AMCIL LIMITED

ABN 57 073 990 735

APPENDIX 4E STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

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 2017 with the previous corresponding period being the year ended 30 June 2016.

This report is based on audited financial statements. A copy of the audit report can be found on page 34.

Results for announcement to the market

- Net Profit attributable to members was $5.38 million, down 30.0% from the previous corresponding period.

- Revenue from ordinary activities (excluding capital gains) was $6.63 million, down 6.2% from the previous corresponding period.

- Net tangible assets at 30 June 2017 were 95 cents per share, up from 93 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 2016.

- AMCIL's policy is to maximise the distribution of available franking credits. In accordance with this policy, a final dividend of 3.5 cents per share, fully-franked, will be paid on 24 August 2017 to ordinary shareholders on the register on 8 August 2017. Last year's final dividend was 3.5 cents. Shares are expected to trade ex-dividend from 7 August 2017. There is no conduit foreign income component of the dividend.

- Under changes to corporate tax legislation, the final dividend has to be franked using the expected corporate tax rate for 2017-18 of 27.5%. The Directors have taken this new rate into consideration when setting the dividend.

- Part of the dividend has been sourced from capital gains on which the Company has paid or will pay tax. The amount of the pre-tax attributable gain on this portion of the dividend, known as an "LIC capital gain", is 2.14 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 **nil 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 9 August 2017. All shares issued under the DRP will rank equally with existing shares.

- The 2017 AGM will be held at the RACV City Club, Melbourne, at 1.30 PM on Thursday 12 October.

AMCIL well placed in a high priced market

Full Year Report to 30 June 2017

Key Themes –

- **AMCIL is a medium to long term investor. Its investment approach is to construct a focused portfolio in which large and small companies can have an equally important impact on investment returns.**
- **Market returns over the year were particularly influenced by strong performances by the banks and resource companies where AMCIL has a low exposure.**
- **The twelve month portfolio return to end of June 2017 was 5.3%; including franking it was 7.0%. This year's performance gave back some of the outperformance in the prior year.**
- **Five year portfolio return was 10.0% per annum; including franking it was 12.4% per annum.**
- **Many stocks are trading at high valuations which is challenging for new investment.**
- **In this market, AMCIL has recently utilised some call option writing strategies to generate additional income.**
- **Cash position of $15.0 million provides flexibility when opportunities arise.**

Result Summary –

- **Full Year Profit of $5.4 million, down from $7.7 million in the previous corresponding period:**
  - **There was a decline in investment income of $0.4 million.**
  - **Trading portfolio produced a very small loss (compared with $2.5 million profit last year).The large gains generated in the prior corresponding period were not repeated this year.**
- **Dividend is 3.5 cents per share fully franked, in line with last year.**
- **Management expense ratio of 0.68%.**

Profit and Dividend

Profit for the year was $5.4 million compared to $7.7 million from the corresponding period last year.

The Company's dividend policy is to maximise the distribution of available franking credits each year. Accordingly, AMCIL will pay a final dividend of 3.5 cents per share fully franked which is in line with last year. The level of the dividend has been set taking into account the lower rate of franking credit at 27.5% because of the recent changes to corporate tax legislation.

AMCIL's management expense ratio is 0.68%. AMCIL's portfolio is managed internally and does not charge portfolio performance fees.

Portfolio Performance

AMCIL's total portfolio return over the year was 5.3%. Assuming the full benefit of franking credits, AMCIL's portfolio delivered a return of 7.0% whereas the S&P/ASX 200 Accumulation Index return was 15.7% on the same basis over the year. It is appropriate to add franking credits to total returns, given AMCIL's dividend policy seeks to maximise the distribution of franking credits, including those arising from taxable realised gains.

The best performing stocks over the year were Mainfreight, Lifestyle Communities, ASG Group, Treasury Wine Estates, CSL and Cover-More Group.

