

Half-Yearly Review
to 31 December 2007





KEY FEATURES

Net Operating Profit

Net operating profit which excludes net gains on investments was \$1.7 million (last year \$1.5 million), up 9.3 per cent from the previous corresponding period. This operating profit is primarily made up of dividends received from the investment portfolio and revenue from the trading portfolio, which was down from last year given subdued market conditions during the half. It does not include realised gains.

Net Profit After Tax

Net profit after tax which includes net gains on investments sold was \$7.1 million (last year \$4.8 million).

Earnings Per Share

Earnings per share based on net operating profit were 0.98 cents compared with 1.5 cents last year (or 0.91 cents on a diluted basis).

Total Portfolio Return

Total portfolio return during the six months to 31 December 2007 (change in net asset backing per share plus dividend) was 1.4 per cent.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the six month period was 14.9 per cent.

Total Assets

Total assets at market value at 31 December 2007 were \$138 million. As at 31 December 2006 total assets were \$97 million. However, significant additional capital was subscribed from the exercise of options up to 28 February 2007.

Management Expense Ratio

Management expense ratio on an annualised basis was 0.84 per cent, compared to 1.06 per cent for the corresponding period last year.

Net Asset Backing

Net asset backing at 31 December 2007 was 79 cents per share. At 31 December 2006 net asset backing per share before any provision for tax and after allowing for the dilution of options outstanding was 71 cents per share.

Cash Available for Investment

Cash available for investment of \$19.2 million at balance date. In addition, the Company also has an undrawn cash advance facility of \$10 million.



REVIEW OF OPERATIONS AND ACTIVITIES

Profit

AMCIL is pleased to report a net operating profit after income tax of \$1.7 million which is an increase of \$0.2 million over the corresponding figure last year of \$1.5 million. The key components of the earnings increase over the half-year were the receipt of dividends and distributions from companies in which we invest, which were up \$0.5 million to \$1.8 million. Revenue from the trading and options portfolios was down from last year to a slight loss of \$0.1 million given subdued market conditions during the half in contrast to a gain of \$0.7 million over the corresponding period last 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 \$7.1 million. The corresponding figure last half-year was \$4.8 million.

As has been normal practice an interim dividend has not been declared. The Board will assess the payment of a final dividend for the year ending 30 June 2008 based on the net operating profit and the level of franking credits. It is not our normal practice to distribute realised capital gains unless franking credits have been generated.

Chairman's Comments on the Portfolio

The Company's primary investment aim is to deliver 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.

Over the past six months, we took a conservative stance towards a market characterised by subdued returns across a number of sectors, high volatility and increasing uncertainty over the period. Total portfolio return (measured by the change in net asset backing plus reinvested dividends) increased 1.4 per cent over the six months to 31 December 2007. The level of cash remained relatively high over the



period reflecting some adjustments to the portfolio and our general caution in a market we regarded as rather overvalued. The cash balance was \$19.2 million at 31 December 2007.

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

We have also been active in re-balancing the portfolio over the period given our concerns about the heightened risks arising from events impacting global credit markets. During the period we sold out of our entire holdings in Transpacific Industries, Asciano Group and Transurban Group because of our concerns about their level of gearing and the potential impact of higher funding costs in the future.

Other major sales which have seen AMCIL exit its entire holdings over the past six months were St George Bank, Santos Limited and Patties Foods.

The major additions in the investment portfolio during the six month period were BHP Billiton, to replace some stock that was sold because of the exercise of some call options, Brambles Limited, Mitchell Communications, Commonwealth Bank and Amcor Limited.

New additions to the investment portfolio during the six months to 31 December 2007 included:

- Hexima Limited which is an agriculture-biotech company engaged in the research and development of technology for the genetic modification of crops, primarily to enhance their resistance to insects and fungal pathogens.
- National Australia Bank which is a large financial services group providing a range of financial products and services throughout Australia, New Zealand and the United Kingdom.



REVIEW OF OPERATIONS AND ACTIVITIES CONTINUED

Outlook

We are medium to long term investors seeking to invest in companies which represent good medium to long term value given their strong business footprints and/or strategic positions in selected sectors of the economy. In this context, continued volatility and uncertainty in the market driven by concerns about global growth and short term earning concerns may mean good companies may become temporarily out of favour. This may provide opportunities over the coming months to invest some of AMCIL's existing cash resources.

