Appendix 4E Statement for the Full-Year Ending 30 June 2026

Income,
Capital Growth,
Low Cost

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

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

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

Results for Announcement to the Market

The reporting period is the year ended 30 June 2026, with the prior corresponding period being the year ended 30 June 2025.

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

Results for Announcement to the Market

> Net Profit was $293.5 million, up 3.0% from the prior year.

> Net Profit attributable to members (excluding minority interests) was $293.1 million, up 2.9% from the prior year.

> Revenue from operating activities was $331.9 million, up 1.2% 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 0.14% for the year (2025: 0.16%).

> Net tangible assets as at 30 June 2026, before allowing for the final dividend and before the provision for deferred tax on unrealised gains in the investment portfolio were $7.93 per share (2025: $8.33).

> 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 2026 to shareholders on the register on 5 August 2026. Shares are expected to trade ex-dividend on 4 August 2026.

> A special dividend of 2.5 cents per share will also be paid on 28 August 2026 to shareholders on the register on 5 August 2025. The special dividend reflects the substantial balance of franking credits built up in recent years as a result of realised capital gains. These franking credits are valuable to shareholders and the Board has determined the distribution of special dividends as the most appropriate means of distributing some of this balance without compromising the ordinary dividend. There is no conduit foreign income component of either dividend.

> A New Zealand imputation credit of 4 cents per share is attached to the final dividend.

> The Board has elected to source 10 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 14.29 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 ordinary dividend of 12 cents per share (in line with the previous corresponding period) plus a special dividend of 2.5 cents per share were paid to shareholders on 26 February 2026.

> The total dividend for the financial year is therefore 31.5 cents per share, fully franked, in line with the previous year.

> A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available and 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 6 August 2026. 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 27 July 2026 at 3.30pm (AEST). Details are on the website (afi.com.au).

> The 2026 AGM will be held at 9.30 am on Thursday 1 October. Further details on how to participate will be sent to shareholders.

AUSTRALIAN FOUNDATION INVESTMENT COMPANY

Fully Franked Special Dividend of 2.5 Cents Per Share
Full-Year Report to 30 June 2026

AFIC's investment focus is on a diversified portfolio of Australian equities, seeking to provide stable to growing ordinary dividends 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 0.14% with no additional costs.

The Full Year Profit was $293.5 million, up from $285.0 million in the previous corresponding period. The uplift in the profit from last year was due to an increase in dividends and distributions received from the portfolio and an increase in gains from the trading portfolio.

A key objective of AFIC is to provide stable to growing ordinary dividends over time. The amount of any ordinary dividend remains at the discretion of the Board and depends on the level of earnings and the amount of realised capital gains generated for the year, as well as the balance of franking credits.

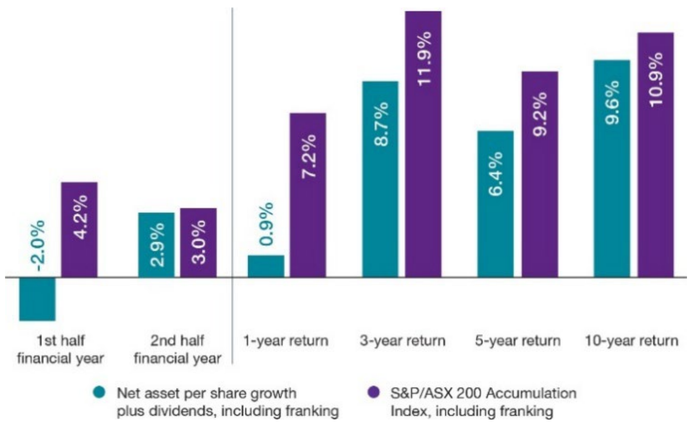
The final dividend was maintained at 14.5 cents per share fully franked. A fully franked special dividend of 2.5 cents per share has also been declared. Total fully franked dividends for the year, including special dividends, is 31.5 cents per share, in line with the previous financial year's total dividend including special dividends.

The Board considers special dividends to be the most appropriate way to distribute the franking credit balance reserve that has built up in recent years. Despite the recent payment of these special dividends, further generation of realised capital gains during the year means the franking credit balance remains strong. Directors will continue to consider further capital management initiatives for future financial years taking into consideration the balance of franking credits and the generation of realised capital gains. We anticipate providing an update regarding any special dividends for financial year 2027 at the AGM in October 2026.

