AMCIL

A Focused Portfolio
of Australian Equities

Appendix 4E Statement for the Full-Year ending 30 June 2021

Contents

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 2021 with the previous corresponding period being the year ended 30 June 2020.

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 $6.8 million, up 13.6% from the previous corresponding period.

- Revenue from ordinary activities (excluding capital gains) was $8.4 million, up 15.7% from the previous corresponding period.

- Net tangible assets at 30 June 2021 were $1.27 per share, up from $1.00 at the end of the previous corresponding period, in both cases before allowing for any final dividend. This is indicative of the accumulation return for AMH's portfolio which has been 31.8%, including franking, for the year (compared to 29.1% for the ASX 200, also including franking).

- A final dividend of 2.5 cents per share and a special dividend of 2 cents per share, both fully-franked at 30%, will be paid on 26 August 2021 to ordinary shareholders on the register on 5 August 2021. Last year's final dividend was 2.5 cents and no special dividend was paid. Shares are expected to trade ex-dividend from 4 August 2021. There is no conduit foreign income component of the dividend.

- 1.5 cents of the final dividend and the 2 cents special dividend is sourced from capital gains, on which the Company has paid or will pay tax. The amount of the pre-tax attributable gain, known as an "LIC capital gain", attached to these dividends is 5 cents. 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 of which will be set at a nil discount to the Volume Weighted Average Price of the Company's shares traded on the ASX and Chi-X automated trading systems over the five trading days after the shares trade ex-dividend. Notices of participation in the DRP & the DSSP need to be received by the share registry by 5 pm (AEST) on 6 August 2021. All shares issued under the DRP and DSSP will rank equally with existing shares.

- No interim dividend was paid in the current year, as in the previous year

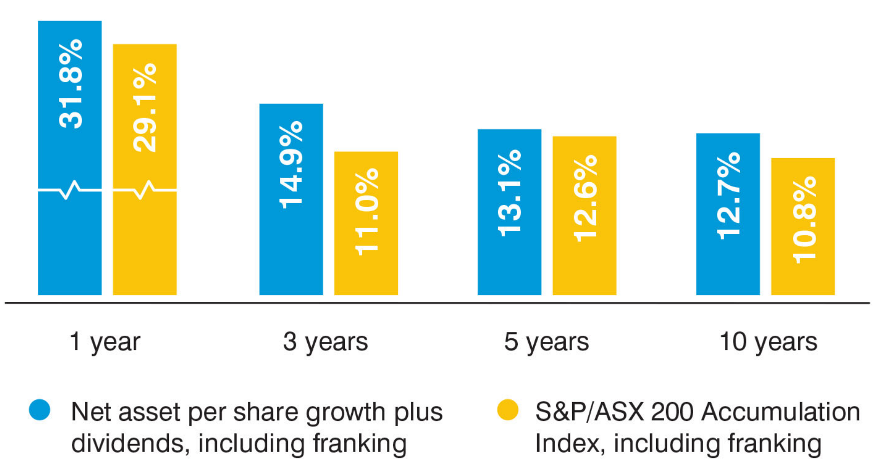
- The 2021 AGM will be held at 1.30 pm on Thursday 7 October 2021. Further details on how to participate will be sent to shareholders.

