AMCIL LIMITED

ABN 57 073 990 735

APPENDIX 4E STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS

These documents comprise the preliminary final report given to ASX under Listing Rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2015 with the previous corresponding period being the year ended 30 June 2014.

This report is based on audited financial statements. A copy of the audit report can be found on page 33.

Results for announcement to the market

- Net Profit attributable to members was $7.0 million, up 11.2% from the previous corresponding period. This includes $0.9m of demerger dividend from the BHP Billiton demerger of South32.
- Revenue from ordinary activities (excluding capital gains) was $8.3 million, up 8.0% from the previous corresponding period.
- Net tangible assets at 30 June 2015 were 91 cents per share, down from 95 cents at the end of the previous corresponding period, in both cases before allowing for any final or special dividend.
- No interim dividend was paid to shareholders in respect of the half year ended 31 December 2014.
- AMCIL's policy is to maximise the distribution of available franking credits. In accordance with this policy, a final dividend of 4.0 cents per share, fully-franked, will be paid on 25 August 2015 to ordinary shareholders on the register on 13 August 2015. Last year's final dividend was 2.5 cents plus a special dividend of 4.0 cents. Shares are expected to trade ex-dividend from 11 August 2015. There is no conduit foreign income component of the dividend.
- 1.5 cents of the 4.0 cent final dividend is sourced from capital gains, on which the Company will pay tax. The amount of the pre-tax attributable gain, known as an "LIC capital gain", is therefore 2.1 cents. This enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements.
- The Company's Dividend Reinvestment Plan (DRP) is in operation for the final dividend, the price for which will be set at a **2.5% discount** to the Volume Weighted Average Price of the Company's shares traded on the ASX and Chi-X automated trading systems over the five trading days after the shares trade ex-dividend. The last date for receipt of an election notice for participation in the plan is 14 August 2015. All shares issued under the DRP will rank equally with existing shares.
- The 2015 AGM will be held at the RACV City Club, Melbourne, at 1.30 PM on Wednesday 7 October.

MEDIA RELEASE – FULL YEAR RESULT TO 30 JUNE 2015

AMCIL Limited is a listed investment company with a focused portfolio currently comprising 54 stocks and cash. The investment approach seeks to have a diversified portfolio where small companies by market size can have an equally important impact on portfolio returns as larger companies in the Australian market.

As a medium to long term investor, the last financial year has been challenging. Energy and resource holdings have been severely impacted by falling commodity prices, whilst higher yielding companies have generally been trading at high valuations. AMCIL has chosen to have a high level of cash for the majority of the year although more recently has been able to deploy some of this into the market with the major focus of this activity in small and mid-sized companies, including selected IPOs.

Portfolio Performance and Activity

AMCIL's portfolio, including the full value of franking credits distributed with the dividend, returned 5.1% over the year whereas the S&P/ASX 200 Accumulation Index return on the same basis was up 6.8%. The 10 year return of the portfolio was 14.3% per annum compared to the Index return of 8.5% per annum on an equivalent basis (see attached performance table). Over recent years, after-tax realised gains from the portfolio have added to the generation of franking credits for dividends.

The largest positive contributors to the portfolio over the 1 year period included Transurban, TPG Telecom, Lifestyle Communities, Telstra and Incitec Pivot. Holdings with the largest negative performance were Oil Search, Santos, BHP Billiton, Senex Energy, Tox Free Solutions and ALS.

A number of new holdings were added to the portfolio. These included Sonic Healthcare, Asciano, Sims Metal Management, iSelect, Veda Group, CSG and Federation Centres.

Sales included positions in small energy companies and those with business exposure to the resources sector as well as a lightening of positions in some larger companies such as Transurban, Coca-Cola Amatil and Westpac.

Profit and Dividend

Profit for the year was $7.0 million, up on last year's result of $6.3 million. The profit figure this year includes a non-cash dividend of $0.9 million received as a result of the demerger of South32 from BHP Billiton.

The Company's dividend policy is to maximise the distribution of available franking credits each year. Accordingly, AMCIL will pay a final dividend of 4.0 cents per share fully franked.

