APPENDIX 4E STATEMENT FOR THE FULL-YEAR ENDING 30 JUNE 2025

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 Australian Foundation Investment Company Limited ABN 56 004 147 120

Income, Capital Growth, Low Cost

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

Results for Announcement to the Market

The reporting period is the year ended 30 June 2025, with the prior corresponding period being the year ended 30 June 2024.

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

Results for Announcement to the Market

- Net Profit was $285.0 million, down 3.9% from the prior year.
- Net Profit attributable to members (excluding minority interests) was $284.9 million, down 3.8% from the prior year.
- Revenue from operating activities was $328.1 million, down 1.9% from the prior year.
- The Management Expense Ratio ("MER") calculated as the net expenses of managing the Company as a percentage of the average value of its investments including cash over the year, was 0.16% for the year (2024: 0.15%).
- Net tangible assets as at 30 June 2025, before allowing for the final dividend and before the provision for deferred tax on unrealised gains in the investment portfolio were $8.33 per share (2024: $7.88).
- A fully franked final dividend of 14.5 cents per share, the same as last year's final dividend will be paid on 28 August 2025 to shareholders on the register on 6 August 2025. Shares are expected to trade ex-dividend on 5 August 2025.
- A special dividend of 5 cents per share will also be paid on 28 August 2025 to shareholders on the register on 6 August 2025. The special dividend reflects part distribution of the significant amount of realised capital gains and franking credits generated from the trimming of our shareholding in Commonwealth Bank of Australia during the financial year. There is no conduit foreign income component of either dividend.
- No New Zealand imputation credit is attached to the final or special dividends.
- The Board has elected to source the entire 19.5 cents per share of the final and special dividends from capital gains, on which the Group has paid or will pay tax. The amount of this pre-tax attributable gain, equals 27.86 cents per share. This enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements.
- The interim dividend of 12 cents per share (up from 11.5 cents in the previous corresponding period) was paid to shareholders on 25 February 2025.
- The total dividend (including the special dividend) for the financial year is therefore 31.5 cents per share, fully franked, up from 26 cents per share fully franked last year.
- A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price will be set at a **nil discount** to the Volume Weighted Average Price of the Company's shares traded on the ASX and Cboe automated trading systems over the five trading days after the shares trade ex-dividend. Notices of participation in the DRP and DSSP need to be received by the share registry by 5pm (AEST) on 7 August 2025. All shares issued under the DRP and DSSP will rank equally with existing shares.
- The Company will be providing a briefing on these results via a webcast for shareholders on Monday 28 July 2025 at 3.30pm (AEST). Details are on the website afi.com.au.
- The 2025 AGM will be held at 10 am on Tuesday 30 September. Further details on how to participate will be sent to shareholders.

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

AFIC Announces 5 Cents Per Share Special Dividend.

Full-Year Report to 30 June 2025

AFIC's investment focus is on a diversified portfolio of Australian equities, seeking to provide attractive dividend and capital growth to shareholders over the medium to long term. This is achieved at a low cost and with low portfolio turnover which produces tax-effective outcomes for shareholders. AFIC's management expense ratio is 0.16% with no additional fees.

The Full Year Profit was $285.0 million, down from $296.4 million in the previous corresponding period. The decrease in the profit from last year was primarily due to lower dividends as bank holdings were trimmed.

The final dividend was maintained at 14.5 cents per share fully franked. A special dividend of 5 cents per share has also been declared. This reflects the significant amount of realised capital gains and franking credits generated from the trimming of our shareholding in Commonwealth Bank of Australia during the financial year.

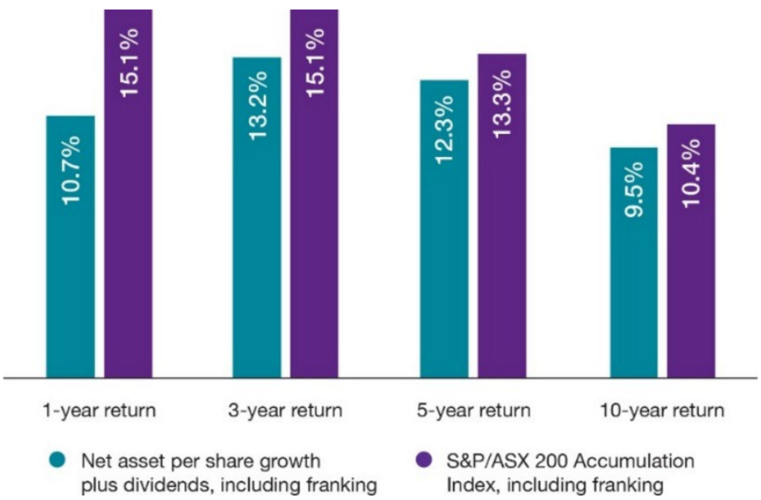
Total fully franked dividends applicable for the year including the special dividend are 31.5 cents per share, an increase of 21.2% from the previous financial year's total fully franked dividend of 26.0 cents per share.

Activity in the portfolio was focused primarily on recycling capital into existing holdings by trimming some positions where companies were trading at extreme valuations during the year (the Commonwealth Bank of Australia for example) and selling positions in companies where we felt they were facing significant challenges.

The portfolio returned 10.7% for the financial year in comparison to the S&P/ASX 200 Accumulation Index return of 15.1% when the benefit of franking is included for both returns. In comparing AFIC's one-year return to the benchmark, a number of quality companies in the portfolio underperformed the market during the year. We still consider the long term prospects for these companies remain strong. These include ARB Corporation, James Hardie Industries, CSL and Reece Limited. Strength in the gold sector in which AFIC does not traditionally invest also impacted relative performance given this sector was up 59.6% over the financial year.

Portfolio return (including the full benefit of franking) – per annum to 30 June 2025

Note AFIC on occasion incurs realised capital gains tax on the sale of shares. Not all the franking generated from these realised capital gains is paid out immediately as dividends and is therefore not included in these performance figures.



AFIC's performance figures are after costs.

Past performance may not be indicative of future performance.