The Portfolio returned 0.9% for the financial year in comparison to the S&P/ASX 200 Accumulation Index return of 7.2%, with most of the underperformance occurring in the first half of the financial year (these figures include the full benefit of franking). The relative performance for the year was due to several factors, the largest of which being the underweight exposure to the Materials sector, particularly the lack of exposure to gold, rare earths and lithium stocks, which were strong drivers of the market return. Other factors influencing relative underperformance were overweight portfolio exposures to Health Care stocks including CSL, Cochlear and ResMed, all of which had significant share price falls during the year. In addition, our position in stocks such as CAR Group, Seek and REA Group, all experienced significant share price declines as the market attempts to digest the potential long term disruption from artificial intelligence to some business models.

While near-term conditions proved challenging, we believe the portfolio remains well positioned to deliver returns consistent with the Company's investment objectives over the long term.

Portfolio return (including the full benefit of franking) – per annum to 30 June 2026



Note: Not all the franking generated from 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 S&P/ASX 200 Accumulation Index (not including the benefit of franking) rose 6.1% in the calendar year with a large part of this return coming from the Materials sector, up 52.1%. Within the Materials sector BHP and Rio Tinto had very strong performances with each returning approximately 68%. This sector was also buoyed by positive rises in gold, copper, rare earths and lithium commodity prices. In this context, mid-cap resources were up 68.5% for the period, with small-cap resources up 30.7%.

Energy was the second-best performing sector, returning 14.5% during the period as energy stocks such as Woodside and Santos benefited from higher oil prices from the conflict in the Middle East.

Sectors to underperform were Healthcare, down 36.2%, driven largely by CSL, Cochlear and ResMed and Information Technology, down 37.0% as the fear of disruption on the business models of software stocks from artificial intelligence hit the share prices of many companies in this sector.

This proved to be a challenging environment with the AFIC portfolio including the benefit of franking returning 0.9% over the 12 months, compared to the S&P/ASX 200 Accumulation Index return of 7.2% including franking.

The portfolio benefited from solid returns from our holdings in Woolworths Group, Rio Tinto, ALS, Macquarie Group and Coles Group. We also benefited from our underweight position in Commonwealth Bank of Australia, which returned negative 8% for the period.

The main contributors to the portfolio's underperformance relative to the benchmark were our positions in CSL, ARB Corporation, ResMed, CAR Group, REA Group and Cochlear. Each of these companies has been retained in the portfolio as we consider their long term prospects to be sound, noting that in some cases the turnarounds required to improve returns are likely to take some time.

Portfolio Adjustments

AFIC seeks to own a diversified portfolio of quality companies with an appropriate mix of income and growth attributes to achieve our long-term investment objectives.

The portfolio is actively managed but with a long-term investment approach, meaning that our annual portfolio turnover will typically be low to moderate.

The majority of our buying activity for the year involved adding to positions in mid and large cap companies that we consider to be high quality and that provide the portfolio with a good mix of income and growth.

Sigma Healthcare was our largest purchase for the year. Following the merger with Chemist Warehouse, Sigma Healthcare is now Australia's leading retail pharmacy franchisor, distributor and wholesaler. The company has a strong track record of execution with double-digit revenue growth over the past two decades. The company continues to have a long growth runway, as it operates in an attractive, strongly growing healthcare and beauty retail category in which it is winning market share. Sigma Healthcare offers our portfolio an attractive level of capital growth alongside modest, albeit strongly growing, dividends.

During the period we also increased our holdings in JB HiFi, Woolworths Group, Telstra Group, CAR Group and REA Group.

We also added a number of new positions to the portfolio during the year.

Pro Medicus and TechnologyOne were bought after their share prices fell sharply in February 2026. Pro Medicus is the market leader in medical software imaging, operating in North America, Australia and Europe. TechnologyOne is a dominant software business that is used by governments and universities in Australia, New Zealand and the United Kingdom. Both Pro Medicus and TechnologyOne have delivered very strong returns over the long term and have high quality management teams. We were able to purchase both of these companies at what we considered to be attractive valuations given their quality and long-term growth potential.

In addition, we were able to take advantage of a sell-off in several quality small cap growth companies during the financial year as part of our goal of building a more diversified portfolio of small cap investments. This saw us add Life360, Temple & Webster, HUB24, Objective Corporation and Pinnacle Investment Management to the portfolio.

