

HALF-YEARLY REVIEW TO 31 DECEMBER 2008

SUMMARY OF RESULTS

Net Operating Profit

Net operating profit which excludes net gains on investments was \$1.9 million (last year \$1.7 million), up 12.2 per cent from the previous corresponding period. This operating profit is primarily made up of dividends received from the investment portfolio, interest income and revenue from the trading portfolio. It does not include realised gains.

Net Profit After Tax

Net profit after tax which includes net gains on investments sold was \$9.9 million (last year \$7.1 million).

Earnings Per Share

Earnings per share based on net operating profit were 1.08 cents compared with 0.98 cents last year.

Total Portfolio Return

Total portfolio return during the six months to 31 December 2008 (change in net asset backing per share plus dividend) was negative 18.1 per cent whereas the S&P/ASX 200 Accumulation Index declined 26.8 per cent over the corresponding period.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the six month period was negative 23.5 per cent.

Total Assets

Total assets at market value at 31 December 2008 were \$96.9 million.

Cash Available for Investment

Cash available for investment was \$21.8 million at balance date.

Management Expense Ratio

Management expense ratio on an annualised basis was 1.25 per cent.

Net Asset Backing

Net asset backing at 31 December 2008 was 54 cents.

REVIEW OF OPERATIONS AND ACTIVITIES

Chairman's Comments on the Portfolio

In the six month period to 31 December 2008 where the broader Australian equity market was down 27 per cent, AMCIL's portfolio return was a decline of 18 per cent.

This outperformance was a result of holding a solid cash position and an ongoing investment approach which sought to avoid companies with high leverage or complex business models. The Company also has limited itself to very specific exposures in the resources sector which has been extremely hard hit by the global slowdown.

Cash held at 31 December 2008 was close to \$22 million which is approximately 23 per cent of the total portfolio.

The Company has been reluctant to put any significant levels of cash back into the market following the sales of holdings which took place toward the end of last financial year. AMCIL was a participant in the rights issues undertaken by Commonwealth Bank, National Australia Bank, QBE Insurance and Westpac given the long term competitive position of these companies is likely to be enhanced following the shake-out in the markets in which these companies

operate. These additions formed the majority of purchases by value made by AMCIL during the past six months. The complete list is on page 13 of this report.

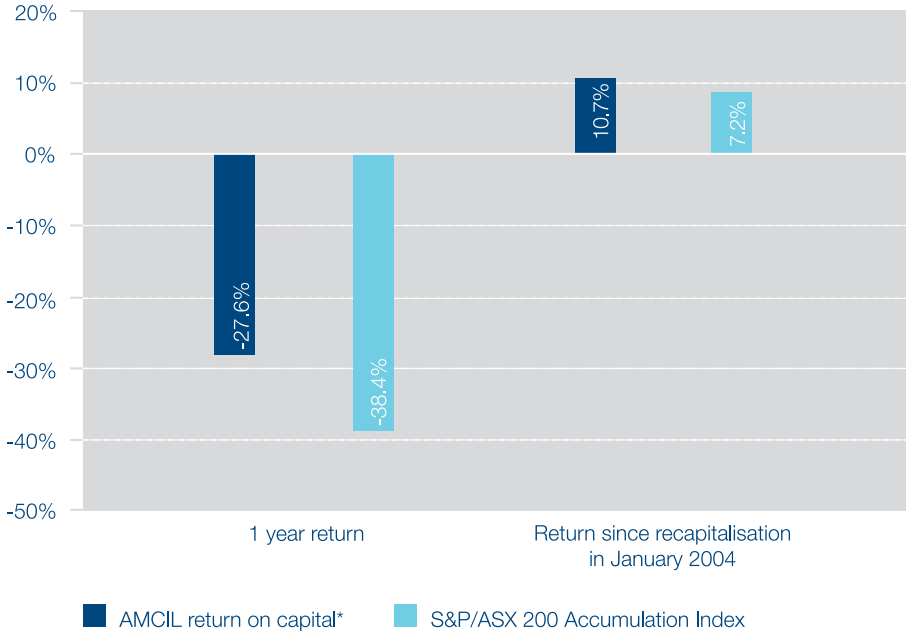
New additions to the investment portfolio during the six months to 31 December 2008 included:

