

Statutory Annual Report 2009



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Summary of Results

Net Operating Profit

Net operating profit before net gains on investments was \$3.8 million (last year \$3.2 million). This operating profit is primarily made up of dividends received from the investment portfolio and the result from the trading portfolio. It does not include realised gains.

Profit After Tax

Profit after tax was \$4.6 million (last year was a profit of \$13.9 million). The figure includes net gains on investments sold and for this year a charge of \$5.1 million for unrealised losses transferred from the revaluation reserve for 'impairment' required by the accounting standards. Excluding this charge, the profit would have been \$9.7 million.

A Fully Franked Final Dividend

A fully franked final dividend of 2.0 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.

Total Portfolio Return

Total portfolio return over the 12 month period (measured by change in net asset backing per share plus dividends reinvested) was negative 9.4 per cent. The S&P/ASX 200 Accumulation Index was down 20.1 per cent over this period.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the twelve month period was down 15.7 per cent, as the share price moved to a discount to net asset backing by the end of the financial year.

Total Portfolio Value

Total portfolio value at 30 June 2009 including cash was \$106.4 million.

Cash Available for Investment

Cash available for investment of \$22.0 million at balance date.

Management Expense Ratio

Management expense ratio was 1.1 per cent, compared with 0.89 per cent for the corresponding period last year. This increase was a result of the fall in value of the portfolio.

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 2009 as follows.

About the Company

AMCIL was established in 1996 as a thematic investor focused particularly on the media and telecommunications sectors in Australia and New Zealand. During 2002 the Board came to the view that structural changes had occurred in the media and telecommunications industries since 1996 which affected the viability and vitality of a specialist investor concentrating only on the themes of media and telecommunications. At that point, the Board recommended to shareholders that the Company's investments be progressively sold and the capital returned to shareholders. One of the key aims of this was to unlock for shareholders the value in the Company's portfolio, which was not then being reflected in the Company's share price. Shareholders approved this initiative and the Board proceeded to sell down the portfolio.

As this process was nearing completion in late 2003, the Board developed a new proposal to shareholders to recapitalise the Company. This recapitalisation took place at a point at which all of the Company's previous capital had been repaid to shareholders with the exception of approximately \$2.9 million. The recapitalisation successfully raised \$41 million, with the new shares being allotted in late January 2004. In addition, 81.5 million options exercisable for ordinary shares at 50 cents per share were issued, expiring on 28 February 2007.

The Company aims to provide shareholders with attractive returns through strong capital growth in the portfolio over the medium to long term with the generation of dividend income as a subordinate, but nevertheless important, objective.

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

The concentrated portfolio approach AMCIL takes to its investments meant the Company substantially outperformed in very difficult market conditions. The broader Australian equity market was down 20.1 per cent over the year whereas AMCIL's portfolio was down 9.4 per cent.

The net operating profit which Directors believe is the best indicator of the underlying income performance of the Company from its investments was up 19.1 per cent, from \$3.2 million last year to \$3.8 million.

A final dividend of 2.0 cents fully franked per share has been determined. This amount is in line with the Company's dividend policy of maximising the distribution of available franking credits in any given year. Last year's final dividend was 3.0 cents per share.

Profit after tax was \$4.6 million, down from \$13.9 million. Directors have been required by the Accounting Standards to take an impairment charge against certain stocks where there is a significant or prolonged fall in share market price below their original cost base. In such cases, any previously unrealised losses included in the revaluation reserve for these holdings must be taken to profit. As a consequence, profit for the current year included an after tax charge of \$5.1 million for some stocks classified as 'impaired'. It should be noted this charge does not change the value of AMCIL's portfolio or its net asset backing.

Portfolio

In managing the investments during these turbulent times the Company made a number of adjustments to its portfolio throughout the year as well as deliberately maintaining a healthy cash position.

The Company's cash position benefited strongly from the Queensland Gas takeover by British Gas, with other major sales including the exiting of positions in ConnectEast, News Corporation, Toll Holdings and the remaining holding in Rio Tinto. The Company also reduced its position in BHP Billiton during the period.

On the other hand, the Company has been an active participant in the large number of capital raisings that were a feature of the market particularly in the second half of the year. The larger investments added to the portfolio through these issues were Commonwealth Bank, Iluka Resources, National Australia Bank, QBE Insurance and Westpac.

The key positive contributors in the investment portfolio over the 12 month period were the strong returns generated by AMCIL's holdings in Commonwealth Bank, Westpac Banking Group, Queensland Gas, Tox Free Solutions and REA Group (realestate.com.au).

The Company added quite a number of new stocks to the portfolio during the year as valuations became more attractive:

Australia and New Zealand Banking Group

This position was acquired through the attractively priced placement that occurred in May 2009. We remain confident about the long term prospects for the banking sector, albeit we expect further pressure on profits from bad debts as the economy moves through a period of difficulty.

AXA Asia Pacific

A small holding acquired through their discounted placement in March 2009. AXA has a strong insurance and wealth management franchise with operations in Australasia and Asia. The company is likely to benefit from any improvement in equity and financial market conditions over the medium term.

Campbell Brothers

This business provides analytical laboratory and technical services globally to a number of industries, including the mining sector. Its share price was under pressure during the year because of concerns about the declining strength of the resources sector on the back of a slowing global economy. This weakness provided a good entry point to a company we feel still has good long term growth prospects.

Diversified United Investment

DUI is a listed investment company with a good quality portfolio and well credentialed investment history. AMCIL was offered a line of stock at a price which represented an attractive discount to net asset backing and that provides a good fully franked dividend yield to AMCIL's portfolio.

Iluka Resources

Iluka is a major participant in the global mineral sands industry, producing zircon and titanium dioxide minerals, as used in the manufacture of ceramics and paints. The Group has refocused its operations under new management and has two world-class assets coming on-stream in Australia over the next 12 months. We felt the unique nature of these assets, and the company's improved focus on returns represented an attractive combination.

Incitec Pivot

As a major player in fertiliser and explosives manufacturing, both domestically and in the US, the company's plants and access to raw materials provide them with a sound footprint to grow. We felt the share price represented an attractive entry point.

PrimeAg Australia

PrimeAg is a small agricultural company that employs a corporate farming model. The Group listed in 2007, and manages a range of dryland and irrigated cropping and livestock properties in the reliable rainfall areas of northern New South Wales and Queensland. We have patiently built a position at a discount of almost 50 per cent to the Group's stated net tangible asset backing.

