



Argo Global Listed Infrastructure Limited

ABN 23 604 986 914

Appendix 4E

Preliminary Final Report
for the year ended 30 June 2019
(previous corresponding period being
the year ended 30 June 2018)

**RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2019**

(Comparative figures being the period ended 30 June 2018)

				2019 \$A'000	2018 \$A'000
Investment income	up	152.6%	to	69,854	27,658
Profit for the year	up	176.5%	to	44,913	16,242

Dividends

Interim fully franked dividend paid 22 March 2019 (27.5% tax rate)	2.5 cents
Final fully franked dividend payable 27 September 2019 (30.0% tax rate)	4.0 cents
Total	6.5 cents

The Company's Dividend Reinvestment Plan will operate for the final dividend. Shares issued under the DRP will be allocated based on the volume weighted average ex-dividend market price of the shares traded on the record date and the three business days following the record date.

The DRP Terms and Conditions can be accessed at the Company's website at www.argostructure.com.au.

The record date for determining entitlements to the final dividend	9 September 2019
The election date for determining participation in the Dividend Reinvestment Plan	10 September 2019

Previous corresponding period

Interim unfranked dividend paid 23 March 2018	1.25 cents
Final fully franked dividend paid 28 September 2018 (27.5% tax rate)	2.50 cents
Total	3.75 cents

Net Tangible Asset (NTA) Backing

	June 2019	June 2018
NTA per share ¹	\$2.50	\$2.16
NTA after unrealised tax provision ²	\$2.39	\$2.13

1. This figure allows for all costs incurred, including company tax and any tax payable on gains realised from portfolio sales.
2. Under ASX Listing Rules, the Company is also required to calculate the NTA per share after providing for estimated tax on unrealised gains/losses in the portfolio (tax that may arise should the entire portfolio be disposed of on the above date).



ASX/Media Release

26 August 2019

Argo Infrastructure full year profit up 177% with record fully franked dividend

Argo Global Listed Infrastructure Limited (ASX code: ALI) today announces a record full year profit of \$44.9 million. The final dividend has been increased to 4.0 cents per share fully franked.

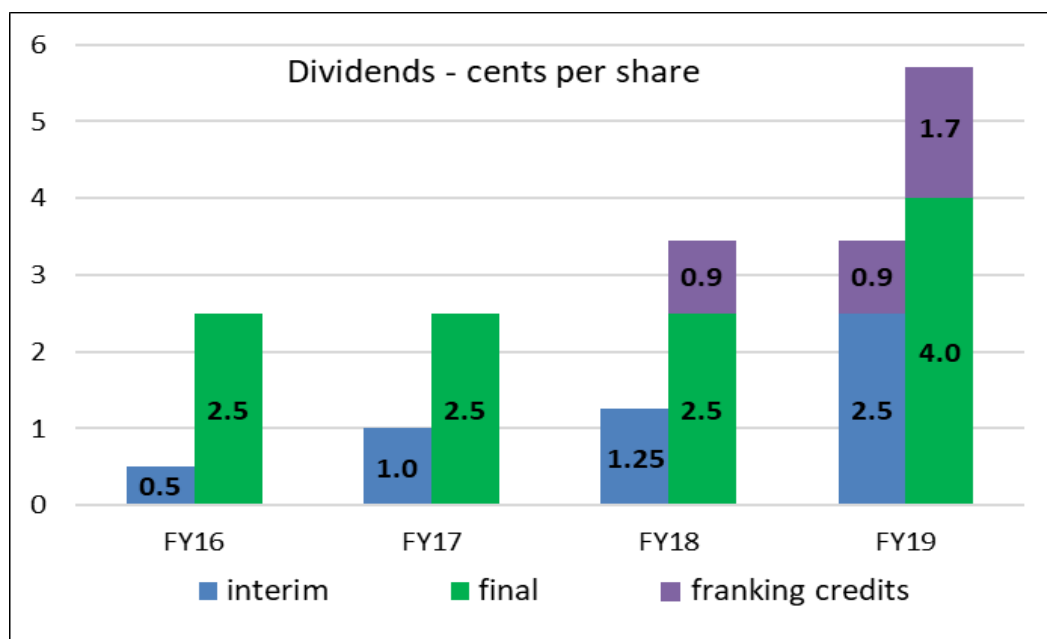
For the year to 30 June 2019, the portfolio delivered a total return of +22.7%, exceeding the benchmark return and delivering almost twice the return of the Australian equity market which rose by +11.5%.

