.0 |
| 12 | Lifestyle Communities | 6,100 | 2.9 |
| 13 | Qube Holdings | 5,939 | 2.9 |
| 14 | TPG Telecom | 5,875 | 2.8 |
| 15 | AMP | 5,779 | 2.8 |
| 16 | Santos | 5,397 | 2.6 |
| 17 | ResMed* | 4,718 | 2.3 |
| 18 | Japara Healthcare | 4,134 | 2.0 |
| 19 | Brickworks | 3,726 | 1.8 |
| 20 | James Hardie Industries | 3,464 | 1.7 |
| Total | | 144,349 | |

As a percentage of total portfolio (excludes cash)

69.4%

* Indicates that options were outstanding against part of the holding.

Cash position at 30 June 2015 – \$13.0 million.

INCOME STATEMENT

For the year ended 30 June 2015

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Dividends and distributions | 7,883 | 6,946 |
| Revenue from deposits and bank bills | 425 | 758 |
| Net gains on trading portfolio | 134 | 142 |
| Realised gains from options written portfolio | 440 | - |
| Other revenue | 23 | 10 |
| Total income | 8,905 | 7,856 |
| Finance costs | (65) | (73) |
| Administration expenses | (1,485) | (1,369) |
| Profit before income tax | 7,355 | 6,414 |
| Income tax expense | (375) | (135) |
| Profit for the year | 6,980 | 6,279 |
| | Cents | Cents |
| Profit for the year per share | 2.93 | 2.81 |

BALANCE SHEET

As at 30 June 2015

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Current assets | | |
| Cash | 12,973 | 20,014 |
| Receivables | 955 | 1,055 |
| Trading portfolio | 547 | - |
| Total current assets | 14,475 | 21,069 |
| Non-current assets | | |
| Investment portfolio | 207,642 | 200,159 |
| Deferred tax assets | - | 57 |
| Total non-current assets | 207,642 | 200,216 |
| Total assets | 222,117 | 221,285 |
| Current liabilities | | |
| Payables | 1,037 | 359 |
| Tax payable | 1,684 | 4,424 |
| Options sold | 186 | - |
| Total current liabilities | 2,907 | 4,783 |
| Non-current liabilities | | |
| Deferred tax liabilities | 7 | - |
| Deferred tax liabilities – investment portfolio | 13,533 | 14,770 |
| Total non-current liabilities | 13,540 | 14,770 |
| Total liabilities | 16,447 | 19,553 |
| Net assets | 205,670 | 201,732 |
| Shareholders' equity | | |
| Share capital | 157,880 | 145,598 |
| Revaluation reserve | 22,661 | 28,296 |
| Realised capital gains reserve | 7,064 | 12,810 |
| Retained profits | 18,065 | 15,028 |
| Total shareholders' equity | 205,670 | 201,732 |

SUMMARISED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Total equity at the beginning of the year | 201,732 | 177,665 |
| Dividends paid | (14,825) | (16,727) |
| Shares issued | | |
| – Dividend Reinvestment Plan | 5,531 | 6,162 |
| – Share Purchase Plan | 6,805 | 10,119 |
| Costs of share issues | (54) | (60) |
| Total transactions with shareholders | (2,543) | (506) |
| Profit for the year | 6,980 | 6,279 |
| Revaluation of investment portfolio | (289) | 26,153 |
| Provision for tax on revaluation | (210) | (7,859) |
| Revaluation of investment portfolio (after tax) | (499) | 18,294 |
| Total comprehensive income for the year | 6,481 | 24,573 |
| Realised gains on securities sold | 6,583 | 15,601 |
| Tax expense on realised gains on securities sold | (1,447) | (4,157) |
| Net realised gains on securities sold | 5,136 | 11,444 |
| Transfer from revaluation reserve to realised gains reserve | (3,377) | (9,834) |
| Transfer from revaluation reserve to retained profits* | (1,759) | (1,610) |
| Total equity at the end of the year | 205,670 | 201,732 |

* This figure, representing realised gains on investments sold that are non-taxable due to the difference between accounting gains and taxable gains, is transferred to accumulated profits and is available for distribution, subject to the Company's dividend policy.