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. On this basis we exited Sonic Healthcare, WiseTech Global, Worley, IDP Education and Telix Pharmaceuticals.

We continued to trim our positions in Commonwealth Bank of Australia and Wesfarmers. We consider both companies to be high quality; however we saw their valuations as extreme, especially when factored against our large position sizes. For similar reasons we trimmed our holdings in National Australia Bank, Westpac Banking Corporation and ALS. As a result of call option exercises some of our holding in BHP was sold.

Overall, the value of stock sales outweighed stock purchases. This was primarily due to the attractive relative value we saw in buying back AFIC shares during the period given the material discount in the share price compared to the net tangible asset backing through the year.

International Portfolio

During the year the decision was made not to pursue the listing of a separate international LIC at this stage. In this context we have adjusted our portfolio approach to focus on a smaller number of holdings most aligned with AFIC's quality-focused investment philosophy with attractive medium to long term prospects. Over the course of the financial year the number of holdings has gone from 44 companies to 19 companies on 30 June 2026.

The international portfolio continues to provide AFIC with offshore research insights to assist domestic investment decisions and exposure to what AFIC views as the most attractive international companies. Most of our international holdings have leadership positions in growing industries not typically available to investors on the ASX.

The international portfolio has continued to generate value for shareholders, with the portfolio standing at $148.7 million on 30 June 2026 following the initial investment of $103.5 million in May 2021. At current value, the global portfolio represents about 1.5% of the overall AFIC portfolio.

At 30 June 2026 our largest holdings were Schneider Electric, Amazon, Visa, Eli Lilly, Ferguson Enterprises, Waters and Netflix.

Outlook

Another positive year of returns from domestic and global share markets was noteworthy given the shock to economies caused by geopolitical events such as the conflict in the Middle East and the general upward pressure on interest rates from heightened inflation.

In this context, the Australian economy has proved resilient. However, the Australian share market continues to look moderately expensive, especially against long term averages for the market's price to earnings ratio, price to book ratio and dividend yield.

The broader share market is currently forecast to deliver a dividend yield of just 3.7% (not including franking credits), below the average dividend yield of the last 10 years.

In terms of AFIC's dividend income, we believe that the portfolio has a good balance across the key sectors such as Resources, Banks and Consumer Staples, which should generate a solid level of fully franked dividend income. We are confident that the transactions made in the last 12 months have enhanced the portfolio's long term income and growth prospects.

Despite the uncertainties about the direction of economies and financial markets, we continue to believe that AFIC, with its diversified portfolio of high-quality companies, is well positioned to meet its investment objectives over the long term.

Please direct any enquiries to:

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27 July 2026

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($m)
Sigma Healthcare	73.2
Australian United Investment Company (merger with Diversified United Investment Limited)	61.8
JB Hi-Fi	53.8
Woolworths Group	45.2
Telstra Group	40.2

Disposals	Proceeds ($m)
National Australia Bank	94.1
BHP	83.0
Sonic Healthcare*	70.7
Wesfarmers	70.4
Westpac Banking Corporation	70.1

* Complete disposal from the portfolio.

New Companies Added to the Portfolio

Australian United Investment Company (merger with DUI)
Pro Medicus
Life360
Temple & Webster
TechnologyOne
HUB24
Objective Corporation
Pinnacle Investment Management

Top 25 Investments at 30 June 2026

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2026

		Total Value $ Million	% of the Portfolio
1	BHP*	1,132.0	11.7%
2	Commonwealth Bank of Australia	807.3	8.3%
3	Macquarie Group*	528.2	5.5%
4	Wesfarmers	436.1	4.5%
5	Westpac Banking Corporation	407.4	4.2%
6	National Australia Bank*	390.1	4.0%
7	Transurban Group	379.5	3.9%
8	Goodman Group*	358.8	3.7%
9	Telstra Group*	357.8	3.7%
10	Woolworths Group*	327.8	3.4%
11	Rio Tinto	321.2	3.3%
12	CSL	311.9	3.2%
13	ANZ Group Holdings	262.1	2.7%
14	Coles Group*	240.3	2.5%
15	Woodside Energy Group*	232.8	2.4%
16	ResMed	193.2	2.0%
17	CAR Group	175.7	1.8%
18	Computershare*	162.8	1.7%
19	James Hardie Industries	160.5	1.7%
20	JB Hi-Fi	126.6	1.3%
21	ALS	126.5	1.3%
22	Mainfreight	122.6	1.3%
23	Amcor	120.3	1.2%
24	Fisher & Paykel Healthcare Corporation	115.4	1.2%
25	Brambles	113.8	1.2%
Total		**7,910.8**	
As percentage of total portfolio value (excludes cash)			**81.8%**

