



AMCIL Limited

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2 August 2006

The Manager

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

**AMCIL Limited
Full year results announcement**

Dear Sir or Madam

Please find attached Appendix 4E, financial statements and media release for the Company for the year ended 30 June 2006.

Yours sincerely,

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

Sue Crook
Company Secretary & General Counsel



AMCIL LIMITED

ABN 57 073 990 735

APPENDIX 4E STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

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- Results for announcement to the market
- Media Release
- Appendix 4E Accounts
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2006 with the previous corresponding period being the year ended 30 June 2005. The previous corresponding period figures have been adjusted as required under the new Accounting Standards that the Company adopted on 1 July 2005.

Results for announcement to the market

- Net Operating Profit after tax was \$1.76 million, up 8.7% from the previous corresponding period.
- Profit for the year (including capital gains) was \$3.33 million, up 26.5% from the previous corresponding period.
- Revenue from ordinary activities (excluding capital gains) was \$2.68 million, up 39.8% from the previous corresponding period.
- Net tangible assets at 30 June 2006 were 79 cents per share, up from 59 cents at the end of the previous corresponding period.
- The diluted net tangible assets at 30 June 2006, taking into account the options on issue exercisable at 50 cents per share at any time up until 28 February 2007, were 65 cents per share, up from 55 cents at the end of the previous corresponding period.
- No interim dividend was declared to shareholders in respect of the half year ended 31 December 2005.
- A final dividend of 2 cents per share, full-franked, the same as last year, has been declared. This is payable on 29 August 2006 to shareholders on the register on 15 August 2006 (the record date). The shares are expected to trade ex-dividend on 9 August 2006.
- Any options that are exercised between the date of this announcement and the record date will not qualify for this dividend, as per the terms of the issue of the options, but will qualify for any future dividends.



MEDIA RELEASE - FULL YEAR RESULT

2 August 2006

PORTFOLIO ACHIEVES 39.1% RETURN

AMCIL is pleased to announce its profit after tax for the twelve months to 30 June 2006 of \$3.33 million using Australian equivalents to International Financial Reporting Standards ("AIFRS"). This compares with a profit of \$2.64 million for the corresponding period to 30 June 2005 using AIFRS. Earnings per share on this basis were 3.79 cents per share compared with 3.01 last year.

The Company has declared a final dividend of 2 cents per share fully franked. This dividend is the same as the final dividend declared last year. Option holders should note that under the terms and conditions of the issuance of options under the Prospectus dated 28 November 2003, the allotment of shares as the result of receipt of an option exercise notice will not take place until after the relevant record date for this dividend and therefore such shares will not be entitled to this current dividend.

SUMMARY OF FULL YEAR RESULTS

- Profit after tax was \$3.33 million (last year \$2.64 million), up 26.5%. This includes realised gains of \$1.57 million on sale of investments.
- Net Operating Profit after tax, which excludes realised gains on the investment portfolio, was \$1.76 million (last year \$1.62 million), up 8.7% from the previous corresponding period.
- Earnings per share based on Operating Profit after tax were 2.0 cents per share compared with 1.86 cents last year.
- A fully franked final dividend of 2 cents per share, the same as last year.
- Total portfolio return (change in net asset backing per share plus fully-franked dividends reinvested) undiluted for outstanding options during the year was an increase of 39.1% after tax and management fees.
- Total shareholder return measured by change in share price plus fully-franked dividend over the twelve month period was 30.1%.
- Management expense ratio on an annualised basis was 1.28% (last year 1.62%).
- Net asset backing at 30 June 2006 was 79 cents per share (before providing for the 2 cent final dividend). On a diluted basis the net asset backing was 65 cents per share.

Chairman's Comments on the Portfolio

The Chairman, Mr Teele, commented, "It was a very pleasing result for the Company with the portfolio performing extremely strongly over the year. The Company benefited from being fully invested over most of the year, the first time since its recapitalisation in January 2004. The portfolio now comprises 22 companies where as at the end of last year there were 15 stocks in the portfolio and \$8.5 million of cash. The annual portfolio return measured by the change in net assets plus the reinvestment of the dividend (before the impact of outstanding options) was 39.1%. The total portfolio had a market value of \$71.5 million at 30 June 2006 versus \$43.9 million at the end of last financial year.

We have benefited from our relative strong weightings in BHP, Rio Tinto and Alumina and remain positive about the outlook of these companies despite recent weakness in this sector.

A number of the smaller cap stocks within the portfolio also contributed to the portfolio performance. In particular, Peet & Company, Oakton, Bradken, Domino's Pizza and ABC Learning Centres, have all enjoyed significant lifts in their respective share prices over the past twelve months.

Additional companies added to the portfolio during the year included AMP and Brambles, both of which have been through major transformations in regard to their business mix and performance; Baxter Group, Coca Cola Amatil, Toll Holdings, Equity Trustees, ASG Group. We like the inherent business footprints of these companies and the industry structures in which they operate. The fact that some of their shares prices were under pressure at various stages during the year gave AMCIL the opportunity to invest at what we believe are attractive prices for a medium term investor such as ourselves".

Profit

A key component of earnings was the distributions from the companies in which we invest of \$2.54 million, up from \$1.19 million last year. The trading portfolio registered a marginal loss for the year in comparison to last year where it contributed \$0.8 million. The key reason behind this performance has been the substantial decline in Telstra's share price over the year which led to unrealised losses of \$0.6 million in this portfolio. We continue to closely watch the situation with Telstra where we have investments in both our investment and trading portfolios.

