



# **Argo Global Listed Infrastructure Limited**

ABN 23 604 986 914

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## **Appendix 4E**

Preliminary Final Report  
for the year ended 30 June 2018  
(previous corresponding period being  
the year ended 30 June 2017)

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## RESULTS FOR ANNOUNCEMENT TO THE MARKET YEAR ENDED 30 JUNE 2018

(Comparative figures being the period ended 30 June 2017)

				<b>2018 \$A'000</b>	<b>2017 \$A'000</b>
Revenue from operating activities	up	80.2%	to	27,658	15,350
Profit for the year	up	108.4%	to	16,242	7,794

### Dividends

Interim unfranked dividend paid 23 March 2018	1.25 cents
Final fully franked dividend payable 28 September 2018	2.50 cents
<b>Total</b>	<b>3.75 cents</b>

The Company's Dividend Reinvestment Plan will operate for the final dividend. Shares issued under the DRP will be allocated based on 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 DRP Terms and Conditions can be accessed at the Company's website at [www.argoinfrastructure.com.au](http://www.argoinfrastructure.com.au).

The record date for determining entitlements to the final dividend	10 September 2018
The election date for determining participation in the Dividend Reinvestment Plan	11 September 2018

### Previous corresponding period

Interim unfranked dividend paid 24 March 2017	1.0 cent
Final unfranked dividend paid 29 September 2017	2.5 cents
<b>Total</b>	<b>3.5 cents</b>

### Net Tangible Asset (NTA) Backing

	<b>June 2018</b>	<b>June 2017</b>
NTA per share <sup>1</sup>	\$2.16	\$2.06
NTA after unrealised tax provision <sup>2</sup>	\$2.13	\$2.04

1. This figure allows for all costs incurred, including company tax and any tax payable on gains realised from portfolio sales.

2. Under ASX Listing Rules, the Company is also required to calculate the NTA per share after providing for estimated tax on unrealised gains/losses in the portfolio (tax that may arise should the entire portfolio be disposed of on the above date).



## ASX/Media Release

27 August 2018

### AGLI declares first fully franked dividend

Argo Global Listed Infrastructure Limited (AGLI) today announces a significant increase in full year profit to a record \$16.2 million. The Board has declared a fully franked final dividend of 2.5 cents per share, increasing the dividends for the full year by 7% on the previous year.

AGLI is a listed investment company with over \$300 million of assets invested across a portfolio of global listed infrastructure companies. Cohen & Steers, AGLI's specialist New York-based portfolio manager, delivered a strong portfolio performance of +9.3%, well above the benchmark FTSE Global Core Infrastructure 50/50 Index.

#### Summary of financial results

	30 June 2018	30 June 2017
Profit*	<b>\$16.2 million</b>	\$7.8 million
Final dividend per share (fully franked in 2018)	<b>2.5 cents</b>	2.5 cents
Annual dividends per share	<b>3.75 cents</b>	3.5 cents
Net tangible asset backing (NTA) per share, after costs and tax	<b>\$2.16</b>	\$2.06

*\* under Australian Accounting Standards, AGLI's operating income and realised profits and losses are added to, or reduced by, changes in the market value of the Company's assets. This can lead to large variations in reported profit from one period to the next.*

#### Overview

It was another strong year for global share markets, and listed infrastructure also produced good returns, although consistent with the sector's defensive nature, they did lag those recorded by the broader equity indices.

Markets were strongest in the first half of the financial year, with many indices hitting record highs, driven by synchronised economic growth in most regions of the world and tax cuts in the US. Since January 2018 though, markets have become more volatile as investors consider whether too much economic growth could see interest rates rising more quickly than expected. In addition, there have been increasing global trade tensions between the US and its major trading partners, including China.

Over that six-month period, AGLI has performed well, exceeding the returns of broader equity markets both in Australia and globally, providing the intended benefits of investor diversification into global listed infrastructure. As AGLI is unhedged, the decline in the Australian dollar assisted this performance, as did the investment outperformance recorded by the portfolio manager. For the six months to 31 July 2018, AGLI's portfolio returned +9.7% compared to the global listed infrastructure index return of +9.1% and the ASX200 Accumulation Index return of +6.2%.

Most areas of global infrastructure finished the financial year positively. Railway operators, especially the large companies in North America such as Union Pacific (AGLI's 5<sup>th</sup> largest holding) were particularly strong due to volume growth from increasing economic activity.

Communications tower companies once again outperformed, due to the ongoing and seemingly relentless growth in demand for the transmission of wireless data to an ever-increasing number of devices. Two of AGL's top five holdings are communications tower companies.

The weakest area of infrastructure was marine ports, which suffered as concerns mounted that US protectionist policies could damage international trade volumes.

## Investment Performance

The performance table below shows that although the infrastructure sector lagged the strong performance of broader equity markets for the year to 30 June 2018, AGL's portfolio added significant value above the benchmark index.

