



AMCIL LIMITED

ABN 57 073 990 735

APPENDIX 4E STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

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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 2014 with the previous corresponding period being the year ended 30 June 2013.

This report is based on audited financial statements. A copy of the audit report can be found on page 36.

Results for announcement to the market

- Net Profit attributable to members was \$6.3 million, down 17.2% from the previous corresponding period which included \$1.1 million after tax from the takeover of Hastings Diversified Utilities Fund.
- Net Operating Result after tax was \$6.3 million, 3.5% down from the previous corresponding period.
- Revenue from ordinary activities (excluding capital gains) was \$7.7 million, up 5.2% from the previous corresponding period.
- Net tangible assets at 30 June 2014 were 95 cents per share, up from 90 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 2013.
- AMCIL's policy is to maximise the distribution of available franking credits. In accordance with this policy, a final dividend of 2.5 cents per share, fully-franked, plus a special dividend of 4.0 cents per share, also fully-franked, will be paid on 26 August 2014 to ordinary shareholders on the register on 14 August 2014. Last year's final dividend was 3.0 cents plus a special dividend of 5.0 cents. Shares are expected to trade ex-dividend from 12 August 2014.
- The entire 4 cent special 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 5.7 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 and special dividends, 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 15 August 2014. All shares issued under the DRP will rank equally with existing shares.
- The 2014 AGM will be held at the RACV City Club, Melbourne, at 1.30 PM on Wednesday 8 October.



MEDIA RELEASE – FULL YEAR RESULT TO 30 JUNE 2014

AMCIL BENEFITS FROM BUOYANT MARKET

Profit

Profit for the year was \$6.3 million, down on last year's result of \$7.6 million. Last year's figure included \$1.1 million after tax from the takeover of Hastings Diversified Utilities Fund. The Net Operating Result, which represents the income generated from the investment and trading portfolios, was also \$6.3 million, marginally down from \$6.5 million last year.

Dividend

The Company's dividend policy is to maximise the distribution of available franking credits each year. Accordingly, AMCIL will pay a final dividend of 2.5 cents per share fully franked from operating earnings and a special dividend of 4 cents per share fully franked sourced from after-tax realised gains of \$11.4 million. The total dividends for the year are 6.5 cents per share fully franked.

Performance

AMCIL's portfolio delivered a return of 14.7% over the year whereas the S&P/ASX 200 Accumulation Index return was 17.4%. AMCIL's return is after expenses and tax on realised gains.

The generation of franking credits from the portfolio, including those generated from after-tax realised gains, is an important part of AMCIL's strategy. Including the full value of franking credits, the 1 year return of the portfolio was 18.8% per annum compared to the Index return of 19.2% per annum on an equivalent basis.

The 10 year return of the portfolio to 30 June 2014, which reflects AMCIL's medium to long term investment time frame, was 13.5% per annum whereas the Index return was 9.0% per annum. *Including the franking benefit the 10 year portfolio return was 15.5% per annum compared to the Index return of 10.4% per annum (see attached performance table).*

Portfolio

During the year the strong performance of some of the larger cap stocks in the portfolio meant the AMCIL portfolio had become more concentrated in these holdings. In general AMCIL seeks to have a portfolio where small companies by market size can have as significant an impact on portfolio returns as larger companies in the Australian market. To this end a number of adjustments were made.

Sales included ANZ Banking Group, Rio Tinto, National Australia Bank, Amcor and Woodside Petroleum.

New companies added to the portfolio throughout the year included Qube Holdings, Treasury Wine Estates, SAI Global, ResMed, TPG Telecom, Lifestyle Communities, Japara Healthcare and Transfield Services.

AMCIL held a relatively high level of cash over the year reflecting our view it has been generally more challenging to find compelling value at these market levels. Selective opportunities have been available in smaller companies, including some IPO's such as Japara Healthcare and Beacon Lighting. We will continue to look at smaller companies where better value appears to be on offer.

Please direct any enquiries to:

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22 July 2014

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (above \$2 million)	Cost \$'000
Qube Holdings*	5,403
Commonwealth Bank	4,747
Treasury Wines Estates*	3,158
SAI Global*	3,052
National Australia Bank	2,839
ResMed*	2,806
Westpac Banking Corporation	2,732
TPG Telecom*	2,624
Lifestyle Communities*	2,547
BHP Billiton	2,481
Japara Healthcare*	2,238
Equity Trustees	2,040
Transfield Services*	2,020

* New Holdings

Disposals (above \$2 million)	Proceeds \$'000
ANZ Banking Group [#]	8,446
Rio Tinto [#]	5,524
National Australia Bank	5,034
Amcor [#]	4,594
Woodside Petroleum [#]	3,994
REA Group [#]	3,647
Tox Free Solutions	3,337
Ansell [#]	2,979
Iluka Resources [#]	2,288
Tassal Group	2,266
Bega Cheese [#]	2,095

