Argo Investments Limited

ABN 35 007 519 520

Appendix 4E

Preliminary Final Report
for the year ended 30 June, 2008

(previous corresponding period being
the year ended 30 June, 2007)

ARGO INVESTMENTS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

These preliminary results are based on unaudited financial statements.

				$A'000
Revenue from operating activities	up	23.3%	to	199,328
Net operating profit before realised gains on sale of long-term investments	up	23.3%	to	182,292 [(1)]
Net realised gains on sale of long-term investments after tax	up	372.2%	to	111,824 [(2)]
Profit for the year	up	71.5%	to	294,116 [(2)]

Dividends

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

The record date for determining entitlements to the final dividend : 20 August, 2008.

The Dividend Reinvestment Plan will operate with a 2.5% discount for the final dividend payable on 5 September, 2008.

Previous corresponding period

Interim fully franked paid 9 March, 2007	12 cents
Final fully franked paid 5 September, 2007 (included 2 cents LIC capital gain)	15 cents
Total	27 cents

Net Asset Backing

Net Tangible Asset Backing per Argo share was $6.76 as at 30 June, 2008, compared with $8.28 as at 30 June, 2007.

Brief explanation of any of the figures reported above:

(1) Profit from operating activities mainly consists of dividends, distributions and interest less associated expenses of operation.

(2) 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 operating activities and they have been identified separately from its operating profit. Realised gains on the sale of long-term investments after tax amounted to $111,824,000 (last corresponding period $23,682,000) and represent mainly the gains from corporate takeovers which occurred during the year.

Profit for the year, including realised gains on the sale of long-term investments, amounted to $294,116,000 compared with $171,537,000 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.

(3) The 3 cents per share LIC capital gain component of the dividend will give rise to an attributable part of 4.29 cents per share, which will allow eligible shareholders to claim a portion of the attributable part as a deduction in their 2008/2009 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.

4th August 2008

Argo dividend up again after record profit

Argo Investments Limited's continued focus on investing in dividend-paying, Australian-listed stocks has rewarded the Company with another record profit in the 2007-2008 financial year and shareholders are again receiving a significant dividend increase.

Argo (ASX: "ARG") – a leading listed investment company with $3.9 billion in assets and investments in some 180 companies listed on the Australian Securities Exchange – today reported a 23% increase in net operating profit after tax to a record $182.3 million for the year ended 30 June, 2008.

This compared with $147.9 million in the previous year and continued the long run of successive annual profit growth achieved by Argo.

Annual dividend has been increased to a total fully franked 30 cents per share from 27 cents per share in 2006-2007. This is the fourth consecutive lift in annual dividend for Argo shareholders who are in total being paid a record $171 million - up 20.6% on the amount distributed for dividends in the previous year.

If net realised gains on the sale of long-term investments are included, full-year profit after tax for 2007-2008 was also a record, jumping 71.5% from $171.5 million to $294.1 million. Argo does not consider such gains as part of its operating activities and they are therefore identified separately from the net operating profit.

Argo's Managing Director, Mr Rob Patterson, said several positive factors contributed to the record result, including company profits and dividends remaining strong in the period under review.

"Although global share markets are plagued with uncertainty and investment values are significantly lower than last year, Argo's operating profit relies more on the continuing profitability and dividend-paying prospects of the Australian listed stocks within our diverse and high quality investment portfolio," Mr Patterson said.

"We also benefited from a full 12 months 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 and a continuing tight rein on managing costs resulted in our management expense ratio (MER) for the year of 0.12% of average assets at market value being maintained at last year's level, despite the decline in asset values," he said.

"The result also reflects the analytical strength and disciplined approach adopted by the Company in evaluating and selecting long-term investment opportunities in the Australian share market."

Strong long-term returns

Operating earnings per share, excluding realised gains on the sale of long-term investments, rose 11.4% to 32.2 cents compared with 28.9 cents per share in the previous year.

Mr Patterson said Argo's objective was to maximise long-term, secure returns to shareholders through a balance of capital and dividend growth from the Company's diversified Australian investment portfolio.

"For the past 10 years, the Company's investment portfolio has produced a compound annual return of 12.4%, as measured by the movement in net asset backing per share plus dividends paid, compared with 11.5% from the ASX All Ordinaries Accumulation Index.

