

ANNUAL REVIEW 2008

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The Statutory Annual Report for 2008 is available on AMCIL's website www.amcil.com.au or by contacting the Company on (03) 9650 9911.



SUMMARY OF RESULTS

Reported Profit After Tax

Reported profit after tax including net gains on investments sold was \$13.9 million (last year \$9.3 million).

Net Operating Profit

Net operating profit before net gains on investments was \$3.2 million (last year \$4.2 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.

A Fully Franked Final Dividend

A fully franked final dividend of 3.0 cents per share has been declared 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 10.4 per cent.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the 12 month period was down 3.8 per cent.

Total Portfolio

Total portfolio value at 30 June 2008 was \$121.3 million.

Cash Available for Investment

Cash available for investment of \$18.0 million at balance date. In addition, the Company also has available an undrawn cash advance facility of \$10 million.

Management Expense Ratio

Management expense ratio was 0.89 per cent, compared to 0.92 per cent for the corresponding period last year.

REVIEW OF OPERATIONS

Chairman's Comments

After four years of 20 per cent plus growth per annum in the Australian equity market it seemed almost inevitable that sooner or later there would be a year of retracement. The financial year just ended proved to be that year. After reaching record highs in November 2007 equity markets faced turbulent conditions driven by ongoing dislocation in credit markets, fear of recession in the developed world and the recent relentless rises in commodities and fuel. Whilst the Company's portfolio had a higher weighting to the resources and energy sectors and had a high level of cash throughout this period the portfolio was not immune from the significant decline in equity values that occurred during the year.

We adopted a relatively conservative approach through the year and were active in re-balancing the portfolio where necessary. Total portfolio return (measured by the change in net asset backing plus reinvested dividends) decreased 10.4 per cent over the 12 months to 30 June 2008 compared to the overall decline in the S&P/ASX 200 of 13.4 per cent. It should be noted that our performance figures are after expenses whereas the index performance is before these costs.

The final dividend of 3 cents per share is in line with the Company's policy of maximising the distribution of available franking credits having regard to the level of operating profit and realised capital gains for the year.

Portfolio

The key positive contributors in the investment portfolio over the 12 month period were the strong returns generated by AMCIL's holdings in Queensland Gas, Rio Tinto, BHP Billiton, Oil Search and Metex Resources.

With the sharp decline in the market we took the opportunity to selectively add new positions to the portfolio at times where valuations started to look attractive for companies that have inherently strong franchises. In this regard we added National Australia Bank, Commonwealth Bank and QBE Insurance to the long term investment portfolio. At the other end of the spectrum, Hexima Limited, which is an agriculture-biotech company, was also added to this portfolio.

The other major additions to existing holdings in the investment portfolio during the year were BHP Billiton, Brambles Limited,

REVIEW OF OPERATIONS CONTINUED

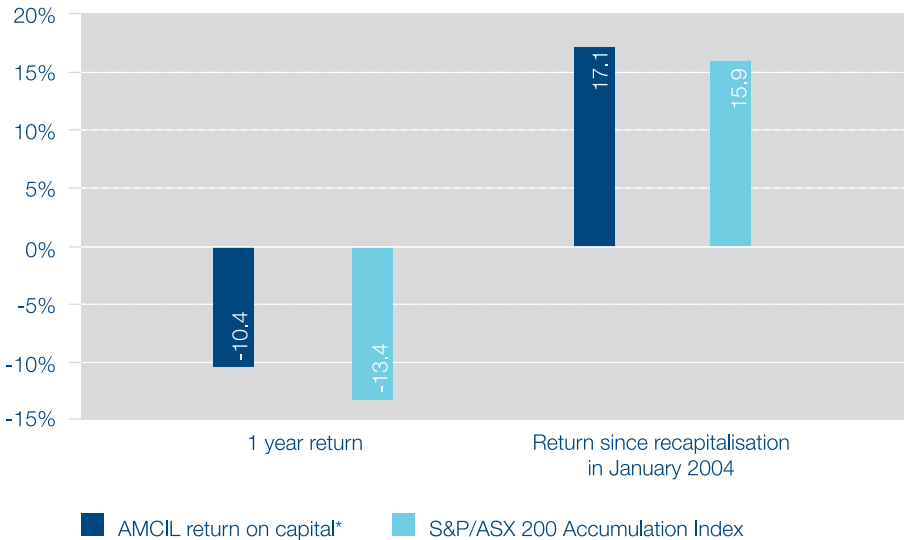
Mitchell Communications, Tox Free Solutions and Bradken Limited. We also took up our T3 Instalment Receipt entitlement.

