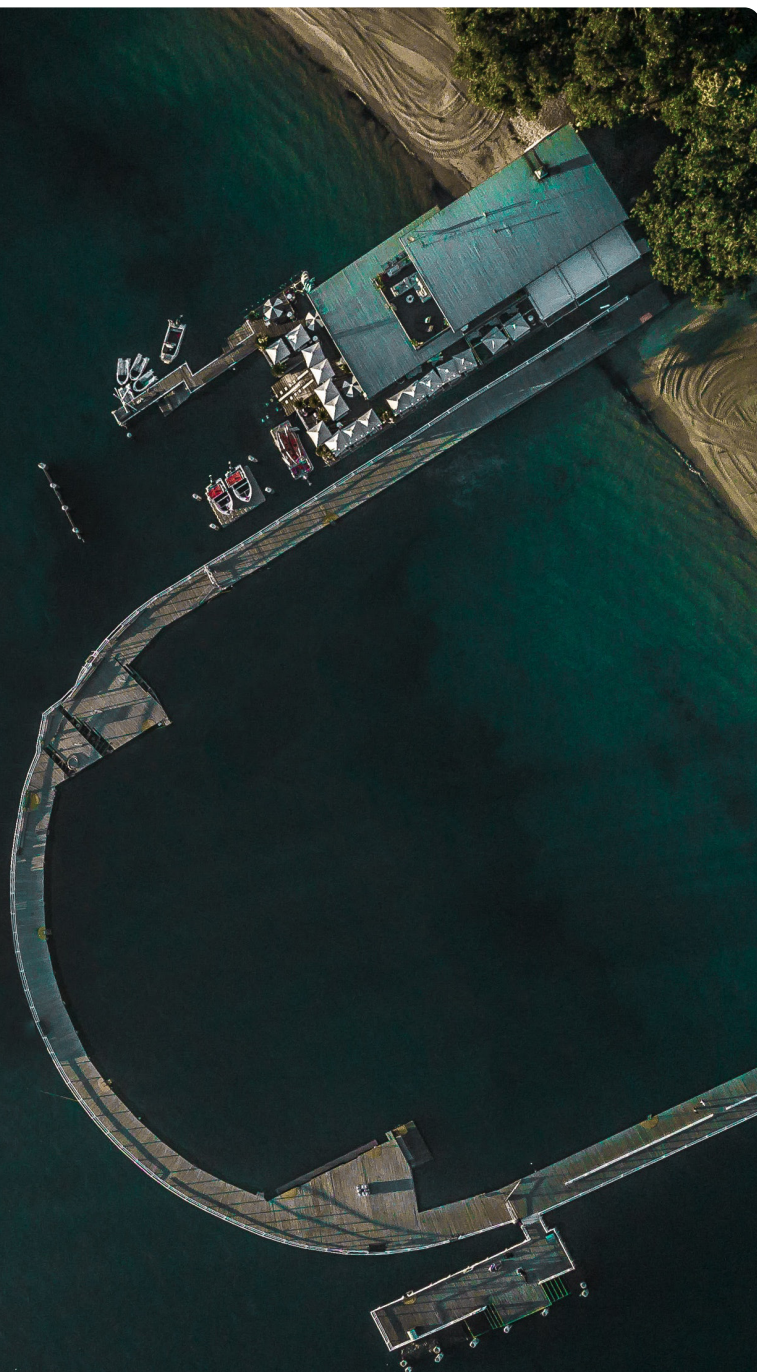


Appendix 4E

Preliminary final report



2022

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Results for announcement to the market

Year ended 30 June 2022

Comparative figures being the year ended 30 June 2021

Argo Investments Limited
ABN 35 007 519 520



				Consolidated \$A'000
Income from operating activities	up	79.6%	to	337,673
Profit for the year	up	79.9%	to	312,928

Dividends

Interim fully franked dividend paid 11 March 2022	16.0 cents
Final fully franked dividend payable 16 September 2022	17.0 cents
Total	33.0 cents

The final dividend includes a 15.0 cents per share LIC capital gain component. This enables eligible shareholders to claim a deduction in their 2022/2023 income tax returns. The amount which eligible shareholders may be able to claim as a tax deduction depends on their individual situation. Further details will be provided in the dividend statement.

