

A blurred photograph of a city skyline at night, with various lights from buildings and streetlights creating a bokeh effect against a dark blue background.

A Focused Portfolio of Australian and New Zealand Companies

Appendix 4E Statement for the Full-Year Ending 30 June 2024

Contents

- Results for Announcement to the Market
- Media Release
- Appendix 4E Accounts

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 2024 with the prior corresponding period being the year ended 30 June 2023.

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 \$7.5 million, down 1.0% from the previous corresponding period.
- > Revenue from ordinary activities (excluding capital gains) was \$9.5 million, down 2.5% from \$9.8 million in the previous corresponding period.
- > AMCIL's portfolio return was 20.5%, including franking, for the year (compared to 13.5% for the ASX 200 Accumulation Index, also including franking).
- > A final dividend of 2.5 cents per share plus a special dividend of 0.5 cents per share will be paid on 28 August 2024 to ordinary shareholders on the register on 7 August 2024. Last year's final dividend was 2.5 cents per share plus a special dividend of 1.5 cents per share. Shares are expected to trade ex-dividend from 6 August 2024. There is no conduit foreign income component of the dividend.
- > An interim dividend of 1.0 cent per share was paid on 23 February 2024. Last year's interim dividend was also 1.0 cent per share.
- > Total dividends for the year are therefore 4.0 cents per share fully franked, down from 5.0 cents per share fully franked last year.
- > There is no LIC gain attached to the dividend.
- > A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price for both will be set at a **nil 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 7 August 2024. All shares issued under the DRP and DSSP will rank equally with existing shares.
- > Net tangible assets before any provision for deferred tax on the unrealised losses on the long-term investment portfolio at 30 June 2024 were \$1.26 per share, up from \$1.12 per share at the end of the previous corresponding period, in both cases before allowing for any final dividend.
- > The Company will be providing an update on these results via a webcast for shareholders on Wednesday 31 July 2024 at 3.30pm (AEST). Details are on the website amcil.com.au.
- > The 2024 AGM will be held at 10am Tuesday 8 October 2024. Further details on how to participate will be sent to shareholders.

Portfolio Strongly Outperforms the Market, Special Dividend of 0.5 Cents Per Share Declared in Addition to the Final Dividend.

Full-Year Report to 30 June 2024

AMCIL manages a focused portfolio of quality companies that is expected to deliver above-market returns 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 \$7.5 million, compared with the previous corresponding period figure of \$7.6 million.

Directors have declared a final dividend of 2.5 cents per share fully franked (the same as last year) and a special fully franked dividend of 0.5 cents per share, bringing total dividends for the year to 4.0 cents per share fully franked. Total dividends paid last year were 5.0 cents per share fully franked.

The portfolio benefited from the ongoing repositioning of the portfolio throughout the financial year. The return for AMCIL including franking over the 12 months to 30 June 2024 was 20.5% well ahead of the S&P/ASX 200 Accumulation Index which was up 13.5% including franking over this period.

For the 12-month period the outperformance was driven by strong returns across a number of holdings in the portfolio with the largest contributors being Goodman Group, Gentrack, Macquarie Technology Group, CAR Group, Netwealth Group and Wesfarmers.

Over 10 years, the per annum return figures including franking for AMCIL were 9.6% per annum and 9.6% per annum for the S&P/ASX 200 Accumulation Index.

Note: AMCIL's performance returns are after costs. AMCIL on occasions incurs realised capital gains tax on the sale of shares. Not all the franking generated from realised capital gains is paid out as dividends and is therefore not included in these performance figures.

Portfolio return (including the full benefit of franking that has been paid out) – per annum to 30 June 2024



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

Market Commentary and Portfolio Performance

AMCIL delivered a portfolio return for the financial year ended 30 June 2024 including the benefit of franking of 20.5%. The return of the S&P/ASX 200 Accumulation Index over the 12 months to 30 June was 13.5% including franking.

Sector returns across the market were widely dispersed, and the best-performing sectors were Banks, up 34.9%, Information Technology up 28.4% and A-REITs up 24.7%. Industrials were up 17.8% over this period significantly outperforming the Resources sector which was down 3.2%.

