Argo Investments Limited

ABN 35 007 519 520

Appendix 4E

Preliminary Final Report
for the year ended 30 June, 2010

**(previous corresponding period being
the year ended 30 June, 2009)**

ARGO INVESTMENTS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

These preliminary results are based on unaudited financial statements.

				$A'000
Revenue from operating activities	down	12.8%	to	151,701
Net operating profit before net realised gains/(losses) on sale of long-term investments	down	12.6%	to	142,814 [(1)]
Net realised gains/(losses) on sale of long-term investments		N/A		11,077
Profit for the year	up	20.8%	to	153,891

Dividends

Interim fully franked dividend paid 3 March, 2010	12 cents
Final fully franked dividend payable 3 September, 2010 (including 2 cents LIC capital gain[(2)])	13 cents
Total	25 cents

The Company's Dividend Reinvestment Plan will operate for the final dividend. The Directors have resolved that the shares will be allotted at a discount of 2.5% from the market price of Argo shares which will be the weighted average ex dividend market price of the shares sold on the ASX on the record date and during the three business days preceding the record date.

The record date for determining entitlements to the final dividend and participation in the Dividend Reinvestment Plan — 18 August, 2010

Previous corresponding period

Interim fully franked dividend paid 4 March, 2009	14 cents
Final fully franked dividend paid 4 September, 2009 (included 2 cents LIC capital gain)	13 cents
Total	27 cents

Net Asset Backing

Net Tangible Asset Backing per Argo share was $5.82 as at 30 June, 2010, compared with $5.32 as at 30 June, 2009.

Brief explanation of any of the figures reported above

(1) Operating profit mainly consists of dividends and distributions, interest and trading less associated expenses of operation. Due to the Company's long-term investment philosophy, the Directors believe that this is the best measure of profitability.

(2) The 2 cents per share LIC capital gain component of the dividend will give rise to an attributable part of 2.86 cents per share, which will allow eligible shareholders to claim a portion of the attributable part as a deduction in their 2010/2011 income tax returns. The amount which eligible shareholders may be able to claim as a tax deduction depends on their individual situation. Details will be provided in the dividend statement.

Media Release
2nd August 2010

Higher Argo second-half investment income

Argo Investments Limited's diverse investment portfolio generated increased income in the second half of 2009-2010, and the Company is looking to improved Australian corporate profits and dividends in the year ahead.

Argo (ASX: "ARG") – a leading Australian listed investment company with total assets of $3.6 billion – today reported a 12.6% lower operating profit of $142.8 million before net realised gains on the sale of long-term investments for the year ended 30 June, 2010, compared with $163.4 million in the previous year.

The Company's first-half operating profit had been down 23.6%.

Argo's Managing Director, Mr Rob Patterson, said the 2009-2010 result had been achieved in a difficult economic environment which impacted on company earnings and in turn led to a cautious approach to dividend payments.

Mr Patterson welcomed a second-half improvement in investment income, which he said was accompanied by a strong recovery in interest income received, reflecting a larger cash balance and higher interest rates in the June half.

"We expect to see modest growth in Australian corporate profits and dividends in the period ahead, despite continuing economic and political uncertainties, both locally and internationally," he said.

"Argo, with current cash reserves of about $240 million and no debt, remains ready to take advantage of opportunities as they present themselves in the share market."

The Company's 2009-2010 result was after its management expense ratio (MER) for the year declined to 0.17% of average assets at market value - an improvement on the previous year's 0.19%.

Full-year operating profit represented earnings per share of 24.2 cents compared with 28.2 cents in the previous year.

The Company's AIFRS accounting result for the year was a profit of $153.9 million compared with last year's reported loss of $64.4 million. Due to Argo's adoption of a new accounting standard relating to impairment, that reported loss has been restated to a profit of $127.4 million.

Steady Final Dividend

A steady fully franked final dividend of 13 cents per share has been declared, taking Argo's full-year dividend to a fully franked 25 cents per share compared with a fully franked 27 cents in 2008-2009.

The steady final dividend, totalling $78.9 million and including a 2 cents per share Listed Investment Company (LIC) capital gain component (last year 2 cents per share), will be paid on 3 September, 2010 to Argo shareholders registered on 18 August, 2010.

The LIC component of the final dividend will give rise to an attributable part of 2.86 cents per share, which will allow eligible shareholders to claim a portion of the attributable part as a deduction in their 2010-2011 income tax returns.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (DRP) will operate for the steady final dividend payable on 3 September, 2010.

The Directors have resolved that the shares will be allotted at a discount of 2.5% from the market price of Argo shares, as defined by the DRP, to eligible shareholders participating in the DRP.