As a result of the significant decline in investment values during the year under review, the total return from the Company's portfolio was negative 15.3%.

Dividend up again

The higher 2007-2008 annual dividend is the 62nd consecutive year of paying dividends for the Argo group.

The fully-franked final dividend has been lifted from 15 cents to 16 cents per share and includes a 3 cents per share Listed Investment Company (LIC) capital gain dividend (last year 2 cents per share). The LIC component of the dividend will give rise to an attributable part of 4.29 cents per share, which will allow eligible shareholders to claim a portion of the attributable part as a deduction in their 2008/2009 income tax returns.

The higher final dividend, which follows an increase in the interim dividend, takes Argo's full-year payout to a record fully franked 30 cents per share, an increase of 11.1% on the previous year's 27 cents per share.

The fully franked final dividend, totalling $91.4 million, will be paid on 5 September, 2008. The shares will trade ex-dividend on 14 August, 2008 and the record date to establish shareholder dividend entitlements is 20 August, 2008.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (DRP) will operate for the dividend payable on 5 September, 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.

Share Purchase Plan

Argo's Share Purchase Plan (SPP) will be offered in September 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 12 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.

An application form advising the issue price and other relevant information will be mailed to all eligible shareholders on 5 September, 2008 at the time of the payment of the abovementioned dividend. The offer will close on 29 September, 2008.

Resource stocks move to top of Argo portfolio

Mr Patterson said Argo's investment portfolio as at 30 June, 2008 – as well as being impacted by the general share market downturn – also reflected the Company's recent focus on building a stronger position in resources stocks.

"In fact, the value of our investment portfolio is now headed by BHP Billiton and Rio Tinto with other resources stocks such as Woodside, Santos and Origin also ranking in our Top 20 principal investments by value," he said.

Significant investment purchases made by the Company during the past year were:-

	$M
QBE Insurance Group Ltd.	29.8
Westpac Banking Corporation	21.6
Fairfax Media Ltd.	20.3
BHP Billiton Ltd.	18.9
Westfield Group	17.6

While there were no major sales during the year, Adelaide Bank Ltd., Alinta Ltd., Coates Hire Ltd., Coles Group Ltd., Consolidated Minerals Ltd., Dyno Nobel Ltd., Macquarie Private Capital Group, Rinker Group Ltd., Southern Cross Broadcasting Ltd. and Symbion Health Ltd. were taken over.

During the year, the Company purchased an unlisted investment company with total assets of approximately $62 million which were mainly cash. As part consideration, 5,963,879 shares were issued for the acquisition.

Argo's principal investments as at 30 June, 2008 are as follow:-

	Market Value $M
BHP Billiton Ltd.	302.7
Rio Tinto Ltd.	189.1
Macquarie Group Ltd.	183.9
Milton Corporation Ltd.	151.0
Wesfarmers Ltd.	142.1
Telstra Corporation Ltd.	130.6
Australian United Investment Company Ltd.	129.4
National Australia Bank Ltd.	111.2
Westpac Banking Corporation	95.0
Woolworths Ltd.	93.1
Australia and New Zealand Banking Group Ltd.	88.8
Woodside Petroleum Ltd.	86.6
Origin Energy Ltd.	86.2
Commonwealth Bank of Australia	74.6

St. George Bank Ltd.	71.1
QBE Insurance Group Ltd.	58.1
Santos Ltd.	56.6
Westfield Group	55.8
Orica Ltd.	49.1
AMP Ltd.	45.4

Outlook

Argo's Chairman, Mr Chris Harris, said today that the past financial year had seen dramatic volatility in global financial markets as the five-year bull market in equities finally gave way to the global credit crisis triggered by the U.S. sub-prime mortgage market.

"The key factor which will determine the way forward is whether the developed countries can avoid recession," Mr Harris said.

"Volatility in the Australian share market is likely to continue due to the uncertain environment that lies ahead. Developing countries' demand for Australia's natural resources and agricultural products should underpin those industries. On the other hand, the resulting strong Australian dollar is hurting some exporters and currency translation of U.S. dollar earnings is adversely affecting many companies with international operations," he said.