Over the twelve month period there was renewed investor interest in banks and resources which had underperformed in the previous financial year. This produced very strong gains in these sectors which were up 18.4% and 22.9% respectively over the financial year to 2017. AMCIL does not have a large exposure to these sectors. In addition many small and mid-cap industrial companies underperformed as previous strong growth expectations were revised down which led to share price falls. In AMCIL's portfolio, TPG Telecom and Mayne Pharma were particularly affected by this trend.

AMCIL also held a higher than normal cash position across the year.

The longer term performance of the portfolio, which is more in line with the Company's investment timeframes, was 8.5% per annum for the 10 years to 30 June 2017 versus the Index return of 5.2% per annum (these returns include the full benefit of franking).

Adjustments to the Portfolio

Major purchases included BHP, National Australia Bank, Westpac Bank and Woodside Petroleum where it was advantageous to also generate additional returns by selling call options against these stocks. A number of new holdings were added, the largest of these were Isentia Group, Iluka Resources and CYBG (Clydesdale Bank). AMCIL also added to its position in IRESS, including participation in its share placement.

Major sales included the complete disposal of holdings in AMA Group, The Citadel Group, Ardent Leisure Group and CSG. The position in Treasury Wine Estates was reduced given the strong run up in its share price meant it had become a very large position in the portfolio. Part of the Telstra holding was also sold in the first half of the year. ASG Group and Cover-More Group were taken over.

Outlook

In our view equity market valuations remain stretched across many sectors. In a market that was dominated by returns from banks and resources over the financial year, AMCIL remains satisfied with the positioning of the portfolio. It has cash on hand to invest in quality companies when valuations become more attractive.

Please direct any enquiries to:

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28 July 2017

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions	Cost $'000
National Australia Bank	8,083
Westpac Banking Corporation	7,735
BHP	4,817
Isentia Group	4,641
Iluka Resources	3,219
CYBG	3,054
IRESS (including $0.21m in placement at $11.35 per share)	3,024
Woodside Petroleum	3,021

Disposals	Proceeds $'000
ASG Group# (takeover by Nomura Research)	6,520
AMA Group#	4,925
National Australia Bank	4,571
The Citadel Group#	4,351
Cover-More Group# (takeover by Zurich Insurance)	4,097
Ardent Leisure Group#	3,945
Treasury Wine Estates	3,645
CSG#	3,230
Telstra	3,026

complete disposal from the portfolio

New Companies Added to the Portfolio

Isentia Group	AP Eagers
Iluka Resources	Challenger
CYBG	TPI Enterprises
Brickworks	AUB Group
Computershare	

TOP INVESTMENTS AS AT 30 JUNE 2017

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 30 June 2017

			Total Value $ '000	% of the portfolio
1		Mainfreight	9,981	4.3%
2	*	BHP	9,369	4.1%
3		Lifestyle Communities	9,364	4.1%
4	*	Commonwealth Bank of Australia	8,843	3.8%
5	*	National Australia Bank	8,771	3.8%
6		CSL	8,213	3.6%
7	*	Brambles	8,039	3.5%
8	*	Qube Holdings	7,924	3.4%
9	*	James Hardie Industries	7,562	3.3%
10	*	Westpac Banking Corporation	7,336	3.2%
11	*	QBE Insurance Group	6,606	2.9%
12		IRESS	6,345	2.7%
13		Oil Search	6,036	2.6%
14		Transurban Group	5,925	2.6%
15	*	Wesfarmers	5,596	2.4%
16	*	Treasury Wine Estates	5,527	2.4%
17	*	Incitec Pivot	4,919	2.1%
18	*	Amcor	4,856	2.1%
19	*	TPG Telecom	4,557	2.0%
20	*	AMP	4,497	1.9%
			140,264	
		As % of Total Portfolio (excludes Cash)	60.7%	

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

Cash position at 30 June 2017 - $15.0 million

PORTFOLIO PERFORMANCE TO 30 JUNE 2017

PERFORMANCE MEASURES AT 30 JUNE 2017	1 YEAR	5 YEARS %PA	10 YEARS %PA
PORTFOLIO RETURN	***5.3%***	***10.0%***	***6.3%***
S&P/ASX 200 ACCUMULATION INDEX	*14.1%*	*11.8%*	*3.6%*

*PORTFOLIO GROSS RETURN INCLUDING DIVIDENDS REINVESTED**	***7.0%***	***12.4%***	***8.5%***
S&P/ASX 200 ACCUMULATION INDEX*	15.7%	13.5%	5.2%

Note: Portfolio performance is measured by the change in net asset backing plus reinvested dividends and adjusting for the additional cash received from the exercise of options since recapitalisation of the Company. AMCIL's portfolio return is calculated after management fees, income tax and capital gains tax on realised sales of investments. It should also be noted that Index returns for the market do not include the impact of management expenses or tax.