The Company's Dividend Reinvestment Plan will operate for the final dividend. The Directors have resolved that the shares will be allotted at a 2% discount to the market price of Argo shares, which will be the volume weighted average ex-dividend market price of the shares traded on the record date and the three business days following the record date.

The record date for determining entitlements to the final dividend	29 August 2022
The election date for determining participation in the Dividend Reinvestment Plan	30 August 2022

Previous corresponding period

Interim fully franked dividend paid 12 March 2021	14.0 cents
Final fully franked dividend paid 17 September 2021	14.0 cents
Total	28.0 cents

Net Asset Backing

Net Tangible Asset Backing per Argo share was \$8.45 as at 30 June 2022 compared with \$9.01 as at 30 June 2021.

As a long-term equity investor, Argo does not intend to dispose of its long-term investment portfolio. However, if estimated tax on unrealised portfolio gains was to be deducted, the net tangible asset backing per share would be \$7.51 as at 30 June 2022, compared with \$7.78 as at 30 June 2021.

Consolidated Statement of Profit or Loss

for the year ended 30 June 2022

		2022	2021
	Note	\$'000	\$'000
Dividends and distributions	2	326,217	196,826
Other income		5,828	3,097
Net gains/(losses) on trading investments		5,628	(11,948)
Income from operating activities		337,673	187,975
Administration expenses	3	(9,610)	(8,299)
Profit before income tax expense		328,063	179,676
Income tax expense thereon	4	(15,135)	(5,687)
Profit for the year		312,928	173,989
		cents	cents
Basic and diluted earnings per share	5	42.7	24.1

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2022

		2022	2021
		\$'000	\$'000
Profit for the year		312,928	173,989
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of long-term investments		(474,678)	1,313,645
Provision for deferred tax benefit/(expense) on revaluation of long-term investments		138,650	(401,369)
Other comprehensive (loss)/income for the year		(336,028)	912,276
Total comprehensive (loss)/income for the year		(23,100)	1,086,265

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Financial Position

at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current Assets			
Cash and cash equivalents	6	134,718	179,297
Receivables	7	30,649	26,710
Investments	8	14,406	10,088
Other financial cash assets	9	25,000	-
Total Current Assets		204,773	216,095
Non-Current Assets			
Investments	8	6,218,850	6,389,776
Property, plant and equipment	10	992	1,380
Total Non-Current Assets		6,219,842	6,391,156
Total Assets		6,424,615	6,607,251
Current Liabilities			
Payables	11	1,482	1,385
Derivative financial instruments	12	5,972	9,094
Current tax liabilities		38,805	34,563
Provisions	13	964	848
Total Current Liabilities		47,223	45,890
Non-Current Liabilities			
Payables	11	416	748
Deferred tax liabilities	14	740,134	916,024
Provisions	13	151	176
Total Non-Current Liabilities		740,701	916,948
Total Liabilities		787,924	962,838
Net Assets		5,636,691	5,644,413
Shareholders' Equity			
Contributed equity	15	3,155,136	2,921,659
Reserves	16	1,861,010	2,255,287
Retained profits	17	620,545	467,467
Total Shareholders' Equity		5,636,691	5,644,413

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

	Contributed Equity \$'000 (Note 15)	Reserves \$'000 (Note 16)	Retained Profits \$'000 (Note 17)	Total \$'000
Balance as at 1 July 2021	2,921,659	2,255,287	467,467	5,644,413
Profit for the year	-	-	312,928	312,928
Other comprehensive loss	-	(336,028)	-	(336,028)
Total comprehensive loss for the year	-	(336,028)	312,928	(23,100)
Transactions with shareholders:				
Dividend Reinvestment Plan	41,998	-	-	41,998
Share Purchase Plan	191,846	-	-	191,846
Cost of share issues net of tax	(367)	-	-	(367)
Executive performance rights reserve	-	(245)	-	(245)
Dividends paid	-	(58,004)	(159,850)	(217,854)
Total transactions with shareholders	233,477	(58,249)	(159,850)	15,378
Balance as at 30 June 2022	3,155,136	1,861,010	620,545	5,636,691

