



AMCIL LIMITED

ABN 57 073 990 735

APPENDIX 4E STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

CONTENTS

- Results for announcement to the market
- Media Release
- Appendix 4E Accounts

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2007 with the previous corresponding period being the year ended 30 June 2006.

These preliminary results are based on unaudited financial statements.

Results for announcement to the market

- Operating Profit after tax was \$4.2 million, up 137% from the previous corresponding period.
- Net Profit attributable to members (including capital gains) was \$9.3 million, up 179% from the previous corresponding period.
- Revenue from ordinary activities (excluding capital gains) was \$3.9 million, up 47% from the previous corresponding period.
- Net tangible assets at 30 June 2007 were 84 cents per share, up from 65 cents (fully diluted for the outstanding options) at the end of the previous corresponding period, before allowing for any final dividend, and before the provision for deferred tax on unrealised gains in the investment portfolio. After the provision for deferred tax, the figure is 80 cents (2006 : 65 cents).
- No interim dividend was declared to shareholders in respect of the half year ended 31 December 2006.
- A final dividend of 6 cents per share, fully-franked, up from last year's final dividend of 2 cents, will be paid on 27 August 2007 to ordinary shareholders on the register on 10 August 2007. Shares are expected to trade ex-dividend from 3 August 2007.
- A new dividend reinvestment plan is being introduced by the Company, the price for which will be a discount of 5% to the Volume Weighted Average Price of the Company's shares traded on the ASX over the five trading days after the shares trade ex-dividend. The last day for notice of participation in the DRP is the record date, being 10 August 2007.



MEDIA RELEASE - FULL YEAR RESULT

23 July 2007

STRONG MARKETS AND EXTRA CAPITAL PROPEL AMCIL

AMCIL Limited announced today its financial results for the year to 30 June 2007. The results are unaudited.

KEY POINTS

- **Total assets** at market value at 30 June 2007 were \$142 million, up from \$74 million last year.
- **Net Operating Profit after tax** was \$4.2 million (last year \$1.8 million), up 137% from the previous corresponding period. This operating profit is made up primarily of dividends received from the investment portfolio and revenue from the trading portfolio, which was up significantly. It does not include realised gains.
- **Reported Profit after tax** was \$9.3 million (last year \$3.3 million). This includes realised gains on sale of investments.
- **Earnings per share** based on Net Operating Profit were 3.3 cents compared with 2.0 cents last year.
- **New Capital** of \$39.1 million was raised during the year from the conversion of outstanding options which had an expiry date of 28 February 2007.
- **A fully franked final dividend** of 6.0 cents per share has been declared by Directors. This allows for the distribution of the majority of the balance of the franking account. Last year's final dividend was 2 cents per share.
- **Dividend Reinvestment Plan** has been introduced at a discount of 5% to the ex dividend market price, as defined by the Plan.
- **Total portfolio return** over the twelve months to 30 June 2007 was 36.4% (this return is based on the increase in the value of the Investment Portfolio plus the net profit for the year, after tax and expenses. This return also allows for the time weighted impact of the additional cash received during the year from option conversions). The 12 month accumulated return based on the net asset backing diluted for these options with dividends reinvested was 32.1%.
- **Total shareholder return** measured by change in share price plus dividends over the twelve month period was 31.3%.
- **Management expense ratio** was 0.92%, compared to 1.28% for the previous year.
- **Net asset backing** at 30 June 2007 was 84 cents (before providing for the 6.0 cent final dividend).

Chairman's Comments on the Portfolio

The Chairman, Mr Teele, commented, "In summary, it was another very successful year for AMCIL with Operating Profit after tax increasing 137% to \$4.2 million. Whilst part of this increase is due to the investment of its additional capital during the year, the Company also enjoyed a strong underlying increase in distributions received from the companies it invests in as well as a strong lift in revenue from the trading portfolio.

It also has been a significant year for the Company as the vast majority of outstanding options were exercised by the expiry date of 28 February 2007 raising \$39.1 million of new capital. This completes the final part of this stage of the recapitalisation of the Company which began in January 2004.

