

Half-Year Review to
31 December 2015

A Focused
Portfolio
of Australian
Equities



The Company aims to provide shareholders with:

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

CONTENTS

- 1 Half-Year in Summary
- 2 Review of Operations and Activities
- 8 Top 20 Investments
- 9 Income Statement
- 10 Balance Sheet
- 11 Summarised Statement of Changes in Equity
- 12 Holdings of Securities
- 19 Major Transactions in the Investment Portfolio
- 20 Company Particulars
- 21 Shareholder Meetings

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

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

HALF-YEAR IN SUMMARY

PROFIT FOR THE HALF-YEAR

\$5.1m

▲ Up 79.9% from 2014

TOTAL 6 MONTH PORTFOLIO RETURN

+7.4%

S&P/ASX 200 Index -0.5%

MANAGEMENT EXPENSE RATIO

0.65% Annualised

0.72% in 2014

TOTAL PORTFOLIO

\$230.5m
Including cash at 31.12.15

\$210.6 million in 2014

TOTAL 6 MONTH SHAREHOLDER RETURN

+4.2%

Share price plus dividend

REVIEW OF OPERATIONS AND ACTIVITIES

Profit and Dividend

Profit for the half-year was \$5.1 million, up 79.9 per cent from \$2.8 million in the previous corresponding period. The increase was due to the improved contribution from the trading portfolio, in particular the holding in Netcomm Wireless and participation in some smaller Initial Public Offerings (IPOs), all of which increased substantially in value over the period.

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

Portfolio

After a period of early strength in the first half of the financial year the equity market was dragged down by the continued fall in commodity prices and concerns about global growth, particularly in China where the market became concerned about the profile of growth and potential financial stress. Furthermore, international investors reduced their exposure to the Australian

market as a proxy for investment exposure to China (Figure 1).

As a result, returns from larger companies in the Australian index have been weak over the period. However, mid and small companies outperformed during the half-year as domestic investors were attracted to areas of the market where there is a greater prospect of earnings growth (Figure 2).

The Company's recent portfolio returns have benefited from repositioning some exposure towards mid and smaller companies. In this context, the best performing stocks over the half-year were in companies such as Treasury Wine Estates, iProperty Group, Tassal Group, Citadel Group, AMA Group and Japara Healthcare. Of the larger companies in the portfolio, CSL and Brambles also delivered strong returns.

Over the six month period the portfolio increased 7.4 per cent, whereas the S&P/ASX 200 Accumulation Index declined

Figure 1: S&P/ASX 200 Price Index

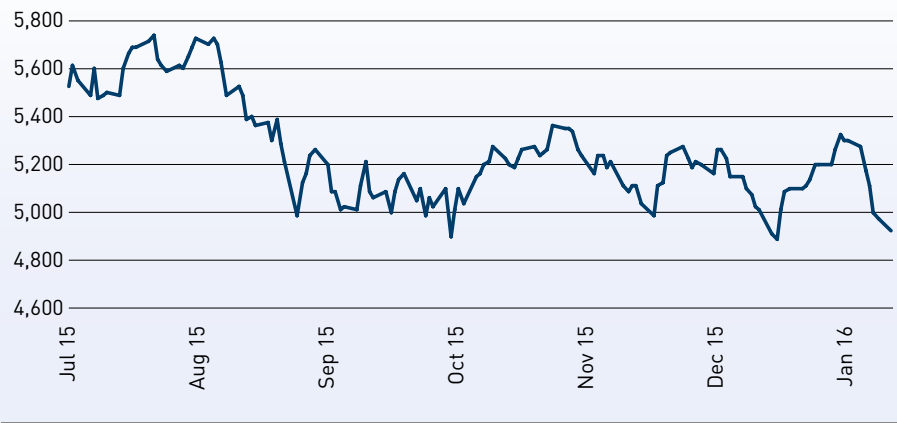
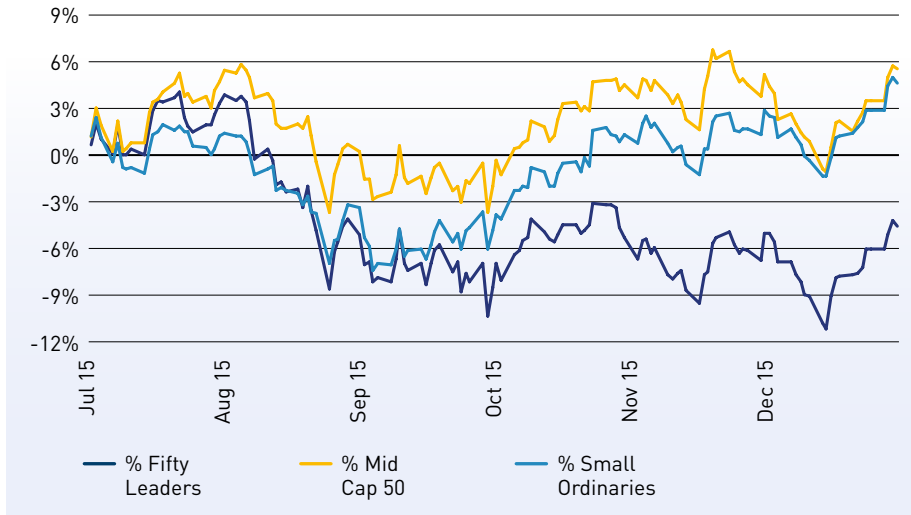


