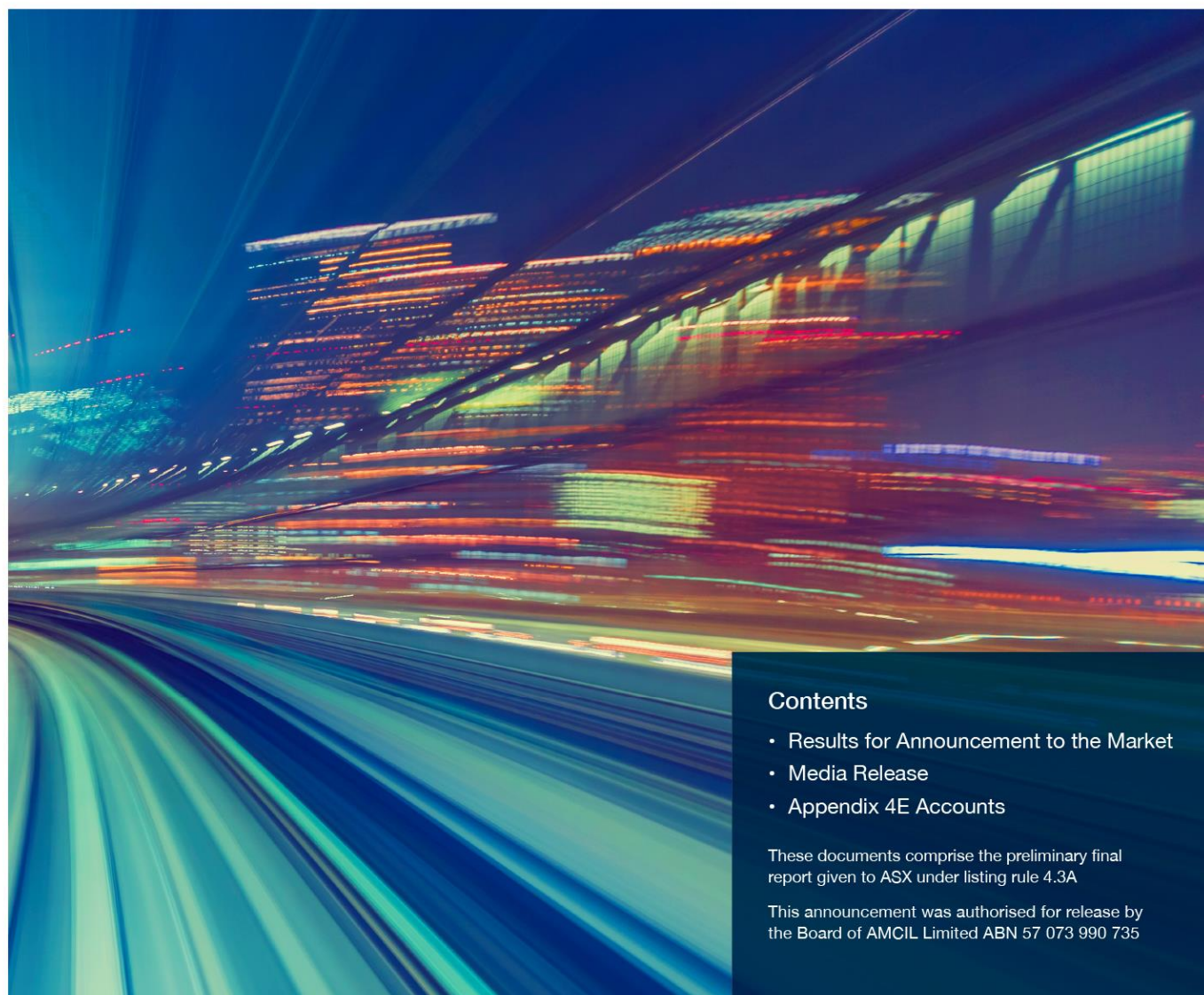


A Focused Portfolio  
of Australian and  
New Zealand Companies



Appendix 4E Statment  
for the Full-Year Ending  
30 June 2023



## Results for Announcement to the Market

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The reporting period is the year ended 30 June 2023 with the prior corresponding period being the year ended 30 June 2022.

