

# Appendix 4D

## Half-year report



**ARGO**  
INVESTMENTS



# Results for announcement to the market

## Half-year ended 31 December 2023

Comparative figures being the half-year ended 31 December 2022

Argo Investments Limited ABN 35 007 519 520

				2023 \$A'000	2022 \$A'000
Income from operating activities	down	8.3%	to	139,014	151,554
Profit for the half-year	down	8.5%	to	125,273	136,985

### Dividends

Interim fully franked dividend payable 8 March 2024 (previous corresponding period 16.5 cents fully franked)	16.5 cents
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The Company's Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) will operate for the interim dividend. The Directors have resolved that the shares will be allotted at 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. No discount will apply.

The record date for determining entitlements to the interim dividend	19 February 2024
The election date for determining participation in the DRP and DSSP	20 February 2024

Final fully franked dividend for year ended 30 June 2023 paid 15 September 2023	18.0 cents
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### Net Tangible Asset Backing

	December 2023	December 2022
NTA per share <sup>1</sup>	\$9.33	\$8.75
NTA after unrealised tax provision <sup>2</sup>	\$8.15	\$7.73

1. After all costs, including tax payable.

2. As required under the ASX Listing Rules, theoretical NTA per share after providing for estimated tax on unrealised gains/losses in the portfolio. That is, after tax that may arise if the entire portfolio was sold.

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# Directors' Report

The Directors present the financial report of the consolidated entity, consisting of Argo Investments Limited and its controlled entity (Argo or Company), for the half-year ended 31 December 2023.

The Company's objective is to maximise long-term returns to shareholders through a balance of capital and dividend growth. It does this by investing in a diversified Australian equities portfolio which is actively managed in a tax-aware manner within a low-cost structure.

## Review of operations

Profit for the half-year under review decreased by 8.5% on the previous corresponding period to \$125.3 million and earnings per share decreased 9.3% to 16.5 cents per share. The fall in profit was primarily due to reduced investment income received from trading investments in the portfolio.

The Directors have declared a fully franked interim dividend of 16.5 cents per share compared with 16.5 cents per share paid for the half-year to 31 December 2022. This dividend totals \$125.2 million, compared with \$124.2 million in the previous corresponding period and will be paid on 8 March 2024.

Net tangible asset backing per Argo share was \$9.33 as at 31 December 2023, compared with \$9.03 as at 30 June 2023 and \$8.75 as at 31 December 2022.

During the half-year, \$26.0 million of additional capital was raised for investment from the Dividend Reinvestment Plan.

The following persons were Directors during the half-year and are in office at the date of this report:

<u>Name</u>	<u>Period of Directorship</u>
Russell Higgins AO (Chairman)	Director since 1 September 2011
Jason Beddow (Managing Director)	Director since 3 February 2014
Lianne Buck	Director since 1 July 2022
Christopher Cuffe AO	Director since 25 August 2016
Melissa Holzberger	Director since 1 October 2023
Elizabeth Lewin	Director since 1 July 2018
Peter Warne	Director since 1 November 2022

## Auditor's Independence Declaration

The Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001*, is set out on page 5.

## Rounding of amounts

Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies to the Company and accordingly amounts have been rounded to the nearest one thousand dollars in accordance with that Instrument, unless otherwise stated.

This report is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



R.A. Higgins AO  
Chairman

5 February 2024



## Auditor's Independence Declaration

As lead auditor for the review of Argo Investments Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Argo Investments Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Julian McCarthy', written over a light blue horizontal line.