A full set of AMCIL's accounts are available on the Company's website.

HOLDINGS OF SECURITIES

As at 30 June 2015

Details of the Company's portfolios are given below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share (which is recorded each month on the toll free telephone service at 1800 780 784).

| Code | Company | Principal Activity | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|-----------|---|--------------------------------|--------------------------------|-----------------------------------|
| ADH | Adairs | A specialty retailer of home furnishings in Australia with a national footprint of stores across a number of store formats | 0 | 500 | 1,330 |
| AIO | Asciano | Transport infrastructure business, with a focus on ports and rail | 0 | 475 | 3,159 |
| ALQ | ALS | Provider of analytical laboratory services to mining, life sciences, energy and industrial clients | 350 | 275 | 1,609 |
| AMA | AMA Group | An automotive aftercare and accessories business focused on the vehicle panel repair market and the manufacture and sale of bull bars | 0 | 1,169 | 701 |
| AMP | AMP | Major Australasian financial services organisation | 1,079 | 960 | 5,779 |

| Code | Company | Principal Activity | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|-----------------------|--|--------------------------------|--------------------------------|-----------------------------------|
| APE | AP Eagers | Operator of a national footprint of full service motor vehicle dealerships representing a broad range of car and truck brands in Australia | 0 | 38 | 360 |
| ARB | ARB Corporation | Manufacturer and distributor of four-wheel drive vehicle accessories in Australia and internationally | 125 | 184 | 2,402 |
| ASH | Ashley Services Group | Workforce solutions provider, with operations in vocational training, recruitment and labour hire | 0 | 794 | 473 |
| BGL | BigAir Group | Provider of wireless broadband solutions for business and university campus environments | 3,101 | 2,000 | 1,230 |
| BHP* | BHP Billiton | Diversified international resources company | 408 | 380 | 10,260 |
| BKW | Brickworks | Australia's largest manufacturer of bricks and pavers, with other investments in property development and listed equities | 290 | 270 | 3,726 |

HOLDINGS OF SECURITIES *continued*

As at 30 June 2015

| Code | Company | Principal Activity | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|--------------------------------|--|--------------------------------|--------------------------------|-----------------------------------|
| BLX | Beacon Lighting Group | Australia's largest lighting and accessory retailer with integrated operations from design and sourcing, through to merchandising and retailing | 608 | 1,624 | 3,248 |
| BXB | Brambles | Global provider of supply chain management and logistics solutions | 870 | 870 | 9,222 |
| CAJ | Capitol Health | Specialist provider of diagnostic imaging services | 0 | 3,482 | 2,664 |
| CBA* | Commonwealth Bank of Australia | Banking and wealth management services | 185 | 180 | 15,232 |
| CCL | Coca-Cola Amatil | Manufactures and distributes a range of carbonated soft drinks, fruit products and functional beverages, many of which are trademarks of The Coca-Cola Company | 365 | 100 | 915 |
| CGL | The Citadel Group | Provider of professional training services and technology-related consulting | 0 | 537 | 2,083 |
| CPU | Computershare | Global leader in the provision of registry-related investor services to publicly listed companies, and other business process solutions | 303 | 250 | 2,928 |
| CSL | CSL | Biopharmaceutical company that researches, develops, manufactures and markets products to treat and prevent serious human medical conditions | 62 | 77 | 6,658 |