In such an unpredictable year we took the opportunity to sell holdings which we believed faced difficult issues in the new economic environment. We sold out of our entire holdings in Transpacific Industries, Asciano Group and Transurban Group during the first half of the financial year given concerns we had at the time about the impact of the

tightening credit markets on companies seeking to refinance high levels of debt.

Given the strength in the resources and energy sectors and its impact on AMCIL's portfolio we decided to remove some of the concentration risk within the portfolio. As a result we scaled back our holdings in Rio Tinto, Queensland Gas and Alumina during the year. Other major sales have seen AMCIL exit its entire holdings in St. George Bank, Santos Limited and Patties Foods.

Portfolio Return



* Return on capital is measured by the change in net asset backing plus reinvested dividends and adjusting for the additional cash received from the exercise of options since recapitalisation of the Company in January 2004.

Outlook

AMCIL, in seeking to follow attractive investment themes, has the capacity to look across a broad range of companies of both small and large market capitalisation. As a medium to long term investor we are seeking to invest in companies with strong business footprints and/or strategic positions which tap into those investment themes and represent good value.

While the present environment has thrown up many interesting opportunities, we have been adopting a cautious approach to reinvestment of the Company's funds. We remain

concerned about inflation, the higher price of debt and the impact of rising input cost pressures on corporate profitability. In the immediate term, the resources, energy and agricultural sectors are likely to remain positive while there is the background of strong demand from developing countries but the outlook is less clear for other sectors of the market in Australia.

We enter the new financial year with a relatively high level of cash available to invest. We intend to remain patient given the Company's current portfolio settings and the uncertainty that is likely to persist for some time.

TOP INVESTMENTS

As at 30 June 2008

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 30 June 2008

Investments	Total Value \$ Million
1 BHP Billiton*	12.3
2 Queensland Gas Company	10.7
3 Telstra Corporation	8.1
4 Bradken	6.0
5 National Australia Bank*	4.6
6 Rio Tinto	4.1
7 ConnectEast Group	4.0
8 AMP	3.7
9 Brambles	3.2
10 Peet	3.2
11 Equity Trustees	3.2
12 Amcor*	2.9
13 ASG Group	2.8
14 Oakton	2.7
15 Alumina*	2.7
16 Oil Search	2.7
17 News Corporation ^(a)	2.6
18 Tox Free Solutions	2.4
19 Mitchell Communication Group	2.0
20 Coca-Cola Amatil	1.9
Total	85.8

As a percentage of total portfolio (excludes cash and bank bills) 83.2%

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

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

INCOME STATEMENT

For the Year Ended 30 June 2008

	2008 \$'000	2007 \$'000
Dividends and distributions	3,810	3,211
Revenue from deposits and bank bills	1,197	684
Net gains/(losses) on trading portfolio	(981)	1,806
Realised gains/(losses) from options written portfolio	280	(54)
Other revenue	3	37
Total income	4,309	5,684
Finance costs	(37)	(115)
Administration expenses	(1,177)	(952)
Operating profit before income tax	3,095	4,617
Income tax (expense)/credit	101	(431)
Net operating profit	3,196	4,186
Net capital gains/(losses) on investments		
Net gains on ordinary securities sold from the investment portfolio	10,498	5,116
Net gains/(losses) on open options positions	223	(8)
Tax expense on net gains on investments	(67)	2
	10,654	5,110
Profit for the year (including capital gains)	13,850	9,296
	Cents	Cents
Net operating profit per share	1.85	3.28
Profit for the year (including capital gains) per share	8.03	7.29

BALANCE SHEET

As at 30 June 2008

	2008 \$'000	2007 \$'000
Current assets		
Cash	17,984	16,558
Receivables	196	651
Trading portfolio	8,087	9,926
Total current assets	26,267	27,135
Non-current assets		
Investment portfolio	95,474	114,864
Deferred tax assets	650	202
Total non-current assets	96,124	115,066
Total assets	122,391	142,201
Current liabilities		
Payables	946	957
Tax payable	474	199
Options written portfolio	221	213
Total current liabilities	1,641	1,369
Non-current liabilities		
Deferred tax liabilities – investment portfolio	1,221	6,365
Total non-current liabilities	1,221	6,365
Total liabilities	2,862	7,734
Net assets	119,529	134,467
Shareholders' equity		
Share capital	106,970	102,879
Revaluation reserve	16,443	39,245
Accumulated losses	(3,884)	(7,657)
Total shareholders' equity	119,529	134,467

