



2011

STATUTORY ANNUAL REPORT
A FOCUSED PORTFOLIO OF AUSTRALIAN EQUITIES



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SUMMARY OF RESULTS

Reported Profit After Tax

Reported profit after tax for the year was \$8.4 million versus \$7.0 million over the corresponding period last year. These figures include the movement in the unrealised value of the Company's investment in Hastings Diversified Utilities Fund, as required under current accounting standards.

Net Operating Profit

Net operating profit, which measures the underlying income generated from the portfolio, increased to \$7.1 million from \$4.9 million last year, a rise of 44.4 per cent.

Earnings Per Share

Earnings per share based on net operating profit were 3.50 cents compared with 2.62 cents last year.

A Fully Franked Final Dividend

A fully franked final dividend of 3.5 cents per share has been determined by Directors. This is in line with the Company's dividend policy of maximising the distribution of available franking credits. Last year's final dividend was 2 cents per share fully franked. The Dividend Reinvestment Plan was suspended for this year's payment.

Total Portfolio Return

Total portfolio return during the 12 months to 30 June 2011 (change in net asset backing per share plus dividend) was 13.6 per cent whereas the S&P/ASX 200 Accumulation Index increased 11.7 per cent over the corresponding period.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividend over the 12 month period was 10.8 per cent.

Total Portfolio

Total portfolio at market value at 30 June 2011 was \$161.9 million. This includes cash of \$14.0 million (before the payment of the dividend).

Management Expense Ratio

Management expense ratio was 0.80 per cent, compared to 0.88 per cent for the corresponding period last year.

Net Asset Backing

Net asset backing at 30 June 2011 was 78 cents. At 30 June 2010 the net asset backing was 70 cents.

DIRECTORS' REPORT

We are pleased to report to the shareholders of AMCIL Limited ("AMCIL" or "the Company") in relation to the financial year to 30 June 2011 as follows.

ABOUT THE COMPANY

AMCIL was originally established in 1996 as an investor in media and telecommunications companies. In late 2003 shareholders agreed to change the investment mandate to a focused portfolio drawn from the broader market.

AMCIL's portfolio covers both large and small companies. The number of companies in the portfolio will usually comprise 30 to 40 stocks depending on market conditions and thematic investment opportunities. The selection of stocks in the portfolio is based on attractive valuations as well as the outlook for growth and the competitive structure of the industry.

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

Dividend Policy

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

Investing in the Company

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

Transparency

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

REVIEW OF OPERATIONS

Chairman's Comments

AMCIL has reported a net profit after tax of \$8.4 million for the 12 months to 30 June 2011. This result is 19.6 per cent higher than last year's result of \$7.0 million. These figures include the movement in the unrealised value of the Company's investment in Hastings Diversified Utilities Fund, which is required under current accounting standards.

Net operating profit, which includes the income generated from the investment and trading portfolios, was the main driver of this the increase. For the 12 month period net operating profit was \$7.1 million, 44.4 per cent higher than the corresponding figure of \$4.9 million last year.

A key component in this was a large increase in AMCIL's fully franked income which arose from participation in the share buy-back by BHP Billiton. AMCIL's income also benefited from other companies which lifted their dividends and the deployment into the market of cash from its Share Purchase Plan in January 2011.

As a result, the Board has increased AMCIL's dividend to 3.5 cents per share fully franked, up from 2 cents per share last year. This amount is in line with the Company's dividend policy of maximising the distribution of available franking credits in any given year.

Given the level of cash AMCIL has available to invest and the current share price which is trading at a discount to net asset backing the Company has suspended the dividend reinvestment plan for this dividend.

Portfolio

AMCIL's investment performance benefited from the focused approach it has to the portfolio. The portfolio return over the financial year (including dividends paid) was 13.6 per cent whereas the broader Australian equity market increased 11.7 per cent over the same period. Over a five year period the portfolio return for AMCIL has been 8.6 per cent per annum whereas the market on the same basis has returned 2.4 per cent per annum.

Major contributors to the positive performance of the portfolio for the year were gains in Iluka Resources, Hastings Diversified Utilities Fund, Transurban, BHP Billiton and Commonwealth Bank of Australia.

The chart at the top of page 5 highlights the disparity in performance between different sectors of the market and the sudden fall in sentiment which occurred following the market peak for the year in April 2011.

AMCIL's portfolio return for the year was very pleasing in this environment.

Major purchases in the Investment portfolio were in Senex Energy, iSelect, which is currently unlisted, ANZ Banking Group, Trust Company and Engenco.

Details of the new additions to the portfolio over \$500,000 since the previous six month report sent to shareholders are:

Engenco

Engenco is a service provider to the resource, rail, defence, maritime and power generation industries providing broad-based technical sales and services to customers that rely on complex plant and equipment, specialised rolling stock, or related technical expertise to support their power, propulsion and infrastructure needs.

Boral

Boral is an international building and construction materials group. With leading market positions, Boral's core businesses are cement and construction materials in Australia; plasterboard in Australia and Asia; and bricks, roof tiles and masonry in Australia and the USA.

Blackmores

Blackmores is a natural healthcare company that distributes premium branded vitamins and supplements in Australia and South East Asia.

The more significant disposals from the portfolio were in Mitchell Communications which was taken over by Aegis Plc, AXA Asia Pacific as a result of the takeover by AMP, BHP Billiton as a result of participation in the buy-back, Iluka Resources and REA Group.

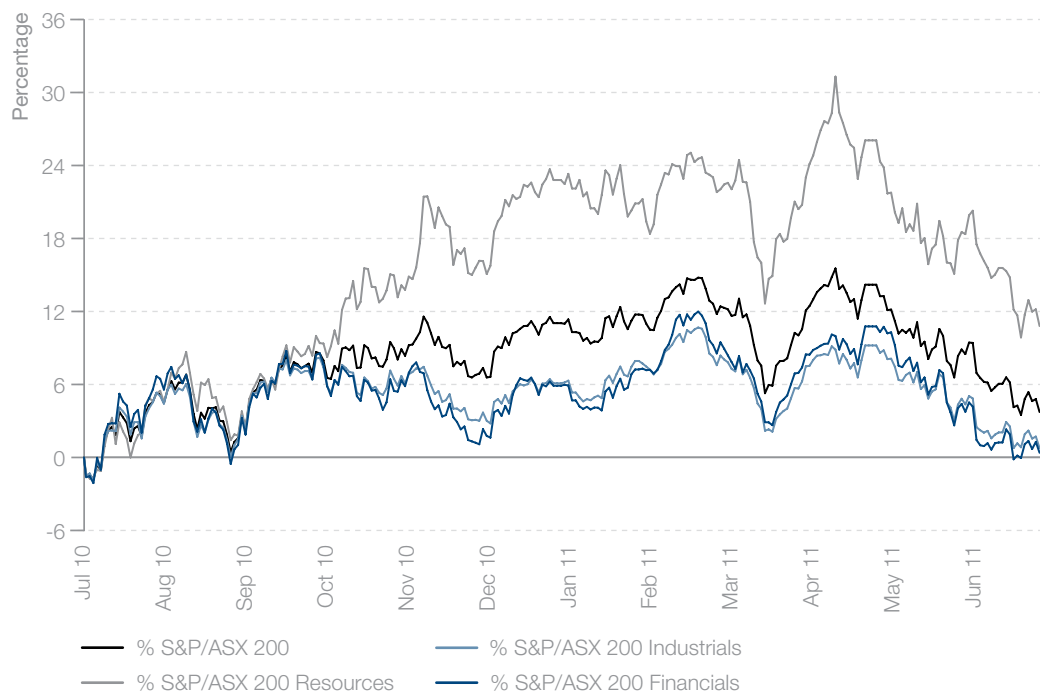
Asciano

Asciano is a transport infrastructure business, with a focus on ports and rail. Its portfolio includes Pacific National's rail operations and Patrick's port and stevedoring businesses. These two businesses own and operate container terminals, bulk export facilities, stevedoring equipment and associated services, and extensive rail operations.

The more significant disposals from the portfolio were in Mitchell Communications, which was taken over by Aegis Plc, AXA Asia Pacific as a result of the takeover by AMP, BHP Billiton as a result of participation in the buy-back, Iluka Resources and REA Group.

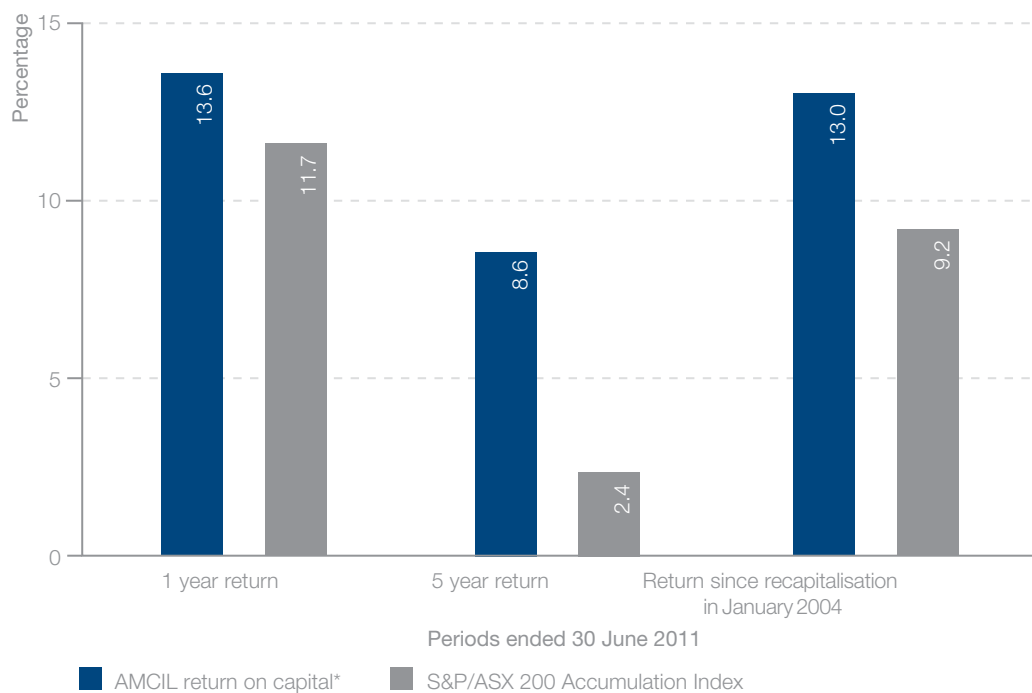
Purchases in the investment portfolio totalled \$17.3 million for the financial year whereas total sales were \$13.8 million for period.

Comparative Sector Returns*



* Based on price movements. Does not include dividend returns.

Portfolio Return – Per Annum Return to 30 June 2011



* 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.