| Code | Company | Principal Activity | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|----------------------------|--|--------------------------------|--------------------------------|-----------------------------------|
| CSV | CSG | A print and communications solution provider to corporate and government customers | 0 | 1,530 | 2,440 |
| CVO | Cover-More Group | Provider of travel insurance and medical assistance services | 0 | 940 | 2,237 |
| ENE | Energy Developments | International provider of renewable energy and low greenhouse gas emission energy | 0 | 400 | 2,920 |
| FDC* | Federation Centres | Owner and operator of Australian retail shopping centres | 0 | 800 | 2,334 |
| FPH | Fisher & Paykel Healthcare | Designer, manufacturer and marketer of a range of medical devices used in respiratory care and the treatment of obstructive sleep apnoea | 0 | 166 | 1,011 |
| GTY | Gateway Lifestyle Group | Develops and operates residential communities for elderly residents | 0 | 125 | 255 |
| HSO | Healthscope | One of Australia's leading private healthcare operators through the ownership and operation of private hospitals and medical centres | 0 | 375 | 1,020 |
| # | Hexima | Agricultural biotech company engaged in the research and development of technology for the genetic modification of crops | 875 | 875 | 0 |
| IPL | Incitec Pivot | Manufacturer and supplier of nitrogen-based fertiliser and industrial explosives | 1,500 | 1,708 | 6,576 |

HOLDINGS OF SECURITIES continued

As at 30 June 2015

| Code | Company | Principal Activity | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|-------------------------|---|--------------------------------|--------------------------------|-----------------------------------|
| IPP | iProperty Group | Operates internet-based real estate portals in Asian markets including Malaysia, Singapore, Hong Kong and Indonesia | 1,150 | 1,100 | 2,640 |
| ISU | iSelect | Provides an online comparison service that compares insurance, household utilities and personal finance products | 0 | 1,630 | 2,347 |
| JHC | Japara Healthcare | Provider of residential aged care services | 1,075 | 1,609 | 4,134 |
| JHX | James Hardie Industries | Building materials company focused on fibre cement products, predominantly in the United States | 200 | 200 | 3,464 |
| LIC | Lifestyle Communities | Develops, owns and manages independent living communities for elderly citizens. The company operates eight villages across Victoria, encompassing a full range of community and lifestyle-orientated facilities on site | 2,200 | 2,500 | 6,100 |
| MLB | Melbourne IT | Provides services to corporate customers to help them conduct their businesses online | 0 | 175 | 292 |
| MYX | Mayne Pharma Group | A specialty pharmaceutical company that develops and manufactures branded and generic products, which it distributes globally; either directly or through distribution partners | 0 | 1,200 | 1,182 |
| NAB | National Australia Bank | Banking and wealth management services | 250 | 230 | 7,661 |

| Code | Company | Principal Activity | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|-----------------------|---|--------------------------------|--------------------------------|-----------------------------------|
| OCL | Objective Corporation | Provider of information technology software and services | 0 | 512 | 1,065 |
| OSH* | Oil Search | Oil and gas explorer, developer and producer with assets predominantly in Papua New Guinea | 1,842 | 1,842 | 13,133 |
| QBE | QBE Insurance Group | General insurance and reinsurance services provider | 530 | 483 | 6,605 |
| QUB | Qube Holdings | Provider of import and export logistics services with national operations | 2,500 | 2,527 | 5,939 |
| RMD* | ResMed | Leading developer, manufacturer and distributor of medical equipment for treating, diagnosing and managing sleep-disordered breathing and other respiratory disorders | 485 | 650 | 4,718 |
| S32 | South32 | A globally diversified metals and mining company formed via its demerger by BHP | 0 | 808 | 1,445 |
| SGM | Sims Metal Management | A global metal recycling business that buys, processes and sells ferrous and non-ferrous recycled metals and recycles redundant electrical equipment | 0 | 240 | 2,501 |
| SHL | Sonic Healthcare | Specialist diagnostics company providing radiology and pathology services in Australia and overseas | 0 | 160 | 3,419 |
| STO | Santos | Leading Australian oil and gas producer, with a major position in the Cooper Basin and stakes in several key development projects, including Papua New Guinea and Gladstone LNG | 680 | 689 | 5,397 |