Outlook

Cash held at 30 June 2009 was just on \$22 million, which is approximately 21 per cent of the total portfolio. We expect market conditions to remain uncertain in the near term as companies continue to work their way through the impacts of very difficult economic conditions. Under this scenario we will continue to invest when value is on offer, but we expect this will be a gradual process.

Directors' Fees

In light of the present difficult economic environment for shareholders and the community in general, Directors have implemented a freeze on any increase in Directors' fees for the next 12 months. This policy also applies to senior executives employed by Australian Investment Company Services Limited, who provide administration and investment management services to AMCIL's Board and Investment Committee.

Financial Condition

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

Dividends

Directors have determined a fully franked final dividend of 2 cents per share (3 cents fully franked last year).

The dividends paid during the year ended 30 June 2009 were as follows:

	2009 \$'000
Final dividend for the year ended 30 June 2008 of 3 cents per share fully franked at 30 per cent, paid on 15 August 2008	5,203
	<u>5,203</u>

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

Environmental Regulations

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

Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100 (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 2008, 3,495,210 shares were issued at 62 cents per share.

The Company also undertook some on-market buy-backs with 3,000 shares being bought back and cancelled at an average share price of 57 cents.

As a result of all of these activities, the Company's paid up capital increased on a net basis by \$2.2 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 Djerriwarrh Investments Limited. He was formerly 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 Limited, Djerriwarrh Investments Limited and Mirrabooka Investments Limited.

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

Mr Barnett is a company Director who was appointed in August 1996. He is a Director of Djerriwarrh 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 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 and former Chief Executive of Goldman Sachs JBWere. He is also Chairman of Mirrabooka Investments Limited, Deputy Chairman of Australian Foundation Investment Company Limited and a Director of Djerriwarrh 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 Pty Ltd, a Director of Diversified United Investment Ltd and Myer Pty Ltd. 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 1996. He was appointed Group General Counsel and Company Secretary of Australia and New Zealand Banking Group Limited in August 2007 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 Rubicon Systems (Holdings) Pty Ltd and Sane Australia. 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.

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 Applied Finance and Investment. Chief Investment Officer.

Mr Freeman joined the Company in February 2007. He was a Partner with Goldman Sachs JBWere for five of the 12 years he was employed by them. His primary role during that time was assisting investment companies with their investment and dealing activities. As such he has a depth of knowledge and experience of the Company's investment approaches, policies and processes.

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

Mr Pordage joined the Company in February 2009. He has over 10 years company secretarial experience and was previously Deputy Company Secretary for Australia and New Zealand Banking Group Limited and prior to that was Head of Board Support for Barclays PLC in the UK. He was the inaugural recipient of Chartered Secretaries Australia 'Young Governance Professional of the Year' award in 2007. He is a member of CSA's Victorian Council and a member of two of their national committees, the Legislation Review Committee and the Communication 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 17 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 & 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 2009 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	12	12	22	22	-	-
RE Barker	12	11	22	20	-	3 [#]
PC Barnett	12	11	22	18	3	3
TA Campbell	12	11	22	16	-	-
RH Myer	12	10	22	18	3	3
RB Santamaria	12	10	22	18	3	3
SDM Wallis	12	9	22	19	-	-

Attended meetings by invitation.

Retirement, Election and Continuation in Office of Directors

Messrs Terrence A Campbell and Peter C Barnett, having last been re-elected by shareholders at the 2006 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. Directors contributed towards the total insurance premium. 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 2009 were as follows:

	Short Term Fee/Base Salary \$	Post Employment Superannuation \$	Total Remuneration \$
BB Teele – Chairman (Non-Executive)			
2009	91,744	8,256	100,000
2008	84,404	7,596	92,000
RE Barker – Managing Director (Executive)*			
2009	45,872	4,128	50,000
2008	42,202	3,798	46,000
PC Barnett – Director (Non-Executive)			
2009	1,000	49,000	50,000
2008	1,000	45,000	46,000
TA Campbell – Director (Non-Executive)			
2009	45,872	4,128	50,000
2008	42,202	3,798	46,000
RH Myer – Director (Non-Executive)			
2009	45,872	4,128	50,000
2008	42,202	3,798	46,000
RB Santamaria – Director (Non-Executive)			
2009	45,872	4,128	50,000
2008	42,202	3,798	46,000
SDM Wallis – Director (Non-Executive)			
2009	45,872	4,128	50,000
2008	42,202	3,798	46,000
Total Remuneration: Directors			
2009	322,104	77,896	400,000
2008	296,414	71,586	368,000

* 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 Directors' 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' retirement 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	31,723,913
RE Barker	4,231,691
PC Barnett	526,914
TA Campbell	4,537,935
RH Myer	483,567
RB Santamaria	115,646
SDM Wallis	2,170,365

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 (2008: five executives). SM Pordage was appointed Company Secretary on 9 February 2009 to replace SE Crook, who resigned with effect from 31 December 2008.

Other than the Managing Director, whose Directors' 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 25 of the Financial Report.

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

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

A copy of the Auditor's Independence Declaration is set out on page 11.

This report in relation to the financial year to 30 June 2009 is presented by the Directors of the Company in accordance with a resolution of Directors.



Bruce Teele
Chairman

Melbourne
22 July 2009

Auditor's Independence Declaration



Auditor's Independence Declaration

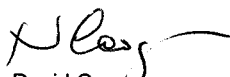
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As lead auditor for the audit of AMCIL Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- 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.


David Coogan
Partner
PricewaterhouseCoopers

Melbourne
22 July 2009

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.

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 alternate 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, with the generation of dividend income as a subordinate, but nevertheless important, objective.

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.

During the course of the year, the Board approved a Board charter which formalised the existing 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 at least 11 times a year 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 15 and Principle 7, on page 17.

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 which the Company has invested in;
- 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 number of Board and Board Committee meetings held during the year and attendance by Directors are set out on page 7.

Delegation to Management

The Company has entered into an agreement with AICS to provide a comprehensive range of management 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, and as such there is no separate evaluation of the performance of individual senior executives.

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 6 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 Renewal

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

BB Teele	– 6 years
RE Barker	– 13 years
PC Barnett	– 13 years
TA Campbell	– 13 years
RH Myer	– 9 years
RB Santamaria	– 13 years
SDM Wallis	– 5 years

The Board endorses the importance of maintaining an orderly process of self-renewal. The Board needs to continue to identify, attract and retain candidates of a high calibre who provide the required skills and experience and who are able to bring an independent and fresh approach to the Board deliberations. Being a long term investor is an essential part of the Company's Corporate Objective and continuity on the Board is regarded as an important factor in the Board's approach.

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.

Each Director of the Company is encouraged to have a financial interest in the Company and each current 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.