<i>Accumulated performance (per annum)</i>	<i>1 year</i>	<i>2 years</i>	<i>Since inception*</i>
NTA return (after all costs and tax)	+6.7%	+5.0%	+4.7%
Portfolio return (before costs and tax)	+9.3%	+7.3%	+6.9%
Infrastructure sector benchmark index (A\$)**	+6.7%	+6.5%	+7.4%
Share price return	-0.6%	+1.1%	-2.0%
Australian equities - S&P ASX200 Accum. Index	+13.0%	+13.5%	+8.1%

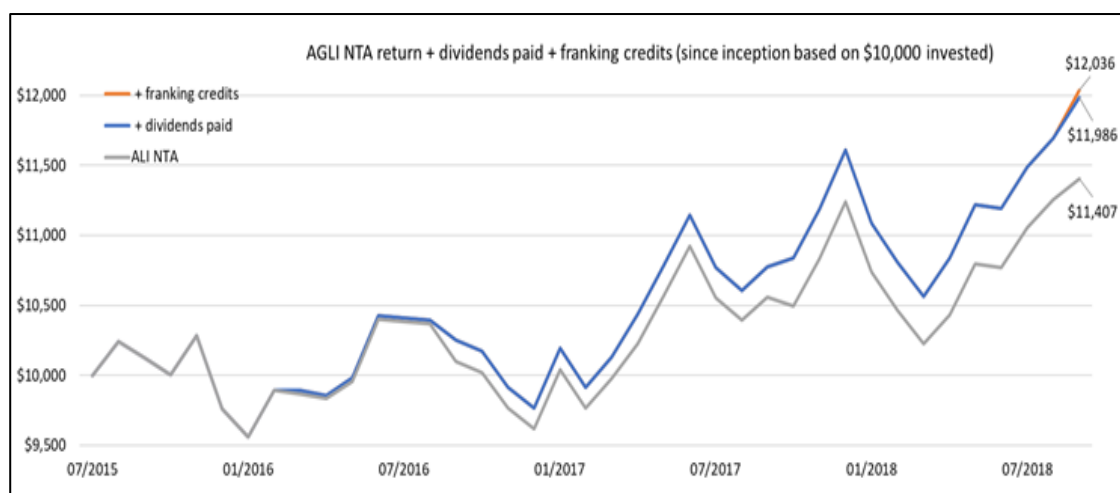
\* Inception date was 3 July 2015

\*\* Benchmark is the FTSE Global Core Infrastructure 50/50 Index (in A\$)

## Positive progress

AGLI has been operating for just over three years now and we are pleased that over the last 12-18 months in particular, all indicators of progress against our initial objectives are scoring positively, with the exception of the share price discount to NTA, which is still wider than we would like.

NTA per share has risen, dividends have increased (with the most recent dividend being fully franked) and the portfolio manager is comfortably outperforming the sector benchmark. Importantly, returns have proven to be uncorrelated to Australian equities and less volatile than the broader market. These are key attributes which can provide diversification benefits for investors who hold predominantly Australian stocks, particularly if the domestic equity market and/or the Australian dollar should prove to be overvalued.



With regard to the share price discount to NTA, several initiatives are being taken to reduce the gap:

- The on-market buy-back started operating in April 2018 and has purchased just over 1.7 million shares at around a 15% discount to NTA and cancelled them, which improves the NTA value of the remaining shares
- Shares required for participants in the Dividend Reinvestment Plan are being bought on-market by the Company, rather than issuing new shares at a discount to NTA
- Marketing and communications activities to promote awareness and understanding of AGLI continue to increase and will be supplemented by the Manager's recent recruitment of a marketing executive

We believe these additional measures will encourage new shareholders at what is an attractive entry point for those investors looking to diversify their portfolios.

## **Directorate**

AGLI's inaugural Chairman, Mr. Ian Martin AM, retired on 30 June 2018 at the same time he retired from Argo Investments Ltd after 14 years on that Board. Mr. Russell Higgins AO succeeded Mr. Martin as Chairman of both AGLI and Argo with effect from 1 July 2018. Mr. Higgins is a very experienced Director of ASX-listed companies and has served on Argo's Board since 2011.

## **Outlook**

The landscape continues to look favourable for global economies and the infrastructure sector, despite some risk of interest rates rising more quickly than expected.

Markets are pricing optimistic outcomes into share prices and the infrastructure sector is also trading at valuations above historical averages. However private (unlisted) infrastructure funds, which face competition for scarce assets to directly invest in, are increasingly turning to the listed sector to find value.

The global listed infrastructure sector is much more diverse than in Australia, generally cheaper, and as it is less mature, has greater growth prospects including in emerging markets where population growth and improving standards of living require huge infrastructure investment.

Currently just over half of AGLI's portfolio is invested in companies based in the United States. The US economy is growing strongly and we see this continuing to benefit railways, communications towers and midstream energy (including pipelines) in particular.

We firmly believe that AGLI can bring important diversification benefits to Australian equity investors from an asset class, geographic and currency perspective. The long-life, essential service nature of infrastructure assets helps the sector to perform steadily and often outperform in more uncertain times. The portfolio has around 60 quality global listed infrastructure companies and Cohen & Steers is actively managing the portfolio to add value above the benchmark index returns.