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 \$7.6 million, down 6.9% from the previous corresponding period. Last year's profit figure included a dividend of \$2.0 million arising from the BHP Petroleum/Woodside merger. Excluding this, the net profit last year was \$6.1 million, an increase of 24.1%.
- > Revenue from ordinary activities (excluding capital gains) was \$9.8 million, down 8.9% from \$10.7 million in the previous corresponding period.
- > AMCIL's portfolio return was 13.5%, including franking, for the year (compared to 16.6% for the ASX 200 Accumulation Index, also including franking).
- > A final dividend of 2.5 cents per share plus a special dividend of 1.5 cents per share will be paid on 24 August 2023 to ordinary shareholders on the register on 7 August 2023. Last year's final dividend was 2.5 cents per share. Shares are expected to trade ex-dividend from 4 August 2023. There is no conduit foreign income component of the dividend.
- > An interim dividend of 1 cent per share was paid on 23 February 2023. Last year's interim dividend was also 1 cent per share.
- > Total dividends for the year are therefore 5.0 cents per share, up from 3.5 cents per share last year.
- > The 2.5 cents final dividend and the 1.5 cent special dividend are sourced from capital gains, on which the Company has paid or will pay tax (as was the interim dividend). The amount of the pre-tax attributable gain, known as an "LIC capital gain", attached to these dividends is 5.71 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 **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 8 August 2023. All shares issued under the DRP and DSSP will rank equally with existing shares.
- > Net tangible assets at 30 June 2023 were \$1.12 per share, up from \$1.03 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 Tuesday 1 August 2023 at 3.30pm (AEST). Details are on the website [amcil.com.au](http://amcil.com.au).
- > The 2023 AGM will be held at 1.30pm on Thursday 12 October 2023. Further details on how to participate will be sent to shareholders.

## Special dividend of 1.5 cents per share declared.

### Full-Year Report to 30 June 2023

**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 \$7.6 million, down 6.9% from the previous corresponding period figure of \$8.1 million (this figure includes the non-cash dividend of \$2.0 million received last year resulting from the BHP Petroleum/Woodside merger). Excluding this merger dividend last year's profit was \$6.1 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 1.5 cents per share, bringing total dividends for the year to 5.0 cents per share. Total dividends paid last year were 3.5 cents per share fully franked.

The return of the S&P/ASX 200 Accumulation Index over the 12 months to 30 June was 16.6% including franking. There was however a large divergence in sector performance across the market during this period. Sectors exposed to rising interest rates and falling consumer confidence were under pressure whereas high commodity prices and the strength of the NASDAQ Composite Index drove strong performance in the Resources and Information Technology sectors respectively. AMCIL's 12-month portfolio return was 13.5% including franking. The underweight position in the Resources sector was one of the key factors that detracted from relative performance over the year. We remain comfortable with the positioning of the portfolio regarding this more cyclical part of the market which includes lithium and gold stocks which have been very strong during this period.

Over 10 years, the per annum return figures including franking for AMCIL were 9.5% per annum and 10.1% 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 paid out) – per annum to 30 June 2023



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

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AMCIL delivered a return for the financial year ended 30 June 2023 including the benefit of franking of 13.5%. The return of the S&P/ASX 200 Accumulation Index over the 12 months to 30 June was 16.6% including franking.

Together with the strong rally in the Resources sector up 23.0% the relative underperformance in the strong market came from a number of high-quality companies in the portfolio which trailed the return of the overall market. These included CSL, Mainfreight and Transurban Group. However, despite these short-term movements we still consider the prospects for these companies are strong.

The other key source of relative underperformance came from overweight positions in IRESS and PEXA Group, both of which have been removed from the portfolio as the original investment thesis did not materialise, and the holding in Domino's Pizza.

This was partially offset by the positive relative performance in overweight positions such as Medibank Private, James Hardie Industries, Reece and REA Group. There was also a rebound in the share prices of Temple & Webster and FINEOS Corporation (in the second half of the financial year).

Of note was the outperformance of AMCIL in the second half of the financial year which was close to three percentage points higher than the benchmark when the benefit of franking is included.