Market Commentary and Portfolio Performance

The ASX 200 Accumulation Index (not including the benefit of franking) rose 13.8% in the financial year with sector returns widely dispersed. The best performing sectors were Banks up 31.1%, Communication Services up 27.8% and Information Technology up 24.2%. Industrials up 19.1% outperformed the broader ASX 200 Index and was significantly ahead of the Resources which was down 3.7%. Domestic economic conditions proved more resilient than originally expected, providing a supportive backdrop for Australian banks. A significant portion of the Bank sector's performance has come from a re-rating higher of valuation multiples and less from earnings growth. In the case of Commonwealth Bank of Australia, we now view the current valuation as extreme and accordingly have been reducing our holding in recent months. Slowing growth of fixed asset investment in China weighed on the performance of the Resources sector. In addition to the Resources sector, other sectors to underperform the broader market return of 13.8% included Energy (down 8.1%) and Healthcare (down 4.6%).

The portfolio including the benefit of franking returned 10.7%, underperforming the S&P/ASX 200 Accumulation Index return of 15.1% when franking is included. Strong returns came from our holdings in JB-Hi Fi, Wesfarmers, Coles Group, Computershare and Netwealth Group which all materially outperformed the market. A drag on performance came from several quality companies that underperformed the market during the year. These included ARB Corporation, James Hardie Industries, CSL and Reece Limited. We still consider the long term prospects for these companies to remain strong. IDP Education which has been a disappointing investment for us also had a material negative impact on performance. Additionally, having no exposure to gold producers dragged on performance. The All-Ordinaries Gold Index was up 59.6% during the year. Widespread uncertainty regarding the direction of global economic growth resulted in the perceived safe haven asset of gold performing well. Gold producers have historically shown a variable track record in maintaining production and increasing profitability over the medium to long term. On this basis AFIC has not traditionally invested in this sector.

Portfolio Adjustments

In managing the portfolio, we endeavour to hold a diversified portfolio of quality companies with an appropriate mix of income and growth attributes to achieve our long-term investment objectives. Portfolio adjustments through the year are consistent with our focus of buying quality companies during times of bad news and trimming holdings when valuations reach extreme levels.

While we endeavour to hold companies for the long term, selling companies when we identify a significant deterioration in future growth prospects remains fundamental to meeting our long term investment objectives. We exited Mineral Resources, Ramsay Health Care and Domino's Pizza Enterprises. We are observing structural industry challenges for Domino's Pizza Enterprises and Ramsay Health Care which are likely to weigh on the rate of earnings growth for both these companies in the foreseeable future. Competitive intensity has materially increased for both Mineral Resources and Domino's Pizza Enterprises with the balance sheet for both companies fully geared in a tougher operating environment.

While the trimming of the Commonwealth Bank of Australia has weighed on returns given its ongoing strength in the market, we still consider our average sale price reflects a position where the shares were sold at a time when they were trading at extreme valuations.

The majority of purchases during the year were undertaken to increase weightings in existing holdings BHP, Goodman Group, ResMed, NEXTDC, Wisetech Global and Cochlear.

We initiated positions in BlueScope Steel, Sigma Healthcare, Telix Pharmaceuticals and Worley. BlueScope Steel is a cyclical company with operations predominantly in Australia and the US. The company has a number of 'self-help' drivers beyond the cycle likely to deliver significant earnings growth over the medium term. These predominantly relate to capital investment into growth projects. Sigma Healthcare merged with Chemist Warehouse during the year. We took a small position pre ACCC approval of the merger. We are wishing to make our holding significantly larger over time (at an appropriate valuation) given the strong market position and large market opportunity for Chemist Warehouse.

Telix Pharmaceuticals is predominantly focused on the diagnosis and treatment of prostate cancer. Telix Pharmaceuticals uses a targeting agent with a radioactive isotype concentrating radiation at the tumour site for either imaging or therapy. The technology is being widely adopted by industry practitioners resulting in strong earnings growth. The range of potential outcomes is widely dispersed, accordingly we elected to establish a small holding looking to increase our weighting should our conviction grow.

Worley is an engineering and professional services company operating in the energy, chemicals and resources end markets. Historically, Worley contracted on a fixed price lump sum basis meaning earnings were highly cyclical dependent on the successful delivery of projects within budget. Demand for engineering services particularly in the energy market is growing strongly at a time when professional service firms have substantially consolidated. The result is more favourable contracting terms on a cost plus model materially reducing earnings risk.

International Portfolio

We have continued to manage the global portfolio (within the AFIC portfolio) over the period. This portfolio was first initiated in May 2021. Whilst significant preparatory work has been done for establishing a separate low-cost global investment company in the future, we are still considering the most appropriate next steps for this initiative. AFIC has invested a total of $103.5 million of shareholder capital in the global portfolio, which is valued at $168.1 million as at 30 June, 2025. At current value, the global portfolio represents about 1.6% of the overall AFIC portfolio.

AFIC's global portfolio returned 14.0% for the financial year, an attractive return for shareholders although below our benchmark.

Gross returns in $A to 30 June 2025

	1 year % pa	3 years % pa	Since Inception % pa
AFIC Global Portfolio	14.0	21.0	14.0
Benchmark	18.5	20.3	14.0
Differential	**(4.5)**	**0.7**	**0.0**

Source: Northern Trust.

Volatility stemming in part from changes to US domestic and foreign policy resulted in a negative shift in sentiment towards a number of our holdings, although we continue to believe their characteristics and prospects will produce attractive risk adjusted returns for our shareholders over the long term.

During the year we established new positions in Expand Energy, Spotify, Haleon, Builders FirstSource and Zoetis. These investments were funded via trimming our Costco position and the complete exits of Cintas, UnitedHealth Group, Louis Vuitton, Estee Lauder and Nike. In addition, we switched our GLP1 exposure from Novo Nordisk into Eli Lilly. During the tariff induced sell off in April, we added to existing holdings at attractive prices including Nvidia, Freeport McMoran, Halma and Marriott.

Outlook

Market conditions remain unpredictable with the outlook for economic growth unclear, consumer confidence softening and the prospect for the employment market remaining highly variable.

In this environment corporate earnings appear set to slow as revenue growth appears harder to achieve with many corporates now talking about cost out initiatives.

The dispersion in market valuations between the winners and losers is extremely wide and is also likely to exacerbate volatility as we anticipate that the market's tolerance for earnings disappointment won't be high. Patient deployment of capital is required in times like these.

Finally geopolitical factors remain highly relevant with ongoing conflicts and with politics, particularly out of the US, driving sharp changes in market sentiment.

While we are aware of the volatile geopolitical environment our focus continues to remain on the fundamentals of the companies we seek to invest in. We consider the portfolio remains invested in quality companies forecast to deliver an appropriate mix of income and growth returns positioning us well to deliver our long term investment objectives.