Income from deposits was \$0.14 million, down from \$0.72 million in the corresponding period last year, as the Company moved to be fully invested during the course of the year.

Realised gains of \$1.57 million were made in the investment portfolio primarily as a result of the sale of the Company's holding in National Australia Bank shares and by reducing positions in some companies where their share prices had risen appreciably to a point where valuation risks in our opinion looked extreme in the context of the overall value of the portfolio.

Outlook

Despite some market setbacks toward the end of the financial year arising from concerns about interest rates and global growth, the Australian equity market enjoyed another very strong twelve months of growth to 30 June 2006, fuelled primarily by the performance of the resources and energy sectors.

Whilst we expect the growth in China to continue to drive strong resource demand, equity markets have entered the new year with more awareness of risk. More recent concerns and anxiety about the geopolitical tensions in the Middle East and North Korea has again weakened equity markets both in Australia and offshore; and has further extended the rise in market volatility that was in evidence toward the end of the financial year.

We suspect heightened volatility will be an ongoing theme for equity markets in the first half of the financial year. From AMCIL's perspective we will look to take advantage of this spike in volatility by looking at attractive call option writing strategies given the returns available from increased option premiums and reduced share prices.

In addition, as the market becomes more volatile and driven by short term concerns our observation is that from time to time it has the capacity to overshoot. This can present interesting investment opportunities. For example, we particularly look for companies which are temporarily out of favour with the market but which have strong business footprints or brands which have been built up over many years and which can be extremely difficult to replicate. In this regard, the Company potentially has additional capital available to it of \$39.6 million arising from the conversion of options outstanding at 30 June 2006 which are due to expire on 28 February 2007 and the availability of a debt facility of \$10 million.

Please direct any enquiries to:

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Chairman
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Managing Director
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General Manager
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AMCIL LIMITED

Holdings of Securities as at 30 June 2006

Valued at closing prices at 30 JUNE 2006

<u>Securities held in the Trading and Investment portfolios</u>			Total Value \$ '000
1	BHP	BHP Billiton	7,830
2	PPC	Peet	7,695
3	RIO	Rio Tinto	6,224
4	SGB	St George Bank	5,866
5	AWC	Alumina	4,921
6	AMP	AMP	4,565
7	CEU	ConnectEast Group	4,530
8	NWS	News Corporation (a)	4,257
9	OKN	Oakton	3,290
10	BAX	Baxter Group	3,045
11	BKN	Bradken	3,004
12	TLS	Telstra Corporation	2,955
13	ABS	ABC Learning Centres	2,560
14	DMP	Domino's Pizza Australia New Zealand	1,950
* 15	TCL	Transurban Group	1,701
16	CCL	Coca-Cola Amatil	1,418
17	TOL	Toll Holdings	1,405
18	EQT	Equity Trustees	1,218
19	BIL	Brambles Industries	1,100
20	ASZ	ASG Group	1,089
21	OSH	Oil Search	820
22	ADT	Advent	45
			<hr/> 71,489 <hr/>

(a) Includes News Corporation Class A Non-Voting Stock

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Dividends and distributions		2,537	1,194
Revenue from deposits and bank bills		141	720
Other revenue		-	1
Total revenue		2,678	1,915
Income from options written		-	-
Net gains/(losses) on trading portfolio		(282)	641
Income from operating activities before net gains on investments		2,396	2,556
Finance costs		(53)	-
Administration expenses		(789)	(779)
Operating profit before income tax expense and net gains on investments	4	1,554	1,777
Income tax credit/(expense)*	5	211	(153)
Net operating profit before net gains on investments		1,765	1,624
Net gains on investments			
Net gains on Ordinary Securities sold from the investment portfolio		1,570	1,038
Net losses on Other Securities		-	-
Net losses on open options positions		-	(36)
Tax credit on net gains on investments*	5	-	11
		1,570	1,013
Profit for the year		3,335	2,637
		Cents	Cents
Basic earnings per share		3.79	3.01
Diluted earning per share		1.97	3.01
Information on earnings per share, including net operating profit before net gains on investments per share, can be found in Note 18 .			
Total tax credit/(expense) is the sum of income tax credit/(expense) and tax credit on net gains on investments.			
		2006 \$000	2005 \$000
* Total tax credit/(expense)		211	(142)

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

BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Current assets			
Cash	6	89	8,523
Receivables	7	1,576	342
Tax credit receivable		94	-
Trading portfolio	8	2,532	2,960
Total current assets		4,291	11,825
Non-current assets			
Investment portfolio	9	68,957	40,938
Deferred tax assets	10	331	131
Total non-current assets		69,288	41,069
Total assets		73,579	52,894
Current liabilities			
Payables	11	510	1,382
Borrowings	6	2,000	-
Tax payable		-	66
Options written portfolio	12	-	-
Total current liabilities		2,510	1,448
Total liabilities		2,510	1,448
Net Assets		71,069	51,446
Shareholders' equity			
Share Capital	13	63,832	62,671
Revaluation Reserve	14	22,132	5,255
Accumulated Losses	15	(14,895)	(16,480)
Total shareholders' equity		71,069	51,446