Outlook

In our view, equity market conditions are likely to remain uncertain for some time as the high level of government debt in many developed economies weighs on global growth expectations. In addition, whilst the Australian market has benefited from ongoing demand for resources, other sectors are affected by the high Australian dollar and weak consumer sentiment. Whilst this environment provides some short term difficulties it is also likely to continue to produce selected long investment opportunities for an investor like AMCIL.

AMCIL moves into the financial year in a strong position. Following the payment of the dividend the Company has \$7 million of cash available to invest.

Financial Condition

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

Dividends

Directors have declared a fully franked final dividend of 3.5 cents per share (2 cents fully franked last year).

The dividends paid during the year ended 30 June 2011 were as follows:

	\$'000
Final dividend for the year ended 30 June 2010 of 2 cents per share fully franked at 30 per cent, paid on 27 August 2010	3,897

Significant Changes in the State of Affairs

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

Events Since Balance Date

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

Environmental Regulations

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

Rounding of Amounts

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

Capital Changes

Pursuant to the Dividend Reinvestment Plan for the August dividend in 2010, 3,054,827 shares were issued at \$0.60 per share.

The Company also had a Share Purchase Plan in January 2011 which resulted in the issue of 11,163,583 shares at \$0.64 per share.

As a result of all of these activities, the Company's paid up capital increased on a net basis by \$8.9 million after costs by year end.

BOARD AND MANAGEMENT

Directors

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

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

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

Mr Barker has been a Director of the Company since May 1996 and was appointed Managing Director in February 2001. He is also Managing Director of AFIC, Djerrivarrh Investments Limited and Mirrabooka Investments Limited.

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

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

Terrence A Campbell AO BCom (Melb). Independent Non-Executive Director. Member of the Investment Committee.

Mr Campbell has been a Director since May 1996. He was Chairman of the Company from February 2000 until February 2004. He is Senior Chairman of Goldman Sachs Australia and New Zealand (formerly Goldman Sachs JBWere) and Advisory Director of Goldman Sachs. Mr Campbell was formerly Chairman and Chief Executive of Goldman Sachs JBWere. He is also Chairman of Mirrabooka Investments Limited, Deputy Chairman of AFIC and a Director of Djerrivarrh Investments Limited.

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

Mr Myer is a company Director and was appointed a Director in January 2000. He is Chairman of The Myer Family Company Ltd and is a Director of Diversified United Investment Ltd, Myer Holdings Ltd and The Myer Foundation. He is also Chairman of the National Gallery of Australia.

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

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

Stan DM Wallis AC BCom (Melb). Independent Non-Executive Director. Member of the Investment Committee.

Mr Wallis has been a Director of the Company since March 2004. He is Chairman of SANE Australia and Deputy Chairman of Rubicon Systems (Holdings) Pty Ltd. He is a former Managing Director and Chairman of Amcor Limited. He was formerly the Chairman of AMP Limited, Santos Limited and Coles Myer Limited. He is also a former Director of Australian Foundation Investment Company Limited.

BOARD AND MANAGEMENT CONTINUED

Senior Executives

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

Mr Driver joined the Company in January 2003. Previously, he was with National Australia Bank Ltd for 18 years in various roles covering business strategy, marketing, distribution, investor relations and business operations.

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

Mr Freeman joined the Company in February 2007. He was formerly a Partner with Goldman Sachs JBWere. His primary role during that time was advising investment companies with their investment and dealing activities. As such he has a depth of knowledge and experience of investment markets and the Company's approaches, policies and processes.

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

Mr Pordage joined the Company in February 2009. He is a Chartered Secretary and has over 13 years company secretarial experience and was previously Deputy Company Secretary for Australia & New Zealand Banking Group Limited and prior to that was Head of Board Support for Barclays PLC in the UK. He is a member of Chartered Secretaries Australia's Victorian Council, Chairman of CSA's National Legislation Review Committee and a member of two of their national committees, the Communication Committee and Corporate and Legal Issues Committee.

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

Mr Porter joined the Company in January 2005. He is a Chartered Accountant and has had over 18 years experience in accounting and financial management both in the United Kingdom with Andersen Consulting and Credit Suisse First Boston and in Australia where he was Regional Chief Operating Officer for the Corporate and Investment Banking Division of CSFB. He is a member of the User Focus Group of the Australian Accounting Standards Board. He is also a non-executive Director of the Royal Victorian Eye and Ear Hospital.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2011 and the numbers of meetings attended by each Director were:

	Board		Investment Committee		Audit Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
BB Teele	13	13	21	21	-	-
RE Barker	13	12	21	20	-	3 [#]
PC Barnett	13	12	21	19	3	3
TA Campbell	13	11	21	16	-	-
RH Myer	13	11	21	18	3	3
RB Santamaria	13	13	21	20	3	3
SDM Wallis	13	12	21	17	-	-

Attended meetings by invitation.

Retirement, Election and Continuation in Office of Directors

Messrs BB Teele and RB Santamaria, having last been re-elected by shareholders at the 2008 Annual General Meeting (AGM), will retire and being eligible, will offer themselves for re-election at the forthcoming AGM.

Insurance of Directors and Officers

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

REMUNERATION REPORT

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

The constitution of AMCIL requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate Directors. The amount of remuneration excludes amounts that were owing to them when the Directors' retirement allowances were frozen at 31 December 2003. Shareholders approved an aggregate maximum amount of \$500,000 for the remuneration of Directors at the AGM in September 2007.

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

AMCIL does not pay any performance-based remuneration.

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

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

(b) Remuneration of Directors

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

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2011 were as follows:

	Short Term Fee/Base Salary \$	Post Employment Superannuation \$	Total remuneration \$
BB Teele: Chairman (Non-Executive)			
2011	95,413	8,587	104,000
2010	91,744	8,256	100,000
RE Barker: Managing Director (Executive)*			
2011	47,706	4,294	52,000
2010	45,872	4,128	50,000
PC Barnett: Director (Non-Executive)			
2011	47,706	4,294	52,000
2010	45,872	4,128	50,000
TA Campbell: Director (Non-Executive)			
2011	47,706	4,294	52,000
2010	45,872	4,128	50,000
RH Myer: Director (Non-Executive)			
2011	47,706	4,294	52,000
2010	45,872	4,128	50,000
RB Santamaria: Director (Non-Executive)			
2011	47,706	4,294	52,000
2010	45,872	4,128	50,000
SDM Wallis: Director (Non-Executive)			
2011	47,706	4,294	52,000
2010	45,872	4,128	50,000
Total Remuneration: Directors			
2011	381,649	34,351	416,000
2010	366,976	33,024	400,000

* Director's fees for RE Barker are paid across to AICS as part of his employment arrangements.

(c) Directors' Retirement Allowances

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

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

For relevant Directors in office at 31 December 2003, the amounts accrued as at that date will be paid to them upon their ultimate retirement. No further accruals of Directors retiring allowances will be made after 31 December 2003. New Directors appointed to the Company, including Mr Wallis who was appointed on 24 March 2004 and Mr Teele who was re-appointed on 19 December 2003, will not be entitled to any Directors' retirement allowance.

The amounts payable to the respective current Directors who were in office at 31 December 2003, which will be paid when they retire, are set out below. These amounts were expensed in prior years as the retirement allowances accrued. It is not expected that any of these Directors will retire within the next 12 months. The Company continues to pay SGC on Directors' fees.

	Amount Payable on Retirement \$
RE Barker	87,000
PC Barnett	87,000
TA Campbell	174,000
RH Myer	68,150
RB Santamaria	87,000
	503,150

Directors' Holdings of Securities Issued by the Company

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

	Shares
BB Teele	34,060,833
RE Barker	4,323,504
PC Barnett	573,789
TA Campbell	4,895,811
RH Myer	636,155
RB Santamaria	245,008
SDM Wallis	2,240,677

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

(d) Executives

The Company has five executives, RE Barker, Managing Director, GN Driver, General Manager Business Development and Investor Relations, RM Freeman, Chief investment Officer, AJB Porter, Chief Financial Officer and SM Pordage who is Company Secretary (2010: five executives). Other than the Managing Director whose Director's fees are paid directly to AICS, no remuneration is paid to the executives as their services are provided pursuant to the arrangements with AICS outlined in the Notes to the Financial Statements.

NON-AUDIT SERVICES

Details of non-audit services performed by the auditors may be found in Note 23 of the Financial Report.

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

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

A copy of the Auditor's Independence Declaration is set out on page 12.

This report in relation to the financial year to 30 June 2011 is presented by the Directors of the Company in accordance with a resolution of Directors.



Rupert Myer AM
Director

Melbourne
20 July 2011

AUDITOR'S INDEPENDENCE DECLARATION



PricewaterhouseCoopers
ABN 52 780 433 757

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2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of AMCIL Limited for the year ended 30 June 2011, 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.

A handwritten signature in black ink, appearing to read 'D Coogan', with a horizontal line extending to the right.

David Coogan
Partner
PricewaterhouseCoopers

Melbourne
20 July 2011

Liability limited by a scheme approved under Professional Standards Legislation

CORPORATE GOVERNANCE STATEMENT

The Board of AMCIL is committed to having high standards of ethical behaviour and to having an effective system of corporate governance commensurate with the size of the Company and the scope of its business operations.

In accordance with ASX Listing Rule 4.10.3, set out below is the ASX Corporate Governance Council's eight principles of corporate governance (ASX Governance Principles) and outlined accordingly is how the Board has applied each principle and the recommendations set out within them. A full copy of the ASX Governance Principles and the underlying recommendations can be found on the ASX's website.

The Company is fully supportive of the 'if not, why not' disclosure based approach to governance adopted by the ASX Governance Principles and the recognition within them that there is no single model of corporate governance and that good corporate governance practice is not restricted to adopting the recommendations contained in the ASX Governance Principles.

There are a small number of recommendations made in the ASX Governance Principles that the Board, following careful consideration, has not adopted. Full details of these, together with an explanation of why an alternative and more appropriate approach has been taken by the Board, are set out in the following statement.

Principle 1: Laying Solid Foundations for Management and Oversight

Compliance with the first Principle requires the Company to establish and disclose the respective roles and responsibilities of both the Board and Management.

Role of the Board

The Corporate Objective of the Company, as determined by the Board, is to provide shareholders with attractive returns through strong capital growth in the portfolio over the medium to long term together with the generation of dividend income.

The role of the Board underpins and supports the Corporate Objective of the Company. The Board generally sets objectives and goals for the operation of the Company, oversees the Company's management, regularly reviews the Company's performance and monitors its affairs in the best interests of the Company. For these responsibilities, the Board is accountable to its shareholders as owners of the Company.

The Board operates under a Board charter, available on the Company's website, which documents the role of the Board outlined above and the matters that the Board has reserved to itself. Those matters include:

- setting the Corporate Objective of the Company and approving business strategies and plans of the Company designed to meet that Objective;
- approving the expense budget at least annually;
- approving changes to the Company's capital structure and dividend policy;
- appointing and removing the CEO/Managing Director and carrying out succession planning for the CEO/Managing Director as applicable; and
- reviewing the performance of management and the Company, including in relation to the risk management, internal controls and compliance systems adopted by the Company and the monitoring and review of the performance of Australian Investment Company Services Limited (AICS) in relation to the services that AICS provides the Company.