[#] Complete disposal from the portfolio

TOP INVESTMENTS AS AT 30 JUNE 2014

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 30 June 2014

		Total Value \$ '000	
1	Oil Search	17,814	8.9%
2	Commonwealth Bank of Australia	14,963	7.5%
3	BHP Billiton	14,629	7.3%
4	Westpac Banking Corporation	10,842	5.4%
5	Santos	9,697	4.8%
6	Transurban Group	9,336	4.7%
7	National Australia Bank	8,195	4.1%
8	Telstra Corporation	8,164	4.1%
9	Brambles	7,995	4.0%
10	Equity Trustees	6,704	3.3%
11	QBE Insurance Group	5,757	2.9%
12	AMP	5,717	2.9%
13	Qube Holdings	5,700	2.8%
14	Tox Free Solutions	4,732	2.4%
15	Incitec Pivot	4,350	2.2%
16	Tassal Group	4,343	2.2%
17	CSL	4,126	2.1%
18	Brickworks	3,964	2.0%
19	SAI Global	3,833	1.9%
20	Computershare	3,787	1.9%
		154,648	
	As % of Total Portfolio (excludes Cash)	77.3%	

Cash position at 30 June 2014 - \$20.0 million



PORTFOLIO PERFORMANCE TO 30 JUNE 2014

PERFORMANCE MEASURES	ANNUALISED RETURNS			
	1 YEAR	3 YEARS	5 YEARS	10 YEARS
AMCIL PORTFOLIO RETURN - NET ASSET BACKING INCLUDING DIVIDENDS REINVESTED	14.7%	13.0%	14.5%	13.5%
S&P/ASX 200 ACCUMULATION INDEX	17.4%	10.4%	11.2%	9.0%

AMCIL PORTFOLIO GROSS RETURN INCLUDING DIVIDENDS REINVESTED*	18.8%	15.6%	16.6%	15.5%
S&P/ASX 200 GROSS ACCUMULATION INDEX*	19.2%	12.1%	12.8%	10.4%

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.

FINANCIAL REPORT

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
Dividends and distributions		6,946	6,961
Revenue from deposits and bank bills		758	361
Other revenue		10	11
Total revenue		7,714	7,333
Net gains on trading portfolio		142	651
Income from options written portfolio	11	-	48
Income from operating activities		7,856	8,032
Finance costs		(73)	(73)
Administration expenses		(1,369)	(1,380)
Operating result before income tax expense	4	6,414	6,579
Income tax expense*	5	(135)	(71)
Net Operating Result for the year		6,279	6,508
Net gains on investments			
Net gains on puttable instruments		-	1,537
Tax on net gains on puttable instruments*	5	-	(461)
		-	1,076
Profit for the year		6,279	7,584
		Cents	Cents
Basic earnings per share	20	2.81	3.63
		2014 \$'000	2013 \$'000
* Total Tax Expense	5	135	532

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Year to 30 June 2014			Year to 30 June 2013		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Profit for the Year	6,279	-	6,279	6,508	1,076	7,584
Other Comprehensive Income						
Unrealised gains for the period on securities in the portfolio at 30 June	-	19,746	19,746	-	22,702	22,702
Deferred tax expense on above	-	(5,934)	(5,934)	-	(7,020)	(7,020)
Realised gains for the period on securities	-	6,407	6,407	-	7,525	7,525
Tax expense on above	-	(1,925)	(1,925)		(2,327)	(2,327)
Total Other Comprehensive Income^{1,3}	-	18,294	18,294	-	20,880	20,880
Total comprehensive income²	6,279	18,294	24,573	6,508	21,956	28,464

¹ These are the net capital gains/(losses) not recorded through the Income Statement.

Capital includes the unrealised gains or losses on open options positions.

² This is the company's Net Return for the year, which includes the Net Operating Result plus the net realised and unrealised gains or losses on the Company's investment portfolio and net gains/losses on open options positions.

³ Total tax movement in other comprehensive income – 2014 : \$(7.9)m, 2013 : \$(9.3)m

Note that 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 2014

	Note	2014 \$'000	2013 \$'000
Current assets			
Cash	6	20,014	19,419
Receivables	7	1,055	2,887
Total current assets		21,069	22,306
Non-current assets			
Investment portfolio	8	200,159	172,104
Deferred tax assets	9	57	121
Total non-current assets		200,216	172,225
Total assets		221,285	194,531
Current liabilities			
Payables	10	359	520
Tax payable		4,424	5,278
Total current liabilities		4,783	5,798
Non-current liabilities			
Deferred tax liabilities - investment portfolio	12	14,770	11,068
Total non-current liabilities		14,770	11,068
Total liabilities		19,553	16,866
Net Assets		201,732	177,665
Shareholders' equity			
Share Capital	13	145,598	129,377
Revaluation Reserve	15	28,296	21,446
Realised Capital Gains Reserve	16	12,810	13,430
Retained Profits	17	15,028	13,412
Total shareholders' equity		201,732	177,665