Summary of financial results	2019	2018	change
Profit	\$44.9 million	\$16.2 million	+177.2%
Final dividend per share (fully franked)	4.0 cents	2.5 cents	+60.0%
Annual dividends per share	6.5 cents	3.75 cents	+73.3%
Net tangible asset (NTA) backing per share [^]	\$2.50	\$2.16	+15.7%

[^] After all costs, including fees and tax.

Growing dividends

The final dividend is Argo Infrastructure's third fully franked dividend. Annual dividends have increased +73.3% to 6.5 cents fully franked, another record high for the Company.

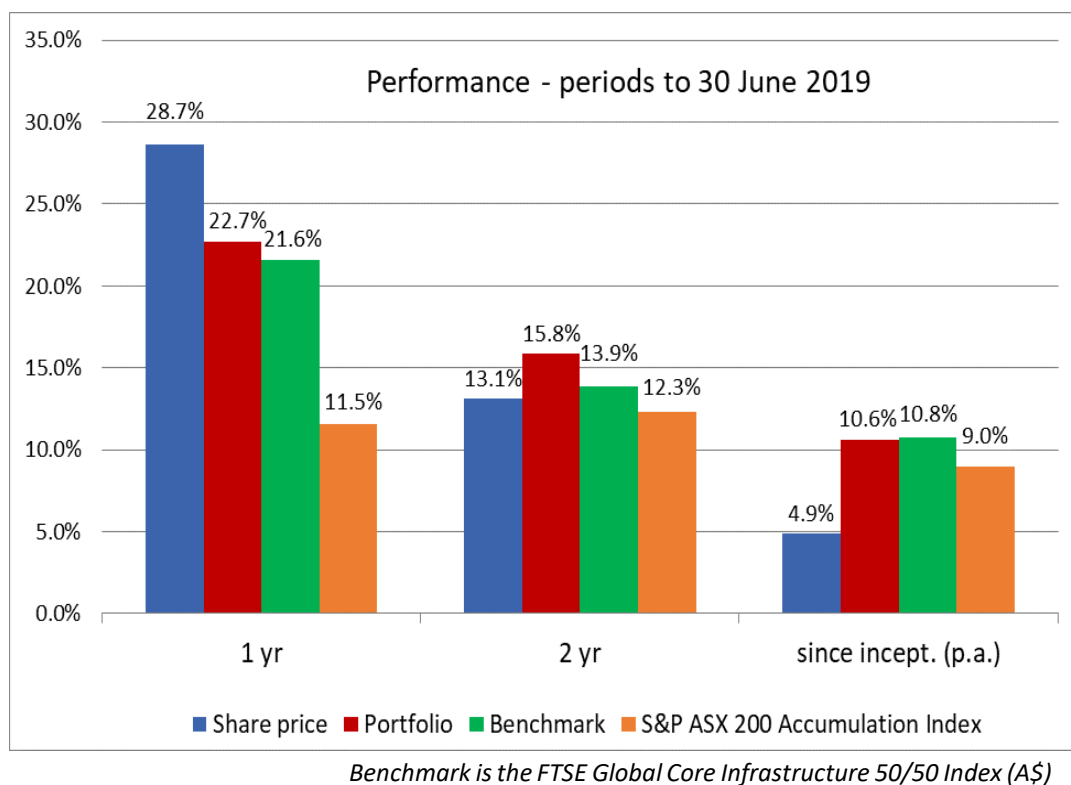


This developing trend highlights the steady progress we have made towards the Company's objective of generating sustainably growing total returns for shareholders. The characteristics of an actively managed infrastructure investment portfolio provide us with confidence that this can continue.

Resilience amid market volatility

The performance of global listed infrastructure securities amid market volatility demonstrates the strength of the asset class and its low correlation to broader equities. When share markets across the world fell sharply at the end of 2018, Argo Infrastructure's portfolio significantly outperformed both broader local and global equities. During the recent turbulent market conditions, the value of ALL's portfolio has continued to rise steadily.