### **Media contact:**

*Jason Beddow*

*Managing Director*

*02 8274 4702*

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Investment income</b>			
Dividends and distributions		8,837	9,488
Interest		24	443
Net foreign exchange losses		(172)	(104)
Net changes in fair value of financial assets held at fair value through profit or loss (realised and unrealised)		18,969	5,523
<b>Total investment income</b>		27,658	15,350
<b>Expenses</b>			
Management fees	17, 19	(3,560)	(3,413)
Custody and administration fees		(276)	(234)
Directors' fees		(167)	(163)
Registry fees		(136)	(144)
Transaction costs		(277)	(285)
Other expenses		(330)	(347)
<b>Total expenses</b>		(4,746)	(4,586)
<b>Net profit before income tax</b>		22,912	10,764
Income tax expense	3	(6,670)	(2,970)
<b>Net profit after income tax</b>		16,242	7,794
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		16,242	7,794
		cents	cents
<b>Earnings per share</b>			
Basic and diluted earnings per share	4	11.32	5.44

(to be read in conjunction with the accompanying notes)

# Statement of Financial Position

as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	5	5,964	5,528
Receivables		1,170	1,467
Receivables – trade settlements		921	3,585
Financial assets held at fair value through profit or loss	6,7	302,389	287,467
<b>Total Current Assets</b>		310,444	298,047
<b>Current Liabilities</b>			
Payables		472	378
Payables – trade settlements		-	1,179
Current tax liability		3,138	-
<b>Total Current Liabilities</b>		3,610	1,557
<b>Non-Current Liabilities</b>			
Deferred tax liability	3	5,270	2,796
<b>Total Non-Current Liabilities</b>		5,270	2,796
<b>Total Liabilities</b>		8,880	4,353
<b>Net Assets</b>		301,564	293,694
<b>Equity</b>			
Contributed equity	8	279,074	282,062
Profit reserve	9	30,260	18,102
Retained earnings	10	(7,770)	(6,470)
<b>Total Equity</b>		301,564	293,694

(to be read in conjunction with the accompanying notes)

# Statement of Changes in Equity

for the year ended 30 June 2018

	<b>Note</b>	<b>Contributed equity</b> \$'000	<b>Profit reserve</b> \$'000	<b>Retained earnings</b> \$'000	<b>Total</b> \$'000
Balance as at 1 July 2017		282,062	18,102	(6,470)	293,694
Total comprehensive income for the year		-	-	16,242	16,242
Transfer of profits during the year	9,10	-	17,542	(17,542)	-
Dividends paid	11	-	(5,384)	-	(5,384)
Buy-back of shares	8	(2,988)			(2,988)
Balance as at 30 June 2018		279,074	30,260	(7,770)	301,564

for the year ending 30 June 2017

	<b>Note</b>	<b>Contributed equity</b> \$'000	<b>Profit reserve</b> \$'000	<b>Retained earnings</b> \$'000	<b>Total</b> \$'000
Balance as at 1 July 2016		281,151	8,371	478	290,000
Total comprehensive income for the year		-	-	7,794	7,794
Transfer of profits during the year	9,10	-	14,742	(14,742)	-
Dividends paid	11	-	(5,011)	-	(5,011)
Dividend reinvestment plan	8	210	-	-	210
Shares issued on exercise of options	8	718	-	-	718
Cost of shares issued net of tax	8	(17)	-	-	(17)
Balance as at 30 June 2017		282,062	18,102	(6,470)	293,694

(to be read in conjunction with the accompanying notes)



# Statement of Cash Flows

for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		160,376	150,564
Purchase of financial instruments held at fair value through profit or loss		(154,688)	(146,884)
Net foreign exchange loss		(156)	(96)
Interest received		84	498
Dividends and distributions received		7,951	8,455
GST recovered		390	343
Management fees paid		(3,560)	(3,393)
Custody fees paid		(256)	(234)
Other expenses paid		(1,281)	(1,320)
Income tax paid		(36)	(10)
<b>Net cash inflow from operating activities</b>	13	8,824	7,923
<b>Cash flows from financing activities</b>			
Proceeds from exercise of options		-	701
Dividend paid – net of Dividend Reinvestment Plan		(5,384)	(4,801)
Buy-back of shares		(2,988)	-
<b>Net cash outflow from financing activities</b>		(8,372)	(4,100)
Net increase in cash and cash equivalents		452	3,823
Cash and cash equivalents at the beginning of the year		5,528	1,713
Effect of foreign currency exchange rate changes on cash and cash equivalents		(16)	(8)
<b>Cash and cash equivalents at the end of the year</b>	5	5,964	5,528

(to be read in conjunction with the accompanying notes)

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for the year ended 30 June 2018

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# Notes to the Financial Statements

for the year ended 30 June 2018

## 1. GENERAL INFORMATION

This financial report is for Argo Global Listed Infrastructure Limited (AGLI or Company) for the year ended 30 June 2018.

