Argo Investments Limited

ABN 35 007 519 520

Appendix 4E

Preliminary Final Report
for the year ended 30 June, 2009

(previous corresponding period being
the year ended 30 June, 2008)

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	12.7%	to	174,066
Net operating profit before realised losses and unrealised impairment revaluation charge on long-term investments	down	10.4%	to	163,353 [(1)]
Net realised gains/(losses) on sale of long-term investments after tax	down	119.8%	to	(22,163)[(2)]
Unrealised impairment revaluation charge on long-term investments after tax		N/A		(205,606)[(2)]
Profit/(Loss) for the year	down	121.9%	to	(64,416)[(2)]

Dividends

Interim fully franked paid 4 March, 2009	14 cents
Final fully franked payable 4 September, 2009 (including 2 cents LIC capital gain[(3)])	13 cents
Total	27 cents

The record date for determining entitlements to the final dividend and election to participate in the Dividend Reinvestment Plan : 19 August, 2009.

The Dividend Reinvestment Plan will operate with a 2.5% discount for the final dividend payable on 4 September, 2009.

Previous corresponding period

Interim fully franked paid 4 March, 2008	14 cents
Final fully franked paid 5 September, 2008 (included 3 cents LIC capital gain)	16 cents
Total	30 cents

Net Asset Backing

Net Tangible Asset Backing per Argo share was $5.32 as at 30 June, 2009, compared with $6.76 as at 30 June, 2008.

Brief explanation of any of the figures reported above

The Directors are responsible for the financial statements and believe they give a true and fair view.

(1) Profit from operating activities mainly consists of dividends, distributions and interest 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 AIFRS accounting loss of $64.4 million does not reflect the Company's long-term investment philosophy and includes net losses on the sale of long-term investments after tax of $22.2 million and an unrealised impairment revaluation charge after tax of $205.6 million. The net realised losses on long-term investments have been transferred to Capital Profits Reserve and the unrealised impairment revaluation charge has been transferred to Impairment Revaluation Charge Reserve.

The unrealised impairment revaluation charge has arisen due to the requirement in Accounting Standard AASB 139 to impair equity investments where there has been a significant or prolonged decline in the market value below cost, and the Auditor's quantitative interpretation of that standard.

Despite having a diversified investment portfolio, Argo was not fully insulated from the significant negative impact of the global financial crisis on the Australian and international sharemarkets.

The unrealised impairment revaluation charge has no impact on the Company's underlying profit from operations, nor on the value of our investments or asset backing. Argo's investments are revalued daily to market value, and all movements in market values are fully reflected in the Company's investment returns, balance sheet and the Company's asset backing which is reported to the market at each month end.

Our Auditor has acknowledged that Accounting Standard AASB 139 makes no allowance for long-term investing in equity securities and it is very likely that there will be changes to the accounting standard for the next reporting period.

(3) 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 2009/2010 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
3rd August 2009

Argo's operating profit in line with guidance

Argo Investments Limited is paying a fully franked 27 cents per share annual dividend for the 2008-09 financial year, after operating profit declined as a result of lower income from both cash deposits and its diversified Australian investment portfolio.

Despite the reduced income, both the latest operating profit ($163.4 million) and the total amount being distributed to shareholders ($157.1 million) are the second highest in Argo's 63 year history.

Argo (ASX: "ARG") – a leading Australian listed investment company with total assets of $3.1 billion – said the latest full year operating profit of $163.4 million was down 10.4% from the record $182.3 million achieved in the previous year, which was in line with previous guidance to the market.

The operating profit after tax was before net realised gains or losses and unrealised impairment revaluation charge on long-term investments. Operating earnings per share on that basis were 28.2 cents compared with 32.2 cents in the previous year.

<u>Best measure of profitability</u>

Argo's Managing Director, Mr Rob Patterson, said the Company's operating profit relied on the income received from its diverse Australian investment portfolio and was influenced by the profitability and dividend paying capacity of the investments held.