- Campbell Brothers which primarily provides analytical laboratory and technical testing services in key areas of mining and mineral exploration, commodity analysis and certification, environmental monitoring, equipment maintenance, food analysis and manufacturing of electronic products.
- Iluka Resources which is involved in the exploration, project development, operation and marketing of mineral sands.
- Incitec Pivot which is an integrated fertiliser and industrial chemical business, involved in the manufacture, distribution and sale of these products.

The major sale from the investment portfolio was Queensland Gas which was taken over by British Gas. Other sales included the exiting of positions in Connect East, Toll Holdings and the remaining holding in Rio Tinto.

REVIEW OF OPERATIONS AND ACTIVITIES CONTINUED

Portfolio Return



* Return on capital 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 in January 2004.

Profit

Net operating profit after income tax was \$1.9 million which is an increase of \$0.2 million over the corresponding figure last year of \$1.7 million. The key components of the earnings increase over the half-year were the receipt of dividends and distributions from companies in which we invest, which was up \$0.3 million to \$2.1 million.

There was a slight loss of \$0.3 million in the trading portfolio to 31 December 2008. The Company adopted a deliberate strategy of reducing the trading portfolio over the six month period to the point where it no longer has any holdings in this portfolio.

The reported net profit after tax, which includes profit on realised gains from the investment portfolio, was \$9.9 million. The corresponding figure last half-year was \$7.1 million.

An interim dividend has not been declared. This is in line with previous practice and the Board will assess the payment of a final dividend for the year ending 30 June 2009 based on the net operating profit and the level of franking credits. It is not our normal practice to distribute realised capital gains unless franking credits are available.

Outlook

We remain extremely cautious about the adverse near term economic prospects. AMCIL enters the remainder of the financial year with a high level of cash. Our approach to investing this cash will be to look for the best opportunities which arise in companies likely to come through the economic downturn with improved competitive positions and sustainable cash flows.

TOP INVESTMENTS

As at 31 December 2008

Investments	Total Value \$'000
1 BHP Billiton*	8,642
2 Telstra Corporation	6,520
3 Westpac Banking Corporation	6,046
4 National Australia Bank	5,218
5 Commonwealth Bank of Australia	4,624
6 QBE Insurance Group	4,096
7 AMP	3,444
8 Brambles	2,753
9 Amcor	2,610
10 Coca-Cola Amatil	2,527
11 Peet	2,387
12 Tox Free Solutions	2,303
13 News Corporation ^(a)	2,108
14 Equity Trustees	1,990
15 Bradken	1,918
16 Oil Search	1,860
17 ASG Group	1,501
18 Mitchell Communication Group	1,463
19 Alumina	1,182
20 Iluka Resources	1,160
Total	64,349

As a percentage of portfolio (excludes cash and bank bills) 86.2%

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

(a) Includes \$0.3 million of NWSLV Class A Non-Voting Common Stock.

INCOME STATEMENT

For the Half-Year Ended 31 December 2008

	Half-Year 2008 \$'000	Half-Year 2007 \$'000
Dividends and distributions	2,148	1,843
Revenue from deposits and bank bills	748	459
Net losses on trading portfolio	(292)	(246)
Realised gains from options written portfolio	434	161
Total income	3,038	2,217
Finance costs	(17)	(11)
Administration expenses	(667)	(589)
Operating profit before income tax	2,354	1,617
Income tax (expense)/credit	(459)	72
Net operating profit	1,895	1,689
Net capital gains/(losses) on investments		
Net gains on ordinary securities sold from the investment portfolio	8,134	5,355
Net gains/(losses) on open options positions	(211)	144
Tax on net gains on investments	63	(43)
	7,986	5,456
Net profit for the half-year (including capital gains) after tax	9,881	7,145
	Cents	Cents
Net operating profit per share	1.08	0.98
Net profit for the half-year (including capital gains) per share	5.61	4.16