Figure 2: Returns by market size in the six months to 31 December 2015



0.5 per cent. The one year return of the portfolio to 31 December 2015 was 12.2 per cent, whereas the S&P/ASX 200 Accumulation Index return was 2.6 per cent. AMCIL's return is after expenses and tax paid on realised gains (Figure 3 page 4).

The level of franked dividends paid by the AMCIL, including recent special dividends sourced from realised gains on which tax has been paid, has added considerably to returns. Figure 4 on page 5 includes franking credits and reinforces the benefit of these as part of Company's investment focus.

A number of new companies were added through the six month period. These included Mainfreight, OzForex Group (prior to the current takeover offer), Wellcom Group, Woodside Petroleum, Vocus Communications, Ardent Leisure, Seek and Paragon Care. The purchase of Woodside Petroleum was as a result of the rebalancing of exposure to the energy sector with the complete sale of the holding

in Santos and a reduced exposure to Oil Search. The other major increase was adding to the existing holding in Healthscope, given the ongoing attractiveness of the healthcare sector as a long term investment proposition.

As a way of financing the repositioning of the portfolio in the half-year there was a lessening in exposure to the banking sector, including a reduction in Westpac and Commonwealth Bank positions. Other sales included large cap holdings in AMP and Computershare, as well as Brickworks, Asciano (partial sale in response to the takeover offer) and Vicinity Centres.

Energy Developments was also taken over by DUET Group through the period.

Details of the more significant purchases in new smaller companies are outlined below:

- **Mainfreight** (listed on the NZX) is headquartered in New Zealand. It is engaged in freight logistics services and

REVIEW OF OPERATIONS AND ACTIVITIES

continued

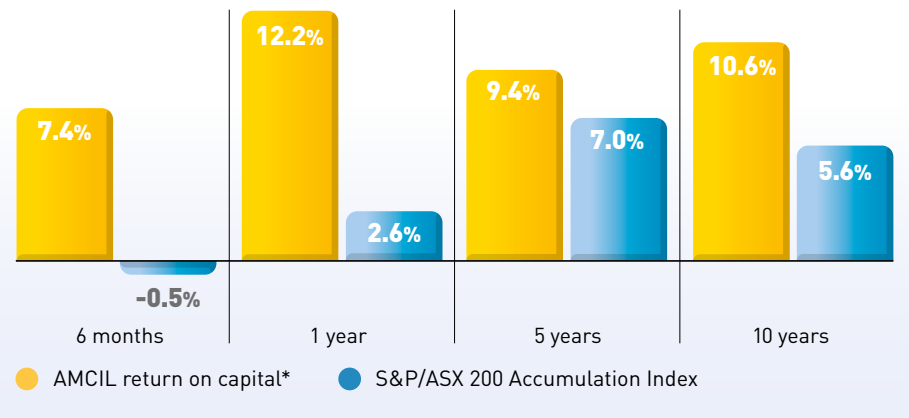
supply chain solutions specialising in 'less than a container' loads. The company offers managed warehousing and international and domestic freight forwarding services. Its services include managed warehousing, domestic distribution, metro and wharf cartage and international air and sea freight operations across New Zealand, Australia, Europe, Asia and the United States.

