



PURSUING INVESTMENT
THEMES

HALF-YEAR REPORT
TO 31 DECEMBER 2006



SUMMARY OF RESULTS

Net Operating Profit After Tax

Net operating profit after tax was \$1.55 million (last year \$0.72 million), up 115 per cent. The trading portfolio returned a gain of \$0.79 million compared with a loss of \$0.35 million last year.

AIFRS Reported Profit After Tax

AIFRS reported profit after tax was \$4.78 million (last year \$1.63 million), up 194 per cent. This includes realised gains on the sale of investments.

Earnings Per Share

Earnings per share based on net operating profit were 1.5 cents per share. Diluted for the outstanding options, this was 0.91 cents per share.

Total Portfolio Return

Total portfolio return (growth in net assets including the dividend paid to shareholders) removing the impact of the additional cash received during the period from the exercise of options, was 16.3 per cent over the six months to 31 December 2006 and 33.5 per cent return over the 12 month period.

Total Portfolio Value (Including Cash)

Total portfolio value (including cash) was \$96.4 million at 31 December 2006. The cash position was \$8.7 million. The portfolio consists of holdings in 34 companies. Fourteen new ones were added during the six months to 31 December, and two holdings were sold.

Dividend

No dividend has been declared for this interim result. The Board will review the dividend position with the final result due to be announced in July 2007.

REVIEW OF OPERATIONS

Profit

AMCIL is pleased to report a net operating profit after income tax of \$1.5 million which is a significant increase over the corresponding figure last year of \$0.7 million. The uplift in earnings over the six months to 31 December 2006 was due to the increase in the receipt of dividends and income from companies in which we invest, which were up \$0.1 million to \$1.4 million, and the gain from the trading portfolio which contributed \$0.8 million during this period. The trading portfolio recorded a loss of \$0.4 million last half year.

Under the Australian equivalents to International Financial Reporting Standards, the reported Net Profit after Tax, which includes profit on realised gains from the investment portfolio, was \$4.8 million. The corresponding figure last half year was \$1.6 million.

No dividend has been declared for this interim result. The Board will review the dividend position with the final result due to be announced in July 2007.

The portfolio has performed extremely well over the period. If we consider the growth in net assets (including the dividend paid to shareholders) and adjusting for the additional cash received during the period from option exercises, the portfolio generated a 16.3 per cent return over the six months to 31 December 2006 and 33.5 per cent return over the 12 month period. The key contributors to this performance were the Company's holdings in Bradken, ConnectEast Group, Oakton, Baxter Group which was acquired by Transpacific Industries Group, ASG Group and St George Bank. The Company's share price improved strongly toward the end of the year to the point where it traded close to the diluted net tangible asset backing of the Company. As a result, the share price increased 14.4 per cent over the six months to 31 December 2006 (18.2 per cent including dividends).

During the half year, 25.9 million options were exercised resulting in \$12.9 million of additional capital.

The Company's portfolio at 31 December 2006 was approximately \$87.7 million and comprised holdings in 34 companies.



Chairman's Comments on the Portfolio

During the six months to 31 December 2006 the momentum in the Australian equity market carried it to reach record highs driven in part by increased takeover and private equity activity, the solid levels of liquidity flowing from superannuation and robust earnings.

We have continued to build the investment portfolio through this period although it has become increasingly difficult to find attractive value.

The Company took up its entitlement in the recent Telstra issue of Instalment Receipts as well purchasing some additional ordinary shares. We remain positive about the Telstra franchise despite the immediate competitive and regulatory challenges it faces. Another significant purchase was an additional investment in Baxter Group. We topped up this holding because of the value we assigned to their operations primarily associated with their landfill site in south east Melbourne. Baxter has subsequently been acquired by Transpacific Industries Group through an offer under which we accepted Transpacific scrip. We also topped up our holdings in Brambles and ASG Group, a technology services company, during the period.

A number of new stocks have also been added to the investment portfolio.

We have been following the developments in coal bed seam methane gas and this has led us to purchase holdings in Queensland Gas Company and Arrow Energy.

Another theme that we are interested in is the consolidation and emergence of what we believe to be good quality businesses that are effectively using their information and data capabilities to tap into the continued growth of the internet. In this context AMCIL invested in emitch Limited, realestate.com.au and RP Data Limited during the half. Another company which as one of its offerings, effectively uses its data capabilities to provide marketing and print services to its clients is Wellcom Group. Its management has a proven track record in the industry and we have taken a small position in the company.

The other new addition to the portfolio during the six months to 31 December 2006 was a new float, Patties Foods, which we believe offers good long term value.