"Due to the Company's long-term investment philosophy, the Directors believe that this is the best measure of profitability and the most accurate gauge of the year's performance," Mr Patterson said.

"Income from dividends fell in the second half of the year as some companies reduced or cancelled their dividends due to either lower earnings or to preserve cash to see them through the extremely difficult credit environment and the challenging economic situation.

"Interest income also fell significantly due to lower interest rates earned on our cash during the year and through having reduced cash as we selectively supported a number of the multitude of capital raisings by companies in our wide-ranging investment portfolio."

AIFRS accounting result

Mr Patterson said the AIFRS accounting result of a $64.4 million loss for the past financial year did not reflect Argo's long-term investment philosophy, and included net losses on the sale of long-term investments after tax of $22.2 million and an unrealised impairment revaluation charge after tax of $205.6 million. The net realised losses on long-term investments have been transferred to Capital Profits Reserve and the unrealised impairment revaluation charge has been transferred to Impairment Revaluation Charge Reserve.

"The unrealised impairment revaluation charge has arisen due to the requirement in Accounting Standard AASB 139 to impair equity investments where there has been a significant or prolonged decline in the market value below cost, and the Auditor's quantitative interpretation of that accounting standard," he said.

"Despite having a diversified investment portfolio, Argo was not fully insulated from the significant negative impact of the global financial crisis on the Australian and international sharemarkets.

"The unrealised impairment revaluation charge has no impact on the Company's underlying profit from operations, nor on the value of our investments or asset backing. Argo's investments are revalued daily to market value, and all movements in market values are fully reflected in the Company's investment returns, balance sheet and the Company's asset backing which is reported to the market at each month end.

"Our Auditor has acknowledged that Accounting Standard AASB 139 makes no allowance for long-term investing in equity securities and it is very likely that there will be changes to this accounting standard for the next reporting period."

Dividend

Argo has followed its fully franked interim dividend of 14 cents per share with a fully-franked final dividend of 13 cents per share, including a 2 cents per share Listed Investment Company (LIC) capital gain dividend.

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 2009-10 income tax returns.

The final dividend, totalling $76.0 million, will be paid on 4 September 2009 to Argo shareholders registered on 19 August 2009.

The total fully franked 27 cents per share annual dividend for the 2008-09 financial year - marking 63 successive years of paying dividends for the Company – compares with 30 cents per share paid in fully franked dividends in the previous year and is the same as two years ago.

Mr Patterson said after four consecutive years of strong dividend growth, the Directors prefer to adopt a more cautious approach in the current environment.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (DRP) will operate for the dividend payable on 4 September, 2009.

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.

Investment Portfolio

Mr Patterson said Argo'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 8.8% as measured by the movement in net asset backing per share, plus dividends paid," he said.

"This return is after payment of all administration costs and tax and compares with a return of 7.3% from the S&P ASX All Ordinaries Accumulation Index, which makes no allowance for these items.

"As a result of the recent significant decline in investment values generally, the total return from the Company's portfolio in the 2009 calendar year was negative 16.8%. The S&P ASX All Ordinaries Accumulation Index fell 22.1% over the same period."

Significant investment purchases made by the Company in the year to 30 June 2009 were:-

	$M
Rio Tinto Ltd.	36.5
Wesfarmers Ltd.	15.5
National Australia Bank Ltd.	12.4
Commonwealth Bank of Australia	12.2
Santos Ltd.	10.0
Westpac Banking Corporation	9.6
QBE Insurance Group Ltd.	9.6

Reflecting the significant downturn in equity markets over the reporting period, net tangible asset backing per Argo share was $5.32 as at 30 June, 2009 compared with $6.76 as at 30 June, 2008.

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 $4.95 as at 30 June, 2009 compared with $5.98 as at 30 June, 2008.

Tough conditions ahead – Chairman

The Company's Chairman, Mr Chris Harris, said the world economy remained in a deep recession, although there were some early indicators that pointed to a subdued recovery over the remainder of calendar 2009.