Eligible shareholders, being those shareholders with registered addresses in Australia or New Zealand, who wish to participate in the DRP and who have not already lodged their intention, must do so by 18 August, 2010. Any variation to an existing election must also be lodged by this date.

Net Asset Backing

Reflecting an improved performance in equity markets over the reporting period, net tangible asset backing per share was $5.82 as at 30 June, 2010 compared with $5.32 as at 30 June, 2009.

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 $5.32 as at 30 June, 2010 compared with $4.95 as at 30 June, 2009.

Investments and Returns

Mr Jason Beddow, Argo's recently-appointed Chief Executive Officer, said the Company's objective is to maximise long-term returns to shareholders through a balance of capital and dividend growth from a diversified Australian investment portfolio.

"For the past 10 years, Argo's investment portfolio has produced a compound annual return of 9.5% as measured by the movement in net asset backing per share plus dividends paid," Mr Beddow said.

"This return is after payment of all administration costs and tax and compares with a return of 7.1% from the S&P ASX All Ordinaries Accumulation Index, which makes no allowance for these items.

"As a result of the improvement in investment values generally, the total return from the Company's portfolio in the 2010 financial year was 13.9%. The S&P ASX All Ordinaries Accumulation Index rose 13.8% over the same period."

Mr Beddow said that in view of the uncertain nature of the share market, only a small number of investment purchases were made by the Company during the year. The larger purchases were $7.8 million in Commonwealth Bank of Australia, $6.9 million in Lend Lease Group and $6.8 million in Woodside Petroleum Ltd.

During the reporting period, ABB Grain Ltd was taken over and Argo's holding in Bendigo and Adelaide Bank Ltd was sold. Holdings were also reduced in James Hardie Industries SE and Macquarie Group Ltd.

The market value of Argo's principal investments as at 30 June, 2010 was headed by BHP Billiton Ltd ($266.1 million), Westpac Banking Corporation ($183.6 million), Rio Tinto Ltd ($159.6 million), Macquarie Group Ltd ($132.8 million) and Wesfarmers Ltd ($132.1 million).

AIFRS Accounting Result

The AIFRS accounting result for the year was a profit of $153.9 million and includes net realised gains on the sale of long-term investments after tax to 7 December, 2009 of $11.1 million.

The Company adopted Accounting Standard AASB 9 as at 7 December, 2009, being the earliest allowable date of adoption. After that date, realised gains on the sale of long-term investments are accounted for through the capital profits reserve, rather than as part of profit.

To comply with the adoption of Accounting Standard AASB 9, the comparative figures for the year ended 30 June, 2009 now reflect the reversal of the net unrealised impairment revaluation charge on long-term investments, but only for long-term investments that had not been disposed of prior to 7 December, 2009. This has resulted in last year's comparative figure being restated from a loss of $64.4 million to a profit of $127.4 million.

Under the previous Accounting Standard AASB 139, an impairment charge was required to be booked through the Income Statement where there was objective evidence of impairment, even though no loss had been realised. As a long-term investor, Argo said its Directors were pleased that this requirement had been removed from the new Accounting Standard AASB 9 and believed that the current standard better reflected the Company's investment objectives.

Domestic issues add to market volatility

The Company's Chairman, Mr Chris Harris, said that while the success of governments in supporting their economies with stimulus spending had led to a tentative global economic recovery, as the stimulus fades and with the US housing industry looking to be further deteriorating, the outlook for growth is unclear.

"In addition, gross government debt of the developed countries now exceeds 100% of their aggregate GDP and as a result, many of these governments are now being forced to reduce budget deficits through austerity measures and raising taxes," Mr Harris said.

"This process will reduce growth and it is likely that these economies will be supported by accommodative monetary policies for an extended period of time. For these reasons, financial stress and risk levels remain elevated and the global economic recovery is still fragile," he said.

Mr Harris said China and the developing countries had continued to provide strong growth in the first half of calendar 2010, and while this rate of growth was slowing, expectations are that China in particular will return to a more sustainable rate of growth following its excessive stimulus spending on infrastructure and real estate during the global financial crisis.

“This has been and will continue to be particularly positive for Australia, with its relatively strong economy being reflected by six interest rate rises since October 2009 and a relatively low unemployment rate,” he said.

“Domestic issues have dominated the Australian share market in recent times and added to the volatility. The release of the Henry Review and the Resources Super Profits Tax, since watered down to the Mineral Resources Rent Tax, caused global uncertainty towards Australia as an investment location.

“The backlash from the mining industry and public contributed to the removal by the Labor party of Kevin Rudd as Prime Minister. His replacement, Julia Gillard, has called a Federal election to be held on 21 August, 2010.