- **OzForex Group** is an Australian online foreign currency payment service provider to consumers and small businesses. It is currently subject to a non-binding indicative proposal takeover from Western Union.
- **Wellcom Group** is an Australian production and content management company. Wellcom offers its clients a range of services including graphic design and cross-media adaptations, 3D and 2D illustration, photography and creative retouching, online and digital services,

TVC production, video and animation, pre-media, image and asset libraries, and online workflow processes. Wellcom offers its pre-media and data management services in Australia, the United Kingdom, New Zealand and Asia.

- **Vocus Communications** provides a range of telecommunications services including fibre connection, data centre storage, and internet undersea cable capacity from Australia and New Zealand to the United States. These services are provided to Internet Service Providers (ISPs) on a wholesale basis and direct to corporate customers.
- **Ardent Leisure** owns and operates over 100 leisure assets including theme parks, tourist attractions, marinas, bowling centres, laser skirmish centres and health clubs across Australia, New Zealand and the United States. Its operations include the Main Event, which is a chain of entertainment centres in the

Figure 3: Portfolio performance – annualised returns to 31 December 2015*



* All figures are annualised other than six month returns.

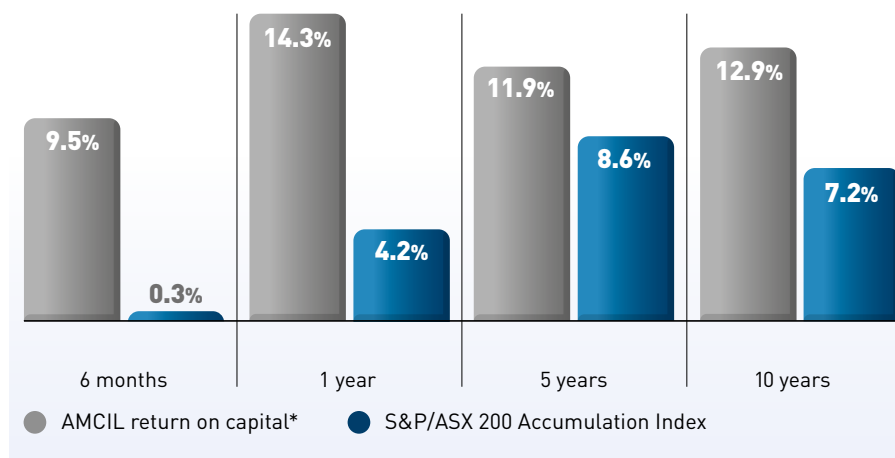
United States, Dreamworld theme park and the WhiteWater World water park, both of which are on the Gold Coast, Queensland.

- **Seek** operates the leading Australian employment classifieds website seek.com.au. It has investments in employment classifieds websites in China, Brazil, Mexico and South East Asia, and is a provider of online and classroom education and training services.
- **Paragon Care** is a Melbourne based company that has progressively acquired businesses in the healthcare sector. It is

a leading provider of medical equipment, devices and consumables to hospitals, medical centres and aged care facilities in Australia and New Zealand.

As at 31 December 2015 AMCIL held 52 companies in the investment portfolio. Figure 5 highlights the profile of the portfolio by the various sectors of the market at the end of the calendar year. This helps illustrate the diversity of the portfolio and more importantly the different focus the AMCIL portfolio has relative to the market index, which has large weightings towards banks and resources.