The long-term performance of the portfolio, which better aligns with our investment timeframes, was 9.5% per annum for the 10 years to 30 June 2023. This is slightly behind the Index return over the same period of 10.1%. Both of these figures include the benefit of franking. AMCIL's performance numbers are after costs and tax.

## Portfolio Adjustments

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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.

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 addition of Medibank Private which was bought in early 2023 as market fears about the risk of its cyber breach saw valuation dislocate from fundamental fair value is a good example of this approach.

The sell-off in the banks after first half results also provided the opportunity to add National Australia Bank to the portfolio at an attractive dividend yield.

The acquisition of ALS and Computershare also fits into this category.

IDP Education and Xero with their attractive long-term growth prospects were added to the portfolio through share price weakness.

Gentrack and WiseTech Global, which have experienced strong momentum over the financial year, were also added and provide attractive long-term growth to the profile of the portfolio.

Finally, during the year we participated in the capital raisings though the entitlement issues for Macquarie Telecom Group and Carsales.com at attractive prices.

Our most material sales saw the disposal in full of holdings in IRESS and PEXA Group as their maturing business profile made future growth and return on capital outlook look less compelling.

The complete disposal of Nanosonics and the trimming of holdings in Cochlear and Woolworths Group were part of an approach to recycle capital from companies trading at high valuations in order to capture appropriate buying opportunities elsewhere in the market.



## Outlook

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The outlook for inflation and interest rates globally remains uncertain as the US and Australian economies are yet to see any marked slowdown in economic activity and subsequent rise in unemployment from central bank tightening of monetary policy.

In addition, persistently high energy prices, falling consumer demand and slowing growth in China are all factors that suggest economic growth will come under pressure.

However, even in the face of these conditions equities markets have remained very buoyant.

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:

**Mark Freeman**  
Managing Director  
(03) 9225 2101

**Geoff Driver**  
General Manager  
(03) 9225 2102

31 July 2023

## Major Transactions in the Investment Portfolio

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<b>Acquisitions</b>	<b>Cost (\$m)</b>
National Australia Bank	7.9
Medibank Private	6.3
ALS	6.3
IDP Education	4.3
Computershare	4.2

<b>Disposals</b>	<b>Proceeds (\$m)</b>
IRESS*	11.7
PEXA Group*	6.3
Nanosonics*	6.2
Cochlear	4.4
Woolworths Group	3.2

\*Complete disposal

### New Companies Added to the Portfolio

National Australia Bank  
Medibank Private  
ALS  
IDP Education  
Computershare  
Gentrack Group  
Xero  
WiseTech Global

## Top 20 Investments at 30 June 2023

Includes investments held in both the investment and trading portfolios.

### Value at Closing Prices at 30 June 2023

		Total Value \$ Million	% of the Portfolio
1	CSL	34.2	10.0%
2	BHP	19.4	5.7%
3	Wesfarmers	19.2	5.6%
4	Macquarie Group	18.9	5.6%
5	Transurban Group	18.7	5.5%
6	Mainfreight	16.6	4.9%
7	James Hardie Industries	13.9	4.1%
8	Macquarie Technology Group	13.2	3.9%
9	Goodman Group	13.1	3.8%
10	Westpac Banking Corporation	12.9	3.8%
11	Carsales.com	11.0	3.2%
12	Woolworths Group	10.9	3.2%
13	ResMed	10.1	3.0%
14	Auckland International Airport	8.7	2.5%
15	EQT Holdings	8.4	2.5%
16	ARB Corporation	8.2	2.4%
17	Commonwealth Bank of Australia*	7.8	2.3%
18	Medibank Private*	7.4	2.2%
19	National Australia Bank	7.3	2.1%
20	Netwealth Group	7.3	2.1%
<b>Total</b>		<b>267.0</b>	

As percentage of total portfolio value (excludes cash)

**78.3%**

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

## Portfolio Performance to 30 June 2023

Performance Measures to 30 June 2023	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
<b>Portfolio Return – Net Asset Backing Return Including Dividends Reinvested</b>	11.9%	7.1%	6.2%	7.3%
S&P/ASX 200 Accumulation Index	14.8%	11.1%	7.2%	8.6%
<b>Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*</b>	13.5%	8.6%	8.1%	9.5%
S&P/ASX 200 Gross Accumulation Index*	16.6%	12.6%	8.6%	10.1%

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

Past performance is not indicative of future performance.



