



# **AMCIL LIMITED**

ABN 57 073 990 735

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## **APPENDIX 4D STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

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### **CONTENTS**

- Results for announcement to the market
- Media Release
- Appendix 4D Accounts
- Independent Auditors' Review Report

*This half-year report is presented under listing rule 4.2A and should be read in conjunction with the Company's 2016 Annual Report.*

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## RESULTS FOR ANNOUNCEMENT TO THE MARKET

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The reporting period is the half-year ended 31 December 2016 with the previous corresponding period being the half-year ended 31 December 2015. The results have been reviewed by the Company's auditors.

### Results for announcement to the market

- Profit for the half-year was \$2.4 million, down 53.7% from \$5.1 million the previous corresponding period. This was primarily due to the decreased use of the trading and options written portfolios, which together recorded gains before tax of \$3.2 million in the previous corresponding period compared to a loss of \$0.1 million in the current period.
- Revenue from investments was \$3.31 million, down 9.1% from \$3.64 million in the previous corresponding period. This excludes capital gains on investments.
- Net tangible asset backing per share before any provision for tax on unrealised gains at 31 December 2016 was 93 cents per share, the same as at the end of the previous corresponding period.
- A final dividend of 3.5 cents per share (fully franked) in respect of the financial year ended 30 June 2016 was paid on 25 August 2016.
- In line with the Company's practice, no interim dividend has been declared in respect of the half-year ended 31 December 2016.
- Management expense ratio of 0.64%.



# **AMCIL well placed with strong cash position**

## **Half Year Report to 31 December 2016**

### **Key Themes –**

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- **AMCIL's investment approach is to have a focused portfolio in which large, mid and small companies can have an equally important impact on portfolio returns.**
  - **The market has seen investor sentiment swing back toward to large cap stocks. At the same time a number of small company share prices fell on the back of revisions to previously strong growth expectations.**
  - **AMCIL has a lower level of exposure to large companies than the benchmark.**
  - **Six month portfolio return was 3.6%; including franking it was 5.2%.**
  - **Five year portfolio return was 10.4% per annum; including franking it was 12.8% per annum.**
  - **The number of holdings in the portfolio was reduced to 53 from 64.**
  - **The market in our view appears to be fully valued at current levels.**
  - **Cash position of \$23.5 million is higher than usual and represents 9.7% of the portfolio. This is available for opportunities as they arise.**
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### **Result Summary –**

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- **Half Year Profit of \$2.4 million, down from \$5.1 million in the previous corresponding period:**
    - **Reduced contribution from the Trading and Options Portfolios.**
    - **Decline in investment income.**
  - **In line with previous years the Board has not declared an interim dividend**
  - **Management expense ratio of 0.64%.**
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## **Profit**

Profit for the half year was \$2.4 million compared to \$5.1 million from the corresponding period last year. This was due primarily to the fall in the contribution from the Trading Portfolio and options which were down \$3.3 million, as the significant gains generated last half were not repeated this half year. There was also a decline in investment income received as a result of the cut in dividend from BHP Billiton and recent adjustments made to the portfolio.

In line with previous years the Board has not declared an interim dividend.

## **Portfolio Performance**

Over the six month period there was renewed investor interest in large companies, which up until recently, had underperformed. Banks and resources drove a large part of this growth. On the other hand many small and mid-cap industrial companies underperformed the market as their strong growth expectations were revised which led to share price falls. AMCIL currently has a larger exposure to the small and mid-cap sectors than large cap stocks.

AMCIL's total portfolio return over the half year was 3.6%. Given AMCIL's dividend policy seeks to maximise the distribution of franking credits, including those arising from taxable realised gains, it is appropriate to add franking credits to total returns. On this basis, assuming the full benefit of franking credits, AMCIL's portfolio delivered a return of 5.2% whereas the S&P/ASX 200 Accumulation Index return was 11.4% on the same basis over the half year.

The best performing stocks over the half year were Lifestyle Communities, ASG Group and Cover-More Group (both of which were subject to takeovers), Mainfreight, BHP Billiton and Treasury Wine Estates.