Please direct any enquiries to:

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28 July 2025

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($m)
BHP	95.4
Worley	55.2
Goodman Group	41.3
ResMed	38.6
NEXTDC	35.6

Disposals	Proceeds ($m)
Commonwealth Bank of Australia	375.4
Wesfarmers	90.7
Ramsay Health Care*	51.0
Mineral Resources*	35.3
Westpac Banking Corporation	35.1

* Complete disposal from the portfolio.

New Companies Added to the Portfolio

Worley

BlueScope Steel

Telix Pharmaceuticals

Sigma Healthcare

Top 25 Investments at 30 June 2025

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2025

		Total Value $ Million	% of the Portfolio
1	Commonwealth Bank of Australia	968.5	9.4%
2	BHP	762.7	7.4%
3	CSL	632.9	6.2%
4	Macquarie Group	491.2	4.8%
5	National Australia Bank	485.5	4.7%
6	Wesfarmers	473.8	4.6%
7	Westpac Banking Corporation	449.7	4.4%
8	Goodman Group	394.6	3.8%
9	Transurban Group	369.0	3.6%
10	Telstra Group	305.7	3.0%
11	ResMed	252.9	2.5%
12	ANZ Group Holdings	216.2	2.1%
13	CAR Group	212.9	2.1%
14	James Hardie Industries*	211.4	2.1%
15	Woolworths Group	207.4	2.0%
16	Rio Tinto	199.5	1.9%
17	Woodside Energy Group	192.9	1.9%
18	Coles Group*	192.4	1.9%
19	Xero	150.1	1.5%
20	Mainfreight	149.6	1.5%
21	Computershare	144.8	1.4%
22	REA Group	138.8	1.4%
23	ARB Corporation	138.2	1.3%
24	Brambles	136.8	1.3%
25	Amcor	136.6	1.3%
Total		**8,014.0**	
As percentage of total portfolio value (excludes cash)			**78.1%**

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

Portfolio Performance to 30 June 2025

Performance Measures to 30 June 2025	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	9.2%	11.6%	10.7%	7.7%
S&P/ASX 200 Accumulation Index	13.8%	13.6%	11.8%	8.9%
Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	10.7%	13.2%	12.3%	9.5%
S&P/ASX 200 Gross Accumulation Index*	15.1%	15.1%	13.3%	10.3%

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

Note: AFIC 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.

Past performance is not indicative of future performance.

Australian Foundation Investment Company Limited (AFIC)

Consolidated Annual Financial Statements

30 June 2025

FINANCIAL STATEMENTS

Consolidated Income Statement for the Year Ended 30 June 2025

	Note	2025 $'000	2024 $'000
Dividends and distributions	A3	312,620	321,836
Interest income from deposits	A3	9,195	6,963
Other revenue	A3	6,311	5,555
Total revenue		**328,126**	**334,354**
Net gains on trading portfolio	A3	2,294	4,901
Income from operating activities		**330,420**	**339,255**
Finance costs		(1,208)	(1,405)
Administration expenses	B1	(22,991)	(18,915)
Profit before income tax expense		**306,221**	**318,935**
Income tax expense	B2, E2	(21,250)	(22,522)
Profit for the year		**284,971**	**296,413**
Profit is attributable to :			
Equity holders of Australian Foundation Investment Company		284,912	296,174
Minority interest		59	239
		284,971	296,413
		Cents	**Cents**
Basic earnings per share	A5	22.71	23.75

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

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2025

	Year to 30 June 2025			Year to 30 June 2024		
	Revenue[1]	**Capital[1]**	**Total**	Revenue[1]	Capital[1]	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**284,971**	**-**	**284,971**	**296,413**	**-**	**296,413**
Other Comprehensive Income						
Items that will not be recycled through the Income Statement						
Gains/(losses) for the period	-	731,229	**731,229**	-	923,692	**923,692**
Tax on above	-	(222,552)	**(222,552)**	-	(279,803)	**(279,803)**
Total Other Comprehensive Income	-	**508,677**	**508,677**	-	**643,889**	**643,889**
Total Comprehensive Income	**284,971**	**508,677**	**793,648**	**296,413**	**643,889**	**940,302**

[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'.

Total Comprehensive Income is attributable to :

	Year to 30 June 2025			Year to 30 June 2024		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Equity holders of Australian Foundation Investment Company	284,912	508,677	793,589	296,174	643,889	940,063
Minority Interests	59	-	59	239	-	239
	284,971	508,677	793,648	296,413	643,889	940,302

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

Consolidated Balance Sheet as at 30 June 2025

	Note	2025 $'000	2024 $'000
Current assets			
Cash	D1	280,769	166,499
Receivables		39,534	42,425
Trading portfolio		5,773	5,387
Total current assets		**326,076**	**214,311**
Non-current assets			
Investment portfolio	A2	10,254,757	9,703,558
Fixtures & fittings		155	-
Total non-current assets		**10,254,912**	**9,703,558**
Total assets		**10,580,988**	**9,917,869**
Current liabilities			
Payables		1,335	1,256
Borrowings – bank debt		10,000	10,000
Tax payable		113,483	34,105
Provisions		7,084	6,014
Total current liabilities		**131,902**	**51,375**
Non-current liabilities			
Provisions		169	154
Deferred tax liabilities - other		233	1,237
Deferred tax liabilities – investment portfolio	B2	1,707,918	1,603,716
Total non-current liabilities		**1,708,320**	**1,605,107**
Total liabilities		**1,840,222**	**1,656,482**
Net Assets		**8,740,766**	**8,261,387**
Shareholders' equity			
Share capital	A1, D6	3,210,196	3,204,950
Revaluation reserve	A1, D3	3,651,333	3,449,280
Realised capital gains reserve	A1, D4	799,329	546,953
General reserve	A1	23,637	23,637
Retained profits	A1, D5	1,054,439	1,034,794
Parent entity interest		**8,738,934**	**8,259,614**
Minority interest		**1,832**	**1,773**
Total equity		**8,740,766**	**8,261,387**

