

A vertical photograph of a city street at night, heavily blurred to create a bokeh effect. The lights from buildings and street lamps appear as soft, out-of-focus circles in various colors like yellow, orange, blue, and purple. A person is walking away from the camera on the sidewalk in the lower-left corner.

Half-Year
Review to
31 December
2016

A Focused
Portfolio
of Australian
Equities

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The Company aims to provide shareholders with:

- ▶ Attractive returns through strong capital growth in the portfolio over the medium to long term.
- ▶ The generation of fully franked dividend income.

AMCIL manages a focused portfolio covering large and small companies in the Australian equity market. As a result, small companies by market size can have an equally important impact on portfolio returns as larger companies in the Australian market.

The number of holdings in the portfolio will depend on market conditions and investment opportunities. The selection of stocks in the portfolio is based on attractive valuations as well as the outlook for growth and the competitive structure of the industry.



HALF-YEAR IN SUMMARY

PROFIT FOR THE HALF-YEAR

\$2.4m

▼ Down 53.7% from 2015

MANAGEMENT EXPENSE RATIO

0.64% Annualised

0.65% in 2015

TOTAL 6 MONTH SHAREHOLDER RETURN

1.5%

Share price plus dividend

TOTAL PORTFOLIO

\$242.0m

Including cash at 31.12.16

\$230.5 million in 2015

TOTAL 6 MONTH PORTFOLIO RETURN

5.2% Including franking*

S&P/ASX 200 Index 11.4%*

* Assumes a shareholder can take full advantage of the franking credits.

REVIEW OF OPERATIONS AND ACTIVITIES

Profit and Dividend

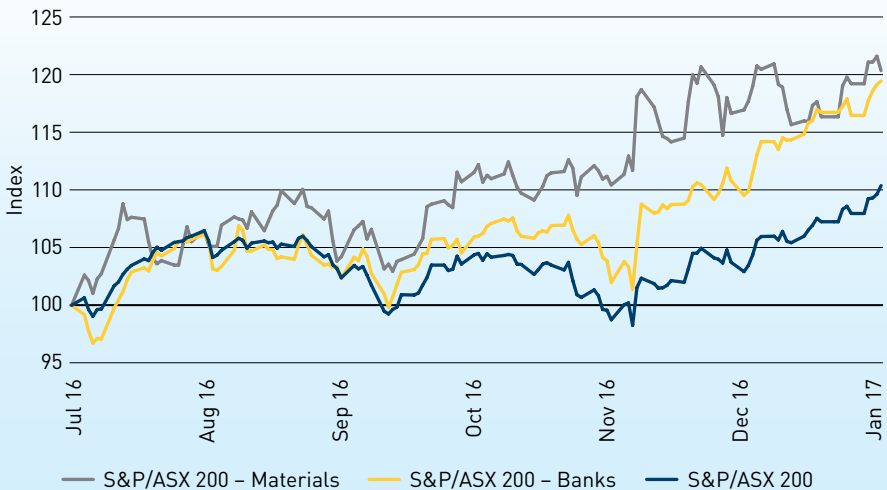
Profit for the half-year was \$2.4 million compared to \$5.1 million from the corresponding period last year. This was due primarily to the fall in the contribution from the trading portfolio and options, which were down \$3.3 million, as the significant gains generated last half were not repeated this half-year. There was also a decline in investment income received as a result of the cut in dividend from BHP Billiton and recent adjustments made to the portfolio.

In line with previous years the Board has not declared an interim dividend.