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

AMCIL Ltd

Annual Financial Statements

30 June 2017

Financial statements

Income Statement for the Year Ended 30 June 2017

	Note	2017 $'000	2016 $'000
Dividends and distributions	A3	6,278	6,906
Revenue from deposits and bank bills		345	146
Other revenue		6	14
Total revenue		**6,629**	**7,066**
Net gains/(losses) on trading portfolio	A3	(11)	2,476
Income from options written portfolio	A3	876	847
Income from operating activities		**7,494**	**10,389**
Finance Costs		(50)	(73)
Administration expenses	B1	(1,647)	(1,474)
Profit before income tax expense		**5,797**	**8,842**
Income tax expense	B2, E2	(414)	(1,155)
Profit for the year		**5,383**	**7,687**

		Cents	Cents
Basic earnings per share	A5	2.09	3.10

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

Statement of Comprehensive Income for the Year Ended 30 June 2017

	Year to 30 June 2017			Year to 30 June 2016		
	Revenue[1]	**Capital[1]**	**Total**	Revenue	Capital	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**5,383**	**-**	**5,383**	**7,687**	**-**	**7,687**
Other Comprehensive Income						
Gains for the period	-	9,395	**9,395**	-	9,976	**9,976**
Tax on above	-	(1,473)	**(1,473)**	-	(3,041)	**(3,041)**
Total Other Comprehensive Income	-	**7,922**	**7,922**	-	**6,935**	**6,935**
Total Comprehensive Income	**5,383**	**7,922**	**13,305**	**7,687**	**6,935**	**14,622**

[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 2017

	Note	2017 $'000	2016 $'000
Current assets			
Cash	D1	14,991	7,375
Receivables		832	981
Trading portfolio		516	157
Total current assets		**16,339**	**8,513**
Non-current assets			
Investment portfolio	A2	231,024	233,537
Total non-current assets		**231,024**	**233,537**
Total assets		**247,363**	**242,050**
Current liabilities			
Payables		249	3,139
Tax payable		2,074	1,226
Options Sold	A2	641	229
Total current liabilities		**2,964**	**4,594**
Non-current liabilities			
Deferred tax liabilities	E2	140	44
Deferred tax liabilities – investment portfolio	B2	15,473	16,119
Total non-current liabilities		**15,613**	**16,163**
Total liabilities		**18,577**	**20,757**
Net Assets		**228,786**	**221,293**
Shareholders' equity			
Share capital	A1, D6	171,658	168,556
Revaluation reserve	A1, D3	27,120	25,620
Realised capital gains reserve	A1, D4	9,427	4,485
Retained profits	A1, D5	20,581	22,632
Total shareholders' equity		**228,786**	**221,293**

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

Statement of Changes in Equity for the Year Ended 30 June 2017

Year Ended 30 June 2017

	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		**168,556**	**25,620**	**4,485**	**22,632**	**221,293**
Dividends paid	A4	-	-	-	(8,914)	**(8,914)**
Shares issued under Dividend Reinvestment Plan	D6	3,113	-	-	-	**3,113**
Other share capital adjustments		(11)	-	-	-	**(11)**
Total transactions with shareholders		**3,102**	**-**		**(8,914)**	**(5,812)**
Profit for the year		-	-	-	5,383	**5,383**
Other Comprehensive Income (net of tax)						
Net gain for the period on investments		-	7,922	-	-	**7,922**
Other Comprehensive Income for the year		-	7,922	-	-	**7,922**
Transfer to Retained Profits of cumulative non-taxable gains on investments sold		-	(1,480)	-	1,480	-
Transfer to Realised Capital Gains Reserve of cumulative taxable gains on investments sold		-	(4,942)	4,942	-	**-**
Total equity at the end of the year		**171,658**	**27,120**	**9,427**	**20,581**	**228,786**