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

Portfolio Performance to 30 June 2026

Performance Measures to 30 June 2026	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	-0.8%	7.1%	4.9%	7.8%
S&P/ASX 200 Accumulation Index	6.1%	10.6%	7.8%	9.5%
Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	0.9%	8.7%	6.4%	9.6%
S&P/ASX 200 Gross Accumulation Index*	7.2%	11.9%	9.2%	10.9%

* 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 2026

FINANCIAL STATEMENTS

Consolidated Income Statement for the Year Ended 30 June 2026

	Note	2026 $'000	2025 $'000
Dividends and distributions	A3	319,326	312,620
Interest income from deposits	A3	6,123	9,195
Other revenue	A3	6,496	6,311
Total revenue		**331,945**	**328,126**
Net gains on trading portfolio	A3	8,530	2,294
Income from operating activities		**340,475**	**330,420**
Finance costs		(2,155)	(1,208)
Administration expenses	B1	(20,138)	(22,991)
Profit before income tax expense		**318,182**	**306,221**
Income tax expense	B2, E2	(24,685)	(21,250)
Profit for the year		**293,497**	**284,971**
Profit is attributable to :			
Equity holders of Australian Foundation Investment Company		293,105	284,912
Minority interest		392	59
		293,497	284,971
		Cents	**Cents**
Basic earnings per share	A5	23.42	22.71

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

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2026

	Year to 30 June 2026			Year to 30 June 2025		
	Revenue[1]	**Capital[1]**	**Total**	Revenue[1]	Capital[1]	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**293,497**	**-**	**293,497**	**284,971**	**-**	**284,971**
Other Comprehensive Income						
Items that will not be recycled through the Income Statement						
Gains/(losses) for the period	-	(347,784)	**(347,784)**	-	731,229	**731,229**
Tax on above	-	101,031	**101,031**	-	(222,552)	**(222,552)**
Total Other Comprehensive Income	-	**(246,753)**	**(246,753)**	-	**508,677**	**508,677**
Total Comprehensive Income	**293,497**	**(246,753)**	**46,744**	**284,971**	**508,677**	**793,648**

[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 2026			Year to 30 June 2025		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Equity holders of Australian Foundation Investment Company	293,105	(246,753)	46,352	284,912	508,677	793,589
Minority Interests	392	-	392	59	-	59
	293,497	(246,753)	46,744	284,971	508,677	793,648

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

Consolidated Balance Sheet as at 30 June 2026

	Note	2026 $'000	2025 $'000
Current assets			
Cash	D1	89,538	280,769
Receivables		56,816	39,534
Trading portfolio		546	5,773
Total current assets		**146,900**	**326,076**
Non-current assets			
Investment portfolio	A2	9,668,570	10,254,757
Fixtures & fittings		224	155
Total non-current assets		**9,668,794**	**10,254,912**
Total assets		**9,815,694**	**10,580,988**
Current liabilities			
Payables		3,507	1,335
Borrowings – bank debt		-	10,000
Tax payable		22,399	113,483
Provisions		6,650	7,084
Total current liabilities		**32,556**	**131,902**
Non-current liabilities			
Provisions		38	169
Deferred tax liabilities - other		967	233
Deferred tax liabilities – investment portfolio	B2	1,560,195	1,707,918
Total non-current liabilities		**1,561,200**	**1,708,320**
Total liabilities		**1,593,756**	**1,840,222**
Net Assets		**8,221,938**	**8,740,766**
Shareholders' equity			
Share capital	A1, D6	3,054,755	3,210,196
Revaluation reserve	A1, D3	3,241,335	3,651,333
Realised capital gains reserve	A1, D4	726,992	799,329
General reserve	A1	23,637	23,637
Retained profits	A1, D5	1,172,995	1,054,439
Parent entity interest		**8,219,714**	**8,738,934**
Minority interest		**2,224**	**1,832**
Total equity		**8,221,938**	**8,740,766**