Portfolio Performance

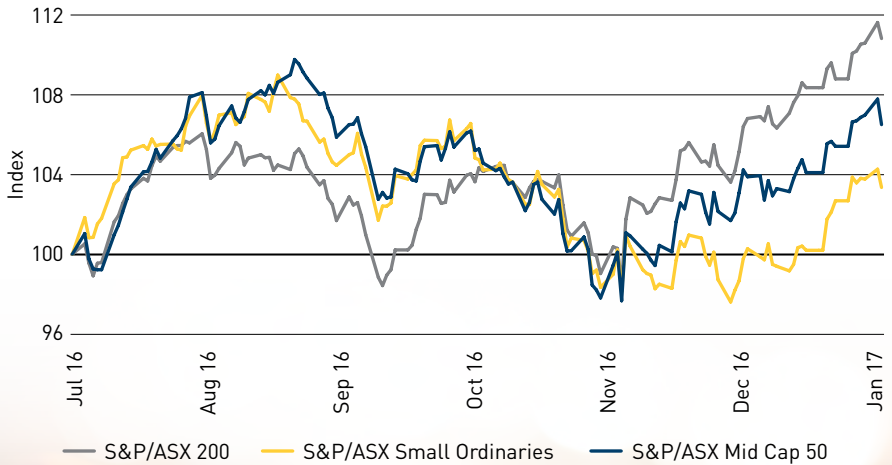
Over the six month period, the top 20 stocks in the S&P/ASX Index were up strongly reflecting renewed investor interest in large companies, which up until recently had underperformed. Banks and resources drove a large part of this growth (Figure 1). On the other hand, small and mid cap industrial sector was more subdued as a number of companies in this sector revised down their previously high growth expectations. This produced a pullback in previously very high valuations with share prices falling. AMCIL currently has more of an exposure to small and mid cap industrial companies than large cap stocks (Figure 2). AMCIL is a long term investor and remains comfortable that its holdings in the small and mid cap sector represent quality investments for this period.

Figure 1: Banks and resources relative to the S&P/ASX 200 Index



Source: FactSet

Figure 2: Industrial sector returns by market size in the six months to 31 December 2016



Source: FactSet

REVIEW OF OPERATIONS AND ACTIVITIES

continued

AMCIL's total portfolio return over the half-year was 3.6 per cent (Figure 3). The best performing stocks over the half-year were Lifestyle Communities, ASG Group and Cover-More Group (both of which were subject to takeovers), Mainfreight, BHP Billiton and Treasury Wine Estates.

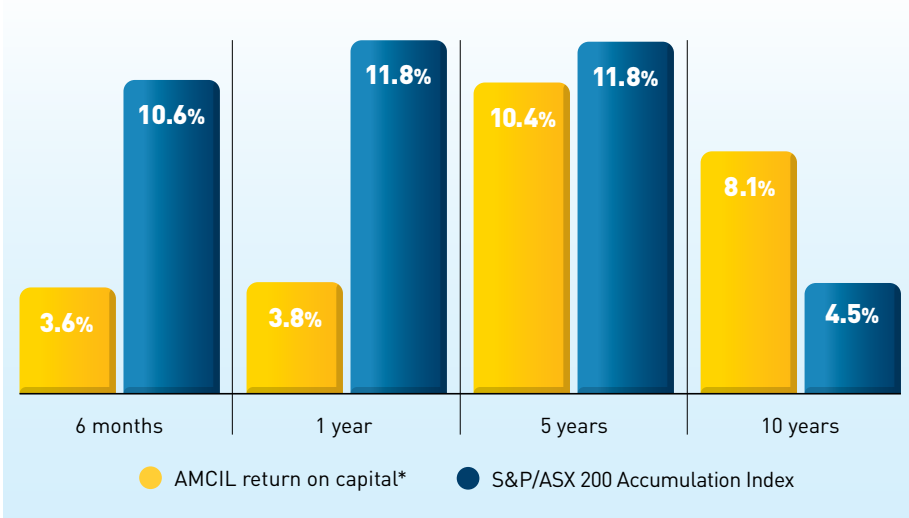
Given AMCIL's dividend policy seeks to maximise the distribution of franking credits, including those arising from taxable realised gains, it is appropriate to add franking credits to total returns. On this basis, assuming the full benefit of franking credits, AMCIL's portfolio delivered a return

of 5.2 per cent, whereas the S&P/ASX 200 Accumulation Index return was 11.4 per cent on the same basis over the half-year (Figure 4).

Share Price Performance

Figure 5 outlines the benefit of compound returns and the value of AMCIL's investment approach given the relative total share price return (including dividends) from an investment of \$1,000 in AMCIL over 10 years versus the return from the combined S&P/ASX 200 Index.