BALANCE SHEET

As at 31 December 2008

	31 Dec 2008 \$'000	30 June 2008 \$'000
Current assets		
Cash	21,814	17,984
Receivables	220	196
Income tax credits	148	-
Trading portfolio	-	8,087
Total current assets	22,182	26,267
Non-current assets		
Investment portfolio	74,655	95,474
Deferred tax assets	111	650
Total non-current assets	74,766	96,124
Total assets	96,948	122,391
Current liabilities		
Payables	522	946
Tax payable	-	474
Options written portfolio	34	221
Total current liabilities	556	1,641
Non-current liabilities		
Deferred tax liabilities – investment portfolio	-	1,221
Total non-current liabilities	-	1,221
Total liabilities	556	2,862
Net assets	96,392	119,529
Shareholders' equity		
Share capital	109,135	106,970
Revaluation reserve	(13,537)	16,443
Accumulated profits/(losses)	794	(3,884)
Total shareholders' equity	96,392	119,529

STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2008

	Half-Year 2008 \$'000	Half-Year 2007 \$'000
Total equity at the beginning of the half-year	119,529	134,467
Dividends paid	(5,203)	(10,077)
New shares issued under Dividend Reinvestment Plan	2,167	4,107
On-market share buy-backs	(2)	-
Share Issue costs	-	(14)
Total transactions with shareholders	(3,038)	(5,984)
Revaluation of investment portfolio	(31,201)	(5,415)
Provision for tax on unrealised gains	1,221	(80)
Net unrealised losses on investment portfolio	(29,980)	(5,495)
Profit for the half-year	9,881	7,145
Total equity at the end of the half-year	96,392	130,133

HOLDINGS OF SECURITIES

As at 31 December 2008

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

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
AMC	Amcor	Global packaging company	450	2,610
AMP	AMP	Major Australasian financial services organisation	635	3,444
ASZ	ASG Group	Provision of computer infrastructure	3,335	1,501
AWC	Alumina	Mining, refining, and smelting of aluminium	850	1,182
BHP	BHP Billiton*	Diversified international resources company	285	8,642
BKN	Bradken	Supplier to resources and rail freight industries	700	1,918
BXB	Brambles	Global support services group	371	2,753
CBA	Commonwealth Bank of Australia	Australia's largest retail bank	160	4,624
CCL	Coca-Cola Amatil	Manufactures and distributes a range of carbonated soft drinks, fruit products and functional beverages, many of which are trademarks of The Coca-Cola Company	275	2,527
CCQ	Contango Capital Partners	Investor in a diversified range of unlisted and listed investments in the financial services sector	828	219
CNX	Carbon Energy	Energy company aiming to deliver low cost and environmentally sustainable syngas from coal	890	263
CPB	Campbell Brothers	Provider of analytical services and distributor of consumer and industrial goods and hospitality supplies	36	634
EQT	Equity Trustees	Financial services company	149	1,990
ESG	Eastern Star Gas	Integrated natural gas and electricity production company	2,000	1,150

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
FWD	Fleetwood Corporation	Provider of manufactured accommodation for the resources and retirement sectors	150	549
GDY	Geodynamics	A renewable energy company involved in the development of geothermal energy generation from hot fractured rocks in Australia	460	515
HXL	Hexima	Agricultural-biotech company engaged in the research and development of technology for the genetic modification of crops	875	372
ILU	Iluka Resources	Mining and sale of titanium based products and zircon	250	1,160
IPL	Incitec Pivot	Fertiliser manufacturer and supplier	400	996
MCU	Mitchell Communication Group	Australia's largest independent communications group	3,250	1,463
MPO	Molopo Australia	Developing coalbed methane and other gas projects in Queensland, New South Wales and overseas	533	453
MRM	Mermaid Marine Australia	Marine services provider to the offshore oil and gas industry	422	452
NAB	National Australia Bank	Financial services group	250	5,218
NWS	News Corporation	International media company	137	1,856
NWSLV	News Corporation Non-Voting	As above	20	252
OKN	Oakton	Provider of IT solutions for customers	850	1,075
OSH	Oil Search	Exploration and production of oil and gas in PNG and Australia	400	1,860
PAG	PrimeAg Australia	Owner and operator of Australian farms with crops including wheat, cotton and other grains	235	299