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

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2025

Year Ended 30 June 2025	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	General Reserve $'000	Retained Profits $'000	Total Parent Entity $'000	Minority Interest $'000	Total $'000
Total equity at the beginning of the year		**3,204,950**	**3,449,280**	**546,953**	**23,637**	**1,034,794**	**8,259,614**	**1,773**	**8,261,387**
Dividends paid to shareholders	A4	-	-	(54,248)	-	(265,267)	**(319,515)**	**-**	**(319,515)**
Dividend Reinvestment Plan	D6	71,842	-	-	-	-	**71,842**	**-**	**71,842**
Share buybacks	D6	(66,274)	-	-	-	-	**(66,274)**		**(66,274)**
Other share capital adjustments		(322)	-	-	-	-	**(322)**	**-**	**(322)**
Total transactions with shareholders		**5,246**	**-**	**(54,248)**	**-**	**(265,267)**	**(314,269)**	**-**	**(314,269)**
Profit for the year		-	-	-	-	284,912	**284,912**	**59**	**284,971**
Other Comprehensive Income (net of tax)									
Net gains for the period		-	508,677	-	-	-	**508,677**	**-**	**508,677**
Other Comprehensive Income for the year		-	508,677	-	-	-	**508,677**	**-**	**508,677**
Transfer to Realised Capital Gains of cumulative gains on investments sold		-	(306,624)	306,624	-	-	**-**	**-**	**-**
Total equity at the end of the year		**3,210,196**	**3,651,333**	**799,329**	**23,637**	**1,054,439**	**8,738,934**	**1,832**	**8,740,766**

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

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2025 (continued)

Year Ended 30 June 2024	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	General Reserve $'000	Retained Profits $'000	Total Parent Entity $'000	Minority Interest $'000	Total $'000
Total equity at the beginning of the year		**3,136,282**	**2,926,191**	**509,741**	**23,637**	**960,171**	**7,556,022**	**1,534**	**7,557,556**
Dividends paid to shareholders	A4	-	-	(83,588)	-	(221,551)	**(305,139)**	**-**	**(305,139)**
- Dividend Reinvestment Plan	D6	68,840	-	-	-	-	**68,840**	**-**	**68,840**
Other share capital adjustments		(172)	-	-	-	-	**(172)**	**-**	**(172)**
Total transactions with shareholders		**68,668**	**-**	**(83,588)**	**-**	**(221,551)**	**(236,471)**	**-**	**(236,471)**
Profit for the year		-	-	-	-	296,174	**296,174**	**239**	**296,413**
Other Comprehensive Income (net of tax)									
Net gains for the period		-	643,889	-	-	-	**643,889**	**-**	**643,889**
Other Comprehensive Income for the year		-	643,889	-	-	-	**643,889**	**-**	**643,889**
Transfer to Realised Capital Gains of cumulative gains on investments sold		-	(120,800)	120,800	-	-	**-**	**-**	**-**
Total equity at the end of the year		**3,204,950**	**3,449,280**	**546,953**	**23,637**	**1,034,794**	**8,259,614**	**1,773**	**8,261,387**

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

Consolidated Cash Flow Statement for the Year Ended 30 June 2025

	Note	2025 $'000 Inflows/ (Outflows)	2024 $'000 Inflows/ (Outflow)
Cash flows from operating activities			
Sales from trading portfolio		20,481	13,346
Purchases for trading portfolio		(18,573)	(9,995)
Interest received		9,370	6,963
Dividends and distributions received		312,779	319,169
		324,057	329,483
Other revenue		6,583	5,758
Administration expenses		(21,921)	(19,316)
Finance costs paid		(1,208)	(1,405)
Taxes paid		(28,255)	(25,172)
Net cash inflow/(outflow) from operating activities	E1	**279,256**	**289,348**
Cash flows from investing activities			
Sales from investment portfolio		791,260	489,873
Purchases for investment portfolio		(609,806)	(517,291)
Taxes paid on sales from investment portfolio		(31,287)	(24,571)
Payment for fixed assets		(179)	-
Net cash inflow/(outflow) from investing activities		**149,988**	**(51,989)**
Cash flows from financing activities			
Share issue transaction costs		(322)	(172)
Share buybacks		(66,274)	-
Dividends paid		(248,378)	(236,073)
Net cash inflow/(outflow) from financing activities		**(314,974)**	**(236,245)**
Net increase/(decrease) in cash held		114,270	1,114
Cash at the beginning of the year		166,499	165,385
Cash at the end of the year	D1	**280,769**	**166,499**

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 consolidated financial statements

A. Understanding AFIC's financial performance

A1. How AFIC manages its capital

AFIC's objective is to provide shareholders with stable to growing dividends over time and attractive total returns over the medium to long term.

AFIC 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.

AFIC's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity is provided below:

	2025 **$'000**	**2024** **$'000**
Share capital	3,210,196	3,204,950
Revaluation reserve	3,651,333	3,449,280
Realised capital gains reserve	799,329	546,953
General reserve	23,637	23,637
Retained profits	1,054,439	1,034,794
	8,738,934	**8,259,614**

Refer to notes D3-D6 for a reconciliation of movement from period to period for each equity account (except the General Reserve, which is historical, relates to past profits which can be distributed and has had no movement).

A2. Investments held and how they are measured

AFIC has two portfolios of securities: the investment portfolio and the trading portfolio.

The investment portfolio holds securities which the company intends to retain on a long-term basis, and includes a small sub-component over which options may be written and an additional small sub-component of international (i.e. non-Australian/New Zealand listed stocks). The trading portfolio consists of securities that are held for short-term trading only, including call option contracts written over securities that are held in the specific sub-component of the investment portfolio and on occasion put options and is relatively small in size. The Board has therefore focused the information in this section on the investment portfolio. Details of all holdings (except for the specific option holdings) as at the end of the reporting period can be found at the end of the Annual Report.

The balance and composition of the investment portfolio (all at market value) was:

	2025 **$'000**	**2024** **$'000**
Equity instruments (excluding below)	8,889,034	8,539,661
Equity instruments (over which options may be written)	1,201,664	1,019,386
Equity instruments (listed on non-Australian/NZ Exchanges)	164,059	144,511
	10,254,757	**9,703,558**

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 AFIC are classified as Level 1 (other than the options sold by the Company which are Level 2). 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 AFIC's long-term investment portfolio. Deferred tax is calculated as set out in note B2. The relevant amounts as at 30 June 2025 and 30 June 2024 were as follows:

	30 June 2025	**30 June 2024**
Net tangible asset backing per share	**$**	**$**
Before tax	**8.33**	**7.88**
After tax	6.97	6.60

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 Consolidated 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 realisation reserve.