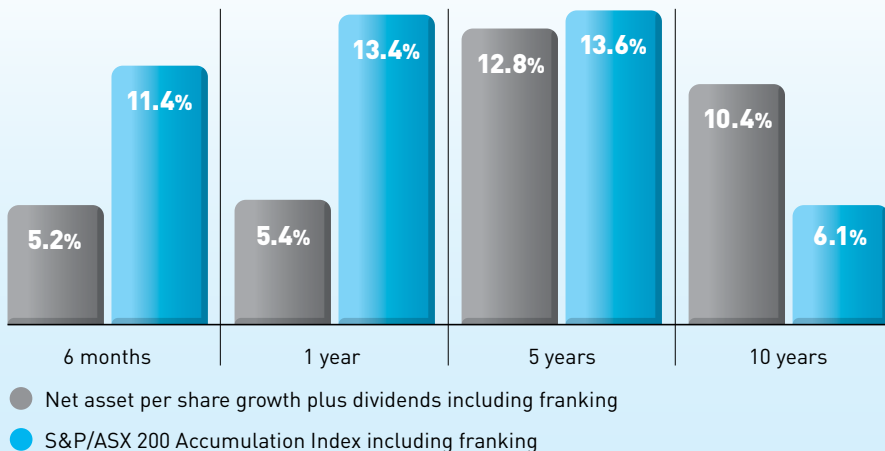
Figure 3: Portfolio performance – annualised returns to 31 December 2016*



Note: AMCIL's portfolio return is also calculated after management fees, income tax and capital gains tax on realised sales of investments. It should be noted that Index returns for the market do not include management expenses or tax.

* Annualised returns other than six month figures.

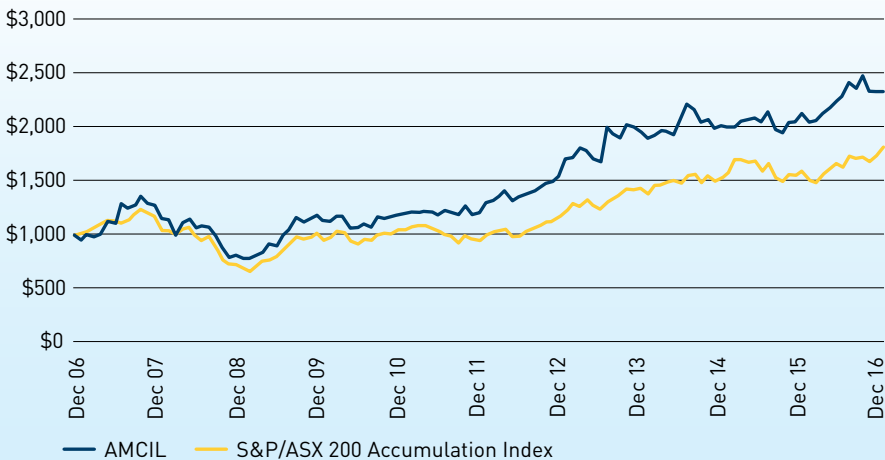
Figure 4: Portfolio performance – annualised returns to 31 December 2016* including franking



Note: Assumes a shareholder can take full advantage of franking credits.

* Annualised returns other than six month figures.

Figure 5: Performance of an investment of \$1,000 in AMCIL shares including dividends over 10 years to 31 December 2016



Note: Assumes the reinvestment of dividends. This chart calculates the benefit of franking credits at the time dividends are paid for both AMCIL and the Index. In practice there is a timing difference between receipt of the dividend and the realisation of the franking benefit in the following tax year.

REVIEW OF OPERATIONS AND ACTIVITIES

continued

At 31 December 2016 the share price was trading at a premium of 1 per cent to the net asset backing per share, slightly down from 3 per cent at the start of the six month period (Figure 6).

Adjustments to the Portfolio

Over the six month period the number of holdings in the portfolio was reduced to 53 from 64. Holdings were sold where the investment case had become less compelling because of high valuation levels or the outlook for growth had become less certain against our original investment thesis. A more focused portfolio provides for a concentration of our best investment ideas in line with the intent of AMCIL's investment activities.

Major sales included the complete disposal of holdings in Ardent Leisure, CSG, Telstra, Gateway Lifestyle Group, Adairs and Westpac. Exposures were also reduced in The Citadel Group, Treasury Wine Estates and Japara Healthcare. ASG Group and Pacific Brands were taken over during the period.

Major purchases included National Australia Bank and the addition of new holdings to the portfolio; Iluka Resources and Isentia Group. Given the strength of the market

over the period, AMCIL was cautious about investing all of the funds generated from sales. As a result this leaves AMCIL with a strong cash position at 31 December 2016 of \$23.5 million (9.7 per cent of the portfolio).