In addition to the attractive investment opportunities the Board considered were available at the time of recapitalising the Company there were two other key objectives the Board thought were important for shareholders. The first was to be in a position to utilise the carry forward capital losses in the portfolio over time and secondly to be able to access the existing franking account balance.

In the context of the objective of accessing these franking credits we are pleased to advise that AMCIL has increased its final dividend to 6.0 cents per share. This dividend is funded from profits and allows for the distribution of the majority of the balance of the franking account. The Company has also introduced a Dividend Reinvestment Plan.

Portfolio

Total portfolio return (measured by the change in net asset backing plus reinvested dividends and adjusting for the additional cash received during the period from the exercise of options) increased 36.4% over the year with significant increases across a large number of stocks with the portfolio.

The key factors driving this out-performance were:

- The strong returns in the Investment Portfolio generated by AMCIL's holdings in Bradken, ASG Group, Oakton, ConnectEast Group, Rio Tinto and BHP Billiton.
- Net gains in the Trading Portfolio. The major contributors to this return were positions in Queensland Gas, Rinker Group and Transpacific Industries.
- The major net acquisitions in the Investment Portfolio during the twelve month period that enjoyed very good share price returns over the year. In particular, Queensland Gas, Transpacific Industries (which took over Baxter Group via a scrip offer), Santos, and the Telstra Instalment Receipts (under the institutional entitlement).

Other major new additions to the Investment Portfolio during the year included:

- Amcor Limited, a packaging company undergoing significant restructuring in a competitive environment.
- Mitchell Communication Group, a media planning and buying agency with a specialist division focusing on interactive and online media
- Energy Developments, provider of renewable energy and low green house gas emission energy.
- Asciano (as a result of its demerger from Toll Holdings), a transport infrastructure business
- Tox Free Solutions, a Perth-based waste management company

The total portfolio now comprises 40 companies and \$16.6 million of cash whereas at the end of last year there were 23 stocks in the portfolio and \$0.1 million of cash.

Dividend Policy

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.

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.

Outlook

Market conditions remain positive as strong company profits and significant flow of funds into equity investments have provided solid support to current valuation levels. This performance has been against a background of a very strong domestic economy and buoyant offshore markets.

We will be looking with interest to the upcoming release of company results to substantiate the positive expectations which are currently supporting the market. Of particular focus is whether the strong profit margins have been maintained in light of cost pressures such as wages, material and energy prices and, in some instances, the impact of the strong Australian Dollar.

Without further significant uplift in profitability we are not expecting a repeat of the extraordinary returns that have been evident over recent years. We will continue to look for companies which are temporarily out of favour with the market but which have strong business footprints and/or have strategic positions in selected sectors of the economy.

Share Sale Facility

Since the recapitalisation of the Company some shareholders with a small number of shares have asked how they can sell these holdings without incurring substantial sale costs relative to the dollar amount of their investment. The Company has therefore arranged 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. Those shareholders who are eligible to use this facility will receive a separate letter shortly outlining details of the facility.

Please direct any enquiries to:

Bruce Teele
Chairman
(03) 9679 1361

Ross Barker
Managing Director
(03) 9924 0380

Geoff Driver
General Manager
(03) 9679 1659

AMCIL LIMITED

Investments as at 30 June 2007

Valued at closing prices at 29 June 2007

<u>Securities held in the Trading and Investment portfolios</u>		Total Value \$ '000
*	1 BHP Billiton	9,270
	2 Rio Tinto	7,903
	3 St George Bank	7,086
	4 Queensland Gas Company	6,850
*	5 Telstra Corporation (a)	6,766
*	6 Alumina	6,759
	7 ConnectEast Group	6,597
	8 Peet	6,180
	9 AMP	5,620
	10 Bradken	5,350
	11 Oakton	4,786
	12 ASG Group	4,517
	13 News Corporation (b)	4,235
*	14 Santos	4,206
	15 Equity Trustees	4,037
	16 Transpacific Industries Group	3,340
*	17 Amcor	3,339
*	18 Toll Holdings	2,695
*	19 Asciano Group	2,600
*	20 Brambles	2,412
	21 Coca-Cola Amatil	2,385
	22 Mitchell Communications	2,151
*	23 Suncorp-Metway	2,037
*	24 National Aust Bank	1,598
	25 Energy Developments	1,575
*	26 Westpac Bank	1,524
	27 Tox Free Solutions	1,440
	28 realestate.com.au	1,325
	29 Patties Foods	1,134
	30 Oil Search	840
	31 Transurban Group	801
	32 Eastern Star Gas	660
	33 Viridis Clean Energy	550
	34 AGL Energy	455
	35 Contango Capital	430
	36 Wellcom Group	422
	37 FlexiGroup	296
	38 Port Bouvard	258
	39 RP Data	115
	40 Advent	36
Total		<u><u>124,577</u></u>

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

(a) Includes \$3.1 million of TLSCA instalment receipts

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

FINANCIAL REPORT

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$'000	2006 \$'000
Dividends and distributions		3,211	2,537
Revenue from deposits and bank bills		684	141
Other revenue		37	-
Total revenue		3,932	2,678
Income/(loss) from options written		(54)	-
Net gains/(losses) on trading portfolio		1,806	(282)
Income from operating activities before net gains on investments		5,684	2,396
Finance costs		(115)	(53)
Administration expenses		(952)	(789)
Operating profit before income tax expense and net gains on investments	4	4,617	1,554
Income tax credit/(expense)*	5	(431)	211
Net operating profit before net gains on investments		4,186	1,765
Net gains on investments			
Net gains on Ordinary Securities sold from the investment portfolio		5,116	1,570
Net losses on open options positions		(8)	-
Tax credit on net gains on investments*	5	2	-
		5,110	1,570
Profit for the year		9,296	3,335
		Cents	Cents
Basic earnings per share		7.29	3.79
Diluted earning per share		7.29	1.97

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

Information on earnings per share, including net operating profit before net gains on investments per share, can be found in Note 19.

		2007 \$000	2006 \$000
* Total tax expense/(credit)		429	(211)

BALANCE SHEET AS AT 30 JUNE 2007

	Note	2007 \$'000	2006 \$'000
Current assets			
Cash	6	16,558	89
Receivables	7	651	1,576
Tax credit receivable		-	94
Trading portfolio	8	9,926	2,532
Total current assets		27,135	4,291
Non-current assets			
Investment portfolio	9	114,864	68,957
Deferred tax assets	10	202	331
Total non-current assets		115,066	69,288
Total assets		142,201	73,579
Current liabilities			
Payables	11	957	510
Borrowings	6	-	2,000
Tax payable		199	-
Options written portfolio	13	213	-
Total current liabilities		1,369	2,510
Non-current liabilities			
Deferred tax liabilities – investment portfolio	12	6,365	-
Total non-current liabilities		6,365	-
Total liabilities		7,734	2,510
Net Assets		134,467	71,069
Shareholders' equity			
Share Capital	14	102,879	63,832
Revaluation Reserve	15	39,245	22,132
Accumulated Losses	16	(7,657)	(14,895)
Total shareholders' equity		134,467	71,069

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$'000	2006 \$'000
Total equity at the beginning of the year		71,069	51,446
Dividends paid	18	(2,058)	(1,750)
Exercise of Options	14	39,053	1,161
Cost of share issues		(6)	-
Total transactions with shareholders		36,989	(589)
Revaluation of investment portfolio		23,478	16,877
Provision for tax on unrealised gains		(6,365)	-
Net unrealised gains recognised directly in equity	15	17,113	16,877
Profit for the year		9,296	3,335
Total recognised income (including unrealised gains) & expense for the year		26,409	20,212
Total equity at the end of the financial year		134,467	71,069