for the year ended 30 June 2021

Balance as at 1 July 2020	2,883,783	1,342,956	495,500	4,722,239
Profit for the year	-	-	173,989	173,989
Other comprehensive income	-	912,276	-	912,276
Total comprehensive income for the year	-	912,276	173,989	1,086,265
Transactions with shareholders:				
Dividend Reinvestment Plan	37,976	-	-	37,976
Cost of share issues net of tax	(100)	-	-	(100)
Executive performance rights reserve	-	55	-	55
Dividends paid	-	-	(202,022)	(202,022)
Total transactions with shareholders	37,876	55	(202,022)	(164,091)
Balance as at 30 June 2021	2,921,659	2,255,287	467,467	5,644,413

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Dividends and distributions received		249,508	163,322
Interest received		323	730
Other receipts		5,301	2,365
Proceeds from trading investments		16,918	11,870
Payments for trading investments		(18,730)	(31,133)
Other payments		(9,386)	(7,490)
Income tax (paid)/refund		(47,977)	10,571
Net operating cash inflows		195,957	150,235
Cash flows from investing activities			
Proceeds from sale of long-term investments		338,572	362,480
Payments for long-term investments		(569,203)	(347,640)
Proceeds from other financial cash assets		-	40,000
Payments for other financial cash assets		(25,000)	(30,000)
Executive share scheme repayments		15	19
Payments for fixed assets		(48)	(13)
Net investing cash (outflows)/inflows		(255,664)	24,846
Cash flows from financing activities			
Payments for lease liabilities		(339)	(323)
Proceeds from Share Purchase Plan		191,846	-
Cost of share issues		(524)	(143)
Dividends paid – net of Dividend Reinvestment Plan		(175,855)	(164,046)
Net financing cash inflows/(outflows)		15,128	(164,512)
Net (decrease)/increase in cash held		(44,579)	10,569
Cash at the beginning of the year		179,297	168,728
Cash at the end of the year	6	134,718	179,297

(To be read in conjunction with the accompanying notes)

Notes to the Financial Statements

for the year ended 30 June 2022

1. Basis of preparation

The preliminary consolidated financial statements have been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the preliminary consolidated financial statements and notes comply with the measurement and recognition requirements of International Financial Reporting Standards (IFRS).

The accounting policies adopted are consistent with those of the previous financial year.

The preliminary consolidated financial statements incorporate the assets and liabilities of the Company's wholly owned subsidiary Argo Service Company Pty Ltd as at 30 June 2022, and its results for the year then ended. Intercompany transactions and balances between Argo Investments Limited and Argo Service Company Pty Ltd are eliminated on consolidation.

2. Dividends and distributions

	2022 \$'000	2021 \$'000
Received/receivable from:		
Long-term investments held at the end of the year	323,027	189,177
Long-term investments sold during the year	2,392	7,649
Trading investments held at the end of the year	582	-
Trading investments sold during the year	216	-
	326,217	196,826

3. Administration expenses

	2022 \$'000	2021 \$'000
Employment benefits	6,387	5,076
Depreciation	436	422
Other	2,787	2,801
	9,610	8,299

4. Income tax expense

	2022 \$'000	2021 \$'000
(a) Reconciliation of income tax expense to prima facie tax payable:		
Profit before income tax expense	328,063	179,676
Prima facie tax expense calculated at 30% (2021: 30%)	98,419	53,903
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax offset for franked dividends	(77,543)	(37,710)
Non-taxable distributions	(4,051)	(5,734)
Other	(2,536)	(4,800)
Under provision in previous year	846	28
Income tax expense	15,135	5,687
(b) Income tax expense composition:		
Charge for tax payable relating to current year	13,790	5,143
Increase in deferred tax liabilities	499	516
Under provision in previous year	846	28
	15,135	5,687
(c) Amounts recognised directly in other comprehensive income:		
(Decrease)/increase in deferred tax liabilities	(138,650)	401,369

5. Earnings per share

	2022 number '000	2021 number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	732,559	722,897
	\$'000	\$'000
Profit for the year	312,928	173,989
	cents	cents
Basic and diluted earnings per share	42.7	24.1

6. Cash and cash equivalents

Cash and cash equivalents includes cash on deposit with banks (floating interest rate of 0.85% at 30 June 2022; 2021: between 0.01% and 0.25%), and cash management trusts.