"Australia has been fortunate to have avoided the worst of the downturn and is expected to resume modest economic growth as we move into calendar 2010, despite further increases in unemployment," Mr Harris said.

"Following the worst two consecutive financial years performance for at least 73 years, the Australian share market has rebounded strongly since the low point reached early in March 2009. This occurred due to some improvement in global credit markets and economic growth resuming in China, and was despite a flood of equity capital raisings from companies seeking to recapitalise their balance sheets.

"Despite these early positive signs for the Australian economy and share market, we expect continued downward pressure on company profits and dividends in the period ahead, before a modest improvement in the first half of calendar 2010."

Share Purchase Plan

The Directors are considering offering a Share Purchase Plan (SPP) to eligible shareholders and a decision will be made shortly.

Media contact: -

Rob Patterson
Managing Director
08-8212 2055 or 0401 058 759

ARGO INVESTMENTS LIMITED

INCOME STATEMENT
for the year ended 30 June, 2009

	Note	2009 $'000	2008 $'000
Dividends and distributions		163,431	173,684
Interest		9,568	24,754
Other revenue		1,067	890
Total revenue		174,066	199,328
Net gains on trading investments		6,737	2,272
Income from operating activities		180,803	201,600
Administrative expenses	2	(5,958)	(5,501)
Operating profit before income tax expense, realised losses and unrealised impairment revaluation charge on long-term investments		174,845	196,099
Income tax expense thereon *	3	(11,492)	(13,807)
Net operating profit before realised losses and unrealised impairment revaluation charge on long-term investments		163,353	182,292
Realised gains/(losses) on sale of long-term investments before income tax (expense)/benefit		(28,287)	154,464
Income tax (expense)/benefit thereon *	3	6,124	(42,640)
Net realised gains/(losses) on sale of long-term investments transferred from investment revaluation reserve		(22,163)	111,824
Unrealised impairment revaluation charge on long-term investments before income tax benefit		(293,723)	-
Income tax benefit thereon *	3	88,117	-
Net unrealised impairment revaluation charge on long-term investments transferred from investment revaluation reserve		(205,606)	-
Profit/(Loss) for the year		(64,416)	294,116
* Total income tax expense/(benefit)		(82,749)	56,447

	Note	2009 cents	2008 cents
Basic and diluted earnings per share including realised losses and unrealised impairment revaluation charge on long-term investments	4	(11.1)	52.0

Information on earnings per share, including operating profit before realised losses and unrealised impairment revaluation charge on long-term investments, can be found in note 4.

ARGO INVESTMENTS LIMITED

BALANCE SHEET
as at 30 June, 2009

	Note	2009 $'000	2008 $'000
CURRENT ASSETS			
Cash and cash equivalents	5(a)	89,961	228,281
Receivables	6	36,420	33,527
Investments	7	1,621	299
Total Current Assets		128,002	262,107
NON-CURRENT ASSETS			
Receivables	6	2,398	2,706
Investments	7	2,996,441	3,644,349
Plant and equipment	8	604	513
Total Non-Current Assets		2,999,443	3,647,568
TOTAL ASSETS		3,127 445	3,909,675
CURRENT LIABILITIES			
Payables	9	2,355	5,847
Derivative financial instruments	10	-	623
Current tax liabilities		49	15,965
Provisions	11	479	549
Total Current Liabilities		2,883	22,984
NON-CURRENT LIABILITIES			
Payables	9	501	501
Deferred tax liabilities	12	229,361	466,844
Provisions	11	145	149
Total Non-Current Liabilities		230,007	467,494
TOTAL LIABILITIES		232,890	490,478
NET ASSETS		2,894,555	3,419,197
SHAREHOLDERS' EQUITY			
Contributed equity	13(a)	1,943,944	1,865,056
Reserves	14	950,611	1,554,141
TOTAL SHAREHOLDERS' EQUITY		2,894,555	3,419,197

