Argo Investments Limited

ABN 35 007 519 520

Appendix 4D

Half-year Report
for the period ended 31 December, 2010

**(previous corresponding period being
the half-year ended 31 December, 2009)**

ARGO INVESTMENTS LIMITED ABN 35 007 519 520

RESULTS FOR ANNOUNCEMENT TO THE MARKET
HALF-YEAR ENDED 31 DECEMBER, 2010

(Comparative figures being the half-year ended 31 December, 2009)

				$A'000
Revenue from operating activities	up	32.9%	to	98,719
Net operating profit before net realised gains on sale of long-term investments (refer (1) below)	up	25.6%	to	89,986
Profit for the half-year (refer (1) below)	up	8.8%	to	89,986

Dividend

Interim fully franked dividend payable 7 March, 2011 (previous corresponding period 12 cents fully franked)	13 cents
The Company's Dividend Reinvestment Plan will operate for this dividend. The Directors have resolved that the shares will be allotted at a discount of 2.5% from the market price of Argo shares which will be the weighted average ex dividend market price of the shares sold on the ASX on the record date and during the three business days preceding the record date.	
The record date for determining entitlements to the interim dividend and participation in the Dividend Reinvestment Plan	21 February, 2011
Final fully franked dividend for year ended 30 June, 2010 paid 3 September, 2010	13 cents

Net Asset Backing

Net Tangible Asset Backing per Argo share was $6.28 as at 31 December, 2010, compared with $6.56 as at 31 December, 2009.

Brief explanation of any of the figures reported above:

(1) As at 7 December, 2009, the Company adopted Accounting Standard AASB 9 *Financial Instruments*. After that date, realised gains on the sale of long-term investments are accounted for through the capital profits reserve, rather than as part of profit. Therefore, for the half-year under review, no realised gains on the sale of long-term investments are included as profit whereas $11.1 million was included in the previous corresponding period, which resulted in an AIFRS accounting result for the half-year ended 31 December, 2009 of $82.7 million.

As Argo is a long-term investor, the Directors are pleased that it is now no longer a requirement to include realised gains on the sale of long-term investments as profit and believe the relevant comparative percentage increase for the half-year ended 31 December, 2010 is 25.6%.

Media Release
7th February 2011

Higher Argo interim dividend follows 25.6% increase in first half profit

Shareholders in Argo Investments Limited (ASX: “ARG”), a leading Australian listed investment company, are to receive an increased interim dividend following a 25.6% higher operating profit in the opening half of the 2010-2011 financial year.

The fully franked interim dividend – up from 12 cents to 13 cents per share – takes Argo into its 65th successive year of paying dividends to shareholders.

Argo, with total assets of $3.9 billion, announced a net operating profit after tax of $90 million for the half year ended 31 December 2010 which was up 25.6% on the $71.6 million operating profit in the previous corresponding period.

Operating earnings per share rose 21.3% from 12.2 cents to 14.8 cents per share.

Argo’s Chief Executive Officer, Mr Jason Beddow, said the improved operating profit reflected higher income which strengthened during the period as a number of companies increased their dividend payments due to improved earnings.

Mr Beddow said Argo – with investments in some 125 ASX-listed companies – looked forward to continued modest growth in Australian corporate profits and dividends in the period ahead.

“With current cash reserves of about $225 million and no debt, Argo remains well placed to take advantage of opportunities as they present themselves in the share market,” he said.

Interim Dividend

The increased interim dividend will see Argo distribute $79.2 million of its operating profit to shareholders.

The fully franked 13 cents per share dividend (previously 12 cents per share) will be paid on 7 March 2011. Argo’s shares will trade ex-dividend on 15 February 2011 and the record date to establish shareholder dividend entitlements is 21 February 2011.

Financial Result

Mr Beddow said the latest first-half profit growth was also enhanced by positive one-off transactions including the dividend received when DuluxGroup Ltd. demerged from Orica Ltd. and the Woolworths Ltd. share buy-back dividend.

“Also, the merger of Milton Corporation Ltd. and Choiseul Investments Ltd. resulted in the early declaration of their interim dividends which in turn contributed to Argo’s improved first half result. These interim dividends normally would have been accounted for in the second half of the financial year,” he said.

"The Company welcomed the improvement in investment revenue, which was also assisted by a strong recovery in interest income, due to a larger cash balance which benefited from higher interest rates."