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 realisation reserve and the amounts noted in the consolidated 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 AFIC's shareholders.

During the period $791.7 million (2024: $486.6 million) of equity securities were sold. The cumulative gain on the sale of securities was $306.6 million for the period after tax (2024: $120.8 million). This has been transferred from the revaluation reserve to the realisation reserve (see Consolidated statement of changes in equity). These sales were accounted for at the date of trade.

A3. Operating income

The total income received from AFIC's investments is set out below.

Dividends and Distributions	2025 $'000	2024 $'000
Income from securities held in investment portfolio at 30 June	302,257	316,100
Income from investment securities sold during the year	10,188	5,736
Income from securities held in trading portfolio at 30 June	175	-
Income from trading securities sold during the year	-	-
	312,620	**321,836**

Interest income		
Revenue from deposits and cash management trusts	**9,195**	**6,963**
Other revenue		
Administration fees	6,274	5,525
Other income	37	30
	6,311	**5,555**

Dividend income

Distributions from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

Trading income

Net gains on the trading portfolio are set out below.

Net gains		**2025 $'000**	**2024 $'000**
Net realised gains/(losses) from trading portfolio	– shares/securities	14	(77)
	- options	3,179	4,119
Unrealised gains/(losses) from trading portfolio	- shares/securities	(729)	937
	- options	(170)	(78)
		2,294	**4,901**

If all call options were exercised, this would lead to the sale of $42.9 million worth of securities at an agreed price – the 'exposure' (2024: $34.5 million).

A4. Dividends paid

The dividends paid and payable for the year ended 30 June 2025 are shown below:

	2025 $'000	2024 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2024 of 14.5 cents fully franked at 30% paid 30 August 2024 (2024: 14 cents fully franked at 30% paid on 1 September 2023)	174,798	167,176
Interim dividend for the year ended 30 June 2025 of 12.0 cents per share fully franked at 30% paid 25 February 2025 (2024: 11.5 cents fully franked at 30% paid 26 February 2024)	144,717	137,963
	319,515	**305,139**
Dividends paid or payable in cash	247,673	236,299
Dividends reinvested in shares	71,842	68,840
	319,515	**305,139**
Dividends forgone via DSSP	12,331	11,856
(b) Franking credits		
Opening balance of franking account at 1 July	263,771	248,712
Franking credits on dividends received	97,068	101,489
Tax paid during the year	59,026	49,428
Franking credits paid on ordinary dividends paid	(136,935)	(130,774)
Franking credits deducted on DSSP shares issued	(5,287)	(5,084)
Closing Balance of Franking Account	**277,643**	**263,771**
Adjustments for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	121,079	42,488
Adjusted Closing Balance	**398,722**	**306,259**
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(104,803)	(77,776)
Net available	**293,919**	**228,483**
These franking account balances would allow AFIC to frank additional dividend payments up to an amount of:	685,811	533,127

AFIC's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and on AFIC paying tax.

(c) New Zealand imputation account

	2025 $'000	2024 $'000
(Figures in A$ at year-end exchange rate : 2025 : NZ1.08:$A1; 2024 : $NZ1.097:$A1)		
Opening balance	19,243	10,325
Imputation credits on dividends received	9,737	8,619
Imputation credits on dividends paid	(18,027)	-
Closing balance	**10,953**	**18,944**

A NZ imputation credit on NZ 4.0 cents of the dividend was attached to the final dividend to be paid on 30 August 2024. There is no NZ imputation credit attached to the proposed final dividend for the year ended 30 June 2025.

(d) Dividends declared after balance date

Since the end of the year Directors have declared a final dividend of 14.5 cents per share plus a special dividend of 5 cents per share, both fully franked at 30%. The aggregate amount of the final and special dividends for the year to 30 June 2025 to be paid on 28 August 2025, but not recognised as a liability at the end of the financial year is 244,541

(e) Listed Investment Company capital gain account

	2025 $'000	2024 $'000
Balance of the Listed Investment Company (LIC) capital gain account at 1 July:	64,650	92,813
Capital gains (incl LIC gains received from dividends)	272,172	55,425
LIC gains paid as part of dividend	(54,248)	(83,588)
Balance at 30 June	282,574	64,650
This equates to an attributable gain of:	403,677	92,357

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. $349.3 million attributable gain is attached to the final and special dividends to be paid on 28 August 2025.

A5. Earnings per share

The table below shows the earnings per share based on the profit for the year:	2025	2024
Basic Earnings per share	**Number**	**Number**
Weighted average number of ordinary shares used as the denominator	1,254,334,970	1,247,196,831
	$'000	**$'000**
Profit for the year	284,912	296,174
	Cents	**Cents**
Basic earnings per share	22.71	23.75

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2025 $'000	2024 $'000
Rental expense relating to non-cancellable leases	(736)	(702)
Employee benefit expenses	(15,076)	(12,390)
Depreciation charge	(24)	-
Other administration expenses	(7,155)	(5,823)
	(22,991)	**(18,915)**

Employee benefit expenses

A major component of employee benefit expenses is Directors' and Executives' remuneration. This has been summarised below:

	Short-term $	Post-employment $	Total $
2025			
Non-executive Directors	803,699	73,501	877,200
Executives	3,488,812	120,000	3,608,812
Total	**4,292,511**	**193,501**	**4,486,012**
2024			
Non-executive Directors	724,321	70,890	795,211
Executives	4,028,579	110,000	4,138,579
Total	**4,752,900**	**180,890**	**4,933,790**

Detailed remuneration disclosures are provided in the Remuneration Report.

The Group (i.e. AFIC and its subsidiary, Australian Investment Company Services Ltd (”AICS”) – see note F8) does not make loans to Directors or Executives.

B2. Tax

AFIC'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.

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, puttable instruments and convertible notes that are classified as debt.

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 AFIC 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

	2025 $'000	2024 $'000
Profit before income tax expense	**306,221**	**318,935**
Tax at the Australian tax rate of 30% (2024: 30%)	91,866	95,681
Tax offset for franked dividends received	(67,947)	(71,058)
Sundry items whose tax treatment differs from accounting treatment	514	619
	24,433	**25,242**
Over provision in prior years	(3,183)	(2,720)
Total tax expense	**21,250**	**22,522**

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.