HOLDINGS OF SECURITIES *continued*

As at 30 June 2015

| Code | Company | Principal Activity | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|------|---------------------|--|--------------------------------|--------------------------------|-----------------------------------|
| TCL | Transurban Group | Developer and operator of electronic toll roads in Australia and overseas | 1,263 | 665 | 6,185 |
| TGR | Tassal Group | Producer and exporter of Atlantic salmon from Tasmania | 1,125 | 876 | 2,916 |
| TLS* | Telstra Corporation | Telecommunications operator and information services provider | 1,567 | 1,634 | 10,015 |
| TPM | TPG Telecom | Provider of a diverse range of communication services to residential users, small and medium enterprises, government and large corporate enterprises. The company owns and operates its own domestic network infrastructure and an international submarine cable connecting Australia and Guam | 540 | 655 | 5,875 |
| TSE | Transfield Services | Operations, maintenance and construction services business operating globally in the resources, energy, industrial, infrastructure, property and defence sectors | 1,650 | 1,545 | 2,202 |

| Code | Company | Principal Activity | Number Held 2014 '000 | Number Held 2015 '000 | Market Value 2015 \$'000 |
|--------------|-----------------------------|---|--------------------------------|--------------------------------|-----------------------------------|
| TWE | Treasury Wine Estates | Wine company with over 50 brands produced in Australia, New Zealand, the United States and Italy and sold globally | 671 | 671 | 3,347 |
| VED | Veda Group | A data analytics business that is the leading provider of credit information and analysis in Australia and New Zealand through the provision of credit reports relating to individuals and businesses | 0 | 1,100 | 2,442 |
| WBC* | Westpac Banking Corporation | Banking and wealth management services | 320 | 240 | 7,669 |
| WES | Wesfarmers | Diversified conglomerate with retailing operations in supermarkets, department stores, home improvement and office supplies. The group also operates businesses involved in coal mining, energy, insurance, chemicals, fertilisers and industrial and safety products | 75 | 65 | 2,537 |
| Total | | | | | 208,003 |

* Indicates that options were outstanding against part or all of the holding.

Unlisted security.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

| Acquisitions (Above \$2 Million) ¹ | Cost \$'000 |
|---|----------------|
| Sonic Healthcare | 3,594 |
| Asciano | 3,017 |
| Sims Metal Management | 2,952 |
| iSelect | 2,549 |
| Veda Group | 2,537 |
| CSG | 2,405 |
| Federation Centres | 2,378 |
| Capitol Health | 2,244 |
| CSL | 2,121 |
| Energy Developments | 2,088 |
| Cover-More Group | 2,008 |

| Disposals (Above \$2 Million) | Proceeds \$'000 |
|---------------------------------|--------------------|
| Equity Trustees ² | 6,481 |
| Transurban Group | 5,066 |
| Tox Free Solutions ² | 3,382 |
| SAI Global ² | 2,820 |
| Coca-Cola Amatil | 2,588 |
| Westpac Banking Corporation | 2,584 |
| AWE ² | 2,074 |

1. All are new stocks to the portfolio other than CSL.

2. Complete disposal from the portfolio.

5 YEAR SUMMARY

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------|--------|--------|--------|--------|
| Profit after tax (\$ million) | 6.98 | 6.28 | 7.58 | 8.92 | 8.37 |
| Net profit per share (cents) | 2.93 | 2.81 | 3.63 | 4.27 | 4.13 |
| Dividends per share (cents) ^(a) | 4.0 | 6.5 | 8.0 | 2.5 | 3.5 |
| Investments at market value (\$ million) ^(b) | 208.00 | 200.16 | 172.10 | 152.92 | 147.85 |
| Net asset backing (cents) ^(c) | 91 | 95 | 90 | 77 | 78 |
| Number of shareholders (30 June) | 2,392 | 2,329 | 2,257 | 2,190 | 2,246 |

Notes

- (a) 2015 carries 2.1 cents attributable 'LIC gain' per share. 2014: 5.7 cents, 2013: 7.1 cents, 2012 and 2011: nil.
- (b) Excludes cash.
- (c) Net asset backing per share based on year-end data before the provision for the final (and where applicable, special) dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as directors do not intend to dispose of the portfolio.