	2022	2021
	\$'000	\$'000
Bank deposits and cash management trusts	134,718	179,297

7. Receivables

	2022	2021
	\$'000	\$'000
Current		
Dividends and distributions receivable	29,782	26,195
Interest receivable	327	4
Other	540	511
	30,649	26,710

Receivables are non-interest bearing and unsecured. None of the receivables are past due or impaired.

8. Investments

	2022	2021
	\$'000	\$'000
Current		
Listed securities at fair value ⁽¹⁾	14,406	10,088
Non-Current		
Listed securities at fair value ⁽¹⁾	6,201,392	6,384,904
Unlisted securities at fair value ⁽²⁾	17,458	4,872
	6,218,850	6,389,776

(1) The fair value of listed securities is established from the quoted prices (unadjusted) in the active market of the ASX for identical assets in accordance with Level 1 of the fair value measurement hierarchy.

- (2) The fair value of unlisted securities is not based on observable market data in accordance with Level 3 of the fair value measurement hierarchy. The Directors have made valuation judgements to determine the fair value of these securities based on inputs which include the cost and the net tangible asset values provided by the responsible entities of the securities.

Reconciliation of changes in unlisted securities valued in accordance with Level 3 of the fair value measurement hierarchy:

	2022 \$'000	2021 \$'000
Carrying amount at beginning of year	4,872	2,212
Additions	10,330	2,666
Fair value gain/(loss) recognised in other comprehensive income	2,256	(6)
Carrying amount at end of year	17,458	4,872

There were 739 investment transactions during the financial year. The total brokerage paid on these transactions was \$2.3 million.

9. Other financial cash assets

	2022 \$'000	2021 \$'000
Bank term deposits	25,000	-

Other financial cash assets are fixed term deposits with banks (fixed interest rate to maturity of 0.81% at 30 June 2022) maturing from three to six months from date of deposit.

10. Property, plant and equipment

	2022	2021
	\$'000	\$'000
Plant and equipment at cost	825	1,548
Accumulated depreciation	(503)	(1,148)
	322	400
Property right of use assets	1,599	1,599
Accumulated depreciation	(929)	(619)
	670	980
Carrying amount at end of year	992	1,380
Movements		
Carrying amount at beginning of year	1,380	1,789
Additions - plant and equipment at cost	48	13
Depreciation	(436)	(422)
Carrying amount at end of year	992	1,380

The Company's operating leases are recognised as a property right of use assets and a corresponding liability.

Assets and liabilities arising from a lease are initially measured on a present value basis using a incremental borrowing rate of 3%. The right of use assets are depreciated over the life of the lease on a straight line basis.

Lease liabilities are disclosed in Note 11.

11. Payables

	2022	2021
	\$'000	\$'000
Current		
Lease liabilities	332	307
Other	1,150	1,078
	1,482	1,385
Non-Current		
Lease liabilities	416	748

Payables are non-interest bearing and unsecured. Lease liabilities have been determined based on the present value of the lease payments and are accounted for over the period of the lease.

12. Derivative financial instruments

	2022	2021
	\$'000	\$'000
Exchange traded options at fair value	5,972	9,094

The fair value of exchange traded options is established from the quoted prices (unadjusted) in the active market of the ASX for identical assets in accordance with Level 1 of the fair value measurement hierarchy.