However we are also conscious of heightened market risk and therefore do not feel pressured to invest additional funds into the market unless good opportunities present themselves.

Share Sale Facility

During the period the Company initiated a facility through Goldman Sachs JBWere for shareholders wanting to sell their small parcels of shares (holdings of 1,000 shares or less) without incurring brokerage. This proved to be very well subscribed with close to 50 per cent of eligible shareholders participating. As a result, the number of shareholders with unmarketable parcels has been reduced to 432 by the close of the facility in early November 2007.

TOP INVESTMENTS

As at 31 December 2007

Includes investments held in both the investment and trading portfolios

2007		Total Value \$ '000
1*	BHP Billiton	11,186
2	Rio Tinto	9,377
3	Queensland Gas Company	8,025
4*	Telstra Corporation ^(a)	7,370
5	ConnectEast Group	6,753
6	Peet	6,000
7	Alumina	5,599
8	AMP	5,526
9	ASG Group	5,481
10	Oakton	4,956
11*	Brambles	4,407
12	Equity Trustees	4,239
13*	Ancor	4,113
14	Bradken	3,955
15	News Corporation ^(b)	3,809
16	Mitchell Communication Group	3,240
17	National Australia Bank	2,456
18	Coca-Cola Amatil	2,370
19	Oil Search	1,940
20	Tox Free Solutions	1,743
	Total	102,542

As a percentage of total portfolio (excludes cash)

87.0%

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

(a) Includes \$3.2 million of TLSCA instalment receipts.

(b) Includes \$0.5 million of NWSLV Class A Non-Voting Common Stock.

INCOME STATEMENT

For the Half-Year Ended 31 December 2007

	Half-Year 2007 \$'000	Half-Year 2006 \$'000
Dividends and distributions	1,843	1,335
Revenue from deposits and bank bills	459	69
Net gains/(losses) on trading portfolio	(246)	793
Realised gains/(losses) from options written portfolio	161	(87)
Total income	2,217	2,110
Finance costs	(11)	(95)
Administration expenses	(589)	(436)
Operating profit before income tax	1,617	1,579
Income tax (expense)/credit	72	(34)
Net operating profit	1,689	1,545
Net capital gains/(losses) on investments		
Net gains on ordinary securities sold from the investment portfolio	5,355	3,180
Net gains on open options positions	144	76
Tax expense on net gains on investments	(43)	(23)
	5,456	3,233
Net profit after tax	7,145	4,778
	Cents	Cents
Net operating profit per share	0.98	1.50
Diluted net operating profit per share	0.98	0.91

BALANCE SHEET

As at 31 December 2007

	31 Dec 2007 \$'000	30 June 2007 \$'000
Current assets		
Cash	19,206	16,558
Receivables	44	651
Trading portfolio	10,412	9,926
Total current assets	29,662	27,135
Non-current assets		
Investment portfolio	107,704	114,864
Deferred tax assets	408	202
Total non-current assets	108,112	115,066
Total assets	137,774	142,201
Current liabilities		
Payables	526	957
Tax payable	373	199
Options written portfolio	297	213
Total current liabilities	1,196	1,369
Non-current liabilities		
Deferred tax liabilities – investment portfolio	6,445	6,365
Total non-current liabilities	6,445	6,365
Total liabilities	7,641	7,734
Net assets	130,133	134,467
Shareholders' equity		
Share capital	106,972	102,879
Revaluation reserve	33,750	39,245
Accumulated losses	(10,589)	(7,657)
Total shareholders' equity	130,133	134,467

STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2007

	Half-Year 2007 \$'000	Half-Year 2006 \$'000
Total equity at the beginning of the half-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	-	12,943
Share issue costs	(14)	-
Total transactions with shareholders	(5,984)	10,885
Revaluation of investment portfolio	(5,415)	5,787
Provision for tax on unrealised gains	(80)	(424)
Net unrealised gains/(losses) on investment portfolio	(5,495)	5,363
Profit for the half-year	7,145	4,778
Total equity at the end of the half-year	130,133	92,095