Please direct any enquiries to:

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Managing Director	General Manager
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21 July 2015

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (above $2 million)	Cost $'000
Sonic Healthcare	3,594
Asciano	3,017
Sims Metal Management	2,952
iSelect	2,549
Veda Group	2,537
CSG	2,405
Federation Centres	2,378
Capitol Health	2,244
CSL	2,121
Energy Developments	2,088
Cover-More Group	2,008

Disposals (above $2 million)	Proceeds $'000
Equity Trustees	6,481
Transurban Group	5,066
Tox Free Solutions	3,382
SAI Global	2,820
Coca-Cola Amatil	2,588
Westpac Banking Corporation	2,584
AWE	2,074

TOP INVESTMENTS AS AT 30 JUNE 2015

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 30 June 2015

			Total Value $ '000	% of Portfolio
1	*	Commonwealth Bank of Australia	15,232	7.3%
2	*	Oil Search	13,133	6.3%
3	*	BHP Billiton	10,260	4.9%
4	*	Telstra Corporation	10,015	4.8%
5		Brambles	9,222	4.4%
6	*	Westpac Banking Corporation	7,669	3.7%
7		National Australia Bank	7,661	3.7%
8		CSL	6,658	3.2%
9		QBE Insurance Group	6,605	3.2%
10		Incitec Pivot	6,576	3.2%
11		Transurban Group	6,185	3.0%
12		Lifestyle Communities	6,100	2.9%
13		Qube Holdings	5,939	2.9%
14		TPG Telecom	5,875	2.8%
15		AMP	5,779	2.8%
16		Santos	5,397	2.6%
17	*	ResMed	4,718	2.3%
18		Japara Healthcare	4,134	2.0%
19		Brickworks	3,726	1.8%
20		James Hardie Industries	3,464	1.7%
			144,349	
		As % of Total Portfolio (excludes Cash)	69.4%	

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

Cash position at 30 June 2015 - $13.0 million

PORTFOLIO PERFORMANCE TO 30 JUNE 2015

	ANNUALISED RETURNS			
PERFORMANCE MEASURES	**1 YEAR**	**3 YEARS**	**5 YEARS**	**10 YEARS**
AMCIL PORTFOLIO RETURN - NET ASSET BACKING INCLUDING DIVIDENDS REINVESTED	***2.2%***	***12.4%***	***10.9%***	***12.1%***
S&P/ASX 200 ACCUMULATION INDEX	5.7%	15.1%	9.7%	7.1%

AMCIL PORTFOLIO GROSS RETURN INCLUDING DIVIDENDS REINVESTED*	***5.1%***	***15.3%***	***13.3%***	***14.3%***
S&P/ASX 200 GROSS ACCUMULATION INDEX*	6.8%	16.7%	11.3%	8.5%

Note: AMCIL's net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax on realised sales of investments and does not reflect the value of franking credits or LIC credits attached to the dividends. It should also be noted that Index returns for the market do not include the impact of management expenses and tax on their performance.

*Incorporates the benefit of franking credits for those who can fully utilise them.

AMCIL Ltd

Annual Financial Statements

30 June 2015

Financial statements

Income Statement for the Year Ended 30 June 2015

	Note	**2015** **$'000**	2014 $'000
Dividends and distributions	A3	7,883	6,946
Revenue from deposits and bank bills		425	758
Other revenue		23	10
Total revenue		**8,331**	7,714
Net gains on trading portfolio		134	142
Income from options written portfolio		440	-
Income from operating activities		**8,905**	7,856
Finance Costs		(65)	(73)
Administration expenses	B1	(1,485)	(1,369)
Profit before income tax expense		**7,355**	6,414
Income tax expense	B2, E2	(375)	(135)
Profit for the year		**6,980**	6,279

		Cents	Cents
Basic earnings per share	A5	2.93	2.81

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

Statement of Comprehensive Income for the Year Ended 30 June 2015

	Year to 30 June 2015			Year to 30 June 2014		
	Revenue[1]	**Capital[1]**	**Total**	Revenue	Capital	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**6,980**	**-**	**6,980**	6,279	-	6,279
Other Comprehensive Income						
Gains/(losses) for the period	-	(289)	**(289)**	-	26,153	26,153
Deferred tax expense on above	-	(210)	**(210)**	-	(7,859)	(7,859)
Total Other Comprehensive Income	-	**(499)**	**(499)**	-	18,294	18,294
Total Comprehensive Income	**6,980**	**(499)**	**6,481**	6,279	18,294	24,573

[1] 'Capital' includes realised or unrealised gains or losses (and the tax on those) on securities in the investment portfolio. Income in the form of distributions and dividends is recorded as 'Revenue'. All other items, including expenses, are included in Profit for the Year, which is categorised under 'Revenue'.

None of the items included in other comprehensive income will be recycled through the Income Statement.

