



Appendix 4E Statement
for the Full Year Ending
30 June 2022

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These documents comprise the preliminary final report given to ASX under listing rule 4.3A

This announcement was authorised for release by the Board of AMCIL Limited ABN 57 073 990 735

Results for Announcement to the Market

The reporting period is the year ended 30 June 2022 with the prior corresponding period being the year ended 30 June 2021.

This report is based on financial statements that are in the process of being audited.

Results for Announcement to the Market

- > Net Profit attributable to members was \$8.1 million, up 19.8% from the previous corresponding period.
- > Revenue from ordinary activities (excluding capital gains) was \$10.7 million, up 28.2% from the previous corresponding period.
- > Net tangible assets at 30 June 2022 were \$1.03 cents per share, down from \$1.27 per share at the end of the previous corresponding period, in both cases before allowing for any final dividend. This is indicative of the accumulation return for AMCIL's portfolio which was negative 14.3%, including franking, for the year (compared to negative 5.1% for the ASX 200 Accumulation Index, also including franking).
- > A final dividend of 2.5 cents per share will be paid on 25 August 2022 to ordinary shareholders on the register on 4 August 2022. Last year's final dividend was 2.5 cents per share. A special dividend of 2.0 cents per share was also paid last year. Shares are expected to trade ex-dividend from 3 August 2022. There is no conduit foreign income component of the dividend.
- > An interim dividend of 1 cent per share was paid on 24 February 2022.
- > The 2.5 cent final dividend is sourced from capital gains, on which the Company has paid or will pay tax. The amount of the pre-tax attributable gain, known as an "LIC capital gain", attached to these dividends is 3.57 cents per share. This enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements.
- > A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price for both will be set at a **2.5%** discount to the Volume Weighted Average Price of the Company's shares traded on the ASX and Cboe Australia automated trading systems over the five trading days after the shares trade ex-dividend. Notices of participation in the DRP and the DSSP need to be received by the share registry by 5pm (AEST) on 5 August 2022. All shares issued under the DRP and DSSP will rank equally with existing shares.
- > The 2022 AGM will be held at 1.30pm on Tuesday 4 October 2022. Further details on how to participate will be sent to shareholders.

Full-Year Report to 30 June 2022

AMCIL manages a focused portfolio of high-quality companies that is expected to deliver above-market growth over the long term. Within this concentrated portfolio, large, mid and small companies can have an equally important impact on portfolio returns.

The Full-Year Profit was \$8.1 million, up 19.8% from \$6.8 million last year. The profit to 30 June 2022 includes a dividend of \$2.0 million (which was non-cash but carries franking credits with it) resulting from the BHP Petroleum/Woodside merger. Last year's figure included a demerger dividend of \$2.2 million resulting from the Endeavour Group demerger from Woolworths. The increase in profit for this financial year excluding these one-off's was driven by higher fully franked dividends received.

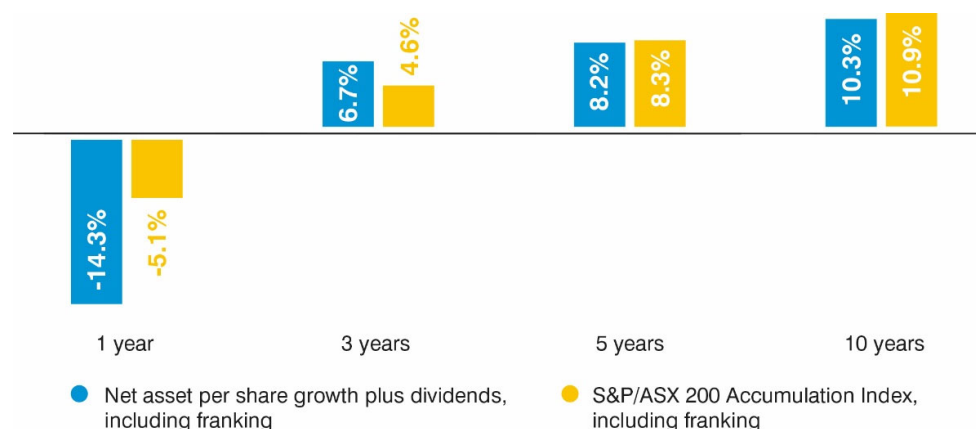
Directors have declared a final dividend of 2.5 cents per share fully franked (the same as last year), bringing total dividends for year to 3.5 cents per share. Total dividends paid last year were 4.5 cents per share, which included a special dividend of 2 cents per share.