Julian McCarthy  
Partner  
PricewaterhouseCoopers

Adelaide  
5 February 2024

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**PricewaterhouseCoopers, ABN 52 780 433 757**

Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001  
T +61 8 8218 7000, F +61 8 8218 7999, [www.pwc.com.au](http://www.pwc.com.au)

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# Consolidated Statement of Profit or Loss

for the half-year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Dividends and distributions		132,645	135,676
Other income		6,697	3,663
Net (losses)/gains on trading investments		(328)	12,215
Income from operating activities		139,014	151,554
Administration expenses		(5,203)	(5,241)
Profit before income tax expense		133,811	146,313
Income tax expense thereon		(8,538)	(9,328)
Profit for the half-year		125,273	136,985
		cents	cents
Basic and diluted earnings per share	2	16.5	18.2

# Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2023

	2023 \$'000	2022 \$'000
Profit for the half-year	125,273	136,985
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of long-term investments	242,789	220,460
Provision for deferred tax expense on revaluation of long-term investments	(75,542)	(68,633)
Other comprehensive income for the half-year	167,247	151,827
Total comprehensive income for the half-year	292,520	288,812

(To be read in conjunction with the accompanying notes)

# Consolidated Statement of Financial Position

at 31 December 2023

	December 2023 \$'000	June 2023 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	146,197	125,255
Receivables	12,013	36,890
Investments	15,328	10,452
Total Current Assets	173,538	172,597
<b>Non-Current Assets</b>		
Investments	6,971,937	6,713,768
Property, plant and equipment	515	599
Total Non-Current Assets	6,972,452	6,714,367
Total Assets	7,145,990	6,886,964
<b>Current Liabilities</b>		
Payables	1,085	1,487
Derivative financial instruments	16,725	8,062
Current tax liabilities	14,339	14,375
Provisions	986	1,021
Total Current Liabilities	33,135	24,945
<b>Non-Current Liabilities</b>		
Payables	113	167
Deferred tax liabilities	932,967	863,783
Provisions	179	158
Total Non-Current Liabilities	933,259	864,108
Total Liabilities	966,394	889,053
Net Assets	6,179,596	5,997,911
<b>Shareholders' Equity</b>		
Contributed equity	3,230,018	3,204,096
Reserves	2,207,280	2,040,788
Retained profits	742,298	753,027
Total Shareholders' Equity	6,179,596	5,997,911

(To be read in conjunction with the accompanying notes)

# Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2023

	Contributed Equity \$'000	Reserves \$'000	Retained Profits \$'000	Total \$'000
Balance as at 1 July 2023	3,204,096	2,040,788	753,027	5,997,911
Profit for the half-year	-	-	125,273	125,273
Other comprehensive income	-	167,247	-	167,247
Total comprehensive income for the half-year	-	167,247	125,273	292,520
Transactions with shareholders:				
Dividend Reinvestment Plan	25,969	-	-	25,969
Cost of share issues net of tax	(47)	-	-	(47)
Executive performance rights reserve	-	(755)	-	(755)
Dividend paid	-	-	(136,002)	(136,002)
Total transactions with shareholders	25,922	(755)	(136,002)	(110,835)
Balance as at 31 December 2023	3,230,018	2,207,280	742,298	6,179,596

for the half-year ended 31 December 2022

Balance as at 1 July 2022	3,155,136	1,861,010	620,545	5,636,691
Profit for the half-year	-	-	136,985	136,985
Other comprehensive income	-	151,827	-	151,827
Total comprehensive income for the half-year	-	151,827	136,985	288,812
Transactions with shareholders:				
Dividend Reinvestment Plan	24,828	-	-	24,828
Cost of share issues net of tax	(45)	-	-	(45)
Executive performance rights reserve	-	(298)	-	(298)
Dividend paid	-	(112,520)	(15,003)	(127,523)
Total transactions with shareholders	24,783	(112,818)	(15,003)	(103,038)
Balance as at 31 December 2022	3,179,919	1,900,019	742,527	5,822,465

(To be read in conjunction with the accompanying notes)

# Consolidated Statement of Cash Flows

for the half-year ended 31 December 2023

	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>		
Dividends and distributions received	157,438	148,864
Interest received	2,765	2,191
Other receipts	3,933	1,533
Proceeds from trading investments	5,258	22,609
Payments for trading investments	(1,800)	(11,628)
Other payments	(6,396)	(6,251)
Income tax paid	(14,830)	(48,324)
Net operating cash inflows	146,368	108,994
<b>Cash flows from investing activities</b>		
Proceeds from sale of long-term investments	136,425	94,656
Payments for long-term investments	(151,429)	(57,781)
Proceeds from other financial cash assets	-	25,000
Payments for fixed assets	(128)	(21)
Net investing cash (outflows)/inflows	(15,132)	61,854
<b>Cash flows from financing activities</b>		
Payments for lease liabilities	(194)	(185)
Cost of share issues	(67)	(64)
Dividends paid—net of Dividend Reinvestment Plan	(110,033)	(102,695)
Net financing cash outflows	(110,294)	(102,944)
Net increase in cash held	20,942	67,904
Cash at the beginning of the half-year	125,255	134,718
Cash at the end of the half-year	146,197	202,622