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

Balance Sheet as at 30 June 2015

	Note	2015 $'000	2014 $'000
Current assets			
Cash	D1	12,973	20,014
Receivables		955	1,055
Trading portfolio		547	-
Total current assets		**14,475**	21,069
Non-current assets			
Investment portfolio	A2	207,642	200,159
Deferred tax assets	E2	-	57
Total non-current assets		**207,642**	200,216
Total assets		**222,117**	221,285
Current liabilities			
Payables		1,037	359
Tax payable		1,684	4,424
Borrowings – bank debt	D2	-	-
Options Sold	A2	186	-
Total current liabilities		**2,907**	4,783
Non-current liabilities			
Deferred tax liabilities	E2	7	-
Deferred tax liabilities – investment portfolio	B2	13,533	14,770
Total non-current liabilities		**13,540**	14,770
Total liabilities		**16,447**	19,553
Net Assets		**205,670**	201,732
Shareholders' equity			
Share capital	A1, D6	157,880	145,598
Revaluation reserve	A1, D3	22,661	28,296
Realised capital gains reserve	A1, D4	7,064	12,810
Retained profits	A1, D5	18,065	15,028
Total shareholders' equity		**205,670**	201,732

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

Statement of Changes in Equity for the Year Ended 30 June 2015

Year Ended 30 June 2015

	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		**145,598**	**28,296**	**12,810**	**15,028**	**201,732**
Dividends paid	A4	-	-	(9,123)	(5,702)	**(14,825)**
Shares issued under Dividend Reinvestment Plan	D6	5,531	-	-	-	**5,531**
Shares issued under Share Purchase Plan	D6	6,805	-	-	-	**6,805**
Other share capital adjustments		(54)	-	-	-	**(54)**
Total transactions with shareholders		**12,282**	**-**	**(9,123)**	**(5,702)**	**(2,543)**
Profit for the year		-	-	-	6,980	**6,980**
Other Comprehensive Income (net of tax)						
Net loss for the period on investments		-	(499)	-	-	**(499)**
Other Comprehensive Income for the year		-	(499)	-	-	**(499)**
Transfer to Retained Profits of cumulative non-taxable gains on investments sold		-	(1,759)	-	1,759	-
Transfer to Realised Capital Gains Reserve of cumulative taxable gains on investments sold		-	(3,377)	3,377	-	**-**
Total equity at the end of the year		**157,880**	**22,661**	**7,064**	**18,065**	**205,670**

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

Statement of Changes in Equity for the Year Ended 30 June 2015 (continued)

Year Ended 30 June 2014

	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		**129,377**	**21,446**	**13,430**	**13,412**	**177,665**
Dividends paid	A4	-	-	(10,454)	(6,273)	(16,727)
Shares issued under Dividend Reinvestment Plan	D6	6,162	-	-	-	6,162
Shares issued under Share Purchase Plan	D6	10,119	-	-	-	10,119
Other share capital adjustments		(60)	-	-	-	(60)
Total transactions with shareholders		**16,221**	**-**	**(10,454)**	**(6,273)**	**(506)**
Profit for the year		-		-	6,279	6,279
Other Comprehensive Income (net of tax)						
Net gain for the period on investments		-	18,294	-	-	18,294
Other Comprehensive Income for the year		-	18,294	-	-	18,294
Transfer to Retained Profits of cumulative non-taxable gains on investments sold		-	(1,610)	-	1,610	-
Transfer to Realised Capital Gains Reserve of cumulative taxable gains on investments sold		-	(9,834)	9,834	-	-
Total equity at the end of the year		**145,598**	**28,296**	**12,810**	**15,028**	**201,732**

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

Cash Flow Statement for the Year Ended 30 June 2015

	Note	2015 $'000 Inflows/ (Outflows)	2014 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		1,124	2,098
Purchases for trading portfolio		(1,258)	(1,418)
Interest received		481	751
Proceeds from entering into options in options written portfolio		628	-
Payment to close out options in options written portfolio		(1)	-
Dividends and distributions received		7,270	6,130
		8,244	7,561
Other receipts		23	10
Administration expenses		(1,508)	(1,529)
Finance costs paid		(65)	(66)
Income taxes paid		(340)	(72)
Net cash inflow/(outflow) from operating activities	E1	**6,354**	5,904
Cash flows from investing activities			
Sales from investment portfolio		45,049	55,452
Purchases for investment portfolio		(51,745)	(55,245)
Tax paid on capital gains		(4,156)	(5,011)
Net cash inflow/(outflow) from investing activities		**(10,852)**	(4,804)
Cash flows from financing activities			
Shares issued		12,336	16,282
Share issue transaction costs		(54)	(60)
Dividends paid		(14,825)	(16,727)
Net cash inflow/(outflow) from financing activities		**(2,543)**	(505)
Net increase/(decrease) in cash held		(7,041)	595
Cash at the beginning of the year		20,014	19,419
Cash at the end of the year	D1	**12,973**	20,014

For the purpose of the cash flow statement, 'cash' includes cash and deposits held at call.