During the year the portfolio manager, Cohen & Steers, increased exposure to the more defensive areas of infrastructure, particularly electric utilities, which contributed to the strong performance of the portfolio.



Outlook positive

Argo Infrastructure has made a solid start to the new financial year with the portfolio increasing +2.1% in July to outperform the benchmark infrastructure index which returned +1.4%.

With macroeconomic data indicating slowing global growth and US/China trade tensions persisting, global listed infrastructure offers a relatively attractive investment option and we remain confident infrastructure stocks will continue to deliver relatively stable returns. Our positive outlook for the asset class is underpinned by compelling global trends driving structural, rather than cyclical, demand for infrastructure asset investment.

In broad terms, an uncertain global outlook combined with historically low but still declining interest rates should suit the infrastructure sector. Its assets typically generate strong and reliable cashflows through various economic cycles, helping the sector to produce solid returns to investors which are less volatile than broader equities, whilst providing sustainable income as cash rates fall.

Media contact:

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Managing Director
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Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Investment income			
Dividends and distributions		10,237	8,837
Interest		9	24
Net foreign exchange losses		(119)	(172)
Net changes in fair value of financial assets at fair value through profit or loss (realised and unrealised)		59,727	18,969
Total investment income		69,854	27,658
Expenses			
Management fees	18, 20	(3,900)	(3,560)
Custody and administration fees		(254)	(276)
Directors' fees		(170)	(167)
Registry fees		(123)	(136)
Transaction costs		(277)	(277)
Other expenses		(432)	(330)
Total expenses		(5,156)	(4,746)
Net profit before income tax		64,698	22,912
Income tax expense	3	(19,785)	(6,670)
Net profit after income tax		44,913	16,242
Other comprehensive income		-	-
Total comprehensive income for the year		44,913	16,242
		cents	cents
Earnings per share			
Basic and diluted earnings per share	4	31.70	11.32

(to be read in conjunction with the accompanying notes)

Statement of Financial Position

as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	5	5,680	5,964
Receivables		1,618	1,170
Receivables – trade settlements		1,221	921
Financial assets at fair value through profit or loss	6	358,028	302,389
Total Current Assets		366,547	310,444
Total Assets		366,547	310,444
Current Liabilities			
Payables		490	472
Payables – trade settlements		3,618	-
Current tax liability		8,496	3,138
Financial liabilities at fair value through profit or loss	7,8	4	-
Total Current Liabilities		12,608	3,610
Non-Current Liabilities			
Deferred tax liability	3	15,191	5,270
Total Non-Current Liabilities		15,191	5,270
Total Liabilities		27,799	8,880
Net Assets		338,748	301,564
Equity			
Contributed equity	9	278,431	279,074
Profit reserve	10	59,649	30,260
Retained earnings	11	668	(7,770)
Total Equity		338,748	301,564

(to be read in conjunction with the accompanying notes)

Statement of Changes in Equity

for the year ended 30 June 2019

	Note	Contributed equity \$'000	Profit reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 July 2018		279,074	30,260	(7,770)	301,564
Total comprehensive income for the year		-	-	44,913	44,913
Transfer of profits during the year	10,11	-	36,475	(36,475)	-
Dividends paid	12	-	(7,086)	-	(7,086)
Buy-back of shares	9	(643)	-	-	(643)
Balance as at 30 June 2019		278,431	59,649	668	338,748

for the year ending 30 June 2018

	Note	Contributed equity \$'000	Profit reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 July 2017		282,062	18,102	(6,470)	293,694
Total comprehensive income for the year		-	-	16,242	16,242
Transfer of profits during the year	10,11	-	17,542	(17,542)	-
Dividends paid	12	-	(5,384)	-	(5,384)
Buy-back of shares	9	(2,988)	-	-	(2,988)
Balance as at 30 June 2018		279,074	30,260	(7,770)	301,564

(to be read in conjunction with the accompanying notes)