AMCIL's relatively strong performance was delivered across a number of holdings, with the largest contributors being Goodman Group, Gentrack, Macquarie Technology Group, CAR Group, Netwealth Group and Wesfarmers.

It is also interesting to note that AMCIL's performance is despite having a large underweight position in the banks, which reached very high valuations through the period.

The long-term performance of the portfolio was 9.6% per annum for the 10 years to 30 June 2024. This is in line with the Index return over the same period of 9.6%. Both of these figures include the benefit of franking. AMCIL's performance numbers are after costs and tax.

Portfolio Adjustments

Our approach in AMCIL is to buy a focused portfolio of companies that pass our quality criteria at times when value is on offer. These opportunities can arise under various circumstances, for example when there is short-term bad news in the companies themselves or more generally across the market, when the growth potential of a company is not fully reflected in its valuation despite having strong share price momentum or when companies raise capital for attractive reinvestment opportunities.

The sell-off in health care stocks following the emergence of diabetic drug GLP-1 for use as a successful weight loss treatment gave us the opportunity to add to the holding in ResMed. This is a good example of this approach where we felt valuation dislocated from fundamental fair value.

In looking to construct the portfolio AMCIL has always had a strong position in larger stable companies that, while not having the highest expected growth rates, still provide attractive returns when purchased at the right price.

The fall in the share price of Telstra Group following concerns about Telstra's pricing power in mobile plans drove a fall in the share price, which allowed us to add to the portfolio at an attractive dividend yield.

We continue to be attracted to quality "owner driver businesses" where management and board members have significant shareholdings. These companies generally have a strong alignment between management and shareholder interests. These companies can be smaller but deliver strong long-term returns. In this context, several companies were added to the portfolio. The larger of these purchases were Altium, Mineral Resources and Objective Corporation. Altium was subsequently sold towards the end of the financial year as it became subject to a takeover offer. Smaller positions were also established in Block, PWR Holdings, Redox and PSC Insurance.

The other large addition to the portfolio, Technology One, is an example of a company where we believe its growth potential is not fully reflected in its valuation despite having strong share price momentum.

The most material sales in the year were in Medibank Private, as the share price ran up to a point where it was appropriate to recycle capital from this position to pursue attractive buying opportunities elsewhere in the market. In this context positions in Santos and Computershare were also sold. There was also a trimming of the holding in James Hardie Industries as portfolio position became larger than wanted from a risk management perspective. It remains in our top 20 holdings given the quality of its franchise and industry position.

Outlook

Expectations of interest rates easing over the course of the next 12 months in response to expected falling rates of inflation, particularly in the US, have seen market valuations rebound strongly with the ASX close to record highs.

However, there is little scope for any disappointment in key economic variables over the coming months, with consumer sentiment already weakening in Australia.

The outlook for corporate earnings in the upcoming company reporting season will therefore be closely monitored. In an environment of higher costs, anticipated subdued economic activity and high share prices, many companies are likely to be tested.

While geopolitical factors have not curtailed market enthusiasm, they remain relevant with ongoing conflicts and with policy implications of elections in key developed markets yet to emerge.

This leaves us very cautious about the short-term outlook, but confident in our investment approach. 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.

Please direct any enquiries to:

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30 July 2024

Major Transactions in the Investment Portfolio

Acquisitions	Cost (\$m)
Telstra Group	5.9
Objective Corporation	4.2
Technology One	3.9
Mineral Resources	3.5
ResMed	3.3

Disposals	Proceeds (\$m)
Medibank Private*	7.4
James Hardie Industries	6.3
Santos*	4.9
Altium*	4.7
Computershare*	4.7

*Complete disposal

New Companies Added to the Portfolio

Telstra Group
Objective Corporation
Technology One
Mineral Resources
Altium
PEXA Group
Block
Redox
Seek
PWR Holdings
PSC Insurance
NXTDC
The Environmental Group
HUB24