	2025 $'000	2024 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	**1,707,918**	**1,603,716**
Opening balance at 1 July	1,603,716	1,355,200
Tax on realised gains	(118,350)	(31,287)
Charged to OCI for ordinary securities on gains or losses for the period	222,552	279,803
	1,707,918	**1,603,716**

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, AFIC 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 AFIC's comprehensive income of $358.9 million and $717.8 million respectively, at a tax rate of 30% (2024: $339.6 million & $679.2 million).

AFIC 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. AFIC does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

AFIC's total investment exposure by sector is as below:

	2025	**2024**
	%	**%**
Energy	3.33	3.77
Materials	12.81	14.28
Industrials	11.51	10.75
Consumer Discretionary	7.41	7.95
Consumer Staples	3.85	4.08
Banks	20.17	20.81
Other Financials	9.90	9.23
Real Estate	5.09	5.01
Telecommunications	7.37	6.51
Health Care	12.31	13.17
Info Technology	3.55	2.72
Utilities	0.03	0.03
Cash	2.67	1.69
Securities representing over 5% of the investment portfolio at 30 June were		
Commonwealth Bank	9.4	10.1
BHP	7.4	8.1
CSL	6.2	7.8

AFIC is also not directly exposed to material currency risk as most of its investments are quoted in Australian dollars. The international portfolio is a minor (1.6%) part of the total portfolio (2024 : 1.5%).

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 the specific sub-section of the investment portfolio.

Interest Rate Risk

The Group is not currently materially exposed to interest rate risk as all its cash investments and borrowings are short term for a fixed interest rate.

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. AFIC 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 (including with a custodian) are invested in short-term deposits with Australia's major commercial banks. In the unlikely event of a bank default, there is a risk of losing the cash deposits and any accrued unpaid interest.

Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within two days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale. Receivables also include dividends from securities that have passed the record date for the distribution but have not paid as at balance date.

Trading and investment portfolios

Converting and convertible notes or other interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk will be realised in the event of a shortfall on winding-up of the issuing companies. As at 30 June 2025, no such investments are held (2024 : Nil). AFIC engages a custodian, Northern Trust, to hold the shares that are in the sub-component of the investment portfolio that contains international shares. AFIC receives a GS007 report on Internal Controls for Custody, Investment Administration, Registry Monitoring and Related Information Technology Services from Northern Trust every 6 months.

Liquidity risk

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

AFIC 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 AFIC to purchase securities, and facilities that need to be repaid. AFIC ensures that it has either cash or access to short-term borrowing facilities sufficient to meet these contingent payments.

AFIC's inward cash flows depend upon the dividends received. Should these drop by a material amount, AFIC would amend its outward cash-flows accordingly. AFIC'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 AFIC are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The table below analyses AFIC'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 2025	Less than 6 months	6-12 months	Greater than 1 year	Total contractual cash flows	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Payables	1,335	-	-	1,335	1,335
Borrowings	10,000	-	-	10,000	10,000
	11,335	**-**	**-**	**11,335**	**11,335**
Derivatives					
Options in trading portfolio*	-	-	-	-	-
	-	-	-	-	-

30 June 2024	Less than 6 months	6-12 months	Greater than 1 year	Total contractual cash flows	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Payables	1,256	-	-	1,256	1,256
Borrowings	10,000	-	-	10,000	10,000
	11,256	**-**	**-**	**11,256**	**11,256**
Derivatives					
Options in trading portfolio*	-	-	-	-	-
	-	-	-	-	-

* 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 the purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow). There were no put options outstanding at 30th June 2025 or 30th June 2024.

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 information that shareholders may find useful is included here. It is grouped into three sections:

D Balance sheet reconciliations

E Income statement reconciliations

F Further information

D. Balance sheet reconciliations

These Notes provide further information about the basis of calculation of line items in the financial statements.

D1. Current assets – cash

	2025 $'000	2024 $'000
Cash at bank	280,181	166,262
Cash with custodian	588	237
	280,769	**166,499**

Cash holdings yielded an average floating interest rate of 4.08% (2024: 4.30%). All cash investments are held in a transactional account, with a custodian or in an 'at call' deposit account with the Commonwealth Bank of Australia and Macquarie Bank.

D2. Credit Facilities

	2025 $'000	2024 $'000
Commonwealth Bank of Australia – cash advance facility	80,000	110,000
Amount drawn down at 30 June	0	0
Undrawn facilities at 30 June	80,000	110,000
National Australia Bank- cash advance facility	20,000	20,000
Amount drawn down at 30 June	10,000	10,000
Undrawn facilities at 30 June	10,000	10,000
Total short-term loan facilities	100,000	130,000
Total drawn down at 30 June	10,000	10,000
Total undrawn facilities at 30 June	90,000	120,000

The above borrowings, with the exception of the NAB facility, are unsecured. 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 are usually drawn down for no more than three months and hence are classified as current liabilities when drawn. The Board decided to reduce the total amount of facilities during the year.

The debt facility with National Australia Bank is structured in the form of a securities lending arrangement. The terms of the agreement require that securities be pledged as collateral for the drawn secured borrowings under that facility and that such securities currently satisfy a minimum value of $11 million (110% of the total drawn facility). These securities are held by the National Australia Bank but included as part of the Company's investment portfolio. As at 30 June 2025 the market value of the securities pledged as collateral was $17.1 million (2024 : $15.1 million).

D3. Revaluation reserve

	2025 $'000	2024 $'000
Opening balance at 1 July	3,449,280	2,926,191
Gains/(losses) on investment portfolio		
- Equity Instruments	731,229	923,692
Provision for tax on above	(222,552)	(279,803)
Cumulative taxable realised (gains)/losses (net of tax)	(306,624)	(120,800)
	3,651,333	**3,449,280**

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

Opening balance at 1 July	546,953	509,741
Dividends paid	(54,248)	(83,588)
Cumulative taxable realised gains/(losses) (net of tax)	306,624	120,800
	799,329	**546,953**

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

Opening balance at 1 July	1,034,794	960,171
Dividends paid	(265,267)	(221,551)
Profit for the year	284,912	296,174
	1,054,439	**1,034,794**

This reserve relates to past profits.