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$'000 INFLOWS/ (OUTFLOWS)	2006 \$'000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Sales from trading portfolio		14,489	2,064
Purchases for trading portfolio		(18,738)	(3,254)
Proceeds from entering into options in options written portfolio		611	-
Payment to settle options in options written portfolio		(461)	-
Interest received		684	165
Dividends and distributions received		2,719	2,310
		(696)	1,285
Other receipts		41	-
Administration expenses		(951)	(818)
Finance costs paid		(105)	(68)
Income taxes paid		(10)	(153)
Net cash inflow/(outflow) from operating activities	23	(1,721)	246
Cash flows from investing activities			
Sales from investment portfolio		12,138	9,002
Purchases for investment portfolio		(28,936)	(18,989)
Net cash inflow/(outflow) from investing activities		(16,798)	(9,987)
Cash flows from financing activities			
Proceeds from borrowings		7,000	4,100
Repayment of borrowings		(9,000)	(2,100)
Share issues		39,046	1,057
Dividends paid		(2,058)	(1,750)
Net cash inflow/(outflow) from financing activities		34,988	1,307
Net increase/(decrease) in cash held		16,469	(8,434)
Cash at the beginning of the financial-year		89	8,523
Cash at the end of the financial-year	6	16,558	89

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 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

This financial report has been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards). AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

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

The Company has elected to adopt AASB 7 *Financial Instruments: Disclosures* early when preparing the financial statements. The Company has not yet applied any other 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 2007 ("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 8.

The options written portfolio contains exchange traded options contracts that are entered into as described in Note 13.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whereas securities that contain a derivative element (eg 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 repurchased from the holder. 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, deposits held at call, investment grade promissory notes and discounted bills of exchange.

e) Bills of exchange

Bills of exchange and investment grade promissory notes, which have been purchased in the market at a discount to face value, are carried at an amount representing amortised cost using the effective interest rate method, and the amortised interest is accounted for as interest received.

f) 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'.

g) 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.

h) Rounding of amounts

The Company is of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment 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 a substantial part of the current unrealised gain in the investment portfolio, and therefore only a partial 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.

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. Operating profit before income tax expense and net gains on investments	2007 \$'000	2006 \$'000
Dividends and distributions (excl. interest)		
• securities held in investment portfolio	2,911	2,288
• securities held in trading portfolio	300	249
	<u>3,211</u>	<u>2,537</u>
Interest income		
• deposits and income from bank bills	684	141
	<u>684</u>	<u>141</u>
Net gains/(losses) and write downs		
• net gains from trading portfolio sales	1,292	330
• realised losses on options written portfolio	(54)	-
• unrealised gains/losses in trading portfolio	514	(612)
	<u>1,752</u>	<u>(282)</u>
Other income	37	-
Income from operating activities before net gains on investments	<u>5,684</u>	<u>2,396</u>
Finance costs	(115)	(53)
Administration Fees paid to Australian Investment Company Services Ltd (AICS) (2006 : AFIC)	(348)	(224)
Other administration expenses	(604)	(565)
Operating profit before income tax expense and net gains on investments	<u>4,617</u>	<u>1,554</u>

Further information relating to remuneration of auditors is set out in Note 22, Directors and Executives in Note 20. The administration fees paid to AICS are pursuant to an arrangement covering the Company's day-to-day management and administration. In 2006, this arrangement was with Australian Foundation Investment Company ("AFIC").

5. Income tax expense	2007	2006
	\$'000	\$'000
(a) Reconciliation of income tax expense to prima facie tax payable		
Operating profit before income tax expense and net gains on investments	4,617	1,554
Tax at the Australian tax rate of 30% (2006 – 30%)	1,385	466
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
Tax offset for franked dividends	(717)	(657)
Sundry items	(159)	(14)
	<u>509</u>	<u>(205)</u>
Under (over) provision in prior years	(78)	(6)
Income tax expense on operating profit before net gains on investments	<u>431</u>	<u>(211)</u>
Net Gains/(Losses) from investments	5,108	1,570
Tax at the Australian tax rate of 30% (2006 – 30%)	1,533	471
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
Impact of parcel selection for capital gains purposes	72	-
Accounting gains rolled-over for taxation purposes	(275)	-
Capital gains set-off against bought-forward losses	(1,332)	(471)
Income tax expense/(credit) on net gains on investments	<u>(2)</u>	<u>-</u>
Total income tax expense	<u>429</u>	<u>(211)</u>
(b) Income tax expense composition		
Charge for tax payable relating to the current year	378	(5)
Under (over) provision in prior years	(78)	(6)
(Increase) decrease in deferred tax assets - other	129	(200)
	<u>429</u>	<u>(211)</u>
6. Current assets – cash		
Cash at bank and in hand	11	10
Deposits at call	16,547	79
	<u>16,558</u>	<u>89</u>