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 2017 (continued)

Year Ended 30 June 2016

	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		**157,880**	**22,661**	**7,064**	**18,065**	**205,670**
Dividends paid	A4	-	-	(3,628)	(6,047)	**(9,675)**
Shares issued under Dividend Reinvestment Plan	D6	3,513	-	-	-	**3,513**
Shares issued under Share Purchase Plan	D6	7,215	-	-	-	**7,215**
Other share capital adjustments		(52)	-	-	-	**(52)**
Total transactions with shareholders		**10,676**	**-**	**(3,628)**	**(6,047)**	**1,001**
Profit for the year		-	-	-	7,687	**7,687**
Other Comprehensive Income (net of tax)						
Net gain for the period on investments		-	6,935	-	-	**6,935**
Other Comprehensive Income for the year		-	6,935	-	-	**6,935**
Transfer to Retained Profits of cumulative non-taxable gains on investments sold		-	(2,927)	-	2,927	-
Transfer to Realised Capital Gains Reserve of cumulative taxable gains on investments sold		-	(1,049)	1,049	-	**-**
Total equity at the end of the year		**168,556**	**25,620**	**4,485**	**22,632**	**221,293**

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

Cash Flow Statement for the Year Ended 30 June 2017

	Note	2017 $'000 Inflows/ (Outflows)	2016 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		909	10,482
Purchases for trading portfolio		(1,048)	(7,030)
Interest received		345	146
Proceeds from entering into options in options written portfolio		2,921	1,148
Payment to close out options in options written portfolio		(1,634)	(257)
Dividends and distributions received		5,987	5,717
		7,480	10,206
Other receipts		6	14
Administration expenses		(1,655)	(1,552)
Finance costs paid		(50)	(73)
Income taxes paid		(1,132)	(581)
Net cash inflow/(outflow) from operating activities	E1	**4,649**	**8,014**
Cash flows from investing activities			
Sales from investment portfolio		88,083	78,530
Purchases for investment portfolio		(78,848)	(91,693)
Tax paid on capital gains		(455)	(1,450)
Net cash inflow/(outflow) from investing activities		**8,780**	**(14,613)**
Cash flows from financing activities			
Shares issued		3,112	10,728
Share issue transaction costs		(11)	(52)
Dividends paid		(8,914)	(9,675)
Net cash inflow/(outflow) from financing activities		**(5,813)**	**1,001**
Net increase/(decrease) in cash held		7,616	(5,598)
Cash at the beginning of the year		7,375	12,973
Cash at the end of the year	D1	**14,991**	**7,375**

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 strong capital growth over the medium to long term and to pay fully franked 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:

	2017 **$'000**	2016 $'000
Share capital	171,658	168,556
Revaluation reserve	27,120	25,620
Realised capital gains reserve	9,427	4,485
Retained profits	20,581	22,632
	228,786	221,293

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 (except for specific option 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 call options are only written over securities held in the investment portfolio.

The balance and composition of the investment portfolio was:

	2017 **$'000**	2016 $'000
Equity instruments (at market value)	231,024	233,537
	231,024	233,537

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	587	229
Put options	54	-
	641	229

If all call options were exercised, this would lead to the sale of $36.0 million worth of securities at an agreed price – the 'exposure' (2016: $13.0 million). If all the put options were exercised, this would require the Company to purchase $3.2 million of stock (2016 : no put options).

$5.5 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2016: $2.8 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). 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 Board 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 2017 and 30 June 2016 were as follows:

	30 June 2017	30 June 2016
Net tangible asset backing per share	**$**	$
Before tax	**0.95**	**0.93**
After tax	0.89	0.87

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 realised capital gains reserve or to retained profits.

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.