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June, 2009

	Note	2009 $'000	2008 $'000
Total equity at the beginning of the year		3,419,197	3,858,761
Revaluation of long-term investments	14	(843,326)	(848,342)
Provision for tax on unrealised gains on long-term investments	14	248,453	248,944
Realised (gains)/losses on sale of long-term investments transferred to Income Statement	14	28,287	(154,464)
Income tax expense/(benefit) thereon transferred to Income Statement		(6,124)	42,640
Unrealised impairment revaluation charge on long-term investments transferred to Income Statement	14	293,723	-
Income tax (benefit) thereon transferred to Income Statement	14	(88,117)	-
Income and expense recognised directly in equity		(367,104)	(711,222)
Profit/(Loss) for the year		(64,416)	294,116
Total recognised income (including realised and unrealised losses) and expense for the year		(431,520)	(417,106)
Dividend Reinvestment Plan	13(a)	34,272	33,385
Shares issued as consideration for acquisition	13(a)	-	48,129
Share Purchase Plan	13(a)	44,857	58,638
Cost of share issues net of tax	13(a)	(241)	(308)
Executive performance rights reserve	14	491	251
Dividend paid from capital profits reserve	14	(17,141)	(11,065)
Dividends paid from retained profits	14	(155,360)	(151,488)
Total transactions with shareholders		(93,122)	(22,458)
Total equity at the end of the year		2,894,555	3,419,197

CASH FLOW STATEMENT
for the year ended 30 June, 2009

	Note	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends and distributions received		176,343	169,257
Interest received		10,317	25,382
Other receipts		4,778	2,547
Payments for trading investments		(20,289)	(5,195)
Proceeds from trading investments		21,160	5,923
Other payments		(5,165)	(5,116)
Income tax paid		(21,893)	(23,396)
Net operating cash flows	5(b)	165,251	169,402
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of long-term investments		56,752	185,133
Acquisitions of long-term investments		(266,518)	(528,843)
Cash on acquisition of subsidiary		-	62,248
Payments for acquisition of subsidiary		-	(12,598)
Executive share scheme repayments		308	298
Proceeds from sale of fixed assets		-	25
Payments for fixed assets		(165)	(168)
Net investing cash flows		(209,623)	(293,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		44,857	58,638
Cost of share issues		(345)	(330)
Dividends paid – net of reinvestment		(138,229)	(129,167)
Net financing cash flows		(93,717)	(70,859)
Net decrease in cash held		(138,089)	(195,362)
Cash at the beginning of the year		228,050	423,412
Cash at the end of the year	5(a)	89,961	228,050

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.

2. Administration Expenses

	2009 $'000	2008 $'000
Employment benefits	4,173	3,752
Depreciation	74	50
Other administration	1,711	1,699
	5,958	5,501

3. Income Tax Expense

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

	2009 $'000	2008 $'000
Operating profit before income tax expense, realised losses and unrealised impairment revaluation charge on long-term investments	174,845	196,099
Prima facie tax payable calculated at 30% (2008: 30%)	52,453	58,830
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:-		
Imputation gross-up on dividends received	18,078	17,310
Franking credits on dividends received	(60,260)	(57,701)
Other	1,017	(4,207)
Under/(Over) provision previous year	204	(425)
Income tax expense on operating profit before realised losses and unrealised impairment revaluation charge on long-term investments	11,492	13,807
Realised gains/(losses) on sale of long-term investments	(28,287)	154,464
Prima facie tax payable/(benefit) calculated at 30% (2008: 30%)	(8,486)	46,339
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:-		
Difference between accounting and tax cost base for capital gains purposes	2,362	(3,699)
Income tax expense/(benefit) on realised gains/(losses) on sale of long-term investments	(6,124)	42,640