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Total equity at the beginning of the year		51,446	44,162
Dividends paid	17	(1,750)	-
Exercise of Options	13	1,161	27
Total transactions with equity holders in their capacity as equity holders		(589)	27
Revaluation of investment portfolio		16,877	4,620
Net unrealised gains recognised directly in equity	14	16,877	4,620
Profit for the year		3,335	2,637
Total recognised income (including unrealised gains) & expense for the year		20,212	7,257
Total equity at the end of the year		71,069	51,446

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000 INFLOWS/ (OUTFLOWS)	2005 \$'000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Sales from trading portfolio		2,064	6,179
Purchases for trading portfolio		(3,254)	(4,865)
Proceeds from entering into options in options written portfolio		-	308
Payment to settle options in options written portfolio		-	(138)
Interest received		165	809
Dividends and distributions received		2,310	935
		<u>1,285</u>	<u>3,228</u>
Other receipts		-	1
Administration expenses		(818)	(769)
Finance costs paid		(68)	-
Income taxes paid		(153)	(173)
Net cash inflow/(outflow) from operating activities	22	<u>246</u>	<u>2,287</u>
Cash flows from investing activities			
Sales from investment portfolio		9,002	6,805
Purchases for investment portfolio		(18,989)	(26,267)
Net cash inflow/(outflow) from investing activities		<u>(9,987)</u>	<u>(19,462)</u>
Cash flows from financing activities			
Proceeds from borrowings		4,100	-
Repayment of borrowings		(2,100)	-
Capital returns		-	(100)
Share issues		1,057	27
Dividends paid		(1,750)	-
Net cash inflow/(outflow) from financing activities		<u>1,307</u>	<u>(73)</u>
Net increase/(decrease) in cash held		(8,434)	(17,248)
Cash at the beginning of the financial-year		8,523	25,771
Cash at the end of the financial-year	6	<u>89</u>	<u>8,523</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. This financial report has been authorised for issue as per the Directors Declaration and is presented in the Australian currency. The Company has the power to amend and reissue the financial report.

The Company 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

This financial report has been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

The Company's financial statements until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the financial statements for the year ended 30 June 2006 the Company has amended certain accounting and valuation methods applied in the previous AGAAP financial statements to comply with AIFRS. The Company has not taken advantage of the exemption available under AASB 1 to defer application of AASB 132 *Financial Instruments: Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Company's equity and net income are given in Note 24.

The Company has elected to adopt AASB 7 *Financial Instruments: Disclosures* early when preparing the financial statements. The Company has not yet applied any other Australian Accounting Standards or UIG interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2006 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. This includes the amended AASB 139 *Financial Instruments – Financial Instruments: Recognition and Measurement*. The Company only intends to adopt the inoperative standards at the date at which their adoption becomes mandatory.

a) Basis of accounting

The financial statements are prepared using the valuation methods described below for holdings of securities including options. All other items have been treated in accordance with the historical cost convention.

b) Holdings of securities

(i) Balance sheet classification

The Company has three discrete portfolios of securities, the investment portfolio, the trading portfolio and the options written portfolio. The purchase and the sale of securities are accounted for at the date of trade.

The investment portfolio relates to holdings of securities which the Directors intend to retain on a long-term basis.

The trading portfolio comprises securities held for short term trading purposes, including exchange traded options contracts that are entered into, as described in Note 8.

The options written portfolio contains exchange traded options contracts that are entered into as described in Note 12.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whereas securities that contain a derivative element (eg Convertible Notes) and the trading portfolio are classified as 'assets measured at fair value through the Income Statement'.

(ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at market value, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on Ordinary Securities are taken to the Revaluation Reserve.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Revaluation Reserve to the Income Statement.

Increments and decrements on the value of the securities that contain a derivative element (known as 'Hybrids') are taken directly through the Income Statement.

(iii) Valuation of trading portfolio

Securities, including listed and unlisted shares, notes and options, are initially brought to account at market value, which is the cost of acquisition, or proceeds in the case of options, and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

(iv) Valuation of options written portfolio

Options written are initially brought to account at the amount received upfront for entering the contract (the premium) and subsequently revalued to current market value. Increments and decrements are taken through the Income Statement.

(v) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis and distributions relating to unlisted securities are recognised as income when received unless the distributions are capital returns on ordinary shares in which case the amount of the distribution is treated as an adjustment to the carrying value of the shares.

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

c) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to the unused tax losses. Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A tax provision is made for the unrealised gain or loss on securities valued at fair value through the Income Statement – i.e. Hybrids and the trading and options written portfolios.

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

d) Cash flows

For the purpose of the cash flow statement, 'cash' includes cash, deposits held at call, investment grade promissory notes and discounted bills of exchange.

e) Bills of exchange

Bills of exchange and investment grade promissory notes, which have been purchased in the market at a discount to face value, are carried at an amount representing amortised cost using the effective interest rate method, and the amortised interest is accounted for as interest received.

f) 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 the Company approximates their carrying value.

The fair value for assets that are actively traded on market is defined by AASB 139 as 'last bid price'.

g) Directors' retirement allowances

The Company recognises as 'amounts payable' Directors' retirement allowances that have been crystallised. No further amounts will be expensed as retirement allowances.

h) Rounding of amounts

The Company is of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment 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.

2. Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB112 *Income Taxes* deferred tax liabilities need to be recognised for Capital Gains Tax (CGT) on the unrealised gain in the investment portfolio at current tax rates. The Company currently has capital

losses brought forward sufficient to cover the current unrealised gain in the investment portfolio, and therefore no provision has been made. This has been done on the assumption that the Company will continue to meet the continuity of ownership test (COT) or, should it fail this test, continue to meet the same business test (SBT). The Company's tax advisers believe that in the absence of a significant change in the Company's shareholder base or the Company's activities, the ATO will not move to disallow the use of these losses to offset future capital gains.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

3. Financial Reporting by segments

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

4. Operating profit before income tax expense and net gains on investments	2006 \$'000	2005 \$'000
Dividends and distributions (excl. interest)		
• securities held in investment portfolio	2,288	1,006
• securities held in trading portfolio	249	188
	<u>2,537</u>	<u>1,194</u>
Interest income		
• deposits and income from bank bills	141	720
	<u>141</u>	<u>720</u>
Net gains/(losses) and write downs		
• net gains from trading portfolio sales	330	670
• realised gains on options written portfolio	-	-
• unrealised gains/losses in trading portfolio	(612)	(29)
	<u>(282)</u>	<u>641</u>
Other income	-	1
Income from operating activities before net gains on investments	<u>2,396</u>	<u>2,556</u>
Finance costs	(53)	(-)
Administration Fees paid to Australian Foundation Investment Company (AFIC)	(224)	(174)
Other administration expenses	(565)	(605)
Operating profit before income tax expense and net gains on investments	<u>1,554</u>	<u>1,777</u>

Further information relating to remuneration of auditors is set out in Note 21, Directors and Executives in Note 19. The administration fees paid to AFIC are pursuant to an outsourcing arrangement covering the Company's day-to-day management and administration.

5. Income tax expense	2006	2005
	\$'000	\$'000
(a) Reconciliation of income tax expense/(credit) to prima facie tax payable		
Operating profit before income tax expense and net gains on investments	1,554	1,777
Tax at the Australian tax rate of 30% (2005 – 30%)	466	533
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Tax offset for franked dividends	(657)	(264)
Sundry items	(14)	(120)
	<u>(205)</u>	<u>149</u>
Under (over) provision in prior years	(6)	4
Income tax expense/(credit) on operating profit before net gains on investments	<u>(211)</u>	<u>153</u>
Net Gains/(Losses) from investments	1,570	1,002
Tax at the Australian tax rate of 30% (2005 – 30%)	471	301
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Impact of parcel selection for capital gains purposes	-	3
Accounting gains rolled-over for taxation purposes	-	-
Capital gains set-off against bought-forward losses	(471)	(315)
Income tax expense/(credit) on net gains on investments	<u>-</u>	<u>(11)</u>
Total income tax expense/(credit)	<u>(211)</u>	<u>142</u>
(b) Income tax expense composition		
Charge for tax payable relating to the current year	(5)	123
Under (over) provision in prior years	(6)	4
Increase (decrease) in deferred tax assets - other	(200)	15
	<u>(211)</u>	<u>142</u>
6. Current assets – cash		
Cash at bank and in hand	10	6
Deposits at call	79	550
Discounted bills of exchange	-	7,967
	<u>89</u>	<u>8,523</u>

Deposits at call yield an average floating interest rate of 5.46% (2005: 5.21%). Discounted bills of exchange and investment grade promissory notes yield an average fixed return of 5.65% (2005: 5.49%) and have a fixed term of up to three months.

(a) Credit risk exposure

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest. Purchased bills of exchange are carried on the balance sheet at an amount less than the amount realisable at maturity. The credit risk exposure of the Company regarding purchased bills of exchange is the carrying value, which comprises the cost of the bank bills and the income accrued to balance date.

The management of cash investments is outsourced. Under the terms of this outsourcing, funds can only be invested in short-term debt where the issuer has a Standard & Poor's short-term rating of A1+ (for Banks, A1+, A1 or A2) or Government or semi-Government issuers. The average weighted maturity of the portfolio invested in is no greater than 90 days.

(b) Standby arrangements and credit facilities

The Company is party to agreements under which the National Australia Bank have agreed to accept or accept and discount bills of exchange.

	2006 \$'000	2005 \$'000
National Australia Bank- floating rate bill facility	10,000	10,000
Amount drawn down	<u>2,000</u>	<u>-</u>
Undrawn facilities	<u>8,000</u>	<u>10,000</u>

The above borrowings are unsecured. 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 are normally drawn down for no more than 90 days.

7. Current assets – receivables

Dividends and distributions receivable	212	318
Interest receivable/pre-paid	15	24
Outstanding settlements – trading portfolio	1,338	-
Prepayments	<u>11</u>	<u>-</u>
	<u>1,576</u>	<u>342</u>

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

8. Current assets – trading portfolio

Listed securities at market value		
- shares and trust units	2,602	3,036
- options written by the Company		
- Calls	(70)	(52)
- Puts	<u>-</u>	<u>(24)</u>
	<u>2,532</u>	<u>2,960</u>

Credit risk exposure

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies.

Credit risk exposure also arises in relation to options bought by the Company, if any, to the extent of their carrying value.

The Company enters into option contracts in the trading portfolio as part of its trading activities to generate profits on dealing in securities, under the same conditions as in the options written portfolio (Note 12).