AMCIL delivers outperformance, special dividend

Full Year Report to 30 June 2021

- **AMCIL's investment approach is to own a focused portfolio of high-quality companies, which is expected to deliver above market growth over the long term. As a concentrated portfolio, large, mid and small companies can have an equally important impact on portfolio returns.**
- **AMCIL's 12-month portfolio return of positive 31.8%, including franking, was ahead of the S&P/ASX 200 Accumulation Index, which returned 29.1%, including franking, over this period.**
- **The Full Year Profit was $6.8 million, up 13.6% from $6.0 million last year. The result for the year included a demerger dividend of $2.2 million (which was non-cash and carries no franking) resulting from the Endeavour Group demerger from Woolworths. Excluding this figure, the Full Year Profit was $4.6 million.**
- **Key components of the result were:**
  - **income from investments, excluding the demerger dividend, down from $7.1 million last year to $6.2 million this financial year, as the economic effect of COVID-19 negatively impacted company dividends; and**
  - **income from options and the trading portfolio was $0.4 million, lower than last year's figure of $1.3 million.**
- **Adjustments made to the portfolio though the period, reflecting the increased valuation risk in several holdings following very strong share price performance, produced realised gains after tax of $12.6 million. In the corresponding period last year, realised gains after tax were $4.3 million.**
- **Directors have declared a total dividend of 4.5 cents per share fully franked. This comprises a 2.5 cents per share ordinary dividend and 2.0 cents per share special dividend given the strong level of realised gains after tax achieved for the year. The dividend last year was 2.5 cents per share.**
- **The management expense ratio for AMCIL is 0.56% (0.66% last year). There are no performance fees.**

Portfolio performance after costs – per annum to 30 June 2021*



* Assumes an investor can take full advantage of the franking credits.

Past performance is not indicative of future performance.

Portfolio Performance

In a market continuing to grapple with the residual impacts of COVID-19 disruptions, the S&P/ASX 200 Accumulation Index delivered a return over the 12 months to 30 June 2021 of 29.1%. Such a strong return was driven by expanded valuation multiples because of very low interest rates, as well as better than expected company profits in this uncertain environment. In comparison over the 12 months to 30 June 2021, AMCIL produced a portfolio return in excess of the market at 31.8% (both these return figures include the full benefit of franking).

The outperformance can be attributed to the consistent delivery of strong returns from a number of long-standing and large holdings in the portfolio such as Mainfreight, ARB Corporation, Reece, Objective Corporation and James Hardie Industries. In particular, ARB Corporation and Reece delivered returns in excess of 100% for the year.

The long-term performance of the portfolio, which is more in line with the Company's investment timeframes, was 12.7% per annum for the 10 years to 30 June 2021, ahead of the Index return of 10.8% per annum (these returns include the full benefit of franking). For an investor reinvesting both dividends and the full benefit of franking credits, $10,000 invested in the AMCIL portfolio 10 years ago would be worth $33,055, 19% higher than the $27,886 outcome for an equivalent investment in the S&P/ASX 200 Accumulation Index.

Adjustments to the Portfolio

The focus on concentrating portfolio exposures to the highest quality businesses has seen the portfolio relatively well positioned through the year. In this context, portfolio adjustments were more limited compared with recent history. The strong increase in share prices over the year led to some trimming in Reece and Objective Corporation as valuation risk in the portfolio appeared to be heightened. The positions in Qube Holdings, Brambles, Cleanaway Waste Management and APA Group were exited with proceeds from these sales distributed across new and existing holdings.

New companies added to the portfolio were FINEOS Corporation, ResMed, Temple & Webster, Fisher & Paykel Healthcare, PEXA Group (via participation in its IPO), InvoCare and PKS Holdings. Periods of volatility throughout the year also provided the opportunity to add to the holding in ASX, given the long term appeal of its strong market position.

The elevated valuation multiples currently on offer in equity markets make further compelling investment opportunities more challenging to identify. However, our investment experience gives us confidence that we will uncover further opportunities in high-quality and emerging growth companies into the new financial year.

Approach to Dividends

AMCIL's approach to paying dividends has been to pay out all available franking credits at the end of each financial year. In addition to the fluctuations in dividends this approach can produce, one of the consequences is that the growth of the portfolio is constrained when compared to the reinvestment of an appropriate amount of realised capital gains. This is particularly the case when there is a takeover of a large holding or significant gains are made on the sale of individual holdings, as has been the case this year.

The Board believes that a more appropriate approach to determining dividends, including any special dividends, will consider: the amount of income received, the amount of realised capital gains, the level of franking credits generated and investment market conditions. This approach may mean we will no longer be distributing all available franking credits at the end of each financial year. The Board does, however, continue to recognise the importance of attractive fully franked dividends to shareholders.