The Directors meet formally as a Board normally monthly and the Non-Executive Directors meet regularly in the absence of the Managing Director and members of management.

Delegation to Board Committees

The Board has established the following principal Board Committees to assist the Board in exercising its authority:

- Investment Committee; and
- Audit Committee.

Each Board Committee operates under a formal charter that is made publicly available on the Company's website. The role and work of the Audit Committee is outlined under Principle 4, on page 18 and Principle 7, on page 19.

The general role of the Investment Committee, whose membership currently comprises each of the Directors, is to make investment decisions to support the Company's Corporate Objective. In doing this, the Committee:

- makes investment decisions to maintain the investment and trading portfolios;
- makes decisions in relation to other portfolio related activities including voting instructions and lodgement of proxies in respect of general meetings of companies in which the Company has invested;
- receives reports from management on portfolio matters, including portfolio performance, transaction reports, portfolio position reports and performance attribution analysis; and
- receives reports and recommendations in relation to the review and analysis of companies/securities in which the Company is able to invest, or has invested.

The Committee also plays an important role in the oversight of Investment Risk, which is set out under Principle 7 on page 19.

The number of Board and Board Committee meetings held during the year and attendance by Directors are set out on page 8.

Delegation to Management

The Company has entered into an agreement with AICS to provide a comprehensive range of management, finance, marketing/business development and securities/stock market services to the Company under the leadership of the Managing Director, including the day-to-day maintenance of the portfolios and associated research. The Managing Director is responsible to the Company for the performance of those services and the Board acts in close consultation and cooperation with AICS in relation to the provision of services by AICS to the Company. AICS is paid a fee based on its costs in providing these services.

The Board believes that the Company is fully compliant with Principle 1. As set out above, the Board continuously reviews the performance of AICS, under the leadership of the Managing Director, in providing services to the Company. Separate evaluations of the performance of individual Senior Executives is carried out by AICS.

Principle 2: Structuring the Board to Add Value

Compliance with this Principle requires the Company to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

The Board

The Board is comprised of a Non-Executive Chairman (BB Teele), Managing Director (RE Barker) and five Non-Executive Directors (PC Barnett, TA Campbell, RH Myer, RB Santamaria, and SDM Wallis), all of whom have a personal financial interest in the Company.

The Directors' Report on page 7 sets out the details of the skills, experience, and expertise of each Director.

The roles of the Chairman and Managing Director are separate. The role of the Managing Director is set out under Principle 1, above. The role of the Chairman is set out in the Board charter, including being responsible for:

- the business of the Board, taking into account the issues and the concerns of all Directors and the requirements of the Board charter;
- the leadership and conduct of Board and Company meetings to be in accordance with the agreed agenda, the Company's Corporate Objective and Principles of Conduct (described under Principle 3, below); and
- encouraging active engagement by Directors and an open and constructive relationship between the Board and the Managing Director and Senior Executives.

The Chairman also has the authority to act and speak for the Board between meetings, subject to any agreed consultation processes.

Appointment and Re-election

Details of the term of office held by each Director in office as at the date of this report are as follows:

BB Teele	– 8 years
RE Barker	– 15 years
PC Barnett	– 15 years
TA Campbell	– 15 years
RH Myer	– 11 years
RB Santamaria	– 15 years
SDM Wallis	– 7 years

Due to the size of the Company, it has not established a formal Nomination Committee and the functions of a Nomination Committee are undertaken by the full Board.

The Company is a long term investor. When looking at the Board's composition, continuity on the Board and a Director's experience of the Company and the market it operates in through different economic cycles are important factors that are considered.

Each Director of the Company is encouraged to have, and each Director has, a meaningful financial interest in the Company. In this way, the Directors participate in improving shareholder value on the same basis as all other shareholders.

The Company has not established a formal performance review procedure and the performance of the Board, its Committees and individual Directors is the subject of continuous oversight by the Chairman and the Board as a whole. As set out under Principle 1 above (page 13), the Non-Executive Directors meet regularly in the absence of the Managing Director and Management and discuss such issues in that forum.

All Directors have entered into an agreement with the Company covering the terms of their appointment, access to documents, Director's indemnity against liability, and Directors' and Officers' insurance.

The Company's constitution provides that each Non-Executive Director must seek re-election by shareholders at least every three years if they wish to remain a Director. Any new Non-Executive Director appointed by the Board must seek election by shareholders at the next Annual General Meeting of the Company. This approach is consistent with the ASX Listing Rules.

Independence

The Board reviews the independence of each of the Directors (excluding the Managing Director) on an annual basis, taking into account the factors set out in box 2.1 of the ASX Governance Principles, including situations where an individual Director may be a partner in, controlling shareholder of, or executive of, an entity which has a material commercial relationship with the Company. In looking at such relationships, the Board has set an initial materiality threshold of \$200,000 and this threshold is reviewed annually by the Board.

BB Teele, the Chairman, was a Director of the Company from the original commencement of activities in 1996 up to February 2000 and again since December 2003. He and his related interests together have a substantial shareholding in the Company (currently 16.29 per cent) and therefore he is not considered to be an independent Director. Given that AMCIL is a Listed Investment Company and is a long term investor, it is of great assistance to have a Chairman with a depth of experience and skills in the securities industry and who is also involved in the investment decisions of the Company. Accordingly, an independent Chairman is not regarded as necessary.

Mr Barnett is an independent Director of Djerrivarr Investments Limited (DJW), a substantial shareholder owning 5.07 per cent of the Company. The Board has considered this relationship and looking at all the circumstances, including the size of the substantial holding in the Company by DJW, that Mr Barnett is an independent Director of DJW, and the procedures the Company has in place to manage conflicts of interest, the Board has determined that Mr Barnett remains independent.

AMCIL had in the past a close relationship with Goldman Sachs Australia and New Zealand (formerly Goldman Sachs JBWere). As such, TA Campbell, who is Senior Chairman of Goldman Sachs Australia and New Zealand, and is a former Chairman and Chief Executive of Goldman Sachs JBWere, had not previously been regarded as independent.

However, Mr Campbell's position there is non-executive, and in the past two years the only commercial relationship that AMCIL has had with Goldman Sachs Australia and New Zealand is a very small amount of brokerage (see Note 22 on page 41). As such, Mr Campbell is now regarded as independent. Mr Campbell is also a Non-Executive Director of DJW, and for the reasons given above, the Board does not regard this as affecting his independence.

The remaining Non-Executive Directors, being RH Myer, RB Santamaria and SDM Wallis, are also regarded as independent.

Accordingly, the Board consists of a majority of independent Non-Executive Directors.

To assist Directors to fully meet their responsibilities to bring an independent view to matters coming before them, the Board has agreed a procedure in appropriate situations for Directors to take independent professional advice, at the expense of the Company, after advising the Chairman of their intention to do so. This is in relation to carrying out their duties as members of the Board and members of Board Committees.

The Board believes that the Company is fully compliant with Principle 2, but that for the reasons stated above, it does not consider it appropriate to follow the recommendations that the Chairman should be an independent Director and that a separate Nomination Committee be established. In addition, the Board has not adopted a formal mechanism for evaluating the performance of the Board, its Committees and individual Directors.

Principle 3: Promotion of Ethical and Responsible Decision-making

Compliance with this Principle requires that the Company should actively promote ethical and responsible decision-making.

The Company, including its Directors and Senior Executives, is committed to maintaining the highest standards of integrity and seeks to ensure all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect the shareholders' interests.

The Company has approved and published Corporate Principles of Conduct and a Securities Dealing Policy for Directors and Senior Executives, which are available on the Company's website.

The Securities Dealing Policy was reviewed and updated during the year to take account of changes in the ASX Listing Rules. Under the policy, Directors and Senior Executives are prohibited from dealing in the Company's securities from the close of business on the last business day of the Company's half and full financial year up to and including the calendar day after the Company's announcement of its financial results; and the opening of business on the last business day of each month up to and including the calendar day after the monthly net tangible asset per share announcement.

In addition, they must not deal in the Company's securities for short term purposes, must not engage in short-selling of the Company's securities, and are prohibited from using the Company's securities as security for margin lending arrangements or other loans. They must also use their best endeavours to ensure they are not put in a position of conflict with the policy by virtue of having margin or other loans over other securities.

Compliance with the policy is a condition of the appointment of each Senior Executive with the Company and a condition of their employment with AICS.

The Company has adopted Corporate Principles of Conduct which outline ethical standards to be followed by Directors and Senior Executives of AMCIL when carrying out their responsibilities with a view to the Company achieving its aims.

Under the Principles, Directors and Senior Executives will:

- conduct business in good faith in the best interests of the Company with efficiency, honesty and fairness;
- perform their duties with the utmost integrity and the standard of care and diligence expected of an organisation of the highest calibre;
- treat others with dignity and respect; and
- not engage in conduct likely to have an adverse effect on the reputation of the Company.

The Corporate Principles of Conduct also set out details of how conflicts of interest should be avoided. The Company's directors and employees must disclose to the Company any material personal interest that they or any associate may have in a matter that relates to the affairs of the Company.

Where a conflict of interest may arise, full disclosure by all interested persons must be made and appropriate arrangements followed, such that interested persons are not included in making the relevant decisions and discussions.

AICS has its own comprehensive Principles of Conduct in place that covers the behaviours and actions of its employees. Compliance with those Principles is a condition of the appointment of each Senior Executive with the Company and a condition of their employment with AICS.

During the financial year, the Company also approved a new Whistleblower Protection Policy. The policy establishes a formal framework within which individuals are able, in a secure way, to express their genuine concerns about unlawful behaviour or breaches of policy, free from the threat of victimisation or reprisal and on the understanding that their concerns will be investigated and that, where appropriate, action will be taken to redress the situation.

Any Individual making a report in good faith under the policy will be protected by AMCIL from any victimisation, including harassment, reprisals, discrimination or other form of detriment, as a result of making such a report.

The Board believes that the Company is fully compliant with Principle 3 and its recommendations.

Principle 4: Safeguarding Integrity in Financial Reporting

Compliance with this Principle requires that the Company has a structure to independently verify and safeguard the integrity of the Company's financial reporting.

Audit Committee

The Company has established an Audit Committee which comprises three members, all of whom are independent Directors: PC Barnett (Chairman), RH Myer and RB Santamaria. Details of their qualifications and number of meetings attended are set out in the Directors' Report on pages 7 and 8.

All members of the Audit Committee have the requisite financial experience and understanding to effectively discharge the Committee's responsibilities under its charter. In addition, the Chairman of the Committee is a Fellow of CPA Australia and as such has relevant experience and qualifications, but has no responsibilities additional to those of other members of the Audit Committee other than being Chairman of the Committee.