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains Reserve \$'000	Retained Profits \$'000	Total \$'000
Year Ended 30 June 2014						
Total equity at the beginning of the year		129,377	21,446	13,430	13,412	177,665
Dividends paid	19	-	-	(10,454)	(6,273)	(16,727)
Shares issued – Dividend Reinvestment Plan	13	6,162	-	-	-	6,162
- Share Purchase Plan	13	10,119	-	-	-	10,119
Costs of Share Issue	13	(60)	-	-	-	(60)
Total transactions with share-holders		16,221	-	(10,454)	(6,273)	(506)
Profit for the year		-	-	-	6,279	6,279
Other Comprehensive Income (net of tax)						
Net unrealised gains for the period for stocks held at 30 June		-	13,812	-	-	13,812
Net gains for the period on securities realised		-	4,482	-	-	4,482
Transfer to Retained Profits of cumulative gains on investments realised		-	(1,610)	-	1,610	-
Transfer to Realised Capital Gains Reserve of cumulative taxable gains on investments realised		-	(9,834)	9,834	-	-
Other Comprehensive Income for the year		-	6,850	9,834	1,610	18,294
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.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014 (CONT)

	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains Reserve \$'000	Retained Profits \$'000	Total \$'000
Year Ended 30 June 2013						
Total equity at the beginning of the year		129,377	16,209	-	8,842	154,428
Dividends paid	19	-	-		(5,227)	(5,227)
Total transactions with share-holders		-	-	-	(5,227)	(5,227)
Profit for the year		-	1,076	-	6,508	7,584
Other Comprehensive Income (net of tax)						
Net unrealised gains for the period for stocks held at 30 June		-	15,682	-	-	15,682
Net gains for the period on securities realised		-	5,198	-	-	5,198
Transfer to Retained Profits of cumulative gains on investments realised		-	(3,289)	-	3,289	-
Transfer to Realised Capital Gains Reserve of cumulative taxable gains on investments realised (after brought forward losses utilised)		-	(13,430)	13,430	-	-
Other Comprehensive Income for the year		-	4,161	13,430	3,289	20,880
Total equity at the end of the year		129,377	21,446	13,430	13,412	177,665

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

		2014 \$'000	2013 \$'000
	Note	INFLOWS/ (OUTFLOWS)	INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Sales from trading portfolio		2,098	4,974
Purchases for trading portfolio		(1,418)	(994)
Interest received		751	338
Proceeds from entering into options in options written portfolio		-	48
Dividends and distributions received		6,130	6,175
		<u>7,561</u>	<u>10,541</u>
Other receipts		10	11
Administration expenses		(1,529)	(1,388)
Finance costs paid		(66)	(65)
Income tax credits received/(expense paid)		(72)	138
Net cash inflow/(outflow) from operating activities	24	<u>5,904</u>	<u>9,237</u>
Cash flows from investing activities			
Sales from investment portfolio		55,452	64,973
Purchases for investment portfolio		(55,245)	(56,391)
Capital gains taxes paid		(5,011)	-
Net cash inflow/(outflow) from investing activities		<u>(4,804)</u>	<u>8,582</u>
Cash flows from financing activities			
Proceeds from borrowing		-	100
Repayment of borrowing		-	(100)
Shares issued		16,282	-
Share issue costs		(60)	-
Dividends paid		(16,727)	(5,227)
Net cash inflow/(outflow) from financing activities		<u>(505)</u>	<u>(5,227)</u>
Net increase/(decrease) in cash held		595	12,592
Cash at the beginning of the year		19,419	6,827
Cash at the end of the year	6	<u>20,014</u>	<u>19,419</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. This financial report has been authorised for issue as per the Directors Declaration and is presented in the Australian currency. The Company has the power to amend and reissue the financial report.

The Company has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Market Value	Fair Value for Actively Traded Securities
Cash	Cash & Cash Equivalents
Share Capital	Contributed Equity
Hybrids	Equity instruments that are not ordinary securities
Options	Derivatives written over equity instruments that are valued at fair value through Profit & Loss

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS). The Company is a 'for profit' entity.

The Company 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 2014 ("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. The Company only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

a) Basis of accounting

The financial statements are prepared using the valuation methods described below for holdings of securities, including options. All other items have been treated in accordance with the historical cost convention.

b) Holdings of securities

(i) Balance sheet classification

The Company has three discrete portfolios of securities, the investment portfolio, the options written portfolio and the trading portfolio. The purchase and the sale of securities are accounted for at the date of trade.

The investment portfolio relates to holdings of securities which the Directors intend to retain on a long-term basis.

The options written portfolio contains exchange traded options contracts that are entered into as described in Note 11.

Securities within the investment portfolio (with the exception of puttable instruments) are classified as 'financial assets measured at fair value through other comprehensive income', and are designated as such upon initial recognition, whereas puttable instruments and securities held

within the trading portfolio are classified as 'mandatorily measured at fair value through profit or loss in accordance with AASB 9'.

The designation of securities within the investment portfolio as 'financial assets measured at fair value through other comprehensive income' is consistent with the Directors' view of these assets as being held for the long-term for both capital growth and for the provision to the Company of dividends and distribution income rather than to make a profit from the sale of such securities, which is the purpose of securities held within the trading portfolio. Puttable instruments are required to be classified at "fair value through profit or loss" although the Directors also view these assets as being held for the long-term for both capital growth and for the provision to the Company of distribution income and their being managed as part of the investment portfolio.

(ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and hybrids, are initially brought to account at market value, which is the cost of acquisition, and are revalued to market values continuously or fair value using a variety of relevant methodologies if there is no active market. Increments and decrements on equity instruments are recognised as Other Comprehensive Income and taken to the Revaluation Reserve.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Revaluation Reserve to Retained Profits or, once the brought-forward losses have been utilised, to the Realised Capital Gains Reserve.

Gains and losses on puttable instruments are recognised in profit or loss. However, they are subsequently transferred from Retained Earnings to the Revaluation Reserve.

(iii) Valuation of trading portfolio

Securities, including listed and unlisted shares and options, are initially brought to account at market value, which is the cost of acquisition, or proceeds in the case of options written, and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken to Profit or Loss through the Income Statement.

(iv) Valuation of options written portfolio

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.

(v) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis and distributions relating to unlisted securities are recognised as income when received, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the relevant portion is treated as proceeds from a sale. If the distributions are capital returns on ordinary shares the amount of the distribution is treated as an adjustment to the carrying value of the shares.

The gain or loss on options written is not recognised as a realised gain/loss 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.

c) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by any unused tax losses and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities (excluding 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 tax provision is made for the unrealised gain or loss on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments and the options written portfolio.

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

d) Cash flows

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

e) Fair value of financial assets and liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value.

The fair value for assets that are actively traded on market is defined by AIFRS as 'last bid price'.

f) Directors' retirement allowances

The Company recognises as 'amounts payable' Directors' retirement allowances that have been crystallised as at 31 December 2003. No further amounts have been, or will be, expensed as retirement allowances.

g) Rounding of amounts

The Company is 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.

h) Split between Revenue and Capital in Other Comprehensive Income

'Capital' relates to realised or unrealised gains (and the tax thereon) on securities within the Investment Portfolio and excludes income in the form of distributions and dividends which are recorded as 'Revenue'. All other items, including expenses, are recorded as Net Operating Result, which is equivalent to 'Revenue'.

i) 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.

2. Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB112 *Income Taxes* deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the Investment Portfolio at current tax rates.

As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 12. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

3. Financial Reporting by segments

(a) Description of segments

The Board makes the strategic resource allocations for the Company. The Company 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 the Company'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 the Company's performance is evaluated on an overall basis.

The Company invests in equity securities and other instruments to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

(b) Segment information provided to the Board

The internal reporting provided to the Board for the Company'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 the Company's Net Tangible Asset announcements to the ASX).

The Board considers the Company's Net Operating Result after tax to be a key measure of the Company's performance. This amount excludes the impact of unrealised gains/losses on options and any gains or losses on the Company's investment portfolio and reconciles to the Company's profit before tax as follows:

	2014 \$'000	2013 \$'000
Operating result after income tax	6,279	6,508
Add back income tax expense	135	71
Net gains on puttable instruments	-	1,537
Profit for the year before tax	6,414	8,116

In addition, the Investment Committee regularly reviews the net asset value per share both before and after provision for deferred tax on the unrealised gains in the Company's long term investment portfolio. Deferred tax is calculated as set out in notes 1(c) and 2. The relevant amounts as at 30 June 2014 and 30 June 2013 were as follows:

	2014 cents	2013 cents
Net tangible asset backing per share		
Before Tax	95	90
After Tax	88	85

(c) Other segment information

(i) Segment Revenue

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.

The Company is domiciled in Australia and all of the Company's income is derived from Australian entities or entities that maintain a listing in Australia. The Company has a diversified portfolio of investments, with no investments comprising more than 10% of the Company's income, including income from trading and realised income from the options written portfolio – (2013 : Commonwealth Bank (11.2%) & ANZ Bank (10.3%)).

4. Operating result before income tax expense

	2014 \$'000	2013 \$'000
Dividends and distributions		
• securities held in investment portfolio	6,946	6,824
• securities held in trading portfolio	-	137
	<u>6,946</u>	<u>6,961</u>
Interest income		
• income from cash investments	758	361
	<u>758</u>	<u>361</u>
Net gains/(losses) and write downs		
• net realised gains/(losses) from trading portfolio	142	651
• realised gains/(losses) on options written portfolio	-	48
• unrealised losses from trading portfolio	-	-
	<u>142</u>	<u>699</u>
Other income	10	11
Income from operating activities	<u>7,856</u>	<u>8,032</u>
Finance costs	(73)	(73)
Administration fees paid to AICS	(717)	(717)
Other administration expenses	<u>(652)</u>	<u>(663)</u>
Operating result before income tax expense	<u>6,414</u>	<u>6,579</u>

Further information relating to remuneration of auditors is set out in Note 23, Directors and Executives in Note 21.