AMCIL's 12-month portfolio return was negative 14.3% including franking. The return of the S&P/ASX 200 Accumulation Index was negative 5.1% including franking over this period. This was a significant turnaround from the first half of the financial year where AMCIL's portfolio return was well ahead of the Index. With the rise in interest rates over the second half of the financial year because of heightened central bank concerns about inflation, falling consumer confidence and the onset of significant geopolitical events driving higher energy prices, there was a large divergence in sector performance during this period. This impacted the relative short-term performance of the portfolio. Underweight portfolio exposure to energy and utilities was impactful given Energy was up 30.1% over the year and Utilities increased 36.0% over the 12-month period. In addition, stocks in the portfolio such as Temple & Webster, FINEOS Corporation and Domino's Pizza Enterprises were down heavily as valuations fell in response to rising interest rates.

Over 10 years, the per annum return figures including franking for AMCIL was 10.3% per annum and 10.9% per annum for the S&P/ASX 200 Accumulation Index. AMCIL's performance is after costs.

Adjustments made to the portfolio though the period, reflecting the increased valuation risk in several holdings following very strong share price performance, produced realised gains after tax of \$22.2 million. In the corresponding period last year, realised gains after tax were \$12.6 million.

Portfolio return (including the full benefit of franking and after costs) – per annum to 30 June 2022



Figures assume an investor can take full advantage of the franking credits.
Past performance is not indicative of future performance.

Market and Portfolio Commentary

The 2021/2022 financial year saw a significant shift in market sentiment beginning in the early weeks of calendar year 2022.

Inflationary pressures grew through the first half of the financial year due to buoyant demand often overwhelming constrained supply capacity across the global economy.

The perception of inflation shifted from transitory to structural with the outbreak of war in Ukraine. Central banks subsequently identified the need to increase interest rates rapidly, from the historically low levels that had been left in place after the initial stimulatory response to the outbreak of the COVID-19 pandemic.

For equity markets, these events caused a sharp recalibration. A period of buoyant post COVID-19 earnings recovery and low interest rates had been very supportive of valuation multiples. Changing dynamics saw these multiples sharply marked down.

The impact of rising interest rates varied significantly across sectors; equities with strong long-term growth expectations had their valuations de-rated most significantly. Energy and many other commodities also rallied with disrupted supply.

As a long-term investor, AMCIL's portfolio is weighted to companies with attractive long-term growth prospects rather than commodity exposed and other cyclical companies.

As such, AMCIL underperformed its benchmark for the 2021/2022 financial year, returning negative 14.3% compared to negative 5.1% for the S&P/ASX ASX200 Accumulation Index (these figures include the benefits of franking).

Over the three years to 30 June 2022, AMCIL has performed well, returning 6.7% per annum versus 4.6% per annum for the benchmark, (these figures include the benefits of franking). We believe that assessment over this period better reflects the relatively strong operating performance of companies in the AMCIL portfolio.

Portfolio Adjustments

Recognition of the stretched valuation conditions saw us exit and reduce a number of positions, where we saw enhanced investment risk in these high share prices.

The sale of NEXTDC, Seek and Xero, takeover of Sydney Airport and reduction of positions in Objective Corporation, Mainfreight, ARB Corporation, BHP, Macquarie Telecom and Reece were the key drivers of the significant realised after-tax capital gains of \$22.2 million over the year.

Redeploying these funds into preferred companies with strong long-term growth prospects had some challenges in a market where valuations were under continued pressure.

While purchases in Domino's Pizza Enterprises, Netwealth Group and Nanosonics were bought at higher average prices than current prices, our confidence in their long-term prospects remains strong.

The other material transaction saw a switch in our major bank investments, with Westpac replacing National Australia Bank, primarily for reasons of relative valuation.

Outlook

The equity market impact of higher inflation and interest rates is moving from a focus on valuation multiples, to concern over the outlook for corporate earnings. Cost-of-living pressure for consumers is driving many economic indicators sharply lower, a necessary condition for bringing inflation back to more sustainable levels.