"Australia's economy is slowing under the weight of very high energy prices and interest rates which were increased to control an upsurge in inflation due to strong demand.

"Our management will be closely monitoring the current company reporting period to see how individual companies are faring in this environment and to identify attractive investment opportunities.

"With no debt and $228 million in cash assets available for investment at 30 June, 2008, Argo remains in a strong position to benefit from the current uncertainty in financial markets."

Media contact: -

Rob Patterson, Managing Director
Argo Investments Limited
08-8212 2055 or 0401 058 759

ARGO INVESTMENTS LIMITED

INCOME STATEMENT
for the year ended 30 June, 2008

	Note	2008 $'000	2007 $'000
Dividends and distributions		173,684	145,024
Interest		24,754	15,922
Other revenue		890	731
Total revenue		199,328	161,677
Net gains on trading investments		2,272	377
Income from operating activities before realised gains on sale of long-term investments		201,600	162,054
Administrative expenses	2	(5,501)	(4,740)
Operating profit before income tax expense and realised gains on sale of long-term investments		196,099	157,314
Income tax expense thereon *	3	(13,807)	(9,459)
Net operating profit before realised gains on sale of long-term investments		182,292	147,855
Realised gains on sale of long-term investments		154,464	33,906
Income tax expense thereon *	3	(42,640)	(10,224)
Net realised gains on sale of long-term investments		111,824	23,682
Profit for the year		294,116	171,537
* Total income tax expense		56,447	19,683

	Note	2008 cents	2007 cents
Basic and diluted earnings per share including realised gains on sale of long-term investments	4	52.0	33.5

Information on earnings per share, including operating profit before realised gains on sale of long-term investments, can be found in note 4.

BALANCE SHEET
as at 30 June, 2008

	Note	2008 $'000	2007 $'000
CURRENT ASSETS			
Cash and cash equivalents	5 (a)	228,281	424,225
Receivables	6	33,527	27,212
Investments	7	299	-
Total Current Assets		262,107	451,437
NON-CURRENT ASSETS			
Receivables	6	2,706	3,003
Investments	7	3,644,349	4,161,583
Plant and equipment	8	513	431
Total Non-Current Assets		3,647,568	4,165,017
TOTAL ASSETS		3,909,675	4,616,454
CURRENT LIABILITIES			
Payables	9	5,847	14,803
Derivative financial instruments	10	623	220
Current tax liabilities		15,965	15,439
Provisions	11	549	495
Total Current Liabilities		22,984	30,957
NON-CURRENT LIABILITIES			
Payables	9	501	501
Deferred tax liabilities	12	466,844	726,097
Provisions	11	149	138
Total Non-Current Liabilities		467,494	726,736
TOTAL LIABILITIES		490,478	757,693
NET ASSETS		3,419,197	3,858,761
SHAREHOLDERS' EQUITY			
Contributed equity	13 (a)	1,865,056	1,725,212
Reserves	14	1,356,516	1,966,728
Retained profits	15	197,625	166,821
TOTAL SHAREHOLDERS' EQUITY		3,419,197	3,858,761

ARGO INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June, 2008

	Note	2008 $'000	2007 $'000
Total equity at the beginning of the year		3,858,761	2,786,234
Direct equity adjustments:-			
Executive performance rights reserve	14	251	123
Revaluation of long-term investments	14	(1,002,806)	737,370
Provision for tax on unrealised gains on long-term investments	14	291,584	(220,163)
Total direct equity adjustments		(710,971)	517,330
Profit for the year		294,116	171,537
Total direct equity adjustments and profit for the year		(416,855)	688,867
Transactions with shareholders:-			
Dividend Reinvestment Plan	13(a)	33,385	24,341
Shares issued as consideration for acquisition	13(a)	48,129	-
Share Purchase Plan	13(a)	58,638	35,554
Rights Issue 1:8	13(a)	-	445,717
Cost of share issues net of tax	13(a)	(308)	(390)
Dividend paid from capital profits reserve	14	(11,065)	(4,829)
Dividends paid from retained profits	15	(151,488)	(116,733)
		(22,709)	383,660
Total equity at the end of the year		3,419,197	3,858,761