5. Tax expense

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

	2014	2013
	\$'000	\$'000
Operating result before income tax expense	6,414	6,579
Tax at the Australian tax rate of 30% (2013 – 30%)	1,924	1,974
Tax offset for franked dividends	(1,502)	(1,617)
Tax effect of sundry items not taxable in calculating taxable income	(76)	(9)
	346	348
Over provision in prior years	(211)	(277)
Income tax expense on operating result before net gains on investments	135	71
Net gains on investments	-	1,537
Tax at the Australian tax rate of 30% (2013 – 30%)	-	461
Tax expense on net gains on investments	-	461
Total tax expense	135	532

(b) Tax expense composition

Charge for tax payable relating to the current year	282	261
Over provision in prior years	(211)	(277)
Tax on change in fair value of puttable instruments	-	461
Decrease in deferred tax assets	64	87
	135	532

(c) Amounts recognised directly through Other Comprehensive Income

Increase in deferred tax liabilities relating to capital gains tax on the movement in unrealised gains in the investment portfolio	7,859	9,347
	7,859	9,347

6. Current assets – cash

	2014	2013
	\$'000	\$'000
Cash at bank and in hand	18	21
Fixed Term Deposits	19,996	19,398
	20,014	19,419

Cash holdings yielded an average floating interest rate of 3.4% (2013: 4.2%).

(a) Credit risk exposure

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, all rated 'AA-' by S&P.

(b) Standby arrangements and credit facilities

The Company was party to agreements under which Commonwealth Bank of Australia had extended a cash advance facility.

	2014	2013
	\$'000	\$'000
Commonwealth Bank of Australia –cash advance facility	10,000	10,000
Amount drawn down	-	-
Undrawn facilities	<u>10,000</u>	<u>10,000</u>

Repayment of facilities was done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities where utilised would not usually be drawn down for more than three months.

7. Current assets – receivables

	2014	2013
	\$'000	\$'000
Dividends and distributions receivable	997	1,081
Interest receivable/pre-paid	56	49
Sales from investment portfolio	-	1,748
Other receivables/pre-payments	2	9
	<u>1,055</u>	<u>2,887</u>

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

8. Non-current assets – investment portfolio

	2014	2013
	\$'000	\$'000
Equity instruments		
- shares/trust and stapled securities at market value	200,054	171,955
- unlisted securities at fair value	105	149
	<u>200,159</u>	<u>172,104</u>

For a detailed list of the fair value of the securities in the investment portfolio measured at fair value through Other Comprehensive Income, see Note 26.

9. Deferred tax assets

The Company's net deferred tax assets ("DTA") arise from temporary differences in the recognition of items for taxation and accounting purposes, as described in Note 1 c). The key components are:

(a) Provisions and expenses charged to the accounting profit which are not yet tax deductible	107	152
(b) Interest and dividend income receivable which is not assessable for tax until receipt	(50)	(31)
	<u>57</u>	<u>121</u>

Movements:

Opening asset balance at 1 July	121	208
Charged to Income statement	(64)	(87)
	<u>57</u>	<u>121</u>

Any deferred tax asset arising from provisions and expenses charged but not yet tax deductible will be obtained when the relevant items become tax deductible, provided that the Company derives

sufficient assessable income to enable the benefit from the deductions to be taken in that year and there are no intervening changes in tax legislation adversely affecting the Company's ability to claim the tax deduction.

The portion of deferred tax liability likely to be reversed within the next 12 months is \$43,000 (2013: \$31,000). This relates primarily to items described in item (b) above.

10. Current liabilities – payables

	2014 \$'000	2013 \$'000
Directors' retirement benefits	329	503
Other payables	30	17
	<u>359</u>	<u>520</u>

Payables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

Opening Balance for Directors' retirement benefits	503	503
Paid during the year	(174)	-
	<u>329</u>	<u>503</u>

11. Options written portfolio

The Company enters into option contracts in the options written portfolio for the purpose of enhancing returns via the premiums that it earns from the writing of these contracts. It is separate from both the trading portfolio and the investment portfolio, and the options are held as "liabilities measured at fair value through profit or loss". Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying shares at an agreed price if the taker exercises the option. Exchange Traded Options are valued at a theoretical price using observable market data which is obtained via an independent third-party data provider.

As at balance date, there were no call options outstanding (2013: \$nil potential exposure). There was no option income for the year (2013 : \$Nil).

The total option exposure position is determined daily. The Investment Committee meets regularly (normally fortnightly) to consider, review and approve the transactions of the Company and related matters. \$3.6 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2013: \$2.9 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 and trading portfolios.

12. Deferred tax liabilities – investment portfolio

	2014 \$'000	2013 \$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	<u>14,770</u>	<u>11,068</u>

Refer Note 2 for further detail on the nature of the deferred tax liabilities on the investment portfolio.

The deferred tax liability shown above was after the application of the unused losses available for set-off against any potential gains (see Note 2) in the comparative period.

	2014	2013
	\$'000	\$'000
Opening balance at 1 July	11,068	6,311
Charged to Profit for tax on puttable instruments	-	461
Tax on realised capital gains	(4,157)	(5,051)
Charged/(credited) to OCI for ordinary securities	7,859	9,347
	<u>14,770</u>	<u>11,068</u>

13. Shareholders' equity – share capital

Movements in share capital of the Company during the past two years were as follows:

Date	Details	Notes	Number of shares '000	\$	Paid-up Capital \$'000
1/07/2012	Balance		209,088		129,377
30/06/2013	Balance		209,088		129,377
27/08/2013	Dividend Reinvestment Plan	ii	7,083	0.87	6,162
8/10/2013	Share Purchase Plan	iii	11,906	0.85	10,119
	Costs of Issue		-		(60)
30/06/2014	Balance		<u>228,077</u>		<u>145,598</u>

There are no shares that have not been fully paid, all shares rank *pari passu* and have no par value.