“The pre-election period adds to market uncertainty with the two major parties having very different policies on a number of investment sectors, including mining and telecommunications,” Mr Harris said.

Media contacts: -

Rob Patterson
Managing Director
0401 058 759

Jason Beddow
Chief Executive Officer
0409 900 709

ARGO INVESTMENTS LIMITED

INCOME STATEMENT
for the year ended 30 June, 2010

	Note	2010 $'000	2009 $'000
Dividends and distributions	2	143,539	163,431
Interest		7,424	9,568
Other revenue		738	1,067
Total revenue		151,701	174,066
Net gains on trading investments		9,882	6,737
Income from operating activities		161,583	180,803
Administration expenses	3	(6,427)	(5,958)
Operating profit before income tax expense and realised gains/(losses) on sale of long-term investments		155,156	174,845
Income tax expense thereon *	4	(12,342)	(11,492)
Net operating profit before net realised gains/(losses) on sale of long-term investments		142,814	163,353
Realised gains/(losses) on sale of long-term investments before income tax (expense)/benefit		16,142	(28,287)
Income tax (expense)/benefit thereon *	4	(5,065)	6,124
Net realised gains/(losses) on sale of long-term investments		11,077	(22,163)
Unrealised impairment revaluation charge on long-term investments before income tax benefit		-	(19,656)
Income tax benefit thereon *	4	-	5,897
Net unrealised impairment revaluation charge on long-term investments		-	(13,759)
Profit for the year		153,891	127,431
* Total income tax (expense)/benefit		(17,407)	529

	Note	2010 cents	2009 cents
Basic and diluted earnings per share including net realised gains/(losses) on sale of long-term investments	5	26.0	22.0

Information on earnings per share, including operating profit before net realised gains/(losses) on sale of long-term investments, can be found in note 5.

ARGO INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June, 2010

	2010 $'000	2009 $'000
Profit for the year	153,891	127,431
Other comprehensive income		
Net revaluation/(devaluation) of long-term investments	197,690	(594,873)
Net realised (gains)/losses on sale of long-term investments transferred to the Income Statement from the investment revaluation reserve	(11,077)	22,163
Net unrealised impairment revaluation charge on long-term investments transferred to the Income Statement from the investment revaluation reserve	-	13,759
Other comprehensive income for the year	186,613	(558,951)
Total comprehensive income for the year	340,504	(431,520)

(To be read in conjunction with the accompanying notes)

STATEMENT OF FINANCIAL POSITION
as at 30 June, 2010

	Note	2010 $'000	2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	6(a)	187,270	89,961
Receivables	7	24,628	36,420
Investments	8	-	1,621
Other financial assets	9	45,000	-
Total Current Assets		256,898	128,002
NON-CURRENT ASSETS			
Receivables	7	1,039	2,398
Investments	8	3,302,886	2,996,441
Plant and equipment	10	577	604
Total Non-Current Assets		3,304,502	2,999,443
TOTAL ASSETS		3,561,400	3,127,445
CURRENT LIABILITIES			
Payables	11	2,523	2,355
Current tax liabilities		55	49
Provisions	12	547	479
Total Current Liabilities		3,125	2,883
NON-CURRENT LIABILITIES			
Payables	11	501	501
Deferred tax liabilities	13	329,478	229,361
Provisions	12	186	145
Total Non-Current Liabilities		330,165	230,007
TOTAL LIABILITIES		333,290	232,890
NET ASSETS		3,228,110	2,894,555
SHAREHOLDERS' EQUITY			
Contributed equity	14	2,083,247	1,943,944
Reserves	15	931,131	744,993
Retained profits	16	213,732	205,618
TOTAL SHAREHOLDERS' EQUITY		3,228,110	2,894,555

(To be read in conjunction with the accompanying notes)

ARGO INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June, 2010

	Contributed Equity $'000 (note 14)	Reserves $'000 (note 15)	Retained Profits $'000 (note 16)	Total $'000
Balance at 1 July, 2009 (as reported)	1,943,944	744,993	205,618	2,894,555
Restatement on adoption of AASB 9				
Investment revaluation reserve	-	(191,847)	-	(191,847)
Impairment revaluation charge reserve	-	191,847	-	191,847
Restated balance	1,943,944	744,993	205,618	2,894,555
Profit for the year	-	-	153,891	153,891
Net revaluation of long-term investments	-	197,690	-	197,690
Net realised gains on sale of long-term investments transferred to the Income Statement	-	(11,077)	-	(11,077)
Total comprehensive income for the year	-	186,613	153,891	340,504
Net realised gains on sale of long-term investments transferred to capital profits reserve	-	11,077	(11,077)	-
Transactions with shareholders				
Dividend Reinvestment Plan	28,694	-	-	28,694
Share Purchase Plan	110,873	-	-	110,873
Cost of share issues net of tax	(264)	-	-	(264)
Executive performance rights reserve	-	137	-	137
Dividends paid	-	(11,689)	(134,700)	(146,389)
Total transactions with shareholders	139,303	(11,552)	(134,700)	(6,949)
Balance at 30 June, 2010	2,083,247	931,131	213,732	3,228,110