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# ***AMCIL Limited***

## ***Annual Financial Statements***

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*30 June 2023*

## Financial statements

### Income Statement for the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Dividends and distributions	A3	9,371	10,724
Revenue from deposits and bank bills		401	5
<b>Total revenue</b>		<b>9,772</b>	<b>10,729</b>
Net gains/(losses) on trading portfolio	A3	(6)	(678)
Income from options written portfolio	A3	578	391
<b>Income from operating activities</b>		<b>10,344</b>	<b>10,442</b>
Finance Costs		(91)	(115)
Administration expenses	B1	(2,242)	(2,000)
<b>Profit before income tax expense</b>		<b>8,011</b>	<b>8,327</b>
Income tax expense	B2, E2	(456)	(212)
<b>Profit for the year</b>		<b>7,555</b>	<b>8,115</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	A5	2.43	2.68

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

## Statement of Comprehensive Income for the Year Ended 30 June 2023

	Year to 30 June 2023			Year to 30 June 2022		
	Revenue <sup>1</sup> \$'000	Capital <sup>1</sup> \$'000	Total \$'000	Revenue <sup>1</sup> \$'000	Capital <sup>1</sup> \$'000	Total \$'000
<b>Profit for the year</b>	<b>7,555</b>	<b>-</b>	<b>7,555</b>	<b>8,115</b>	<b>-</b>	<b>8,115</b>
<b>Other Comprehensive Income</b>						
Gains/(losses) for the period	-	29,214	<b>29,214</b>	-	(55,954)	<b>(55,954)</b>
Tax on above	-	(8,832)	<b>(8,832)</b>	-	16,909	<b>16,909</b>
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>20,382</b>	<b>20,382</b>	<b>-</b>	<b>(39,045)</b>	<b>(39,045)</b>
<b>Total Comprehensive Income</b>	<b>7,555</b>	<b>20,382</b>	<b>27,937</b>	<b>8,115</b>	<b>(39,045)</b>	<b>(30,930)</b>

<sup>1</sup> '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 2023

	Note	2023 \$'000	2022 \$'000
<b>Current assets</b>			
Cash	D1	4,954	21,714
Receivables		1,386	1,992
<b>Total current assets</b>		<b>6,340</b>	<b>23,706</b>
<b>Non-current assets</b>			
Investment portfolio	A2	341,359	306,643
Deferred tax assets	E2	786	-
<b>Total non-current assets</b>		<b>342,145</b>	<b>306,643</b>
<b>Total assets</b>		<b>348,485</b>	<b>330,349</b>
<b>Current liabilities</b>			
Payables		141	1,093
Tax payable		286	10,239
Options Sold	A2	260	60
<b>Total current liabilities</b>		<b>687</b>	<b>11,392</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities - other	E2	-	127
Deferred tax liabilities – investment portfolio	B2	27,597	17,860
<b>Total non-current liabilities</b>		<b>27,597</b>	<b>17,987</b>
<b>Total liabilities</b>		<b>28,284</b>	<b>29,379</b>
<b>Net Assets</b>		<b>320,201</b>	<b>300,970</b>
<b>Shareholders' equity</b>			
Share capital	A1, D6	223,819	221,801
Revaluation reserve	A1, D3	48,181	27,337
Realised capital gains reserve	A1, D4	26,080	37,266
Retained profits	A1, D5	22,121	14,566
<b>Total shareholders' equity</b>		<b>320,201</b>	<b>300,970</b>

