Argo Investing in Australia

4 February, 2008

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Dear Shareholder,

The Directors of Argo Investments Limited, a leading Australian listed investment company with total assets of $4.7 billion, are pleased to advise a record profit and increased dividend for the six months ended 31 December, 2007.

Financial Result

Operating profit after tax and before realised gains on the sale of long-term investments increased 32.7% to a record $93.1 million compared with $70.1 million in the previous corresponding half-year. The profit includes a dividend of $5.5 million from Macquarie Group Limited which has traditionally been received in December each year, however, due to the recent corporate restructure the dividend was paid in January 2008 on a one-off basis.

This result continues the strong growth in income from dividends, interest and trust distributions from many of the stocks held in the Company's diverse investment portfolio and includes a contribution from the $446 million of new capital raised in the oversubscribed 1 for 8 rights issue at $7.20 per share in March 2007.

Accounting standards now require realised gains on the sale of long-term investments to be included in the reported profit of the Company. We do not consider these gains are part of the Company's ordinary activities and they have been identified separately from its operating profit. Realised gains on the sale of long-term investments after tax amounted to $103.7 million, compared with $21.7 million in the previous corresponding half-year, and represent mainly the gains from takeovers which occurred during the period.

Profit for the half-year, including realised gains on the sale of long-term investments, amounted to $196.8 million, compared with $91.9 million in the previous corresponding period. The net realised gains on the sale of long-term investments have been transferred to the Company's Capital Profits Reserve.

Operating earnings per share, excluding realised gains on the sale of long-term investments, rose 17.7% to 16.6 cents, compared with 14.1 cents in the previous corresponding half-year after adjusting for the March 2007 rights issue.

Increased Interim Dividend

An increased fully franked interim dividend of 14 cents per share (last corresponding period 12 cents per share) has been declared.

The interim dividend absorbs $79.6 million compared with $58.8 million in the previous corresponding period and will be paid on 4 March, 2008. The shares are expected to trade ex-dividend on 12 February, 2008 and the record date to establish shareholder dividend entitlements is 18 February, 2008.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (DRP) will operate for the 14 cents per share dividend payable on 4 March, 2008.

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 February, 2008. Any variation to an existing election must be lodged by this date.

Net Asset Backing

Net tangible asset backing per share was $8.17 as at 31 December, 2007 compared with $8.28 on 30 June, 2007.

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 were to be deducted, the net tangible asset backing per share would be $6.96 on 31 December, 2007 compared with $6.97 on 30 June, 2007.

Investment Portfolio

The Company's objective is to maximise long-term secure returns to shareholders through a balance of capital and dividend growth from a diversified Australian investment portfolio. For the last 10 years the Company's investment portfolio has produced a compound annual return of 14.3% as measured by the movement in net asset backing per share plus dividends paid, compared with 13.7% from the ASX All Ordinaries Accumulation Index. This included a total return of 14.0% from the portfolio in the 2007 calendar year.

Significant investment purchases made by the Company in the half-year to 31 December, 2007 were:-

	$M
QBE Insurance Group Ltd.	19.6
Westfield Group	14.9
National Australia Bank Ltd.	13.0
Fairfax Media Ltd.	12.7
Alumina Ltd.	11.8
Westpac Banking Corporation	10.3

There were no major sales, however, Adelaide Bank Ltd., Alinta Ltd., Coles Group Ltd., Rinker Group Ltd. and Southern Cross Broadcasting Ltd. were all taken over and Publishing and Broadcasting Ltd. was demerged into Consolidated Media Holdings Ltd. and Crown Ltd.

During the half-year, the Company purchased an unlisted investment company with total assets of approximately $62.0 million which were mainly cash. As part consideration, 5,963,879 shares were issued for the acquisition.

A list of the Company's principal equity investments as at 31 December, 2007 is set out below:-

	Market Value $M
Macquarie Group Ltd.	282.6
BHP Billiton Ltd.	262.8
Rio Tinto Ltd.	187.0
Milton Corporation Ltd.	179.1
National Australia Bank Ltd.	156.3
Wesfarmers Ltd.	137.1
Australian United Investment Company Ltd.	136.8
Telstra Corporation Ltd.	129.3
Australia and New Zealand Banking Group Ltd.	127.0
Woolworths Ltd.	122.0
Westpac Banking Corporation	118.9
Commonwealth Bank of Australia	103.9
St. George Bank Ltd.	80.6
QBE Insurance Group Ltd.	73.5
Westfield Group	68.7
AMP Ltd.	65.6
Woodside Petroleum Ltd.	64.7
Orica Ltd.	52.5
Foster's Group Ltd.	48.8
Origin Energy Ltd.	46.5

Outlook

The current outlook for global sharemarkets is plagued with uncertainty, however, Argo's operating profit relies more on the continuing profit and dividend paying prospects of the Australian listed stocks within our diverse and high quality investment portfolio.

For the time being, company profits and dividends in Australia are sound as the economy remains strong, although it is expected to moderate under the weight of the increases which we have seen in interest rates and energy costs, as well as the drought and the strong Australian dollar.

Argo remains well positioned in this environment with about $350 million in cash reserves at 31 December, 2007 and no debt and ready to take advantage of any further opportunities in the sharemarket.

Share Purchase Plan

The Share Purchase Plan (SPP) will be offered in March 2008 to allow eligible shareholders the opportunity to purchase additional Argo shares up to a maximum value of $2,500. The maximum amount that a shareholder can invest in any twelve-month period pursuant to the SPP is $5,000 and it is the Directors' current intention to offer the SPP to shareholders each half-year at which time up to $2,500 can be invested.

The record date to establish SPP entitlements is 18 February, 2008 and the shares are expected to trade ex the SPP entitlements on 12 February, 2008.

An application form advising the issue price and other relevant information will be mailed to all eligible shareholders on 4 March, 2008 at the time of the payment of the abovementioned dividend. The offer will close on 26 March, 2008.

Some features of the SPP are as follows:

- Participation in the SPP is entirely at the option of shareholders and is open to all shareholders who hold shares before they trade ex the SPP entitlements and are named in Argo's share register on the relevant record date, other than shareholders who have registered addresses in countries outside Australia where regulatory requirements make participation by the shareholder unlawful or impracticable. The Directors have determined that shareholders whose registered addresses are outside Australia and New Zealand will be unable to participate in the SPP. Entitlement to the SPP is non-renounceable.

- Shares will be offered at a discount of 2.5% from the market price of Argo shares, as defined by the SPP.

- No brokerage or any other transaction costs will be payable by shareholders in respect of the application for, and allotment of, shares purchased through the SPP.

Yours faithfully,
ARGO INVESTMENTS LIMITED

C.L. Harris
Chairman

R.J. Patterson
Managing Director

Summary of Important Dates	
Shares trade ex the dividend and SPP	12 February, 2008
Record date to establish entitlement to the dividend, DRP and SPP	18 February, 2008
Dividend paid and SPP opens	4 March, 2008
Applications for SPP close	26 March, 2008