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

Notes to the financial statements

A. Understanding AMCIL's financial performance

A1. How AMCIL manages its capital

AMCIL's objective is to provide shareholders with attractive total returns including capital growth over the medium to long term and to pay an enhanced level of dividends.

AMCIL recognises that its capital will fluctuate with market conditions. In order to manage those fluctuations, the Board may adjust the amount of dividends paid, issue new shares, buy back the Company's shares or sell assets to settle any debt.

AMCIL's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity is provided below:

	2015 **$'000**	2014 $'000
Share capital	157,880	145,598
Revaluation reserve	22,661	28,296
Realised capital gains	7,064	12,810
Retained profits	18,065	15,028
	205,670	201,732

Refer to notes D3-D6 for a reconciliation of movement for each equity account from period to period.

A2. Investments held and how they are measured

AMCIL has three portfolios of securities: the investment portfolio, the options written portfolio and the trading portfolio. Details of all holdings as at the end of the reporting period can be found at the end of the Annual Report.

The investment portfolio holds securities which the company intends to retain on a long-term basis. The options written portfolio and trading portfolio are held for short-term trading only. The latter is relatively small in size when utilised. The options written portfolio can contain both call and put options and are only written over securities held in the investment portfolio.

The balance and composition of the investment portfolio was:

	2015 **$'000**	2014 $'000
Equity instruments (at market value)	207,642	200,054
Unlisted securities (at fair value)	0	105
	207,642	200,159

The fair value (the price at which the option may be bought) at 30 June of the securities in the options written portfolio was:

Call options	186	-
Put options	-	-
	186	-

If all call options were exercised, this would lead to the sale of $13.3 million worth of securities at an agreed price – the 'exposure' (2014: No call options in the portfolio).

$3.1 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2014: $3.6 million). These shares are lodged with ASX Clear under the terms of ASX Clear 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.

How investments are shown in the financial statements

The accounting standards set out the following hierarchy for fair value measurement:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset or liabilities that are not based on observable market data

All financial instruments held by AMCIL are classified as Level 1 (other than an immaterial amount of call options and the Company's investment in the unlisted security Hexima, which is Level 2). Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period.

Net tangible asset backing per share

The Investment Committee regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains in AMCIL's long-term investment portfolio. Deferred tax is calculated as set out in note B2. The relevant amounts as at 30 June 2015 and 30 June 2014 were as follows:

	30 June 2015	30 June 2014
Net tangible asset backing per share	**$**	$
Before tax	**0.91**	0.95
After tax	0.85	0.88

Equity investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' ("OCI"), because they are equity instruments held for long-term capital growth and dividend income, rather than to make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the statement of comprehensive income. The cumulative change in value of the shares over time is then recorded in the Revaluation Reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realisation reserve.

Options

Options are classified as financial assets or liabilities at fair value through profit and loss and usually have an expiry date within twelve months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

Puttable instruments & Convertible Notes

Puttable instruments and convertible notes are classified as financial assets at fair value through profit and loss under the accounting standards and therefore need to be treated differently in the financial statements from equity investments, even though they are managed in the same way as the rest of the investment portfolio. Changes in the value of these investments are reflected in the Income Statement and not in the Statement of Comprehensive Income with the other investments. Any gains or losses on these securities are transferred from Retained Profits to the Revaluation Reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realisation reserve.

Securities sold and how they are measured

During the period $45.0 million (2014 : $53.0 million) of equity securities were sold. The cumulative gain on the sale of securities was $5.1 million for the period after tax (2014: $11.4 million). This has been transferred from the revaluation reserve to retained profits and the realisation reserve (See Statement of Changes in Equity). These sales were accounted for at the date of trade.

Where securities are sold, any difference between the sale price and the carrying amount is transferred from the Revaluation Reserve to the Realisation Reserve or, for any difference between the accounting gain and the taxable gain, to Retained Profits and the amounts noted in the Statement of Changes in Equity. This means the Company is able to identify the realised gains out of which it can pay a ‘Listed Investment Company’ (LIC) gain as part of the dividend, which conveys certain taxation benefits to many of AMCIL’s shareholders.