Please direct any enquiries to:

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27 July 2021

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions	Cost $'000
FINEOS Corporation (includes participation in placement @$4.26 per share)	8,316
ASX	7,740
ResMed	6,382
Temple & Webster	6,075
Fisher & Paykel Healthcare	6,064
PEXA Group	6,000

Disposals	Proceeds $'000
Qube Holdings#	7,340
Reece	6,049
Objective Corporation	6,010
Brambles#	5,503
Cleanaway Waste Management#	5,491
APA Group#	4,525

Complete disposals from the portfolio

New Companies Added to the Portfolio	
FINEOS Corporation	PEXA Group
ResMed	InvoCare
Temple & Webster	PKS Holdings
Fisher & Paykel Healthcare	

TOP INVESTMENTS AS AT 30 JUNE 2021

Includes investments held in both the Investment and Trading Portfolios.

Valued at closing prices at 30 June 2021

		Total Value $ million	% of the Portfolio
1	CSL	30.7	8.3%
2	Mainfreight	24.4	6.5%
3	BHP Group	22.3	6.0%
4	Wesfarmers	21.0	5.6%
5	Macquarie Group	16.7	4.5%
6	Transurban Group	15.3	4.1%
7	Woolworths Group	14.5	3.9%
8	National Australia Bank	13.8	3.7%
9	ARB Corporation	13.4	3.6%
10	Goodman Group	12.8	3.5%
11	IRESS	11.7	3.2%
12	Macquarie Telecom Group	11.6	3.1%
13	James Hardie Industries	11.2	3.0%
14 *	Carsales.com	9.1	2.5%
15	Reece	9.0	2.4%
16	ASX	8.8	2.4%
17	ResMed	8.6	2.3%
18	Sydney Airport	8.5	2.3%
19	Commonwealth Bank of Australia	7.8	2.1%
20	FINEOS Corporation	7.7	2.1%
		278.8	
	As % of Total Portfolio Value (excludes Cash)	75.0%	

* Indicates options were outstanding against part of the holding.

AMCIL

PORTFOLIO PERFORMANCE TO 30 JUNE 2021

PERFORMANCE MEASURES AT 30 JUNE 2021	1 YEAR	3 YEARS %PA	5 YEARS %PA	10 YEARS %PA
PORTFOLIO RETURN – NET ASSET BACKING RETURN INCLUDING DIVIDENDS REINVESTED	***30.5%***	***12.7%***	***11.1%***	***10.4%***
S&P/ASX 200 ACCUMULATION INDEX	27.8%	9.6%	11.2%	9.3%

PORTFOLIO RETURN – NET ASSET BACKING GROSS RETURN INCLUDING DIVIDENDS REINVESTED*	***31.8%***	***14.9%***	***13.1%***	***12.7%***
S&P/ASX 200 ACCUMULATION INDEX*	29.1%	11.0%	12.6%	10.8%

Note: AMCIL's net asset per share growth plus dividend series is calculated after management expenses, income tax and capital gains tax on realised sales of investments. It should also be noted that Index returns for the market do not include the impact of management expenses and tax on their performance.

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

AMCIL Limited

Annual Financial Statements

30 June 2021

Financial statements

Income Statement for the Year Ended 30 June 2021

	Note	2021 $'000	2020 $'000
Dividends and distributions	A3	8,313	7,074
Revenue from deposits and bank bills		5	104
Other revenue		51	54
Total revenue		**8,369**	**7,232**
Net gains on trading portfolio	A3	198	393
Income from options written portfolio	A3	154	857
Income from operating activities		**8,721**	**8,482**
Finance Costs		(95)	(98)
Administration expenses	B1	(1,850)	(1,797)
Profit before income tax expense		**6,776**	**6,587**
Income tax expense	B2, E2	-	(624)
Profit for the year		**6,776**	**5,963**