The Audit Committee normally meets three times a year and is responsible for reviewing:

- the Company's accounting policies;
- the content of financial statements;
- issues relating to the controls applied to the Company's activities;
- the conduct, effectiveness and independence of the external audit;
- risk management and related issues; and
- compliance issues.

The role of the Audit Committee in respect of its oversight of risk management and related issues is set out under Principle 7, on page 19.

Written Affirmations

The Board has received from the Managing Director and the Chief Financial Officer written affirmations concerning the Company's financial statements as set out in the Directors' Declaration on page 44, pursuant to the Corporations Act 2001.

External Audit

The Company has a process to ensure the independence and competence of the Company's external auditors including the Audit Committee reviewing any non-audit work to ensure that it does not conflict with audit independence. Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is set out in the Audit Committee's charter. Policies relating to rotating external audit engagement partners are set by the external audit firm in accordance with Corporations Act and international best practice requirements.

Details of non-audit services provided by the external auditor are set out on page 42.

The Audit Committee meets regularly with the external auditor in the absence of management.

The Board believes that the Company is fully compliant with Principle 4 and its recommendations.

Principle 5: Timely and Balanced Disclosure

Compliance with this Principle requires that the Company promotes timely and balanced disclosure of all material matters concerning the Company.

As a listed entity, the Company has an obligation under the ASX Listing Rules to maintain an informed market in its securities. Accordingly, the Company keeps the market advised of all information required to be disclosed under the Listing Rules which the Company believes would or may have a material effect on the price or value of the Company's securities.

The Company has a written policy and procedures designed to ensure compliance with ASX Listing Rule and Corporations Act disclosure requirements and to ensure accountability at a senior management level for that compliance. The policy is publicly available on the Company's website.

The Board believes that the Company is fully compliant with Principle 5 and its recommendations.

Principle 6: Respecting the Rights of Shareholders

Compliance with this Principle requires that the Company respects the rights of shareholders and facilitates the effective exercise of those rights.

The Company is owned by its shareholders and the Board's primary responsibility to them is to do its utmost to meet the Company's objectives and so increase the Company's value for all shareholders. The Board's policy is to maintain active communication with shareholders as owners of the Company.

In addition to communicating to shareholders via the Annual and Half-Yearly Reports, the Company holds an Annual General Meeting of shareholders to fulfil statutory requirements, to provide shareholders with the opportunity to meet with representatives of the Board and Management, to learn more about the Company's activities and, particularly, to provide an opportunity to question the Board and Management about any aspect of the Company's activities.

In addition to the Annual General Meeting, the Company holds non-statutory shareholder information meetings around major cities in Australia, which provides shareholders around the country with a further opportunity to interact more informally with representatives of the Board and Management. During the financial year, the Company held such meetings in Melbourne, Perth, Sydney, Adelaide, Canberra and Brisbane.

A comprehensive website is also maintained by the Company on which all ASX announcements, Annual Reports, Half-Yearly Reports, details of corporate governance practices, presentations to shareholders, and related material are posted and available for shareholders and investors.

The Board believes that the Company is fully compliant with Principle 6 and its recommendations.

Principle 7: Recognising and Managing Risk

Compliance with this Principle requires that the Board establishes a sound system of risk oversight and management and internal control.

The Company has established and maintains a sound system of risk oversight, management and internal control. The Risk Management Framework adopted by the Company is available on the Company's website.

The framework has been developed to take into account the principles and guidelines outlined in AS/NZS ISO 31000: 2009 Risk Management – Principles and Guidelines.

This approach involves establishing the context in which it operates, identifying the risks, analysing those risks, evaluating the risks, treating the risks where appropriate and monitoring, reviewing and reporting risks and the overall performance of the framework. This process is underpinned through regular communication and consultation with key business stakeholders.

The framework forms the basis for embedding enterprise risk management within the culture of the organisation.

The objectives of it are to:

- Enable the Company to meet its obligations and objectives efficiently and reliably.
- Increase the likelihood that the Company will be successful in its business operations by mitigating potentially damaging events occurring (e.g. operational risk) and maximising the results of positive events (e.g. financial position, investment strategies, etc.), through the implementation of risk management strategies.
- Provide decision-makers with the means to identify risks and to determine whether the controls in place are adequate to mitigate those risks.
- Provide a mechanism to assess the levels of risk that can be accepted.
- Ensure that the application of risk management practices is understood by the agents, employees, officers and Directors of the Company; and a strong risk culture is well entrenched.
- Reduce the consequence and/or likelihood of potentially damaging events by regular reviews of investments and investment strategies or by transferring the impact of potentially damaging events to third parties (e.g. by insurance, and contractual arrangements) for outsourced arrangements, where appropriate.

The Board is assisted in its risk management activities by the Audit Committee and coordination of risk management activities is done by the Chief Financial Officer, who reports to the Audit Committee on such matters.

The framework is reviewed on an annual basis.

There are two main areas of risk that have been identified:

- investment risk; and
- operational risk.

Investment Risk

Investment risk includes:

- market risk;
- credit, counter-party and settlement risk;
- liquidity risk; and
- reputational risk (insofar as it relates to the investments that the Company enters into).

The Investment Committee is primarily responsible for dealing with issues arising from investment risk and has delegated day-to-day management of the portfolios to an experienced investment team provided by AICS. All decisions of the team are reviewed, discussed and where necessary, ratified by the Committee. By its nature as a Listed Investment Company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market.

Operational Risk

The Company's management is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk, human resource risk, reputational risk (insofar as it relates to the operations of the Company), disaster recovery and occupational health and safety risk. This is in the context that most of AMCIL's administrative functions have been outsourced to AICS using its systems and staff. Accordingly, risk issues associated with these activities are handled in accordance with the policies and procedures adopted by AICS for dealing with them. The Audit Committee has specific oversight of management's role in identifying and responding to risk issues.

The Company has received a report from AICS outlining the control objectives for AICS and the specific policies and procedures established to meet these procedures. These policies include management oversight, segregation of duties, multiple sign-offs and specific authorisation levels. AICS has stated that these have been in place throughout the period, and have been effective in meeting the control objectives. This statement and verification have been confirmed by AICS's internal auditors, Ernst & Young, under the requirements of Auditing Standard 810.

Written Affirmations

The Board has received from the Managing Director and the Chief Financial Officer written affirmation that, to the best of their knowledge and belief, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects insofar as they relate to the financial reporting risks.

The Audit Committee and the Board have also received reports from the Senior Executives as to the effectiveness of Company's management of its material business risks, whilst noting that as a listed investment company, the Company can never be entirely free of investment risk.

The Board believes that the Company is fully compliant with Principle 7 and its recommendations.

Principle 8: Remunerating Fairly and Responsibly

Compliance with this Principle requires that the level and composition of remuneration be sufficient and reasonable and that its relationship to corporate and individual performance be defined.

The Board does not have a separate Remuneration Committee. The Board deals with matters relating to the remuneration of Directors itself and a separate Remuneration Committee is not regarded as necessary. The Company has no employees as AMCIL's administrative functions have been outsourced to AICS using its systems and staff.

Directors' Remuneration

The Constitution of AMCIL requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors together with such factors as the general level of fees paid to Australian corporate Directors.

Management Remuneration Approach

The Company does not pay any performance based remuneration.

R Barker serves as Managing Director of AMCIL pursuant to an agreement with AICS. The fees to which he is entitled as a Director of the Company are paid directly to AICS pursuant to his remuneration arrangements with them. Also as part of these remuneration arrangements with AICS, R Barker receives an 'at risk' component determined by AICS which is based on performance. The performance criteria include quantitative and qualitative assessments which include, among other things, the services that he has provided to AMCIL and for which AICS is paid.

Further information on Directors' and Executives' remuneration is set out in the Remuneration Report on pages 9 to 10.

The Board believes that the Company is fully compliant with Principle 8 but that, for the reasons given above, it is not appropriate for the Company to follow the recommendation that a separate Remuneration Committee be established. In addition, as the Company does not have any equity-based remuneration schemes, there is no need to have a policy around prohibiting the hedging of risk over unvested entitlements in such schemes.

FINANCIAL REPORT

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$'000	2010 \$'000
Dividends and distributions		8,081	5,542
Revenue from deposits and bank bills		337	615
Other revenue		20	54
Total revenue		8,438	6,211
Net gains/(losses) on trading portfolio		252	122
Income from options written portfolio		20	(30)
Income from operating activities		8,710	6,303
Finance costs		(88)	(14)
Administration expenses		(1,239)	(1,177)
Operating profit before income tax expense	4	7,383	5,112
Income tax expense*	5	(279)	(194)
Net operating profit for the year		7,104	4,918
Net gains/(losses) on investments			
Net gains/(losses) on open options positions		(11)	11
Deferred tax on net gains/(losses) on open options positions*	5	3	(3)
Net gains/(losses) on puttable instruments		1,819	2,208
Tax on net gains/(losses) on puttable instruments*	5	(546)	(662)
Net gains/(losses) on securities sold from the investment portfolio		-	526
		1,265	2,080
Profit for the year		8,369	6,998
		Cents	Cents
Basic earnings per share	20	4.13	3.73
		2011 \$000	2010 \$000
* Total tax expense	5	822	859

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Year to 30 June 2011			Year to 30 June 2010		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Profit for the year	7,104	1,265	8,369	4,918	2,080	6,998
Other comprehensive income						
Unrealised gains/(losses) for the period on securities in the portfolio at 30 June	-	8,524	8,524	-	14,730	14,730
Deferred tax expense on above	-	(3,461)	(3,461)	-	(1,321)	(1,321)
Plus gains/(losses) for the period on securities realised before 7 December 2009	-	-	-	-	267	267
Plus gains for the period on securities realised after 7 December 2009	-	2,828	2,828	-	207	207
Transfer to Income Statement of cumulative gains on investments realised prior to 7 December 2009	-	-	-	-	(526)	(526)
Total other comprehensive income¹	-	7,891	7,891	-	13,357	13,357
Total comprehensive income²	7,104	9,156	16,260	4,918	15,437	20,355

1. These are the net capital gains/(losses) not recorded through the Income Statement. Capital includes the unrealised gains or losses on open options positions.

2. This is the Company's net return for the year, which includes the net operating profit plus the net realised and unrealised gains or losses on the Company's investment portfolio and net gains/losses on open options positions.