Securities sold and how they are measured

Where securities are sold, any difference between the sale price and the cost is transferred from the Revaluation Reserve to the Realised capital gains 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

During the period $88.1 million (2016 : $78.3 million) of equity securities were sold. The cumulative gain on the sale of securities was $6.4 million for the period after tax (2016: $4.0 million). This has been transferred from the revaluation reserve to retained profits and the realised capital gains reserve (See Statement of Changes in Equity). These sales were accounted for at the date of trade.

A3. Operating income

The total income received from AMCIL's investments in 2017 is set out below.

Dividends and distributions	**2017 $'000**	2016 $'000
Dividends from securities held in investment portfolio at 30 June	5,116	6,006
Investment securities sold during the year	1,159	895
Dividends from securities held in trading portfolio at 30 June	-	-
Trading securities sold during the year	3	5
	6,278	6,906

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 (before tax) on the trading and options portfolio are set out below.

Net gains		
Net realised gains/(losses) from trading portfolio	(19)	2,436
Realised gains on options written portfolio	576	750
Unrealised gains from trading portfolio	8	40
Unrealised gains on options written portfolio	300	97
	865	3,323

A4. Dividends paid

The dividends paid and payable for the year ended 30 June 2017 are shown below:

	2017 $'000	2016 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2016 of 3.5 cents fully franked at 30%, paid 25 August 2016 (2016: 4 cents fully franked at 30%, paid on 25 August 2015).	8,914	9,675
	8,914	9,675

(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	4,180	3,842
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(3,425)	(3,820)
Net available	755	22
These franking account balances would allow AMCIL to frank additional dividend payments at a rate of 27.5% (30 June 2016 : 30%) up to an amount of:	1,990	51

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 3.5 cents per share fully franked at 27.5%. The aggregate amount of the final dividend for the year to 30 June 2017 to be paid on 24 August 2017, but not recognised as a liability at the end of the financial year is:

9,029

(d) Listed Investment Company capital gain account	**2017 $'000**	2016 $'000
Balance of the Listed Investment Company (LIC) capital gain account	7,234	2,290
This equates to an attributable amount of	10,334	3,270

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. $3.9 million of the capital gain account, or $5.5 million of the attributable amount, will be paid out as part of the final dividend.

A5. Earnings per share

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

Basic Earnings per share	2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator	257,473,533	248,177,004
	$'000	**$'000**
Profit for the year	5,383	7,687
	Cents	**Cents**
Basic earnings per share	2.09	3.10

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:

	2017 $'000	2016 $'000
Administration fees paid to AICS	(918)	(780)
Other administration expenses	(729)	(694)

Administration fees paid to AICS

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

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 $
2017			
Directors	353,172	33,550	386,722
2016			
Directors	302,345	39,559	341,904

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. Deferred tax balances are calculated at the new rate of 27.5% (2016 : 30%).

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

	2017 $'000	2016 $'000
Profit before income tax expense	**5,797**	**8,842**
Tax at the Australian small company tax rate of 30% (2016 – 30%)	1,739	2,653
Tax offset for franked dividends received	(1,266)	(1,423)
Tax effect of sundry items either taxable in current year but not included in income or non-taxable	5	(18)
	478	**1,212**
Over provision in prior years	(64)	(57)
Total tax expense	**414**	**1,155**

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.

	2017 $'000	2016 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	15,473	16,119
Opening balance at 1 July	16,119	13,533
Tax on realised gains (at 30%)	(2,119)	(455)
Charged to OCI for ordinary securities on gains or losses for the period	1,473	3,041
	15,473	16,119

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 have led to a reduction in AMCIL's comprehensive income of $8.1 million and $16.2 million respectively, at a tax rate of 30% (2016 : $8.2 million & $16.3 million at a tax rate of 30%). A market fall of 5% and 10% across the Trading Portfolio & Options Written Portfolio would have led to an increase in profit after-tax of $4,000 and $9,000 respectively (2016 :$2,500 and $5,000). The Revaluation Reserve at 30 June 2017 was $27.1 million (2016 : $25.6 million). It would have required a fall in the value of the investment portfolio of 18.4% after tax to fully deplete this (2016 : 15.7%).