## **Adjustments to the Portfolio**

Over the six month period the number of holdings in the portfolio was reduced to 53 from 64. Holdings were sold where the investment case had become less compelling because of high valuation levels or the outlook for growth had become less certain against our original investment thesis. A more focused portfolio provides for a concentration of our best investment ideas in line with the intent of AMCIL's investment activities.

Major sales included the complete disposal of holdings in Ardent Leisure, CSG, Telstra, Gateway Lifestyle Group, Adairs and Westpac. Exposures were also reduced in The Citadel Group, Treasury Wine Estates and Japara Healthcare. ASG Group and Pacific Brands were taken over during the period.

Major purchases included National Australia Bank and the addition of new holdings to the portfolio: Iluka Resources and Isentia Group.

Given the strength of the market over the period AMCIL was cautious about investing all of the funds generated from sales. As a result this leaves AMCIL with a strong cash position at 31 December 2016 of \$23.5 million.

## **Outlook**

Economic conditions are not materially different from those prior to the recent rally. However, the recent strength of international equity markets is reflective of an expectation that there will be further improvements in the US which will flow through to global growth.

However this economic pick-up may take some time to eventuate, particularly if it is against a backdrop of rising interest rates in the US and more unpredictable geopolitical conditions. The outlook for China will also be a key for the Australian market. In a potentially more volatile environment, we expect AMCIL will get the opportunity to deploy its cash in quality companies at more reasonable prices.

Please direct any enquiries to:

Ross Barker  
Managing Director  
(03) 9225 2101

Geoff Driver  
General Manager  
(03) 9225 2102

**24 January 2017**

## MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

| Acquisitions (above \$2.0 million) | Cost<br>\$'000 |
|------------------------------------|----------------|
|------------------------------------|----------------|

|                         |       |
|-------------------------|-------|
| National Australia Bank | 4,644 |
| Iluka Resources         | 3,219 |
| Isentia Group           | 3,147 |

| Disposals (above \$2.0 million) | Proceeds<br>\$'000 |
|---------------------------------|--------------------|
|---------------------------------|--------------------|

|                                                       |       |
|-------------------------------------------------------|-------|
| ASG Group <sup>#</sup> (takeover by Nomura Research)  | 6,520 |
| Ardent Leisure Group <sup>#</sup>                     | 3,945 |
| CSG <sup>#</sup>                                      | 3,230 |
| Telstra <sup>#</sup>                                  | 3,026 |
| The Citadel Group                                     | 2,386 |
| Treasury Wine Estates                                 | 2,221 |
| Gateway Lifestyle Group <sup>#</sup>                  | 2,213 |
| Pacific Brands <sup>#</sup> (takeover by HanesBrands) | 2,200 |
| Adairs <sup>#</sup>                                   | 2,159 |
| Japara Healthcare                                     | 2,106 |
| Westpac <sup>#</sup>                                  | 2,092 |

<sup>#</sup> complete disposal from the portfolio

### New Companies Added to the Portfolio

|                 |                      |
|-----------------|----------------------|
| Iluka Resources | TPI Enterprises      |
| Isentia Group   | Ellex Medical Lasers |
| Challenger      |                      |