Top 20 Investments at 30 June 2024

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 28 June 2024

		Total Value \$ Million	% of the Portfolio
1	CSL	35.2	9.1%
2	Wesfarmers	22.5	5.8%
3	Macquarie Group	21.8	5.7%
4	Goodman Group	21.5	5.6%
5	Macquarie Technology Group	19.2	5.0%
6	BHP	18.4	4.8%
7	CAR Group*	15.6	4.0%
8	Mainfreight	15.4	4.0%
9	Transurban Group	15.2	3.9%
10	Westpac Banking Corporation	12.3	3.2%
11	ARB Corporation	10.7	2.8%
12	EQT Holdings	10.3	2.7%
13	James Hardie Industries	10.0	2.6%
14	ResMed	9.8	2.5%
15	Netwealth Group	9.7	2.5%
16	National Australia Bank	8.9	2.3%
17	Reece	8.3	2.2%
18	REA Group	8.2	2.1%
19	ALS	7.7	2.0%
20	Woolworths Group	7.7	2.0%
Total		288.6	

As percentage of total portfolio value (excludes cash)

74.8%

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

Portfolio Performance to 30 June 2024

Performance Measures to 30 June 2024	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	18.3%	3.7%	9.1%	7.6%
S&P/ASX 200 Accumulation Index	12.1%	6.4%	7.3%	8.1%
Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	20.5%	5.4%	10.7%	9.6%
S&P/ASX 200 Gross Accumulation Index*	13.5%	7.9%	8.7%	9.6%

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

Past performance is not indicative of future performance.

AMCIL Limited

Annual Financial Statements

30 June 2024

Financial statements

Income Statement for the Year Ended 30 June 2024

		2024	2023
	Note	\$'000	\$'000
Dividends and distributions	A3	9,231	9,371
Revenue from deposits and bank bills		293	401
Other income		5	-
Total revenue		9,529	9,772
Net gains/(losses) on trading portfolio	A3	209	(6)
Income from options written portfolio	A3	391	578
Income from operating activities		10,129	10,344
Finance Costs		(113)	(91)
Administration expenses	B1	(2,061)	(2,242)
Profit before income tax expense		7,955	8,011
Income tax expense	B2, E2	(477)	(456)
Profit for the year		7,478	7,555
		Cents	Cents
Basic earnings per share	A5	2.38	2.43

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

Statement of Comprehensive Income for the Year Ended 30 June 2024

	Year to 30 June 2024			Year to 30 June 2023		
	Revenue ¹	Capital ¹	Total	Revenue ¹	Capital ¹	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the year	7,478	-	7,478	7,555	-	7,555
Other Comprehensive Income						
Gains/(losses) for the period	-	56,924	56,924	-	29,214	29,214
Tax on above	-	(17,241)	(17,241)	-	(8,832)	(8,832)
Total Other Comprehensive Income	-	39,683	39,683	-	20,382	20,382
Total Comprehensive Income	7,478	39,683	47,161	7,555	20,382	27,937

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 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash	D1	11,946	4,954
Receivables		1,356	1,386
Total current assets		13,302	6,340
Non-current assets			
Investment portfolio	A2	386,196	341,359
Deferred tax assets	E2	-	786
Total non-current assets		386,196	342,145
Total assets		399,498	348,485
Current liabilities			
Payables		88	141
Tax payable		687	286
Options Sold	A2	161	260
Total current liabilities		936	687
Non-current liabilities			
Deferred tax liabilities - other	E2	102	-
Deferred tax liabilities – investment portfolio	B2	43,229	27,597
Total non-current liabilities		43,331	27,597
Total liabilities		44,267	28,284
Net Assets		355,231	320,201
Shareholders' equity			
Share capital	A1, D6	227,101	223,819
Revaluation reserve	A1, D3	82,385	48,181
Realised capital gains reserve	A1, D4	19,240	26,080
Retained profits	A1, D5	26,505	22,121
Total shareholders' equity		355,231	320,201

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

Statement of Changes in Equity for the Year Ended 30 June 2024

Year Ended 30 June 2024						
	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		223,819	48,181	26,080	22,121	320,201
Dividends paid	A4	-	-	(12,319)	(3,094)	(15,413)
Shares issued under Dividend Reinvestment Plan	D6	3,299	-	-	-	3,299
Other share capital adjustments		(17)	-	-	-	(17)
Total transactions with shareholders		3,282	-	(12,319)	(3,094)	(12,131)
Profit for the year		-	-	-	7,478	7,478
Other Comprehensive Income (net of tax)						
Net gains for the period on investments		-	39,683	-	-	39,683
Other Comprehensive Income for the year		-	39,683	-	-	39,683
Transfer to Realised Capital Gains Reserve of realised gains on investments sold		-	(5,479)	5,479	-	-
Total equity at the end of the year		227,101	82,385	19,240	26,505	355,231