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 exposure by sector is as below:

	2017	2016
	%	%
Energy	3.58%	3.10%
Materials	14.85%	9.39%
Industrials	16.32%	18.63%
Consumer Discretionary	6.22%	9.19%
Consumer Staples	7.32%	7.80%
Banks	11.39%	6.57%
Other Financials (incl. property trusts)	11.82%	12.13%
Telecommunications	2.51%	6.12%
Healthcare	12.78%	18.76%
Other – Info Technology & Utilities	7.12%	5.25%
Cash	6.09%	3.06%

There were no securities representing over 5% of the combined investment and trading portfolio (including options) at 30 June 2017.

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 materially exposed to currency risk as most of 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 in cash management trusts which invest predominantly in securities with an A1+ rating. 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 two 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.

30 June 2017	Less than 6 months $'000	6-12 months $'000	Greater than 1 year $'000	Total contractual cash flows $'000	Carrying amount $'000
Non-derivatives					
Payables	249	-	-	249	249
Options written*	3,205	-	-	3,205	641
	3,454	-	-	3,454	890
30 June 2016					
Non-derivatives					
Payables	3,139	-	-	3,139	3,139
Options written*	-	-	-	-	229
	3,139	-	-	3,139	3,368

* 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 further information about the basis of calculation of line items in the financial statements.

D1. Current assets – cash

	2017 **$'000**	2016 $'000
Cash at bank and in hand (including on-call)	14,991	7,375

Cash holdings yielded an average floating interest rate of 1.93% (2016: 2.09%). All cash investments are held in a transactional account or an over-night 'at call' account invested in cash management trusts which invest predominantly in securities with an A1+ rating.

D2. Credit Facilities

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

	2017 **$'000**	2016 $'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

	2017 **$’000**	2016 $’000
Opening Balance at 1 July 2016	25,620	22,661
Gains on investment portfolio	9,395	9,976
Deferred tax on above	(1,473)	(3,041)
Transfer to retained profits for non-taxable realised gains	(1,480)	(2,927)
Transfer to realised capital gains reserve for taxable realised gains	(4,942)	(1,049)
	27,120	25,620

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy note A2. Note deferred and incurred tax have been calculated at a rate of 27.5% for the year ended 30 June 2017 (30 June 2016 : 30%).

D4. Realised capital gains reserve

	2017 **$’000**	2016 $’000
Opening balance at 1 July	4,485	7,064
Dividends paid	-	(3,628)
Cumulative taxable realised gains for period through OCI (net of tax)	4,942	1,049
	9,427	4,485

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

	2017 **$’000**	2016 $’000
Opening balance at 1 July	22,632	18,065
Dividends paid	(8,914)	(6,047)
Profit for the year	5,383	7,687
Transfer from revaluation reserve for realised non-taxable gains	1,480	2,927
	20,581	22,632

This reserve relates to past profits.

D6. Share capital

Date	Details	Notes	Number of shares '000	Issue price $	Paid-up Capital $'000
1/7/2015	Balance		241,874		157,880
25/8/2015	Dividend Reinvestment Plan	**i**	4,133	0.85	3,513
4/3/2016	Share Purchase Plan	**ii**	8,693	0.83	7,215
Various	Costs of issue		-		(52)
30/6/2016	Balance		254,700		168,556
25/8/2016	Dividend Reinvestment Plan	**i**	3,276	0.95	3,113
Various	Costs of issue		-		(11)
30/6/2017	Balance		257,976		171,658

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 2016 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

	2017 $'000	2016 $'000
Profit for the year	**5,383**	**7,687**
Net decrease/(increase) in trading portfolio	(359)	390
Increase/(decrease) in options written portfolio	412	43
Dividends received as securities under DRP investments	(207)	(576)
Decrease/(increase) in current receivables	149	(26)
- Less increase/(decrease) in receivables for investment portfolio	-	-
Increase/(decrease) in deferred tax liabilities	(550)	2,623
- Less (increase)/decrease in deferred tax liability on investment portfolio	646	(2,586)
Increase/(decrease) in current payables	(2,890)	2,102
- Less decrease/(increase) in payables for investment portfolio	2,881	(2,180)
Increase/(decrease) in provision for tax payable	848	(458)
- Less CGT provision	(2,119)	(455)
- Add taxes paid on capital gains	455	1,450
Net cash flows from operating activities	**4,649**	**8,014**