The Company is a for-profit entity limited by shares, incorporated and domiciled in Australia. Its shares (ASX code: ALI) are publicly traded on the Australian Securities Exchange.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

### (a) Basis of preparation

This financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value. All amounts are presented in Australian dollars (\$), unless otherwise noted.

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### (b) Financial instruments

#### (i) Classification

The Company's investments are classified as 'Financial instruments designated at fair value through profit or loss upon initial recognition'.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments and unit trusts.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

#### (ii) Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are derecognised when the right to receive cash flows from the investments has expired or the Company has transferred substantially all risks and rewards of ownership.

### (iii) **Measurement**

#### **Financial assets and liabilities held at fair value through profit or loss**

Financial assets and liabilities at fair value through profit or loss are recorded in the Statement of Financial Position initially at fair value. Transaction costs of these financial assets and liabilities are expensed in the Statement of Profit or Loss and Other Comprehensive Income.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they arise.

#### **Other financial assets and liabilities**

The carrying amount of other financial assets and liabilities held at amortised cost (which are all short-term) approximates fair value.

This includes cash and cash equivalents, receivables including receivables for trade settlements and payables including payables for trade settlements.

### (iv) **Fair value measurement principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Company is the last traded price.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Further details on how the fair values of financial instruments are determined are disclosed in Notes 6 and 7.

### (v) **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(c) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(d) Receivable/payable - trade settlements**

These amounts represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities, are normally settled within two business days.

**(e) Receivables**

Receivables are recognised when a right to receive payment is established. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables their nominal amounts approximate their fair value.

**(f) Payables**

Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables. Given the short-term nature of most payables their nominal amounts approximate their fair value.

**(g) Investment income**

Dividend income is recognised on the ex-dividend date, with any related foreign withholding tax recorded as an income tax expense.

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Trust distributions are recognised on a present entitlement basis.

Other income is brought to account on an accruals basis.

### (h) **Expenses**

Company expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

### (i) **Income tax**

The Company is subject to income tax at 30% on taxable income for the year ended 30 June 2018. From 1 July 2018 the Company's income tax rate is expected to reduce to 27.5%.

The Company may incur withholding tax imposed by certain countries on investment income. Such income will be recorded gross of withholding tax in investment income, with the withholding tax expense included as part of income tax expense. Income tax expense comprises current and deferred tax.

Income tax expense is recognised in net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The current tax liability is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted. Due to an expected change in the company tax rate from 1 July 2018, the deferred tax balances at 30 June 2018 are calculated at a tax rate of 27.5% (2017: 30%).

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised when there is a taxable temporary difference between the tax base of an asset or liability and its corresponding carrying amount in the Statement of Financial Position. This arises when the carrying amount of an asset exceeds its tax base.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(j) Foreign currency translation****(i) Functional and presentation currency**

The financial statements are presented in Australian dollars which is the Company's functional currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within change in fair value of financial instruments held at fair value through profit or loss.

**(k) Dividends**

Dividends are recognised as a liability in the year in which they are declared.

**(l) Goods and Services Tax (GST)**

The Company is registered for GST. The issue or redemption of shares in the Company and, where applicable, the receipt of any distributions will not be subject to GST. The Company may be required to pay GST on management and other fees, charges, costs and expenses incurred by the Company. However, the Company may be entitled to input tax credits and reduced input tax credits in respect of the GST incurred.

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

**(m) Earnings per share**

Basic and diluted earnings per share are calculated by dividing profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(n) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

On 28 August 2017 the Company announced an on-market share buy-back for capital management purposes. Details of the Company's share buy-back is provided in Note 8.

(o) **Segment reporting**

Operating segments are reported in a manner consistent with the Company's internal reporting provided to Directors.

(p) **Rounding of amounts**

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

(q) **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates. The Company's significant accounting estimates and judgements include fair value measurement of financial assets and liabilities that are not traded in an active market. Details on the determination of fair value are provided in Note 16(b).

(r) **New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Company. The assessment of the impact to the Company of any new standards and interpretations is set out below:

*AASB 9 Financial Instruments* (and applicable amendments)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 July 2018.



The Company does not expect this to have a significant impact on the recognition and measurement of financial instruments as they are carried at fair value through the profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are all held at fair value through profit or loss and financial assets at amortised cost are immaterial, the change in impairment rules will not significantly impact the Company.