		Cents	Cents
Basic earnings per share	A5	2.33	2.15

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

Statement of Comprehensive Income for the Year Ended 30 June 2021

	Year to 30 June 2021			Year to 30 June 2020		
	Revenue[1]	**Capital[1]**	**Total**	Revenue[1]	Capital[1]	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**6,776**	**-**	**6,776**	**5,963**	**-**	**5,963**
Other Comprehensive Income						
Gains for the period	-	88,425	**88,425**	-	10,893	**10,893**
Tax on above	-	(27,280)	**(27,280)**	-	(3,317)	**(3,317)**
Total Other Comprehensive Income	-	**61,145**	**61,145**	-	**7,576**	**7,576**
Total Comprehensive Income	**6,776**	**61,145**	**67,921**	**5,963**	**7,576**	**13,539**

[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 2021

	Note	**2021 $'000**	2020 $'000
Current assets			
Cash	D1	10,933	9,190
Receivables		3,315	719
Total current assets		**14,248**	**9,909**
Non-current assets			
Deferred tax assets	E2	-	14
Investment portfolio	A2	371,865	269,617
Total non-current assets		**371,865**	**269,631**
Total assets		**386,113**	**279,540**
Current liabilities			
Payables		83	175
Tax payable		5,605	1,107
Options Sold	A2	47	-
Total current liabilities		**5,735**	**1,282**
Non-current liabilities			
Deferred tax liabilities - other	E2	58	-
Deferred tax liabilities – investment portfolio	B2	44,977	23,363
Total non-current liabilities		**45,035**	**23,363**
Total liabilities		**50,770**	**24,645**
Net Assets		**335,343**	**254,895**
Shareholders' equity			
Share capital	A1, D6	208,987	189,581
Revaluation reserve	A1, D3	88,605	40,075
Realised capital gains reserve	A1, D4	28,299	15,684
Retained profits	A1, D5	9,452	9,555
Total shareholders' equity		**335,343**	**254,895**

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

Statement of Changes in Equity for the Year Ended 30 June 2021

Year Ended 30 June 2021

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

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

Statement of Changes in Equity for the Year Ended 30 June 2021 (continued)

Year Ended 30 June 2020

	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		**186,168**	**36,784**	**19,637**	**4,965**	**247,554**
Dividends paid	A4	-	-	(8,238)	(1,373)	**(9,611)**
Shares issued under Dividend Reinvestment Plan	D6	3,426	-	-	-	**3,426**
Other share capital adjustments		(13)	-	-	-	**(13)**
Total transactions with shareholders		**3,413**	**-**	**(8,238)**	**(1,373)**	**(6,198)**
Profit for the year		-	-	-	5,963	**5,963**
Other Comprehensive Income (net of tax)						
Net gain for the period on investments		-	7,576	-	-	**7,576**
Other Comprehensive Income for the year		-	7,576	-	-	**7,576**
Transfer to Realised Capital Gains Reserve of realised gains on investments sold		-	(4,285)	4,285	-	**-**
Total equity at the end of the year		**189,581**	**40,075**	**15,684**	**9,555**	**254,895**

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

Cash Flow Statement for the Year Ended 30 June 2021

	Note	2021 $'000 Inflows/ (Outflows)	2020 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		2,090	3,599
Purchases for trading portfolio		(1,607)	(2,560)
Interest received		5	104
Proceeds from entering into options in options written portfolio		237	1,154
Payment to close out options in options written portfolio		(37)	(1,514)
Dividends and distributions received		5,545	6,508
		6,233	7,291
Other receipts		51	54
Administration expenses		(1,942)	(1,797)
Finance costs paid		(96)	(98)
Income taxes paid		(425)	-
Net cash inflow/(outflow) from operating activities	E1	**3,821**	**5,450**
Cash flows from investing activities			
Sales from investment portfolio		55,102	117,527
Purchases for investment portfolio		(69,035)	(120,662)
Tax paid on capital gains		(672)	(915)
Net cash inflow/(outflow) from investing activities		**(14,605)**	**(4,050)**
Cash flows from financing activities			
Shares issued		19,454	3,426
Share issue transaction costs		(48)	(13)
Dividends paid		(6,879)	(9,611)
Net cash inflow/(outflow) from financing activities		**12,527**	**(6,198)**
Net increase/(decrease) in cash held		1,743	(4,798)
Cash at the beginning of the year		9,190	13,988
Cash at the end of the year	D1	**10,933**	**9,190**