COMPANY PARTICULARS

AMCIL Limited (AMCIL)
ABN 57 073 990 735

Directors

Bruce B Teele, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Roger G Brown
Rupert Myer AO
Richard B Santamaria

Company Secretaries

Simon M Pordage
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office and Mailing Address

Level 21, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@amcil.com.au
Website amcil.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

Telephone 1800 780 784 (toll free)

Share Registrar

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Shareholder

Enquiry Lines 1300 653 916
+61 3 9415 4224
(from overseas)

Facsimile (03) 9473 2500

Website investorcentre.com/contact

For all enquiries relating to shareholdings, dividends and related matters, please contact the Share Registrar as above.

Australian Securities Exchange Code

AMH Ordinary shares

SHAREHOLDER MEETINGS

Annual General Meeting

Time 1.30pm
Date Wednesday 7 October 2015
Venue RACV City Club
Location 501 Bourke Street
Melbourne

Brisbane Meeting

Time 1.00pm
Date Friday 9 October 2015
Venue Hilton Hotel
Location 190 Elizabeth Street
Brisbane

Adelaide Meeting

Time 1.00pm
Date Monday 12 October 2015
Venue Adelaide Festival Centre
Location King William Road
Adelaide

Sydney Meeting

Time 1.00pm
Date Monday 19 October 2015
Venue Four Seasons Hotel
Location 199 George Street
Sydney

The Annual Report for 2015 is available on AMCIL's website amcil.com.au or by contacting the Company on (03) 9650 9911.





NOTICE OF ANNUAL GENERAL MEETING 2015

The Annual General Meeting of **AMCIL Limited**, ABN: 57 073 990 735 (the Company) will be held at: **RACV CITY CLUB, 501 BOURKE STREET, MELBOURNE, VICTORIA 3000** at **1.30pm (AEDT)** on **Wednesday 7 October 2015**.

The Company has determined that, for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at **7.00pm (AEDT) on Monday 5 October 2015**.

BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND REPORTS

To consider the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2015.

(Please note that no resolution will be required to be passed on this matter)

2. ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution *(as an ordinary resolution)*:

"That the Remuneration Report for the financial year ended 30 June 2015 be adopted."

(Please note that the vote on this item is advisory only)

3. RE-ELECTION OF DIRECTOR

To consider and, if thought fit, to pass the following resolution *(as an ordinary resolution)*:

"That Mr Peter Barnett, a Director retiring from office in accordance with Rule 46 of the Constitution, being eligible is re-elected as a Director of the Company."

4. RENEWAL OF PARTIAL TAKEOVER APPROVAL RULES

To consider and, if thought fit, pass the following resolution *(as a special resolution)*:

"To insert Rules 79 and 80 relating to partial takeover approvals in the Company's constitution in the form provided in the Explanatory Notes. If renewed, these Rules will come into effect from the close of the 2015 Annual General Meeting and will cease to have effect (unless renewed earlier) on 7 October 2018".

By Order of the Board

A handwritten signature in black ink, appearing to read 'Simon Pordage', written over a horizontal line.

Simon Pordage
Company Secretary
24 August 2015

EXPLANATORY NOTES

The Explanatory Notes below provide additional information regarding the items of business proposed for the Annual General Meeting.

IMPORTANT: Shareholders are urged to direct their proxy how to vote by clearly marking the relevant box for each item on the proxy form.

Please ensure that your properly completed proxy form reaches the share registry by the deadline of 1.30pm (AEDT) on Monday 5 October 2015.

1. FINANCIAL STATEMENTS AND REPORTS

During this item there will be an opportunity for shareholders to ask questions and comment on the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2015. No resolution will be required to be passed on this matter.

Shareholders who have not elected to receive a hard copy of the Company's 2015 Annual Report can view or download it from the Company's website at:

www.amcil.com.au/Shareholder-Reports.aspx

2. ADOPTION OF REMUNERATION REPORT

Board recommendation and undirected proxies: The Board recommends that shareholders vote **in FAVOUR of item 2**. The Chairman of the meeting intends to vote undirected proxies **in FAVOUR of item 2**.