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

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2026

Year Ended 30 June 2026	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		**3,210,196**	**3,651,333**	**799,329**	**23,637**	**1,054,439**	**8,738,934**	**1,832**	**8,740,766**
Dividends paid to shareholders	A4	-	-	(235,582)	-	(174,549)	**(410,131)**	**-**	**(410,131)**
Dividend Reinvestment Plan	D6	88,202	-	-	-	-	**88,202**	**-**	**88,202**
Share buybacks	D6	(242,780)	-	-	-	-	**(242,780)**	**-**	**(242,780)**
Other share capital adjustments		(863)	-	-	-	-	**(863)**	**-**	**(863)**
Total transactions with shareholders		**(155,441)**	**-**	**(235,582)**	**-**	**(174,549)**	**(565,572)**	**-**	**(565,572)**
Profit for the year		-	-	-	-	293,105	**293,105**	**392**	**293,497**
Other Comprehensive Income (net of tax)									
Net losses for the period		-	(246,753)	-	-	-	**(246,753)**	**-**	**(246,753)**
Other Comprehensive Income for the year		-	(246,753)	-	-	-	**(246,753)**	**-**	**(246,753)**
Transfer to Realised Capital Gains of cumulative gains on investments sold		-	(163,245)	163,245	-	-	**-**	**-**	**-**
Total equity at the end of the year		**3,054,755**	**3,241,335**	**726,992**	**23,637**	**1,172,995**	**8,219,714**	**2,224**	**8,221,938**

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 2026 (continued)

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 Cash Flow Statement for the Year Ended 30 June 2026

	Note	2026 $'000 Inflows/ (Outflows)	2025 $'000 Inflows/ (Outflow)
Cash flows from operating activities			
Sales from trading portfolio		23,695	20,481
Purchases for trading portfolio		(9,938)	(18,573)
Interest received		6,123	9,370
Dividends and distributions received		315,850	312,779
		335,730	324,057
Other revenue		6,492	6,583
Administration expenses		(17,939)	(21,921)
Finance costs paid		(2,155)	(1,208)
Taxes paid		(41,586)	(28,255)
Net cash inflow/(outflow) from operating activities	E1	**280,542**	**279,256**
Cash flows from investing activities			
Sales from investment portfolio		988,759	791,260
Purchases for investment portfolio		(766,487)	(609,806)
Taxes paid on sales from investment portfolio		(118,351)	(31,287)
Payment for fixed assets		(113)	(179)
Net cash inflow/(outflow) from investing activities		**103,808**	**149,988**
Cash flows from financing activities			
Draw-down on liquidity facilities		199,500	-
Repayment of liquidity facilities		(209,500)	-
Share issue transaction costs		(863)	(322)
Share buybacks		(242,780)	(66,274)
Dividends paid		(321,938)	(248,378)
Net cash inflow/(outflow) from financing activities		**(575,581)**	**(314,974)**
Net increase/(decrease) in cash held		(191,231)	114,270
Cash at the beginning of the year		280,769	166,499
Cash at the end of the year	D1	**89,538**	**280,769**

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:

	2026 $'000	2025 $'000
Share capital	3,054,755	3,210,196
Revaluation reserve	3,241,335	3,651,333
Realised capital gains reserve	726,992	799,329
General reserve	23,637	23,637
Retained profits	1,172,995	1,054,439
	8,219,714	**8,738,934**

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:

	2026 $'000	2025 $'000
Equity instruments (excluding below)	8,428,800	8,889,034
Equity instruments (over which options may be written)	1,091,116	1,201,664
Equity instruments (listed on non-Australian/NZ Exchanges)	148,654	164,059
	9,668,570	**10,254,757**

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 2026 and 30 June 2025 were as follows:

	30 June 2026	**30 June 2025**
Net tangible asset backing per share	**$**	**$**
Before tax	**7.93**	**8.33**
After tax	6.67	6.97

Equity investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' ("OCI"), because they are equity instruments held for long-term capital growth and dividend income, rather than to 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 $999.1 million (2025: $791.7 million) of equity securities were sold. The cumulative gain on the sale of securities was $163.2 million for the period after tax (2025: $306.6 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	2026 $'000	2025 $'000
Income from securities held in investment portfolio at 30 June	298,760	302,257
Income from investment securities sold during the year	20,566	10,188
Income from securities held in trading portfolio at 30 June	-	175
Income from trading securities sold during the year	-	-
	319,326	**312,620**