D6. Share capital

Movements in Share Capital

Date	Details	Notes	Number of shares '000	Issue price $	Paid-up Capital $'000
1/07/2023	Balance		1,240,349		3,136,282
1/09/2023	Dividend Reinvestment Plan	**i**	5,280	7.03	37,121
1/09/2023	Dividend Substitution Share Plan	**ii**	920	7.03	n/a
26/02/2024	Dividend Reinvestment Plan	**i**	4,292	7.39	31,719
26/02/2024	Dividend Substitution Share Plan	**ii**	729	7.39	n/a
Various	Costs of issue		-	-	(172)
30/06/2024	Balance		1,251,570		3,204,950
30/08/2024	Dividend Reinvestment Plan	**i**	5,461	7.26	39,650
30/08/2024	Dividend Substitution Share Plan	**ii**	920	7.26	n/a
25/02/2025	Dividend Reinvestment Plan	**i**	4,350	7.40	32,192
25/02/2025	Dividend Substitution Share Plan	**ii**	764	7.40	n/a
Various	Share buy-backs	**iii**	(9,006)	-	(66,274)
Various	Costs of issue		-	-	(322)
30/06/2025	Balance		**1,254,059**		**3,210,196**

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 & Cboe in the five days after the shares begin trading on an ex-dividend basis.

ii. The Group 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. The Group has an on-market share buy-back programme. During the financial year, 9.0 million shares were bought back at an average price of $7.36 (2024: Nil).

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

	2025 $'000	2024 $'000
Profit for the year	**284,971**	**296,413**
Net decrease/(increase) in trading portfolio	(386)	(1,550)
Dividends received as securities under DRP investments	(1,420)	-
Decrease/(increase) in current receivables	2,891	2,284
- Less increase/(decrease) in receivables for investment portfolio	504	(3,223)
Increase/(decrease) in deferred tax liabilities	103,198	248,923
- Less (increase)/decrease in deferred tax liability on investment portfolio	(104,202)	(248,516)
Increase/(decrease) in current payables	79	(12)
- Less (increase)/decrease in dividends payable	714	(226)
- Less (increase)/decrease in payables for investment portfolio	(509)	-
Increase/(decrease) in provision for tax payable	79,378	1,949
Capital gains tax charge taken through equity	(118,350)	(31,287)
Prior year taxes paid relating to capital gains	31,287	24,571
Depreciation	24	-
Increase/(decrease) in other provisions/non-cash items	1,077	22
Net cash flows from operating activities	**279,256**	**289,348**

E2. Tax reconciliations

Tax expense composition

Charge for tax payable relating to the current year	25,437	24,835
Over provision in prior years	(3,183)	(2,720)
Increase/(decrease) in deferred tax liabilities	(1,004)	407
	21,250	**22,522**

Amounts recognised directly through Other Comprehensive Income

Net movement in deferred tax liabilities relating to capital gains tax on the movement in gains/losses in the investment portfolio	222,552	279,803
	222,552	**279,803**

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

		2025 $'000	2024 $'000
(a)	Tax on unrealised gains or losses in the trading portfolio	(127)	(362)
(b)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	2,393	1,856
(c)	Interest and dividend income receivable which is not assessable for tax until receipt	(2,499)	(2,731)
		(233)	**(1,237)**

Movements:

Opening balance at 1 July	(1,237)	(830)
Credited/(charged) to Income statement	1,004	(407)
	(233)	**(1,237)**

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 AFIC's ability to claim the deduction.

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, share-based payments, 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.

(a) AICS transactions with minority interests

The below transactions were with Djerriwarrh Investments Ltd as a minority interest holder in the Company's subsidiary.

	2025 $'000	2024 $'000
Administration expenses charged for the year	2,738	2,566

At the end of June, the Company's investment in Djerriwarrh Investments Limited, which is measured at fair value through OCI as part of the investment portfolio, was valued at $22.7 million (2024 : $22.1 million) and it received dividend income during the year of $1.1 million (2024 : $1.1 million).

(b) AICS transactions with other Listed Investment Companies

AICS had the following transactions with other Listed Investment Companies to which it provides services :

Administration expenses charged for the year to Mirrabooka Investments Ltd	2,448	2,139
Administration expenses charged for the year to AMCIL Ltd	1,343	1,011

At the end of June, the Company's investment in Mirrabooka Investments Limited, which is measured at fair value through OCI as part of the investment portfolio, was valued at $49.9 million (2024 : $27.7 million) which included participation in Mirrabooka's 1-for-7 rights issue and capital raising and it received dividend income during the year of $1.2 million (2024 ; $1.3 million). The Company did not have an investment in AMCIL Ltd during the year.

F2. Remuneration of auditors

For the year the auditor earned or will earn the following remuneration including GST:

	2025 $	2024 $
PricewaterhouseCoopers		
Audit Services		
Audit or review of financial reports	184,884	178,115
Audit related Services		
AFSL compliance audit and review	9,868	9,507
Permitted Non-Audit Services		
Review of realised CGT balances	67,760	67,760
Preparation and lodgement of tax returns	40,623	37,479
Total remuneration	**303,135**	**292,861**

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 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 AFIC. AFIC 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 AFIC's entire portfolio of investments and considers the business to have a single operating segment (noting that the investment portfolio contains sub-components for ease of administration). The Board's asset allocation decisions are based on a single, integrated investment strategy, and AFIC's performance is evaluated on an overall basis.

Segment information provided to the Board

The internal reporting provided to the Board for AFIC'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 AFIC'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.

AFIC is domiciled in Australia and most of AFIC's income is derived from Australian entities or entities that maintain a listing in Australia. AFIC has a diversified portfolio of investments, with only 1 investment comprising more than 10% of AFIC's income – BHP 12.0% (2024 2 investments : BHP (12.4%) and CBA (10.6%)).

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 28 July 2025 in accordance with a resolution of the Board and is presented in the Australian currency. The Directors of the Company have the power to amend and reissue the financial report.

AFIC 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
Hybrids	Equity instruments that have some of the characteristics of debt

AFIC complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). AFIC is a 'for profit' entity.

AFIC 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 2025 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. AFIC only intends to adopt other 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 non-interest bearing monetary financial assets and liabilities of AFIC approximates their carrying value.

Convertible Notes

On the issue of convertible notes, the Group estimates the fair value of the liability component of the convertible notes, being the obligation to make future payments of principal and interest to holders, using a market interest rate for a non-convertible note of similar terms and conditions. The residual amount is included in equity as other equity securities with no recognition of any change in the value of the option in subsequent periods. The liability component is then included in borrowings. Expenses incurred in connection with the issue of the notes are deducted from the total face value and the expense is then incurred over the life of the notes.