As at balance date the Company had sold put options which at the option of the purchaser may require the Company to buy prior to the respective expiry dates if they were exercised, certain securities at prices which in aggregate totalled \$Nil (2005: \$0.6 million). As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$0.7 million (2005: \$1.0 million).

As at balance date all of these contracts are exchange-traded options and are entered into within the constraints and controls imposed by the Australian Stock Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally fortnightly) to consider, review and approve the investment, trading and sub-underwriting transactions of the Company and related matters.

9. Non-current assets – investment portfolio	2006	2005
	\$'000	\$'000
Listed securities		
- shares at market value	68,957	40,938

There were no hybrids in the investment portfolio at balance date.

10. Non-current assets – Deferred tax

The Company's deferred tax assets ("DTA") arise from temporary differences in the recognition of items for taxation and accounting purposes, as described in Note 1(c). The key components are:

(a) The difference in the value of the trading portfolio for tax and accounting purposes	161	(35)
(b) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	14	19
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	156	164
(d) Interest and dividend income receivable which is not assessable for tax until receipt	-	(17)
	<u>331</u>	<u>131</u>

Movements:

Opening balance at 1 July	131	146
Credited/(charged) to Income Statement	200	(15)
	<u>331</u>	<u>131</u>

The net DTA arising from provisions and expenses charged but not yet tax deductible, will be obtained when the relevant items become tax deductible, provided that the Company derives sufficient assessable income to enable the benefit from the deductions to be taken in that year and there are no intervening changes in tax legislation adversely affecting the Company's ability to claim the tax deduction.

The portion of DTA likely to be reversed within the next 12 months is \$176,000 (2005: \$27,000). This relates primarily to items described in notes (a), (b) and (d) above.

At balance date, the Company had unused losses on the sale of investments available to set-off against future capital gains of \$30.0 million (2005 : \$31.6 million). During the year, \$1.6 million worth of bought forward losses were applied to realised capital gains.

There is no Deferred Tax Liability shown against the unrealised gains on the Investment Portfolio, as the amount of unrealised gains of \$22.1 million (2005 : \$5.3 million) is below the amount of the unused losses available for set-off against any potential gains.

11. Current liabilities - payables	2006	2005
	\$'000	\$'000
Outstanding settlements – investment portfolio	-	748
Capital returns payable	-	100
Director retirement benefits	503	503
Other payables	7	31
	<u>510</u>	<u>1,382</u>

Payables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

12. Options written portfolio

The Company enters into option contracts in the options written portfolio for the purpose of enhancing returns from the premiums received. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying shares at an agreed price if the taker exercises the option.

These contracts are exchange-traded options and are entered into within the constraints and controls imposed by the Australian Stock Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally bi-weekly) to consider, review and approve the investment, trading and sub-underwriting transactions of the Company and related matters.

\$1.29 million of shares are held by the Australian Clearing House (ACH) as collateral for sold option positions written by the Company (2005:\$1.31 million). These shares are held by ACH under the terms of ACH 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.

13. Shareholders' equity – share capital

Movements in share capital of the Company during the past two years were as follows:

Date	Details	Notes	Number of shares '000	Issue price \$	Paid-up Capital \$'000
1/07/2004	Balance		87,463		62,644
Various	Exercise of options	i	<u>53</u>	0.50	<u>27</u>
30/06/2005	Balance		87,516		62,671
Various	Exercise of options	i	<u>2,323</u>	0.50	<u>1,161</u>
30/06/2006	Balance		<u>89,839</u>		<u>63,832</u>

- i. The Company issued a prospectus, dated 28 November 2003, inviting the public to subscribe for shares and options in the Company for an issue price of 50 cents per share and option. Under this public offer each applicant as well as being issued ordinary shares also received an identical number of options entitling the holder, upon exercise before the expiry date of 28 February 2007, to receive 1 share in the company for an exercise price of 50 cents for each option. These options will only affect the contributed equity of the Company upon exercise. At 30 June 2005 there were 81,440,200 options on issue. During the year, 2,322,550 options were exercised at 50 cents per option, and 2,322,550 new shares were issued. At 30 June 2006, there were 79,117,650 options on issue.

14. Revaluation Reserve	2006 \$'000	2005 \$'000
Opening balance at 1 July	5,255	635
Revaluation of investment portfolio	16,877	4,620
	<u>22,132</u>	<u>5,255</u>

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy note 1(b)(ii).

15. Accumulated Losses

	Retained Losses \$'000	Retained Profits \$'000	Total \$'000
1/07/04	(19,822)	705	(19,117)
30/06/05	(19,822)	3,342	(16,480)
30/06/06	(19,822)	4,927	(14,895)

	2006 \$'000	2005 \$'000
Opening balance at 1 July	(16,480)	(19,117)
Dividends paid	(1,750)	-
Profit for the year	3,335	2,637
	<u>(14,895)</u>	<u>(16,480)</u>

16. Financial Risk Management

Accounting Standard identifies three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in Notes 6 a), 7 & 8 with respect to cash, receivables and

securities in the trading portfolio. None of these assets are over-due or considered to be impaired.

Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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

The relatively low level of gearing that the Company has ensures that covenant levels associated with facilities are unlikely to be breached. In the unlikely event that a fall in the value of the stock market is such that a breach would appear possible, the Company would amend its cash-flows through the sale of securities and the cessation of purchases to ensure that any short-term debt is extinguished.