## TOP INVESTMENTS AS AT 31 DECEMBER 2016

*Includes investments held in both the Investment and Trading Portfolios*

Valued at closing prices at 30 December 2016

|    |                                            | Total Value<br>\$ '000 | % of the<br>portfolio |
|----|--------------------------------------------|------------------------|-----------------------|
| 1  | Lifestyle Communities                      | 10,203                 | 4.7%                  |
| 2  | * Commonwealth Bank of Australia           | 9,744                  | 4.5%                  |
| 3  | * Brambles                                 | 9,341                  | 4.3%                  |
| 4  | * National Australia Bank                  | 8,933                  | 4.1%                  |
| 5  | Mainfreight                                | 8,873                  | 4.1%                  |
| 6  | * CSL                                      | 8,197                  | 3.8%                  |
| 7  | QBE Insurance Group                        | 6,707                  | 3.1%                  |
| 8  | * Qube Holdings                            | 6,687                  | 3.1%                  |
| 9  | * James Hardie Industries                  | 6,660                  | 3.0%                  |
| 10 | Incitec Pivot                              | 6,219                  | 2.8%                  |
| 11 | * Oil Search                               | 6,030                  | 2.8%                  |
| 12 | * Treasury Wine Estates                    | 5,860                  | 2.7%                  |
| 13 | Wellcom Group                              | 5,478                  | 2.5%                  |
| 14 | Mayne Pharma Group                         | 5,380                  | 2.5%                  |
| 15 | * Transurban Group                         | 5,148                  | 2.4%                  |
| 16 | * TPG Telecom                              | 4,966                  | 2.3%                  |
| 17 | AMA Group                                  | 4,879                  | 2.2%                  |
| 18 | * BHP Billiton                             | 4,837                  | 2.2%                  |
| 19 | * AMP                                      | 4,377                  | 2.0%                  |
| 20 | Cover-More Group                           | 4,161                  | 1.9%                  |
|    |                                            | <u>132,679</u>         |                       |
|    | As % of Total Portfolio<br>(excludes Cash) | 60.7%                  |                       |

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

Cash position at 31 December 2016 - \$23.5 million



## PORTFOLIO PERFORMANCE TO 31 DECEMBER 2016

| PERFORMANCE MEASURES AT 31 DECEMBER 2016                      | 6 MONTH     | 1 YEAR      | 5 YEARS<br>%PA | 10 YEARS<br>%PA |
|---------------------------------------------------------------|-------------|-------------|----------------|-----------------|
| <i>PORTFOLIO RETURN</i>                                       | <b>3.6%</b> | <b>3.8%</b> | <b>10.4%</b>   | <b>8.1%</b>     |
| <b>S&amp;P/ASX 200 ACCUMULATION INDEX</b>                     | 10.6%       | 11.8%       | 11.9%          | 4.5%            |
| <i>PORTFOLIO GROSS RETURN INCLUDING DIVIDENDS REINVESTED*</i> | <b>5.2%</b> | <b>5.4%</b> | <b>12.8%</b>   | <b>10.4%</b>    |
| <b>S&amp;P/ASX 200 ACCUMULATION INDEX*</b>                    | 11.4%       | 13.4%       | 13.6%          | 6.1%            |

Note: Portfolio performance is measured by the change in net asset backing plus reinvested dividends and adjusting for the additional cash received from the exercise of options since recapitalisation of the Company. AMCIL's portfolio return is calculated after management fees, income tax and capital gains tax on realised sales of investments. It should also be noted that Index returns for the market do not include the impact of management expenses or tax.

\*Incorporates the benefit of franking credits for those who can fully utilise them.



# **AMCIL LIMITED**

ABN 57 073 990 735

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## **HALF-YEAR REPORT 31 DECEMBER 2016**

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## COMPANY PARTICULARS

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### AMCIL Limited (“AMH”)

ABN 57 073 990 735

AMCIL is a Listed Investment Company. It is an investor in equities and similar securities on the stock market primarily in Australia.

**Directors:** Bruce Teele, Chairman  
Ross Barker, Managing Director  
Roger Brown  
Siobhan McKenna  
Rupert Myer AO  
Richard (Bob) Santamaria  
Jonathan Webster

**Company Secretaries:** Matthew Rowe  
Andrew Porter

**Auditor:** PricewaterhouseCoopers, Chartered Accountants

**Country of incorporation:** Australia

**Registered office:** Level 21  
101 Collins Street  
Melbourne, Victoria 3000

**Contact Details:** Mail Address: Level 21, 101 Collins St., Melbourne, Victoria 3000  
Telephone: (03) 9650 9911  
Facsimile: (03) 9650 9100  
Email: [invest@amcil.com.au](mailto:invest@amcil.com.au)  
Internet address: [www.amcil.com.au](http://www.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 Limited

Mail Address: GPO Box 2975, Melbourne, Victoria 3001  
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067

AMH Shareholder enquiry line: 1300 653 916  
+613 9415 4224 (from overseas)

Facsimile: (03) 9473 2500  
Internet: [www.investorcentre.com/contact](http://www.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

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## DIRECTORS' REPORT

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This report in relation to the half-year to 31 December 2016 is presented by the Directors of AMCIL Limited ('the Company') in accordance with a resolution of Directors.