The total liability is subsequently carried on an amortised cost basis with interest on the notes recognised as finance costs on an effective yield basis until the liability is extinguished on conversion or maturity of the notes. The Group had no convertible notes on issue for the years ended 30 June 2025 or 30 June 2024.

Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including annual leave, expected to be settled within 12 months of balance date are recognised as current provisions in respect of employees' services up to balance date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

In calculating the value of long service leave, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rate information provided by Milliman via the G100.

(iii) Cash incentives

Cash incentives are provided under the Incentive Plan and are dependent upon the performance of the Group. A provision is made for the cost of unsettled cash incentives at balance date.

(iv) Share incentives

Share incentives are provided under the Incentive Plan and the Employee Share Acquisition Scheme.

For the Employee Share Acquisition Scheme and the Incentive Plan, the incentives are based on the performance of the individual, the Group and investment companies to which the group provides administration services, for the financial year and, in the case of performance of the Group and other investment companies, longer term performance of up to 10 years. For the Employee Share Acquisition Scheme and a portion of the Executive Incentive Plan, the recipient agrees to purchase (or have purchased for them) shares on-market, but receives a cash amount. A provision for the amount payable the Incentive Plan is recognised on the Balance Sheet.

Administration fees

The Group currently provides administrative services to other Listed Investment Companies. The associated fees are recognised on an accruals basis as income throughout the year. Any amounts outstanding at balance date are recognised as receivable, subject to the assessment of recoverability by the Directors.

Operating leases

The Group currently has an operating lease in respect of its premises. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

Rounding of amounts

AFIC 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.

F5. Performance Bond

The Group's subsidiary, AICS, has under the terms of its Australian Financial Services License in place a performance bond to the sum of $20,000 underwritten by the Commonwealth Bank of Australia in favour of the Australian Securities and Investments Commission ("ASIC"), payable on demand to ASIC.

F6. Share Incentive Arrangements

Share Incentive arrangements

The Group has a number of share incentive arrangements. These are accounted for in accordance with note F4. Where shares are issued to employees of AICS, AICS compensates AFIC for the fair value of the shares.

(a) Incentive Plan

The executives' remuneration arrangements incorporate an 'at risk' component as set out in the remuneration report. Part of this 'at risk' component is paid in shares in the Group.

Each financial year, the Remuneration Committee sets the target (cash) amount of remuneration that could be paid should all performance targets and measures be achieved. If all are achieved, 100% of the remuneration will be awarded. If stretch levels of performance are achieved above target, then higher amounts may be paid. On the other hand there is no set minimum that will be paid regardless of performance.

The performance measures are a combination of the performance of the Group, the investment companies to which the Group provides administration services, and personal objectives.

All of the incentive remuneration awarded is paid in cash, with 25% of the pre-tax amount being used by the executive to purchase shares in AFIC and/or the other LICs. All remuneration under the plan, is paid in the financial year following the year of assessment.

The executive agrees to the shares being subject to being held for four years (holding term), during which they cannot be sold. Dividends are paid to executives on these shares prior to the expiry of the holding term. Should an executive leave the Group before the holding term expires, the restriction will be lifted.

20,309 AFIC shares for the Incentive Plan (2024: 10,291 shares) were purchased by executives in the year (in relation to the prior year) with a fair value (being the acquisition price) of $148,606 (2024: $72,717). Executives are allowed to buy shares in any of the LICs that AICS administers in order to meet this requirement.

(b) Employee Share Acquisition Scheme (ESAS)

Under the current Employee Share Acquisition Scheme, each employee who is not a participant in the executive or investment team incentive plans is awarded $6,000 per annum. After PAYG is deducted, $3,000 is used to buy shares in the Company, which needs to be held for three years. After three years, or the departure of the employee from employment with the Group, the shares come out of the holding lock.

In addition, each employee is eligible for an additional award of up to $6,000. 50% of the amount awarded is used to buy shares in one of the other LICs that AICS provides services to. The amount that is awarded is dependent on the metrics used for the vesting of the Investment Team's Short Term Incentive (excluding personal measures). During the year, 79% of the possible maximum was awarded, and 50% of this was used to buy shares in Djerriwarrh Investments Limited, as part of the Group's policy of rotating these purchases amongst the LICs other than AFIC to which AICS provides services.

(c) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as part of the employee benefit expense were as follows (ESAS only) :

	2025 $'000	2024 $'000
Share-based payment expense	64	47

(d) Liability

The total liability arising from share based payment transactions is included in the current liabilities for 'provisions'.

F7. Principles of consolidation

AFIC's consolidated financial statements consist of the financial statements of AFIC, the parent, and its subsidiary, Australian Investment Company Services Ltd ("AICS"). 25% of AICS is owned by Djerriwarrh Investments Ltd, another investment company for which AICS performs operational and investment administration services, and for which it is paid monthly.

No subsidiaries were acquired or disposed of during the year. Intercompany transactions and balances between AFIC and AICS are eliminated on consolidation.

The financial information for the parent entity, disclosed in note F10 below, has been prepared on the same basis as the consolidated financial statements. All notes are for the consolidated group unless specifically noted otherwise.

F8. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of Incorporation	Class of shares	Equity holding	
			2025	2024
Australian Investment Company Services Ltd	Australia	Ordinary	75%	75%

The investment in AICS is accounted for at cost in the individual financial statements of AFIC.

F9. Lease Commitments

The Group has entered into a non-cancellable operating lease for the use of its premises for 6 years with effect from 1 July 2022. Current commitments relating to leases at balance date, for the current lease (incl. GST), is:

	2025 $'000	2024 $'000
Due within one year	589	561
Later than one year but less than five	1,266	1,855
Greater than five years	-	-
	1,855	2,416

F10. Parent Entity Financial Information

Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2025 $'000	2024 $'000
Balance sheet		
Current assets	313,566	202,583
Total assets	**10,568,324**	**9,906,291**
Current liabilities	124,232	46,579
Total liabilities	**1,834,736**	**1,651,840**
Shareholders' equity		
Issued capital	3,210,346	3,205,100
Reserves		
Revaluation reserve	3,651,333	3,449,280
Realised capital gains reserve	799,329	546,953
General reserve	23,637	23,637
Retained earnings	1,048,943	1,029,481
	5,523,242	**5,049,351**
Total shareholders' equity	**8,733,588**	**8,254,451**
Profit or loss for the year	**284,735**	**295,457**
Total comprehensive income	**793,412**	**939,346**