The Company's inward cash-flows depend upon the level of distributions received. Should these drop by a material amount, the Company would amend its outward cash-flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is manageable by the Board and management.

Furthermore, the assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

Any borrowing facilities are normally drawn for a period no longer than 90 days.

Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature as a Listed Investment Company that invests, the Company will always be subject to market risk as it invests its capital in securities which are not risk free – the market price of these securities can fluctuate.

A general fall in market prices of 5% and 10%, if spread equally over all assets in the investment portfolio would lead to a reduction in the Company's equity of \$3.4 million and \$6.9 million respectively.

A fall in the market value of the trading portfolio of 5% and 10% equally across all securities held within the portfolio, would lead to a pre-tax reduction in the trading result of \$0.13 million and \$0.25 million respectively.

The Revaluation Reserve at 30 June 2006 was \$22m. It would require a fall in the value of the investment portfolio of 32% to fully deplete this. In accordance with Accounting Standards, any further falls in value would continue to be recognised in Equity as unrealised losses, thereby impacting the shareholders' equity of the Company.

The Company seeks to minimise 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, normally fortnightly, and risk can be managed by reducing exposure where necessary. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's investment by sector is as below:

	2006	2005
Energy	1.15%	2.01%
Materials	26.54%	32.75%
Industrials	20.74%	11.53%
Consumer Discretionary	12.26%	7.97%
Consumer Staples	1.98%	2.70%
Banks	8.21%	25.95%
Other Financials (inc Property Trusts)	18.85%	6.49%
Telecommunications	4.13%	5.77%
Other - Health Care, Info Technology, Utilities	6.14%	4.83%

Securities representing over 5% of the combined investment and trading portfolio at 30 June 2006 were:

	% of portfolio
BHP Billiton	11.0%
Peet & Company	10.8%
Rio Tinto	8.7%
St George Bank	8.2%
Alumina	6.9%
AMP	6.4%
ConnectEast Group	6.3%
News Corporation Inc	6.0%

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

The Company is also not directly exposed to currency risk as all its investments are quoted in Australian dollars.

In the trading portfolio, the writing of call options provides some protection against a fall in market prices as it generates income to compensate for a fall in capital values.

Under Accounting Standards, movements in the market value of the trading portfolio are reflected directly through the Income Statement. As at 30 June 2006, it was 3.5% of the total invested including cash (2005: 5.6%). This low proportion reduces the risk to the Company's earnings of a short-term fall in the value of securities held in the trading portfolio.

The Company has no hedges or hedging instruments.

17. Dividends	2006	2005
	\$'000	\$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2005 of 2.0 cents fully franked at 30% paid on 30 August 2005 (2005: Nil).	1,750	-
	<u>1,750</u>	<u>-</u>
(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.	4,762	4,639
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(880)	(750)
Net available	<u>3,882</u>	<u>3,889</u>
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	9,058	9,074
The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and the Company paying tax.		
(c) Dividends declared after balance date		
Since the end of the year Directors have declared a final dividend of 2 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2006 to be paid on 29 August 2006, but not recognised as a liability at the end of the financial year	<u>2,052</u>	
18. Earnings per share		
Basic earnings per share	Number	Number
Weighted average number of ordinary shares used as the denominator	87,975,481	87,486,668
	\$'000	\$'000
Profit for the year	3,335	2,637
	Cents	Cents
Basic earnings per share	3.79	3.01
Diluted earnings per share*	Number	Number
Weighted average number of ordinary shares used as the denominator (as above)	87,975,481	87,486,668
Weighted average number of options used as the denominator (see below)	<u>80,981,083</u>	<u>-</u>
	<u>168,956,564</u>	<u>87,486,668</u>

	2006	2005
	\$'000	\$'000
Profit for the year	3,335	2,637
	Cents	Cents
Diluted earnings per share	1.97	3.01
Basic net operating profit before net gains on investments per share	Number	Number
Weighted average number of ordinary shares used as the denominator	87,975,481	87,486,668
	\$'000	\$'000
Net operating profit before net gains on investments	1,765	1,624
	Cents	Cents
Basic net operating profit before net gains on investments per share	2.01	1.86
Diluted net operating profit before net gains on investments per share*	2006	2005
	Number	Number
Weighted average number of ordinary shares used as the denominator	87,975,481	87,486,668
Weighted average number of options used as the denominator (see below)	80,981,083	-
	168,956,564	87,486,668
	\$'000	\$'000
Net operating profit before net gains on investments	1,765	1,624
	Cents	Cents
Diluted net operating profit before net gains on investments per share	1.04	1.86

*In June 2005, the Company had 81,440,200 options on issue which upon exercise by the holder entitles them to receive 1 share at an exercise price of 50 cents per option. These potential ordinary shares would have a dilutive impact on earnings per share if the Company's share price exceeded the exercise price of 50 cents. As the Company's average share price was under 50 cents per share for the year ended 30 June 2005, the options did not have a dilutive impact on earnings per share. For the year ended 30 June 2006, the Company's average share price exceeded 50 cents and therefore the options have a dilutive effect.