Interest income		
Revenue from deposits and cash management trusts	**6,123**	**9,195**
Other revenue		
Administration fees	6,493	6,274
Other income	3	37
	6,496	**6,311**

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		2026 $'000	2025 $'000
Net realised gains/(losses) from trading portfolio	– shares/securities	(158)	14
	- options	8,345	3,179
Unrealised gains/(losses) from trading portfolio	- shares/securities	15	(729)
	- options	328	(170)
		8,530	**2,294**

If all call options were exercised, this would lead to the sale of $167.5 million worth of securities at an agreed price – the 'exposure' (2025: $42.9 million).

A4. Dividends paid

The dividends paid and payable for the year ended 30 June 2026 are shown below:

	2026 $'000	2025 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2025 of 14.5 cents plus a special dividend of 5.0 cents both fully franked at 30% paid 28 August 2025 (2025: 14.5 cents fully franked at 30% paid on 30 August 2024)	235,582	174,798
Interim dividend for the year ended 30 June 2026 of 12.0 cents per share plus a special dividend of 2.5 cents both fully franked at 30% paid 26 February 2026 (2025: 12.0 cents fully franked at 30% paid 25 February 2025)	174,549	144,717
	410,131	**319,515**
Dividends paid or payable in cash	321,929	247,673
Dividends reinvested in shares	88,202	71,842
	410,131	**319,515**
Dividends forgone via DSSP	16,090	12,331
(b) Franking credits		
Opening balance of franking account at 1 July	277,643	263,771
Franking credits on dividends received	95,911	97,068
Tax paid during the year	159,557	59,026
Franking credits paid on ordinary dividends paid	(175,771)	(136,935)
Franking credits deducted on DSSP shares issued	(6,897)	(5,287)
Closing Balance of Franking Account	**350,443**	**277,643**
Adjustments for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	29,479	121,079
Adjusted Closing Balance	**379,922**	**398,722**
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(89,848)	(104,803)
Net available	**290,074**	**293,919**
These franking account balances would allow AFIC to frank additional dividend payments up to an amount of:	676,839	685,811

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	2026 $'000	2025 $'000
(Figures in A$ at year-end exchange rate : 2026 : NZ1.22:$A1; 2025 : $NZ1.08:$A1)		
Opening balance	9,695	19,243
Imputation credits on dividends received	8,796	9,737
Imputation credits on dividends paid	-	(18,027)
Closing balance	**18,491**	**10,953**

A NZ imputation credit on NZ 4.0 cents of the dividend will be attached to the final dividend to be paid on 28 August 2026. There was no NZ imputation credit attached to the 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 2.5 cents per share, both fully franked at 30%. The aggregate amount of the final and special dividends for the year to 30 June 2026 to be paid on 28 August 2026, but not recognised as a liability at the end of the financial year is 209,645

(e) Listed Investment Company capital gain account	2026 $'000	2025 $'000
Balance of the Listed Investment Company (LIC) capital gain account at 1 July:	282,574	64,650
Capital gains (incl LIC gains received from dividends)	87,506	272,172
LIC gains paid as part of dividend	(235,582)	(54,248)
Balance at 30 June	134,498	282,574
This equates to an attributable gain of:	192,141	403,677

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. $176 million attributable gain is attached to the final and special dividends to be paid on 28 August 2026.

A5. Earnings per share

The table below shows the earnings per share based on the profit for the year: Basic Earnings per share	2026 Number	2025 Number
Weighted average number of ordinary shares used as the denominator	1,251,556,398	1,254,334,970
	$'000	**$'000**
Profit for the year	293,105	284,912
	Cents	**Cents**
Basic earnings per share	23.42	22.71

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2026 $'000	2025 $'000
Rental expense relating to non-cancellable leases	(773)	(736)
Employee benefit expenses	(12,734)	(15,076)
Depreciation charge	(44)	(24)
Other administration expenses	(6,587)	(7,155)
	(20,138)	**(22,991)**

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 $
2026			
Non-executive Directors	824,319	52,881	877,200
Executives	3,348,598	120,000	3,468,598
Total	**4,172,917**	**172,881**	**4,345,798**
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**

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

	2026 $'000	2025 $'000
Profit before income tax expense	**318,182**	**306,221**
Tax at the Australian tax rate of 30% (2025: 30%)	95,455	91,866
Tax offset for franked dividends received	(67,135)	(67,947)
Sundry items whose tax treatment differs from accounting treatment	197	514
	28,517	**24,433**
Over provision in prior years	(3,832)	(3,183)
Total tax expense	**24,685**	**21,250**

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.