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 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.

Given the continued strong relationship that AMCIL and AICS have with Goldman Sachs JBWere, TA Campbell, who is Senior Chairman, and is a former Chief Executive and a shareholder of Goldman Sachs JBWere, is also not regarded as independent.

Mr Barnett is an independent Director of Djerriwarrh Investments Limited (DJW), a substantial shareholder owning 6.9 per cent of the Company. The Board has considered this relationship and given the modest 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.

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 Trading Policy for Directors, which are available on the website, together with the Company's Trading Policy that the Company has for dealing in its own shares by its officers or those working on the Company's behalf. In accordance with the Company's policy, no AMCIL shares held by Directors are to be held subject to margin loans. These documents are provided to management and new Directors as they join the Company and any updates are provided to all Directors and AICS employees.

Because of the Company's operation as a Listed Investment Company, its key stakeholders are its shareholders, employees and the small number of creditors connected with the administration of the Company's affairs. As noted above, the Company has published Corporate Principles of Conduct which are intended to guide the activities of Directors, senior executives and staff and are designed to ensure that the legal requirements and other obligations to stakeholders are complied with at all times. It is available on the Company's website.

In addition to the consideration by the Board of individual Directors' independence, the Corporate Principles of Conduct 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. Directors must inform the Company Secretary immediately they become aware of any changes to their shareholdings or directorships. 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.

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 6 and 7.

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.

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 issues is set out under Principle 7, on page 17.

Written Affirmations

The Board has obtained 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 37, 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 on the Company's website. 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 36.

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 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 maintains active communication with shareholders as owners of the Company.

In addition to communicating to shareholders via the Annual and Half Year 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 a further opportunity to interact more informally with representatives of the Board and Management. This year, the Company will have 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 Year 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 Board considers that the Company has established and maintains a sound system of risk oversight, management and internal control. The Risk Management Framework adopted by the Board is available on the Company's website. The framework has been designed taking into account best practice from the standard AS/NZS 4360 'Risk Management', the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the Group of 100s 'Guide to Compliance with ASX Principle 7'.

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.

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

- investment risk
- operational risk

Investment Risk

Investment risk includes:

- market risk;
- credit 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 risk, reputational risk (insofar as it relates to the operations of the Company), disaster recovery, operational health and safety, credit and counter-party 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 obtained 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 most of 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 8 to 9.

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 2009

	Note	2009 \$'000	2008 \$'000
Dividends and distributions		3,963	3,810
Revenue from deposits and bank bills		1,125	1,197
Other revenue		-	3
Total revenue		5,088	5,010
Income/(loss) from options written		471	280
Net gains/(losses) on trading portfolio		(123)	(981)
Income from operating activities before net gains on investments		5,436	4,309
Finance costs		(27)	(37)
Administration expenses		(1,169)	(1,177)
Operating profit before income tax expense and net gains on investments	5	4,240	3,095
Income tax credit/(expense)*	6	(435)	101
Net operating profit before net gains on investments		3,805	3,196
Net gains on investments			
Net gains on ordinary securities sold from the investment portfolio		6,066	10,498
Net gains/(losses) on open options positions		(214)	223
Tax (expense)/credit on net gains on investments*	6	64	(67)
AASB 139 'impairment' revaluation charge on investment portfolio	4	(7,265)	-
Tax credit on AASB 139 'impairment' revaluation charge*		2,180	-
		831	10,654
Profit for the year		4,636	13,850
		Cents	Cents
Basic and diluted earnings per share		2.63	8.03

Information on earnings per share, including net operating profit before net gains on investments per share, can be found in Note 22.

	2009 \$'000	2008 \$'000
* Total tax expense/(credit)	(1,809)	(34)

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

Balance Sheet

As at 30 June 2009

	Note	2009 \$'000	2008 \$'000
Current assets			
Cash	7	21,975	17,984
Receivables	8	668	196
Trading portfolio	9	-	8,087
Total current assets		22,643	26,267
Non-current assets			
Investment portfolio	10	84,394	95,474
Deferred tax assets	11	139	650
Total non-current assets		84,533	96,124
Total assets		107,176	122,391
Current liabilities			
Payables	12	523	946
Tax payable		-	474
Options written portfolio	14	-	221
Total current liabilities		523	1,641
Non-current liabilities			
Deferred tax liabilities – investment portfolio	13	-	1,221
Total non-current liabilities		-	1,221
Total liabilities		523	2,862
Net assets		106,653	119,529
Shareholders' equity			
Share capital	16	109,135	106,970
Revaluation reserve	17	1,969	16,443
'Impairment' Revaluation Charge Reserve	18	(5,085)	-
Accumulated losses/retained profits	19	634	(3,884)
Total shareholders' equity		106,653	119,529

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

Statement of Changes in Equity

For the Year Ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Total equity at the beginning of the year		119,529	134,467
Dividends paid	21	(5,203)	(10,077)
Shares issued under Dividend Reinvestment Plan	16	2,167	4,107
On-market share buy-backs	16	(2)	(2)
Cost of share issues	16	-	(14)
Total transactions with shareholders		(3,038)	(5,986)
Revaluation of investment portfolio		(20,780)	(27,946)
Provision for tax on unrealised gains		1,221	5,144
Transfer to income statement for AASB 139 'impairment' revaluation charge		7,265	-
Tax credit on AASB 139 'impairment' revaluation charge		(2,180)	-
Net unrealised gains recognised directly in equity	17	(14,474)	(22,802)
Profit for the year		4,636	13,850
Total recognised income/(loss) (including unrealised gains) and expense for the year		(9,838)	(8,952)
Total equity at the end of the financial year		106,653	119,529

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

Cash Flow Statement

For the Year Ended 30 June 2009

	Note	2009 \$'000 Inflows/ (Outflows)	2008 \$'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		9,336	6,501
Purchases for trading portfolio		(1,373)	(5,642)
Proceeds from entering into options in options written portfolio		37	1,268
Payment to settle options in options written portfolio		-	(757)
Interest received		1,081	1,197
Dividends and distributions received		2,803	3,233
		11,884	5,800
Other receipts		-	3
Administration expenses		(1,238)	(1,091)
Finance costs paid		(23)	(35)
Income taxes paid		(544)	(142)
Net cash inflow/(outflow) from operating activities	26	10,079	4,535
Cash flows from investing activities			
Sales from investment portfolio		25,659	30,855
Purchases for investment portfolio		(28,710)	(27,978)
Net cash inflow/(outflow) from investing activities		(3,051)	2,877
Cash flows from financing activities			
Dividends paid		(3,037)	(5,986)
Net cash inflow/(outflow) from financing activities		(3,037)	(5,986)
Net increase/(decrease) in cash held		3,991	1,426
Cash at the beginning of the financial year		17,984	16,558
Cash at the end of the financial year	7	21,975	17,984

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
Trading Portfolio	Assets Held for Trading
Investment Portfolio	Assets Available for Sale

This Financial Report has been prepared in accordance with AIFRS (Australian equivalents to International Financial Reporting Standards).