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2008

	2008 \$'000	2007 \$'000
Total equity at the beginning of the year	134,467	71,069
Dividends paid	(10,077)	(2,058)
New shares issued under Dividend Reinvestment Plan	4,107	-
New shares issued from exercise of options	-	39,053
On-market share buy-backs	(2)	-
Share issue costs	(14)	(6)
Total transactions with shareholders	(5,986)	36,989
Revaluation of investment portfolio	(27,946)	23,478
Provision for tax on unrealised gains	5,144	(6,365)
Net unrealised gains/(losses) on investment portfolio	(22,802)	17,113
Profit for the year	13,850	9,296
Total equity at the end of the financial year	119,529	134,467

HOLDINGS OF SECURITIES

As at 30 June 2008

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

Code	Company	Principal Activities	Number Held 2007 '000	Number Held 2008 '000	Market Value 2008 \$'000
AGK*	AGL Energy	Leading Australian integrated energy company	30	30	378
AMC*	Amcor	Global packaging company	450	600	2,931
AMP	AMP	Major Australasian financial services organisation	555	555	3,715
ASZ	ASG Group	Provision of computer infrastructure, application development, systems integration and specialist technical services	3,042	3,153	2,838
AWC*	Alumina	Mining, refining and smelting of aluminium	879	579	2,744
BHP*	BHP Billiton	Diversified international resources company	270	285	12,275
BKN	Bradken	Manufacturer and supplier of differentiated consumable products to the resources and freight rail industries	500	700	6,020
BXB	Brambles	Global support services group	200	371	3,239
CBA	Commonwealth Bank of Australia	Banking and wealth management services	0	45	1,808

Code	Company	Principal Activities	Number Held 2007 '000	Number Held 2008 '000	Market Value 2008 \$'000
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	250	275	1,928
CCQ	Contango Capital Partners	Investor in a diversified range of unlisted and listed investments in the financial services sector	450	828	431
CEU	ConnectEast Group	Investment vehicle set up for investment in the Mitcham-Frankston Freeway Project	4,149	4,664	4,011
EQT	Equity Trustees	Financial services company that provides client, trustee, estate administration and funds management services	130	145	3,155
ESG	Eastern Star Gas	Integrated natural gas and electricity production company	1,000	2,000	1,460
FWD	Fleetwood Corporation	Provider of manufactured accommodation for the resources and retirement sectors	0	100	925
GDY	Geodynamics	A renewable energy company involved in the development of geothermal energy generation from hot fractured rocks (HFR) in Australia	0	460	690

HOLDINGS OF SECURITIES CONTINUED

Code	Company	Principal Activities	Number Held 2007 '000	Number Held 2008 '000	Market Value 2008 \$'000
HXL	Hexima	Agricultural-biotech company engaged in the research and development of technology for the genetic modification of crops	0	875	613
MCU	Mitchell Communication Group	Australia's largest independent communications group	1,756	3,250	1,983
MEE	Metex Resources	Energy company focusing on new technology in coal energy and liquid fuels projects	0	890	730
MPO	Molopo Australia	Developing coalbed methane and other gas projects in Australia and overseas	0	533	1,099
MRM	Mermaid Marine Australia	Marine services provider to the offshore oil and gas industry	0	417	646
NAB*	National Australia Bank	Financial services group	40	175	4,597
NWS	News Corporation	International media company	138	138	2,262
NWSLV	News Corporation Non-Voting	As above	20	20	323
OKN	Oakton	IT services company providing the planning, delivery and operation of IT solutions for customers	850	850	2,746