Figure 4: Portfolio performance – annualised returns to 31 December 2015 including franking*



Portfolio return for AMCIL 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 in January 2004.

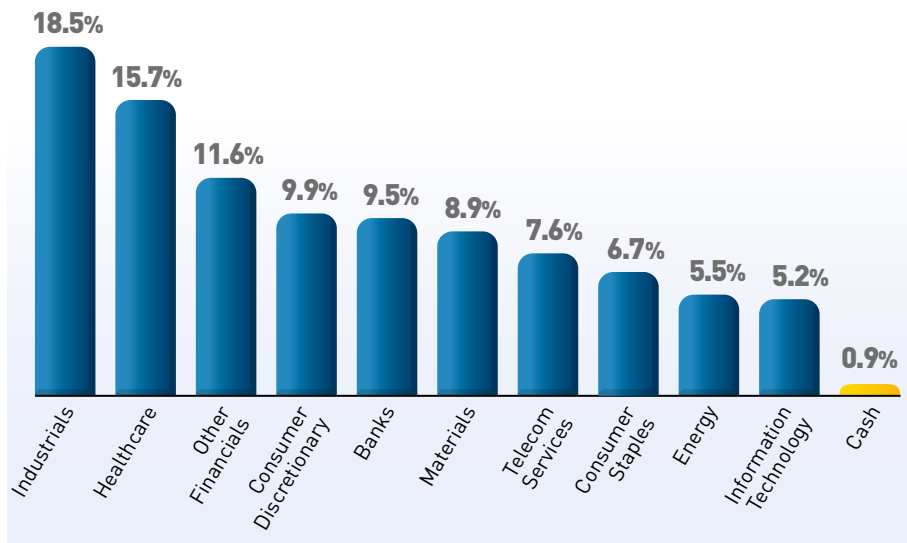
Note: AMCIL's portfolio return is also calculated after management fees, income tax and capital gains tax on realised sales of investments. It should be noted that index returns for the market do not include management expenses or tax.

* All figures are annualised other than six month returns. Assumes an investor can take full advantage of the franking credits.

REVIEW OF OPERATIONS AND ACTIVITIES

continued

Figure 5: Investment by sector as at 31 December 2015



Outlook

We expect markets to remain volatile in light of uncertainty about growth prospects in China, higher interest rates in the United States and from a domestic perspective an economy looking for renewed growth.

The Company is close to fully invested and Directors believe the recent fall in the market has driven valuations back towards more attractive buying levels.

Share Purchase Plan

In a portfolio that has an investment approach that can scan for the best opportunities in the market irrespective of company size, it is important to have the flexibility to take advantage of market conditions and other opportunities such as IPOs.

Against this background, the Company has initiated a Share Purchase Plan, which is expected to raise between \$7 million to \$10 million. It is due to close on 25 February 2016. Details were sent to shareholders on 25 January 2016.

Directorship Matters

Mr Peter Barnett, a Director of the Company, retired from the Board on 19 January 2016. Mr Barnett had been a Director of the Company since it commenced operations in 1996.

The Board deeply appreciates Mr Barnett's twenty years of dedicated service to shareholders and outstanding contribution to Board matters, including as Chair of the Audit Committee throughout the life of the Company. We wish him well for the future.



TOP 20 INVESTMENTS

As at 31 December 2015

Includes investments held in both the investment and trading portfolios.

Valued at closing prices at 31 December 2015

	Total Value \$'000	% of Portfolio
1 Commonwealth Bank of Australia*	12,623	5.5
2 Brambles	10,213	4.5
3 Oil Search*	9,927	4.3
4 CSL	8,635	3.8
5 Telstra Corporation*	7,555	3.3
6 Qube Holdings	7,200	3.2
7 Incitec Pivot*	6,812	3.0
8 QBE Insurance	6,799	3.0
9 TPG Telecom	6,478	2.8
10 National Australia Bank*	6,437	2.8
11 Treasury Wine Estates	6,309	2.8
12 Lifestyle Communities	6,275	2.7
13 Transurban Group	5,759	2.5
14 BHP Billiton*	5,338	2.3
15 Mainfreight	5,183	2.3
16 Japara Healthcare	5,148	2.3
17 The Citadel Group	5,082	2.2
18 James Hardie Industries	4,892	2.1
19 CSG	4,500	2.0
20 ResMed	4,464	2.0
Total	135,628	