STATEMENT OF CHANGES IN EQUITY (continued)

	Contributed Equity $'000 (note 14)	Reserves $'000 (note 15)	Retained Profits $'000 (note 16)	Total $'000
For the year ended 30 June, 2009				
Balance at 1 July, 2008	1,865,056	1,356,516	197,625	3,419,197
Profit for the year	-	-	127,431	127,431
Net devaluation of long-term investments	-	(594,873)	-	(594,873)
Net realised losses on sale of long-term investments transferred to the Income Statement	-	22,163	-	22,163
Net unrealised impairment revaluation charge on long-term investments transferred to the Income Statement	-	13,759	-	13,759
Total comprehensive income for the year	-	(558,951)	127,431	(431,520)
Net realised losses on sale of long-term investments transferred to capital profits reserve	-	(22,163)	22,163	-
Net unrealised impairment revaluation charge on long-term investments transferred to impairment revaluation charge reserve	-	(13,759)	13,759	-
Transactions with shareholders				
Dividend Reinvestment Plan	34,272	-	-	34,272
Share Purchase Plan	44,857	-	-	44,857
Cost of share issues net of tax	(241)	-	-	(241)
Executive performance rights reserve	-	491	-	491
Dividends paid	-	(17,141)	(155,360)	(172,501)
Total transactions with shareholders	78,888	(16,650)	(155,360)	(93,122)
Balance at 30 June, 2009 (as reported)	1,943,944	744,993	205,618	2,894,555
Restatement on adoption of AASB 9				
Investment revaluation reserve	-	(191,847)	-	(191,847)
Impairment revaluation charge reserve	-	191,847	-	191,847
Restated balance	1,943,944	744,993	205,618	2,894,555

(To be read in conjunction with the accompanying notes)

STATEMENT OF CASH FLOWS
for the year ended 30 June, 2010

	Note	2010 $'000	2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends and distributions received		140,218	176,343
Interest received		5,658	10,317
Other receipts		948	856
Payments for trading investments		(17,544)	(20,289)
Proceeds from trading investments		29,046	25,082
Other payments		(5,628)	(5,165)
Income tax refunded/(paid)		5,157	(21,893)
Net operating cash flows	6(b)	157,855	165,251
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of long-term investments		82,455	56,752
Payments for long-term investments		(91,008)	(266,518)
Payments for other financial assets		(45,000)	-
Executive share scheme repayments		256	308
Payments for fixed assets		(51)	(165)
Net investing cash flows		(53,348)	(209,623)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		110,873	44,857
Cost of share issues		(376)	(345)
Dividends paid – net of reinvestment		(117,695)	(138,229)
Net financing cash flows		(7,198)	(93,717)
Net increase/(decrease) in cash held		97,309	(138,089)
Cash at the beginning of the year		89,961	228,050
Cash at the end of the year	6(a)	187,270	89,961

(To be read in conjunction with the accompanying notes)

1. **Basis of Preparation**

This preliminary financial report has been prepared in accordance with the measurement and recognition requirements of Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year with the exception of the following:

AASB 101 (revised) *Presentation of Financial Statements*

The Company has applied revised Accounting Standard AASB 101 *Presentation of Financial Statements* for the reporting period. This standard now requires information previously reported in the Statement of Changes in Equity to be presented in a new Statement of Comprehensive Income. The Statement of Comprehensive Income includes profit from the Income Statement and other comprehensive income that includes unrealised gains and losses on revaluation of long-term investments with the associated tax thereon. The changes in this standard have no impact on the Company's net assets or profit.

AASB 8 *Operating Segments*

The Company has adopted AASB 8 *Operating Segments* from 1 July, 2009. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The changes in this standard have no impact on the Company's net assets or profit. The Company's segment reporting is reflected in note 20.

AASB 9 *Financial Instruments*

The Company has elected to adopt Accounting Standard AASB 9 *Financial Instruments* from 7 December, 2009, being the earliest allowable date of adoption. This new standard has been adopted because it includes requirements for the classification and measurement of financial assets which improve and simplify the approach when compared with the requirements of the previous Accounting Standard AASB 139 *Financial Investments: Recognition and Measurement*.