Code	Company	Principal Activities	Number Held 2007 '000	Number Held 2008 '000	Market Value 2008 \$'000
OSH	Oil Search	Exploration, development and production of oil and gas, predominantly in PNG	200	400	2,720
PNA	PanAust	Minerals explorer, developer and miner producing copper-gold concentrate at its operations in Laos	0	950	969
PPC	Peet	Involved in the acquisition, management, development, marketing and sales of broadacre residential land estates	1,500	1,550	3,224
QBE	QBE Insurance Group	General insurance and reinsurance services provider	0	65	1,456
QGC	Queensland Gas Company	Integrated energy supplier developing its coal seam gas resources	2,447	2,000	10,740
REA	realestate.com.au	Provider of online advertising and technology to the Australian and several overseas real estate industries	223	223	977
RIO	Rio Tinto	Diversified international resources company	80	30	4,065
SUN	Suncorp-Metway	Queensland based financial services conglomerate	102	102	1,326
TLS	Telstra Corporation	Telecommunications operator and information services provider	801	1,902	8,066

HOLDINGS OF SECURITIES CONTINUED

Code	Company	Principal Activities	Number Held 2007 '000	Number Held 2008 '000	Market Value 2008 \$'000
TOL	Toll Holdings	Transport and logistics group operating in the Asia Pacific region	202	200	1,204
TOX	Tox Free Solutions	Integrated waste management and environmental service business	600	1,562	2,390
VIR	Viridis Clean Energy Group	Owns a geographically diversified portfolio of operating clean energy assets	500	560	383
VPE	Victoria Petroleum NL	Primarily engaged in the exploration and development of oil and gas in Australia and United States	0	1,000	285
WBC	Westpac Banking Corporation	Banking and wealth management services	60	60	1,200
WLL	Wellcom Group	Production based solutions company providing specialist services to advertisers, retailers and corporate organisations	132	417	793
Total					103,340

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

MAJOR CHANGES TO THE INVESTMENT PORTFOLIO

Acquisitions (Above \$1 Million)	Cost \$'000
National Australia Bank	4,202
BHP Billiton	2,855
Commonwealth Bank of Australia	2,181
Brambles	1,937
Mitchell Communication Group	1,585
Tox Free Solutions	1,574
Bradken	1,380
QBE Insurance Group	1,322
Telstra 3 Instalment Receipt – final payment	1,282
Ancor	1,063
Hexima	1,052

Disposals (Above \$1 Million)	Proceeds \$'000
Rio Tinto	6,726
St. George Bank	6,720
Santos	3,745
Transpacific Industries Group	2,687
Queensland Gas Company	2,359
Alumina	1,846
Asciano Group	1,769
BHP Billiton	1,707
Patties Foods	1,042

COMPANY PARTICULARS

AMCIL Limited

ABN 57 073 990 735

Directors

Bruce B Teele, Chairman

Ross E Barker, Managing Director

Peter C Barnett

Terry A Campbell AO

Rupert Myer AM

Richard B Santamaria

Stan DM Wallis AC

Company Secretaries

Sue E Crook

Andrew JB Porter

Auditor

PricewaterhouseCoopers

Chartered Accountants

Country of Incorporation

Australia

Registered Office

Level 21, 101 Collins Street

Melbourne Victoria 3000

Mailing Address

GPO Box 2114

Melbourne Victoria 3001

Contact Details

Telephone (03) 9650 9911

Facsimile (03) 9650 9100

Email invest@amcil.com.au

Website www.amcil.com.au

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

Telephone 1800 780 784 (toll free)

Share Registrar

Computershare Investor Services Pty Ltd

Yarra Falls

452 Johnston Street

Abbotsford Victoria 3067

Shareholder

Enquiry Line 1300 653 916

+613 9415 4224 (from overseas)

Facsimile (03) 9473 2500

Email web.queries@computershare.com.au

Website www.computershare.com.au

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

Securities Exchange Code

AMH Ordinary shares

Annual General Meeting

Time 2.30pm
Date Monday 22 September 2008
Venue Hilton on the Park
Location 192 Wellington Parade
East Melbourne Victoria

Canberra Shareholder Meeting

Time 1.00pm
Date Tuesday 30 September 2008
Venue The Hyatt Hotel
Location Commonwealth Avenue
Yarralumla Canberra

Sydney Shareholder Meeting

Time 1.00pm
Date Wednesday 1 October 2008
Venue Sydney Convention & Exhibition Centre
Location Darling Drive
Darling Harbour Sydney

Adelaide Shareholder Meeting

Time 1.00pm
Date Tuesday 7 October 2008
Venue Adelaide Festival Centre
Location King William Road Adelaide