### Directors

The following persons were directors of the Company during the half-year and up to the date of this report:

B.B. Teele (appointed December 2003)  
R.E. Barker (appointed May 1996)  
R.G. Brown (appointed February 2014)  
S.L. McKenna (appointed March 2016)  
R.H. Myer AO (appointed January 2000)  
R.B. Santamaria (appointed August 1996)  
J.J. Webster (appointed November 2016)

### Company operations and results

#### Overview

AMCIL is a Listed Investment Company which invests primarily in securities listed on the Australian Securities Exchange.

#### Performance Indicators and Outcomes

Profit for the half-year, which was \$2.4 million, was down 54% from the previous corresponding period. This was primarily due to the decreased use of the trading and options written portfolios, which together recorded gains before tax of \$3.2 million in the previous corresponding period compared to a loss of \$0.1 million in the current period.

The net profit for the six months was equivalent to 0.92 cents per share (2015 : 2.08 cents per share).

Dividends and distributions from investments amounted to \$3.2 million for the half-year, of which \$2.0 million was from fully franked dividends.

The portfolio return for the six months to December 2016 delivered a return of 3.6% compared to the broader S&P/ASX200 return of 10.6%. AMCIL's portfolio return is after costs and tax paid (including tax on realised capital gains which can be returned to shareholders via franking credits).

As with previous years, the Board has decided not to declare an interim dividend.

#### Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

### **Rounding of amounts**

The Company is of a kind referred to in the ASIC Corporations' (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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 Instrument.

This report is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'R.H. Myer', with a long, sweeping horizontal stroke extending to the left.

R.H. Myer AO  
Director  
Melbourne  
24 January 2017



## Auditor's Independence Declaration

As lead auditor for the review of AMCIL Limited for the half-year ended 31 December 2016, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Charles Christie'.

Charles Christie  
Partner  
PricewaterhouseCoopers

Melbourne  
24 January 2017

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 1300 799 615, F: 1300 799 618, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

## INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

|                                                      | Note     | Half-year<br>2016<br>\$'000 | Half-year<br>2015<br>\$'000 |
|------------------------------------------------------|----------|-----------------------------|-----------------------------|
| Dividends and distributions                          |          | 3,184                       | 3,565                       |
| Revenue from deposits and bank bills                 |          | 125                         | 75                          |
| <b>Total revenue</b>                                 |          | <b>3,309</b>                | <b>3,640</b>                |
| Net gains/(losses) on trading and options portfolios |          | (123)                       | 3,238                       |
| Other income                                         |          | 6                           | 4                           |
| <b>Income from operating activities</b>              | <b>3</b> | <b>3,192</b>                | <b>6,882</b>                |
| Finance costs                                        |          | (25)                        | (40)                        |
| Administration expenses                              |          | (775)                       | (727)                       |
| <b>Profit before income tax expense</b>              |          | <b>2,392</b>                | <b>6,115</b>                |
| Income tax expense                                   |          | (40)                        | (1,030)                     |
| <b>Profit for the half-year</b>                      |          | <b>2,352</b>                | <b>5,085</b>                |
|                                                      |          | <b>Cents</b>                | <b>Cents</b>                |
| Basic earnings per share                             | <b>8</b> | 0.92                        | 2.08                        |