13. Provisions

	2022	2021
	\$'000	\$'000
Current		
Provision for employee entitlements	964	848
Non-Current		
Provision for employee entitlements	151	176

14. Deferred tax liabilities

	2022	2021
	\$'000	\$'000
The balance comprises temporary differences attributed to:		
Deferred tax liability on unrealised gains on long-term investments	741,541	917,863
Income receivable which is not assessable for tax until receipt	1,964	1,642
Deferred tax (asset)/liability on unrealised gains on trading investments	(459)	317
	743,046	919,822
Offset by deferred tax assets:		
Provisions and payables	(2,736)	(3,689)
Deferred tax on cost of share issues	(176)	(109)
	(2,912)	(3,798)
Net deferred tax liabilities	740,134	916,024
Movements		
Balance at beginning of year	916,024	547,538
Debited to profit or loss	499	516
Charged to other comprehensive income	(138,650)	401,369
Changes to the tax base of investments	(37,739)	(33,399)
Balance at end of year	740,134	916,024

The amount of net deferred tax liabilities expected to be settled in the next 12 months is \$0.4 million (2021: \$0.9 million).

15. Contributed equity

Ordinary shares rank pari passu, have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of the shares held. The Company does not have a limited amount of authorised capital.

	2022 No. of shares	2021 No. of shares	2022 \$'000	2021 \$'000
Issued and fully paid ordinary shares:				
Opening balance	725,047,635	720,271,707	2,921,659	2,883,783
Dividend Reinvestment Plan ^(a)	4,456,088	4,775,928	41,998	37,976
Share Purchase Plan ^(b)	20,628,655	-	191,846	-
Cost of share issues net of tax			(367)	(100)
Closing balance	750,132,378	725,047,635	3,155,136	2,921,659

(a) On 17 September 2021, 2,112,186 shares were allotted at \$9.23 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June 2021.

On 11 March 2022, 2,343,902 shares were allotted at \$9.60 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend paid for the year ended 30 June 2022.

(b) On 31 March 2022, 20,628,655 shares were allotted at \$9.30 per share pursuant to the Share Purchase Plan offered to eligible shareholders.

The Company has an on-market share buy-back arrangement in place but it was not activated during the year.

16. Reserves

	2022 \$'000	2021 \$'000
Executive Performance Rights Reserve	332	577
Investment Revaluation Reserve	1,538,075	1,990,774
Capital Profits Reserve	322,603	263,936
	1,861,010	2,255,287
Movements in reserves during the year		
Executive Performance Rights Reserve		
Balance at beginning of year	577	522
Accrued entitlement for unvested rights	971	464
Executive performance shares purchased	(1,216)	(409)
Balance at end of year	332	577
Investment Revaluation Reserve		
Balance at beginning of year	1,990,774	1,103,837
Revaluation of long-term investments	(474,678)	1,313,645
Provision for deferred tax benefit/(expense) on revaluation of long-term investments	138,650	(401,369)
Realised gains on sale of long-term investments transferred to capital profits reserve	(168,571)	(48,765)
Income tax expense thereon	51,900	23,426
Balance at end of year	1,538,075	1,990,774
Capital Profits Reserve		
Balance at beginning of year	263,936	238,597
Dividend paid	(58,004)	-
Transfer from investment revaluation reserve	116,671	25,339
Balance at end of year	322,603	263,936
Total Reserves	1,861,010	2,255,287

Long-term investments were sold in the normal course of the Company's operations as a listed investment company or as a result of takeovers. The fair value of the investments sold during this period was \$372.6 million (2021: \$357.9 million). The cumulative profit after tax on these disposals was \$116.7 million (2021: \$25.3 million), which has been transferred from the investment revaluation reserve to the capital profits reserve.

Nature and purpose of reserves

Executive performance rights reserve

This reserve contains the fair value of the short-term incentive (STI) and long-term incentive (LTI) performance rights pursuant to the Argo Investments Limited Executive Performance Rights Plan. When rights are exercised, shares are purchased on market and issued to the executive.

STI performance rights

The values of the STI performance rights are calculated and allocated to each reporting period from the commencement of the performance periods to the vesting dates. The value of the STI performance rights for the current reporting period, which are yet to be issued to participants, has been estimated.

LTI performance rights

The values of the LTI performance rights are calculated at grant dates and allocated to each reporting period from the grant dates to the vesting dates.