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

BALANCE SHEET

AS AT 30 JUNE 2011

	Note	2011 \$'000	2010 \$'000
Current assets			
Cash	6	14,029	4,955
Receivables	7	1,201	1,046
Trading portfolio	8	3,760	5,095
Total current assets		18,990	11,096
Non-current assets			
Investment portfolio	9	144,086	126,484
Deferred tax assets	10	191	264
Total non-current assets		144,277	126,748
Total assets		163,267	137,844
Current liabilities			
Payables	11	829	851
Tax payable		373	159
Options written portfolio	12	-	69
Total current liabilities		1,202	1,079
Non-current liabilities			
Deferred tax liabilities – investment portfolio	13	5,990	1,983
Total non-current liabilities		5,990	1,983
Total liabilities		7,192	3,062
Net assets		156,075	134,782
Shareholders' equity			
Share capital	14	129,377	120,447
Revaluation reserve	16	17,224	11,500
Retained profits	17	9,474	2,835
Total shareholders' equity		156,075	134,782

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

Year Ended 30 June 2011	Note	Share Capital \$'000	Revaluation Reserve \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the year		120,447	11,500	2,835	134,782
Dividends paid	19	-	-	(3,897)	(3,897)
Shares issued – Dividend Reinvestment Plan	14	1,833	-	-	1,833
– Share Purchase Plan	14	7,145	-	-	7,145
Costs of share issue	14	(48)	-	-	(48)
Total transactions with shareholders		8,930	-	(3,897)	5,033
Profit for the year		-	1,273	7,096	8,369
Other comprehensive income (net of tax)					
Net unrealised gains for the period for stocks held at 30 June		-	5,063	-	5,063
Net gains for the period on securities realised		-	2,828	-	2,828
Transfer to retained profits of cumulative gains on investments realised		-	(3,440)	3,440	-
Other comprehensive income for the year		-	4,451	3,440	7,891
Total equity at the end of the year		129,377	17,224	9,474	156,075

Year Ended 30 June 2010	Note	Share Capital \$'000	Revaluation Reserve \$'000	'Impairment' Revaluation Charge \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the year (as reported)		109,135	1,969	(5,085)	634	106,653
Adoption of AASB 9		-	(5,085)	5,085	-	-
Restated total equity at the beginning of the year		109,135	(3,116)	-	634	106,653
Dividends paid	19	-	-	-	(3,538)	(3,538)
Shares issued – Dividend Reinvestment Plan	14	1,475	-	-	-	1,475
– Share Purchase Plan	14	9,895	-	-	-	9,895
Costs of share issue	14	(58)	-	-	-	(58)
Total transactions with shareholders		11,312	-	-	(3,538)	7,774
Profit for the year		-	1,546	-	5,452	6,998
Other comprehensive income (net of tax)						
Net unrealised gains for the period for stocks held at 30 June		-	13,409	-	-	13,409
Net gains for the period on securities realised before 7 December 2009		-	267	-	-	267
Transfer to Income Statement of cumulative gains on investments realised before 7 December 2009		-	(526)	-	-	(526)
Net gains for the period on securities realised after 7 December 2009		-	207	-	-	207
Transfer to retained profits of cumulative gains on investments realised after 7 December 2009		-	(287)	-	287	-
Other comprehensive income for the year		-	13,070	-	287	13,357
Total equity at the end of the year		120,447	11,500	-	2,835	134,782

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$'000 Inflows/ (Outflows)	2010 \$'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		4,586	4,963
Purchases for trading portfolio		(2,364)	(9,179)
Interest received		318	634
Proceeds from entering into options in options written portfolio		-	142
Payment to close out options in options written portfolio		(60)	(91)
Dividends and distributions received		6,758	2,865
		9,238	(666)
Other receipts		20	54
Administration expenses		(1,236)	(1,178)
Finance costs paid		(72)	(27)
Income tax credits received		9	43
Net cash inflow/(outflow) from operating activities	24	7,959	(1,774)
Cash flows from investing activities			
Sales from investment portfolio		11,532	4,732
Purchases for investment portfolio		(15,450)	(27,752)
Net cash inflow/(outflow) from investing activities		(3,918)	(23,020)
Cash flows from financing activities			
Proceeds from borrowing		1,500	-
Repayment of borrowing		(1,500)	-
Shares issued		8,978	11,370
Dividends paid		(3,897)	(3,538)
Share issue costs		(48)	(58)
Net cash inflow/(outflow) from financing activities		5,033	7,774
Net increase/(decrease) in cash held		9,074	(17,020)
Cash at the beginning of the year		4,955	21,975
Cash at the end of the year	6	14,029	4,955

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 Australian 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
Hybrids	Equity instruments that are not ordinary securities
Options	Derivatives written over equity instruments that are valued at fair value through profit and loss

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS). The Company is a 'for profit' entity.

The Company has not applied any 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 2011 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt 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 options written portfolio and the trading 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 options written portfolio contains exchange traded options contracts that are entered into as described in Note 12.

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.

Securities within the investment portfolio (with the exception of puttable instruments) are classified as 'financial assets measured at fair value through other comprehensive income', and are designated as such upon initial recognition, whereas puttable instruments and securities held within the trading portfolio are classified as 'mandatorily measured at fair value through profit or loss in accordance with AASB 9'.

The designation of securities within the investment portfolio as 'financial assets measured at fair value through other comprehensive income' is consistent with the Directors' view of these assets as being held for the long term for both capital growth and for the provision to the Company of dividends and distribution income rather than to make a profit from the sale of such securities, which is the purpose of securities held within the trading portfolio. Puttable instruments are required to be classified at 'fair value through profit or loss' although the Directors also view these assets as being held for the long term for both capital growth and for the provision to the Company of distribution income and their being managed as part of the investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(ii) Valuation of Investment Portfolio

Securities, including listed and unlisted shares and hybrids, are initially brought to account at market value, which is the cost of acquisition, and are revalued to market values continuously or fair value if there is no active market. Increments and decrements on equity instruments are recognised as other comprehensive income and 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 retained earnings.

Gains and losses on puttable instruments are recognised in profit or loss. However, they are subsequently transferred from retained earnings to the revaluation reserve.

(iii) Valuation of Trading Portfolio

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

Increments and decrements on the value of securities in the trading portfolio are taken to profit or loss through the Income Statement.

(iv) Valuation of Options Written Portfolio

Options written are initially brought to account at the amount received up front for entering into the contract (the premium) and subsequently revalued to current market value.

(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 dividend clearly represents a recovery of part of the cost of the investment, in which case the relevant portion is treated as proceeds from a sale. If the distributions are capital returns on ordinary shares the amount of the distribution is treated as an adjustment to the carrying value of the shares.

The gain or loss on options written is not recognised as a realised gain/loss until the option expires, is exercised or is closed out. 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 any unused tax losses and 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. Deferred tax assets and liabilities (excluding those related to the unrealised gains or losses in the investment portfolio) are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

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

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) 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 AIFRS as 'last bid price'.

(f) Directors' Retirement Allowances

The Company recognises as 'amounts payable' Directors' retirement allowances that have been crystallised as at 31 December 2003. No further amounts have been, or will be, expensed as retirement allowances.

(g) Rounding of Amounts

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

(h) Split Between Revenue and Capital in Other Comprehensive Income

'Capital' relates to realised or unrealised gains (and the tax thereon) on securities within the investment portfolio and excludes income in the form of distributions and dividends which are recorded as 'revenue'. All other items, including expenses, are recorded as net operating profit, which is equivalent to 'revenue'.

(i) Segment Reporting

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

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 have been 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 to cover part of the unrealised gain in the investment portfolio. 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.

As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 13. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Financial Reporting by Segments

(a) Description of Segments

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

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

The Company invests in equity securities and other instruments to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

(b) 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 Board considers the Company's net operating profit after tax to be a key measure of the Company's performance. This amount excludes the impact of unrealised gains/losses on options and any gains or losses on the Company's investment portfolio and reconciles to the Company's profit before tax as follows:

	2011 \$'000	2010 \$'000
Operating profit after income tax expense	7,104	4,918
Add back income tax expense	279	194
Net gains on securities sold from the investment portfolio before 7 December 2009	-	526
Net gains on puttable instruments	1,819	2,208
Net gains/(losses) on open options positions	(11)	11
Profit for the year before tax	9,191	7,857

In addition, the Investment Committee regularly reviews the net asset value per share both before and after provision for deferred tax on the unrealised gains in the Company's long term investment portfolio. Deferred tax is calculated as set out in Notes 1(c) and 2. The relevant amounts as at 30 June 2011 and 30 June 2010 were as follows:

	2011 Cents	2010 Cents
Net tangible asset backing per share		
Before Tax	78	70
After Tax	75	69

(c) Other Segment Information

(i) Segment Revenue

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

The Company is domiciled in Australia and all of the Company's income is derived from Australian entities or entities that have a listing on the Australian Securities Exchange. The Company has a diversified portfolio of investments, with only the following investments comprising more than 10 per cent of the Company's income, including realised income from the options written portfolio (2010: Hastings Diversified Utilities Fund: 11 per cent).

	Percentage of Income
BHP Billiton Ltd (includes \$1.0 million of income from the Company's participation in the off-market buy-back)	13.5

4. Operating Profit Before Income Tax Expense

	2011 \$'000	2010 \$'000
Dividends and distributions		
- securities held in investment portfolio	7,830	5,336
- securities held in trading portfolio	251	206
	8,081	5,542
Interest income		
- income from cash investments	337	615
	337	615
Net gains/(losses) and write downs		
- net realised gains/(losses) from trading portfolio	291	351
- realised gains/(losses) on options written portfolio	20	(30)
- unrealised losses from trading portfolio	(39)	(229)
	272	92
Other income	20	54
Income from operating activities	8,710	6,303
Finance costs	(88)	(14)
Administration fees paid to AICS	(553)	(514)
Other administration expenses	(686)	(663)
Operating profit before income tax expense	7,383	5,112

Further information relating to remuneration of auditors is set out in Note 23, Directors and Executives in Note 21.

5. Tax Expense

	2011 \$'000	2010 \$'000
(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Operating profit before income tax expense	7,383	5,112
Tax at the Australian tax rate of 30 per cent (2010: 30 per cent)	2,215	1,534
Tax offset for franked dividends	(1,666)	(1,115)
Tax effect of sundry items not taxable in calculating taxable income	97	12
	646	431
Under (over) provision in prior years	(367)	(237)
Income tax expense on operating profit before net gains on investments	279	194
Net gains on investments	1,808	2,745
Tax at the Australian tax rate of 30 per cent (2010: 30 per cent)	543	824
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Capital gains set-off against brought-forward losses	-	(159)
Under (over) provision in prior years	-	-
Tax credit on net gains on investments	543	665
Total tax expense/(credit)	822	859
(b) Tax Expense Composition		
Charge for tax payable relating to the current year	570	559
Under (over) provision in prior years	(367)	(237)
Tax on change in fair value of puttable instruments	546	662
(Increase)/decrease in deferred tax assets	73	(125)
	822	859

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2011 \$'000	2010 \$'000
(c) Amounts Recognised Directly through Other Comprehensive Income		
Increase in deferred tax liabilities relating to capital gains tax on the movement in unrealised gains in the investment portfolio	3,461	1,321
	3,461	1,321

6. Current Assets – Cash

	2011 \$'000	2010 \$'000
Cash at bank and in hand	31	8
Fixed term deposits	13,998	4,947
	14,029	4,955

Cash holdings yielded an average floating interest rate of 5.4 per cent (2010: 4.4 per cent).