When adopting this standard, the Company has designated long-term investments held as at 7 December, 2009 as "fair value through comprehensive income". All gains and losses on long-term investments and tax thereon are presented in other comprehensive income as part of the Statement of Comprehensive Income. Under AASB 9, there is no recycling of the realised gains and losses to the Income Statement as was previously required by AASB 139. There is also no requirement to test the Company's long-term investments for impairment with the result that there is no transfer of unrealised impairment revaluation charge from the investment revaluation reserve to the Income Statement.

The transition provisions of AASB 9 require the standard to be applied retrospectively but it cannot be applied to long-term investments that were disposed of prior to the initial application date, which in the Company's case is 7 December, 2009. Therefore, investments that were sold prior to 7 December, 2009 have been accounted for under the previous standard AASB 139 where realised gains and losses on sales (as well as tax thereon) are included in the Income Statement and then transferred to capital profits reserve. After 7 December, 2009, all realised gains and losses on the sale of long-term investments net of tax are transferred from investment revaluation reserve to capital profits reserve.

The comparatives have been restated to remove the effect of the impairment provisions of AASB 139, but only for long-term investments that had not been disposed of prior to 7 December, 2009.

The investment revaluation reserve and the unrealised impairment revaluation charge reserve have had their balances restated upon adoption of AASB 9 on 7 December, 2009.

Movements in reserves are reflected in note 15 and note 21 provides information on the effect of changes in adopting AASB 9.

2. Dividends and Distributions

	2010 $'000	**2009** $'000
Long-term investments held at the end of the year	142,674	157,697
Long-term investments sold during the year	865	5,697
Trading investments sold during the year	-	37
	143,539	163,431

3. Administration Expenses

Employment benefits	4,328	4,173
Depreciation	78	74
Other administration	2,021	1,711
	6,427	5,958

4. Income Tax Expense

(a) Reconciliation of income tax expense to prima facie tax payable

Operating profit before income tax expense and realised gains/(losses) on sale of long-term investments	155,156	174,845
Prima facie tax payable calculated at 30% (2009: 30%)	46,547	52,453
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:-		
Imputation gross-up on dividends received	13,953	18,078
Franking credits on dividends received	(46,511)	(60,260)
Other	(1,451)	1,017
(Over)/Under provision previous year	(196)	204
Income tax expense on operating profit before realised gains/(losses) on sale of long-term investments	12,342	11,492

	2010 $'000	2009 $'000
Realised gains/(losses) on sale of long-term investments	16,142	(28,287)
Prima facie tax payable/(benefit) calculated at 30% (2009: 30%)	4,843	(8,486)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:-		
Difference between accounting and tax cost base for capital gains purposes	222	2,362
Income tax expense/(benefit) on realised gains/(losses) on sale of long-term investments	5,065	(6,124)
Unrealised impairment revaluation charge on long-term investments	-	(19,656)
Prima facie tax benefit calculated at 30%	-	(5,897)
Total income tax expense/(benefit)	17,407	(529)

(b) Income tax expense/(benefit) composition

	2010 $'000	2009 $'000
Charge for tax payable relating to current year	9,830	5,532
Increase/(Decrease) in deferred tax liabilities	7,773	(368)
(Over)/Under provision previous year	(196)	204
Income tax benefit on unrealised impairment revaluation charge	-	(5,897)
	17,407	(529)

(c) Amounts recognised directly in other comprehensive income

	2010 $'000	2009 $'000
Increase/(Decrease) in deferred tax liabilities	83,197	(242,329)

5. Earnings Per Share

	2010 number '000	2009 number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	590,772	578,753

Basic and diluted earnings per share

	$'000	$'000
Profit for the year	153,891	127,431
	cents	cents
Basic and diluted earnings per share including net realised gains/(losses) on sale of long-term investments	26.0	22.0

	2010 $'000	2009 $'000
Basic and diluted operating earnings per share excluding net realised gains/(losses) on sale of long-term investments		
Net operating profit before net realised gains/(losses) on sale of long-term investments	142,814	163,353
	cents	cents
Basic and diluted operating earnings per share excluding net realised gains/(losses) on sale of long-term investments	24.2	28.2

6. **Cash and Cash Equivalents**

(a) Cash includes cash on deposit (4.45% floating interest rate as at 30 June, 2010; 2009: 2.95%) with banks and fixed term deposits (fixed interest rates to maturity between 5.23% and 5.95% as at 30 June, 2010; 2009: 3.30% and 3.63%) with banks, all maturing around three months from date of acquisition.