E2. Tax reconciliations

Tax expense composition

Charge for tax payable relating to the current year	382	1,175
Over provision in prior years	(64)	(57)
Increase in deferred tax liabilities – investment portfolio	96	37
	414	**1,155**

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	1,473	3,041
	1,473	**3,041**

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

		2017 $'000	2016 $'000
(a)	The difference in the value of the trading portfolio for tax and accounting purposes	(2)	(12)
(b)	Tax on unrealised gains in the options written portfolio	(130)	(53)
(c)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	65	76
(d)	Interest and dividend income receivable which is not assessable for tax until receipt	(73)	(55)
		(140)	(44)

Movements:

Opening asset/(liability) balance at 1 July	(44)	(7)
Credited/(charged) to Income statement	(96)	(37)
	(140)	(44)

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 $205,000 (2016: $45,000). 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, 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:

	2017	2016
	$	$
PricewaterhouseCoopers		
Audit or review of financial reports	113,599	111,186
Non-Audit Services		
Taxation compliance services	13,365	11,440
Total remuneration	126,964	122,626

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 most 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 no investments comprising more than 10% of AMCIL's income, including realised income from the trading and options written portfolios – (2016 : 1 investment : Netcomm Wireless (15.7%) in the trading portfolio).

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 2017 ("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 the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Independent auditor's report to the shareholders of AMCIL Limited

Report on the audit of the financial report

Our opinion

In our opinion the accompanying financial report of AMCIL Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Company's financial report comprises:

- the balance sheet as at 30 June 2017
- the income statement for the year then ended
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Materiality

- For the purpose of our audit we used overall materiality of 1% of the Company's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose net assets as the benchmark because, in our view, net assets is;

  - the metric against which the performance of the Company is most commonly measured; and

  - the key driver of the business and determinant of the Company's value.
- We selected 1% based on our professional judgement, noting that it is within the range of commonly acceptable net asset related thresholds.

Audit scope

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, the accounting processes and controls, and the industry in which the Company operates.
- Our audit focused on where subjective judgements were made; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Company operates entirely out of its Melbourne office and we perform our audit procedures predominantly at that office.
- The administration and investment operations for the Company are conducted by Australian Investment Company Services Limited. In addition to our audit procedures, we obtained a report from other auditors that the controls over administration and investment operations operating at Australia Investment Company Services Limited were suitably designed and operated effectively for the year. We assessed the report by considering the other auditor's independence, competency and results of procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of the investment portfolios *(Refer to note A2) $231m* Investments mostly consist of listed Australian equities and exchange traded options which are valued by multiplying the quantity held by market price. Whilst there is no significant judgement in determining the valuation of the Company's investments, investments represent a key measure of the Company's performance and comprise a significant proportion of total assets in the balance sheet. The fluctuations in investment valuation will also impact the realised and unrealised gains/(losses) recognised in the statement of comprehensive income which also affects the deferred tax provisions. Given the pervasive nature investments have on the Company's key financial metrics, we determined the existence and valuation of investments to be a key audit matter.	1) Performed an investment reconciliation of the investments balance from the opening investment balance, addition/subtraction of purchases, sales and other relevant transactions and agreeing back to the 30 June 2017 balance. 2) Agreed all the investment quantity holdings at 30 June 2017 to independent third party sources. 3) Agreed all the listed equities investment prices to independent market pricing sources. 4) Agreed all the exchange traded options prices to independent market pricing confirmations. 5) Obtained a report on whether the controls over investment purchase and sales transactions were suitably designed and operated effectively for the year and assessed the report.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report, Additional Information section and Other Information section included in the Company's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of AMCIL limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

Charles Christie
Partner

28 July 2017