The future impact of accounting standards AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases* on the Company's financial statements have been assessed and the impact when they become operative is not expected to be material.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### 3. INCOME TAX

	2018 \$'000	2017 \$'000
<b>(a) Reconciliation of income tax expense to prima facie tax payable:</b>		
Profit before income tax	22,912	10,764
Prima facie tax expense calculated at 30% (2017: 30%)	6,873	3,229
Tax effect of franked dividends received	(14)	(29)
Change in tax rate - deferred tax liability	(221)	(262)
Other	32	32
Income tax expense	6,670	2,970
<b>(b) Income tax expense composition:</b>		
Current income tax	4,196	866
Deferred income tax	2,474	2,104
	6,670	2,970
<b>(c) Income tax benefits recognised directly to equity:</b>		
Increase in deferred tax assets (share issue costs)	-	(7)

	<b>2018</b> \$'000	<b>2017</b> \$'000
<b>(d) Deferred tax liabilities:</b>		
The balance comprises temporary differences attributed to:		
Dividends and distributions receivable	205	243
Unrealised gains on investments	5,527	3,445
	<b>5,732</b>	<b>3,688</b>
Offset by deferred tax assets:		
Foreign tax credits receivable	(58)	(90)
Costs associated with the issue of shares	(404)	(802)
	<b>(462)</b>	<b>(892)</b>
Net deferred tax liabilities	<b>5,270</b>	<b>2,796</b>
Movements:		
Balance at the beginning of the year	2,796	699
Charged to equity	-	(7)
Charged to profit or loss	2,474	2,104
Balance at the end of the year	<b>5,270</b>	<b>2,796</b>
<b>(e) Franking account:</b>		
Total imputation credits available, after allowing for tax payable and franked dividends receivable, in subsequent financial years based on a tax rate of 30%	3,242	83
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year	(1,345)	-
	<b>1,897</b>	<b>83</b>
The franking account balance would allow the Company to fully frank additional dividend payments at tax rate of 27.5% up to an amount of	<b>5,001</b>	<b>218</b>

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

**4. EARNINGS PER SHARE**

	<b>2018</b> number '000	<b>2017</b> number '000
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	143,440	143,289
	\$'000	\$'000
Profit for the year used in the calculation of basic and diluted earnings per share	16,242	7,794
	cents	cents
Basic and diluted earnings per share	11.32	5.44

Basic and diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue for the year.

At the end of the year, there were no outstanding securities that are dilutive in nature for the Company.

**5. CASH AND CASH EQUIVALENTS**

	<b>2018</b> \$'000	<b>2017</b> \$'000
Cash at bank	5,964	5,528

These accounts are earning a floating interest rate of between -0.60% and +0.35% at 30 June 2018 (2017: +0.01% and +1.75%).

**6. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2018</b> \$'000	<b>2017</b> \$'000
<b>Designated at fair value through profit or loss:</b>		
Equity securities	268,656	249,440
Unit trusts	33,733	27,357
Interest bearing securities	-	10,667
	302,389	287,464
<b>Held for trading:</b>		
Derivatives (Note 7)	-	3
	-	3
<b>Total</b>	<b>302,389</b>	<b>287,467</b>

The following securities represent over 5% of total investments:

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
NextEra Energy Inc.	5.8	4.8
Crown Castle International Corp.	5.5	3.9

There were 3,384 investment transactions during the financial year.

The Company is a listed investment company that invests in tradeable global listed infrastructure securities. Due to the nature of its business, the Company will always be subject to market risk as it invests its capital in securities which have fluctuating market prices. The Company's portfolio is diversified to reduce risk but market risk cannot be completely eliminated.

Risk exposures relating to financial assets held at fair value through profit or loss are included in Note 15.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

The Company did not hold any foreign currency derivative instruments as at 30 June 2018.

Foreign currency contracts are primarily used by the Company to economically hedge against foreign currency exchange rate risks on settlement of purchases and sales of its non-Australian dollar denominated trading securities. The Company agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. The Company recognises a gain or loss equal to the change in fair value at the end of each reporting period.

The Company's derivative financial instruments at year end are detailed below:

<b>30 June 2018</b>	<b>Fair values</b>		
	<b>Contract/notional</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Foreign currency contracts	-	-	-

### 30 June 2017

Foreign currency contracts	1,529	3	-
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## 8. CONTRIBUTED EQUITY

Ordinary shareholders are entitled to receive dividends as declared and are also entitled to one vote per share at shareholders' meetings.

	<b>2018</b> number	<b>2017</b> number	<b>2018</b> \$'000	<b>2017</b> \$'000
Opening balance	143,583,305	143,104,638	282,062	281,151
Buy-back of shares <sup>(1)</sup>	(1,700,677)	-	(2,982)	-
Buy-back transaction costs	-	-	(6)	-
Dividend reinvestment plan <sup>(2)</sup>	-	119,815	-	210
Options exercised at \$2.00 per share	-	358,852	-	718
Cost of issued capital, net of tax	-	-	-	(17)
Closing balance	141,882,628	143,583,305	279,074	282,062

- (1) On 28 August 2017 the company announced an on-market buy-back for capital management purposes. During the year the company purchased and cancelled shares on-market. The shares were acquired at an average price of \$1.75 per share with prices ranging from \$1.69 to \$1.80.
- (2) On 29 September 2017, shares were purchased on-market at \$1.74 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the period ended 30 June 2017.

On 23 March 2018, shares were purchased on-market at \$1.73 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend paid for the year ended 30 June 2018.

## 9. PROFIT RESERVE

The profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividend payments.