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

The Company has not applied any Australian Accounting Standards or AASB interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2009 ("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 the inoperative standards at the date at which their adoption becomes mandatory.

(a) Basis of Accounting

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

(b) Holdings of Securities

(i) Balance Sheet Classification

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

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

The trading portfolio comprises securities held for short term trading purposes, including exchange traded options contracts that are entered into, as described in Note 9. There were no securities in the trading portfolio as at 30 June 2009.

The options written portfolio contains exchange traded options contracts that are entered into as described in Note 14.

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

(ii) Valuation of Investment Portfolio

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

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

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

(iii) Valuation of Trading Portfolio

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

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

(iv) Valuation of Options Written Portfolio

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

(v) Income from Holdings of Securities

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

The realised gain or loss on options written is not recognised until the option expires, is exercised or is 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 changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to the unused tax losses. Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

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

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

(d) Cash Flows

For the purpose of the cash flow statement, 'cash' includes cash and deposits held at call in a cash fund.

(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 AASB 139 as 'last bid price'.

(f) Directors' Retirement Allowances

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

(g) Impairment of Assets in the Investment Portfolio

When the market value of a stock that is held in the investment portfolio is below its cost, it is reviewed for impairment. *AASB 139 – Financial Instruments: Recognition and Measurement* states that impairment has occurred if there has been a 'loss event or events' that have an impact on the future cash flows of the financial asset that can be reliably estimated.

When 'impairment' is held to have occurred, the amount of the loss that has been taken through the Revaluation Reserve is reversed and instead is taken through the Income Statement. Any subsequent increase in the market value of a stock thus impaired does not go through the Income Statement, however, but will be accounted for through the Revaluation Reserve whilst any further decrease will continue to be accounted for through the Income Statement.

The Investment Committee regularly reviews the stocks in the investment portfolio, and where it believes that such an event has occurred or is likely to occur, will seek to exit the position. Should that position not be exited by the balance sheet date, an impairment charge may be taken to the Income Statement as described above. The Company is a long term investor, and does not regard short term or cyclical movements in the share-price of its investments as evidence of impairment. However, the relevant Accounting Standard also states that a 'significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.' The Company's approach to this and the resultant charge is set out in Note 4.

(h) 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.

2. Critical Accounting Estimates and Judgements

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

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB112 Income Taxes deferred tax liabilities need to be recognised for Capital Gains Tax (CGT) on the unrealised gain in the investment portfolio at current tax rates. The Company currently has capital losses brought forward sufficient to cover the current unrealised gain in the investment portfolio and therefore no provision has been made. This has been done on the assumption that the Company will continue to meet the continuity of ownership test (COT) or, should it fail this test, continue to meet the same business test (SBT).

The Company's tax advisers believe that in the absence of a significant change in the Company's shareholder base or the Company's activities, the ATO will not move to disallow the use of these losses to offset future capital gains.

The issue of whether any of the Company's investments are impaired is also a matter requiring judgement. Refer to Note 4 for the Company's approach in relation to this and the resulting charge.

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

3. Financial Reporting by Segments

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

4. Profit Excluding Impairment

The accounts include an after-tax impairment charge of \$5.1 million for the year.

This charge is based on an interpretation of *AASB 139 – Financial Instruments: Recognition and Measurement* that takes as its starting point that, subject to other evidence to the contrary and judgement, an investment is impaired if it has been below its accounting cost for a minimum of 15 months or if the market value of the investment is more than 35 per cent below its accounting cost.

AMCIL is an investment company that has invested on behalf of its shareholders for nearly 13 years, and for over five years since its recapitalisation. It takes a long term view of investments, and does not believe that share prices in a cyclical downturn (or indeed upturn) necessarily reflect the long term fair value of the underlying businesses and assets that it invests in.

If, in the Directors' opinion, an investment has become impaired due to significant changes to that particular holding, that investment is divested from the portfolio. Any such 'impairment' charge would therefore be reflected as a realised loss within net gains or losses on investments sold from the investment portfolio.

The Directors believe that the interpretation of the standard used in the financial statements, and its application, does not reflect the long term nature of the Company's investment activities.

In addition, there is no current intention to sell any of the assets in the investment portfolio, and the Directors do not consider that there is sufficient or reliable evidence to indicate that at some point in the medium to long term, any investments currently held will not recover their cost.

Notes to the Financial Statements continued

Therefore, in the Directors' view, to take a 'realised' loss on an investment that the Directors have no current intention of selling does not accurately reflect the performance of the Company during the financial year.

It should be noted that any impairment charge that is taken on equity investments held by the Company cannot, under current Accounting Standards, be reversed back through the Income Statement when the market price recovers, but must be revalued through the Balance Sheet. The impairment charge is thus permanent until such time as the asset is sold.

Shareholders should note that all investments are continuously marked-to-market. Any 'unrealised' impairment charge taken on investments that are not disposed of by the Company therefore has no impact on the Net Tangible Assets or shareholders' equity.

Directors note that the International Accounting Standard 39/AASB 139 which relates to the issue of impairment is being revised with effect from before the end of the current calendar year. This may lead to changes in the way that fair value movements on the Company's investments are recorded. The Company will monitor developments and make the necessary announcements once the new standard is finalised.

The Directors have presented below an alternative presentation of the Company's performance which, in their view, more clearly presents the actual performance of the Company:

	Alternate Treatment		Statutory Accounts	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net operating profit before net gains on investments	3,805	3,196	3,805	3,196
Net gains/(losses) on investments				
Net gains on ordinary securities sold from the investment portfolio	6,066	10,498	6,066	10,498
Unrealised gains/(losses) on options written	(214)	223	(214)	223
Tax expense on net gains on investments	64	(67)	64	(67)
AASB 139 'impairment' revaluation charge	-	-	(7,265)	-
Tax credit on AASB 139 'impairment' revaluation charge	-	-	2,180	-
	5,916	10,654	831	10,654
Profit for the year	9,721	13,850	4,636	13,850

5. Operating Profit Before Income Tax Expense and Net Gains on Investments

	2009 \$'000	2008 \$'000
Dividends and distributions (excluding interest)		
- securities held in investment portfolio	3,901	3,393
- securities held in trading portfolio	62	417
	3,963	3,810
Interest income		
- deposits and income from cash investments	1,125	1,197
	1,125	1,197
Net gains/(losses) and write downs		
- net gains/(losses) from trading portfolio sales	(123)	498
- realised gains/(losses) on options written portfolio	471	280
- unrealised gains/losses in trading portfolio	-	(1,479)
	348	(701)
Other income	-	3
Income from operating activities before net gains on investments	5,436	4,309
Finance costs	(27)	(37)
Administration Fees paid to Australian Investment Company Services Ltd (AICS)	(591)	(438)
Other administration expenses	(578)	(739)
Operating profit before income tax expense and net gains on investments	4,240	3,095

Further information relating to remuneration of auditors is set out in Note 25, Directors and Executives in Note 23. The administration fees paid to AICS are pursuant to an arrangement covering the Company's day-to-day management and administration.