Deposits at call yield an average floating interest rate of 6.16% (2006: 5.46%). Discounted bills of exchange and investment grade promissory notes yielded an average fixed return of 6.25% (2006: 5.65%) and had a fixed term of up to three months.

(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. Purchased bills of exchange were carried on the balance sheet

at an amount less than the amount realisable at maturity. The credit risk exposure of the Company regarding purchased bills of exchange was the carrying value, which comprised the cost of the bank bills and any income accrued.

Cash investments are made with GSJBWere's Australian \$ Cash Reserves Fund – Institutional Class which is rated AAAM by Standard & Poor and Aaa/MR1+ by Moody's.

(b) Standby arrangements and credit facilities

The Company is party to agreements under which the National Australia Bank have agreed to accept or accept and discount bills of exchange.

	2007	2006
	\$'000	\$'000
National Australia Bank- floating rate bill facility	10,000	10,000
Amount drawn down	-	2,000
Undrawn facilities	<u>10,000</u>	<u>8,000</u>

The above borrowings are unsecured. Repayment of facilities is done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities are normally drawn down for no more than 90 days.

7. Current assets – receivables

Dividends and distributions receivable	303	212
Interest receivable/pre-paid	5	15
Outstanding settlements – trading portfolio	-	1,338
Outstanding settlements – investment portfolio	343	-
Prepayments	-	11
	<u>651</u>	<u>1,576</u>

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.

8. Current assets – trading portfolio

Listed securities at market value		
- shares and trust units	10,510	2,602
- options written by the Company		
- Calls	(578)	(70)
- Puts	(6)	-
	<u>9,926</u>	<u>2,532</u>

Credit risk exposure

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities 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 13).

As at balance date the Company had 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 at prices which in aggregate totalled \$2.0 million (2006: \$Nil). As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$9.1 million (2006: \$0.7 million).

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 fortnightly) to consider, review and approve the investment, trading and sub-underwriting transactions of the Company and related matters.

\$1.8 million of shares are held by the Australian Clearing House (ACH) as collateral for sold option positions written by the Company (2006:\$ Nil) in the trading 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 trading portfolio.

9. Non-current assets – investment portfolio	2007	2006
	\$'000	\$'000
Listed securities		
- shares at market value	114,864	68,957

10. 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).

The key components are:

(a) Unrealised positions in the trading portfolio	(149)	161
(b) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	199	14
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	153	156
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(1)	-
	<u>202</u>	<u>331</u>

Movements:

Opening balance at 1 July	331	131
(Credited)/charged to Income statement	<u>(129)</u>	<u>200</u>
	<u>202</u>	<u>331</u>

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 \$47,000 (2006: \$176,000). This relates primarily to items described in notes (a), (b) and (d) above.

11. Current liabilities - payables	2007	2006
	\$'000	\$'000
Outstanding settlements – investment portfolio	453	-
Director retirement benefits	503	503
Other payables	1	7
	<u>957</u>	<u>510</u>

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.

12. Non-current liabilities – deferred tax

Deferred tax liability – investment portfolio	6,365	-
---	-------	---

At balance date, the Company had unused losses on the sale of investments available to set-off against future capital gains of \$25.5 million (2006 : \$30.0 million). During the year, \$4.5 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).

13. 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.

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 Stock 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.

As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$2.95 million (2006: \$Nil).