	2009 $'000	2008 $'000
Unrealised impairment revaluation charge on long-term investments	(293,723)	-
Prima facie tax benefit calculated at 30%	(88,117)	-
Total income tax expense/(benefit)	(82,749)	56,447

(b) Income tax expense/(benefit) composition

	2009 $'000	2008 $'000
Charge for tax payable relating to current year	5,532	43,665
Increase/(Decrease) in deferred tax liabilities	(368)	13,207
Under/(Over) provision previous year	204	(425)
Income tax benefit on unrealised impairment revaluation charge	(88,117)	-
	(82,749)	56,447

(c) Amounts recognised directly in equity

	2009 $'000	2008 $'000
Decrease in deferred tax liabilities	(242,329)	(291,584)

4. **Earnings Per Share**

	2009 number '000	2008 number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	578,753	565,684
Basic and diluted earnings per share	$'000	$'000
Profit/(Loss) for the year	(64,416)	294,116
	cents	cents
Basic and diluted earnings per share including realised losses and unrealised impairment revaluation charge on long-term investments	(11.1)	52.0
Basic and diluted operating earnings per share excluding realised losses and unrealised impairment revaluation charge on long-term investments	$'000	$'000
Net operating profit before realised losses and unrealised impairment revaluation charge on long-term investments	163,353	182,292
	cents	cents
Basic and diluted operating earnings per share excluding realised losses and unrealised impairment revaluation charge on long-term investments	28.2	32.2

5. Cash and Cash Equivalents

(a) Cash includes cash on deposit (2.95% floating interest rate 30 June, 2009; 7.20% floating interest rate as at 30 June, 2008) with banks, fixed term deposits (fixed interest rates between 3.30% and 3.63% as at 30 June, 2009; 7.51% and 7.86% as at 30 June, 2008) with banks, negotiable bank bills of exchange (nil at 30 June, 2009; 7.59% and 7.72% as at 30 June, 2008), all maturing within three months from date of acquisition.

Reconciliation of cash disclosed in the Balance Sheet and the Cash Flow Statement:-

	2009	**2008**
	$'000	$'000
Bank deposits	89,961	192,345
Bank accepted bills (face value nil; 2008 $25,000,000)	-	24,855
Bank negotiable certificates of deposits (face value nil; 2008 $11,145,625)	-	11,081
	89,961	228,281
Amortised interest	-	(231)
	89,961	228,050

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

	2009	**2008**
	$'000	$'000
Profit/(Loss) for the year	(64,416)	294,116
Net realised (gain)/loss on sale of long-term investments	22,163	(111,824)
Unrealised impairment revaluation charge	205,606	-
Net loss/(gain) on fixed assets	-	11
Depreciation	74	50
(Increase)/Decrease in current investments	(1,322)	(299)
Charges to provisions	521	429
Increase/(Decrease) in provision for income tax	(15,916)	526
Transfer (to)/from provision for deferred income tax	10,982	(10,128)
(Increase)/Decrease in deferred tax assets	(11)	(163)
Changes in assets and liabilities		
(Increase)/Decrease in other debtors	7,904	(3,729)
Increase/(Decrease) in other creditors	(334)	413
Net cash provided by operating activities	165,251	169,402

(c) Financing Arrangements

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 Investing Activities

Nil (2008: 5,963,879 shares were issued at a fair value of $48,128,564 as part of the consideration to acquire an unlisted investment company).

(e) Non-cash Financing Activities

Dividends paid totalling $34,271,504 were reinvested in shares under the Company's dividend reinvestment plan (last year $33,385,461).

6. **Receivables**

	2009	2008
	$'000	$'000
Current		
Dividends and distributions receivable	17,967	30,880
Interest receivable	91	608
Outstanding settlements	12,582	2,016
Other	5,780	23
	36,420	33,527

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.