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:

	2021	2020
	$'000	$'000
Share capital	208,987	189,581
Revaluation reserve	88,605	40,075
Realised capital gains reserve	28,299	15,684
Retained profits	9,452	9,555
	335,343	**254,895**

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:

	2021	2020
	$'000	$'000
Equity instruments (at market value)	371,865	269,617
	371,865	269,617

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

All options written by the Company and open at year end are call options. If all options were exercised, this would lead to the sale of $2.0 million worth of securities at an agreed price – the 'exposure' (2020: $nil).

$8.9 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2020: $7.7 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 investment in Pexa which is classified as Level 2 as it did not start trading until 1 July 2021). 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 2021 and 30 June 2020 were as follows:

	30 June 2021	30 June 2020
Net tangible asset backing per share	**$**	$
Before tax	**1.27**	**1.00**
After tax	1.12	0.92

Equity investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' ("OCI"), because they are equity instruments held for long-term capital growth and dividend income, rather than to make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the Statement of Comprehensive Income. The cumulative change in value of the shares over time is then recorded in the Revaluation Reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realised capital gains reserve.

Options

Options are classified as financial assets or liabilities at fair value through profit and loss and usually have an expiry date within twelve months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

Securities sold and how they are measured

Where securities are sold, 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 $57.4 million (2020 : $115.4 million) of equity securities were sold. The cumulative gain on the sale of securities from the investment portfolio was $12.6 million for the period after tax (2020: $4.3 million). This has been transferred from the revaluation reserve to the realised capital gains reserve (See Statement of Changes in Equity). These sales were accounted for at the date of trade.

A3. Operating income

The total income received from AMCIL's investments in 2021 is set out below.

Dividends and distributions	**2021** **$'000**	2020 $'000
Dividends from securities held in investment portfolio at 30 June	8,007	5,148
Dividends from investment securities sold during the year	306	1,926
Dividends from trading securities sold during the year	-	-
	8,313	7,074

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	198	393
Realised gains on options written portfolio	159	857
Unrealised gains/(losses) on options written portfolio	(5)	-
	352	1,250

A4. Dividends paid

The dividends paid and payable for the year ended 30 June 2021 are shown below:

	2021 $'000	2020 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2020 of 2.5 cents fully franked at 30%, paid 27 August 2020 (2020: 3.5 cents fully franked at 30%, paid on 23 August 2019).	6,879	9,611
	6,879	9,611

	2021 $'000	2020 $'000
(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	7,771	3,391
Impact on the franking account of dividends declared but not recognised as a liability at the end of the current financial year:	(5,761)	(2,984)
Net available	2,010	407
These franking account balances would allow AMCIL to frank additional dividend payments at a rate of 30% (30 June 2020 : 30%) up to an amount of:	4,690	950

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 and a special dividend of 2 cents per share, both fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2021 to be paid on 26 August 2021, but not recognised as a liability at the end of the financial year is:

	13,443

(d) Listed Investment Company capital gain account	**2021 $'000**	2020 $'000
Balance of the Listed Investment Company (LIC) capital gain account	14,765	2,600
This equates to an attributable gain of	21,092	3,714

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. $14.9 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	**2021 Number**	2020 Number
Weighted average number of ordinary shares used as the denominator	290,908,748	277,943,049
	$'000	**$'000**
Profit for the year	6,776	5,963
	Cents	**Cents**
Basic earnings per share	2.33	2.15

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:

	2021 $'000	2020 $'000
Administration fees paid to AICS	(916)	(839)
Other administration expenses	(934)	(958)
	(1,850)	(1,797)

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.

