

Appendix 4E

Preliminary final report



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 an 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 | 2021 | 2022 | 2021 |
|---|--------------------|--------------------|------------------|------------------|
| | No. of shares | No. of shares | \$'000 | \$'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 | 2021 |
|--|------------------|------------------|
| | \$'000 | \$'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.