The realised gain or loss on options written is not recognised until the option expires, is exercised or is closed out. All unrealised gains or losses which represent movements in the Market Value of the options are recognised through the Income Statement.

A3. Operating income

The total income received from AMCIL's investments in 2015 is set out below.

Dividends and distributions	**2015 $'000**	2014 $'000
Dividends from securities held in investment portfolio at 30 June	7,196	5,689
Investment securities sold during the year	687	1,257
Dividends from securities held in trading portfolio at 30 June	-	-
Trading securities sold during the year	-	-
	7,883	6,946

Dividends from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Dividends from unlisted securities are recognised as income when they are received. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

Trading income & non-equity investments

Net gains on the trading and options portfolio are set out below.

Net gains		
Net realised gains from trading portfolio	93	142
Realised gains on options written portfolio	364	-
Unrealised gains from trading portfolio	41	-
Unrealised gains on options written portfolio	76	-
	574	142

A4. Dividends paid

The dividends paid and payable for the year ended 30 June 2015 are shown below:

	2015 $'000	2014 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2014 of 2.5 cents and a special dividend of 4 cents per share, both fully franked at 30%, paid 26 August 2014 (2014: 3 cents plus a special dividend of 5 cents, both fully franked at 30%, paid on 27 August 2013).	14,825	16,727
	14,825	16,727

(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	4,390	6,825
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(4,146)	(6,354)
Net available	244	471
These franking account balances would allow AMCIL to frank additional dividend payments up to an amount of:	569	1,099

AMCIL's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and on AMCIL paying tax.

(c) Dividends declared after balance date

Since the end of the year Directors have declared a final dividend of 4 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2015 to be paid on 25 August 2015, but not recognised as a liability at the end of the financial year is:

	9,675	

(d) Listed Investment Company capital gain account	**2015 $'000**	2014 $'000
Balance of the Listed Investment Company (LIC) capital gain account	4,857	10,313
This equates to an attributable amount of	6,938	14,733

Distributed LIC capital gains may entitle certain shareholders to a deduction in their tax return, as set out in the dividend statement. LIC capital gains available for distribution are dependent on the disposal of investment portfolio holdings that qualify for LIC capital gains, or the receipt of LIC distributions from LIC securities held in the portfolios. $3.6 million of the capital gain ($5.2 million of the attributable amount) will be paid out as part of the final dividend on 25 August 2015.

A5. Earnings per share

The table below shows the earnings per share based on the profit for the year:

Basic Earnings per share	**2015 Number**	2014 Number
Weighted average number of ordinary shares used as the denominator	237,898,108	223,689,722
	$'000	$'000
Profit for the year	6,980	6,279
	Cents	Cents
Basic earnings per share	2.93	2.81

Dilution

As there are no options, convertible notes or other dilutive instruments on issue, diluted earnings per share is the same as basic earnings per share.

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2015 **$'000**	2014 $'000
Administration fees paid to AICS	(768)	(717)
Other administration expenses	(717)	(652)

Administration fees paid to AICS

Australian Investment Company Services Limited ("AICS") undertakes the day-to-day management of AMCIL's investments and its operation, including financial reporting and administration.

Other administration expenses

A major component of other administration expenses is Directors' remuneration. This has been summarised below:

	Short Term Benefits $	**Post-Employment Benefits $**	Total $
2015			
Directors	296,134	54,866	351,000
2014			
Directors	297,411	38,229	335,640

AMCIL recognises Directors' retirement allowances that have been crystallised as 'amounts payable'. There are no further retirement allowances that will need to be expensed.

Detailed remuneration disclosures are provided in the Remuneration Report.

The Company does not make loans to Directors.

B2. Tax

AMCIL's tax position, and how it accounts for tax, is explained here. Detailed reconciliations of tax accounting to the financial statements can be found in note E2.

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A provision has been made for taxes on any unrealised gains or losses on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments, convertible notes that are classified as debt and the options written portfolio.

A provision also has to be made for any taxes that could arise on sale of securities in the investment portfolio, even though there is no intention to dispose of them. Where AMCIL disposes of such securities, tax is calculated according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward.