	2026 $'000	2025 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	**1,560,195**	**1,707,918**
Opening balance at 1 July	1,707,918	1,603,716
Tax on realised gains	(46,692)	(118,350)
(Credited)/Charged to OCI for ordinary securities on gains or losses for the period	(101,031)	222,552
	1,560,195	**1,707,918**

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 $338.4 million and $676.8 million respectively, at a tax rate of 30% (2025: $358.9 million & $717.8 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:

	2026	**2025**
	%	**%**
Energy	3.33	3.33
Materials	18.29	12.81
Industrials	11.64	11.51
Consumer Discretionary	7.14	7.41
Consumer Staples	5.82	3.85
Banks	19.14	20.17
Other Financials	9.89	9.90
Real Estate	4.98	5.09
Telecommunications	7.45	7.37
Health Care	8.72	12.31
Info Technology	2.68	3.55
Utilities	0.00	0.03
Cash	0.92	2.67

Securities representing over 5% of the investment portfolio at 30 June were		
BHP	11.7	7.4
Commonwealth Bank	8.3	9.4
Macquarie Group	5.5	4.8

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 (1.5%) part of the total portfolio (2025 : 1.6%).

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 2026, no such investments are held (2025 : 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 2026	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	3,507	-	-	3,507	3,507
Borrowings	-	-	-	-	-
	3,507	**-**	**-**	**3,507**	**3,507**
Derivatives					
Options in trading portfolio*	-	-	-	-	-
	-	-	-	-	-

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*	-	-	-	-	-
	-	-	-	-	-

* 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 2026 or 30th June 2025.

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

	2026 $'000	2025 $'000
Cash at bank	79,796	280,181
Cash with custodian	9,742	588
	89,538	**280,769**

Cash holdings yielded an average floating interest rate of 3.82% (2025: 4.08%). 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

	2026 $'000	2025 $'000
Commonwealth Bank of Australia – cash advance facility	130,000	80,000
Amount drawn down at 30 June	-	-
Undrawn facilities at 30 June	130,000	80,000
Westpac Bank- cash advance facility	20,000	-
Amount drawn down at 30 June	-	-
Undrawn facilities at 30 June	20,000	-
National Australia Bank- cash advance facility	-	20,000
Amount drawn down at 30 June	-	10,000
Undrawn facilities at 30 June	-	10,000
Total short-term loan facilities	150,000	100,000
Total drawn down at 30 June	-	10,000
Total undrawn facilities at 30 June	150,000	90,000

The above borrowings, with the exception of the previous 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 increase the total amount of facilities during the year.

D3. Revaluation reserve

	2026 $'000	2025 $'000
Opening balance at 1 July	3,651,333	3,449,280
Gains/(losses) on investment portfolio		
- Equity Instruments	(347,784)	731,229
Provision for tax on above	101,031	(222,552)
Cumulative taxable realised (gains)/losses (net of tax)	(163,245)	(306,624)
	3,241,335	**3,651,333**

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	799,329	546,953
Dividends paid	(235,582)	(54,248)
Cumulative taxable realised gains/(losses) (net of tax)	163,245	306,624
	726,992	**799,329**

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	1,054,439	1,034,794
Dividends paid	(174,549)	(265,267)
Profit for the year	293,105	284,912
	1,172,995	**1,054,439**

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
1/07/2024	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
28/08/2025	Dividend Reinvestment Plan	**i**	6,930	7.35	50,935
28/08/2025	Dividend Substitution Share Plan	**ii**	1,218	7.35	n/a
26/02/2026	Dividend Reinvestment Plan	**i**	5,401	6.90	37,267
26/02/2026	Dividend Substitution Share Plan	**ii**	1,033	6.90	n/a
Various	Share buy-backs	**iii**	(35,435)	-	(242,780)
Various	Costs of issue		-	-	(863)
30/06/2026	Balance		**1,233,206**		**3,054,755**

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, 35.4 million shares were bought back at an average price of $6.85 (2025: 9.0 million shares at an average price of $7.36).