While AMCIL will not be immune from downside risks our focus on quality in stock selection provides relative confidence in the ability of our holdings to navigate the challenging economic period ahead.

The ability of companies to grow their market share against weaker competitors, pass on cost inflation in higher prices to preserve profit margins and rely on balance sheet strength to navigate volatile trading conditions will be particularly important in the year ahead.

We will continue to manage AMCIL with a strong preference for companies with these attributes and an eye for opportunities where long-term value emerges.

Please direct any enquiries to:

Mark Freeman
Managing Director
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26 July 2022

Geoff Driver
General Manager
(03) 9225 2102

Major Transactions in the Investment Portfolio

Acquisitions	Cost (\$'000)
Westpac Banking Corporation	14,047
Domino's Pizza Enterprises	8,562
Netwealth Group	7,807
Nanosonics	6,043
CSL (includes \$1.9 million in placement @\$273 per share)	4,902

Disposals	Proceeds (\$'000)
National Australia Bank [#]	14,722
Sydney Airport [#]	12,716
BHP	7,484
Ramsay Health Care [#]	7,346
NEXTDC [#]	7,211
Objective Corporation	5,734
Seek [#]	5,687
Xero [#]	5,122

[#] Complete disposal from the portfolio.

New Companies Added to the Portfolio

Westpac Banking Corporation
Domino's Pizza Enterprises
Netwealth Group
Nanosonics
Santos (because of Oil Search merger)
Woodside Energy (because of BHP Petroleum merger)
Marketplacer (unlisted)

Top 20 Investments at 30 June 2022

Value at Closing Prices at 30 June 2022

		Total Value \$ Million	% of the Portfolio
1	CSL	34.1	11.1%
2	Transurban Group	19.6	6.4%
3	Mainfreight	17.5	5.7%
4	Macquarie Group	17.2	5.6%
5	BHP*	15.5	5.1%
6	Wesfarmers	14.9	4.9%
7	IRESS	13.9	4.5%
8	Woolworths Group	13.0	4.2%
9	James Hardie Industries	11.4	3.7%
10	Macquarie Telecom Group	11.2	3.7%
11	Goodman Group	10.8	3.5%
12	Westpac Banking Corporation	10.5	3.4%
13	ResMed	9.8	3.2%
14	Carsales.com	9.3	3.0%
15	Cochlear*	7.6	2.5%
16	Auckland International Airport	7.5	2.4%
17	Commonwealth Bank of Australia	7.1	2.3%
18	Netwealth Group	6.8	2.2%
19	EQT Holdings	6.8	2.2%
20	ARB Corporation	6.7	2.2%
Total		251.1	

As percentage of total portfolio value (excludes cash)

81.9%

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

Portfolio Performance to 30 June 2022

Performance Measures to 30 June 2022	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	-15.8%	5.2%	6.3%	8.1%
S&P/ASX 200 Accumulation Index	-6.5%	3.3%	6.8%	9.3%
Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	-14.3%	6.7%	8.2%	10.3%
S&P/ASX 200 Gross Accumulation Index*	-5.1%	4.6%	8.3%	10.9%

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

AMCIL Limited

Annual Financial Statements

30 June 2022

Financial statements

Income Statement for the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Dividends and distributions	A3	10,724	8,313
Revenue from deposits and bank bills		5	5
Other revenue		-	51
Total revenue		10,729	8,369
Net gains/(losses) on trading portfolio	A3	(678)	198
Income from options written portfolio	A3	391	154
Income from operating activities		10,442	8,721
Finance Costs		(115)	(95)
Administration expenses	B1	(2,000)	(1,850)
Profit before income tax expense		8,327	6,776
Income tax expense	B2, E2	(212)	-
Profit for the year		8,115	6,776
		Cents	Cents
Basic earnings per share	A5	2.68	2.33

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

Statement of Comprehensive Income for the Year Ended 30 June 2022

	Year to 30 June 2022			Year to 30 June 2021		
	Revenue ¹	Capital ¹	Total	Revenue ¹	Capital ¹	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the year	8,115	-	8,115	6,776	-	6,776
Other Comprehensive Income						
Gains/(losses) for the period	-	(55,954)	(55,954)	-	88,425	88,425
Tax on above	-	16,909	16,909	-	(27,280)	(27,280)
Total Other Comprehensive Income	-	(39,045)	(39,045)	-	61,145	61,145
Total Comprehensive Income	8,115	(39,045)	(30,930)	6,776	61,145	67,921