During this item there will be a reasonable opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which can be found in the Company's 2015 Annual Report

Voting exclusions on item 2

Pursuant to section 250R(4) of the Corporations Act 2001, the Company is required to disregard any votes cast on item 2 (in any capacity) by or on behalf of either a member of the key management personnel, details of whose remuneration are included in the remuneration report; or a closely related party of such a member (together "prohibited persons").

However, the Company will not disregard a vote if:

- the prohibited person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- the vote is not cast on behalf of a prohibited person.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman of the meeting to vote for or against, or to abstain from voting on, the resolution on item 2 (Adoption of Remuneration Report) by marking the appropriate box opposite item 2 on the proxy form.

Pursuant to section 250R(5) of the Corporations Act 2001, if the Chairman of the meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite item 2, the relevant shareholder will be expressly authorising the Chairman to exercise the proxy in relation to item 2.

ITEM 3. RE-ELECTION OF DIRECTOR

Board recommendation and undirected proxies: The Board recommends that shareholders vote in **FAVOUR of item 3**. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR of item 3**.

Mr Barnett was last re-elected by shareholders in 2012 and as such is required to seek re-election by shareholders at this Annual General Meeting. His biographical details are below:

Peter C Barnett
FCPA. Independent Non-Executive Director. Chairman of the Audit Committee.

Mr Barnett is a company Director who was appointed a Director in August 1996. He is a former Director of Djerrriwarrh Investments Limited, Mayne Group Limited and Santos Limited and a former member of the advisory council of ABN Amro Australasia Limited.

Further information regarding the Company's corporate governance arrangements and the Board's role can be found on the Company's website at:

www.amcil.com.au/Corporate-Governance.aspx and
www.amcil.com.au/Board-Role-and-Membership.aspx

4. RENEWAL OF PARTIAL TAKEOVER APPROVAL RULES

Board recommendation and undirected proxies: The Board recommends that shareholders vote in **FAVOUR of item 4**. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR of item 4**.

This is the Explanatory Statement pursuant to Section 648G of the Corporations Act 2001 (Cth) in relation to altering the Constitution of the Company.

The Corporations Act permits a company to include rules in its Constitution which enable the company to refuse to register a transfer of shares resulting from a partial (or proportional) takeover bid unless a resolution is first passed by members approving the takeover bid.

The proposed adoption of the partial takeover approval provisions

The Directors propose to renew the following partial takeover approval rules in the Company's Constitution. They mirror exactly the existing Rules 79 and 80, previously approved by shareholders at the 2012 AGM and which will expire on 10 October 2015 unless renewed earlier:

79. Restriction on Registration

Subject to the Corporations Act and the Listing Rules, the registration of any transfer of shares giving effect to a takeover contract under a proportional takeover bid in respect of shares in a class of shares in the Company is prohibited unless and until a resolution to approve the takeover bid is passed in accordance with rule 80.

80. Procedures

- (a) Subject to rule 80(b), the only persons entitled to vote on a resolution to approve a proportional takeover bid are those persons who, as at the end of the day on which the first offer under the takeover bid was made, held shares included in the bid class for which the offer was made. Each person entitled to vote has one vote for each share in the relevant class held by the person at that time.
- (b) Neither the bidder under the takeover bid nor any associate of the bidder is entitled to vote on the resolution.
- (c) The resolution is to be considered at a meeting convened and conducted by the Company of the persons entitled to vote on the resolutions. The provisions of this Constitution relating to general meetings apply to the meeting with any modifications the Directors decide are required in the circumstances.
- (d) The resolution is taken to have been passed only if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50 per cent.

If approved by shareholders at the meeting, the proposed Rules 79 and 80 will operate for three years from the date of the meeting (that is, until 7 October 2018) unless renewed earlier.

Partial takeover bids

A partial takeover bid involves the bidder offering to buy a proportion only of each shareholder's shares in the target company.

This means that control of the target company may pass without members having the chance to sell all their shares to the bidder. It also means the bidder may acquire control of the target company without paying an adequate premium for gaining control.