Tax expense

The income tax expense for the period is shown below:

(a) Reconciliation of income tax expense to prima facie tax payable

	2015 $'000	2014 $'000
Profit before income tax expense	**7,355**	6,414
Tax at the Australian tax rate of 30% (2014 – 30%)	2,207	1,924
Tax offset for franked dividends	(1,539)	(1,502)
Tax effect of sundry items not taxable in calculating taxable income	(260)	(76)
	408	346
Over provision in prior years	(33)	(211)
Total tax expense	**375**	135

Deferred tax liabilities – investment portfolio

The accounting standards require us to recognise a deferred tax liability for the potential capital gains tax on the unrealised gain in the investment portfolio. This amount is shown in the Balance Sheet. However, the Board does not intend to sell the investment portfolio, so this tax liability is unlikely to arise at this amount. Any sale of securities would also be affected by any changes in capital gains tax legislation or tax rate applicable to such gains when they are sold.

	2015 $'000	2014 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	13,533	14,770
Opening balance at 1 July	14,770	11,068
Tax on realised gains	(1,447)	(4,157)
Charged to OCI for ordinary securities on gains or losses for the period	210	7,859
	13,533	14,770

B3. Risk

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

As a Listed Investment Company that invests in tradeable securities, AMCIL 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 will 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 AMCIL's comprehensive income of $7.3 million and $14.5 million respectively, at a tax rate of 30% (2014 : $7.0 million & $14.0 million). A market fall of 5% and 10% across the Trading Portfolio & Options Written Portfolio would lead to an decrease in profit after-tax of $13,000 and $26,000 respectively (2014 :Nil). The Revaluation Reserve at 30 June 2015 was $22.7 million (2014 : $28.3 million). It would require a fall in the value of the investment portfolio of 15.6% after tax to fully deplete this (2014 : 20.2%).

AMCIL seeks to reduce 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 and risk can be managed by reducing exposure where necessary. AMCIL does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

AMCIL's investment by sector is as below:

	2015	2014
	%	%
Energy	8.39%	14.00%
Materials	12.66%	12.66%
Industrials	13.97%	17.29%
Consumer Discretionary	5.90%	2.58%
Consumer Staples	4.40%	6.50%
Banks	13.83%	15.44%
Other Financials (incl. property trusts)	10.55%	10.11%
Telecommunications	7.75%	6.34%
Healthcare	11.23%	4.28%
Other – Info Technology & Utilities	5.45%	1.71%
Cash	5.87%	9.09%

Securities representing over 5% of the combined investment and trading portfolio (including options) at 30 June were :

	2015
Commonwealth Bank	7.32%
Oil Search	6.31%

	2014
Oil Search	8.90%
Commonwealth Bank	7.48%
BHP Billiton	7.31%
Westpac	5.42%

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

AMCIL is not currently materially exposed to interest rate risk as all its cash investments are short-term for a fixed interest rate. AMCIL is also not directly exposed to currency risk as all its investments are quoted in Australian dollars.

The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or investment portfolios although stock may be purchased on-market to meet call obligations.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. AMCIL is exposed to credit risk from cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue. The risk in relation to each of these items is set out below.

Cash

All cash investments not held in a transactional account are invested in short-term deposits with Australia's "Big 4" commercial banks or their wholly-owned subsidiaries or in cash management trusts managed by those subsidiaries. In the unlikely event of a bank default or default on the underlying securities in the cash trust, there is a risk of losing the cash deposits and any accrued unpaid interest.

Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale.

Trading and investment portfolios

Converting and convertible notes or other interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk will be realised in the event of a shortfall on winding-up of the issuing companies.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial liabilities.

AMCIL monitors its cash-flow requirements daily. The Investment Committee also monitors the level of contingent payments on a regular basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require AMCIL to purchase securities, and facilities that need to be repaid. AMCIL ensures that it has either cash or access to short-term borrowing facilities sufficient to meet these contingent payments.

AMCIL's inward cash flows depend upon the dividends received. Should these drop by a material amount, AMCIL would amend its outward cash-flows accordingly. AMCIL's major cash outflows are the purchase of securities and dividends paid to shareholders, and both of these can be adjusted by the Board and management. Furthermore, the assets of AMCIL are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The table below analyses AMCIL's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 6 months	6-12 months	Greater than 1 year	Total contractual cash flows	Carrying amount
30 June 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives					
Payables	1,037	-	-	1,037	1,037
Options written*	-	-	-	-	186
	1,037	-	-	1,037	1,223
30 June 2014					
Non-derivatives					
Payables	359	-	-	359	359
	359	-	-	359	359

* In the case of call options, there are no contractual cash flows as if the option is exercised the contract will be settled in the securities over which the option is written. The contractual cash flows for put options written are the cash sums the Company will pay to acquire securities over which the options have been written, and it is assumed for purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow).