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 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash	D1	21,714	10,933
Receivables		1,992	3,315
Total current assets		23,706	14,248
Non-current assets			
Investment portfolio	A2	306,643	371,865
Total non-current assets		306,643	371,865
Total assets		330,349	386,113
Current liabilities			
Payables		1,093	83
Tax payable		10,239	5,605
Options Sold	A2	60	47
Total current liabilities		11,392	5,735
Non-current liabilities			
Deferred tax liabilities - other	E2	127	58
Deferred tax liabilities – investment portfolio	B2	17,860	44,977
Total non-current liabilities		17,987	45,035
Total liabilities		29,379	50,770
Net Assets		300,970	335,343
Shareholders' equity			
Share capital	A1, D6	221,801	208,987
Revaluation reserve	A1, D3	27,337	88,605
Realised capital gains reserve	A1, D4	37,266	28,299
Retained profits	A1, D5	14,566	9,452
Total shareholders' equity		300,970	335,343

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

Statement of Changes in Equity for the Year Ended 30 June 2022

Year Ended 30 June 2022

	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains Reserve \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the year		208,987	88,605	28,299	9,452	335,343
Dividends paid	A4	-	-	(13,256)	(3,001)	(16,257)
Shares issued under Dividend Reinvestment Plan	D6	2,832	-	-	-	2,832
Shares issued under Share Purchase Plan	D6	10,036	-	-	-	10,036
Other share capital adjustments		(54)	-	-	-	(54)
Total transactions with shareholders		12,814	-	(13,256)	(3,001)	(3,443)
Profit for the year		-	-	-	8,115	8,115
Other Comprehensive Income (net of tax)						
Net loss for the period on investments		-	(39,045)	-	-	(39,045)
Other Comprehensive Income for the year		-	(39,045)	-	-	(39,045)
Transfer to Realised Capital Gains Reserve of realised gains on investments sold		-	(22,223)	22,223	-	-
Total equity at the end of the year		221,801	27,337	37,266	14,566	300,970

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 2022 (continued)

Year Ended 30 June 2021

	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the year		189,581	40,075	15,684	9,555	254,895
Dividends paid	A4	-	-	-	(6,879)	(6,879)
Shares issued under Dividend Reinvestment Plan	D6	1,276	-	-	-	1,276
Shares issued under Share Purchase Plan	D6	18,178	-	-	-	18,178
Other share capital adjustments		(48)	-	-	-	(48)
Total transactions with shareholders		19,406	-	-	(6,879)	12,527
Profit for the year		-	-	-	6,776	6,776
Other Comprehensive Income (net of tax)						
Net gain for the period on investments		-	61,145	-	-	61,145
Other Comprehensive Income for the year		-	61,145	-	-	61,145
Transfer to Realised Capital Gains Reserve of realised gains on investments sold		-	(12,615)	12,615	-	-
Total equity at the end of the year		208,987	88,605	28,299	9,452	335,343

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

Cash Flow Statement for the Year Ended 30 June 2022

		2022	2021
		\$'000	\$'000
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		3,387	2,090
Purchases for trading portfolio		(3,495)	(1,607)
Interest received		5	5
Proceeds from entering into options in options written portfolio		473	237
Payment to close out options in options written portfolio		(69)	(37)
Dividends and distributions received		8,175	5,545
		8,476	6,233
Other receipts		-	51
Administration expenses		(1,990)	(1,942)
Finance costs paid		(115)	(96)
Income taxes paid		(50)	(425)
Net cash inflow/(outflow) from operating activities	E1	6,321	3,821
Cash flows from investing activities			
Sales from investment portfolio		106,147	55,102
Purchases for investment portfolio		(92,579)	(69,035)
Tax paid on capital gains		(5,665)	(672)
Net cash inflow/(outflow) from investing activities		7,903	(14,605)
Cash flows from financing activities			
Shares issued		12,868	19,454
Share issue transaction costs		(54)	(48)
Dividends paid		(16,257)	(6,879)
Net cash inflow/(outflow) from financing activities		(3,443)	12,527
Net increase/(decrease) in cash held		10,781	1,743
Cash at the beginning of the year		10,933	9,190
Cash at the end of the year	D1	21,714	10,933