Investment revaluation reserve

Increments or decrements on the revaluation of long-term investments after provision for deferred capital gains tax are recorded in this reserve.

Capital profits reserve

Gains or losses arising from the sale of long-term investments, net of any tax expense or benefit, are recorded in this reserve.

17. Retained profits

	2022 \$'000	2021 \$'000
Balance at beginning of year	467,467	495,500
Dividends paid	(159,850)	(202,022)
Profit for the year	312,928	173,989
Balance at end of year	620,545	467,467

18. Capital management

The Company's objective in managing its capital is to maximise long-term returns to shareholders through a balance of capital and dividend growth from a diversified Australian investment portfolio. This is achieved by the process of providing shareholders with a steady stream of fully franked dividends and enhancement of capital invested, with the goal of paying an increasing level of dividends and providing attractive total returns over the long term.

The Company recognises that its capital will fluctuate in accordance with market conditions and in order to maintain or adjust the capital structure, it may be necessary to vary the amount of dividends paid, issue new shares from time to time or buy back its own shares.

The Company's capital consists of its shareholders' equity and the changes to this capital are shown in the Consolidated Statement of Changes in Equity.

19. Dividends

	2022 \$'000	2021 \$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2021 of 14.0 cents fully franked at 30% tax rate paid 17 September 2021 (2020: 14.0 cents fully franked at 30% tax rate)	101,507	100,838
Interim dividend for the year ended 30 June 2022 of 16.0 cents fully franked at 30% tax rate paid 11 March 2022 (2021: 14.0 cents fully franked at 30% tax rate)	116,347	101,184
Total dividends paid	217,854	202,022

The final dividend paid contain a listed investment company (LIC) capital gain component of 8.0 cents (2021: nil). The interim dividend paid did not contain a LIC capital gain component (2021: nil).

	2022 \$'000	2021 \$'000
(b) Dividend declared after balance date		
Since the end of the financial year, the Directors have declared the following dividend which has not been recognised as a liability at the end of the financial year:		
Final dividend for the year ended 30 June 2022 of 17.0 cents fully franked at 30% tax rate payable 16 September 2022 (2021: 14.0 cents fully franked at 30% tax rate)	127,523	101,507

The final dividend declared will contain a LIC capital gain component of 15.0 cents per share (2021: 8.0 cents).

20. Franking account

	2022	2021
	\$'000	\$'000
Balance of the franking account after allowing for tax payable and the receipt of franked dividends recognised as receivables	194,836	124,218
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year	(54,653)	(43,503)
	140,183	80,715
The franking account balance would allow the Company to fully frank additional dividend payments up to an amount of	327,094	188,335
	cents	cents
This equates to a per share amount of	43.6	26.0

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the investment portfolio and the Company paying tax.

21. New Zealand imputation account

	2022	2021
	\$'000	\$'000
Balance of the imputation account	6,502	3,214

New Zealand imputation credits of \$6.5 million (NZ\$7.2 million) were attached to dividends received and are available for distribution. There will be no NZ imputation credits attached to the final dividend payable on 16 September 2022.

22. Listed Investment Company (LIC) capital gain account

	2022	2021
	\$'000	\$'000
Balance of the LIC capital gain account	116,142	60,252
Impact on the LIC capital gain account of the dividend declared but not recognised as a liability at the end of the financial year	(112,520)	(58,004)
	3,622	2,248
This equates to an attributable amount of	5,174	3,211

LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains and the receipt of LIC capital gain distributions from LIC securities held in the investment portfolio.

23. Financial reporting by segments

The Company operates in the investment industry predominately within Australia.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

The Company is domiciled in Australia and derives its income from the investment portfolio through the receipt of dividends, distributions, interest and other income. Argo has a diversified portfolio of investments, with only BHP Group income accounting for more than 10% of income.

There has been no change to the operating segments during the year.

24. Events occurring after the reporting period

No matters or circumstances have occurred subsequent to the financial year end that have significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

25. Contingencies

At balance date the Company is not aware of any material contingent liabilities or contingent assets.

Audit of Accounts

The accounts for the year ended 30 June 2022 are in the process of being audited.