19. Directors and Executives

Persons who were Directors of AMCIL Limited for part or all of the financial year ended 30 June 2006 were:

BB Teele
PC Barnett
RE Barker
TA Campbell
RH Myer
RB Santamaria
SDM Wallis

Persons who were executives with the authority for the strategic direction and management of the Company for part or all of the financial year ended 30 June 2006 were:

RE Barker – Managing Director
GN Driver – General Manager – Business Development and Investor Relations
AJB Porter – Chief Financial Officer
SE Crook – Company Secretary & General Counsel

Other than the Managing Director whose Director's fees are paid directly to AFIC no remuneration is paid to the executives as their services are provided pursuant to an outsourcing arrangement with AFIC.

The constitution of AMCIL requires approval by the shareholders in general meeting of a maximum amount of remuneration per year 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 Committee 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 approved by shareholders excludes retirement benefits, and at the 1996 Annual General meeting, a maximum of \$240,000 per annum was approved for Non-Executive remuneration.

Non-Executive 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 is made available as Managing Director of AMCIL by AFIC. The fees to which he is entitled as a Director of the Company are paid directly to AFIC pursuant to his remuneration arrangements with them. Also as part of these remuneration arrangements with AFIC, Mr. Barker receives an 'at risk' component determined by AFIC which is based on performance. The performance criteria includes quantitative and qualitative assessments which include, amongst other things, the services that he has provided to AMCIL and for which AFIC 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.

(a) Remuneration of Directors

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2006 were as follows:

	Short Term	Post Employment	Total remuneration
	Fee / Base Salary \$	Superannuation \$	\$
BB Teele – Chairman (Non-Executive)			
2006	35,000	3,150	38,150
2005	29,000	2,610	31,610
RE Barker – Managing Director (Executive)			
2006	35,000	3,150	38,150
2005	29,000	2,610	31,610
PC Barnett – Director (Non-Executive)			
2006	35,000	3,150	38,150
2005	29,000	2,610	31,610
TA Campbell - Director (Non-Executive)			
2006	35,000	3,150	38,150
2005	29,000	2,610	31,610
RH Myer – Director (Non-Executive)			
2006	1,000	37,150	38,150
2005	29,000	2,610	31,610
RB Santamaria – Director (Non-Executive)			
2006	35,000	3,150	38,150
2005	29,000	2,610	31,610
SDM Wallis – Director (Non-Executive)			
2006	35,000	3,150	38,150
2005	29,000	2,610	31,610
Total Remuneration: Directors			
2006	211,000	56,050	267,050
2005	203,000	18,270	221,270

No share-based payment was made to Directors.

(b) Share and Option holdings

At balance date, shares issued by the Company and held directly, indirectly or beneficially by non-executive directors and executives of the Company, or by entities to which they were related were:

	Opening balance	Net changes	Closing balance
BB Teele	14,251,890	-	14,251,890
RE Barker	2,053,175	-	2,053,175
PC Barnett	305,314	-	305,314
TA Campbell	2,007,863	-	2,007,863
RH Myer	181,875	(625)	181,250
RB Santamaria	52,138	-	52,138
SDM Wallis	1,716,847	-	1,716,847
GN Driver	50,000	-	50,000
SE Crook	-	18,100	18,100

AJB Porter does not hold shares in AMCIL.

At balance date, options issued by the Company and held directly, indirectly or beneficially by non-executive directors and executives of the Company, or by entities to which they were related were:

	Opening balance	Net changes	Closing balance
BB Teele	14,000,000	-	14,000,000
RE Barker	2,000,000	-	2,000,000
PC Barnett	221,600	-	221,600
TA Campbell	2,000,000	-	2,000,000
RH Myer	593,000	(413,000)	180,000
RB Santamaria	50,000	-	50,000
SDM Wallis	200,000	-	200,000
GN Driver	50,000	10,000	60,000

AJB Porter & SE Crook do not hold options in AMCIL.

20. Related parties

Director TA Campbell is interested in the following transactions as Director, employee and shareholder of Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and Goldman Sachs JBWere Capital Markets Limited. All transactions with deemed related parties were made on normal commercial terms and conditions and approved by independent Directors.

	2006 \$'000	2005 \$'000
(a) The Company invests surplus funds in deposits at call with Goldman Sachs JBWere Capital Markets Limited and bills of exchange		
- interest revenue received or receivable	138	196
- expense paid or payable for management of the cash and bill portfolio	11	20
- deposits at call (at balance date)	79	550
(b) The Company buys and sells securities through Goldman Sachs JBWere Pty Ltd amongst other brokers		
- Brokerage expenses paid or payable	33	66
(c) RB Santamaria is a partner of Allen Arthur Robinson, Solicitors, which provided general legal services to the Company during the year for total fees of	23	15

21. Remuneration of auditors	2006	2005
	\$	\$
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	64,240	62,139
<u>Non-Audit Services</u>		
Taxation compliance services	9,900	11,825
Other taxation services	1,760	-
Total remuneration	<u>75,900</u>	<u>73,964</u>

The Company's Audit Committee oversees the relationship with the Company's External Auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other audit related tax compliance services provided by the audit firm to ensure they do not compromise independence. Other non-audit services would not normally be provided by the external audit firm. However, if for special reasons such services were to be proposed, the Audit Committee would review the proposal to also ensure they did not affect the independence of the external audit function. The Company also conforms to legal requirements regarding audit partner rotation every 5 years.