Figure 7 highlights the profile of the portfolio by the various sectors of the market at the end of the calendar year. AMCIL currently does not have any exposure to the property trust and utilities sectors.

Outlook

Economic conditions are not materially different from those prior to the recent rally. However, the recent strength of international equity markets is reflective of an expectation that there will be further improvements in the United States, which will flow through to global growth.

However, this economic pick-up may take some time to eventuate, particularly if it is against a backdrop of rising interest rates in the United States and more unpredictable geopolitical conditions. The outlook for China will also be key for the Australian market. In a potentially more volatile environment, we expect AMCIL will get the opportunity to deploy its cash in quality companies at more reasonable prices.

Figure 6: Share price relative to net asset backing

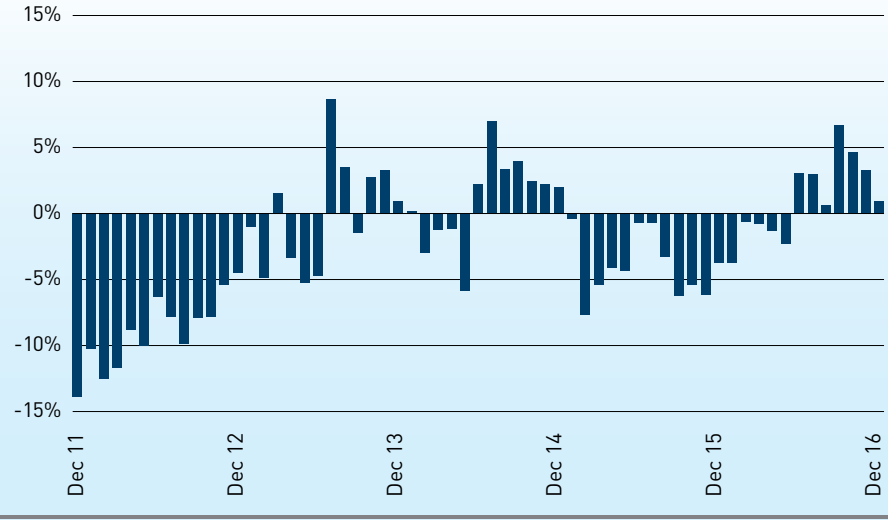
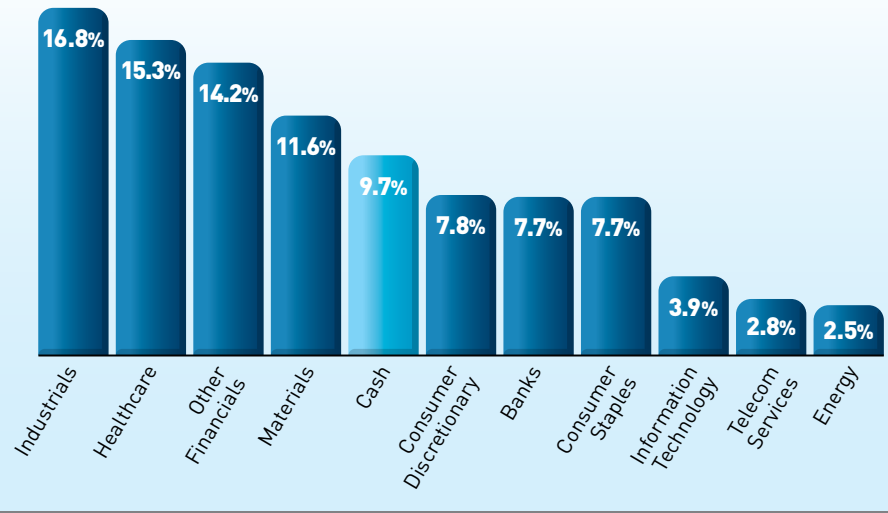


Figure 7: Investment by sector as at 31 December 2016





TOP 20 INVESTMENTS

As at 31 December 2016

Includes investments held in both the investment and trading portfolios.