	2010 $'000	2009 $'000
Bank deposits	187,270	89,961

(b) Reconciliation of net cash provided by operating activities to profit for the year:-

	2010 $'000	2009 $'000
Profit for the year	153,891	127,431
Net realised (gains)/losses on sale of long-term investments	(11,077)	22,163
Unrealised impairment revaluation charge	-	13,759
Depreciation	78	74
Decrease/(Increase) in current investments	1,621	(1,322)
Charges to provisions	360	521
Increase/(Decrease) in provision for income tax	6	(15,916)
Transfer from provision for deferred income tax	12,262	10,982
(Increase)/Decrease in deferred tax assets	(74)	(11)
Changes in assets and liabilities		
Decrease/(Increase) in other debtors	313	7,904
Increase/(Decrease) in other creditors	475	(334)
Net cash provided by operating activities	157,855	165,251

(c) Financing Arrangements

	2010	2009
Total lines of credit available:-		
Bank overdraft	200	200
Amount utilised	-	-
Undrawn facility	200	200

The bank overdraft is repayable on demand and is subject to a set-off arrangement against a credit account and to an annual review.

(d) Non-cash Financing Activities

Dividends paid totalling $28,693,647 were reinvested in shares under the Company's dividend reinvestment plan (2009: $34,271,504).

7. Receivables

	2010	2009
	$'000	$'000
Current		
Dividends and distributions receivable	21,286	17,967
Interest receivable	1,857	91
Outstanding settlements	-	12,582
Executive share plan loans – Director	1,103	-
Other	382	5,780
	24,628	36,420

Receivables are non-interest bearing and are unsecured. Outstanding settlements include amounts due from brokers for settlement of security sales and are settled within three days of the transaction date. The executive share plan loan is repaid in accordance with the terms of the plan.

	2010	2009
	$'000	$'000
Non-Current		
Executive share plan loans		
- Director	-	1,255
- Others	1,039	1,143
	1,039	2,398

The executive share plan loans are repaid in accordance with the terms of the plan.

8. Investments

	2010	2009
	$'000	$'000
Current		
Listed securities at fair value	-	1,621
Non-current		
Listed securities at fair value	3,297,686	2,991,241
Unlisted securities at fair value	5,200	5,200
	3,302,886	2,996,441

9. Other Financial Assets

	2010 $'000	2009 $'000
Bank term deposits	45,000	-

Other financial assets are fixed term deposits (fixed interest rates to maturity between 5.10% and 5.94% as at 30 June, 2010; 2009: nil) with banks, maturing between three to six months from date of acquisition.

10. Plant and Equipment

	2010 $'000	2009 $'000
Plant, equipment and vehicles at cost	1,008	957
Accumulated depreciation	(431)	(353)
	577	604

Reconciliation of Plant and Equipment

	2010 $'000	2009 $'000
Carrying amount at beginning of year	604	513
Additions	51	165
Depreciation	(78)	(74)
Carrying amount at end of year	577	604

11. Payables

	2010 $'000	2009 $'000
Current		
Outstanding settlements	1,262	1,569
Other	1,261	786
	2,523	2,355

Outstanding settlements include amounts due to brokers for settlement of security purchases and are settled within three days of the transaction date. Other payables are non-interest bearing and unsecured.

	2010 $'000	2009 $'000
Non-Current		
Directors' retiring allowances	501	501

Directors' retiring allowances are non-interest bearing and unsecured.

12. Provisions

	2010 $'000	2009 $'000
Current		
Provision for employee entitlements	547	479
Non-Current		
Provision for employee entitlements	186	145

13. Deferred Tax Liabilities

	2010 $'000	2009 $'000
Non-current		
Amounts recognised in profit for the year:-		
Deferred tax liability on realised gains on sale of long-term investments	(5,682)	10,443
Income receivable which is not assessable for tax until receipt	1,863	414
Tax on unrealised income on trading investments	-	25
	(3,819)	10,882
Offset by deferred tax assets:-		
Capital gains losses not utilised	(7,223)	(10,702)
Provisions and payables	(729)	(655)
	(7,952)	(11,357)
	(11,771)	(475)
Amounts recognised directly in other comprehensive income:-		
Deferred tax liability on unrealised gains on long-term investments	341,488	230,077
Offset by deferred tax assets:-		
Cost of share issues	(239)	(241)
	341,249	229,836
Aggregate of deferred tax liabilities	329,478	229,361
Movements:-		
Balance at beginning of year	229,361	466,844
Charged/(Credited) to Income Statement	7,773	(368)
Charged/ (Credited) to other comprehensive income	83,197	(242,329)
Tax effect on revaluation of long-term investments not recognised in other comprehensive income	9,147	5,214
Balance at end of year	329,478	229,361

14. Contributed Equity

(a) Issued and fully paid ordinary shares:-

	30.6.10 No. of shares	30.6.09 No. of shares	30.6.10 $'000	30.6.09 $'000
Opening balance	584,434,409	571,367,683	1,943,944	1,865,056
Dividend reinvestment plan	4,536,226	5,853,847	28,694	34,272
Share purchase plan	17,570,963	7,212,879	110,873	44,857
Cost of share issues net of tax	-	-	(264)	(241)
Closing balance	606,541,598	584,434,409	2,083,247	1,943,944

(b) On 4 September, 2009, 2,335,361 shares were allotted at $6.34 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June, 2009.