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 $**
2021			
Directors	425,013	40,379	465,392
2020			
Directors	467,577	44,423	512,000

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% (2020 : 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

	2021 $'000	2020 $'000
Profit before income tax expense	**6,776**	**6,587**
Tax at the Australian company tax rate of 30% (2020 – 30%)	2,033	1,976
Tax offset for franked dividends received	(1,216)	(1,365)
Demerger dividend non-taxable	(648)	-
Tax effect of sundry items either taxable in current year but not included in income or non-taxable	(114)	52
	55	**663**
Over provision in prior years	(55)	(39)
Total tax expense	**-**	**624**

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.

	2021 $'000	2020 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	44,977	23,363
Opening balance at 1 July	23,363	20,718
Tax on realised gains (at 30%)	(5,666)	(672)
Charged to OCI for ordinary securities on gains or losses for the period	27,280	3,317
	44,977	23,363

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 $13.0 million and $26.0 million respectively, at a tax rate of 30% (2020 : $9.4 million & $18.9 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:

	2021	2020
	%	%
Energy	1.19%	2.28%
Materials	8.76%	8.97%
Industrials	15.99%	23.85%
Consumer Discretionary	13.35%	10.42%
Consumer Staples	3.78%	3.21%
Banks	5.63%	5.58%
Other Financials and Real Estate	13.44%	9.77%
Telecommunications	8.51%	8.54%
Healthcare	15.96%	14.31%
Info Technology	10.53%	8.07%
Utilities	-	1.70%
Cash	2.86%	3.30%

There were four securities representing over 5% of the combined investment and trading portfolio (including options) at 30 June 2021 – CSL (8.3%), Mainfreight (6.5%), BHP (6.0%) and Wesfarmers (5.6%) (2020 3 : CSL (9.5%), BHP (6.1%) and Wesfarmers (5.9%)).

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.

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.

30 June 2021	Less than 6 months $'000	6-12 months $'000	Greater than 1 year $'000	Total contractual cash flows $'000	Carrying amount $'000
Payables	83	-	-	83	83
Options written*	-	-	-	-	47
	83	-	-	83	130
30 June 2020					
Payables	175	-	-	175	175
	175	-	-	175	175

* 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

	2021 **$'000**	2020 $'000
Cash at bank and in hand (including on-call)	10,933	9,190

Cash holdings yielded an average floating interest rate of 0.12% (2020: 0.99%). 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.

	2021 **$'000**	2020 $'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.

D3. Revaluation reserve

	2021 **$'000**	2020 $'000
Opening Balance at 1 July 2020	40,075	36,784
Gains on investment portfolio	88,425	10,893
Deferred tax on above	(27,280)	(3,317)
Transfer to realised capital gains reserve for realised gains	(12,615)	(4,285)
	88,605	40,075

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

	2021 $'000			2020 $'000		
	Taxable realised gains (net of tax)	**Difference between tax and accounting costs**	**Total**	Taxable realised gains (net of tax)	Difference between tax and accounting costs	Total
Opening balance at 1 July	687	14,997	**15,684**	7,357	12,280	**19,637**
Dividends paid	-	-	**-**	(8,238)	-	**(8,238)**
Cumulative taxable realised (losses)/gains for period	18,789	(508)	**18,281**	2,240	2,717	**4,957**
Tax on realised gains/(losses)	(5,666)	-	**(5,666)**	(672)	-	**(672)**
	13,810	14,489	**28,299**	687	14,997	**15,684**

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

D5. Retained profits

	2021 $'000	2020 $'000
Opening balance at 1 July	9,555	4,965
Dividends paid	(6,879)	(1,373)
Profit for the year	6,776	5,963
	9,452	9,555

This reserve relates to past profits.