22. Reconciliation of net cash flows from operating activities to profit	2006	2005
	\$'000	\$'000
Profit for the year	3,335	2,637
- Decrease (increase) in the trading portfolio	428	955
- Net capital (gains)/losses on investments before tax	(1,570)	(1,038)
- Dividends received as securities under DRP investments	(329)	-
- Decrease (increase) in current receivables	(1,234)	(165)
- Decrease (increase) in deferred tax assets	(200)	15
- Increase (decrease) in options written	-	(82)
- Increase (decrease) in current payables	(872)	627
- less decrease (increase) in payables for investment portfolio	748	(717)
- less decrease (increase) in capital returns payable	100	-
- Increase (decrease) in tax payable	(160)	(45)
- Increase (decrease) in other provisions	-	100
Net cash flows from operating activities	<u>246</u>	<u>2,287</u>

23. 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.

24. Explanation of Transition to Australian equivalents to IFRS (“AIFRS”).

In preparing the opening AIFRS compliant balance sheet, adjustments have been made to the figures previously reported in the 30 June 2005 financial report. The impacts of the adoption on the total equity brought forward and 2005 Profit after tax reported under previous Australian Generally Accepted Accounting Principles (“AGAAP”) are illustrated below:

(i) Income Statement for Year Ended 30 June 2005

(\$'000)	AGAA P	Adj.	AIFR S
Revenue from investment portfolio	1,006	-	1,006
Income from options written portfolio	-	-	-
Income from trading portfolio a)	858	(29)	829
Revenue from Deposits & Bank Bills & other Income	720	-	720
Other income	1	-	1
Total income from ordinary activities	2,585	(29)	2,556
Administration & borrowing expenses	(779)	-	(779)
Operating profit	1,806	(29)	1,777
Income tax expense c)	(162)	9	(153)
Net operating profit	1,644	(20)	1,624
Realised gains on Ordinary Securities in investment portfolio	1,038	-	1,038
Unrealised gains/(losses) on options written portfolio b)	-	(36)	(36)
Tax on unrealised gains/(losses) on options written portfolio c)	-	11	11
Net Profit	2,682	(45)	2,637
Direct adjustments against equity			
Unrealised gains/(losses) on investment portfolio (net of tax)	4,620	-	4,620
Unrealised gains/(losses) on options written portfolio b)	(36)	36	-
Total valuation adjustments recognised directly in equity	4,584	36	4,620
Net profit plus direct equity adjustments	7,266	(9)	7,257

ii) Balance Sheet

	AGAAP		Adjustment		AIFRS	
	\$'000 1/07/04	\$'000 30/06/05	\$'000 1/07/04	\$'000 30/06/05	\$'000 1/07/04	\$'000 30/06/05
Trading portfolio a)	3,819	2,893	96	67	3,915	2,960
Deferred tax asset	186	151	(40)	(20)	146	131
Investment portfolio	15,101	40,938	-	-	15,101	40,938
Other assets	25,948	8,865	-	-	25,948	8,865
Total assets	45,054	52,847	56	47	45,110	52,894
Deferred tax liability c)	-	-	-	-	-	-
Other liabilities	(948)	(1,448)	-	-	(948)	(1,448)
Total liabilities	(948)	(1,448)	-	-	(948)	(1,448)
Net assets	44,106	51,399	56	47	44,162	51,446
Shareholders' equity						
Share Capital	62,644	62,671	-	-	62,644	62,671
Reserves	671	5,255	(36)	-	635	5,255
Retained Earnings	(19,209)	(16,527)	92	47	(19,117)	(16,480)
Total shareholders' equity	44,106	51,399	56	47	44,162	51,446

iii) Statement of Cash Flows

The adoption of AIFRS has not resulted in any material adjustments to the statement of cash flows for the year ended 30 June 2005.

iv) Explanatory Notes

(a) Investments Measured at Market Value

All Investments (including the trading portfolio) are measured at Market Value. The Accounting Standard (AASB 139) defines 'Last Bid Price' as the relevant Market Value.

(b) Unrealised Gains/Losses on the Trading Portfolio and Options Written Portfolio

All unrealised gains or losses on the trading portfolio and the options written portfolio are included in the Income Statement for that period.

(c) Provision for Deferred Tax on Unrealised Gains/Losses in the Income Statement

A provision for the tax that would be due on unrealised gains or the credit receivable on unrealised losses that are included in the Income Statement is made on the Balance Sheet, and changes to this provision are reflected in the Income Statement.


DIRECTORS' DECLARATION

In the Directors' opinion:

- 1) the financial statements and notes set out on pages 7 to 29 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 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, 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.

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 2006. 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.



Bruce Teele
Chairman

Melbourne
2 August 2006

PricewaterhouseCoopers
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Auditors' Independence Declaration

As lead auditor of AMCIL Limited for the year ended 30 June 2006, 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.

This declaration is in respect of AMCIL Limited during the period.



Simon Gray
Partner
PricewaterhouseCoopers

Melbourne
2 August 2006

Independent audit report to the members of AMCIL Limited

Audit opinion

In our opinion, the financial report of AMCIL Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of AMCIL Limited as at 30 June 2006, and of its performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for AMCIL Limited (the "Company"), for the year ended 30 June 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

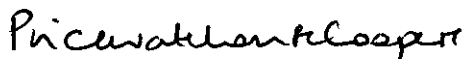
Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

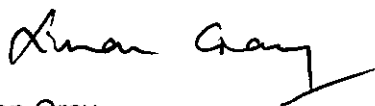
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers
Chartered Accountants



Simon Gray
Partner

Melbourne
2 August 2006