On 3 March, 2010, 2,200,865 shares were allotted at $6.31 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend paid for the year ended 30 June, 2010.

(c) On 14 April, 2010, 17,570,963 shares were allotted at $6.31 per share resulting from the Share Purchase Plan offered to eligible shareholders.

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

15. Reserves

	2010 $'000	**2009** $'000
Executive Performance Rights Reserve	1,198	1,061
Investment Revaluation Reserve	680,212	485,820
Impairment Revaluation Charge Reserve	-	(13,759)
Capital Profits Reserve	249,721	271,871
	931,131	744,993

Movements in reserves during the year

	2010 $'000	**2009** $'000
Executive Performance Rights Reserve		
Balance at beginning of year	1,061	570
Accrued entitlement for unvested rights	137	491
Balance at end of year	1,198	1,061
Investment Revaluation Reserve		
Balance at beginning of year	485,820	1,044,771
Revaluation/(Devaluation) of long-term investments	285,614	(843,326)
Provision for tax (expense)/benefit on unrealised gains/(losses) on long-term investments	(87,924)	248,453
Realised (gains)/losses on sale of long-term investments to 7 December, 2009 transferred to Income Statement	(16,142)	28,287
Income tax expense/(benefit) thereon transferred to Income Statement	5,065	(6,124)
Realised losses on sale of long-term investments after 7 December, 2009 transferred to capital profits reserve	10,846	-
Income tax benefit thereon transferred to capital profits reserve	(3,067)	-
Unrealised impairment revaluation charge on long-term investments transferred to Income Statement	-	293,723
Income tax benefit thereon transferred to Income Statement	-	(88,117)
Restatement on adoption of AASB 9	-	(191,847)
Balance at end of year	680,212	485,820

	2010 $'000	2009 $'000
Impairment Revaluation Charge Reserve		
Balance at beginning of year	(13,759)	-
Transfer from retained profits	-	(205,606)
Restatement on adoption of AASB 9	-	191,847
Restated balance	(13,759)	(13,759)
Transfer to capital profits reserve	13,759	-
Balance at end of year	-	(13,759)
Capital Profits Reserve		
Balance at beginning of year	271,871	311,175
Transfer to provision for dividend	(11,689)	(17,141)
Transfer from retained profits	11,077	(22,163)
Transfer from investment revaluation reserve	(7,779)	-
Transfer from impairment revaluation charge reserve	(13,759)	-
Balance at end of year	249,721	271,871
Total Reserves	931,131	744,993

As per the disclosure requirements of AASB 9, long-term investments which were sold between 7 December, 2009 and reporting date were made in the normal course of the Company's activities as a Listed Investment Company or as a result of take-overs or acquisitions. The fair value of the investments sold during this period was $22,635,000. The cumulative loss after tax on these disposals was $7,779,000, 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 performance rights and restricted share rights issued to participants, as per the Executive Performance Rights Plan, calculated at grant date and allocated to each reporting period from grant date to vesting date.

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.

Impairment Revaluation Charge Reserve
In accordance with the previously adopted AASB 139, the unrealised impairment revaluation charge on long-term investments, net of any tax benefit, was transferred from Retained Profits and 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 transferred from Retained Profits and recorded in this reserve.

16. **Retained Profits**

	2010 $'000	**2009** $'000
Balance at beginning of year	205,618	197,625
Dividends paid	(134,700)	(155,360)
Profit for the year	153,891	127,431
Transfer to capital profits reserve	(11,077)	22,163
Transfer to impairment revaluation charge reserve	-	13,759
Balance at end of year	213,732	205,618

17. **Dividends**

(a) **Dividends paid during the year**

Final dividend for the year ended 30 June, 2009 of 13 cents fully franked at 30% tax rate paid 4 September, 2009 (2009: 16 cents fully franked at 30% tax rate)	75,976	91,419
Interim dividend for the year ended 30 June, 2010 of 12 cents fully franked at 30% tax rate paid 3 March, 2010 (2009: 14 cents fully franked at 30% tax rate)	70,413	81,082
Total dividends paid	146,389	172,501

The final dividend contained a Listed Investment Company (LIC) capital gain component of 2 cents per share (2009: 3 cents per share).