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

# STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

|                                                                       | Half-Year to 31 December 2016 |                   |                 | Half-Year to 31 December 2015 |                   |                 |
|-----------------------------------------------------------------------|-------------------------------|-------------------|-----------------|-------------------------------|-------------------|-----------------|
|                                                                       | Revenue<br>\$'000             | Capital<br>\$'000 | Total<br>\$'000 | Revenue<br>\$'000             | Capital<br>\$'000 | Total<br>\$'000 |
| <b>Net Profit</b>                                                     | <b>2,352</b>                  | <b>-</b>          | <b>2,352</b>    | <b>5,085</b>                  | <b>-</b>          | <b>5,085</b>    |
| <b>Other Comprehensive Income</b>                                     |                               |                   |                 |                               |                   |                 |
| Gains for the period on equity securities in the investment portfolio | -                             | 7,921             | <b>7,921</b>    | -                             | 10,285            | <b>10,285</b>   |
| Deferred tax expense on above                                         | -                             | (2,438)           | <b>(2,438)</b>  | -                             | (3,134)           | <b>(3,134)</b>  |
| <b>Total Other Comprehensive Income<sup>1</sup></b>                   | <b>-</b>                      | <b>5,483</b>      | <b>5,483</b>    | <b>-</b>                      | <b>7,151</b>      | <b>7,151</b>    |
| <b>Total comprehensive income <sup>2</sup></b>                        | <b>2,352</b>                  | <b>5,483</b>      | <b>7,835</b>    | <b>5,085</b>                  | <b>7,151</b>      | <b>12,236</b>   |

<sup>1</sup> These are the net capital gains/(losses) not accounted for through the Income Statement.

<sup>2</sup> This is the company's Net Return for the half-year, which includes the Net Profit plus the net realised and unrealised gains or losses on the Company's investment portfolio.

Note that 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 31 DECEMBER 2016

|                                                 | Note | 31 Dec<br>2016<br>\$'000 | 30 June<br>2016<br>\$'000 |
|-------------------------------------------------|------|--------------------------|---------------------------|
| <b>Current assets</b>                           |      |                          |                           |
| Cash                                            |      | 23,528                   | 7,375                     |
| Receivables                                     |      | 206                      | 981                       |
| Trading portfolio                               |      | 397                      | 157                       |
| <b>Total current assets</b>                     |      | <b>24,131</b>            | <b>8,513</b>              |
| <b>Non-current assets</b>                       |      |                          |                           |
| Investment portfolio                            |      | 218,987                  | 233,537                   |
| Deferred tax assets                             |      | 124                      | -                         |
| <b>Total non-current assets</b>                 |      | <b>219,111</b>           | <b>233,537</b>            |
| <b>Total assets</b>                             |      | <b>243,242</b>           | <b>242,050</b>            |
| <b>Current liabilities</b>                      |      |                          |                           |
| Payables                                        |      | 256                      | 3,139                     |
| Options written portfolio                       | 4    | 957                      | 229                       |
| Tax payable                                     |      | 1,767                    | 1,226                     |
| <b>Total current liabilities</b>                |      | <b>2,980</b>             | <b>4,594</b>              |
| <b>Non-current liabilities</b>                  |      |                          |                           |
| Deferred tax liabilities                        |      | -                        | 44                        |
| Deferred tax liabilities - investment portfolio | 5    | 16,946                   | 16,119                    |
| <b>Total non-current liabilities</b>            |      | <b>16,946</b>            | <b>16,163</b>             |
| <b>Total liabilities</b>                        |      | <b>19,926</b>            | <b>20,757</b>             |
| <b>Net Assets</b>                               |      | <b>223,316</b>           | <b>221,293</b>            |
| <b>Shareholders' equity</b>                     |      |                          |                           |
| Share Capital                                   | 6    | 171,658                  | 168,556                   |
| Revaluation Reserve                             |      | 26,838                   | 25,620                    |
| Realised Capital Gains Reserve                  |      | 8,243                    | 4,485                     |
| Retained Profits                                |      | 16,577                   | 22,632                    |
| <b>Total shareholders' equity</b>               |      | <b>223,316</b>           | <b>221,293</b>            |