Statement of Cash Flows

for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		184,569	160,376
Purchase of financial instruments at fair value through profit or loss		(177,224)	(154,688)
Net foreign exchange loss		(124)	(156)
Interest received		9	84
Dividends and distributions received		8,524	7,951
GST recovered		402	390
Management fees paid		(3,850)	(3,560)
Custody fees paid		(253)	(256)
Other expenses paid		(1,267)	(1,281)
Income tax paid		(3,346)	(36)
Net cash inflow from operating activities	14	7,440	8,824
Cash flows from financing activities			
Dividends paid		(7,086)	(5,384)
Buy-back of shares		(643)	(2,988)
Net cash outflow from financing activities		(7,729)	(8,372)
Net (decrease)/increase in cash and cash equivalents		(289)	452
Cash and cash equivalents at the beginning of the year		5,964	5,528
Effect of foreign currency exchange rate changes on cash and cash equivalents		5	(16)
Cash and cash equivalents at the end of the year	5	5,680	5,964

(to be read in conjunction with the accompanying notes)

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Notes to the Financial Statements

for the year ended 30 June 2019

1. GENERAL INFORMATION

This financial report is for Argo Global Listed Infrastructure Limited (AGLI or Company) for the year ended 30 June 2019.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

Accounting Standards AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* were applied from 1 July 2018 and did not have a material impact on the Company's financial statements.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective 1 July 2018.

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current year's presentation.

(b) Financial instruments

(i) Classification

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

These are investments in exchange traded debt and equity instruments and unit trusts.

(ii) Recognition/de recognition

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

(iii) Measurement**Financial assets and liabilities at fair value through profit or loss**

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

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

Other financial assets and liabilities

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

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

(iv) Fair value measurement principles

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

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

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

Further details on how the fair values of financial instruments are determined are disclosed in Notes 6, 7 and 8.

(v) **Offsetting**

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

(vi) **Impairment of assets**

As the Company holds only cash and cash equivalents and receivables with no financing component and which have maturities of less than 12 months at amortised costs, the assets are not materially impacted by impairment.

(c) **Cash and cash equivalents**

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

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

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

(e) **Receivables**

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

(f) **Payables**

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

(g) **Investment income**

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

Trust distributions are recognised on a present entitlement basis.

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

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

Other income is brought to account on an accruals basis.

Net changes in fair value of financial assets and liabilities at fair value through profit or loss are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year). This includes both realised and unrealised gains and losses, but does not include interest or dividend income.

(h) **Expenses**

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

(i) **Income tax**

The Company is subject to income tax at 30% on taxable income for the year ended 30 June 2019. (2018: 30%)

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

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

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted. Due to the Company exceeding the 27.5% lower tax rate threshold in the financial year the deferred tax balances at 30 June 2019 are calculated at a tax rate of 30% (2018: 27.5%).

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

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

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

(j) **Foreign currency translation**

(i) **Functional and presentation currency**

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

(ii) **Transactions and balances**

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

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

(k) **Dividends**

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

(l) Goods and Services Tax (GST)

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

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

(m) Earnings per share

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

(n) Share capital

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

The Company has an on-market share buy-back in place for capital management purposes. Details of the Company's share buy-back is provided in Note 9.

(o) Segment reporting

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

(p) Rounding of amounts

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

(q) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

The Company's significant accounting estimates and judgements include fair value measurement of financial assets and liabilities that are not traded in an active market. Details on the determination of fair value are provided in Note 17(b).

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

Accounting Standards that have been issued but are not yet mandatory for adoption:

AASB 16 *Leases* applies for the reporting period beginning on 1 July 2019. This standard specifies how to recognise, measure and disclose leases in the financial statements. The standard will require leases to recognise right-of-use assets and lease liabilities for most leases. The application has been assessed and will not have a material impact on the Company's financial statements.