Valued at closing prices at 30 December 2016

		Total Value \$'000	% of Portfolio
1	Lifestyle Communities	10,203	4.7
2	Commonwealth Bank of Australia*	9,744	4.5
3	Brambles*	9,341	4.3
4	National Australia Bank*	8,933	4.1
5	Mainfreight	8,873	4.1
6	CSL*	8,197	3.8
7	QBE Insurance Group	6,707	3.1
8	Qube Holdings*	6,687	3.1
9	James Hardie Industries*	6,660	3.0
10	Incitec Pivot	6,219	2.8
11	Oil Search*	6,030	2.8
12	Treasury Wine Estates*	5,860	2.7
13	Wellcom Group	5,478	2.5
14	Mayne Pharma Group	5,380	2.5
15	Transurban Group*	5,148	2.4
16	TPG Telecom*	4,966	2.3
17	AMA Group	4,879	2.2
18	BHP Billiton*	4,837	2.2
19	AMP*	4,377	2.0
20	Cover-More Group	4,161	1.9
Total		132,679	

As a percentage of total portfolio (excludes cash)

60.7%

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

Cash position at 31 December 2016 – \$23.5 million.

INCOME STATEMENT

For the half-year ended 31 December 2016

	Half-Year 2016 \$'000	Half-Year 2015 \$'000
Dividends and distributions	3,184	3,565
Revenue from deposits and bank bills	125	75
Net gains/(losses) on trading and options portfolios	(123)	3,238
Other income	6	4
Total income	3,192	6,882
Finance costs	(25)	(40)
Administration expenses	(775)	(727)
Profit before income tax expense	2,392	6,115
Income tax expense	(40)	(1,030)
Profit for the half-year	2,352	5,085
	Cents	Cents
Earnings per share	0.92	2.08

BALANCE SHEET

As at 31 December 2016

	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Current assets		
Cash	23,528	7,375
Receivables	206	981
Trading portfolio	397	157
Total current assets	24,131	8,513
Non-current assets		
Investment portfolio	218,987	233,537
Deferred tax assets	124	-
Total non-current assets	219,111	233,537
Total assets	243,242	242,050
Current liabilities		
Payables	256	3,139
Options written portfolio	957	229
Tax payable	1,767	1,226
Total current liabilities	2,980	4,594
Non-current liabilities		
Deferred tax liabilities	-	44
Deferred tax liabilities – investment portfolio	16,946	16,119
Total non-current liabilities	16,946	16,163
Total liabilities	19,926	20,757
Net assets	223,316	221,293
Shareholders' equity		
Share capital	171,658	168,556
Revaluation reserve	26,838	25,620
Realised capital gains reserve	8,243	4,485
Retained profits	16,577	22,632
Total shareholders' equity	223,316	221,293

SUMMARISED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2016

	Half-Year 2016 \$'000	Half-Year 2015 \$'000
Total equity at the beginning of the half-year	221,293	205,670
Dividends paid	(8,914)	(9,675)
Shares issued – Dividend Reinvestment Plan	3,113	3,513
Costs of share issues	(11)	(11)
Total transactions with shareholders	(5,812)	(6,173)
Profit for the half-year	2,352	5,085
Revaluation of investment portfolio	7,921	10,285
Provision for tax on revaluation	(2,438)	(3,134)
Revaluation of investment portfolio (after tax)	5,483	7,151
Total comprehensive income for the half-year	7,835	12,236
Realised gains on securities sold	5,877	207
Tax (expense)/credit on realised gains on securities sold	(1,612)	429
Net realised gains on securities sold	4,265	636
Transfer from revaluation reserve to realised gains reserve	(3,758)	1,014
Transfer from revaluation reserve to retained profits*	(507)	(1,650)
Total equity at the end of the half-year	223,316	211,733

* This figure, representing realised gains on investments sold that are non-taxable due to the difference between accounting gains and taxable gains, is transferred to accumulated profits and is available for distribution, subject to the Company's dividend policy.

A full set of AMCIL's interim accounts are available on the Company's website.

HOLDINGS OF SECURITIES

As at 31 December 2016

Details of the Company's portfolios are given below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share (which is recorded each month on the toll free telephone service at 1800 780 784).

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units or stapled securities.