As percentage of total portfolio value (excluding cash)

59.4%

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

INCOME STATEMENT

For the half-year ended 31 December 2015

	Half-Year 2015 \$'000	Half-Year 2014 \$'000
Dividends and distributions	3,565	3,385
Revenue from deposits and bank bills	75	215
Net gains on trading and options portfolios	3,238	41
Other income	4	11
Total income	6,882	3,652
Finance costs	(40)	(33)
Administration expenses	(727)	(774)
Profit before income tax expense	6,115	2,845
Income tax expense	(1,030)	(18)
Profit for the half-year	5,085	2,827
	Cents	Cents
Earnings per share	2.08	1.21

BALANCE SHEET

As at 31 December 2015

	31 Dec 2015 \$'000	30 June 2015 \$'000
Current assets		
Cash	2,065	12,973
Receivables	301	955
Trading portfolio	5,207	547
Total current assets	7,573	14,475
Non-current assets		
Investment portfolio	223,762	207,642
Deferred tax assets	62	-
Total non-current assets	223,824	207,642
Total assets	231,397	222,117
Current liabilities		
Payables	355	1,037
Borrowings – bank debt	1,000	-
Options written portfolio	580	186
Tax payable	633	1,684
Total current liabilities	2,568	2,907
Non-current liabilities		
Deferred tax liabilities	-	7
Deferred tax liabilities – investment portfolio	17,096	13,533
Total non-current liabilities	17,096	13,540
Total liabilities	19,664	16,447
Net assets	211,733	205,670
Shareholders' equity		
Share capital	161,382	157,880
Revaluation reserve	29,176	22,661
Realised capital gains reserve	2,422	7,064
Retained profits	18,753	18,065
Total shareholders' equity	211,733	205,670

SUMMARISED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Half-Year 2015 \$'000	Half-Year 2014 \$'000
Total equity at the beginning of the half-year	205,670	201,732
Dividends paid	(9,675)	(14,825)
Shares issued		
– Dividend Reinvestment Plan	3,513	5,531
– Share Purchase Plan	-	6,805
Costs of share issues	(11)	(54)
Total transactions with shareholders	(6,173)	(2,543)
Profit for the half-year	5,085	2,827
Revaluation of investment portfolio	10,285	(6,123)
Provision for tax on revaluation	(3,134)	1,813
Revaluation of investment portfolio (after tax)	7,151	(4,310)
Total comprehensive income for the half-year	12,236	(1,483)
Realised gains on securities sold	207	3,427
Tax (expense)/credit on realised gains on securities sold	429	(745)
Net realised gains on securities sold	636	2,682
Transfer from revaluation reserve to realised gains reserve	1,014	(1,737)
Transfer from revaluation reserve to retained profits*	(1,650)	(945)
Total equity at the end of the half-year	211,733	197,706

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

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

HOLDINGS OF SECURITIES

As at 31 December 2015

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

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

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
AAD	Ardent Leisure	An operator of leisure and entertainment assets across Australia, the United States and New Zealand.	900	2,034
ADH	Adairs	A specialty retailer of home furnishings in Australia with a national footprint of stores across a number of store formats	968	2,469
AIO	Asciano	Transport infrastructure business, with a focus on ports and rail	136	1,191
ALQ	ALS	Provider of analytical laboratory services to mining, life sciences, energy and industrial clients	535	2,016
AMA	AMA Group	Operator of Australia's largest group of automotive panel repair sites	4,000	3,760
AMP*	AMP	Major Australasian financial services organisation	500	2,860
ARB	ARB Corporation	Manufacturer and distributor of four-wheel drive vehicle accessories in Australia and internationally	184	2,976
ASZ	ASG Group	Australian IT business solutions provider, offering IT management and consulting services	1,954	2,305