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

3. INCOME TAX

	2019	2018
	\$'000	\$'000
(a) Reconciliation of income tax expense to prima facie tax payable:		
Profit before income tax	64,698	22,912
Prima facie tax expense calculated at 30% (2018: 30%)	19,409	6,873
Tax effect of franked dividends received	(121)	(14)
Change in tax rate	506	(221)
Other	(9)	32
Income tax expense	19,785	6,670
(b) Income tax expense composition:		
Current income tax	9,864	4,196
Deferred income tax	9,921	2,474
	19,785	6,670

	2019	2018
	\$'000	\$'000
(c) Deferred tax liabilities:		
The balance comprises temporary differences attributed to:		
Dividends and distributions receivable	302	205
Unrealised gains on investments	14,962	5,527
	15,264	5,732
Offset by deferred tax assets:		
Foreign tax credits receivable	(68)	(58)
Costs associated with the issue of shares	(5)	(404)
	(73)	(462)
Net deferred tax liabilities	15,191	5,270
Movements:		
Balance at the beginning of the year	5,270	2,796
Charged to profit or loss	9,921	2,474
Balance at the end of the year	15,191	5,270
(d) Franking account:		
Total imputation credits available, after allowing for tax payable and franked dividends receivable, in subsequent financial years based on a tax rate of 30% (2018:30.0%)	9,334	3,242
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year at tax rate of 30% (2018:27.5%)	(2,426)	(1,345)
	6,908	1,897
The franking account balance would allow the Company to fully frank additional dividend payments at tax rate of 30.0% up to an amount of (2018:27.5%)	16,119	5,001

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

4. EARNINGS PER SHARE

	2019 number '000	2018 number '000
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	141,671	143,440
	\$'000	\$'000
Profit for the year used in the calculation of basic and diluted earnings per share	44,913	16,242
	cents	cents
Basic and diluted earnings per share	31.70	11.32

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

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

5. CASH AND CASH EQUIVALENTS

	2019 \$'000	2018 \$'000
Cash at bank	5,680	5,964

These accounts are earning a floating interest rate of between -1.75% and +0.18% at 30 June 2019 (2018:-0.60% and +0.35%).

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 \$'000	2018 \$'000
Financial assets at fair value through profit or loss:		
Equity securities	320,180	268,656
Unit trusts	37,848	33,733
Total	358,028	302,389

The following securities represent over 5% of total investments:

	2019	2018
	%	%
NextEra Energy Inc.	6.1	5.8

There were 3,265 investment transactions during the financial year (2018: 3,384).

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

Risk exposures relating to financial assets at fair value through profit or loss are included in Note 16.

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	\$'000	\$'000
Financial liabilities at fair value through profit or loss:		
Derivatives (Note 8)	4	-
Total	4	-

Risk exposure relating to financial liabilities at fair value through profit and loss is included in Note 16.

8. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

30 June 2019	Contract/notional	Fair values	
		Assets	Liabilities
	\$'000	\$'000	\$'000
Foreign currency contracts	1,791	-	4
30 June 2018			
Foreign currency contracts	-	-	-

9. CONTRIBUTED EQUITY

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

	2019 number	2018 number	2019 \$'000	2018 \$'000
Opening balance	141,882,628	143,583,305	279,074	282,062
Buy-back of shares ⁽¹⁾	(342,989)	(1,700,677)	(641)	(2,982)
Buy-back transaction costs	-	-	(2)	(6)
Closing balance	141,539,639	141,882,628	278,431	279,074

(1) During the year the company purchased and cancelled shares on-market. The shares were acquired at an average price of \$1.87 per share (2018: \$1.75) with prices ranging from \$1.85 to \$1.90 (2018: \$1.69 to \$1.80).

On 28 September 2018, shares were purchased on-market at \$1.91 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the period ended 30 June 2018.

On 22 March 2019, shares were purchased on-market at \$2.01 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend paid for the year ended 30 June 2019.

10. PROFIT RESERVE

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

	2019 \$'000	2018 \$'000
Balance at the beginning of the year	30,260	18,102
Transferred from retained earnings	36,475	17,542
Dividends paid	(7,086)	(5,384)
Balance at the end of the year	59,649	30,260

11. RETAINED EARNINGS

	2019	2018
	\$'000	\$'000
Balance at the beginning of the year	(7,770)	(6,470)
Profit for the year	44,913	16,242
Transfer of profits during the year	(36,475)	(17,542)
Balance at the end of the year	668	(7,770)