- i. The Company has an on-market buy-back programme which remains active. During the year ended 30 June 2014 no shares were bought back (2013: Nil).
- ii. During the year ended 30 June 2014, the Company reinstated its Dividend Reinvestment Plan (DRP). Pricing of the new DRP shares was based on the average selling price of shares traded on the Australian Securities Exchange in the five days from the day the shares begin trading on an ex-dividend basis, less any discount determined by the Directors.
- iii. 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.

14. Capital Management

The Company's objectives in managing capital is to continue to provide shareholders with attractive investment returns through access to a steady stream of fully-franked dividends and enhancement of capital invested, with goals of paying dividends which utilise the Company's available franking credits and providing attractive total returns over the medium to long term.

The Company recognises that its capital will fluctuate in accordance with market conditions, and may adjust the amount of dividends paid, issue new shares from time to time or buy-back its own shares or sell assets to reduce debt.

The Company's capital consists of its shareholders equity plus any net borrowings. The change in

this capital is as noted in notes 13, 15, 16 and 17.

15. Revaluation Reserve

	2014 \$'000	2013 \$'000
Opening balance at 1 July	21,446	16,209
Gains for the year on equity instruments in investment portfolio (net of tax)	18,294	20,880
Transfer from Retained Profits – net gain on puttable instruments	-	1,076
Transfer to Retained Profits for realised gains	(1,610)	(3,289)
Transfer to Realised Capital Gains Reserve	<u>(9,834)</u>	<u>(13,430)</u>
	<u>28,296</u>	<u>21,446</u>

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy note 1 b)(ii).

16. Realised Capital Gains Reserve

	2014 \$'000	2013 \$'000
Opening balance at 1 July	13,430	-
Dividends paid	(10,454)	-
Cumulative taxable realised gains (net of tax)	<u>9,834</u>	<u>13,430</u>
	<u>12,810</u>	<u>13,430</u>

This reserve is used to record capital gains (or losses). Any dividends paid out of this reserve may be paid out as LIC capital gains, which enable some shareholders to claim a discount on their tax return.

17. Retained Profits

Opening balance at 1 July	13,412	8,842
Dividends paid	(6,273)	(5,227)
Profit for the year	6,279	7,584
Transfer from Revaluation Reserve for realised gains	1,610	3,289
Transfer to Revaluation Reserve – fair value movement on puttable instruments	<u>-</u>	<u>(1,076)</u>
	<u>15,028</u>	<u>13,412</u>

This reserve relates to past profits.

18. Financial Instruments

(a) Financial Risk Management

Accounting Standards identify three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as set out below with respect to cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are over-due.

Cash & Cash Equivalents

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. The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

Receivables

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

Trading & Investment Portfolios

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities that are not equity securities (currently none in the portfolio) to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies.

Credit risk exposure also arises in relation to options bought by the Company, if any, to the extent of their carrying value.

Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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

The Company currently has no borrowings, but even if it were to fully utilise its debt facilities, the relatively low level of gearing would ensure that covenant levels associated with facilities are very unlikely to be breached. In the unlikely event that a fall in the value of the stock market is such that a breach would appear possible, the Company would amend its cash-flows through the sale of securities and the cessation of purchases to ensure that any short-term debt is extinguished.

The Company's inward operating cash-flows depend upon the level of distributions received. Should these drop by a material amount, the Company would amend its outward cash-flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is manageable by the Board and management. Furthermore, the assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary. The current financial liabilities are shown in Notes 6 b) & 11. The table below analyses the Company'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 2014	Less than 6 months	6-12 months	Greater than 1 year	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Payables	359	-	-	359	359
	359	-	-	359	359

30 June 2013

Non-derivatives					
Payables	520	-	-	520	520
	520	-	-	520	520

Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature as a Listed Investment Company that invests in tradeable securities, the Company can never be free of market risk as it invests its capital in securities which are not risk free – the market price of these securities 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 the Company's other comprehensive income of \$7.0 million and \$14.0 million respectively, at a tax rate of 30% (2013 : \$6.0 million & \$12.0 million). The Revaluation Reserve at 30 June 2014 was \$28.3 million (2013 : \$21.4 million). It would require a fall in the value of the Investment Portfolio of 20.2% after tax to fully deplete this (2013 : 17.8%).

The Company 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, normally fortnightly, and risk can be managed by reducing exposure where necessary. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's investment by sector is as below:

	2014	2013
Energy	14.00%	15.16%
Materials	12.66%	15.29%
Industrials	17.29%	14.79%
Consumer Discretionary	2.58%	2.89%
Consumer Staples	6.50%	7.34%
Banks	15.44%	16.72%
Other financials	10.11%	8.98%
Telecommunications	6.34%	4.43%
Other – Healthcare, IT, Utilities	5.99%	4.26%
Cash	9.09%	10.14%

Securities representing over 5% of the investment portfolio at 30 June 2014 were :

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

At 30 June 2013 securities representing over 5% of the combined investment and trading portfolio were :

	2013
Oil Search	7.98%
BHP Billiton	6.24%
Brambles	5.78%
National Australia Bank	5.46%

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

The Company is not currently materially exposed to interest rate risk as all its cash investments are short-term for a fixed interest rate.