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

## Statement of Changes in Equity for the Year Ended 30 June 2023

Year Ended 30 June 2023						
	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains Reserve \$'000	Retained Profits \$'000	Total \$'000
<b>Total equity at the beginning of the year</b>		<b>221,801</b>	<b>27,337</b>	<b>37,266</b>	<b>14,566</b>	<b>300,970</b>
Dividends paid	A4	-	-	(10,724)	-	(10,724)
Shares issued under Dividend Reinvestment Plan	D6	2,029	-	-	-	2,029
Other share capital adjustments		(11)	-	-	-	(11)
<b>Total transactions with shareholders</b>		<b>2,018</b>	<b>-</b>	<b>(10,724)</b>	<b>-</b>	<b>(8,706)</b>
Profit for the year		-	-	-	7,555	7,555
<b>Other Comprehensive Income (net of tax)</b>						
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)	-	-
<b>Total equity at the end of the year</b>		<b>223,819</b>	<b>48,181</b>	<b>26,080</b>	<b>22,121</b>	<b>320,201</b>

*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 2023 (continued)

### Year Ended 30 June 2022

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

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

## Cash Flow Statement for the Year Ended 30 June 2023

		<b>2023</b>	<b>2022</b>
		<b>\$'000</b>	<b>\$'000</b>
	<b>Note</b>	<b>Inflows/ (Outflows)</b>	<b>Inflows/ (Outflows)</b>
<b>Cash flows from operating activities</b>			
Sales from trading portfolio		718	3,387
Purchases for trading portfolio		(277)	(3,495)
Interest received		401	5
Proceeds from entering into options in options sold portfolio		1,556	473
Payment to close out options in options sold portfolio		(777)	(69)
Dividends and distributions received		8,534	8,175
		10,155	8,476
Administration expenses		(2,194)	(1,990)
Finance costs paid		(91)	(115)
Income taxes paid		(210)	(50)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>E1</b>	<b>7,660</b>	<b>6,321</b>
<b>Cash flows from investing activities</b>			
Sales from investment portfolio		47,796	106,147
Purchases for investment portfolio		(53,302)	(92,579)
Tax paid on capital gains		(10,208)	(5,665)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(15,714)</b>	<b>7,903</b>
<b>Cash flows from financing activities</b>			
Shares issued		2,029	12,868
Share issue transaction costs		(11)	(54)
Dividends paid		(10,724)	(16,257)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(8,706)</b>	<b>(3,443)</b>
Net increase/(decrease) in cash held		(16,760)	10,781
Cash at the beginning of the year		21,714	10,933
<b>Cash at the end of the year</b>	<b>D1</b>	<b>4,954</b>	<b>21,714</b>

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:

	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Share capital	223,819	221,801
Revaluation reserve	48,181	27,337
Realised capital gains reserve	26,080	37,266
Retained profits	22,121	14,566
	<b>320,201</b>	<b>300,970</b>

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:

	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Equity instruments (at market value)	341,359	306,643
	<b>341,359</b>	<b>306,643</b>

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	(260)	(60)
Put options	-	-
	<b>(260)</b>	<b>(60)</b>

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 \$18.4 million worth of securities at an agreed price – the ‘exposure’ (2022: \$6.1 million).

\$6.2 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2022: \$5.8 million). These shares are lodged with ASX Clear under the terms of ASX Clear Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company’s investment portfolio.

### How investments are shown in the financial statements

The accounting standards set out the following hierarchy for fair value measurement:

**Level 1:** quoted prices in active markets for identical assets or liabilities

**Level 2:** inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices)

**Level 3:** inputs for the asset or liabilities that are not based on observable market data

All financial instruments held by AMCIL are classified as Level 1 (other than an immaterial amount of call 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 2023 and 30 June 2022 were as follows:

	30 June 2023	30 June 2022
<b>Net tangible asset backing per share</b>	<b>\$</b>	<b>\$</b>
Before tax	<b>1.12</b>	<b>1.03</b>
After tax	1.03	0.97

### 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 \$46.8 million (2022 : \$103.5 million) of equity securities were sold. The cumulative loss on the sale of securities from the investment portfolio was \$0.5 million for the period after tax (2022: \$22.2 million gain). 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 2023 is set out below.