12. DIVIDENDS

	2019	2018
	\$'000	\$'000
(a) Dividend paid during the year		
Final dividend for the year ended 30 June 2018 of 2.5 cents fully franked at 27.5% tax rate, paid 28 September 2018 (2018: 2.5 cents unfranked)	3,547	3,590
Interim dividend for the year ended 30 June 2019 of 2.5 cents fully franked at 27.5% tax rate, paid 22 March 2019 (2018: 1.25 cents unfranked)	3,539	1,794
Total dividends paid	7,086	5,384
(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 2019 of 4.0 cents fully franked at 30% tax rate, payable 27 September 2019 (2018: 2.5 cents fully franked at 27.5% tax rate)	5,662	3,547

13. CAPITAL MANAGEMENT

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

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

A breakdown of the Company's equity and changes in equity is provided in the Statement of Changes in Equity and Note 9.

14. RECONCILIATION OF PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	\$'000	\$'000
Net profit after income tax	44,913	16,242
Purchase of financial instruments at fair value through profit or loss	(177,224)	(154,688)
Proceeds from sale of financial instruments at fair value through profit or loss	184,569	160,376
Net gains on financial instruments at fair value through profit or loss	(59,727)	(18,969)
Net interest sales	-	(156)
Net change in receivables	(448)	297
Net change in payables	5,441	3,232
Net change in deferred tax liabilities	9,921	2,474
Effects of foreign currency exchange rate changes on cash and cash equivalents	(5)	16
Net cash inflow from operating activities	7,440	8,824

15. SEGMENT INFORMATION

The Company is managed as a whole and is considered to have a single operating segment, being investment in global listed infrastructure securities. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

The Company is domiciled in Australia and derives its revenue from its international investment portfolio through the receipt of dividends, distributions, interest and any profits on the revaluation or sale of its investments.

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

	2019	2019	2018	2018
	A\$'000	%	A\$'000	%
United States of America	194,677	54.4	172,652	57.1
Canada	34,841	9.7	28,608	9.5
Australia	24,463	6.8	9,906	3.3
Japan	18,562	5.2	21,138	7.0
France	11,728	3.3	8,532	2.8
Other countries	73,757	20.6	61,553	20.3
Total	358,028	100.0	302,389	100.0

16. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Market risk

(i) Price risk

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

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

The table at Note 16(b) summarises the sensitivity of the Company's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Company invests increased/decreased by 10% (2018: 10%).

(ii) **Foreign exchange risk**

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

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

30 June 2019	US dollars	Euro	Canadian dollars	All other foreign currencies	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Assets					
Cash and cash equivalents	389	191	-	728	1,308
Receivables	(38)	71	94	712	839
Receivables – trade settlements	1,220	-	-	-	1,220
Financial assets at fair value through profit or loss	200,084	31,437	34,842	67,202	333,565
Liabilities					
Payables – trade settlements	(2,669)	(90)	(304)	(555)	(3,618)
Financial liabilities at fair value through profit or loss	(3)	-	(1)	-	(4)
Total	198,983	31,609	34,631	68,087	333,310

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

The table at Note 16(b) summarises the sensitivity of the Company's assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened/strengthened by 10% (2018:10%) against the foreign currencies to which the Company is exposed.

(iii) **Interest rate risk**

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

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

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

30 June 2019	Floating interest rate	Non- interest bearing	Total
	\$'000	\$'000	\$'000
Assets			
Cash and cash equivalents	5,680	-	5,680
Receivables	-	1,618	1,618
Receivables – trade settlements	-	1,221	1,221
Financial assets at fair value through profit and loss	-	358,028	358,028
Liabilities			
Payables	-	(490)	(490)
Payables- trade settlements	-	(3,618)	(3,618)
Financial liabilities at fair value through profit and loss	-	(4)	(4)
Total	5,680	356,755	362,435

30 June 2018

Assets			
Cash and cash equivalents	5,964	-	5,964
Receivables	-	1,170	1,170
Receivables – trade settlements	-	921	921
Financial assets at fair value through profit and loss	-	302,389	302,389
Liabilities			
Payables	-	(472)	(472)
Total	5,964	304,008	309,972

The table at Note 16(b) summarises the sensitivity of the Company's assets and liabilities to interest rate risk. The analysis is based on assumption that interest rates increased/decreased by 1.0% (2018: 1.0%).