The Company 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 portfolio.

(b) Fair Value measurements

Accounting standards require the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liabilities that are not based on observable market data (unobservable inputs) (level 3).

30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through other comprehensive income				
Investment Portfolio (Equity)	200,054	105	-	200,159
Financial assets at fair value through profit or loss				
Trading Portfolio	-	-	-	-
Investment Portfolio (Puttables)	-	-	-	-
Financial liabilities at fair value through profit or loss				
Options written	-	-	-	-
Total	200,054	105	-	200,159

30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through other comprehensive income				
Investment Portfolio (Equity)	171,955	149	-	172,104
Financial assets at fair value through profit or loss				
Trading Portfolio	-	-	-	-
Investment Portfolio (Puttables)	-	-	-	-
Financial liabilities at fair value through profit or loss				
Options written	-	-	-	-
Total	171,955	149	-	172,104

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over the counter derivatives or unlisted securities) is determined using valuation techniques. The Company uses a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These instruments are included in level 2 and comprise call and put options written by the Company (when written) and the Company's investment in Hexima. In the circumstances where a valuation technique for these instruments is

based on significant unobservable inputs, such instruments are included in level 3 (currently none).

(c) Numerical disclosures – Investment Portfolio

The fair value of each investment held at fair value through other comprehensive income (investment portfolio) is disclosed in note 26.

Dividend and distribution income for the period on those investments held at period end was \$5.6 million (2013 : \$5.0 million), and dividend and distribution income for those investments sold during the period was \$1.3 million (2013 : \$1.7 million).

Certain securities within the investment portfolio were disposed of during the period, whether during the normal course of the Company's activities as a Listed Investment Company or as the result of take-overs or acquisitions. The fair value of the investments sold during this period was \$53.0 million (2013 : \$54.4 million). The cumulative gain on these disposals was \$11.4 million for the period after tax (2013 : \$11.5 million), which has been transferred from the revaluation reserve to retained profits and realised gains (refer to Statement of Changes in Equity). No puttable instruments were also sold during the period (2013 : \$12.3 million).

The Company has one class of investments in the investment portfolio - assets defined under AASB 9 as 'equity investments', the fair value of which is valued through other comprehensive income and at 30 June 2014 was \$200.2 million (30 June 2013 \$172.1 million).

19. Dividends

	2014 \$'000	2013 \$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2013 of 3.0 cents fully franked at 30% plus a special dividend of 5 cents, also fully franked, paid on 27 August 2013 (2013: 2.5 cents fully franked at 30% paid on 28 August 2012).	16,727	5,227
	<u>16,727</u>	<u>5,227</u>
b) Franking credits		
Balance on the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	6,825	7,679
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(6,354)	(7,169)
Net available	471	510
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	1,099	1,190
The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and the Company paying tax.		
(c) Dividends declared after balance date	\$'000	
Since the end of the year Directors have declared a final dividend of 2.5 cents and a special dividend of 4 cent per share, both fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2014 to be paid on 26 August 2014, but not recognised as a liability at the end of the financial year	14,825	
(d) Listed Investment Company capital gain account	2014 \$'000	2013 \$'000
Balance of the Listed Investment Company (LIC) capital gain account	10,313	11,788
This would equate to an attributable amount of	14,733	16,840
Distributed LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the dividend statement. LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios. \$9.1 million of the capital gain (\$13.0 million of the attributable amount) will be paid out as a special dividend on 26 August 2014.		

20. Earnings per share

Basic Earnings per Share	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator	223,689,722	209,088,358
	\$'000	\$'000
Profit for the year	6,279	7,584
	Cents	Cents
Basic earnings per share	2.81	3.63
Basic Net Operating Result per Share	\$'000	\$'000
Net Operating Result	6,279	6,508
	Cents	Cents
Basic Net Operating Result per share	2.81	3.11

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. This similarly applies to diluted Net Operating Result before net gains on investment and options written portfolios per share.