Dividends and distributions	2023 \$'000	2022 \$'000
Dividends from securities held in investment portfolio at 30 June	8,987	9,627
Dividends from investment securities sold during the year	384	978
Dividends from trading securities at 30 June	-	119
Dividends from trading securities sold during the year	-	-
	9,371	10,724

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	(6)	(678)
Realised gains on options written portfolio	560	298
Unrealised gains/(losses) on options written portfolio	18	93
	572	(287)



#### A4. Dividends paid

The dividends paid and payable for the year ended 30 June 2023 are shown below:

	2023 \$'000	2022 \$'000
<b>(a) Dividends paid during the year</b>		
Final dividend for the year ended 30 June 2022 of 2.5 cents fully franked at 30%, paid 25 August 2022 (2022: 2.5 cents fully franked plus a special dividend of 2 cents fully franked at 30%, paid on 26 August 2021).	7,651	13,285
Interim dividend for the year ended 30 June 2023 of 1 cent fully franked at 30%, paid 23 February 2023 (2022 : 1 cent fully franked at 30%, paid 24 February 2022)	3,073	2,972
	10,724	16,257

#### (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	12,759	14,385
Impact on the franking account of dividends declared but not recognised as a liability at the end of the current financial year:	(5,346)	(3,320)
<b>Net available</b>	7,413	11,065

These franking account balances would allow AMCIL to frank additional dividend payments at a rate of 30% (30 June 2022 : 30%) up to an amount of:

17,297 25,818

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 1.5 cents per share, both fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2023 to be paid on 24 August 2023, but not recognised as a liability at the end of the financial year is:

12,475

	2023 \$'000	2022 \$'000
<b>(d) Listed Investment Company capital gain account</b>		
Balance of the Listed Investment Company (LIC) capital gain account	13,264	23,993
This equates to an attributable gain of	18,949	34,276

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. \$17.8 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	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator	311,281,211	303,233,326
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	7,555	8,115
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	2.43	2.68

## 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:

	2023 \$'000	2022 \$'000
Administration fees paid to AICS	(1,216)	(1,021)
Other administration expenses	(1,026)	(979)
	<u>(2,242)</u>	<u>(2,000)</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 \$
<b>2023</b>			
Directors	413,439	43,413	456,852
<b>2022</b>			
Directors	430,927	38,073	469,000

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% (2022 : 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*

	2023 \$'000	2022 \$'000
<b>Profit before income tax expense</b>	<b>8,011</b>	<b>8,327</b>
Tax at the Australian company tax rate of 30% (2022 – 30%)	2,403	2,498
Tax offset for franked dividends received	(1,782)	(2,470)
Tax effect of sundry items either taxable in current year but not included in income or non-taxable	(90)	280
	<b>531</b>	<b>308</b>
Over provision in prior years	(75)	(96)
<b>Total tax expense</b>	<b>456</b>	<b>212</b>

### 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.

	2023 \$'000	2022 \$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	27,597	17,860
Opening balance at 1 July	17,860	44,977
Tax on realised gains (at 30%)	905	(10,208)
Charged to OCI for ordinary securities on gains or losses for the period	8,832	(16,909)
	<b>27,597</b>	<b>17,860</b>

## 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 \$11.9 million and \$23.9 million respectively, at a tax rate of 30% (2022 : \$10.7 million & \$21.5 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:

	2023	2022
	%	%
Energy	2.55%	1.78%
Materials	9.62%	8.18%
Industrials	14.75%	14.78%
Consumer Discretionary	12.38%	10.37%
Consumer Staples	3.14%	3.95%
Banks	8.09%	5.36%
Other Financials and Real Estate	16.92%	16.31%
Telecommunications	12.00%	7.87%
Healthcare	16.06%	19.12%
Info Technology	3.05%	5.67%
Cash	1.44%	6.61%

There were 5 securities representing over 5% of the combined investment and trading portfolio (including options) at 30 June 2023 – CSL (10.0%), BHP (5.7%), Wesfarmers (5.6%), Macquarie Group (5.6%) and Transurban (5.5%) (2022 5 : CSL (11.1%), Transurban (6.4%), Mainfreight (5.7%), Macquarie Group (5.6%) and BHP (5.1%)).