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

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

| Half-Year to 31 December 2016                                              | Note | Share<br>Capital<br>\$'000 | Revaluation<br>Reserve<br>\$'000 | Realised<br>Capital<br>Gains<br>\$'000 | Retained<br>Profits<br>\$'000 | Total<br>\$'000 |
|----------------------------------------------------------------------------|------|----------------------------|----------------------------------|----------------------------------------|-------------------------------|-----------------|
| <b>Total equity at the beginning of the half-year</b>                      |      | 168,556                    | 25,620                           | 4,485                                  | 22,632                        | 221,293         |
| Dividends paid                                                             | 7    | -                          | -                                | -                                      | (8,914)                       | (8,914)         |
| Shares issued – Dividend Reinvestment Plan                                 |      | 3,113                      | -                                | -                                      | -                             | 3,113           |
| Share Issue Transaction Costs                                              |      | (11)                       | -                                | -                                      | -                             | (11)            |
| <b>Total transactions with shareholders</b>                                |      | 3,102                      | -                                | -                                      | (8,914)                       | (5,812)         |
| <br><b>Profit for the half-year</b>                                        |      | -                          | -                                | -                                      | 2,352                         | 2,352           |
| <br><b><i>Other Comprehensive Income for the half-year</i></b>             |      |                            |                                  |                                        |                               |                 |
| Net gains for the period on equity securities in the investment portfolio  |      | -                          | 5,483                            | -                                      | -                             | 5,483           |
| <b>Other Comprehensive Income for the half-year</b>                        |      | -                          | 5,483                            | -                                      | -                             | 5,483           |
| Transfer to Retained Profits of net cumulative non-taxable gains           |      | -                          | (507)                            | -                                      | 507                           | -               |
| Transfer to Realised Capital Gains Reserve of net cumulative taxable gains |      | -                          | (3,758)                          | 3,758                                  | -                             | -               |
| <br><b>Total equity at the end of the half-year</b>                        |      | 171,658                    | 26,838                           | 8,243                                  | 16,577                        | 223,316         |

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

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONT.)

| Half-Year to 31 December 2015                                               | Note | Share<br>Capital<br>\$'000 | Revaluation<br>Reserve<br>\$'000 | Realised<br>Capital<br>Gains<br>\$'000 | Retained<br>Profits<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------------------------------|------|----------------------------|----------------------------------|----------------------------------------|-------------------------------|-----------------|
| <b>Total equity at the beginning of the half-year</b>                       |      | 157,880                    | 22,661                           | 7,064                                  | 18,065                        | 205,670         |
| Dividends paid                                                              | 7    | -                          | -                                | (3,628)                                | (6,047)                       | (9,675)         |
| Shares issued – Dividend Reinvestment Plan                                  |      | 3,513                      | -                                | -                                      | -                             | 3,513           |
| Share Issue Transaction Costs                                               |      | (11)                       | -                                | -                                      | -                             | (11)            |
| <b>Total transactions with shareholders</b>                                 |      | 3,502                      | -                                | (3,628)                                | (6,047)                       | (6,173)         |
| <b>Profit for the half-year</b>                                             |      | -                          | -                                | -                                      | 5,085                         | 5,085           |
| <b><i>Other Comprehensive Income for the half-year</i></b>                  |      |                            |                                  |                                        |                               |                 |
| Net gains for the period on equity securities in the investment portfolio   |      | -                          | 7,151                            | -                                      | -                             | 7,151           |
| <b>Other Comprehensive Income for the half-year</b>                         |      | -                          | 7,151                            | -                                      | -                             | 7,151           |
| Transfer to Retained Profits of net cumulative non-taxable gains            |      | -                          | (1,650)                          | -                                      | 1,650                         | -               |
| Transfer to Realised Capital Gains Reserve of net cumulative taxable losses |      | -                          | 1,014                            | (1,014)                                | -                             | -               |
| <b>Total equity at the end of the half-year</b>                             |      | 161,382                    | 29,176                           | 2,422                                  | 18,753                        | 211,733         |