	<b>2018</b> \$'000	<b>2017</b> \$'000
Balance at the beginning of the year	18,102	8,371
Transferred from retained earnings	17,542	14,742
Dividends paid	(5,384)	(5,011)
Balance at the end of the year	30,260	18,102

## 10. RETAINED EARNINGS

	2018 \$'000	2017 \$'000
Balance at the beginning of the year	(6,470)	478
Profit for the year	16,242	7,794
Transfer of profits during the year	(17,542)	(14,742)
Balance at the end of the year	(7,770)	(6,470)

## 11. DIVIDENDS

	2018 \$'000	2017 \$'000
<b>(a) Dividend paid during the year</b>		
Final dividend for the year ended 30 June 2017 of 2.5 cents unfranked, paid 29 September 2017 (2017: 2.5 cents unfranked)	3,590	3,578
Interim dividend for the year ended 30 June 2018 of 1.25 cents unfranked, paid 23 March 2018 (2017: 1.0 cent unfranked)	1,794	1,433
<b>Total dividends paid</b>	<b>5,384</b>	<b>5,011</b>
<b>(b) Dividend declared after balance date</b>		
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 2018 of 2.5 cents fully franked at 27.5% tax rate, payable 28 September 2018 (2017: 2.5 cents unfranked).	3,547	3,590

## 12. CAPITAL MANAGEMENT

The Company's objective in managing capital and investments is to maximise compound after-tax returns for shareholders over time by investing in an investment portfolio in accordance with the Company's investment strategy.

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

A breakdown of the Company's equity and changes in equity is provided in the Statement of Changes in Equity and Note 8.

## 13. RECONCILIATION OF PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<b>2018</b>	<b>2017</b>
	\$'000	\$'000
Net profit after income tax	16,242	7,794
Purchase of financial instruments held at fair value through profit or loss	(154,688)	(146,884)
Proceeds from sale of financial instruments held at fair value through profit or loss	160,376	150,564
Net gains on financial instruments held at fair value through profit or loss	(18,969)	(5,523)
Net interest (sale)/purchase	(156)	84
Net change in receivables	297	(242)
Net change in payables	3,232	25
Net change in deferred tax liabilities	2,474	2,097
Effects of foreign currency exchange rate changes on cash and cash equivalents	16	8
Net cash inflow from operating activities	8,824	7,923

#### 14. SEGMENT INFORMATION

The Company is managed as a whole and is considered to have a single operating segment, being investment in global listed infrastructure securities. 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 revenue from its international investment portfolio through the receipt of dividends, distributions, interest and any profits on the revaluation or sale of its investments.

The portfolio of global listed infrastructure securities has the following geographical diversification:

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	A\$'000	%	A\$'000	%
United States of America	172,652	57.1	147,390	51.3
Canada	28,608	9.5	28,623	9.9
Japan	21,138	7.0	19,344	6.7
Italy	11,648	3.9	17,356	6.1
Australia	9,906	3.3	14,472	5.0
Other countries	58,437	19.2	60,282	21.0
<b>Total</b>	<b>302,389</b>	<b>100.0</b>	<b>287,467</b>	<b>100.0</b>

#### 15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on ensuring compliance with the Company's investment strategy and seeks to maximise the returns derived for the level of risk to which the Company is exposed. The Company may use derivative financial instruments to alter certain risk exposures.

Financial risk management is carried out by the Portfolio Manager under a management agreement approved by the Board of Directors.

The Company uses different methods to measure different types of risk to which it is exposed. These methods are explained below.



(a) **Market risk**(i) **Price risk**

Price risk arises from investments held by the Company for which prices in the future are uncertain. The performance of these investments is influenced by many factors which are difficult to predict, including economic growth rates, inflation, interest rates and regulatory changes. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates.

The Company has an active approach to a concentrated portfolio across 50-100 securities, with the portfolio invested in global listed infrastructure securities. The portfolio is diversified across infrastructure subsectors and countries, both developed and emerging, based upon the combined top-down and bottom-up analysis undertaken by the Portfolio Manager. The Company manages price risk through ensuring that all investment activities are undertaken in accordance with this investment strategy.

The table at Note 15(b) summarises the sensitivity of the Company's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Company invests increased/decreased by 10% (2017: 10%).

(ii) **Foreign exchange risk**

Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuates due to changes in exchange rates.

The tables below summarises the fair value of the Company's financial assets and liabilities, which are denominated in a currency other than Australian dollars.

<b>30 June 2018</b>	<b>US dollars</b>	<b>Euro</b>	<b>Canadian dollars</b>	<b>All other foreign currencies</b>	<b>Total</b>
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
<b>Assets</b>					
Cash and cash equivalents	226	51	-	451	728
Receivables	121	6	45	467	639
Receivables – trade settlements	921	-	-	-	921
Financial assets held at fair value through profit or loss	176,040	29,275	28,608	58,559	292,482
<b>Liabilities</b>					
Payables – trade settlements	-	-	-	-	-
<b>Total</b>	<b>177,308</b>	<b>29,332</b>	<b>28,653</b>	<b>59,477</b>	<b>294,770</b>

30 June 2017	US dollars A\$'000	Euro A\$'000	Canadian dollars A\$'000	All other foreign currencies A\$'000	Total A\$'000
<b>Assets</b>					
Cash and cash equivalents	97	-	-	220	317
Receivables	400	79	111	355	945
Receivables – trade settlements	3,585	-	-	-	3,585
Financial assets held at fair value through profit or loss	161,386	33,668	22,397	55,544	272,995
<b>Liabilities</b>					
Payables – trade settlements	(239)	-	-	(940)	(1,179)
Total	165,229	33,747	22,508	55,179	276,663

The table at Note 15(b) summarises the sensitivity of the Company's assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened/strengthened by 10% (2017:10%) against the foreign currencies to which the Company is exposed.