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 2023, no such investments are held (2022 : 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 2023	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	141	-	-	141	141
Options written*	-	-	-	-	260
	141	-	-	141	401
<b>30 June 2022</b>					
Payables	1,093	-	-	1,093	1,093
Options written*	-	-	-	-	60
	1,093	-	-	1,093	1,153

\* 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

	2023 \$'000	2022 \$'000
Cash at bank	504	499
Cash Management Trusts	4,450	21,215
	4,954	21,714

Cash holdings yielded an average floating interest rate of 2.97% (2022: 0.08%). 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.

	2023 \$'000	2022 \$'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

	2023 \$'000	2022 \$'000
Opening Balance at 1 July 2022	27,337	88,605
Gains/(losses) on investment portfolio	29,214	(55,954)
Deferred tax on above	(8,832)	16,909
Transfer to realised capital gains reserve for realised (gains)/losses	462	(22,223)
	48,181	27,337

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

	2023 \$'000	2022 \$'000
Opening balance at 1 July	37,266	28,299
Dividends paid	(10,724)	(13,256)
Cumulative taxable realised gains/(losses) for period through OCI (net of tax)	(462)	22,223
	26,080	37,266

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

	2023 \$'000	2022 \$'000
Opening balance at 1 July	14,566	9,452
Dividends paid	-	(3,001)
Profit for the year	7,555	8,115
	22,121	14,566

This reserve relates to past profits.



## D6. Share capital

Date	Details	Notes	Number of shares '000	Issue price \$	Paid-up Capital \$'000
01/7/2021	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	iii	8,726	1.15	10,036
Various	Costs of issue				(54)
30/6/2022	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

- 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 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

	2023 \$'000	2022 \$'000
<b>Profit for the year</b>	<b>7,555</b>	<b>8,115</b>
Increase/(decrease) in options written portfolio	200	13
Dividends received as securities under DRP investments	-	(2,025)
Decrease/(increase) in current receivables	606	1,323
- Less increase/(decrease) in receivables for investment portfolio	(996)	(1,276)
Increase/(decrease) in deferred tax liabilities	8,824	(27,048)
- Less (increase)/decrease in deferred tax liability on investment portfolio	(9,737)	27,117
Increase/(decrease) in current payables	(952)	1,010
- Less decrease/(increase) in payables for investment portfolio	1,000	(1,000)
Increase/(decrease) in provision for tax payable	(9,953)	4,634
- Less CGT provision/deferred tax on CGT losses	905	(10,208)
- Add taxes paid on capital gains	10,208	5,666
<b>Net cash flows from operating activities</b>	<b>7,660</b>	<b>6,321</b>

### E2. Tax reconciliations

#### Tax expense composition

Charge/(credit) for tax payable relating to the current year	523	239
Over provision in prior years	(75)	(96)
Deferred tax on realised losses	(905)	-
(Increase)/decrease in deferred tax assets	913	69
	<b>456</b>	<b>212</b>

#### 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	9,737	(16,909)
Deferred tax on realised losses	(905)	-
	<b>8,832</b>	<b>(16,909)</b>

## Deferred tax assets & liabilities

The deferred tax balances are attributable to:

	<b>2023</b>	2022
	<b>\$'000</b>	<b>\$'000</b>
(a) Tax on unrealised gains or losses in the options written portfolio	(32)	(26)
(b) Provisions and expenses charged to the accounting profit which are not yet tax deductible	13	22
(c) Deferred tax asset on realised capital losses	905	
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(100)	(123)
	<b>786</b>	<b>(127)</b>

Movements:

Opening asset/(liability) balance at 1 July	(127)	(58)
Credited/(charged) to Income statement	913	(69)
	<b>786</b>	<b>(127)</b>

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% (2022 : 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:

	2023 \$	2022 \$
<b>PricewaterhouseCoopers</b>		
Audit or review of financial reports	82,646	76,194
<u>Permitted Non-Audit Services</u>		
CGT compliance review	50,051	34,485
Taxation compliance services	10,346	9,886
Total remuneration	143,043	120,565

### 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 (17.3%) (2022 : 1 - BHP (39.5%, including the Woodside/BHP Petroleum merger dividend).

#### **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 2023 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:

<b>Phrase</b>	<b>AASB Terminology</b>
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 2023 ("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.