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
AAC	Australian Agricultural Company	Owens and operates a balance of properties, feedlots and farms comprising around seven million hectares of land in Queensland and the Northern Territory and is expanding its value added branded beef operations	1,750	2,966
ALQ	ALS	Provider of analytical laboratory services to mining, life sciences, energy and industrial clients	400	2,416
AMA	AMA Group	Operator of Australia's largest group of automotive panel repair sites	4,953	4,879
AMC*	Amcor	Global packaging company	254	3,784
AMP*	AMP	Major Australasian financial services organisation	870	4,377
ARB	ARB Corporation	Manufacturer and distributor of four-wheel drive vehicle accessories in Australia and internationally	150	2,648
BHP*	BHP Billiton	Diversified international resources company	200	4,837
BLX	Beacon Lighting Group	Australia's largest lighting and accessory retailer with integrated operations from design and sourcing through to merchandising and retailing	1,624	2,534
BXB*	Brambles	Global provider of supply chain management and logistics solutions	755	9,341

HOLDINGS OF SECURITIES continued

As at 31 December 2016

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
CBA*	Commonwealth Bank of Australia	Banking and wealth management services	120	9,744
CGF	Challenger	Financial services company providing life insurance, annuities and funds management	200	2,248
CGL	The Citadel Group	Develops and delivers IT systems, services and managed solutions to government and private sectors	428	2,099
CSL*	CSL	Biopharmaceutical company that researches, develops, manufactures and markets products to treat and prevent serious human medical conditions	82	8,197
CVO	Cover-More Group	Provider of travel insurance and medical assistance services	2,156	4,161
CWW	ClearView Wealth	Life insurance company with associated offerings in wealth management and financial advice	2,743	3,689
ELX	Ellex Medical Lasers	Designs and manufactures ophthalmic laser and ultrasound systems used by ophthalmologists to diagnose and treat eye diseases	1,082	1,515
FNP	Freedom Foods Group	Engaged in the manufacture and sale of food products, specialising in healthy cereal, snacking and beverage products and the export of UHT dairy products	800	3,520
FPH*	Fisher & Paykel Healthcare Corporation	Designs, manufactures and markets a range of medical devices used in respiratory care and the treatment of obstructive sleep apnoea	414	3,383

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
#	Hexima	Agricultural-biotech company engaged in the research and development of technology for the genetic modification of crops	875	0
HSO*	Healthscope	One of Australia's leading private hospital operators	1,510	3,453
ICQ	iCar Asia	Operator of a network of automotive-related classifieds websites across South East Asia	813	203
ILU	Iluka Resources	Miner of zircon and titanium-based mineral sands products and owns an iron ore production royalty	500	3,635
IPL	Incitec Pivot	Manufacturer and supplier of fertiliser and industrial explosives products	1,727	6,219
IRE	IRESS	Provider of share market and wealth management information systems	339	4,020
ISD	Isentia Group	Provides large consumer brand, corporate and government clients with media monitoring, relations and insights software and services that help drive business and communication decisions	1,000	2,870
JHC	Japara Healthcare	Provider of residential aged care services	1,050	2,373
JHX*	James Hardie Industries	Building materials company focused on fibre cement products, predominantly in the United States	305	6,660
LIC	Lifestyle Communities	Developer, owner and manager of independent living communities for elderly citizens	2,570	10,203

HOLDINGS OF SECURITIES continued

As at 31 December 2016

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
MFT	Mainfreight	Provider of managed warehousing and international and domestic freight forwarding services	445	8,873
MYX	Mayne Pharma Group	A specialty pharmaceutical company that develops and manufactures branded and generics products, which it distributes globally either directly or through distribution partners	4,000	5,380
NAB*	National Australia Bank	Banking and wealth management services	303	8,933
NTC	NetComm Wireless	Deliver advanced broadband and wireless devices enabling businesses, people and machines to connect to the internet	1,100	2,365
NUF	Nufarm	Agricultural chemical company that manufactures and sells crop protection and seeds treatment products globally	320	2,931
NVT	Navitas	An international education provider through its University Pathways Programs, Creative Media Education, English Language Training and Settlement services	204	1,018
OCL	Objective Corporation	Provider of information technology software and services	1,385	2,493
OFX	OFX Group	An online foreign currency payment service provider to consumers and small businesses	1,700	2,856
OSH*	Oil Search	Oil and gas explorer, developer and producer with assets predominantly in Papua New Guinea	850	6,030
PGC	Paragon Care	A supplier of medical equipment and consumables to the healthcare market	4,000	3,240