CASH FLOW STATEMENT
for the year ended 30 June, 2008

	Note	2008 $'000	2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends and distributions received		169,257	141,158
Interest received		25,382	15,153
Other receipts		2,547	1,037
Payments for trading investments		(5,195)	(1,199)
Proceeds from trading investments		5,923	1,324
Other payments		(5,116)	(4,394)
Income tax paid		(23,396)	(10,189)
Net operating cash flows	5(b)	169,402	142,890
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of long-term investments		185,133	73,754
Acquisitions of long-term investments		(528,843)	(344,034)
Cash on acquisition of subsidiary		62,248	-
Payments for acquisition of subsidiary		(12,598)	-
Executive share scheme repayments		298	228
Proceeds from sale of fixed assets		25	14
Payments for fixed assets		(168)	(63)
Net investing cash flows		(293,905)	(270,101)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		58,638	480,198
Cost of share issues		(330)	(557)
Dividends paid – net of reinvestment		(129,167)	(97,221)
Net financing cash flows		(70,859)	382,420
Net (decrease)/increase in cash held		(195,362)	255,209
Cash at the beginning of the year		423,412	168,203
Cash at the end of the year	5(a)	228,050	423,412

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

	2008 $'000	2007 $'000
Employment benefits	3,752	3,093
Depreciation	50	50
Other administration	1,699	1,597
	5,501	4,740

3. Income Tax Expense

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

	2008 $'000	2007 $'000
Operating profit before income tax expense and realised gains on sale of long-term investments	196,099	157,314
Prima facie tax payable calculated at 30% (2007: 30%)	58,830	47,194
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:-		
Imputation gross-up on dividends received	17,310	14,587
Franking credits on dividends received	(57,701)	(48,622)
Other	(4,207)	(3,788)
(Over)/Under provision previous year	(425)	88
Income tax expense on operating profit before realised gains on sale of long-term investments	13,807	9,459
Realised gains on sale of long-term investments	154,464	33,906
Prima facie tax payable calculated at 30% (2007: 30%)	46,339	10,172
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:-		
Difference between accounting and tax cost base for capital gains purposes	(3,699)	52
Income tax expense on realised gains on sale of long-term Investments	42,640	10,224
Total income tax expense	56,447	19,683

	2008 $'000	2007 $'000
(b) Income tax expense composition		
Charge for tax payable relating to current year	43,665	19,979
Increase/(Decrease) in deferred tax liabilities	13,207	(384)
(Over)/Under provision previous year	(425)	88
	56,447	19,683
(c) Amounts recognised directly in equity		
(Decrease)/Increase in deferred tax liabilities	(291,584)	220,163

4. Earnings Per Share

	2008 number '000	2007 number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	565,684	511,904
Basic and diluted earnings per share	$'000	$'000
Profit for the year	294,116	171,537
	cents	cents
Basic and diluted earnings per share including realised gains on sale of long-term investments	52.0	33.5
Basic and diluted operating earnings per share excluding realised gains on sale of long-term investments	$'000	$'000
Net operating profit before realised gains on sale of long-term Investments	182,292	147,855
	cents	cents
Basic and diluted operating earnings per share excluding realised gains on sale of long-term investments	32.2	28.9

5. Cash and Cash Equivalents

(a) Cash includes cash on deposit (7.20% floating interest rate 30 June, 2008; 6.20% floating interest rate as at 30 June, 2007) with banks, fixed term deposits (fixed interest rates between 7.51% and 7.86% as at 30 June, 2008; 6.32% and 6.39% as at 30 June, 2007) with banks, negotiable bank bills of exchange (fixed interest rates to maturity between 7.59% and 7.72% as at 30 June, 2008; 6.32% and 6.37% as at 30 June, 2007) and investment grade negotiable promissory notes (nil as at 30 June, 2008; 6.37% and 6.49% as at 30 June, 2007), all maturing within three months from date of acquisition.