To address this possibility, a company may provide in its Constitution that, in the event of a partial takeover bid being made for shares in the company, the directors must convene a meeting of shareholders to vote on a resolution to approve that bid.

A meeting convened under the partial takeover provisions is treated as a general meeting of the company and the majority decision of the company's members will be binding on all individual members.

The Directors consider that it is in the interests of shareholders for the Company to have the partial takeover approval rules in the Constitution of the Company.

Effect of proposed partial takeover approval rules

Where a partial takeover bid is made, the Directors must convene a meeting of shareholders to vote on a resolution to approve the partial bid before the 14th day prior to the closing of the bid period.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the takeover bid was made, held bid class shares is entitled to vote. Neither the bidder nor its associates are entitled to vote on the resolution.

If a meeting is not held, a resolution approving the partial bid will be deemed by section 648E of the Corporations Act to have been passed thereby allowing the partial bid to proceed. Further, the Directors will contravene the Act if they fail to ensure a resolution to approve the bid is voted on.

If the resolution is rejected, the registration of any transfer of shares resulting from that partial takeover bid will be prohibited and the bid will be deemed to be withdrawn. If the resolution is approved, the relevant transfers of shares will be registered provided they comply with the other provisions of the Constitution.

Rules 79 and 80 will not apply to full takeover bids and will expire three years after the date they were adopted as part of the Company's Constitution unless renewed by a further special resolution of shareholders.

Reason for proposing the resolution

The Directors consider that inclusion of the proposed Rules is in the interests of all shareholders of the Company. In the Directors' view, shareholders should have the opportunity to vote on a proposed partial takeover bid.

A partial takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest and without shareholders having the opportunity to dispose of all their shares so that shareholders risk being locked into a minority position in the Company or suffering loss if the bid causes a decrease in the market value of shares.

Rules 79 and 80 will prevent this situation occurring by permitting shareholders to decide whether or not a partial takeover bid should be allowed to proceed.

Present acquisition proposals

As at the date of this notice, the Directors are not aware of any proposal by any person to acquire a substantial interest in the Company.

Advantages and disadvantages

The Corporations Act requires this explanatory statement to discuss the potential advantages and disadvantages of the partial takeover approval rules for both Directors and shareholders.

While the partial takeover approval provisions have been in effect, there have been no takeover bids for the Company either proportional or otherwise. So, there are no actual examples against which to review the advantages and disadvantages of the existing partial takeover provisions (contained in Rules 79 and 80) for the Directors and shareholders of the Company. The Directors are not aware of any potential takeover bid which was discouraged by Rules 79 and 80.

In addition to looking at the provisions retrospectively, the Corporations Act also requires this explanatory statement to discuss the potential future advantages and disadvantages of the proposed rules for both Directors and shareholders.

The Directors consider that there are no advantages or disadvantages for the Directors in renewing the proposed partial takeover approval rules. In particular, there is no restriction on their ability to make a recommendation on whether a partial takeover bid should be accepted.

For shareholders, the potential advantage of renewing the partial takeover approval rules again is that they provide shareholders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a partial takeover bid should be approved. This ensures that shareholders have an opportunity to have a say in the future ownership and control of the Company. The Directors believe that this would encourage any future partial bids to be structured so as to be attractive to a majority of shareholders.

A potential disadvantage for shareholders arising from renewing the partial takeover approval rules again is that they may discourage partial takeover bids being made and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a partial offer being made. As a result, shareholders may not have the opportunity to dispose of their shares at an attractive price where the majority rejects an offer from a party seeking control of the Company. The Directors consider that the potential advantages for shareholders of the proposed partial takeover approval rules outweigh the potential disadvantages.

Shareholder approval

To pass as a special resolution, this item of business requires the support of 75% or more of the votes cast on the resolution.