	2009	2008
	$'000	$'000
Non-Current		
Executive share plan loans		
- Director	1,255	1,437
- Others	1,143	1,269
	2,398	2,706

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

7. **Investments**

	2009	2008
	$'000	$'000
Current		
Listed securities at fair value	1,621	299
Non-current		
Listed securities at fair value	2,991,241	3,638,949
Unlisted securities at fair value	5,200	5,400
	2,996,441	3,644,349

		2009	2008
8.	**Plant and Equipment**	$'000	$'000
	Plant, equipment and vehicles at cost	957	792
	Accumulated depreciation	(353)	(279)
		604	513
	Reconciliation of Plant and Equipment		
	Carrying amount at beginning of year	513	431
	Additions	165	168
	Disposals	-	(36)
	Depreciation	(74)	(50)
	Carrying amount at end of year	604	513
9.	**Payables**		
	Current		
	Outstanding settlements	1,569	5,350
	Other	786	497
		2,355	5,847
	Non-Current		
	Directors' retiring allowances	501	501

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

		2009	2008
10.	**Derivative Financial Instruments**	$'000	$'000
	Exchange traded options at fair value	-	623
11.	**Provisions**		
	Current		
	Provision for employee entitlements	479	549
	Non-Current		
	Provision for employee entitlements	145	149

12. Deferred Tax Liabilities

	2009 $'000	2008 $'000
Non-current		
Amounts recognised in profit/(loss) for the year:-		
Deferred tax liability on realised gains on sale of long-term investments	10,443	12,439
Income receivable which is not assessable for tax until receipt	414	573
Tax on unrealised income on trading investments	25	(37)
	10,882	12,975
Offset by deferred tax assets:-		
Capital gains losses not utilised	(10,702)	-
Provisions and payables	(655)	(645)
	(11,357)	(645)
	(475)	12,330
Amounts recognised directly in equity:-		
Deferred tax liability on unrealised gains on long-term investments	230,077	454,754
Offset by deferred tax assets:-		
Cost of share issues	(241)	(240)
	229,836	454,514
Aggregate of deferred tax liabilities	229,361	466,844
Movements:-		
Balance at beginning of year	466,844	726,097
Charged/(Credited) to Income Statement	(368)	13,207
Credited to equity	(242,329)	(291,584)
Tax effect on revaluation of long-term investments not recognised in equity	5,214	19,124
Balance at end of year	229,361	466,844

13. Contributed Equity

(a) Issued and fully paid ordinary shares

	30.6.09 No. of shares	30.6.08 No. of shares	30.6.09 $'000	30.6.08 $'000
Opening balance	571,367,683	553,235,741	1,865,056	1,725,212
Dividend reinvestment plan	5,853,847	4,448,636	34,272	33,385
Shares issued as consideration for acquisition	-	5,963,879	-	48,129
Share purchase plan	7,212,879	7,719,427	44,857	58,638
Cost of share issues net of tax	-	-	(241)	(308)
Closing balance	584,434,409	571,367,683	1,943,944	1,865,056

(b) On 5 September, 2008, 2,738,731 shares were allotted at $6.69 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June, 2008.

On 4 March, 2009, 3,115,116 shares were allotted at $5.12 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend for the year ended 30 June, 2009.

(c) On 10 October, 2008, 5,049,230 shares were allotted at $6.69 per share resulting from the Share Purchase Plan offered to eligible shareholders.

On 6 April, 2009, 2,163,649 shares were allotted at $5.12 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.

14. RESERVES

	2009 $'000	**2008** $'000
Executive Performance Rights Reserve	1,061	570
Investment Revaluation Reserve	677,667	1,044,771
Impairment Revaluation Charge Reserve	(205,606)	-
Capital Profits Reserve	271,871	311,175
Retained Profits	205,618	197,625
	950,611	1,554,141