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 2024 (continued)

Year Ended 30 June 2023

	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the year		221,801	27,337	37,266	14,566	300,970
Dividends paid	A4	-	-	(10,724)	-	(10,724)
Shares issued under Dividend Reinvestment Plan	D6	2,029	-	-	-	2,029
Other share capital adjustments		(11)	-	-	-	(11)
Total transactions with shareholders		2,018	-	(10,724)	-	(8,706)
Profit for the year		-	-	-	7,555	7,555
Other Comprehensive Income (net of tax)						
Net gains for the period on investments		-	20,382	-	-	20,382
Other Comprehensive Income for the year		-	20,382	-	-	20,382
Transfer to Realised Capital Gains Reserve of realised losses on investments sold		-	462	(462)	-	-
Total equity at the end of the year		223,819	48,181	26,080	22,121	320,201

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

Cash Flow Statement for the Year Ended 30 June 2024

		2024 \$'000	2023 \$'000
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		1,459	718
Purchases for trading portfolio		(1,250)	(277)
Interest received		293	401
Proceeds from entering into options in options sold portfolio		1,508	1,556
Payment to close out options in options sold portfolio		(1,217)	(777)
Dividends and distributions received		9,261	8,534
		10,054	10,155
Administration expenses		(2,113)	(2,194)
Finance costs paid		(113)	(91)
Other income		5	-
Income taxes paid		(797)	(210)
Net cash inflow/(outflow) from operating activities	E1	7,036	7,660
Cash flows from investing activities			
Sales from investment portfolio		66,799	47,796
Purchases for investment portfolio		(54,712)	(53,302)
Tax paid on capital gains		-	(10,208)
Net cash inflow/(outflow) from investing activities		12,087	(15,714)
Cash flows from financing activities			
Shares issued		3,299	2,029
Share issue transaction costs		(17)	(11)
Dividends paid		(15,413)	(10,724)
Net cash inflow/(outflow) from financing activities		(12,131)	(8,706)
Net increase/(decrease) in cash held		6,992	(16,760)
Cash at the beginning of the year		4,954	21,714
Cash at the end of the year	D1	11,946	4,954

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:

	2024	2023
	\$'000	\$'000
Share capital	227,101	223,819
Revaluation reserve	82,385	48,181
Realised capital gains reserve	19,240	26,080
Retained profits	26,505	22,121
	355,231	320,201

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:

	2024	2023
	\$'000	\$'000
Equity instruments (at market value)	386,196	341,359
	386,196	341,359

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	(161)	(260)
Put options	-	-
	(161)	(260)

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 \$3.1 million worth of securities at an agreed price – the ‘exposure’ (2023: \$18.4 million).

\$7.2 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2023: \$6.2 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 which are Level 2 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 2024 and 30 June 2023 were as follows:

	30 June 2024	30 June 2023
Net tangible asset backing per share	\$	\$
Before tax	1.26	1.12
After tax	1.13	1.03

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 solely 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 \$66.8 million (2023 : \$46.8 million) of equity securities were sold. The cumulative gain on the sale of securities from the investment portfolio was \$5.5 million for the period after tax (2023: \$0.5 million loss). 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 2024 is set out below.

Dividends and distributions	2024 \$'000	2023 \$'000
Dividends from securities held in investment portfolio at 30 June	8,259	8,987
Dividends from investment securities sold during the year	972	384
Dividends from trading securities at 30 June	-	-
Dividends from trading securities sold during the year	-	-
	9,231	9,371

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	209	(6)
Realised gains on options written portfolio	375	560
Unrealised gains/(losses) on options written portfolio	16	18
	600	572

A4. Dividends paid

The dividends paid and payable for the year ended 30 June 2024 are shown below:

	2024	2023
	\$'000	\$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2023 of 2.5 cents plus a special dividend of 1.5 cents, both fully franked at 30%, paid 24 August 2023 (2023: 2.5 cents fully franked fully franked at 30%, paid on 25 August 2022).	12,319	7,651
Interim dividend for the year ended 30 June 2024 of 1 cent fully franked at 30%, paid 23 February 2024 (2023 : 1 cent fully franked at 30%, paid 23 February 2023)	3,094	3,073
	15,413	10,724

(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	9,627	12,759
Impact on the franking account of dividends declared but not recognised as a liability at the end of the current financial year:	(4,055)	(5,346)
Net available	5,572	7,413

These franking account balances would allow AMCIL to frank additional dividend payments at a rate of 30% (30 June 2023 : 30%) up to an amount of:

	13,001	17,297
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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 plus a special dividend of 0.5 cents per share, both fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2024 to be paid on 28 August 2024, but not recognised as a liability at the end of the financial year is:

	9,462
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	2024	2023
	\$'000	\$'000
(d) Listed Investment Company capital gain account		
Balance of the Listed Investment Company (LIC) capital gain account	1,938	13,264
This equates to an attributable gain of	2,769	18,949

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. No LIC gain is attached to the final dividend for the year ended 30 June 2024.

A5. Earnings per share

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

Basic Earnings per share	2024 Number	2023 Number
Weighted average number of ordinary shares used as the denominator	314,359,591	311,281,211
	\$'000	\$'000
Profit for the year	7,478	7,555
	Cents	Cents
Basic earnings per share	2.38	2.43

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:

	2024	2023
	\$'000	\$'000
Administration fees paid to AICS	(1,011)	(1,216)
Other administration expenses	(1,050)	(1,026)
	<u>(2,061)</u>	<u>(2,242)</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 \$
2024			
Directors	441,441	48,559	490,000
2023			
Directors	413,439	43,413	456,852

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% (2023 : 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

	2024	2023
	\$'000	\$'000
Profit before income tax expense	7,955	8,011
Tax at the Australian company tax rate of 30% (2023 – 30%)	2,387	2,403
Tax offset for franked dividends received	(1,723)	(1,782)
Tax effect of sundry items either taxable in current year but not included in income or non-taxable	(19)	(90)
	645	531
Over provision in prior years	(168)	(75)
Total tax expense	477	456

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.

	2024	2023
	\$'000	\$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	43,229	27,597
Opening balance at 1 July	27,597	17,860
Tax on realised gains (at 30%)	(1,609)	905
Charged to OCI for ordinary securities on gains or losses for the period	17,241	8,832
	43,229	27,597

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 \$13.5 million and \$27.0 million respectively, at a tax rate of 30% (2023 : \$11.9 million & \$23.9 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:

	2024	2023
	%	%
Energy	1.52%	2.55%
Materials	7.83%	9.62%
Industrials	14.36%	14.75%
Consumer Discretionary	13.00%	12.38%
Consumer Staples	1.94%	3.14%
Banks	7.08%	8.09%
Other Financials and Real Estate	18.12%	16.92%
Telecommunications	7.86%	12.00%
Healthcare	14.76%	16.06%
Info Technology	10.53%	3.05%
Cash	3.00%	1.44%

There were 4 securities representing over 5% of the combined investment and trading portfolio (including options) at 30 June 2024 – CSL (9.1%), Wesfarmers (5.8%), Macquarie Group (5.7%) and Goodman Group (5.6%) (2023 5 : CSL (10.0%), BHP (5.7%), Wesfarmers (5.6%), Macquarie Group (5.6%) and Transurban (5.5)).

AMCIL is not currently materially exposed to interest rate risk as the majority of its cash investments are in short-term deposits with the Commonwealth Bank of Australia. 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. In the unlikely event of a bank default 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 2024, no such investments are held (2023 : 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 2024	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	88	-	-	88	88
Options written*	-	-	-	-	161
	88	-	-	88	249
30 June 2023					
Payables	141	-	-	141	141
Options written*	-	-	-	-	260
	141	-	-	141	401

* 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

	2024	2023
	\$'000	\$'000
Cash at bank	11,946	504
Cash Management Trusts	-	4,450
	11,946	4,954

Cash holdings yielded an average floating interest rate of 4.3% (2023: 2.97%). All cash investments are held in a transactional account or a deposit account with the Commonwealth Bank of Australia.