REVIEW OF OPERATIONS CONTINUED

There were some sales from the investment portfolio over the period that produced realised gains under the AIFRS profit. We sold out of our holdings in A.B.C Learning Centres Limited and Dominos Pizza. We also decided to reduce slightly our position in Peet Limited to remove some concentration risk in the portfolio. Peet Limited has been a strong contributor to the portfolio with its ongoing increase in share price and still remains the Company's fourth largest investment.

The performance of the trading portfolio primarily came about because of the strong turnaround in the Telstra Share price during the period and the holding in Rinker Group which is subject to a takeover bid by Cemex.

Outlook

The factors that drove the market higher during the past six months do not appear to be abating in the immediate future. Whilst there is expected to be a slowdown in the Australian economy from factors such as subdued housing and the impact of the drought on the rural sector, the underlying forces which have helped drive the economy like the demand for resources from China, investment in infrastructure and strong liquidity are expected to continue.

In this environment, value in the equity market has become more difficult for us to find. As noted, we have continued to invest in selected situations and themes. However, we remain concerned that risk is not being effectively recognised in the pricing of a broad range of securities. In particular, risks remain on the upside for inflation given present capacity constraints, and geopolitical threats we feel still remain an issue for global markets.

The Company is well positioned with a sound and diverse portfolio, and cash holdings of \$8.7 million at calendar year end. At 31 December, there were 53.2 million unexercised options which are due to expire on 28 February 2007. If all of these options were converted into ordinary shares this would have provided an additional \$26.6 million of cash to invest. Currently, there are 49.7 million unexpired options which if exercised would provide an additional \$24.9 million of cash. We are patient investors and we continue to look for interesting and attractive opportunities in which to invest the Company's funds.

INCOME STATEMENT**FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Half-Year 2006 \$'000	Half-Year 2005 \$'000
Dividends and distributions	1,335	1,244
Revenue from deposits and bank bills	69	86
Net gains/(losses) on trading portfolio	793	(351)
Realised losses from options written portfolio	(87)	-
Total income	2,110	979
Finance costs	(95)	(30)
Administration expenses	(436)	(412)
Operating profit before income tax	1,579	537
Income tax (expense)/credit	(34)	180
Net operating profit	1,545	717
Net capital gains/(losses) on investments		
Net gains on ordinary securities sold from the investment portfolio	3,180	910
Net gains on open options positions	76	-
Tax expense on net gains on investments	(23)	-
	3,233	910
Net profit after tax	4,778	1,627
	Cents	Cents
Net operating profit per share	1.50	0.82
Diluted net operating profit per share	0.91	0.42

BALANCE SHEET

AS AT 31 DECEMBER 2006

	31 Dec 2006 \$'000	30 June 2006 \$'000
Current assets		
Cash	8,672	89
Receivables	456	1,576
Tax credit	126	94
Trading portfolio	4,358	2,532
Total current assets	13,612	4,291
Non-current assets		
Investment portfolio	83,449	68,957
Deferred tax assets	284	331
Total non-current assets	83,733	69,288
Total assets	97,345	73,579
Current liabilities		
Payables	1,202	510
Borrowings	3,500	2,000
Options written portfolio	124	-
Total current liabilities	4,826	2,510
Non-current liabilities		
Deferred tax liabilities – investment portfolio	424	-
Total non-current liabilities	424	-
Total liabilities	5,250	2,510
Net assets	92,095	71,069
Shareholders' equity		
Share capital	76,775	63,832
Revaluation reserve	27,495	22,132
Accumulated losses	(12,175)	(14,895)
Total shareholders' equity	92,095	71,069

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Half-Year 2006 \$'000	Half-Year 2005 \$'000
Total equity at the beginning of the half-year	71,069	51,446
Dividends paid	(2,058)	(1,750)
New shares issued from exercise of options	12,943	43
Total transactions with shareholders	10,885	(1,707)
Revaluation of investment portfolio	5,787	9,486
Provision for tax on unrealised gains	(424)	-
Net unrealised gains on investment portfolio	5,363	9,486
Profit for the half-year	4,778	1,627
Total equity at the end of the half-year	92,095	60,852

HOLDINGS OF SECURITIES**AS AT 31 DECEMBER 2006**

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), as individual holdings in the portfolio may change.

Unless otherwise stated, the securities in the list are fully paid ordinary shares.