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
BHP*	BHP Billiton	Diversified international resources company	300	5,338
BLX	Beacon Lighting Group	Australia's largest lighting and accessory retailer with integrated operations from design and sourcing through to merchandising and retailing	1,624	3,394
BRS	Broadspectrum	Operations, maintenance and construction services business operating globally in the resources, energy, industrial, infrastructure, property and defence sectors	1,545	2,163
BXB	Brambles	Global provider of supply chain management and logistics solutions	883	10,213
CBA*	Commonwealth Bank of Australia	Banking and wealth management services	150	12,623
CGL	The Citadel Group	Provider of professional training services and technology related consulting	1,031	5,082
CSL	CSL	Biopharmaceutical company that researches, develops, manufactures and markets products to treat and prevent serious human medical conditions	82	8,635
CSV	CSG	A print and communications solution provider to corporate and government customers	2,500	4,500
CVO	Cover-More Group	Provider of travel insurance and medical assistance services	1,200	2,652

HOLDINGS OF SECURITIES continued

As at 31 December 2015

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
FNP	Freedom Foods Group	Specialist producer of allergen-free foods, with related packaging and marketing interests in dairy and seafood	584	2,366
FPH	Fisher & Paykel Healthcare	Designs, manufactures and markets a range of medical devices used in respiratory care and the treatment of obstructive sleep apnoea	330	2,761
GTY	Gateway Lifestyle	Develops and operates residential communities for elderly residents	625	1,894
HSO	Healthscope	One of Australia's leading private hospital operators	1,550	4,124
HXL [#]	Hexima	Agricultural-biotech company engaged in the research and development of technology for the genetic modification of crops	875	0
IDX	Integral Diagnostics	A national operator of a network of diagnostic imaging sites	747	1,236
IEL	IDP Education	Provider of international English language testing, student placement and English language teaching services	176	586
IPL [*]	Incitec Pivot	Manufacturer and supplier of fertiliser and industrial explosives products	1,727	6,812
IPP	iProperty Group	Operates internet-based real estate portals in Asian markets including Malaysia, Singapore, Hong Kong and Indonesia	1,100	4,345

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
ISU	iSelect	Provides an online comparison service that compares insurance, household utilities and personal finance products	1,135	1,283
JHC	Japara Healthcare	Provider of residential aged care services	1,609	5,148
JHX	James Hardie Industries	Building materials company focused on fibre cement products, predominantly in the United States	280	4,892
LHC	Lifehealthcare	An Australian independent medical device distributor into the surgical channel	254	850
LIC	Lifestyle Communities	Developer, owner and manager of independent living communities for elderly citizens	2,500	6,275
MFT	Mainfreight	Provider of managed warehousing and international and domestic freight forwarding services	359	5,183
MYX	Mayne Pharma Group	A specialty pharmaceutical company that develops and manufactures branded and generics products, which it distributes globally either directly or through distribution partners	2,228	3,141
NAB*	National Australia Bank	Banking and wealth management services	215	6,437
NTC	Netcomm Wireless	Delivers advanced broadband and wireless devices that empower businesses, people and machines to connect to the internet	500	1,465

HOLDINGS OF SECURITIES continued

As at 31 December 2015

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
OCL	Objective Corporation	Provider of information technology software and services	1,287	2,445
OFX	Ozforex Group	An online foreign currency payment service provider to consumers and small businesses	1,275	4,182
OSH*	Oil Search	Oil and gas explorer, developer and producer with assets predominantly in Papua New Guinea	1,500	9,927
PGC	Paragon Care	A supplier of medical equipment and consumables to the healthcare market	3,774	2,566
QBE	QBE Insurance Group	General insurance and reinsurance services provider	540	6,799
QUB	Qube Holdings	Provider of import and export logistics services with national operations	3,000	7,200
RMD	ResMed	Leading developer, manufacturer and distributor of medical equipment for treating, diagnosing and managing sleep-disordered breathing and other respiratory disorders	600	4,464
S32	South32	A globally diversified metals and mining company formed via its demerger by BHP Billiton	808	860
SEK	Seek	Operator of employment classifieds websites in Australia and offshore with interests in education and training	155	2,390
SGM	Sims Metal Management	A global metal recycling business that buys, processes and sells ferrous and non-ferrous recycled metals and recycles redundant electrical equipment	350	2,534