C. Unrecognised items

Unrecognised items, such as contingencies, do not appear in the financial statements, usually because they don't meet the requirements for recognition. However, they have the potential to have a significant impact on the company's financial position and performance.

C1. Contingencies

Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the financial report.

Additional information

Additional information that shareholder may find useful is included here. It is grouped into three sections:

D Balance sheet reconciliations

E Income statement reconciliations

F Other information

D. Balance sheet reconciliations

This section provides information about the basis of calculation of line items in the financial statements that the Directors do not consider significant in the context of the company's operations.

D1. Current assets – cash

	2015 $'000	2014 $'000
Cash at bank and in hand (including on-call)	12,973	6,014
Fixed term deposits	-	14,000
	12,973	20,014

Cash holdings yielded an average floating interest rate of 2.66% (2014: 3.4%). All cash investments not held in a transactional account or an over-night 'at call' account are invested in short-term deposits with Australia's "Big 4" commercial banks or their wholly-owned subsidiaries, all rated 'AA-' by S&P which have a maturity of three months or less or in cash management trusts managed by those subsidiaries (currently rated AAAm).

D2. Credit Facilities

The Company was party to agreements under which Commonwealth Bank of Australia would extend cash advance facilities.

	2015 $'000	2014 $'000
Commonwealth Bank of Australia –cash advance facility	10,000	10,000
Amount drawn down at 30 June	-	-
Undrawn facilities at 30 June	10,000	10,000

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 when utilised are usually drawn down for no more than three months.

D3. Revaluation reserve

	2015 **$'000**	2014 $'000
Opening Balance at 1 July 2014	28,296	21,446
Gains/(losses) on investment portfolio	(289)	26,153
Deferred tax on above	(210)	(7,859)
Transfer to retained profits for non-taxable realised gains	(1,759)	(1,610)
Transfer to realised capital gains reserve for taxable realised gains	(3,377)	(9,834)
	22,661	28,296

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy note A2.

D4. Realised capital gains reserve

	2015 **$'000**	2014 $'000
Opening balance at 1 July	12,810	13,430
Dividends paid	(9,123)	(10,454)
Cumulative taxable realised gains for period through OCI (net of tax)	3,377	9,834
	7,064	12,810

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in A2.

D5. Retained profits

	2015 **$'000**	2014 $'000
Opening balance at 1 July	15,028	13,412
Dividends paid	(5,702)	(6,273)
Profit for the year	6,980	6,279
Transfer from revaluation reserve for realised non-taxable gains	1,759	1,610
	18,065	15,028

This reserve relates to past profits.

D6. Share capital

Date	Details	Notes	Number of shares '000	Issue price $	Paid-up Capital $'000
1/7/2013	Balance		209,088		129,377
27/8/2013	Dividend Reinvestment Plan	**i**	7,083	0.87	6,162
08/10/2013	Share Purchase Plan	**ii**	11,906	0.85	10,119
Various	Costs of issue		-		(60)
30/6/2014	Balance		228,077		145,598
26/8/2014	Dividend Reinvestment Plan	**i**	5,885	0.94	5,531
18/11/2014	Share Purchase Plan	**iii**	7,912	0.86	6,805
Various	Costs of issue		-		(54)
30/6/2015	Balance		241,874		157,880

i. *Shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares under the Dividend Reinvestment Plan (DRP). The price of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange (ASX) & Chi-X in the five days after the shares begin trading ex-dividend.*

ii. *During the year ended 30 June 2014 the Company announced a Share Purchase Plan (SPP). The SPP issue price was set at the dividend reinvestment plan price for the 2013 final and special dividend or a 5% discount to the volume-weighted average price of AMCIL shares traded on the Australian Securities Exchange (ASX) over the 5 trading days up to, and including, the day on which the SPP offer was scheduled to close, whichever was the lower*.

iii. *During the year ended 30 June 2015 the Company announced a Share Purchase Plan (SPP). The SPP issue price was set at a 2.5% discount to the volume-weighted average price of AMCIL shares traded on the Australian Securities Exchange (ASX) & Chi-X over the 5 trading days up to, and including, the day on which the SPP offer was scheduled to close.*

All shares have been fully paid, rank pari passu and have no par value.