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

## CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

|                                                                  | Half-year<br>2016<br>\$'000<br>INFLOWS/<br>(OUTFLOWS) | Half-year<br>2015<br>\$'000<br>INFLOWS/<br>(OUTFLOWS) |
|------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| <b>Cash flows from operating activities</b>                      |                                                       |                                                       |
| Sales from trading portfolio                                     | 337                                                   | 4,335                                                 |
| Purchases for trading portfolio                                  | (540)                                                 | (5,515)                                               |
| Interest received                                                | 125                                                   | 75                                                    |
| Proceeds from entering into options in options written portfolio | 1,173                                                 | 605                                                   |
| Payment to close out options in options written portfolio        | (492)                                                 | (5)                                                   |
| Dividends and distributions received                             | 3,749                                                 | 3,512                                                 |
|                                                                  | <u>4,352</u>                                          | <u>3,007</u>                                          |
| Administration expenses                                          | (776)                                                 | (709)                                                 |
| Finance costs paid                                               | (25)                                                  | (38)                                                  |
| Taxes paid                                                       | (826)                                                 | (271)                                                 |
| Other receipts                                                   | 6                                                     | 4                                                     |
| <b>Net cash inflow/(outflow) from operating activities</b>       | <u><b>2,731</b></u>                                   | <u><b>1,993</b></u>                                   |
| <b>Cash flows from investing activities</b>                      |                                                       |                                                       |
| Sales from investment portfolio                                  | 52,543                                                | 43,659                                                |
| Purchases for investment portfolio                               | (32,856)                                              | (49,936)                                              |
| Taxes paid on capital gains                                      | (452)                                                 | (1,451)                                               |
| <b>Net cash inflow/(outflow) from investing activities</b>       | <u><b>19,235</b></u>                                  | <u><b>(7,728)</b></u>                                 |
| <b>Cash flows from financing activities</b>                      |                                                       |                                                       |
| Proceeds from borrowing                                          | -                                                     | 3,500                                                 |
| Repayment of borrowings                                          | -                                                     | (2,500)                                               |
| Share issues                                                     | 3,112                                                 | 3,513                                                 |
| Share issues transaction costs                                   | (11)                                                  | (11)                                                  |
| Dividends paid                                                   | (8,914)                                               | (9,675)                                               |
| <b>Net cash inflow/(outflow) from financing activities</b>       | <u><b>(5,813)</b></u>                                 | <u><b>(5,173)</b></u>                                 |
| Net increase/(decrease) in cash held                             | 16,153                                                | (10,908)                                              |
| Cash at the beginning of the half-year                           | 7,375                                                 | 12,973                                                |
| <b>Cash at the end of the half-year</b>                          | <u><b>23,528</b></u>                                  | <u><b>2,065</b></u>                                   |

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

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# NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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## 1. Basis of preparation of half-year financial report

This general purpose half-year financial report has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2016 Annual Report and public announcements made by the Company during the half-year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

In the interests of transparency in its reporting, the Company uses the phrase “market value” in place of the AASB terminology “fair value for actively traded securities.”

## 2. Financial reporting by segments

The Company operates as a Listed Investment Company in Australia. It has no reportable business or geographic segments.

### (a) Segment information provided to the Board

The internal reporting provided to the Board for the Company’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 the Company’s Net Tangible Asset announcements to the ASX).

The relevant amounts as at 31 December 2016 and 31 December 2015 were as follows:

| Net tangible asset backing per share | 2016  | 2015  |
|--------------------------------------|-------|-------|
|                                      | cents | cents |
| Before Tax                           | 93    | 93    |
| After Tax                            | 87    | 86    |

### (b) Other segment information

#### (i) Segment Revenue

Revenues from external parties are derived from the receipt of dividend, distribution and interest income, whilst income arises from gains or losses on the trading portfolio and the options portfolio.

The Company is domiciled in Australia and the Company’s income is derived predominantly from Australian entities or entities that have a listing on the Australian Securities Exchange. The Company has a diversified portfolio of investments, with no investments comprising more than 10% of the Company’s income, including contribution from the trading portfolio and realised income from the options written portfolio (2015 : 1 - Netcomm Wireless : 24%).

| <b>3. Income from operating activities</b>                      | <b>Half-year<br/>2016<br/>\$'000</b> | <b>Half-year<br/>2015<br/>\$'000</b> |
|-----------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Income from operating activities is comprised of the following: |                                      |                                      |
| Dividends & distributions                                       |                                      |                                      |
| • securities held in investment portfolio                       | 3,184                                | 3,565                                |
| • securities held in trading portfolio                          | -                                    | -                                    |
|                                                                 | <u>3,184</u>                         | <u>3,565</u>                         |
| Interest income                                                 |                                      |                                      |
| • securities held in investment portfolio                       | -                                    | -                                    |
| • deposits and income from bank bills                           | 125                                  | 75                                   |
|                                                                 | <u>125</u>                           | <u>75</u>                            |
| Net gains/(losses)                                              |                                      |                                      |
| • net gains/(losses) from trading portfolio sales               | 66                                   | 1,373                                |
| • unrealised gains/(losses) in trading portfolio                | (142)                                | 1,658                                |
| • realised gains on options written portfolio                   | 183                                  | 400                                  |
| • unrealised losses on options written portfolio                | (230)                                | (193)                                |
|                                                                 | <u>(123)</u>                         | <u>3,238</u>                         |
| Other income                                                    | 6                                    | 4                                    |
| <b>Income from operating activities</b>                         | <b><u>3,192</u></b>                  | <b><u>6,882</u></b>                  |