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

	2008 $'000	**2007** $'000
Bank deposits	192,345	145,393
Bank accepted bills (face value $25,000,000; 2007 $204,500,000)	24,855	203,940
Bank negotiable certificate of deposits (face value $11,145,625; 2007 $37,078,413)	11,081	37,006
Promissory notes (face value nil; 2007 $38,000,000)	-	37,886
	228,281	424,225
Amortised interest	(231)	(813)
	228,050	423,412

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

	2008 $'000	**2007** $'000
Profit for the year	294,116	171,537
Net realised (gain)/loss on sale of long-term investments	(111,824)	(23,682)
Net loss/(gain) on fixed assets	11	7
Depreciation	50	50
(Increase)/Decrease in current investments	(299)	-
Charges to provisions	429	289
Increase/(Decrease) in provision for income tax	526	18,177
Transfer (to)/from provision for deferred income tax	(10,128)	(18,881)
(Increase)/Decrease in deferred tax assets	(163)	(105)
Changes in assets and liabilities		
(Increase)/Decrease in other debtors	(3,729)	(4,658)
Increase/(Decrease) in other creditors	413	156
Net cash provided by operating activities	169,402	142,890

(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 annual review.

(d) Non-cash Investing Activities

5,963,879 shares were issued at a fair value of $48,128,504 as part of the consideration to acquire an unlisted investment company.

(e) Non-cash Financing Activities

Dividends paid totalling $33,385,461 were reinvested in shares under the Company's dividend reinvestment plan (last year $24,340,472).

6. **Receivables**

	2008 $'000	2007 $'000
Current		
Dividends and distributions receivable	30,880	26,529
Interest receivable	608	652
Outstanding settlements	2,016	-
Other	23	31
	33,527	27,212

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.

	2008 $'000	2007 $'000
Non-Current		
Executive share plan loans		
- Director	1,437	1,613
- Others	1,269	1,390
	2,706	3,003

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

7. **Investments**

	2008 $'000	2007 $'000
Current		
Listed securities at market value	299	-
Non-current		
Listed securities at market value	3,638,949	4,156,583
Unlisted securities at market value	5,400	5,000
	3,644,349	4,161,583

8. Plant and Equipment

	2008 $'000	2007 $'000
Plant, equipment and vehicles at cost	792	701
Accumulated depreciation	(279)	(270)
	513	431

Reconciliation of Plant and Equipment

	2008 $'000	2007 $'000
Carrying amount at beginning of year	431	439
Additions	168	63
Disposals	(36)	(21)
Depreciation	(50)	(50)
Carrying amount at end of year	513	431

9. Payables

	2008 $'000	2007 $'000
Current		
Outstanding settlements	5,350	14,316
Other	497	487
	5,847	14,803
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.

10. Derivative Financial Instruments

	2008 $'000	2007 $'000
Exchange traded options at market value	623	220

11. Provisions

	2008 $'000	2007 $'000
Current		
Provision for employee entitlements	549	495
Non-Current		
Provision for employee entitlements	149	138
Aggregate of provision for employee entitlements	698	633

12. **Deferred Tax Liabilities**	**2008** $'000	**2007** $'000
Non-current		
Amounts recognised in profit for the year:-		
Deferred tax liability on realised gains on sale of long-term investments	12,439	-
Income receivable which is not assessable for tax until receipt	573	916
Tax on unrealised income on trading investments	(37)	(50)
	12,975	866
Offset by deferred tax assets:-		
Provisions and payables	(645)	(482)
	12,330	384
Amounts recognised directly in equity:-		
Deferred tax liability on unrealised gains on long-term investments	454,754	725,934
Offset by deferred tax assets:-		
Cost of share issues	(240)	(221)
	454,514	725,713
Aggregate of deferred tax liabilities	466,844	726,097
Movements:-		
Balance at beginning of year	726,097	514,769
Charged/(Credited) to the Income Statement	13,207	(384)
(Credited)/Charged to equity	(291,584)	220,163
Tax effect on revaluation of long-term investments not recognised in equity	19,124	(8,451)
Balance at end of year	466,844	726,097

13. **Contributed Equity**	**30.6.08** No. of shares	**30.6.07** No. of shares	**30.6.08** $'000	**30.6.07** $'000
(a) Issued and fully paid ordinary shares				
Opening balance	553,235,741	482,919,018	1,725,212	1,219,990
Dividend reinvestment plan	4,448,636	3,295,844	33,385	24,341
Shares issued as consideration for acquisition	5,963,879	-	48,129	-
Share purchase plan	7,719,427	5,115,695	58,638	35,554
Rights issue 1:8	-	61,905,184	-	445,717
Cost of share issues net of tax	-	-	(308)	(390)
Closing balance	571,367,683	553,235,741	1,865,056	1,725,212

(b) On 5 September, 2007, 2,217,569 shares were allotted at $7.62 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June, 2007.