(iii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest bearing except for cash and cash equivalents. Hence the impact of interest rate risk on net profit/(loss) is not considered to be material to the Company.

The following tables summarises the Company's exposure to interest rate risk.

<b>30 June 2018</b>	<b>Floating interest rate \$'000</b>	<b>Fixed interest rate \$'000</b>	<b>Non- interest bearing \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Cash and cash equivalents	5,964	-	-	5,964
Receivables	-	-	1,170	1,170
Receivables – trade settlements	-	-	921	921
Financial assets held at fair value through profit and loss	-	-	302,389	302,389
<b>Liabilities</b>				
Payables	-	-	(472)	(472)
<b>Total</b>	<b>5,964</b>	<b>-</b>	<b>304,008</b>	<b>309,972</b>

### 30 June 2017

<b>Assets</b>				
Cash and cash equivalents	5,528	-	-	5,528
Receivables	-	-	1,467	1,467
Receivables – trade settlements	-	-	3,585	3,585
Financial assets held at fair value through profit and loss	10,661	6	276,800	287,467
<b>Liabilities</b>				
Payables	-	-	(378)	(378)
Payables – trade settlements	-	-	(1,179)	(1,179)
<b>Total</b>	<b>16,189</b>	<b>6</b>	<b>280,295</b>	<b>296,490</b>

The table at Note 15(b) summarises the sensitivity of the Company's assets and liabilities to interest rate risk. The analysis is based on assumption that interest rates increased/decreased by 1.0% (2017: 1.0%).

**(b) Summarised sensitivity analysis**

The following tables summarises the sensitivity of the Company's net profit and net assets attributable to shareholders subjected to price risk, interest rate risk and foreign exchange risks.

The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and the historical correlation of the Company's investments with relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Company invests. As a result, historical variations in risk variables should not be used to predict future variances.

<b>30 June 2018</b>	<b>+100bps</b>	<b>-100bps</b>
	\$'000	\$'000
Interest rate risk on fixed and floating rate interest securities	60	(60)

	<b>+10%</b>	<b>-10%</b>
	\$'000	\$'000
Price risk on non-interest bearing securities	30,239	(30,239)

US dollars	17,731	(17,731)
Euro	2,933	(2,933)
Canadian dollars	2,865	(2,865)
Other currencies	5,948	(5,948)
Total foreign exchange risk	29,477	(29,477)

<b>30 June 2017</b>	<b>+100bps</b>	<b>-100bps</b>
	\$'000	\$'000
Interest rate risk on fixed and floating rate interest securities	162	(162)
	<b>+10%</b>	<b>-10%</b>
	\$'000	\$'000
Price risk on non-interest bearing securities	27,680	(27,680)

<b>30 June 2017</b>	<b>+10%</b>	<b>-10%</b>
	<b>\$'000</b>	<b>\$'000</b>
US dollars	16,523	(16,523)
Euro	3,375	(3,375)
Canadian dollars	2,251	(2,251)
Other currencies	5,518	(5,518)
Total foreign exchange risk	27,667	(27,667)

**(c) Credit risk**

Credit risk is the risk that a counterparty will be unable to pay its contractual obligations in full when they fall due, causing a financial loss to the Company.

The Company does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Company is exposed, arises from cash and cash equivalents and receivables - trade settlements. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount disclosed in the Statement of Financial Position.

The Company does not consider counterparty risk to be significant, as the Company only trades with recognised and creditworthy third parties.

**(d) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Portfolio Manager monitors the Company's cash-flow requirements daily taking into account upcoming income, expenses and investment activities. The assets of the Company are largely in the form of listed securities which are considered readily convertible to cash.

**(i) Maturities of non-derivative financial liabilities**

The tables below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

<b>30 June 2018</b>	<b>Less than 1 month</b>	<b>1-6 months</b>	<b>6-12 months</b>	<b>Over 12 months</b>	<b>No stated maturity</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Payables	472	-	-	-	-	472

<b>30 June 2017</b>	<b>Less than 1 month</b>	<b>1-6 months</b>	<b>6-12 months</b>	<b>Over 12 months</b>	<b>No stated maturity</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Payables	378	-	-	-	-	378
Due to brokers	1,179	-	-	-	-	1,179
<b>Total</b>	<b>1,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,557</b>

(ii) **Maturities of derivative financial instruments**

The tables below analyses the Company's derivative financial instruments based on their contractual maturity. The Company may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

<b>30 June 2018</b>	<b>Less than 1 month</b>	<b>1-6 months</b>	<b>6-12 months</b>	<b>Over 12 months</b>	<b>No stated maturity</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Foreign currency contracts	-	-	-	-	-	-

**30 June 2017**

Foreign currency contracts	3	-	-	-	-	3
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**16. FAIR VALUE MEASUREMENT**

The Company discloses fair value measurements by level of the following fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) **Fair value in an active market (Level 1)**

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the financial year without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Company is the last traded price.

