

CORPORATE GOVERNANCE STATEMENT

The Board of AMCIL is committed to high standards of ethical behaviour and corporate governance.

In accordance with ASX Listing Rule 4.10.3 set out below is the ASX Corporate Governance Council's 10 principles of good corporate governance and outlined accordingly how the Board has sought to comply with the best practice recommendations for each.

Principle 1: Laying Solid Foundations for Management and Oversight

The first Principle requires the Company to recognise and publish the respective roles and responsibilities of both the Board and Management.

The role of the Board of Directors is to set goals and policies for the operation of the Company, to oversee the Company's management, to regularly review performance and to generally monitor the Company's affairs in the best interests of shareholders. For these responsibilities the Board is accountable to its shareholders.

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 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.

The Company's investments are subject to the oversight of the Investment Committee. The Directors of the Company are all members of this Committee which meets around every two weeks.

For day-to-day administrative, investment support and dealing activities, AMCIL uses the services of Australian Investment Company Services Limited ("AICS"). AICS' staff are provided to AMCIL on a non-exclusive basis to take responsibility for the conduct of the Company's operations in accordance with the Board's objectives, policies and directions. They also provide investment research information and implement decisions of the Investment Committee. AICS is paid a fee based on its costs in providing these services. The Managing Director is responsible and accountable to the Board for the Company's management.

The Board believes that the Company is fully compliant with Principle 1.

Principle 2: Structuring the Board to Add Value

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

See the Directors' Report for details of the skills, experience, and expertise of each Director. The number of meetings held during the year and attendance by Directors are set out on page 7. The Directors meet formally as a Board at least 11 times a year.

The Board is comprised of a 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. Four of the five Non-Executive Directors are regarded as independent, that is, PC Barnett, RH Myer, RB Santamaria and SDM Wallis, so that the Board is comprised of a majority of independent Non-Executive Directors.

Independence of Directors

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, 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 relationship between AMCIL and Goldman Sachs JBWere, with whom the Company maintains a strong relationship, TA Campbell, Senior Chairman, former Chief Executive and a shareholder of Goldman Sachs JBWere, is also not regarded as independent.

RB Santamaria was a Partner of the law firm Allens Arthur Robinson until late August 2007 when he joined Australia and New Zealand Banking Group Ltd as Group General Counsel and Company Secretary. Allens Arthur Robinson received fees for services rendered during the year of \$54,000. He was not involved in the selection of the firm to undertake the work and the Board is of the view that this does not compromise his independence.

Non-Executive Directors PC Barnett, RH Myer, RB Santamaria and SDM Wallis are regarded as independent. Accordingly, the Board consists of a majority of independent Non-Executive Directors.

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

BB Teele	– 5 years
RE Barker	– 12 years
PC Barnett	– 12 years
TA Campbell	– 12 years
RH Myer	– 8 years
RB Santamaria	– 12 years
SDM Wallis	– 4 years

The Board strongly 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. It is regarded as important that tenure should not interfere with the continual renewal and refreshment of the Board.

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.

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. Consideration is also given to the issue of Director independence in any situation 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. The Board would consider whether the relevant Director remained independent in any situation where, as a result of the commercial relationship with the Company, an amount in excess of \$200,000 is paid or received and the Director had a direct or indirect material interest. The threshold is considered by the Board on an annual basis.

The Board believes that the Company is fully compliant with Principle 2 but acknowledges that for the reasons stated above it does not comply with Recommendation 2.2 that the Chairman should be an independent Director or Recommendation 2.4 that a separate Nomination Committee be established.

Principle 3: Promotion of Ethical and Responsible Decision-making

The Principle requires that the Board should actively promote ethical and responsible decision-making.

The Company, including its Directors and key 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 published a Corporate Principles of Conduct Statement 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 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 employees and Directors.

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

Principle 4: Safeguarding Integrity in Financial Reporting

The Principle requires that the Company has a structure to independently verify and safeguard the integrity of the Company's reporting.

The Company has established an Audit Committee to oversee the integrity of the financial reporting process and which reports to the Board. The Audit Committee has three members all of whom are independent Directors: PC Barnett (Chairman), RH Myer and RB Santamaria. Details of their qualifications, number of meetings and attendance are set out in the Directors' Report. All members of the Audit Committee have the requisite financial experience and understanding to effectively discharge its mandate.

The Board has obtained from the Managing Director and the Chief Financial Officer written affirmation concerning the Company's financial statements as set out in the Directors' Declaration.

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 website. Policies relating to rotating external audit engagement partners are set by the external audit firm in accordance with Corporations Act requirements.

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

Principle 5: Timely and Balanced Disclosure

The 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.

Principle 6: Respecting the Rights of Shareholders

The Principle requires that the Company respect the rights of shareholders and facilitate 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 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. This year the Company held its Annual General Meeting in Melbourne and shareholder meetings in Perth, Sydney, Adelaide, Canberra and Brisbane. An internet website is maintained 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.

Principle 7: Recognising and Managing Risk

The Principle requires that the Board establish a sound system of risk oversight, management and internal control.

The Company has established and maintains a sound system of risk oversight, management and internal control.

Investment Risk

The Board Investment Committee is primarily responsible for dealing with issues arising from investment risk. 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.

Other Risks

The Company's management is primarily responsible for recognising and managing all other risk issues such as operational risk, 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. 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 Guidance Standard 1026.

The Risk Management Framework adopted by the Board is available on the Company's website.

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 Board believes that the Company is fully compliant with Principle 7.

Principle 8: Encouraging Enhanced Performance

The Principle requires that the Board fairly review and actively encourage board and management effectiveness.

The Company has not established a formal performance review procedure and performance of the Board and management is the subject of continuous oversight by the Chairman and the Board as a whole.

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 Board believes that the Company is fully compliant with Principle 8.

Principle 9: Remunerating Fairly and Responsibly

The 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 Financial Report.

The Board believes that the Company is fully compliant with Principle 9 but acknowledges that, for the reasons given above, it does not comply with Recommendation 9.2 that a separate Remuneration Committee be established.

Principle 10: Recognising Legitimate Interests of Stakeholders

The Principle requires that the Company recognises legal and other obligations to all legitimate stakeholders.

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

The Board believes that the Company is fully compliant with Principle 10.