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
SHL	Sonic Healthcare	Provider of medical diagnostic services including pathology, diagnostic imaging and medical centres	185	3,306
TCL	Transurban Group	Developer and operator of electronic toll roads in Australia and overseas	550	5,759
TGR	Tassal Group	Producer and exporter of Atlantic salmon from Tasmania	876	4,115
TLS*	Telstra Corporation	Telecommunications operator and information services provider	1,355	7,555
TPM	TPG Telecom	Provider of a range of telecommunication services to residential users, small and medium enterprises, government and large corporates in Australia	655	6,478
TWE	Treasury Wine Estates	Wine company with a number of brands produced in Australia, New Zealand, the United States and Italy and sold globally	760	6,309
VED	Veda Group	A data analytics business that is the leading provider of credit information and analysis in Australia and New Zealand through the provision of credit reports relating to individuals and businesses	1,000	2,800
VOC	Vocus Communications	Provider of wholesale, retail and business telecommunications services in Australia and New Zealand	460	3,459
WBC*	Westpac Banking Corporation	Banking and wealth management services	85	2,809

HOLDINGS OF SECURITIES continued

As at 31 December 2015

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
WES	Wesfarmers	Diversified conglomerate with retailing operations in supermarkets, department stores, home improvement and office supplies. The group also operates businesses involved in coal mining, energy, chemicals, fertilisers and industrial and safety products	65	2,705
WLL	Wellcom Group	Production company providing pre-media, digital asset management and specialty printing services to advertisers, retailers and corporations	750	3,990
WPL	Woodside Petroleum	Engages in the exploration, evaluation, development and production of hydrocarbon and oil and gas properties	95	2,728
Total				228,389

* Investments marked with an asterisk were the subject of options, either for the whole holding in the trading portfolio or part of it.

Unlisted security.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (Above \$2.0 million)*	Cost \$'000
Mainfreight	4,859
OzForex Group	3,267
Healthscope	3,150
Wellcom Group	3,008
Woodside Petroleum	2,927
Vocus Communications	2,685
Ardent Leisure Group	2,333
Seek	2,030
Paragon Care	2,000

* All are new holdings other than Healthscope.

Disposals (Above \$2.0 million)	Proceeds \$'000
Westpac Banking Corporation	4,832
Brickworks [#]	4,017
Santos [#]	3,833
Energy Developments [#] (takeover by DUET Group)	3,200
Asciano	2,770
Oil Search	2,703
Computershare [#]	2,631
AMP	2,630
Commonwealth Bank	2,510
Vicinity Centres [#]	2,223

[#] Complete disposal from the portfolio.

COMPANY PARTICULARS

AMCIL Limited (AMCIL)

ABN 57 073 990 735

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

Directors

Bruce B Teele, Chairman
Ross E Barker, Managing Director
Roger Brown
Rupert Myer AO
Richard B Santamaria

Company Secretaries

Simon M Pordage
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office and Mailing Address

Level 21, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@amcil.com.au
Website www.amcil.com.au

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

Telephone 1800 780 784 (toll free)

Share Registrar

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

Shareholder

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

Facsimile (03) 9473 2500

Website www.investorcentre.com.au/contact

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

Australian Securities Exchange Code

AMH Ordinary Shares

SHAREHOLDER MEETINGS

Melbourne Meeting

Time 1.00pm
Date Wednesday 9 March 2016
Venue RACV City Club
Location 501 Bourke Street
Melbourne

Canberra Meeting

Time 1.00pm
Date Tuesday 15 March 2016
Venue Hyatt Hotel Canberra
Location 120 Commonwealth Avenue
Yarralumla