SHAREHOLDER INFORMATION

Proxies

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, vote and speak in the shareholder's place and to join in any demand for a poll.
2. Where a shareholder appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands.
3. A shareholder who appoints two proxies may specify a proportion or number of the shareholder's votes each proxy is appointed to exercise. Where no such specification is made, each proxy may exercise half of the votes (any fractions of votes resulting from this are disregarded).
4. **Proxy forms may be lodged online by visiting www.investorvote.com.au or by scanning the QR Code on the proxy form with a mobile device.**
5. **Relevant custodians may lodge their proxy forms online by visiting www.intermediaryonline.com**
6. Proxy forms and any authorities (or certified copies of those authorities) under which they are signed may be delivered in person, by mail or by fax to the Company's Share Registry (see details below) no later than 48 hours before the meeting, being **1.30pm (AEDT) on Monday 5 October 2015**. Further details are on the proxy form.
7. A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting exclusions noted above).
8. If a proxy does not attend the meeting or does not vote on a poll on a resolution, then the Chairman of the meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting or the poll on that resolution, as applicable. If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this Notice, including the voting exclusions noted above).

Corporate representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the Corporations Act 2001.

Attorneys

A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours before the meeting.

Share Registry

The Company's Share Registry details are as follows:

Computershare Investor Services Pty Limited

Street address:
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Postal address:
GPO Box 242
Melbourne VIC 3001

Telephone: 1300 653 916 (within Australia)
+61 3 9415 4224 (outside Australia)
Facsimile: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)
Internet: www.investorcentre.com/contact



ABN 57 073 990 735

Lodge your proxy:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

In Person:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online users only (Custodians)
www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 653 916
(outside Australia) +61 3 9415 4224

Proxy Form



Appoint your proxy and view the Annual Report online

Go to www.investorvote.com.au or scan the QR Code with your mobile device. Follow the instructions on the secure website to appoint your proxy.

Your access information that you will need to appoint your proxy online:

Control Number:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential. Please dispose of this form carefully if you appoint your proxy online.

For your proxy form to be effective it must be received by 1.30pm (AEDT) on Monday 5 October 2015

How to direct your proxy to vote

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Step 1 overleaf.

A proxy need not be a shareholder of the Company.

Lodgement of proxy form

This proxy form (and any authority under which it is signed or a certified copy of it) must be received at an address given above by 1.30pm (AEDT) on Monday 5 October 2015, being not later than 48 hours before the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Signing instructions for postal forms

Individual: Where the holding is in one name, the shareholder or attorney must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders or attorneys should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the meeting

If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO APPOINT YOUR PROXY,
or turn over to complete the form →**

Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a proxy to vote on your behalf

I/We being a shareholder/s of **AMCIL LIMITED** hereby appoint

the Chairman of the meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named in relation to the meeting generally or in relation to a poll on a given resolution, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting or in relation to a poll on the given resolution (as applicable) on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of **AMCIL Limited** to be held at **RACV City Club, 501 Bourke Street, Melbourne, Victoria, at 1.30pm (AEDT) on Wednesday 7 October 2015** and at any adjournment or postponement of that meeting.

Chairman to vote undirected proxies in favour: I/We acknowledge that the Chairman of the meeting intends to vote undirected proxies in favour of each item of business, to the extent permitted by law.

Chairman authorised to exercise proxies on remuneration related matters: If I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman of the meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the meeting (to the extent permitted by law) to exercise my/our proxy in respect of item 2 even though the item is connected directly or indirectly with the remuneration of a member of key management personnel of AMCIL Limited, which includes the Chairman of the meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| ORDINARY BUSINESS | | For | Against | Abstain |
|-------------------|--|--------------------------|--------------------------|--------------------------|
| Item 2 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 3 | Re-election of Director - Mr Peter Barnett | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 4 | Renewal of partial takeover rules in the Constitution for a further three years (special resolution) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Board recommendations and undirected proxies: The Board recommends shareholders vote in favour of each item of business. The Chairman of the meeting intends to vote undirected proxies in favour of each item of business, to the extent permitted by law.

SIGN Signature of Shareholder(s) *This section must be completed.*

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____ Date / /

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