(b) Summarised sensitivity analysis

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

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

30 June 2019	+100bps	-100bps
	\$'000	\$'000
Interest rate risk on fixed and floating rate interest securities	57	(57)
	+10%	-10%
	\$'000	\$'000
Price risk on non-interest bearing securities	35,803	(35,803)
US dollars	19,898	(19,898)
Canadian dollars	3,161	(3,161)
Euro	3,463	(3,463)
Other currencies	6,809	(6,809)
Total foreign exchange risk	33,331	(33,331)
30 June 2018	+100bps	-100bps
	\$'000	\$'000
Interest rate risk on fixed and floating rate interest securities	60	(60)
	+10%	-10%
	\$'000	\$'000
Price risk on non-interest bearing securities	30,239	(30,239)

30 June 2018	+10%	-10%
	\$'000	\$'000
US dollars	17,731	(17,731)
Euro	2,933	(2,933)
Canadian dollars	2,865	(2,865)
Other currencies	5,948	(5,948)
Total foreign exchange risk	29,477	(29,477)

(c) Credit risk

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

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

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

(d) Liquidity risk

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

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

(i) Maturities of non-derivative financial liabilities

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

30 June 2019	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	490	-	-	-	-	490
Payables- trade settlements	3,618	-	-	-	-	3,618
Total	4,108	-	-	-	-	4,108

30 June 2018

Payables	472	-	-	-	-	472
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(ii) Maturities of derivative financial instruments

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

30 June 2019	Less than 1 month	1-6 months	6-12 months	Over 12 months	No stated maturity	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Foreign currency contracts	(4)	-	-	-	-	(4)

30 June 2018

Foreign currency contracts	-	-	-	-	-	-
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17. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Recognised fair value measurement

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

30 June 2019	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Equity securities	320,180	-	-	320,180
Unit trusts	37,848	-	-	37,848
Total	358,028	-	-	358,028
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivatives	-	4	-	4
Total	-	4	-	4

30 June 2018**Financial assets**

Financial assets at fair value through profit or loss:

Equity securities	268,656	-	-	268,656
Unit trusts	33,733	-	-	33,733
Total	302,389	-	-	302,389

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

(i) Transfers between levels

There were no transfers between the levels of the fair value hierarchy for the year ended 30 June 2019.

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

The Company did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2019.

(iii) Fair values of other financial instruments

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

18. MANAGEMENT FEES

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

- 1.2% (plus GST) of the portfolio value up to and including \$500 million;
- 1.1% (plus GST) of the portfolio value above \$500 million and up to and including \$1 billion; and
- 1.0% (plus GST) of the portfolio value above \$1 billion.

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

Payments made to the Manager are provided in Note 20.

19. AUDITOR'S REMUNERATION

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

	2019 \$	2018 \$
(i) Audit Services		
Audit and review of financial reports	63,448	62,315
(ii) Non-audit services		
Professional services – accounting and taxation services	16,500	11,000
Total	79,948	73,315

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

The Company has engaged ASCO (a wholly owned subsidiary of Argo Investments Limited) to manage the affairs of the Company including investment management of the portfolio and providing the services of the Managing Director, Company Secretary, Chief Financial Officer and any other administrative support services required by the Company. ASCO earns a management fee for managing the Company. Fees of \$3,900,540 were paid or payable to ASCO for the year ended to 30 June 2019 (30 June 2018: \$3,560,364). Management fees of \$350,000 were payable at balance date (30 June 2018: \$300,000).

Argo Investments Limited (Argo)

Argo holds 12,821,223 shares in the Company (2018: 12,500,100 shares).

Key management personnel

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

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

	2019	2018
	\$	\$
Short-term employment benefits (Directors' fees)	155,251	152,100
Post-employment (superannuation)	14,749	14,451
	170,000	166,551

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

21. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

The Company has no material commitments, contingent assets or liabilities as at 30 June 2019.

22. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have occurred subsequent to the financial year end that have significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Audit of Accounts

The accounts for the year ended 30 June 2019 are in the process of being audited.