6. Income Tax Expense

	2009 \$'000	2008 \$'000
(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Operating profit before income tax expense and net gains on investments	4,240	3,095
Tax at the Australian tax rate of 30 per cent (2008: 30 per cent)	1,272	929
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Tax offset for franked dividends	(909)	(916)
Sundry items	199	72
	562	85
Under (over) provision in prior years	(127)	(186)
Income tax expense/(credit) on operating profit before net gains on investments	435	(101)
Net gains/(losses) from investments	5,852	10,721
Tax at the Australian tax rate of 30 per cent (2008: 30 per cent)	1,756	3,216
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Impact of parcel selection for capital gains purposes	451	-
Accounting gains rolled-over for taxation purposes	-	(287)
Capital gains set-off against bought-forward losses	(2,271)	(2,862)
Income tax expense/(credit) on net gains on investments	(64)	67
Tax credit on AASB 139 'impairment' revaluation charge	(2,180)	-
Total income tax expense/(credit)	(1,809)	(34)

(b) Income Tax Expense Composition

Charge for tax payable relating to the current year	(13)	600
Under (over) provision in prior years	(127)	(186)
(Increase) decrease in deferred tax assets – other	511	(448)
Tax credit on AASB 139 'impairment' revaluation charge	(2,180)	-
	(1,809)	(34)

(c) Amounts Recognised Directly in Equity

Increase/(decrease) in deferred tax liabilities relating to capital gains tax on the movement in unrealised gains on Ordinary Securities in the investment portfolio	(1,221)	(5,144)
	(1,221)	(5,144)

7. Current Assets – Cash

Cash at bank and in hand	1,975	5
Fixed term deposits	20,000	17,979
	21,975	17,984

Cash deposits yielded an interest rate of 4.8 per cent (2008: 7.3 per cent) after fees.

(a) Credit Risk Exposure

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest. Cash investments are made with Australia's 'big four' retail banks. (2008: with Goldman Sachs JBWere's Australian Dollar Cash Reserves Fund rated AAAM by Standard and Poor's and Aaa/MR1+ by Moody's).

(b) Standby Arrangements and Credit Facilities

During the year, the Company decided not to renew its bank facilities. Previously, the Company had a cash advance facility with the Commonwealth Bank of Australia.

	2009 \$'000	2008 \$'000
Cash advance facility	-	10,000
Amount drawn down	-	-
Undrawn facilities	-	10,000

The above borrowings were unsecured if utilised. Debt facilities were not utilised during the year.

8. Current Assets – Receivables

	2009 \$'000	2008 \$'000
Dividends and distributions receivable	412	191
Interest receivable/pre-paid	44	3
Tax overpayment	210	-
Prepayments	2	2
	668	196

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.

9. Current Assets – Trading Portfolio

	2009 \$'000	2008 \$'000
Listed securities at market value		
- shares and trust units	-	8,238
- options written by the Company		
- calls	-	(53)
- puts	-	(98)
	-	8,087

Credit Risk Exposure

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

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

The Company enters into option contracts in the trading portfolio as part of its trading activities to generate profits on dealing in securities, under the same conditions as in the options written portfolio (Note 14). Options are valued at a theoretical value which is obtained via an independent third party data provider.

As at balance date the Company had no sold put options which at the option of the purchaser may require the Company to buy prior to the respective expiry dates if they were exercised, certain securities (2008: \$0.6 million potential value). As at balance date there were no call options outstanding which potentially required the Company if they were exercised to deliver securities (2008: \$1.3 million potential value).

These contracts are normally exchange-traded options and are 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 investment, trading and sub-underwriting transactions of the Company and related matters.

10. Non-current Assets – Investment Portfolio

	2009 \$'000	2008 \$'000
Listed securities		
- shares at market value	84,394	95,474

11. Non-current Assets – Deferred Tax

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

	2009 \$'000	2008 \$'000
The key components are:		
(a) Unrealised positions in the trading portfolio	-	381
(b) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	-	159
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	152	174
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(13)	-
(e) Tax on unrealised gains in options written portfolio	-	(64)
	139	650
Movements:		
Opening balance at 1 July	650	202
Credited/(charged) to Income statement	(511)	448
	139	650

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

The portion of DTA likely to be reversed within the next 12 months is \$(13,000) (2008: \$64,000). This relates primarily to items described in Notes (d) and (e) above.

12. Current Liabilities – Payables

	2009 \$'000	2008 \$'000
Outstanding settlements – investment portfolio	-	354
Director retirement benefits	503	503
Other payables	20	89
	523	946

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.

13. Non-current Liabilities – Deferred Tax

	2009 \$'000	2008 \$'000
Deferred tax liability – investment portfolio	-	1,221

At balance date, the Company had unused losses on the sale of investments available to set-off against future capital gains of \$8.4 million (2008: \$16.0 million). During the year, \$7.6 million worth of bought 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).

14. Options Written Portfolio

The Company enters into option contracts in the options written portfolio for the purpose of enhancing returns from the premiums received. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying shares at an agreed price if the taker exercises the option. Options are valued at a theoretical value which is obtained via an independent third party data provider.

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

\$2.6 million of shares are held by the Australian Clearing House (ACH) as collateral for sold option positions which may be written by the Company (2008: \$4.8 million) in its options written portfolio. These shares are held by ACH under the terms of ACH Pty Ltd, which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

As at balance date there were no call options outstanding which potentially required the Company if they were exercised to deliver securities (2008: \$4.52 million potential).

15. Capital Management

The Company's objectives in managing capital is to continue to provide shareholders with attractive returns through strong capital growth in its portfolios over the medium to long term with the generation of fully-franked dividend income as a subordinate, but nevertheless important, objective, in accordance with its stated aims.