E . Income statement reconciliations

E1. Reconciliation of net cash flows from operating activities to profit

	2015 **$'000**	2014 $'000
Profit for the year	**6,980**	6,279
Net decrease/(increase) in trading portfolio	(547)	-
Increase/(decrease) in options written portfolio	186	-
Dividends received as securities under DRP investments	(376)	(362)
Decrease/(increase) in current receivables	100	1,832
- Less increase/(decrease) in receivables for investment portfolio	-	(1,748)
Increase/(decrease) in deferred tax liabilities	(1,173)	3,766
- Less (increase)/decrease in deferred tax liability on investment portfolio	1,237	(3,702)
Increase/(decrease) in current payables	678	(161)
- Less decrease/(increase) in payables for investment portfolio	(700)	-
Increase/(decrease) in provision for tax payable	(2,740)	(854)
- Less decrease/(increase) in tax payable on capital gains	2,709	854
Net cash flows from operating activities	**6,354**	5,904

E2. Tax reconciliations

Tax expense composition

Charge for tax payable relating to the current year	344	282
Over provision in prior years	(33)	(211)
Decrease in deferred tax assets – investment portfolio	64	64
	375	135

Amounts recognised directly through Other Comprehensive Income

Net movement in tax liabilities relating to capital gains tax on the movement in gains in the investment portfolio	210	7,859
	210	7,859

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

		2015 $'000	2014 $'000
(a)	The difference in the value of the trading portfolio for tax and accounting purposes	(12)	-
(b)	Tax on unrealised losses in the options written portfolio	(23)	-
(c)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	99	107
(d)	Interest and dividend income receivable which is not assessable for tax until receipt	(71)	(50)
		(7)	57

Movements:

Opening asset balance at 1 July	57	121
Credited/(charged) to Income statement	(64)	(64)
	(7)	57

Deferred tax assets arise when provisions and expenses have been charged but are not yet tax deductible. These assets are realised when the relevant items become tax deductible, as long as enough taxable income has been generated to claim the assets against, and as long as there are no changes to the tax legislation that affect AMCIL's ability to claim the deduction.

The portion of deferred tax liability likely to be reversed within the next 12 months is $106,000 (2014: $43,000). This relates primarily to items described in items (a), (b) and (d) above.

F. Other information

This section covers other information that is not directly related to specific line items in the financial statements, including information about related party transactions, share-based payments, assets pledged as security and other statutory information.

F1. Related parties

All transactions with deemed related parties were made on normal commercial terms and conditions and approved by independent Directors.

F2. Remuneration of auditors

During the year the auditor earned the following remuneration:

	2015	2014
	$	$
PricewaterhouseCoopers		
Audit or review of financial reports	109,624	105,904
Non-Audit Services		
Taxation compliance services	11,164	10,883
Total remuneration	120,788	116,787

F3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board, through its sub-committees, has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

Description of segments

The Board makes the strategic resource allocations for AMCIL. AMCIL has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for AMCIL's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and AMCIL's performance is evaluated on an overall basis.

Segment information provided to the Board

The internal reporting provided to the Board for AMCIL's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of capital gains tax on investments (as reported in AMCIL's Net Tangible Asset announcements to the ASX).

Other segment information

Revenues from external parties are derived from the receipt of dividend, distribution and interest income, and income arising on the trading portfolio and realised income from the options portfolio.

AMCIL is domiciled in Australia and all of AMCIL's income is derived from Australian entities or entities that maintain a listing in Australia. AMCIL has a diversified portfolio of investments, with only one investment comprising more than 10% of AMCIL's income, including realised income from the trading and options written portfolios (BHP Billiton – 17.7% due to the demerger dividend ($0.9m or 10.2% of income) from the South32 demerger).

F4. Summary of other accounting policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. This financial report has been authorised for issue and is presented in the Australian currency. AMCIL has the power to amend and reissue the financial report.

AMCIL 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 & Cash Equivalents
Share Capital	Contributed Equity
Options	Derivatives written over equity instruments that are valued at fair value through Profit or Loss

AMCIL complies with International Financial Reporting Standards (IFRS). AMCIL is a ‘for profit’ entity.

AMCIL has not applied any 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 2015 (“the inoperative standards”) except for AASB 9 which was adopted on 7 December 2009. The impact of the inoperative standards has been assessed and the impact has been identified as not being material. AMCIL only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

Basis of accounting

The financial statements are prepared using the valuation methods described in A2. All other items have been treated in accordance with the historical cost convention.

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 AMCIL approximates their carrying value.

Rounding of amounts

AMCIL is a company of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments 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.

Independent auditor's report to the members of AMCIL Limited

Report on the financial report

We have audited the accompanying financial report of AMCIL Limited (the company), which comprises the balance sheet as at 30 June 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note F, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of AMCIL Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note F.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of AMCIL Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
21 July 2015