Movements in reserves during the year

	2009	2008
Executive Performance Rights Reserve		
Balance at beginning of year	570	319
Accrued entitlement for unvested rights	491	251
Balance at end of year	1,061	570
Investment Revaluation Reserve		
Balance at beginning of year	1,044,771	1,755,993
Revaluation of long-term investments	(843,326)	(848,342)
Provision for tax on unrealised gains on long-term investments	248,453	248,944
Realised (gains)/losses on sale of long-term investments transferred to Income Statement	28,287	(154,464)
Income tax expense/(benefit) thereon transferred to Income Statement	(6,124)	42,640
Unrealised impairment revaluation charge on long-term investments transferred to Income Statement	293,723	-
Income tax (benefit) thereon transferred to Income Statement	(88,117)	-
Balance at end of year	677,667	1,044,771

	2009 $'000	2008 $'000
Impairment Revaluation Charge Reserve		
Balance at beginning of year	-	-
Transfer from retained profits	(205,606)	-
Balance at end of year	(205,606)	-
Capital Profits Reserve		
Balance at beginning of year	311,175	210,416
Transfer to provision for dividend	(17,141)	(11,065)
Transfer from retained profits	(22,163)	111,824
Balance at end of year	271,871	311,175
Retained Profits		
Balance at beginning of year	197,625	166,821
Dividends paid	(155,360)	(151,488)
Profit/(Loss) for the year	(64,416)	294,116
Transfer to capital profits reserve	22,163	(111,824)
Transfer to impairment revaluation charge reserve	205,606	-
Balance at end of year	205,618	197,625
Total Reserves	950,611	1,554,141

The balance of Retained Profits of $205,618,000 is after transferring the unrealised impairment charge of $205,606,000 to Impairment Revaluation Charge Reserve. Before this transfer, the amount of the reserve would have been $12,000.

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
Unrealised impairment revaluation charge on long-term investments, net of any tax benefit, is 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.

Retained Profits

Accumulated profits or losses are recorded in this reserve. Realised gains or losses on long-term investments are transferred to Capital Profits Reserve and unrealised impairment revaluation charges on long-term investments are transferred to Impairment Revaluation Charge Reserve.

	2009	2008
	$'000	$'000
15. Dividends		
(a) Dividends paid during the year		
Final dividend for the year ended 30 June, 2008 of 16 cents fully franked at 30% tax rate paid 5 September, 2008 (last year 15 cents fully franked at 30% tax rate)	91,419	82,985
Interim dividend for the year ended 30 June, 2009 of 14 cents fully franked at 30% tax rate paid 4 March, 2009 (last year 14 cents fully franked at 30% tax rate)	81,082	79,568
Total dividends paid	172,501	162,553

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

	2009	2008
	$'000	$'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, 2009 of 13 cents fully franked at 30% tax rate payable 4 September, 2009 (last year 16 cents fully franked at 30% tax rate)	75,976	91,419

The final dividend will contain a Listed Investment Company (LIC) capital gain dividend of 2 cents per share (last year 3 cents per share).

	2009 $'000	2008 $'000
16. Franking Account		
Balance of the franking account after allowing for tax receivable and the receipt of franked dividends recognised as receivables	63,816	80,446
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year	(32,561)	(39,179)
	31,255	41,267
The franking account balance would allow the Company to frank additional dividend payments up to an amount of	72,928	96,289

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.

	2009 $'000	2008 $'000
17. Listed Investment Company Capital Gain Account		
Balance of the Listed Investment Company (LIC) capital gain account	47,172	60,307
Impact on the LIC capital gain account of the dividend declared but not recognised as a liability at the end of the financial year	(11,689)	(17,141)
	35,483	43,166
This equates to an attributable amount of	50,690	61,666

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.

Audit of Accounts

The accounts for the year ended 30 June, 2009 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 26 October, 2009 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 27 October, 2009 at 10.00 a.m. in the offices of PricewaterhouseCoopers, Level 19, 2 Southbank Boulevard, Southbank and in Sydney on Wednesday 28 October, 2009 at 10.00 a.m. in the offices of PricewaterhouseCoopers, Darling Park Cockle Bay, Tower 2, 201 Sussex Street, Sydney.