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 sell assets to reduce debt.

The Company's capital consists of its shareholders equity, plus any net borrowings (currently nil). The change in this capital is as noted in Notes 16, 17, 18 and 19.

16. Shareholders' Equity – Share Capital

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

Date	Details	Note	Number of Shares '000	Issue Price \$	Paid-up Capital \$'000
1/07/2007	Balance		167,945		102,879
Various	On-market share buy-backs	(ii)	(3)		(2)
27/08/2007	Dividend Reinvestment Plan	(i)	5,476	0.75	4,107
	Cost of share issue		-		(14)
30/06/2008	Balance		173,418		106,970
Various	On-market share buy-backs	(ii)	(3)		(2)
27/08/2008	Dividend Reinvestment Plan	(i)	3,495	0.62	2,167
30/06/2009	Balance		176,910		109,135

(i) During the year, shares were issued under the Dividend Reinvestment Plan. 3,495,210 shares were issued at 62 cents, which was a 5 per cent discount to the calculated Volume Weighted Average Price of the shares traded in the five days after the shares traded ex-dividend. In the year ending 30 June 2008, 5,475,944 shares were issued at 75 cents.

(ii) The Company continued its on-market Buy-Back Program during the year and the facility remains active. 3,000 shares were bought back for an average price of 57 cents. (2008: 3,000 shares for average price of 71 cents).

17. Revaluation Reserve

	2009 \$'000	2008 \$'000
Opening balance at 1 July	16,443	39,245
Revaluation of investment portfolio	(20,780)	(27,946)
Provision for tax on unrealised gains	1,221	5,144
AASB 139 'impairment' revaluation charge	7,265	-
Tax credit on AASB 139 'impairment' revaluation charge	(2,180)	-
	1,969	16,443

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).

18. 'Impairment' Revaluation Reserve

	2009 \$'000	2008 \$'000
Opening balance at 1 July	-	-
Transfer from Revaluation Reserve	(5,085)	-
	(5,085)	-

This reserve relates to the AASB 139 'impairment' revaluation charge that the Company has been required to take through the Income Statement. See Note 4.

19. Accumulated Losses

	Retained Losses \$'000	Retained Profits \$'000	Total \$'000
1/07/04	(19,822)	705	(19,117)
30/06/05	(19,822)	3,342	(16,480)
30/06/06	(19,822)	4,927	(14,895)
30/06/07	(19,822)	12,165	(7,657)
30/06/08	(19,822)	15,938	(3,884)
30/06/09	(19,822)	20,456	634

	2009 \$'000	2008 \$'000
Opening balance at 1 July	(3,884)	(7,657)
Dividends paid	(5,203)	(10,077)
Profit for the year	4,636	13,850
Transfer to Impairment Revaluation Charge Reserve	5,085	-
	634	(3,884)

The amount of the Retained Profits reserve of \$0.63 million is after the transfer out of the AASB 139 'impairment' revaluation charge which has been required under the Accounting Standards to be charged to the Income Statement. Before this transfer, the amount of the reserve would have been a deficit of \$4.5 million.

20. Financial Risk Management

AASB 7 – *Financial Instruments: Disclosures* identifies three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit Risk

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

Credit risk is managed as noted in Notes 7(a), 8 and 9 with respect to cash, receivables and securities in the trading portfolio. None of these assets are overdue.

Liquidity Risk

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

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

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

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

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

Market Risk

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

By its nature as a Listed Investment Company that invests in tradable 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 can 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 equity of \$2.95 million and \$5.9 million respectively, assuming a flat tax-rate of 30 per cent.

The Revaluation Reserve at 30 June 2009 was \$1.97 million. It would require a fall in the value of the investment portfolio of 3.3 per cent to fully deplete this. In accordance with Accounting Standards, any further falls in value would continue to be recognised in Equity as unrealised losses, thereby impacting the shareholders' equity of the Company, unless such falls were deemed to be an impairment charge in which case they would be reversed out of the Revaluation Reserve and taken through the Income Statement.

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

The Company's investment by sector is as below:

	2009	2008
	%	%
Energy	4.44	13.44
Materials	12.67	19.55
Industrials	10.24	14.43
Consumer discretionary	5.53	5.99
Consumer staples	2.65	1.59
Banks	19.24	6.27
Other financials (including property trusts)	14.53	10.97
Telecommunications	5.43	6.65
Other – healthcare, information technology, utilities	4.61	6.29
Cash	20.66	14.82

Securities representing over 5 per cent of the investment portfolio (excluding cash) at 30 June 2009 were:

	Percentage of Portfolio
Westpac	8.55
BHP Billiton	8.23
Commonwealth Bank	7.69
Telstra	6.84
National Australia Bank	6.65
QBE	5.31

No other security represents over 5 per cent of the Company's investment portfolio.

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

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

Under Accounting Standards, movements in the market value of the trading portfolio are reflected directly through the Income Statement. As at 30 June 2009, it was nil per cent of the total invested including cash (2008: 6.7 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.

The Company has no hedges or hedging instruments.

21. Dividends

	2009 \$'000	2008 \$'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2008 of 3 cents fully franked at 30 per cent paid on 15 August 2008 (2008: 6 cents paid on 27 August 2007)	5,203	10,077
	<u>5,203</u>	<u>10,077</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	1,839	2,603
Impact on the franking account of dividends determined but not recognised as a liability at the end of the financial year:	(1,516)	(2,230)
Net available	<u>323</u>	<u>373</u>
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	754	870
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 Determined After Balance Date		
Since the end of the year Directors have determined a final dividend of 2 cents per share fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2009 to be paid on 27 August 2009, but not recognised as a liability at the end of the financial year	<u>3,538</u>	

22. Earnings Per Share

	2009	2008
Basic Earnings Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator	176,470,330	172,552,526
	\$'000	\$'000
Profit for the year	4,636	13,850
	Cents	Cents
Basic earnings per share	2.63	8.03
Basic Net Operating Profit Net Gains on Investments Per	Number	Number
Weighted average number of ordinary shares used as the denominator	176,470,330	172,552,526
	\$'000	\$'000
Net operating profit before net gains on investments	3,805	3,196
Basic Net Operating Profit Before Net Gains on Investments Per Share	Cents	Cents
Dilution	2.16	1.85

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

23. Directors and Executives

Persons who were Directors of AMCIL Limited for part or all of the financial year ended 30 June 2009 were:

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

Persons who were executives with authority for the strategic direction and management of the Company for part or all of the financial year ended 30 June 2009 were:

RE Barker – Managing Director
 GN Driver – General Manager Business Development and Investor Relations
 RM Freeman – Chief Investment Officer
 AJB Porter – Chief Financial Officer
 SE Crook – Company Secretary and General Counsel (resigned 31 December 2008)
 SM Pordage – Company Secretary (commenced 9 February 2009)

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 an arrangement with AICS.