(a) Credit Risk Exposure

All cash investments not held in a transactional account are invested in short-term deposits with Australia's big four commercial banks or their wholly-owned subsidiaries, all rated 'AA' by S&P.

(b) Standby Arrangements and Credit Facilities

The Company was party to agreements under which Commonwealth Bank of Australia had extended a cash advance facility.

	2011 \$'000	2010 \$'000
Commonwealth Bank of Australia – cash advance facility	10,000	10,000
Amount drawn down	-	-
Undrawn facilities	10,000	10,000

Repayment of facilities was done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities where utilised would not usually be drawn down for more than three months.

7. Current Assets – Receivables

	2011 \$'000	2010 \$'000
Dividends and distributions receivable	1,154	977
Interest receivable/pre-paid	44	38
Sales from investment portfolio	-	28
Other receivables/pre-payments	3	3
	1,201	1,046

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.

8. Current Assets – Trading Portfolio

	2011 \$'000	2010 \$'000
Listed securities at market value:		
- shares and trust units	3,760	5,160
- options sold by the Company		
- calls	-	(65)
- puts	-	-
	3,760	5,095

(a) Options Sold

The Company enters into option contracts in the trading portfolio as part of its trading activities to generate profits on dealing in securities. 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. Options are valued at a theoretical price which is obtained from an independent third-party data provider.

As at balance date there were no call options outstanding (2010: \$3.4 million potential exposure) held by the Company in its trading portfolio. As at the previous balance date all of these contracts were exchange-traded options and were entered into within the constraints and controls imposed by the Australian Securities Exchange. 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

	2011 \$'000	2010 \$'000
Equity instruments		
- shares/trust and stapled securities at market value	133,128	118,905
- unlisted securities at fair value	1,767	-
Puttable instruments	9,191	7,579
	144,086	126,484

For a detailed list of the fair value of the securities in the investment portfolio measured at fair value through other comprehensive income, see Note 26.

10. Deferred Tax Assets

	2011 \$'000	2010 \$'000
The Company's net 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	51	69
(b) Tax on unrealised (gains)/losses in the options written portfolio	-	(3)
(c) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	-	60
(d) Provisions and expenses charged to the accounting profit which are not yet tax deductible	152	152
(e) Interest and dividend income receivable which is not assessable for tax until receipt	(12)	(14)
	191	264
Movements:		
Opening asset balance at 1 July	264	139
Credited/(charged) to Income statement	(73)	125
	191	264

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Any deferred tax asset 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 deferred tax asset likely to be reversed within the next 12 months is \$39,000 (2010: \$43,000). This relates primarily to items described in items (a), (b), (c) and (e) above.

11. Current Liabilities – Payables

	2011 \$'000	2010 \$'000
Outstanding settlements – investment portfolio	-	327
Outstanding settlements – trading portfolio	300	-
Directors' retirement benefits	503	503
Other payables	26	21
	829	851

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 via the premiums that it earns from the writing of these contracts. It is separate from both the trading portfolio and the investment portfolio, and the options are held as 'liabilities measured at fair value through profit or loss'. 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. Options are valued at a theoretical price which is obtained via an independent third-party data provider.

As at balance date there were no call options outstanding (2010: \$1.1 million potential exposure). The total income for the year of \$20,000 (2010: \$(30,000)) less the loss on the reversal of previous unrealised gains on open options positions of \$11,000 (2010: \$11,000 gain), both before tax, resulted in a net pre-tax gain of \$9,000 (2010: \$19,000 loss).

As at the previous balance date all of these contracts were exchange-traded options and were entered into within the constraints and controls imposed by the Australian Securities 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 transactions of the Company and related matters. \$2.9 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2010: \$3.3 million). These shares are lodged with ASX Clear under the terms of ASX Clear Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

13. Deferred Tax Liabilities – Investment Portfolio

	2011 \$'000	2010 \$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	5,990	1,983

Refer Note 2 for further detail on the nature of the deferred tax liabilities on the investment portfolio.

At balance date, the Company had unused losses on the sale of investments available to set-off against future capital gains of \$4.1 million (2010: \$7.3 million). During the year, \$3.2 million of brought forward losses were applied to realised capital gains.

The deferred tax liability shown above is after the application of the unused losses available for set-off against any potential gains (see Note 2).

	2011 \$'000	2010 \$'000
Opening balance at 1 July	1,983	-
Charged to profit for tax on puttable instruments	546	662
Charged to OCI for ordinary securities	3,461	1,321
	5,990	1,983

14. 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
01/07/2009	Balance		176,910		109,135
27/08/2009	Dividend Reinvestment Plan	(i)	2,500	0.59	1,475
11/12/2009	Share Purchase Plan	(iii)	15,460	0.64	9,895
Various	Costs of issue		-		(58)
30/06/2010	Balance		194,870		120,447
27/08/2010	Dividend Reinvestment Plan	(i)	3,054	0.60	1,833
05/01/2011	Share Purchase Plan	(iv)	11,164	0.64	7,145
Various	Costs of issue				(48)
			209,088		129,377

- (i) The Company has a Dividend Reinvestment Plan (DRP) under which shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange in the five days after the shares begin trading on an ex-dividend basis, subject to any discount decided by the Board, if any.
- (ii) The Company has an on-market buy-back program which remains active. During the year ended 30 June 2011 no shares were bought back (2010: Nil).
- (iii) During the year ended 30 June 2010 the Company had a Share Purchase Plan under which eligible shareholders were invited to apply for up to \$15,000 of new shares in the Company at a price of 64 cents which represented a 5 per cent discount to the volume-weighted average price of the Company's shares in the 10 days prior to the date of the offer, being 5 November 2009. 15,460,470 shares were issued which raised an additional \$9.9 million of capital.
- (iv) During the year ended 30 June 2011 the Company had a Share Purchase Plan under which eligible shareholders were invited to apply for up to \$15,000 of new shares in the Company at a fixed price of 64 cents (being the lower of 64 cents or a 2.5 per cent discount to the volume-weighted average price of the Company's shares in the five days prior to the closing date of the offer, being 23 December 2010). 11,163,583 shares were issued which raised an additional \$7.1 million of capital.

15. Capital Management

The Company's objectives in managing capital is to continue to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested, with goals of paying dividends which utilise the Company's available franking credits and providing attractive total returns over the medium to long term.

The Company recognises that its capital will fluctuate in accordance with market conditions, and may adjust the amount of dividends paid, issue new shares from time to time or buy-back its own shares or sell assets to reduce debt.

The Company's capital consists of its shareholders equity plus any net borrowings. The change in this capital is as noted in Notes 14, 16 and 17.

16. Revaluation Reserve

	2011 \$'000	2010 \$'000
Opening balance at 1 July	11,500	(3,116)
Cumulative gains/(losses) on equity instruments in investment portfolio	7,891	13,357
Transfer from retained profits – net gain on puttable instruments	1,273	1,546
Transfer to retained profits for realised gains	(3,440)	(287)
	17,224	11,500

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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). As no gains or losses have been realised on these investments, this reserve is not available for distribution.

17. Retained Profits

	2011 \$'000	2010 \$'000
Opening balance at 1 July	2,835	634
Dividends paid	(3,897)	(3,538)
Profit for the year	8,369	6,998
Transfer from revaluation reserve for realised gains post 7 December	3,440	287
Transfer to revaluation reserve – fair value movement on puttable instruments	(1,273)	(1,546)
	<u>9,474</u>	<u>2,835</u>

This reserve relates to past profits and may be distributed as cash dividends at the discretion of Directors.

Date	Retained Losses \$'000	Retained Profits \$'000	Total \$'000
01/07/2004	(19,822)	705	(19,117)
30/06/2005	(19,822)	3,342	(16,480)
30/06/2006	(19,822)	4,927	(14,895)
30/06/2007	(19,822)	12,165	(7,657)
30/06/2008	(19,822)	15,938	(3,884)
30/06/2009	(19,822)	20,456	634
30/06/2010	(19,822)	22,657	2,835
30/06/2011	(19,822)	29,296	9,474

18. Financial Instruments

(a) Financial Risk Management

Accounting Standards identify 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 set out below with respect to cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue.

Cash and Cash Equivalents

All cash investments not held in a transactional account are invested in short term deposits with Australia's big four commercial banks or their wholly-owned subsidiaries, all rated 'AA' by S&P. The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

Receivables

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.

Trading and Investment Portfolios

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities that are not equity securities (currently none in the portfolio) 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.

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 (normally) 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 very 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 operating 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. The current financial liabilities are shown in Notes 6(b) and 11. The table below analyses the Company's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less Than 6 Months \$'000	6-12 Months \$'000	Greater Than 1 Year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount (Assets)/ Liabilities \$'000
30 June 2011					
Non-derivatives					
Payables	829	-	-	829	829
Derivatives					
Options written*	-	-	-	-	-
	829	-	-	829	829
30 June 2010					
Non-derivatives					
Payables	851	-	-	851	851
Derivatives					
Options written*	-	-	-	-	69
	851	-	-	851	920

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

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 in tradeable securities, the Company can never be free of market risk as it invests its capital in securities which are not risk free – the market price of these securities will fluctuate.

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the investment portfolio would lead to a reduction in the Company's other comprehensive income of \$4.7 million and \$9.4 million respectively, at a tax rate of 30 per cent (2010: \$4.2 million and \$8.3 million) and a reduction in profit after tax of \$0.3 million and \$0.6 million respectively, at a tax rate of 30 per cent (2010: \$0.3 million and \$0.5 million). A market fall of 5 per cent and 10 per cent across the trading portfolio and

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

options written portfolio would lead to a reduction in profit after tax of \$0.1 million and \$0.3 million respectively (2010: \$0.2 million and \$0.4 million). The revaluation reserve at 30 June 2011 was \$17.2 million (2010: \$11.5 million). It would require a fall in the value of the investment portfolio of 17 per cent after tax to fully deplete this (2010: 13 per cent).

The Company seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee, 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:

	2011 %	2010 %
Energy	6.72	5.57
Materials	14.45	12.27
Industrials	19.35	17.73
Consumer discretionary	4.61	7.33
Consumer staples	3.70	5.13
Banks	18.21	18.90
Other financials, including real estate	12.92	15.10
Telecommunications	3.04	4.89
Other – healthcare, information technology, utilities	8.33	9.45
Cash	8.67	3.63

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

	2011 %
Commonwealth Bank	6.24
Hastings Diversified Utilities Fund	6.22
Westpac	5.53
BHP Billiton	5.08

	2010 %
Commonwealth Bank	6.15
Hastings Diversified Utilities Fund	5.76
Westpac	5.93
BHP Billiton	5.73
Telstra	5.07

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

The Company is not currently materially exposed to interest rate risk as all its cash investments are short term for a fixed interest rate.

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

The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or investment portfolio.