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:

	2022	2021
	\$'000	\$'000
Share capital	221,801	208,987
Revaluation reserve	27,337	88,605
Realised capital gains reserve	37,266	28,299
Retained profits	14,566	9,452
	300,970	335,343

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:

	2022	2021
	\$'000	\$'000
Equity instruments (at market value)	306,643	371,865
	306,643	371,865

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	(60)	(47)
Put options	-	-
	(60)	(47)

All options written by the Company and open at year end are call options. If all options were exercised, this would lead to the sale of \$6.1 million worth of securities at an agreed price – the 'exposure' (2021: \$2.0 million).

\$5.8 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2021: \$8.9 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 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 or put options when written and the company's investment in Marketplacer which is a Level 3 investment). 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 2022 and 30 June 2021 were as follows:

	30 June 2022	30 June 2021
Net tangible asset backing per share	\$	\$
Before tax	1.03	1.27
After tax	0.97	1.12

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.

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 from the investment portfolio, any difference between the sale price and the cost is transferred from the Revaluation Reserve to the Realised Capital Gains Reserve 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 \$103.5 million (2021 : \$57.4 million) of equity securities were sold. The cumulative gain on the sale of securities from the investment portfolio was \$22.2 million for the period after tax (2021: \$12.6 million). This has been transferred from the revaluation reserve to 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 2022 is set out below.

Dividends and distributions	2022 \$'000	2021 \$'000
Dividends from securities held in investment portfolio at 30 June	9,627	8,007
Dividends from investment securities sold during the year	978	306
Dividends from trading securities at 30 June	119	-
Dividends from trading securities sold during the year	-	-
	10,724	8,313

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 securities in trading portfolio	(678)	198
Realised gains on options written portfolio	298	159
Unrealised gains/(losses) on options written portfolio	93	(5)
	(287)	352

A4. Dividends paid

The dividends paid and payable for the year ended 30 June 2022 are shown below:

	2022 \$'000	2021 \$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2021 of 2.5 cents plus a special dividend of 2 cents, both fully franked at 30%, paid 26 August 2021 (2021: 2.5 cents fully franked at 30%, paid on 27 August 2020).	13,285	6,879
Interim dividend for the year ended 30 June 2022 of 1 cent fully franked at 30%, paid 24 February 2022 (2021 : Nil)	2,972	-
	16,257	6,879

(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

14,385 7,771

Impact on the franking account of dividends declared but not recognised as a liability at the end of the current financial year:

(3,320) (5,761)

Net available

11,065 2,010

These franking account balances would allow AMCIL to frank additional dividend payments at a rate of 30% (30 June 2021 : 30%) up to an amount of:

25,818 4,690

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 2.5 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2022 to be paid on 25 August 2022, but not recognised as a liability at the end of the financial year is:

7,747

(d) Listed Investment Company capital gain account	2022 \$'000	2021 \$'000
Balance of the Listed Investment Company (LIC) capital gain account	23,993	14,765
This equates to an attributable gain of	34,276	21,092

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. \$11.1 million of the attributable gain is being 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	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator	303,233,326	290,908,748
	\$'000	\$'000
Profit for the year	8,115	6,776
	Cents	Cents
Basic earnings per share	2.68	2.33

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:

	2022	2021
	\$'000	\$'000
Administration fees paid to AICS	(1,021)	(916)
Other administration expenses	(979)	(934)
	<u>(2,000)</u>	<u>(1,850)</u>

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 and the provision of key personnel.

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 \$
2022			
Directors	430,927	38,073	469,000
2021			
Directors	425,013	40,379	465,392

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 rate of 30% (2021 : 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 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

	2022	2021
	\$'000	\$'000
Profit before income tax expense	8,327	6,776
Tax at the Australian company tax rate of 30% (2021 – 30%)	2,498	2,033
Tax offset for franked dividends received	(2,470)	(1,216)
Demerger dividend non-taxable	-	(648)
Tax effect of sundry items either taxable in current year but not included in income or non-taxable	280	(114)
	308	55
Over provision in prior years	(96)	(55)
Total tax expense	212	-

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.