\$0.8 million of shares are held by the Australian Clearing House (ACH) as collateral for sold option positions written by the Company (2006: \$1.29 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.

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 6 a), 7 & 8 with respect to cash, receivables and securities in the trading portfolio. None of these assets are over-due or considered to be impaired.

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 access to short-term borrowing facilities sufficient to meet these contingent payments.

The relatively low level of gearing that the Company has ensures that covenant levels associated with facilities are unlikely to be breached. In the unlikely event that a fall in the value of the stock market is such that a breach would appear possible, the Company would amend its cash-flows through the sale of securities and the cessation of purchases to ensure that any short-term debt is extinguished.

The Company's inward cash-flows depend upon the level of distributions received. Should these drop by a material amount, the Company would amend its outward cash-flows 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, 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% and 10%, if spread equally over all assets in the investment portfolio would lead to a reduction in the Company's equity of \$4.0 million and \$8.0 million respectively, assuming a flat tax-rate of 30%.

A fall in the market value of the trading portfolio of 5% and 10% equally across all securities held within the portfolio, would lead to a reduction in the trading result of \$0.3 million and \$0.7 million

respectively.

The Revaluation Reserve at 30 June 2007 was \$39.2m. It would require a fall in the value of the investment portfolio of 40% 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.

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:

	2007	2006
Energy	8.90%	1.15%
Materials	19.32%	26.54%
Industrials	18.11%	20.74%
Consumer Discretionary	5.84%	12.26%
Consumer Staples	2.49%	1.98%
Banks	7.23%	8.21%
Other Financials (inc Property Trusts)	13.15%	18.85%
Telecommunications	4.79%	4.13%
Other - Health Care, Info Technology, Utilities	8.44%	6.14%
Cash	11.73%	-

Securities representing over 5% of the combined investment and trading portfolio at 30 June 2007 were:

	% of portfolio
BHP Billiton	7.43%
Rio Tinto	6.33%
St George Bank	5.68%
Queensland Gas Company	5.49%
Telstra (incl. instalment receipts)	5.42%
Alumina	5.42%
ConnectEast	5.29%

No other security represents over 5% of the Company's investment and trading portfolios.

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 2007, it was 7.0% of the total invested including cash (2006: 3.4%). This relatively low level 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.

18. Dividends	2007	2006
	\$'000	\$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2006 of 2 cents fully franked at 30% paid on 29 August 2006 (2006: 2.0 cents).	2,058	1,750
	<u>2,058</u>	<u>1,750</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.	5,243	4,762
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(4,319)	(882)
Net available	924	3,880
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	2,156	9,053

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 declared after balance date

Since the end of the year Directors have declared a final dividend of 6 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2007 to be paid but not recognised as a liability at the end of the financial year

10,077

19. Earnings per share

Basic earnings per share	2007	2006
	Number	Number
Weighted average number of ordinary shares used as the denominator	127,478,915	87,975,481
	\$'000	\$'000
Profit for the year	9,296	3,335
	Cents	Cents
Basic earnings per share	7.29	3.79
Diluted earnings per share		
	Number	Number
Weighted average number of ordinary shares used as the denominator (as above)	127,478,915	87,975,481
Weighted average number of options used as the denominator (see below)	-	80,981,083
	<u>127,478,915</u>	<u>168,956,564</u>

	2007	2006
	\$'000	\$'000
Profit for the year	9,296	3,335
	Cents	Cents
Diluted earnings per share	7.29	1.97
Basic net operating profit before net gains on investments per share	Number	Number
Weighted average number of ordinary shares used as the denominator	127,478,915	87,975,481
	\$'000	\$'000
Net operating profit before net gains on investments	4,186	1,765
	Cents	Cents
Basic net operating profit before net gains on investments per share	3.28	2.01
Diluted net operating profit before net gains on investments per share	Number	Number
Weighted average number of ordinary shares used as the denominator	127,478,915	87,975,481
Weighted average number of options used as the denominator (see below)	-	80,981,083
	127,478,915	168,956,564
	\$'000	\$'000
Net operating profit before net gains on investments	4,186	1,765
	Cents	Cents
Diluted net operating profit before net gains on investments per share	3.28	1.04

All options that had not been converted expired on 28 February 2007.