Under Accounting Standards, movements in the market value of the trading portfolio are reflected directly through the Income Statement. However, the trading portfolio is only a minor proportion of the Company's investments. As at 30 June 2011, it was 2.3 per cent of the total invested including cash (2010: 3.7 per cent). This reduces the risk to the Company's earnings of a short term fall in the value of securities held in the trading portfolio.

(b) Fair Value Measurements

The Company has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liabilities that are not based on observable market data (unobservable inputs) (level 3).

30 June 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through other comprehensive income				
Investment portfolio (equity)	133,128	1,767	-	134,895
Financial assets at fair value through profit or loss				
Trading portfolio	3,760	-	-	3,760
Investment portfolio (puttables)	9,191	-	-	9,191
Financial liabilities at fair value through profit or loss				
Options written	-	-	-	-
Total	146,079	1,767	-	147,846

30 June 2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through other comprehensive income				
Investment portfolio (equity)	118,905	-	-	118,905
Financial assets at fair value through profit or loss				
Trading portfolio	5,095	-	-	5,095
Investment portfolio (puttables)	7,579	-	-	7,579
Financial liabilities at fair value through profit or loss				
Options written	-	(69)	-	(69)
Total	131,579	(69)	-	131,510

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over the counter derivatives or unlisted securities) is determined using valuation techniques. The Company uses a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These instruments are included in level 2 and comprise call and put options written by the Company and the Company's investments in iSelect and Hexima. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3 (currently none).

(c) Numerical Disclosures – Investment Portfolio

The fair value of each investment held at fair value through other comprehensive income (investment portfolio) is disclosed in Note 26.

Dividend income for the period on those investments held at period end was \$6.8 million (2010: \$5.5 million), and dividend income for those investments sold during the period was \$1.3 million (2010: \$33,000).

Certain securities within the investment portfolio were disposed of during the period, whether during the normal course of the Company's activities as a Listed Investment Company or as the result of takeovers or acquisitions. The fair value of the investments sold during this period was \$13.7 million (2010: \$3.1 million). The cumulative gain on these disposals was \$3.4 million for the period after tax (2010: \$0.3 million), which has been transferred from the revaluation reserve to the realisation reserve (refer to Statement of Changes in Equity). \$206,000 worth of puttable instruments were also sold during the period. The gain of \$71,500 on this disposal has been accounted for through profit.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Company has two classes of investments in the investment portfolio – (i) assets defined under AASB 9 as 'equity investments', the fair value of which is valued through other comprehensive income and at 30 June 2011 was \$134.9 million (30 June 2010: \$118.9 million) and (ii) puttable instruments that cannot be classified as equity instruments under AASB 9 and are consequently accounted for at fair value through profit or loss. The fair value of these at 30 June 2011 was \$9.2 million (30 June 2010: \$7.6 million).

19. Dividends

	2011 \$'000	2010 \$'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2010 of 2 cents fully franked at 30 per cent paid on 27 August 2010 (2010: 2 cents fully franked at 30 per cent paid on 27 August 2009)	3,897	3,538
	<u>3,897</u>	<u>3,538</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	3,536	2,058
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year	(3,136)	(1,670)
Net available	<u>400</u>	<u>388</u>

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

	933	905
--	-----	-----

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 3.5 cents per share fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2011 to be paid on 26 August 2011, but not recognised as a liability at the end of the financial year	<u>7,318</u>
--	--------------

20. Earnings Per Share

	2011	2010
Basic Earnings Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator	202,822,338	187,526,146
	\$'000	\$'000
Profit for the year	8,369	6,998
	Cents	Cents
Basic earnings per share	4.13	3.73
	2011	2010
Basic Net Operating Profit Per Share	\$'000	\$'000
Net operating profit	7,104	4,918
	Cents	Cents
Basic net operating profit per share	3.50	2.62

Dilution

As there are no options, convertible notes or other dilutive instruments on issue, diluted earnings per share is the same as basic earnings per share. This similarly applies to diluted net operating profit before net gains on investment and options written portfolios per share.

21. Directors and Executives

The remuneration for the Directors was as follows:

	Short Term Benefits \$	Post-Employment Benefits \$	Total \$
2011			
Directors	381,649	34,351	416,000
2010			
Directors	366,976	33,024	400,000

Shareholdings

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
2011			
BB Teele	32,848,688	1,212,145	34,060,833
RE Barker	4,265,789	57,715	4,323,504
PC Barnett	550,351	23,438	573,789
TA Campbell	4,715,200	180,611	4,895,811
RH Myer	570,270	65,885	636,155
RB Santamaria	143,003	102,005	245,008
SDM Wallis	2,217,239	23,438	2,240,677
RM Freeman	364,697	58,699	423,396
GN Driver	163,913	28,902	192,815

	Opening Balance	Net Changes	Closing Balance
2010			
BB Teele	31,723,913	1,124,775	32,848,688
RE Barker	4,231,691	34,098	4,265,789
PC Barnett	526,914	23,437	550,351
TA Campbell	4,537,935	177,265	4,715,200
RH Myer	483,567	86,703	570,270
RB Santamaria	115,646	27,357	143,003
SDM Wallis	2,170,365	46,874	2,217,239
RM Freeman	320,398	44,299	364,697
GN Driver	135,870	28,043	163,913

22. Related Parties

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

	2011 \$'000	2010 \$'000
Director TA Campbell had or has an interest in the following transactions as a Director or former Director, employee and shareholder of Goldman Sachs & Partners Australia Pty Ltd, Goldman Sachs JBWere Company Holdings Pty Ltd, Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and Goldman Sachs JBWere Capital Markets Limited.		
The Company buys and sells securities through Goldman Sachs amongst other brokers		
- Brokerage expenses paid or payable	2	6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. Remuneration of Auditors

	2011 \$	2010 \$
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	77,660	78,815
Non-audit services		
Taxation compliance services	21,508	21,738
Total remuneration	99,168	100,553

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 five years.

24. Reconciliation of Net Cash Flows from Operating Activities to Profit

	2011 \$'000	2010 \$'000
Profit for the year	8,369	6,998
- Net decrease (increase) in trading portfolio	1,335	(5,095)
- Net fair value movement for puttable instruments	(1,273)	(1,546)
- Net capital gains before tax	-	(526)
- Dividends received under off-market share buy-back not accounted for as income	776	-
- Increase (decrease) in options written portfolio	(69)	69
- Dividends received as securities under DRP investments	(1,588)	(1,359)
- Decrease (increase) in current receivables	(155)	(378)
- Less increase (decrease) in receivables for investment portfolio	(28)	28
- (Increase) decrease in deferred tax assets	4,080	1,858
- Less (increase) decrease in deferred tax liability on investment portfolio	(4,007)	(1,983)
- Increase (decrease) in current payables	(22)	328
- Less decrease (increase) in payables for investment portfolio	327	(327)
- Increase (decrease) in provision for tax payable	214	159
Net cash flows from operating activities	7,959	(1,774)

25. Contingencies

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

26. Securities at Fair Value through Other Comprehensive Income at 30 June 2011

Listed below are those securities held in the investment portfolio at 30 June that are valued at fair value through other comprehensive income. They do not include securities in the trading portfolio or the options written portfolio.

Individual holdings in the portfolio may change during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

	2011 \$'000	2010 \$'000
Commonwealth Bank	8,700	8,092
Westpac	8,171	7,793
BHP Billiton	7,509	7,530
National Australia Bank	6,846	6,019
Transurban	6,454	4,876

	2011 \$'000	2010 \$'000
Bracklen	5,781	5,416
QBE Insurance Group	5,034	4,666
Iluka Resources	5,034	2,000
Telstra	4,920	5,532
Tox Free Solutions	4,669	4,940
Australian Infrastructure Fund	4,276	3,192
ANZ	4,126	2,848
Amtcor	4,077	3,613
Oil Search	4,062	3,368
Coca-Cola Amatil	3,997	4,186
Brambles	3,971	3,003
AMP	3,968	3,507
ASG Group	3,401	4,966
Campbell Brothers	3,381	1,854
Peet	3,321	4,361
Senex (previously Victoria Petroleum)	3,031	960
REA Group	2,975	3,567
Equity Trustees	2,905	2,836
Trust Company	2,202	1,326
Fleetwood Corporation	1,876	1,752
Alumina	1,794	1,296
Perpetual	1,719	1,833
Wellcom Group	1,719	1,286
Eastern Star Gas	1,706	1,650
Panaust	1,617	1,210
Incitec Pivot	1,544	1,092
iSelect	1,500	-
Tassal	1,140	1,128
Mermaid Marine	1,084	711
Origin Energy	900	523
Engenco	724	-
Amalgamated Holdings	667	-
Atlas Iron	560	-
Boral	556	-
Lycopodium	518	-
Blackmores	503	-
PrimeAg	487	1,050
Asciano	467	-
Select Harvests	358	346
Hexima	267	193
ARB Corporation	227	-
Orocobre	153	-
Mitchell Communications	-	3,167
Axa Asia Pacific	-	894
IAG	-	171
Geodynamics	-	152
Total	134,895	118,905

27. Post Balance Sheet Events

The Company has converted its current one year debt facility with the Commonwealth Bank into a three year facility. The amount of the facility, \$10 million, remains unchanged and has not been drawn down upon at the date of this report.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (1) the financial statements and notes set out on pages 22 to 43 are in accordance with the Corporations Act 2001 including:
 - (a) complying with the 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 2011 and of its performance for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

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.



Rupert Myer AM
Director

Melbourne
20 July 2011



PricewaterhouseCoopers
ABN 52 780 433 757

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Independent auditor's report to the members of AMCIL Limited

Report on the financial report

We have audited the accompanying financial report of AMCIL Limited (the company), which comprises the balance sheet as at 30 June 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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



**Independent auditor's report to the members of
AMCIL Limited (continued)**

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of AMCIL Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.


Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of AMCIL Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.


PricewaterhouseCoopers


David Coogan
Partner

Melbourne
20 July 2011

OTHER INFORMATION

INFORMATION ABOUT SHAREHOLDERS

At 15 July 2011 there were 2,247 holdings of shares. These holdings were distributed in the following categories:

Size of Holding	Holdings
1 to 1,000	366
1,001 to 5,000	299
5,001 to 10,000	164
10,001 to 100,000	1,063
100,000 and over	355
Total	2,247

Percentage held by the 20 largest holders	46.04%
Average shareholding	93,052

There were 322 shareholdings of less than a marketable parcel of \$500 (752 shares).