Code	Company	Principal Activities	Number of Shares '000	Market Value \$'000
ADT	Advent	Investor of funds in development capital opportunities	55	47
AMP	AMP	Major Australasian financial services organisation	500	5,050
AOE	Arrow Energy	Exploration, assessment and development of oil and gas projects	500	625
APN	APN News & Media	Publishing and broadcasting	25	151
ASZ	ASG Group	Provision of computer infrastructure	3,000	3,075
AWC	Alumina	Mining, refining and smelting of aluminium	729	4,622
BAX	Baxter Group	Waste management	1,000	5,570
BEC	Becton Property Group	Diversified property group	25	74
BHP*	BHP Billiton	Diversified international resources company	270	6,814
BKN	Bradken	Supplier to resources and rail freight industries	578	4,622
BXB*	Brambles	Global support services	200	2,459
CCL	Coca-Cola Amatil	Manufactures, sells and distributes Coca-Cola products in Asia Pacific	250	1,940
CEU	ConnectEast Group	Single-purpose vehicle investing in the Mitcham-Frankston toll road	4,059	5,805
EMI	emitch	Provision of interactive marketing and online media planning	1,200	1,428

Code	Company	Principal Activities	Number of Shares '000	Market Value \$'000
EQT	Equity Trustees	Financial services company	112	2,804
FXL	FlexiGroup	Retail point-of-sale lease and rental services	100	290
MIR	Mirrabooka Investments	Listed Investment Company specialising in small to mid-cap sector	200	420
NWS	News Corporation ^(a)	International media company	158	4,459
OKN	Oakton	Provider of IT solutions for customers	850	3,893
OSH	Oil Search	Exploration and production of oil and gas in PNG and Australia	200	670
PFL	Patties Foods	Manufacturer and distributor of frozen savoury and dessert products	630	1,298
PPC	Peet	Acquisition, development and sales of broadacre residential estates	1,500	5,820
OGC	Queensland Gas Company	Exploration and appraisal for coal seam gas	950	1,264
REA	realestate.com.au	Provider of online advertising to the Australian real estate industry	150	833
RIN*	Rinker Group	Building products primarily in USA and Australia	106	1,545
RIO	Rio Tinto	Diversified international resources company	80	5,944
RPX	RP Data	Provider of property information in Australia and New Zealand	50	78
SGB	St George Bank	Banking and wealth management services provider	200	6,600
TCL*	Transurban Group	Development and operation of toll roads	147	1,095
TLS	Telstra Corporation ^(b)	Telecommunications operator and information services provider	1,602	5,471
TOL	Toll Holdings	Transport and logistics in the Asia-Pacific region	100	1,827

HOLDINGS OF SECURITIES CONTINUED

AS AT 31 DECEMBER 2006

Code	Company	Principal Activities	Number of Shares '000	Market Value \$'000
TPI	Transpacific Industries Group	Industrial cleaning and waste management solutions	44	418
VIR	Viridis Clean Energy Group	Owns a portfolio of operating clean energy assets	370	346
WLL	Wellcom Group	Production based services provider to advertising and retail sectors	131	328
Total				87,683

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

(a) Includes \$0.5 million of NWSLV Class A non-voting common stock.

(b) Includes \$2.2 million of TLSCA instalment receipts.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

(a) Acquisitions (Above \$500,000)	Cost \$'000
Telstra Instalment Receipts	1,749
Telstra Corporation	1,440
Baxter Group	1,399
emitch	1,187
Brambles	1,162
Patties Foods	1,103
ASG Group	1,091
Queensland Gas	904
Equity Trustees	864
realestate.com.au	594
Total	11,493

(b) Disposals (Above \$500,000)	Proceeds \$'000
A.B.C Learning Centres	3,239
Domino's Pizza Enterprises	1,648
Peet	1,614
Total	6,501

COMPANY PARTICULARS

AMCIL Limited ("AMH")
ABN 57 073 990 735

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

Directors
Bruce Teele, Chairman
Ross Barker, Managing Director
Peter Barnett
Terry Campbell AO
Rupert Myer AM
Richard (Bob) Santamaria
Stan Wallis AC

Company Secretary
Sue Crook

Auditor
PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation
Australia

Registered Office
Level 21, 101 Collins Street
Melbourne, Victoria 3000

Contact Details

Mail Address GPO Box 2114
Melbourne, Victoria 3001
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 Stock Exchange):

Telephone 1800 780 784 (toll free)

Share

Registrar Link Market Services Limited
Mail Address Locked bag A14
South Sydney, NSW 1235
Level 12, 680 George Street
Sydney, NSW 2000

AMH

Shareholder

Enquiry Line 1300 554 474
+61 2 8280 7111 (from overseas)

Facsimile (02) 9287 0303
Email registrars@linkmarketservices.com.au
Website www.linkmarketservices.com.au

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

Stock Exchange Code

AMH Shares
AMHO Company Options