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

	2026 $'000	2025 $'000
Profit for the year	**293,497**	**284,971**
Net decrease/(increase) in trading portfolio	5,227	(386)
Dividends received as securities under DRP investments	-	(1,420)
Decrease/(increase) in current receivables	(17,282)	2,891
- Less increase/(decrease) in receivables for investment portfolio	15,619	504
Increase/(decrease) in deferred tax liabilities	(146,989)	103,198
- Less (increase)/decrease in deferred tax liability on investment portfolio	147,723	(104,202)
Increase/(decrease) in current payables	2,172	79
- Less (increase)/decrease in dividends payable	8	714
- Less (increase)/decrease in payables for investment portfolio	509	(509)
Increase/(decrease) in provision for tax payable	(91,084)	79,378
Capital gains tax charge taken through equity	(46,692)	(118,350)
Prior year taxes paid relating to capital gains	118,351	31,287
Depreciation	44	24
Increase/(decrease) in other provisions/non-cash items	(561)	1,077
Net cash flows from operating activities	**280,542**	**279,256**

E2. Tax reconciliations

Tax expense composition

Charge for tax payable relating to the current year	27,783	25,437
Over provision in prior years	(3,832)	(3,183)
Increase/(decrease) in deferred tax liabilities	734	(1,004)
	24,685	**21,250**

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	(101,031)	222,552
	(101,031)	**222,552**

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

		2026 $'000	2025 $'000
(a)	Tax on unrealised gains or losses in the trading portfolio	(318)	(127)
(b)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	2,195	2,393
(c)	Interest and dividend income receivable which is not assessable for tax until receipt	(2,844)	(2,499)
		(967)	**(233)**

Movements:

	2026 $'000	2025 $'000
Opening balance at 1 July	(233)	(1,237)
Credited/(charged) to Income statement	(734)	1,004
	(967)	**(233)**

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.

	2026 $'000	2025 $'000
Administration expenses charged for the year	2,770	2,738

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 $21.2 million (2025 : $22.7 million) and it received dividend income during the year of $1.5 million (2025 : $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	2,619	2,448
Administration expenses charged for the year to AMCIL Ltd	1,181	1,343

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 $37.7 million (2025 : $49.9 million) and it received dividend income during the year of $1.7 million (2025 : $1.2 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:

	2026 $	2025 $
PricewaterhouseCoopers		
Audit Services		
Audit or review of financial reports	190,799	184,884
Audit related Services		
Limited assurance engagement over specific sustainability disclosures	54,450	-
AFSL compliance audit and review	10,184	9,868
Permitted Non-Audit Services		
Review of realised CGT balances	70,950	67,760
Preparation and lodgement of tax returns	41,921	40,623
Total remuneration	**368,304**	**303,135**

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 12.5% (2025 1 investment : BHP (12.0%)).

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 2026 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 2026 ("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.

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 2026/183, 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.

5,381 AFIC shares for the Incentive Plan (2025: 20,309 shares) were purchased by executives in the year (in relation to the prior year) with a fair value (being the acquisition price) of $38,845 (2025: $148,606). 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, 33% of the possible maximum was awarded, and 50% of this was used to buy shares in Mirrabooka 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) :

	2026 $'000	2025 $'000
Share-based payment expense	58	64

(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**	
			2026	**2025**
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:

	2026	**2025**
	$'000	**$'000**
Due within one year	618	589
Later than one year but less than five	648	1,266
Greater than five years	-	-
	1,266	1,855

F10. Parent Entity Financial Information

Summary financial information

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

	2026 $'000	2025 $'000
Balance sheet		
Current assets	133,188	313,566
Total assets	**9,801,757**	**10,568,324**
Current liabilities	25,355	124,232
Total liabilities	**1,588,565**	**1,834,736**
Shareholders' equity		
Issued capital	3,054,905	3,210,346
Reserves		
Revaluation reserve	3,241,335	3,651,333
Realised capital gains reserve	726,992	799,329
General reserve	23,637	23,637
Retained earnings	1,166,323	1,048,943
	5,158,287	**5,523,242**
Total shareholders' equity	**8,213,192**	**8,733,588**
Profit or loss for the year	**291,929**	**284,735**
Total comprehensive income	**45,176**	**793,412**