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
QBE	QBE Insurance Group	General insurance and reinsurance services provider	540	6,707
QUB*	Qube Holdings	Provider of import and export logistics services with national operations	2,750	6,687
RMD*	ResMed	Leading developer, manufacturer and distributor of medical equipment for treating, diagnosing and managing sleep-disordered breathing and other respiratory disorders	450	3,858
SEK*	Seek	Operator of employment classifieds websites in Australia and offshore with interests in education and training	250	3,712
SHL	Sonic Healthcare	Provider of medical diagnostic services including pathology, diagnostic imaging and medical centres	138	2,956
SKB	Skydive the Beach Group	Australia and New Zealand's largest operator of tandem skydives across landmark tourist drop zones in each country	3,441	2,099
SRX	Sirtex Medical	An Australian medical device company that markets its proprietary radiation therapy for the treatment of liver-related cancers globally	73	1,034
TCL*	Transurban Group	Developer and operator of electronic toll roads in Australia and overseas	500	5,148
TGR	Tassal Group	Producer and exporter of Atlantic salmon from Tasmania	551	2,285
TPE	TPI Enterprises	One of eight licensed processors worldwide producing Narcotic Raw Material (NRM) for the international pharmaceutical industry	594	1,730

HOLDINGS OF SECURITIES continued

As at 31 December 2016

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
TPM*	TPG Telecom	Provider of a range of telecommunication services to residential users, small and medium enterprises, government and large corporates in Australia	730	4,966
TWE*	Treasury Wine Estates	Wine company with a number of brands produced in Australia, New Zealand, the United States and Italy and sold globally	550	5,860
VOC	Vocus Communications	Provider of wholesale, retail and business telecommunications services in Australia and New Zealand	478	1,851
WES*	Wesfarmers	Diversified conglomerate with retailing operations in supermarkets, department stores, home improvement and office supplies. The group also operates businesses involved in coal mining, energy, chemicals, fertilisers, industrial and safety products	95	3,963
WLL	Wellcom Group	Production company providing pre-media, digital asset management and specialty printing services to advertisers, retailers and corporations	1,005	5,478
Total				218,427

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

Unlisted security.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (Above \$2 Million)	Cost \$'000
National Australia Bank	4,644
Iluka Resources	3,219
Isentia Group	3,147

Disposals (Above \$2 Million)	Proceeds \$'000
ASG Group* (takeover by Nomura Research)	6,520
Ardent Leisure Group*	3,945
CSG*	3,230
Telstra Corporation*	3,026
The Citadel Group	2,386
Treasury Wine Estates	2,221
Gateway Lifestyle Group*	2,213
Pacific Brands* (takeover by HanesBrands)	2,200
Adairs*	2,159
Japara Healthcare	2,106
Westpac Banking Corporation*	2,092

* Complete disposal from the portfolio.

New companies added to the portfolio

- Iluka Resources
- TPI Enterprises
- Isentia Group
- Ellex Medical Lasers
- Challenger

COMPANY PARTICULARS

AMCIL Limited (AMCIL)

ABN 57 073 990 735

AMCIL is a listed investment company. It is a thematic investor in equities and similar securities on the stock market primarily in Australia.

Directors

Bruce B Teele, Chairman
Ross E Barker, Managing Director
Roger G Brown
Siobhan L McKenna
Rupert Myer AO
Richard B Santamaria
Jonathan J Webster

Company Secretaries

Matthew J Rowe
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office and Mailing Address

Level 21, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Telephone (03) 9650 9911
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For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

Telephone 1800 780 784 (toll free)

Share Registrar

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Shareholder

Enquiry Lines 1300 653 916
+61 3 9415 4224 (from overseas)

Facsimile (03) 9473 2500

Website investorcentre.com.au/contact

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

Australian Securities Exchange Code

AMH Ordinary Shares

SHAREHOLDER MEETINGS

Melbourne Meeting

Time 1.00pm
Date Wednesday 15 March 2017
Venue RACV City Club
Location 501 Bourke Street
Melbourne

Canberra Meeting

Time 1.00pm
Date Tuesday 21 March 2017
Venue Hyatt Hotel Canberra
Location 120 Commonwealth Avenue
Canberra