21. Directors and Executives

The Remuneration for the Directors was as follows :

	Short Term Benefits \$	Post- Employment Benefits \$	Total \$
2014 Directors	297,411	38,229	335,640
2013 Directors	361,836	23,164	385,000

Shareholdings

At balance date, shares issued by the Company and held directly, indirectly or beneficially by non-executive directors and executives of the Company, or by entities to which they were related were:

2014	Opening balance	Net changes	Closing balance
BB Teele	34,111,245	2,933,049	37,044,294
RE Barker	4,413,504	165,763	4,579,267
PC Barnett	573,789	17,648	591,437
RG Brown	n/a	-	0
TA Campbell	4,895,811	-	n/a
RH Myer	636,155	76,145	712,300
RB Santamaria	245,008	40,177	285,185
SDM Wallis	2,240,677	-	n/a
RM Freeman	493,745	35,296	529,041
GN Driver	194,890	37,768	232,658
SM Pordage	1,467	1,186	2,653
AJB Porter	2,701	2,739	5,440

2013	Opening balance	Net changes	Closing balance
BB Teele	34,400,833	(289,588)	34,111,245
RE Barker	4,408,504	5,000	4,413,504
PC Barnett	573,789	-	573,789
TA Campbell	4,895,811	-	4,895,811
RH Myer	636,155	-	636,155
RB Santamaria	245,008	-	245,008
SDM Wallis	2,240,677	-	2,240,677
RM Freeman	466,245	27,500	493,745
GN Driver	192,815	2,075	194,890
SM Pordage	-	1,467	1,467
AJB Porter	-	2,701	2,701

22. Related parties

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

The day-to-day management of the Company's investments and its operation, including financial reporting and administration, have been delegated to Australian Investment Company Services Limited ("AICS"). Details of the amounts paid to AICS are disclosed in Note 4.

23. Remuneration of auditors

During the year the auditor earned the following remuneration:

PricewaterhouseCoopers

	2014	2013
	\$	\$
Audit or review of financial reports	82,804	81,180
<u>Non-Audit Services</u>		
Taxation compliance services	33,983	30,470
Total remuneration	<u>116,787</u>	<u>111,650</u>

The Company's Audit Committee oversees the relationship with the Company's External Auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other audit related tax compliance services provided by the audit firm to ensure they do not compromise independence. Other non-audit services would not normally be provided by the external audit firm. However, if for special reasons such services were to be proposed, the Audit Committee would review the proposal to also ensure they did not affect the independence of the external audit function. The Company also conforms to legal requirements regarding audit partner rotation every 5 years.

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

	2014	2013
	\$'000	\$'000
Profit for the year	6,279	7,584
- Net decrease in trading portfolio	-	2,655
- Net fair value movement for puttable instruments	-	(1,076)
- Dividends received as securities under DRP investments	(362)	(408)
- Decrease (increase) in current receivables	1,832	(1,473)
- Less increase (decrease) in receivables for investment portfolio	(1,748)	1,748
- Increase in deferred tax liabilities	3,766	4,844
- Less increase in deferred tax liability on investment portfolio	(3,702)	(4,757)
- Decrease in current payables	(161)	(7)
- Increase (decrease) in provision for tax payable	(854)	5,178
- Less decrease (increase) in tax payable on capital gains	854	(5,051)
Net cash flows from operating activities	<u>5,904</u>	<u>9,237</u>

25. Contingencies

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

26. Securities at Fair Value through Other Comprehensive Income at 30 June 2014

The below list are those securities held in the investment portfolio that are valued at fair value through Other Comprehensive Income. They do not include securities in the trading portfolio or puttable instruments in the investment portfolio (which are held at 'fair value through profit or loss') or the options written portfolio.

Individual holdings in the portfolio may change during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

	2014	2013
	\$'000	\$'000
Oil Search	17,814	13,742
Commonwealth Bank	14,963	8,499
BHP Billiton	14,629	10,744
Westpac	10,842	6,989
Santos	9,697	8,145
Transurban	9,336	6,659
National Australia Bank	8,195	9,396
Telstra	8,164	6,998
Brambles	7,995	9,945
Equity Trustees	6,704	3,347
QBE Insurance Group	5,757	7,992
AMP	5,717	5,860
Qube Logistics	5,700	-
Tox Free Solutions	4,732	8,366
Incitec Pivot	4,350	3,194
Tassal	4,343	4,413
CSL	4,126	2,463
Brickworks	3,964	2,095
SAI Global	3,833	-
Computershare	3,787	3,081
Lifestyle Communities	3,531	-
iProperty Group	3,519	-
Coca-Cola Amatil	3,453	5,529
Treasury Wines	3,360	-
Wesfarmers	3,151	3,019
ALS	3,101	3,353
Senex	3,058	2,596
TPG Telecom	2,976	-
BigAir Group	2,822	1,487
James Hardie	2,768	1,108
Resmed	2,658	-
Japara Healthcare	2,526	-
AWE Limited	2,160	-
Transfield Services	1,790	-
Recall Holdings	1,577	-
ARB Corporation	1,530	1,759
Beacon Lighting	630	-
Emerchants Limited	544	-

	2014	2013
	\$'000	\$'000
Blue Energy	252	-
Hexima	105	149
ANZ	-	7,145
Amcor	-	4,627
Rio Tinto	-	4,451
Woodside Petroleum	-	3,606
Iluka Resources	-	2,797
REA Group	-	2,478
Ansell	-	2,468
iSelect	-	1,295
Bega Cheese	-	1,099
Tap Oil	-	940
Medusa Mining	-	270
	<hr/>	<hr/>
	200,159	172,104



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 2014, 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 1, 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

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Auditor's opinion

In our opinion:

1. 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 2014 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*.
2. the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Charles Christie', written in a cursive style.

Charles Christie
Partner

Melbourne
22 July 2014