The Company values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

**(b) Valuation techniques used to derive Level 2 and Level 3 fair value**

The fair value of financial assets and liabilities that are not exchange-traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the financial year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the financial year. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the financial year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

**(c) Recognised fair value measurement**

The tables below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy.

<b>30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Equity securities	268,656	-	-	268,656
Unit trusts	33,733	-	-	33,733
<b>Total</b>	<b>302,389</b>	<b>-</b>	<b>-</b>	<b>302,389</b>

**30 June 2017****Financial assets**

Financial assets designated at fair value through profit or loss:

Equity securities	249,440	-	-	249,440
Unit trusts	27,357	-	-	27,357
Interest bearing securities	-	10,667	-	10,667
Financial assets held for trading:				
Derivatives	-	3	-	3
<b>Total</b>	<b>276,797</b>	<b>10,670</b>	<b>-</b>	<b>287,467</b>

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the financial year.

**(i) Transfers between levels**

There were no transfers between the levels of the fair value hierarchy for the year ended 30 June 2018.

**(ii) Fair value measurements using significant unobservable inputs (Level 3)**

The Company did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2018.

**(iii) Fair values of other financial instruments**

The Company did not hold any financial instruments which were not measured at fair value in the Statement of Financial Position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.



## 17. MANAGEMENT FEES

Under the Management Agreement with the Manager, Argo Service Company Pty Ltd, the Company must pay a management fee based on funds under management at the following annual rates:

- 1.20% (plus GST) of the portfolio value up to and including \$500 million;
- 1.10% (plus GST) of the portfolio value above \$500 million and up to and including \$1 billion; and
- 1.00% (plus GST) of the portfolio value above \$1 billion.

The management fee is calculated at month end and paid monthly in arrears. There is no additional performance fee charged. The Manager is responsible for paying 50% of its management fee to the Portfolio Manager pursuant to the Portfolio Management Agreement with Cohen & Steers.

Payments made to the Manager are provided in Note 19.

## 18. AUDITOR'S REMUNERATION

PricewaterhouseCoopers provided external audit services to 23 October 2017.

Shareholders approved the appointment of Ernst and Young as auditor of the Company at the Annual General Meeting on 23 October 2017.

During the year the following fees were paid or payable for services provided.

### (a) PricewaterhouseCoopers

	2018 \$	2017 \$
(i) Audit Services		
Audit and review of financial reports	-	89,760
(ii) Non-audit services		
Professional services – accounting and taxation services	7,293	14,586
Total	7,293	104,346

### (b) Ernst and Young

	2018 \$
(i) Audit Services	
Audit and review of financial reports	62,315
(ii) Non-audit services	
Professional services – accounting and taxation services	11,000
Total	73,315

**19. RELATED PARTY TRANSACTIONS****Argo Service Company Pty Ltd (ASCO)**

The Company has engaged ASCO (a wholly owned subsidiary of Argo Investments Limited) to manage the affairs of the Company including investment management of the portfolio and providing the services of the Managing Director, Company Secretary, Chief Financial Officer and any other administrative support services required by the Company. ASCO earns a management fee for managing the Company. Fees of \$3,560,364 were paid or payable to ASCO for the year ended to 30 June 2018 (30 June 2017: \$3,412,835). Management fees of \$300,000 were payable at balance date (30 June 2017: \$300,000).

**Argo Investments Limited (Argo)**

Argo holds 12,500,100 shares in the Company (2017: Held 12,500,100 shares and 12,500,000 options that were not exercised and lapsed on 31 March 2017).

**Key management personnel**

The Key Management Personnel (KMP) of the Company comprise the Non-executive Directors, Mr. J. Beddow (Managing Director), Mr. T.C.A. Binks (Company Secretary) and Mr. A.B. Hill (Chief Financial Officer). Mr. Beddow, Mr. Binks and Mr. Hill are remunerated under service agreements with the Manager, ASCO.

The following remuneration was paid or payable by the Company to the Non-executive Directors:

	<b>2018</b>	<b>2017</b>
	\$	\$
Short-term employment benefits (Directors' fees)	152,100	149,200
Post-employment (superannuation)	14,451	14,174
	<b>166,551</b>	<b>163,374</b>

Three of the five Directors of the Company are also Directors of Argo.

**20. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS**

The Company has no material commitments, contingent assets or liabilities as at 30 June 2018.

**21. 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.

**Audit of Accounts**

The accounts for the year ended 30 June 2018 are in the process of being audited.