D6. Share capital

Date	Details	Notes	Number of shares '000	Issue price $	Paid-up Capital $'000
01/7/2019	Balance		274,586		186,168
23/8/2019	Dividend Reinvestment Plan	i	3,938	0.87	3,426
Various	Costs of issue		-		(13)
30/6/2020	Balance		278,524		189,581
27/8/2020	Dividend Reinvestment Plan	i	1,387	0.92	1,276
27/8/2020	Dividend Substitution Share Plan	ii	91	0.92	n/a
25/11/2020	Share Purchase Plan	iii	18,741	0.97	18,178
Various	Costs of issue		-		(48)
30/6/2021	Balance		298,743		208,987

i. *Shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares under the Dividend Reinvestment Plan (DRP). The price of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange (ASX) & Chi-X in the five days after the shares begin trading ex-dividend.*

ii. *The Company has a Dividend Substitution Share Plan (DSSP) whereby shareholders may elect to forgo a dividend and receive shares instead. Pricing for the DSSP shares is done as per the DRP shares.*

iii. *During the year ended 30 June 2021 the Company announced a Share Purchase Plan (SPP). The SPP issue price was set at a nil discount to the volume-weighted average price of AMCIL shares traded on the Australian Securities Exchange (ASX) & Chi-X over the 5 trading days up to, and including, the day before the SPP offer was announced.*

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

	2021 **$'000**	2020 $'000
Profit for the year	**6,776**	**5,963**
Demerger dividend (non-cash)	(2,159)	-
Increase/(decrease) in options written portfolio	47	(1,217)
Dividends received as securities under DRP investments	-	(368)
Decrease/(increase) in current receivables	(2,596)	2,274
- Less increase/(decrease) in receivables for investment portfolio	2,269	(1,826)
Increase/(decrease) in deferred tax liabilities	21,686	2,768
- Less (increase)/decrease in deferred tax liability on investment portfolio	(21,614)	(2,645)
Increase/(decrease) in current payables	(92)	2
Increase/(decrease) in provision for tax payable	4,498	256
- Less CGT provision	(5,666)	(672)
- Add taxes paid on capital gains	672	915
Net cash flows from operating activities	**3,821**	**5,450**

E2. Tax reconciliations

Tax expense composition

Charge/(credit) for tax payable relating to the current year	(17)	540
Over provision in prior years	(55)	(39)
(Increase)/decrease in deferred tax assets	72	123
	-	**624**

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	27,280	3,317
	27,280	**3,317**

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

		2021 $'000	2020 $'000
(a)	Tax on unrealised gains or losses in the options written portfolio	1	-
(b)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	22	47
(c)	Interest and dividend income receivable which is not assessable for tax until receipt	(81)	(33)
		(58)	14

Movements:

	2021	2020
Opening asset/(liability) balance at 1 July	14	137
Credited/(charged) to Income statement	(72)	(123)
	(58)	14

Deferred tax assets 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% (2020 : 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.

F2. Remuneration of auditors

During the year the auditor earned the following remuneration:

	2021	2020
	$	$
PricewaterhouseCoopers		
Audit or review of financial reports	108,892	104,678
Permitted Non-Audit Services		
Taxation compliance services	9,450	9,264
Total remuneration	118,342	113,942

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 two investments comprising more than 10% of AMCIL's income, including realised income from the trading and options written portfolios –

Woolworths, as a consequence of the demerger dividend received for Endeavour Group (28.4%) and BHP (11.5%) (2020 : None).

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 27 July 2021 in accordance with a resolution of the Board and is presented in the Australian currency. The directors of AMCIL have the power to amend and reissue the financial report.

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

Phrase	AASB Terminology
Market Value	Fair Value for Actively Traded Securities
Cash	Cash & Cash Equivalents
Share Capital	Contributed Equity
Options	Derivatives written over equity instruments that are valued at fair value through Profit or Loss

AMCIL complies with International Financial Reporting Standards (IFRS). AMCIL is a ‘for profit’ entity.

AMCIL has not applied any Australian Accounting Standards or AASB Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2021 (“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.