	2022	2021
	\$'000	\$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	17,860	44,977
Opening balance at 1 July	44,977	23,363
Tax on realised gains (at 30%)	(10,208)	(5,666)
Charged to OCI for ordinary securities on gains or losses for the period	(16,909)	27,280
	17,860	44,977

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 \$10.7 million and \$21.5 million respectively, at a tax rate of 30% (2021 : \$13.0 million & \$26.0 million at a tax rate of 30%).

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:

	2022	2021
	%	%
Energy	1.78%	1.19%
Materials	8.18%	8.76%
Industrials	14.78%	15.99%
Consumer Discretionary	10.37%	13.35%
Consumer Staples	3.95%	3.78%
Banks	5.36%	5.63%
Other Financials and Real Estate	16.31%	13.44%
Telecommunications	7.87%	8.51%
Healthcare	19.12%	15.96%
Info Technology	5.67%	10.53%
Cash	6.61%	2.86%

There were five securities representing over 5% of the combined investment and trading portfolio (including options) at 30 June 2022 – CSL (11.1%), Transurban (6.4%), Mainfreight (5.7%), Macquarie Group (5.6%) and BHP (5.1%) (2021 4 : CSL (8.3%), Mainfreight (6.5%), BHP (6.0%) and Wesfarmers (5.6%)).

AMCIL is not currently materially exposed to interest rate risk as the majority of its cash investments are in an over-night 'at call' account invested in cash management trusts which invest predominantly in securities with an A1+ rating and which are for fixed rates for short-term duration. 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. Receivables also include dividends from securities that have passed the record date for the distribution but have not paid as at balance date.

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. As at 30 June 2022, no such investments are held (2021 : Nil).

Liquidity risk

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

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

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

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

	Less than 6 months	6-12 months	Greater than 1 year	Total contractual cash flows	Carrying amount
30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	1,093	-	-	1,093	1,093
Options written*	-	-	-	-	60
	1,093	-	-	1,093	1,153
30 June 2021					
Payables	83	-	-	83	83
Options written*	-	-	-	-	47
	83	-	-	83	130

* 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). There were no put options outstanding as at 30 June.

C. Unrecognised items

C1. Contingencies

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

Further notes to the financial statements are included here. It is grouped into three sections:

- D Balance sheet reconciliations
- E Income statement reconciliations
- F Further 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

	2022	2021
	\$'000	\$'000
Cash at bank and in hand (including on-call)	21,714	10,933

Cash holdings yielded an average floating interest rate of 0.08% (2021: 0.12%). 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 short-term 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.

	2022	2021
	\$'000	\$'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.

The facility was renewed during the year and expires on 30 June 2025.

D3. Revaluation reserve

	2022 \$'000	2021 \$'000
Opening Balance at 1 July 2021	88,605	40,075
Gains/(losses) on investment portfolio	(55,954)	88,425
Deferred tax on above	16,909	(27,280)
Transfer to realised capital gains reserve for realised gains	(22,223)	(12,615)
	27,337	88,605

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

D4. Realised capital gains reserve

	2022 \$'000	Difference between tax and accounting costs	Total	2021 \$'000	Difference between tax and accounting costs	Total
	Taxable realised gains (net of tax)			Taxable realised gains (net of tax)		
Opening balance at 1 July	13,810	14,489	28,299	687	14,997	15,684
Dividends paid	(13,256)	-	(13,256)	-	-	-
Cumulative taxable realised (losses)/gains for period	33,983	(1,552)	32,431	18,789	(508)	18,281
Tax on realised gains/(losses)	(10,208)	-	(10,208)	(5,666)	-	(5,666)
	24,329	12,937	37,266	13,810	14,489	28,299

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in A2. The difference between tax and accounting costs is a result of realised gains or losses being accounted for on an average cost basis, whilst taxable gains or losses are made based on the specific cost of the actual stock sold – i.e. on a parcel selection basis. These differences also include non-taxable realised gains or losses, e.g. losses under off-market buy-backs.

D5. Retained profits

	2022 \$'000	2021 \$'000
Opening balance at 1 July	9,452	9,555
Dividends paid	(3,001)	(6,879)
Profit for the year	8,115	6,776
	14,566	9,452

This reserve relates to past profits.