On 4 March, 2008, 2,231,067 shares were allotted at $7.39 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend for the year ended 30 June, 2008.

(c) On 14 September, 2007, 5,963,879 shares were allotted at $8.07 per share to acquire an unlisted investment company.

(d) On 9 October, 2007, 6,920,635 shares were allotted at $7.62 per share resulting from the Share Purchase Plan offered to eligible shareholders.

On 8 April, 2008, 798,792 shares were allotted at $7.39 per share resulting from the Share Purchase Plan offered to eligible shareholders.

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

14. **Movements in Reserves during the Year**

	2008	**2007**
CAPITAL PROFITS RESERVE	$'000	$'000
Balance at beginning of year	210,416	191,563
Transfer to provision for dividend	(11,065)	(4,829)
Transfer from retained profits	111,824	23,682
Balance at end of year	311,175	210,416
INVESTMENT REVALUATION RESERVE		
Balance at beginning of year	1,755,993	1,238,786
Revaluation of long-term investments	(1,002,806)	737,370
Provision for tax on unrealised gains on long-term investments	291,584	(220,163)
Balance at end of year	1,044,771	1,755,993
EXECUTIVE PERFORMANCE RIGHTS RESERVE		
Balance at beginning of year	319	196
Accrued entitlement for unvested executive performance rights	251	123
Balance at end of year	570	319
Total Reserves	1,356,516	1,966,728

Nature and Purpose of Reserves

Capital Profits Reserve

Gains or losses arising from the sale of long-term investments are recorded in this reserve.

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.

Executive Performance Rights Reserve

This reserve contains the fair value of the rights issued to executives, as per the Executive Performance Rights Plan, calculated at grant date and allocated to each reporting period from grant date to vesting date.

	2008	2007
15. Retained Profits	$'000	$'000
Balance at beginning of year	166,821	135,699
Profit for the year	294,116	171,537
Transfer to capital profits reserve	(111,824)	(23,682)
Dividends paid	(151,488)	(116,733)
Balance at end of year	197,625	166,821

16. Dividends

(a) Dividends paid during the year

Final dividend for the year ended 30 June, 2007 of 15 cents fully franked at 30% tax rate paid 5 September, 2007 (last year 13 cents fully franked at 30% tax rate)	82,985	62,779
Interim dividend for the year ended 30 June, 2008 of 14 cents fully franked at 30% tax rate paid 4 March, 2008 (last year 12 cents fully franked at 30% tax rate)	79,568	58,783
Total dividends paid	162,553	121,562

The final dividend contained a Listed Investment Company (LIC) capital gain dividend of 2 cents per share (last year 1 cent per share).

	2008	2007
	$'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, 2008 of 16 cents fully franked at 30% tax rate payable 5 September, 2008 (last year 15 cents fully franked at 30% tax rate)	91,419	82,985

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

	2008 $'000	**2007** $'000
17. Franking Account		
Balance of the franking account after allowing for tax payable in respect of the current year's profits and the receipt of franked dividends recognised as receivables	80,446	67,248
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year	(39,179)	(35,565)
	41,267	31,683
The franking account balance would allow the Company to frank additional dividend payments up to an amount of	96,289	73,928

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the investment portfolio and the Company itself paying tax.

	2008 $'000	**2007** $'000
18. Listed Investment Company Capital Gain Account		
Balance of the Listed Investment Company (LIC) capital gain account	60,307	17,346
Impact on the LIC capital gain account of the dividend declared but not recognised as a liability at the end of the financial year	(17,141)	(11,065)
	43,166	6,281
This equates to an attributable amount of	61,666	8,973

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, 2008 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 27 October, 2008 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 28 October, 2008 at 10.00 a.m. in the offices of PricewaterhouseCoopers, Level 19, 2 Southbank Boulevard, Southbank and in Sydney on Wednesday 29 October, 2008 at 10.00 a.m. in the offices of PricewaterhouseCoopers, Darling Park Cockle Bay, Tower 2, 201 Sussex Street, Sydney.