Sub-totals for the amount of remuneration paid during the year are as follows:

	Short Term Benefits \$	Post-employment Benefits \$	Total \$
2009			
Directors	322,104	77,896	400,000
2008			
Directors	296,414	71,586	368,000

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
BB Teele	30,352,041	1,371,872	31,723,913
RE Barker	4,217,175	14,516	4,231,691
PC Barnett	526,914	-	526,914
TA Campbell	4,328,492	209,443	4,537,935
RH Myer	461,250	22,317	483,567
RB Santamaria	110,309	5,337	115,646
SDM Wallis	2,070,194	100,171	2,170,365
GN Driver	129,600	6,270	135,870
RM Freeman	305,611	14,787	320,398

24. Related Parties

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

	2009 \$'000	2008 \$'000
Director TA Campbell had or has an interest in the following transactions as Director, employee and shareholder of Goldman Sachs JBWere Group Holdings Pty Ltd, Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and Goldman Sachs JBWere Capital Markets Limited.		
(a) The Company invested surplus funds in deposits at call with Goldman Sachs JBWere Capital Markets Limited and bills of exchange		
- interest revenue received or receivable	327	1,197
- expense paid or payable for management of the cash and bill portfolio	-	-
- investments in Goldman Sachs JBWere Australian Dollar Cash Reserves Fund	-	17,979
(b) The Company buys and sells securities through Goldman Sachs JBWere Pty Ltd amongst other brokers		
- brokerage expenses paid or payable	8	41

25. Remuneration of Auditors

	2009 \$	2008 \$
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	79,810	74,690
Non-audit services		
Taxation compliance services*	17,820	8,525
Total remuneration	97,630	83,215

* Includes a review of the Company's CGT records.

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.

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

	2009 \$'000	2008 \$'000
Profit for the year	4,636	13,850
- Decrease (increase) in the trading portfolio	8,087	1,839
- Net capital (gains)/losses before tax	(6,066)	(10,498)
- AASB 139 'impairment' revaluation charge	5,085	-
- Dividends received as securities under DRP investments	(938)	(691)
- Decrease (increase) in current receivables	(472)	455
- Less increase (decrease) in receivables for investment portfolio	-	(343)
- Decrease (increase) in deferred tax assets	(710)	(5,592)
- Less (increase) decrease in deferred tax liability on investment portfolio	1,221	5,144
- Increase (decrease) in options written	(221)	8
- Increase (decrease) in current payables	(423)	(11)
- Less decrease (increase) in payables for investment portfolio	354	99
- Increase (decrease) in tax payable	(474)	275
Net cash flows from operating activities	10,079	4,535

27. Contingencies

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

Directors' Declaration

In the Directors' opinion:

- (1) the financial statements and notes (including the additional information as set out in Note 4 to the financial statements) set out on pages 19 to 36 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 entity's financial position as at 30 June 2009 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.

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 2009. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer, to the best of their knowledge the financial records of the Company have been properly maintained, that the financial statements (including the additional information as set out in Note 4 to the financial statements) comply with accounting standards and that they give a true and fair view.



Bruce Teele
Chairman

Melbourne
22 July 2009



Independent auditor's report to the members of AMCIL Limited

PricewaterhouseCoopers
ABN 52 780 433 757

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2 Southbank Boulevard
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GPO Box 1331L
MELBOURNE VIC 3001
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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 2008, and the income statement, statement of changes in equity and cash flow statement 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

**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 2009 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.

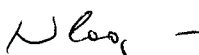
Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 2009, complies with section 300A of the *Corporations Act 2001*.


PricewaterhouseCoopers


David Coogan
Partner

Melbourne
22 July 2009

Other Information

Information About Shareholders

At 15 July 2009 there were 2,546 holdings of shares. These holdings were distributed in the following categories:

Size of Holding	Shareholdings Number
1 to 1,000	426
1,001 to 5,000	385
5,001 to 10,000	232
10,001 to 100,000	1,232
100,000 and over	271
	2,546

Percentage held by the 20 largest holders	45.44%
Average shareholding	69,485

There were 394 shareholdings of less than a marketable parcel of \$500 (885 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 2009 are noted below:

Holder	Shares Held	% Total
Mr Bruce Teele	31,723,913	17.93
Djerrivarrh Investments Ltd	12,257,343	6.93
M F Custodians Ltd	8,132,788	4.60
Mr Terrence Campbell	4,537,935	2.57
Mrs Christine Joy Campbell	4,529,032	2.56
Mr Ross Barker	4,231,691	2.39
Fobsha Pty Limited	2,308,548	1.30
Mr SDM Wallis	2,170,365	1.23
HSBC Custody Nominees (Australia) Limited	1,098,313	0.62
Yelgarn Pty Ltd	1,050,000	0.59
RAC & JD Brice Superannuation Pty Ltd <Brice Superannuation A/C>	1,041,716	0.59
Mrs Lyndis Ann Flynn + Mr Aidan John Flynn <FF Super Fund A/C>	969,112	0.55
UBS Wealth Management Australia Nominees Pty Ltd	914,400	0.52
Colangie Nominees Pty Ltd <Carter Super Fund A/C>	907,774	0.51
Mr Robert Tasman Warne Permezel + Mrs Elizabeth Dorothy Permezel <Robert Permezel Super Fund A/C>	900,000	0.51
Willpower Investments Pty Ltd <Woodlands Superfund A/C>	827,217	0.47
Austymca Nominees Pty Ltd <YMCA Super Fund A/C>	791,932	0.45
Mr Ainslie Robert Telford	700,000	0.40
Mr Graeme William Ballard + Mr John Digby Norris + Mrs Karina Woolrich <The William Angliss VCF A/C>	653,750	0.37
Baker Custodian Corporation	650,000	0.37

Substantial Shareholders

The Company has been notified of substantial shareholdings as follows:

Holder	Number of Shares	Date Notified
Bruce B Teele	28,251,890	06/03/07
Djerriwarrh Investments Limited	12,471,530	05/03/07

Transactions in Securities

During the year ended 30 June 2009, the Company recorded 229 transactions in securities. \$111,887 in brokerage (including GST) was paid or accrued for the year.