HOLDINGS OF SECURITIES CONTINUED

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
PNA	Pan Australian Resources	Minerals development and exploration company	2,000	170
PPC	Peet	Acquisition, development and sales of broadacre residential estates	1,550	2,387
QBE	QBE Insurance Group	Provider of general insurance and reinsurance services in Australia	158	4,096
REA	realestate.com.au	Provider of online advertising to the Australian real estate industry	288	1,037
TLS	Telstra Corporation	Telecommunications operator and information services provider	1,702	6,520
TOX	Tox Free Solutions	Perth based waste management company	2,002	2,303
VIR	Viridis Clean Energy Group	Owns a geographically diversified portfolio of clean energy assets	1,345	807
VPE	Victoria Petroleum	Primary engaged in exploration and development of oil and gas in Australia and United States	2,350	623
WBC	Wespac Banking Corporation	Banking and wealth management services	356	6,046
WLL	Wellcom Group	Production based services provider to advertising and retail sectors	421	658
Total				74,621

* Investments marked with an asterisk were the subject of options, either for the whole holdings or part of it.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (Above \$500,000)	Cost \$'000
Westpac Banking Corporation	4,854
Commonwealth Bank of Australia	3,288
QBE Insurance Group	2,065
National Australia Bank Limited	1,480
Iluka Resources Limited*	1,099
Incitec Pivot Limited*	1,000
Campbell Brothers Limited*	704
PanAust Limited	641
Tox Free Solutions Limited	616
Alumina Limited	500

Disposals (Above \$500,000)	Proceeds \$'000
Queensland Gas Company Limited#	11,500
ConnectEast Group#	3,784
Rio Tinto Limited#	3,479
Toll Holdings Limited#	1,290

* New stocks to the portfolio.

Complete disposal from the portfolio.

COMPANY PARTICULARS

AMCIL Limited (“AMH”)

ABN 57 073 990 735

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

Directors

Bruce B Teele, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Terry A Campbell AO
Rupert Myer AM
Richard B Santamaria
Stan DM Wallis AC

Company Secretary

Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office

Level 21, 101 Collins Street
Melbourne Victoria 3000

Mailing Address

GPO Box 2114
Melbourne Victoria 3001

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@amcil.com.au
Website 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 Ltd
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

Shareholder

Enquiry Line 1300 653 916
+613 9415 4224 (from overseas)
Facsimile (03) 9473 2500
Email web.queries@computershare.com.au
Website www.computershare.com.au

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

Securities Exchange Code

AMH Ordinary shares

SHAREHOLDER MEETINGS

Melbourne Meeting

Time 1.00pm
Date Monday 16 March 2009
Venue Hilton on the Park
Location 192 Wellington Parade
East Melbourne

Other Meetings

Meetings of shareholders will be arranged in other centres later in the financial year. Shareholders with addresses within reasonable proximity will be notified well ahead of the meeting date.

Sydney Meeting

Time 1.00pm
Date Wednesday 18 March 2009
Venue Four Seasons Hotel
Location 199 George Street
Sydney

Perth Meeting

Time 1.00pm
Date Wednesday 25 March 2009
Venue Duxton Hotel
Location 1 St Georges Terrace
Perth

Canberra Meeting

Time 1.00pm
Date Monday 30 March 2009
Venue Hyatt Hotel
Location Commonwealth Avenue
Yarralumla Canberra

Brisbane Meeting

Time 1.00pm
Date Thursday 2 April 2009
Venue Stamford Plaza
Location Corner Edward and
Margaret Streets
Brisbane