20. Directors and Executives

Persons who were Directors of Amcil Investments Limited for part or all of the financial year ended 30 June 2007 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 2007 were:

RE Barker – Managing Director
GN Driver – General Manager – Business Development and Investor Relations
RM Freeman – Chief Investment Officer (appointed 5 February 2007)
AJB Porter – Chief Financial Officer
SE Crook – Company Secretary & General Counsel

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 \$
<i>2007</i>			
<i>Directors</i>	123,596	170,040	294,000
<i>2006</i>			
<i>Directors</i>	211,000	56,050	267,050

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report.

Share and Option holdings

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	14,251,890	14,000,000	28,251,890
RE Barker	2,053,175	2,000,000	4,053,175
PC Barnett	305,314	221,600	526,914
TA Campbell	2,007,863	2,000,000	4,007,863
RH Myer	181,250	280,000	461,250
RB Santamaria	52,138	50,000	102,138
SDM Wallis	1,716,847	200,000	1,916,847
GN Driver	50,000	70,000	120,000
SE Crook	18,100	50,000	68,100
RM Freeman	N/A	120,000	282,974

At balance date, options 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	14,000,000	(14,000,000)	-
RE Barker	2,000,000	(2,000,000)	-
PC Barnett	221,600	(221,600)	-
TA Campbell	2,000,000	(2,000,000)	-
RH Myer	180,000	(180,000)	-
RB Santamaria	50,000	(50,000)	-
SDM Wallis	200,000	(200,000)	-
GN Driver	60,000	(60,000)	-

21. Related parties

Director TA Campbell has an interest in the following transactions as Director, employee and shareholder of Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and Goldman Sachs JBWere Capital Markets Limited. All transactions with deemed related parties were made on normal commercial terms and conditions and approved by independent Directors.

	2007 \$'000	2006 \$'000
(a) The Company invests surplus funds in deposits at call with Goldman Sachs JBWere Capital Markets Limited and bills of exchange		
- interest revenue received or receivable	684	138
- expense paid or payable for management of the cash and bill portfolio	5	11
- deposits at call (at balance date)	-	79
- investments in GS JBWere A\$ Cash Reserves Fund	16,547	-
(b) The Company buys and sells securities through Goldman Sachs JBWere Pty Ltd amongst other brokers		
- Brokerage expenses paid or payable	60	33
(c) RB Santamaria was a partner of Allen Arthur Robinson, Solicitors during the year, which provided general legal services to the Company during the year for total fees of	53	23

22. Remuneration of auditors	2007	2006
	\$	\$
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	72,655	64,240
<u>Non-Audit Services</u>		
Taxation compliance services	8,690	9,900
Other taxation services	-	1,760
Total remuneration	<u>81,345</u>	<u>75,900</u>

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 5 years.

23. Reconciliation of net cash flows from operating activities to profit	2007	2006
	\$'000	\$'000
Profit for the year	9,296	3,335
- Decrease (increase) in the trading portfolio	(7,394)	428
- Net capital (gains)/losses on investments before tax	(5,108)	(1,570)
- Dividends received as securities under DRP investments	(404)	(329)
- Decrease (increase) in current receivables	925	(1,234)
- less increase (decrease) in receivables for investment portfolio	343	-
- Decrease (increase) in deferred tax assets	6,494	(200)
- less (increase) decrease in deferred tax liability on investment portfolio	(6,365)	-
- Increase (decrease) in options written	213	-
- Increase (decrease) in current payables	447	(872)
- less decrease (increase) in payables for investment portfolio	(453)	748
- less decrease (increase) in capital returns payable	-	100
- Increase (decrease) in tax payable	199	(160)
- Increase (decrease) in other provisions	86	-
Net cash flows from operating activities	<u>(1,721)</u>	<u>246</u>

24. 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.