Holdings of Securities

As at 30 June 2009

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

Code	Company	Principal Activities	Number Held 2008 '000	Number Held 2009 '000	Market Value 2009 \$'000
AMC	Arcor	Global packaging company	600	450	2,246
AMP	AMP	Major Australasian financial services organisation	555	658	3,212
ANZ	ANZ Banking Group	Banking and wealth management services	0	70	1,154
ASZ	ASG Group	Provision of computer infrastructure, application development, systems integration and specialist technical services	3,153	3,335	2,001
AWC	Alumina	Mining, refining and smelting of aluminium	579	850	1,228
AXA	AXA Asia Pacific	Life insurance and wealth management services	0	160	622
BHP	BHP Billiton	Diversified international resources company	285	200	6,944
BKN	Bradken	Manufacturer and supplier of differentiated consumable products to the resources and freight rail industries	700	752	3,242
BXB	Brambles	Global support services group	371	384	2,287
CBA	Commonwealth Bank of Australia	Banking and wealth management services	45	166	6,488
CCL	Coca-Cola Amatil	Manufactures and distributes a range of carbonated soft drinks, fruit products and functional beverages, many of which are trademarks of The Coca-Cola Company	275	275	2,368
CPB	Campbell Brothers	Provider of analytical services and distributor of consumer and industrial goods and hospitality supplies	0	42	875
DUI	Diversified United	Investment company that structures its portfolio to provide a mixture of current income and long term capital gain within an acceptable level of risk	0	500	1,300
EQT	Equity Trustees	Financial services company that provides client, trustee, estate administration and funds management services	145	177	2,562
ESG	Eastern Star Gas	Integrated coal seam gas and electricity production company	2,000	2,000	1,600
FWD	Fleetwood Corporation	Provider of manufactured accommodation for the resources and retirement sectors	100	182	1,072
GDY	Geodynamics	A renewable energy company involved in the development of geothermal energy generation from hot fractured rocks (HFR) in Australia	460	460	400
GDYO	Geodynamics Options	As above	0	115	7
HXL	Hexima	Agricultural-biotech company engaged in the research and development of technology for the genetic modification of crops	875	875	306
ILU	Iluka Resources	Mining and sale of titanium based products and zircon	0	430	1,230
IPL	Incitec Pivot	Fertiliser manufacturer and supplier	0	400	952
MCU	Mitchell Communication Group	Australia's largest independent communications group	3,250	3,391	2,102
MRM	Mermaid Marine Australia	Marine services provider to the offshore oil and gas industry	417	479	876
NAB	National Australia Bank	Financial services group	175	250	5,610
OKN	Oakton	IT services company providing the planning, delivery and operation of IT solutions for customers	850	850	1,819
OSH	Oil Search	Exploration, development and production of oil and gas, predominantly in PNG	400	405	2,209
PAG	PrimeAg Australia	Agricultural products	0	434	453
PNA	PanAust	Minerals explorer, developer and miner producing copper-gold concentrate at its operations in Laos	950	2,444	880

Holdings of Securities continued

Code	Company	Principal Activities	Number Held 2008 '000	Number Held 2009 '000	Market Value 2009 \$'000
PPC	Peet	Involved in the acquisition, management, development, marketing and sales of broadacre residential land estates	1,550	2,067	3,286
QBE	QBE Insurance Group	General insurance and reinsurance services provider	65	225	4,478
REA	REA Group	Provider of online advertising and technology to the real estate industry in Australia and several overseas markets	223	334	1,989
TLS	Telstra Corporation	Telecommunications operator and information services provider	1,902	1,702	5,771
TOX	Tox Free Solutions	Integrated waste management and environmental service business	1,562	2,002	3,614
VIR	Viridis Clean Energy Group	Owns a geographically diversified portfolio of operating clean energy assets	560	1,345	363
VPE	Victoria Petroleum NL	Primarily engaged in the exploration and development of oil and gas in Australia and United States	1,000	2,350	917
WBC	Westpac Banking Corporation	Banking and wealth management services	60	356	7,214
WLL	Wellcom Group	Production based solutions company providing specialist services to advertisers, retailers and corporate organisations	417	421	717
Total					84,394

Major Transactions in the Investment Portfolio

Acquisitions (Above \$1 Million)	Cost \$'000
Westpac Banking Corporation	4,854
Commonwealth Bank of Australia	3,468
QBE Insurance Group	3,280
Iluka Resources	1,636
National Australia Bank	1,480
Diversified United Investment	1,078
Australia and New Zealand Banking Group	1,008
Incitec Pivot	1,000

Disposals (Above \$1 Million)	Proceeds \$'000
Queensland Gas Company ^(a)	11,500
ConnectEast Group	3,784
Rio Tinto	3,479
BHP Billiton	2,664
News Corporation	1,356
Toll Holdings	1,290

(a) Sold on market into British Gas takeover.

Sub-underwriting

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

Company	Underwritten By	Description	Amount Underwritten
PanAust Limited	ABN AMRO Morgans	Placement of shares at 28 cents per share	444,444

Share Capital Changes

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

Key Statistics

	2009	2008	2007	2006	2005
Profit after tax (\$ Million) ^(a)	4.64	13.85	9.30	3.34	2.64
Net operating profit after tax (\$ Million)	3.81	3.20	4.19	1.77	1.62
Investments at market value (\$ Million) ^(b)	84.39	103.34	124.58	71.49	43.90
Net operating profit per share (Cents)	2.16	1.85	3.28	2.01	1.86
Dividends per share (Cents)	2	3	6	2	2
Net asset backing (Cents) ^(c)	60	70	84	65	55
Number of shareholders (30 June)	2,560	2,653	2,910	2,716	3,067

Notes

(a) 2009 profit after tax is after the AASB 139 'impairment' revaluation charge of \$5.1 million. Excluding this, the figure would have been \$9.73 million.

(b) Excludes cash.

(c) Net asset per share based on year-end data before the provision for the final dividend and diluted for outstanding options for 2006 and prior. 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
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

Mail Address

GPO Box 2114
Melbourne Victoria 3001

Contact Details

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

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

Telephone 1800 780 784 (toll free)

Share Registrar

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

Shareholder

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

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

Securities Exchange Code

AMH Ordinary shares

Annual General Meeting

Time 10.00am
Date Monday 28 September 2009
Venue Hilton on the Park
Location 192 Wellington Parade
East Melbourne Victoria

Adelaide Shareholder Meeting

Time 1.00pm
Date Friday 16 October 2009
Venue Adelaide Festival Centre
Location King William Road Adelaide

Sydney Shareholder Meeting

Time 1.00pm
Date Monday 19 October 2009
Venue Four Season Hotel
Location 199 George Street Sydney