Voting Rights of Ordinary Shares

The Constitution provides for votes to be cast:

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

Major Shareholders

The 20 largest registered shareholders of the Company's ordinary shares as at 15 July 2011 are noted below:

Holder	Shares Held	%
Bruce Teele	34,060,833	16.29
Djerriwarrh Investments Ltd	10,599,254	5.07
M F Custodians Ltd	8,330,041	3.98
HSBC Custody Nominees (Australia) Limited	5,429,680	2.60
Terrence Campbell	4,895,811	2.34
Mrs Christine Joy Campbell	4,886,300	2.34
Ross Barker	4,323,504	2.07
National Nominees Limited	4,321,714	2.07
JDB Services Pty Ltd <RAC & JD Brice Invest A/C>	2,969,239	1.42
Fobsha Pty Limited	2,634,520	1.26
Willpower Investments Pty Ltd <Woodlands Superfund A/C>	2,620,784	1.25
S D M Wallis	2,240,677	1.07
UBS Wealth Management Australia Nominees Pty Ltd	2,098,595	1.00
Ancona Valley Holdings Pty Ltd <Roswell Super Fund A/C>	1,535,749	0.73
Mrs Lyndis Ann Flynn + Mr Aidan John Flynn <F F Super Fund A/C>	1,059,581	0.51
Colangie Nominees Pty Ltd <Carter Super Fund A/C>	982,913	0.47
Yelgarn Pty Ltd	901,211	0.43
Austymca Nominees Pty Ltd <Aust Ymca Super Fund A/C>	815,369	0.39
Equitas Nominees Pty Limited <PB-600856 A/C>	800,000	0.38
LIC Investments Pty Ltd <LIC Investments Unit A/C>	749,246	0.36

SUBSTANTIAL SHAREHOLDERS

The Company has been notified of substantial shareholdings as follows:

Holder	Number of Shares	Date Notified
Bruce B Teele	32,848,688*	15/12/09
Djerriwarrh Investments Limited	10,257,343*	25/08/09

* Shareholding as per last substantial shareholding notification. Current shareholding reflected on page 47.

TRANSACTIONS IN SECURITIES

During the year ended 30 June 2011, the Company recorded 390 transactions in securities. \$81,248 in brokerage (including GST) was paid or accrued for the year.

HOLDINGS OF SECURITIES AS AT 30 JUNE 2011

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 and is available on the Company's website www.amcil.com.au).

Code	Company	Principal Activities	Number Held 2010 '000	Number Held 2011 '000	Market Value 2011 \$'000
AGO	Atlas Iron	Iron ore miner with operating mines and mine developments in the Pilbara region of Western Australia	0	150	560
AHD	Amalgamated Holdings	Entertainment, hospitality and leisure company, with interests in cinemas, hotels, resorts and a wildlife park	0	115	667
AIO	Asciano	Transport infrastructure business, with a focus on ports and rail	0	285	467
AIX	Australian Infrastructure Fund	Investor in transport infrastructure assets, predominantly Australian airports	1,878	2,227	4,276
AMC	Amcor	Global packaging company	566	566	4,077
AMP	AMP	Major Australasian financial services organisation	673	811	3,968
ANZ	Australia & New Zealand Banking Group	Banking and wealth management services	182	238	5,237
ARP	ARB Corporation	Manufacturer and distributor of four-wheel drive vehicle accessories in Australia and internationally	0	30	227
ASZ	ASG Group	Provision of computer infrastructure, application development, systems integration and specialist technical services	3,535	3,435	3,401
AWC	Alumina	Has a 40 per cent interest in a joint venture with Alcoa involved in bauxite mining, alumina refining and aluminium smelting	850	850	1,793
BHP	BHP Billiton	Diversified international resources company	200	171	7,509
BKL	Blackmores	A natural healthcare company that distributes premium branded vitamins and supplements in Australia and South East Asia	0	19	503
BKN	Bradken	Manufacturer and supplier of differentiated consumable products to the resources and freight rail industries	752	726	5,781
BLD	Boral	Provides building and construction materials in Australia, the USA and Asia	0	126	556
BXB	Brambles	Global provider of supply chain management and storage solutions	550	550	3,971
CBA	Commonwealth Bank of Australia	Banking and wealth management services	166	176	9,223
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	350	350	3,997
CPB	Campbell Brothers	Provider of analytical services and distributor of consumer and industrial goods and hospitality supplies	61	74	3,381

Code	Company	Principal Activities	Number Held 2010 '000	Number Held 2011 '000	Market Value 2011 \$'000
EGN	Engenco	Group of industrial engineering businesses servicing customers in the resources, rail, transport, defence, maritime and power generation industries	0	6,894	724
EQT	Equity Trustees	Provider of private client, trustee, estate administration and funds management services	187	209	2,905
ESG	Eastern Star Gas	Focused on the exploration and development of coal seam gas acreage in northern NSW	2,000	2,820	1,706
FWD	Fleetwood Corporation	Provider of manufactured accommodation for the resources and retirement sectors	191	166	1,876
HDF	Hastings Diversified Utilities Fund	Investor in utility infrastructure assets, predominantly east coast Australian gas pipelines	5,967	5,817	9,191
#	Hexima	Agricultural-biotech company engaged in the research and development of technology for the genetic modification of crops	875	875	267
ILU	Iluka Resources	Miner of zircon and titanium based mineral sands products with an additional iron ore production royalty	430	300	5,034
IPL	Incitec Pivot	Manufacturer and supplier of nitrogen based fertiliser and industrial explosives	400	400	1,544
IRD	Iron Road	Iron ore exploration company with principal project in South Australia	0	333	280
#	iSelect	Online comparison tool that matches consumers with the most appropriate insurance policy and other financial products	0	97	1,500
LYL	Lycopodium	Engineering and project management business that predominantly works on mineral processing, industrial process and utilities plant and equipment	0	90	517
MGO	Marengo Mining	Developing a copper gold project in Papua New Guinea	0	1,000	260
MRM	Mermaid Marine Australia	Provider of supply base and vessel services to the offshore oil and gas industry	280	340	1,084
MYX	Mayne Pharma Group	Pharmaceutical company with a portfolio built around the optimisation and delivery of oral dosage form drugs	0	257	134
NAB	National Australia Bank	Banking and wealth management services	259	267	6,846
ORE	Orocobre	Minerals explorer with several potential lithium projects in Argentina	0	74	153
ORG	Origin Energy	Integrated energy company involved in gas and oil exploration, production, energy retailing and power generation	110	132	2,084
OSH	Oil Search	Oil and gas explorer, developer and producer with assets predominantly in PNG	609	611	4,062
PAG	PrimeAg Australia	Owner and operator of Australian farms with a range of crops and livestock holdings	1,000	381	487

HOLDINGS OF SECURITIES AS AT 30 JUNE 2011 CONTINUED

Code	Company	Principal Activities	Number Held 2010 '000	Number Held 2011 '000	Market Value 2011 \$'000
PNA	PanAust	Minerals explorer, developer and miner producing copper-gold concentrate in Laos	2,444	429	1,617
PPC	Peet	Involved in the acquisition, management, development and marketing of broadacre residential land estates	2,067	2,267	3,321
PPT	Perpetual	Diversified financial company offering investment management, financial advice and corporate trust services	65	69	1,719
QBE	QBE Insurance Group	General insurance and reinsurance services provider	256	307	5,303
REA	REA Group	Operator of residential and commercial real estate advertising websites in Australia and Italy	334	250	2,975
SHV	Select Harvests	Almond producer, exporter and crop manager	202	194	358
SXY	Senex Energy (formerly Victoria Petroleum)	Oil and gas explorer and developer with assets in South Australia and Queensland	4,000	8,419	3,031
TCL	Transurban Group	Developer and operator of electronic toll roads in Australia and overseas	1,200	1,234	6,454
TGR	Tassal Group	Producer and exporter of Atlantic Salmon from Tasmania	800	812	1,140
TLS	Telstra Corporation	Telecommunications operator and information services provider	2,052	1,702	4,920
TOX	Tox Free Solutions	Integrated waste management and environmental service business	2,102	2,202	4,669
TRU	Trust Company	Provider of corporate trustee and custodian services and personal advisory services	240	400	2,202
WBC	Westpac Banking Corporation	Banking and wealth management services	367	367	8,171
WLL	Wellcom Group	Production company providing pre media services to advertisers, retailers and corporate organisations	715	815	1,719
Total					147,846

Unlisted security.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (Above \$500,000)	Cost \$'000
Senex	1,549
iSelect*	1,500
ANZ Banking Group	1,267
Trust Company	936
Engenco*	827
Amalgamated Holdings*	750
AMP#	736
Eastern Star Gas	689
Boral*	663
Australian Infrastructure Fund	655
BHP Billiton	635
QBE Insurance	591
Campbell Brothers	536
Blackmores*	533
Asciano*	500

* New holding.

Takeover of AXA Asia Pacific.

Disposals (Above \$500,000)	Proceeds \$'000
Mitchell Communications^	4,309
Iluka Resources	2,770
BHP Billiton	1,779
REA Group	1,127
AXA Asia Pacific#	1,051
PrimeAg Australia	822

Takeover of AXA Asia Pacific.

^ Taken over by Aegis Group Plc.

SUB-UNDERWRITING

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

<u>Company</u>	<u>Underwritten By</u>	<u>Description</u>	<u>Amount Underwritten</u>
Engenco Ltd	RBS Morgans	8 for 9 non-renounceable rights issue	\$900,000

SHARE CAPITAL CHANGES

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

KEY STATISTICS

	2011	2010	2009	2008	2007
Profit after tax (\$ Million) ^(a)	8.37	7.00	9.72	13.85	9.30
Net operating profit after tax (\$ Million)	7.10	4.92	3.81	3.20	4.19
Investments at market value (\$ Million) ^(b)	147.85	131.51	84.39	103.34	124.58
Net operating profit per share (Cents)	3.50	2.62	2.16	1.85	3.28
Dividends per share (Cents)	3.5	2	2	3	6
Net asset backing (Cents) ^(c)	78	70	60	70	84
Number of shareholders (30 June)	2,246	2,473	2,560	2,653	2,910

Notes

(a) 2009 profit restated following changes to accounting standards including the adoption of AASB 9. 2008 and prior years' figures are as reported under previous accounting standards.

(b) Excludes cash.

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

COMPANY PARTICULARS

AMCIL Limited ('AMCIL')
ABN 57 073 990 735

Directors

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

Company Secretaries

Simon M Pordage
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 Lines 1300 653 916
+61 3 9415 4224 (from overseas)
Facsimile (03) 9473 2500
Email web.queries@computershare.com.au
Website www.computershare.com

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

Australian Securities Exchange Code

AMH Ordinary shares

Annual General Meeting

Time 10.00am
Date Thursday 29 September 2011
Venue Hilton on the Park
Location 192 Wellington Parade
East Melbourne

Sydney Shareholder Meeting

Time 1.00pm
Date Monday 10 October 2011
Venue Four Seasons Hotel
Location 199 George Street
Sydney

Adelaide Shareholder Meeting

Time 1.00pm
Date Thursday 13 October 2011
Venue Adelaide Festival Centre
Location King William Road
Adelaide

Brisbane Shareholder Meeting

Time 1.00pm
Date Monday 24 October 2011
Venue Hilton Hotel
Location 190 Elizabeth Street
Brisbane