D2. Credit Facilities

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

	2024	2023
	\$'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 expires on 30 June 2025.

D3. Revaluation reserve

	2024	2023
	\$'000	\$'000
Opening Balance at 1 July 2023	48,181	27,337
Gains/(losses) on investment portfolio	56,924	29,214
Deferred tax on above	(17,241)	(8,832)
Transfer to realised capital gains reserve for realised (gains)/losses	(5,479)	462
	82,385	48,181

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

	2024	2023
	\$'000	\$'000
Opening balance at 1 July	26,080	37,266
Dividends paid	(12,319)	(10,724)
Cumulative taxable realised gains/(losses) for period through OCI (net of tax)	5,479	(462)
	19,240	26,080

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in [A2](#).

D5. Retained profits

	2024	2023
	\$'000	\$'000
Opening balance at 1 July	22,121	14,566
Dividends paid	(3,094)	-
Profit for the year	7,478	7,555
	26,505	22,121

This reserve relates to past profits.

D6. Share capital

Date	Details	Notes	Number of shares '000	Issue price \$	Paid-up Capital \$'000
01/7/2022	Balance		309,874		221,801
25/8/2022	Dividend Reinvestment Plan	i	1,330	1.09	1,449
25/8/2022	Dividend Substitution Share Plan	ii	88	1.09	n/a
23/2/2023	Dividend Reinvestment Plan	i	557	1.04	580
23/2/2023	Dividend Substitution Share Plan	ii	38	1.04	n/a
Various	Costs of issue		-	-	(11)
30/6/2023	Balance		311,887		223,819
24/8/2023	Dividend Reinvestment Plan	i	2,329	0.97	2,259
24/8/2023	Dividend Substitution Share Plan	ii	161	0.97	n/a
23/2/2024	Dividend Reinvestment Plan	i	972	1.07	1,040
23/2/2024	Dividend Substitution Share Plan	ii	47	1.07	n/a
Various	Costs of issue		-	-	(17)
30/6/2024	Balance		315,396		227,101

- 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.*

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

	2024	2023
	\$'000	\$'000
Profit for the year	7,478	7,555
Increase/(decrease) in options written portfolio	(99)	200
Decrease/(increase) in current receivables	30	606
- Less increase/(decrease) in receivables for investment portfolio	-	(996)
Increase/(decrease) in deferred tax liabilities	16,520	8,824
- Less (increase)/decrease in deferred tax liability on investment portfolio	(15,632)	(9,737)
Increase/(decrease) in current payables	(53)	(952)
- Less decrease/(increase) in payables for investment portfolio	-	1,000
Increase/(decrease) in provision for tax payable	401	(9,953)
- Less CGT provision/deferred tax on CGT losses	(1,609)	905
- Add taxes paid on capital gains	-	10,208
Net cash flows from operating activities	7,036	7,660

E2. Tax reconciliations

Tax expense composition

Charge/(credit) for tax payable relating to the current year	628	523
Over provision in prior years	(168)	(75)
Deferred tax on realised losses/utilisation of losses	905	(905)
Deferred tax movement	(888)	913
	477	456

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	17,241	9,737
Deferred tax on realised gains or losses	-	(905)
	17,241	8,832

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

	2024	2023
	\$'000	\$'000
(a) Tax on unrealised gains or losses in the options written portfolio	(5)	(32)
(b) Provisions and expenses charged to the accounting profit which are not yet tax deductible	20	13
(c) Deferred tax asset on realised capital losses	-	905
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(117)	(100)
	(102)	786

Movements:

Opening asset/(liability) balance at 1 July	786	(127)
Credited/(charged) to Income statement	(888)	913
	(102)	786

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% (2023 : 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 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 including GST:

	2024	2023
	\$	\$
PricewaterhouseCoopers		
Audit or review of financial reports	83,204	82,646
<u>Permitted Non-Audit Services</u>		
CGT compliance review	53,240	50,051
Taxation compliance services	10,805	10,346
Total remuneration	147,249	143,043

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 (10.5%) (2023 : 1 - BHP (17.3%).

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 30 July 2024 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) as issued by the International Accounting Standards Board ("IASB"). 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 2024 ("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.