(To be read in conjunction with the accompanying notes)

# Notes to the Financial Statements

for the half-year ended 31 December 2023

## 1. Basis of preparation

The general purpose financial report for the half-year ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this half-yearly report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Argo Investments Limited (Company) during the half-year, in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

## 2. Earnings per share

	2023 number '000	2022 number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	757,306	751,708
	\$'000	\$'000
Profit for the half-year	125,273	136,985
	cents	cents
Basic and diluted earnings per share	<b>16.5</b>	<b>18.2</b>

## 3. Dividends

	2023 \$'000	2022 \$'000
<b>Dividends paid during the half-year</b>		
Final dividend for the year ended 30 June 2023 of 18.0 cents fully franked at 30% tax rate paid 15 September 2023 (2022: 17.0 cents fully franked at 30% tax rate)	136,002	127,523

The final dividend paid did not contain a listed investment company (LIC) capital gain component (2022: 15.0 cents per share).

	2023 \$'000	2022 \$'000
<b>Dividend declared after balance date</b>		
Since the end of the half-year, the Directors have declared the following dividend which has not been recognised as a liability at the end of the half-year:		
Interim dividend for the year ended 30 June 2024 of 16.5 cents fully franked at 30% tax rate payable 8 March 2024 (previous corresponding period: 16.5 cents fully franked at 30% tax rate)	<b>125,162</b>	<b>124,223</b>

The interim dividend declared will not contain a LIC capital gain component (previous corresponding period: nil).

# Notes to the Financial Statements

## 4. 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 the proportion to the number of the shares held. The Company does not have a limited amount of authorised capital.

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	No. of shares	No. of shares	\$'000	\$'000
Issued and fully paid ordinary shares:				
Opening balance	755,564,117	750,132,378	3,204,096	3,155,136
Dividend reinvestment plan <sup>(a)</sup>	2,995,232	2,734,348	25,969	24,828
Cost of share issues net of tax			(47)	(45)
Closing balance	<b>758,559,349</b>	<b>752,866,726</b>	<b>3,230,018</b>	<b>3,179,919</b>

(a) On 15 September 2023, 2,995,232 shares were allotted at \$8.67 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June 2023.

## 5. 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 no single investment accounting for more than 10% of income.

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

## 6. Events after balance date

Since 31 December 2023, to the date of this report, there have been no events specific to the Company of which the Directors are aware which has had a material effect on the Company or its financial position.

## 7. Contingencies

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

# Directors' Declaration

In the opinion of the Directors of Argo Investments Limited (Company):

- (a) the consolidated financial statements and notes set out on pages 6 to 11 are in accordance with the *Corporations Act 2001* including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



R.A. Higgins AO  
Chairman

5 February 2024



## Independent auditor's review report to the members of Argo Investments Limited

### *Report on the half-year financial report*

#### Conclusion

We have reviewed the half-year financial report of Argo Investments Limited (the Company) and the entities it controlled during the half-year (together the Consolidated Entity), which comprises the consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, for the half-year ended on that date, the notes to the financial statements and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Argo Investments Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001

T +61 8 8218 7000, F +61 8 8218 7999, [www.pwc.com.au](http://www.pwc.com.au)

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### Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

### Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PRICEWATERHOUSE COOPERS

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Julian McCarthy', written over a faint, larger version of the signature.

Julian McCarthy  
Partner  
PricewaterhouseCoopers

Adelaide  
5 February 2024

**PricewaterhouseCoopers, ABN 52 780 433 757**

Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001

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