D6. Share capital

Date	Details	Notes	Number of shares '000	Issue price \$	Paid-up Capital \$'000
01/7/2020	Balance		278,524		189,581
27/8/2020	Dividend Reinvestment Plan	i	1,387	0.92	1,276
27/8/2020	Dividend Substitution Share Plan	ii	91	0.92	n/a
25/11/2020	Share Purchase Plan	iii	18,741	0.97	18,178
Various	Costs of issue		-		(48)
30/6/2021	Balance		298,743		208,987
26/8/2021	Dividend Reinvestment Plan	i	1,798	1.27	2,284
26/8/2021	Dividend Substitution Share Plan	ii	125	1.27	n/a
24/2/2022	Dividend Reinvestment Plan	i	453	1.21	548
24/2/2022	Dividend Substitution Share Plan	ii	29	1.21	n/a
09/3/2022	Share Purchase Plan	iv	8,726	1.15	10,036
Various	Costs of issue				(54)
30/6/2022	Balance		309,874		221,801

- 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. The Company has a Dividend Substitution Share Plan (DSSP) whereby shareholders may elect to forgo a dividend and receive shares instead. Pricing for the DSSP shares is done as per the DRP shares.
- iii. During the year ended 30 June 2021 the Company announced a Share Purchase Plan (SPP). The SPP issue price was set at a nil discount to the volume-weighted average price of AMCIL shares traded on the Australian Securities Exchange (ASX) & Cboe over the 5 trading days up to, and including, the day before the SPP offer was announced.
- iv. During the year ended 30 June 2022 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) & Cboe over the 5 trading days up to, and including, the day before the SPP offer closed.

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

	2022 \$'000	2021 \$'000
Profit for the year	8,115	6,776
Demerger dividend (non-cash)	-	(2,159)
Increase/(decrease) in options written portfolio	13	47
Dividends received as securities under DRP investments	(2,025)	-
Decrease/(increase) in current receivables	1,323	(2,596)
- Less increase/(decrease) in receivables for investment portfolio	(1,276)	2,269
Increase/(decrease) in deferred tax liabilities	(27,048)	21,686
- Less (increase)/decrease in deferred tax liability on investment portfolio	27,117	(21,614)
Increase/(decrease) in current payables	1,010	(92)
- Less decrease/(increase) in payables for investment portfolio	(1,000)	-
Increase/(decrease) in provision for tax payable	4,634	4,498
- Less CGT provision	(10,208)	(5,666)
- Add taxes paid on capital gains	5,666	672
Net cash flows from operating activities	6,321	3,821

E2. Tax reconciliations

Tax expense composition

Charge/(credit) for tax payable relating to the current year	239	(17)
Over provision in prior years	(96)	(55)
(Increase)/decrease in deferred tax assets	69	72
	212	-

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	(16,909)	27,280
	(16,909)	27,280

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

	2022	2021
	\$'000	\$'000
(a) Tax on unrealised gains or losses in the options written portfolio	(26)	1
(b) Provisions and expenses charged to the accounting profit which are not yet tax deductible	22	22
(c) Interest and dividend income receivable which is not assessable for tax until receipt	(123)	(81)
	(127)	(58)

Movements:

Opening asset/(liability) balance at 1 July	(58)	14
Credited/(charged) to Income statement	(69)	(72)
	(127)	(58)

Deferred tax assets and liabilities 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. As noted in B2, deferred tax assets and liabilities have been calculated at a rate of 30% (2021 : 30%).

F. Further information

This section covers 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. The only such transactions were in connection with the services provided by AICS (see B1).

F2. Remuneration of auditors

During the year the auditor earned the following remuneration:

	2022 \$	2021 \$
PricewaterhouseCoopers		
Audit or review of financial reports	110,679	108,892
<u>Permitted Non-Audit Services</u>		
Taxation compliance services	9,886	9,450
Total remuneration	120,565	118,342

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 only 1 investment comprising more than 10% of AMCIL's income, including realised income from the trading and options written

portfolios – BHP (39.5%, including the Woodside/BHP Petroleum merger dividend) (2021 : 2 - Woolworths, as a consequence of the demerger dividend received for Endeavour Group (28.4%) and BHP (11.5%)).

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 on 26 July 2022 in accordance with a resolution of the Board and is presented in the Australian currency. The directors of AMCIL have 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 2022 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. AMCIL only intends to adopt 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.