#### **4. Current liabilities – options written portfolio**

As at balance date there were call options outstanding which potentially required the Company, if they were all exercised, to deliver securities to the value of \$28.7 million (30 June 2016: \$13.0 million).

#### **5. Deferred tax liabilities – investment portfolio**

In accordance with AASB 112 *Income Taxes*, deferred tax liabilities have been recognised for Capital Gains Tax on the unrealised gains in the investment portfolio at current tax rates (30%) totalling \$16.9 million (30 June 2016 : \$16.1 million). As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at this amount.

#### **6. Shareholders' equity – share capital**

**Movements in Share Capital of the Company during the half-year were as follows:**

| <b>Date</b> | <b>Details</b>             | <b>Notes</b> | <b>Number<br/>of shares<br/>'000</b> | <b>Issue<br/>price<br/>\$</b> | <b>Paid-up<br/>Capital<br/>\$'000</b> |
|-------------|----------------------------|--------------|--------------------------------------|-------------------------------|---------------------------------------|
| 01/07/2016  | Opening Balance            |              | 254,700                              |                               | 168,556                               |
| 25/08/2016  | Dividend Reinvestment Plan | (i)          | 3,276                                | 0.95                          | 3,113                                 |
| Various     | Share Issue Costs          |              | -                                    |                               | (11)                                  |
| 31/12/2016  | Balance                    |              | <u>257,976</u>                       |                               | <u>171,658</u>                        |

- (i) The Company's Dividend Reinvestment Plan was in place for the 2016 final dividend. Shares were issued at a 2.5% discount to the 5-day VWAP calculated from when the shares traded ex-dividend.

| <b>7. Dividends</b>                              | <b>Half-year<br/>2016<br/>\$'000</b> | <b>Half-year<br/>2015<br/>\$'000</b> |
|--------------------------------------------------|--------------------------------------|--------------------------------------|
| Dividends (fully franked) paid during the period | 8,914<br>(3.5 cents<br>per share)    | 9,675<br>(4 cents per<br>share)      |

| <b>8. Earnings per Share</b>                                       | <b>Half-year<br/>2016<br/>Number</b> | <b>Half-year<br/>2015<br/>Number</b> |
|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Weighted average number of ordinary shares used as the denominator | 256,979,061                          | 244,748,753                          |

#### **Basic earnings per share**

|                          | <b>\$'000</b> | <b>\$'000</b> |
|--------------------------|---------------|---------------|
| Profit for the half-year | 2,352         | 5,085         |
|                          | <b>Cents</b>  | <b>Cents</b>  |
| Basic earnings per share | 0.92          | 2.08          |

#### **Dilution**

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

#### **9. Events subsequent to balance date**

Since 31 December 2016 to the date of this report there has been no event of which the Directors are aware which has had a material effect on the Company or its financial position.

#### **10. Contingencies**

At balance date Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the financial report.

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## DIRECTORS' DECLARATION

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In the Directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 21 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance, as represented by the results of the operations, changes in equity and cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



R.H. Myer AO  
Director  
Melbourne  
24 January 2017



## **Independent auditor's review report to the members of AMCIL Limited**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of AMCIL Limited (the company), which comprises the balance sheet as at 31 December 2016, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration.

### ***Directors' responsibility for the half-year financial report***

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AMCIL Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### ***Independence***

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AMCIL Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A stylized, handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A stylized, handwritten signature in dark ink, appearing to read 'Charles Christie'.

Charles Christie  
Partner

Melbourne  
24 January 2017