(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:-

	2010 $'000	**2009** $'000
Final dividend for the year ended 30 June, 2010 of 13 cents fully franked at 30% tax rate payable 3 September, 2010 (2009: 13 cents fully franked at 30% tax rate)	78,850	75,976

The final dividend will contain a Listed Investment Company (LIC) capital gain component of 2 cents per share (2009: 2 cents per share).

18. Franking Account

	2010 $'000	2009 $'000
Balance of the franking account after allowing for tax receivable and the receipt of franked dividends recognised as receivables	48,103	63,816
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year	(33,793)	(32,561)
	14,310	31,255
The franking account balance would allow the Company to frank additional dividend payments up to an amount of	33,390	72,928

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 itself paying tax.

19. Listed Investment Company Capital Gain Account

	2010 $'000	2009 $'000
Balance of the Listed Investment Company (LIC) capital gain account	35,657	47,172
Impact on the LIC capital gain account of the dividend declared but not recognised as a liability at the end of the financial year	(12,131)	(11,689)
	23,526	35,483
This equates to an attributable amount of	33,609	50,690

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 distributions from LIC securities held in the investment portfolio.

20. Segment Reporting

The Company operates only in the investment industry 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 Managing Director, Chief Executive Officer and the Directors when making strategic, investment or resource allocation decisions.

The Company is domiciled in Australia and derives its revenue entirely from an Australian investment portfolio, through the receipt of dividends, distributions, interest and other income. The portfolio is highly diversified, with no single investment accounting for more than 10% of revenue.

The Company's assets are located entirely in Australia or are listed on the Australian Securities Exchange.

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

21. **Effect of adopting AASB 9 Financial Instruments**

The impact on comparative profit, other comprehensive income, earnings per share and shareholders' equity resulting from the adoption of AASB 9 is summarised below:

(a) Profit for the year, other comprehensive income and earnings per share

Profit, other comprehensive income, and basic and diluted earnings per share including net realised gains/(losses) on sale of long-term investments for year ended 30 June, 2009 have been restated to reflect the effect of removing the impairment provisions of AASB 139, but only for investments that had not been disposed of prior to 7 December, 2009.

The results of these changes for the year ended 30 June, 2009 are that the net unrealised impairment revaluation charge is reduced from $205,606,000 to $13,759,000, thus restating the loss of $64,416,000 to a profit of $127,431,000; increasing other comprehensive income from a loss of $367,104,000 to a loss of $558,951,000; and adjusting basic and diluted earnings per share including net realised gains/(losses) on sale of long-term investments from (11.1 cents) to 22.0 cents.

These changes do not affect the balance of total comprehensive income nor the basic and diluted earnings per share excluding net realised gains/(losses) on sale of long-term investments for the year ended 30 June, 2009.

(b) Shareholders' Equity

The retrospective adoption of AASB 9 as at 7 December, 2009 results in the reversal of $191,847,000, net of tax, being most of the unrealised impairment charge reflected in the accounts for the year ended 30 June, 2009, with the remainder of the unrealised impairment revaluation charge of $13,759,000, net of tax, being transferred to capital profits reserve as a result of the sale of impaired long-term investments in the period to 7 December, 2009.

The restatement of reserves is summarised below and all movements in reserves are reflected in Note 15. Opening balances at 1 July, 2008 were not changed as a result of the adoption of AASB 9 and therefore not required to be restated.

Restatement of Shareholders' Equity on adoption of AASB 9

	Balance as previously reported 30 June, 2009 $'000	Reversal of impairment charge $'000	Restated balance 30 June, 2009 $'000
Contributed Equity	1,943,944	-	1,943,944
Executive Performance Rights Reserve	1,061	-	1,061
Investment Revaluation Reserve	677,667	(191,847)	485,820
Impairment Revaluation Charge Reserve	(205,606)	191,847	(13,759)
Capital Profits Reserve	271,871	-	271,871
Retained Profits	205,618	-	205,618
	2,894,555	-	2,894,555

Audit of Accounts

The accounts for the year ended 30 June, 2010 are in the process of being audited.

Annual General Meeting

The Annual General Meeting will be held at the Adelaide Convention Centre, North Terrace, Adelaide on Monday 25 October, 2010 at 10.00 a.m.

Information Meetings

For the benefit of shareholders unable to attend the Annual General Meeting in Adelaide, informal meetings will be held in Melbourne on Tuesday 26 October, 2010 at 10.00 a.m. at the Melbourne Convention & Exhibition Centre, Room 212, Level 2, 1 Convention Centre Place, South Wharf, Melbourne and in Sydney on Wednesday 27 October, 2010 at 10.00 a.m. in the offices of PricewaterhouseCoopers, Darling Park Cockle Bay, Tower 2, 201 Sussex Street, Sydney.