HOLDINGS OF SECURITIES

As at 31 December 2007

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 Held '000	Market Value \$'000
ADT	Advent	Investor of funds in development capital opportunities	55	37
AGK*	AGL Energy	Leading Australian integrated energy company	30	391
AMC*	Amcor	Global packaging company	600	4,113
AMP	AMP	Major Australasian financial services organisation	555	5,526
ASZ	ASG Group	Provides computer infrastructure, application development, systems integration and specialist technical services	3,096	5,481
AWC	Alumina	Mining, refining, and smelting of aluminium	879	5,599
BHP*	BHP Billiton	Diversified international resources company	285	11,186
BKN	Bradken	Supplier to resources and rail freight industries	500	3,955
BXB*	Brambles	Global support services group	385	4,407
CBA	Commonwealth Bank of Australia	Australia's largest retail bank	20	1,182
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	2,370

HOLDINGS OF SECURITIES CONTINUED

As at 31 December 2007

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
CCQ	Contango Capital Partners	Investor in a diversified range of unlisted and listed investments in the financial services sector	578	486
CEU	ConnectEast Group	Developer and operator of the Mitcham-Frankston toll road	4,234	6,753
ENE	Energy Developments	International provider of renewable energy and low greenhouse gas emission energy	355	1,383
EQT	Equity Trustees	Financial services company	134	4,239
ESG	Eastern Star Gas	Coal seam gas exploration and production in eastern Australia	2,000	860
GMI	Global Mining Investments	Listed investment company investing in global natural resource companies	700	1,498
HXL	Hexima	Agricultural-biotech company engaged in the research and development of technology for the genetic modification of crops	866	953
MCU	Mitchell Communication Group	Australia's largest independent communications group, media and buying agency	3,000	3,240
MPO	Molopo Australia	Developing coalbed methane and other gas projects in Queensland, New South Wales and overseas	533	469
NAB	National Australia Bank	Financial services group	65	2,456
NWS	News Corporation	International media company	138	3,341
NWSLV	News Corporation Non-Voting	As above	20	468
OKN	Oakton	IT services company providing planning, delivering and running of IT solutions for customers	850	4,956
OSH	Oil Search	Exploration and production of oil and gas in PNG and Australia	400	1,940

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
PNA	Pan Australian Resources	Minerals development and exploration company in Laos and Thailand.	200	198
PPC	Peet	A listed property company involved in asset and funds management, land and property development and land syndication	1,500	6,000
OGC	Queensland Gas Company	Exploration and appraisal for coal seam gas	2,447	8,025
REA	realestate.com.au	Provider of online advertising to the Australian real estate industry	223	1,561
RIO	Rio Tinto	Diversified international resources company	70	9,377
SUN*	Suncorp-Metway	Queensland based financial services conglomerate	102	1,719
TLS*	Telstra Corporation	Telecommunications operator and information services provider	901	4,195
TLSCA	Telstra Corporation Instalment Receipts	As above	1,002	3,175
TOL	Toll Holdings	Transport and logistics in the Asia-Pacific region	150	1,718
TOX	Tox Free Solutions	West Australian based waste management company	700	1,743
VIR	Viridis Clean Energy Group	Owens a geographically diversified portfolio of operating clean energy assets	525	470
WBC*	Westpac Banking Corporation	Banking and wealth management services	60	1,622
WLL	Wellcom Group	Production based services provider to advertising and retail sectors	318	731
Total				117,819

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

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (Above \$0.5 Million)	Cost \$'000
BHP Billiton	2,855
Brambles	1,568
Mitchell Communication Group	1,410
Commonwealth Bank of Australia	1,065
Amcor	1,063
Hexima	1,042
National Australia Bank	959
Oil Search	809

Disposals (Above \$0.5 Million)	Proceeds \$'000
St George Bank	6,720
Santos	3,745
Transpacific Industries Group	2,687
Asciano Group	1,769
BHP Billiton	1,707
Rio Tinto	1,441
Patties Foods	1,042
Transurban Group	720

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 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 Limited
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 Shares

Shareholder Meetings

Perth Meeting

Time 1.00pm
Date Monday 31 March 2008
Venue Duxton Hotel
Location 1 St Georges Terrace
Perth

Brisbane Meeting

Time 1.00pm
Date Thursday 10 April 2008
Venue Stamford Plaza
Location Cnr Edward and Margaret Streets
Brisbane