Argo has previously advised that it adopted Accounting Standard AASB 9 *Financial Instruments* as at 7 December, 2009. After that date, realised gains on the sale of long-term investments are accounted for through the capital profits reserve, rather than as part of profit. Therefore, for the half-year under review, no realised gains on the sale of long-term investments are included as profit whereas $11.1 million was included in the previous corresponding period, which resulted in an AIFRS accounting result for the half-year ended 31 December 2009 of $82.7 million.

Mr Beddow said Argo, as a long-term investor, was pleased that it is now no longer a requirement to include realised gains on the sale of long-term investments as profit and believes that the presentation allowed by Accounting Standard AASB 9 *Financial Instruments* better reflects the Company's investment objectives.

"Operating profit – which mainly consists of dividends and distributions, interest and trading, less associated operational expenses – is the best measure of Argo's profitability and in tune with the Company's long-term investment philosophy," he said.

Investment Portfolio

Mr Beddow said Argo's larger equity purchases in the six months to 31 December 2010 included $13.1 million in Australian United Investment Company Ltd., $12.8 million in Australia and New Zealand Banking Group Ltd., $10.2 million in BHP Billiton Ltd., $6.0 million in Asciano Group, $5.5 million in Woodside Petroleum Ltd. and $5.4 million in Washington H. Soul Pattinson and Company Ltd.

"We also received shares in DuluxGroup Ltd. following its demerger from Orica Ltd. and additional shares in Milton Corporation Ltd. following its merger with Choiseul Investments Ltd," he said.

"A few smaller holdings were sold and we reduced our holding in Macquarie Group Ltd. Takeovers were accepted for our holdings in Aevum Ltd., Centennial Coal Company Ltd., Corporate Express Australia Ltd., Dexion Ltd., Intoll Group and Westpac Office Trust.

"The Company's objective is to maximise long-term returns to shareholders through a balance of capital and dividend growth from a diversified investment portfolio.

"For the past 10 years, Argo's investment portfolio has produced a compound annual return of 9.8% as measured by the movement in net asset backing per share plus dividends paid. This return is after payment of all administration costs and tax and compares with a compound annual return of 8.7% from the S&P ASX All Ordinaries Accumulation Index, which makes no allowance for these items."

Outlook

Argo's Chairman, Mr Chris Harris, said corporate activity continued to recover in the second half of calendar 2010 and is likely to increase during 2011.

"If markets remain steady, we anticipate that there will be an increase in the number of companies applying to list on the Australian Securities Exchange," Mr Harris said.

"Despite a volatile year, the Australian market finished the 2010 calendar year on a positive note. The resource sector and associated industries performed particularly strongly with the re-emergence of the two speed domestic economy becoming evident," he said.

"The additional stimulus in the U.S. and continued robust growth from China led to strong upward movements in both commodity prices and the Australian dollar. While fears of a double dip recession in the U.S. have receded, uncertainty over European sovereign debt continues to simmer.

“A series of recent natural disasters, including the floods and Cyclone Yasi, have ravaged the eastern states of Australia and will impact the prospects for certain sectors of the economy during 2011.

“Economists are revising down their economic growth forecasts for the nation and the direct costs of cleaning up and rebuilding will be significant. Flow-on effects are likely to include some food inflation and labour scarcity as rebuilding competes with the continuing mining and LNG construction booms. The net effect is likely to be inflationary and may lead to some longer term policy challenges for the Reserve Bank.”

Dividend Reinvestment Plan

The Company’s Dividend Reinvestment Plan (DRP) will operate for the dividend payable on 7 March 2011.

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 21 February 2011. Any variation to an existing election must also be lodged by this date.

Net Asset Backing

Reflecting the improved performance in equity markets over the reporting period, net tangible asset backing per Argo share was $6.28 as at 31 December 2010 compared with $5.82 as at 30 June 2010.

As a long-term equity investor, Argo does not intend to dispose of its long-term investment portfolio. However, if estimated tax on unrealised portfolio gains was to be deducted, the net tangible asset backing per share would be $5.65 as at 31 December, 2010 compared with $5.32 as at 30 June, 2010.

Share Purchase Plan

The terms and conditions of a Share Purchase Plan will be announced to the Australian Securities Exchange shortly and the offer documents mailed to shareholders on 7 March, 2011.

Media contact: -

Jason Beddow
Chief Executive Officer
02-8274 4702 or 0409 900 709

DIRECTORS' REPORT

The Directors submit the financial report of Argo Investments Limited ("the Company") for the half-year ended 31 December, 2010.

The Company's objective is to maximise long-term returns to shareholders through a balance of capital and dividend growth from a diversified Australian investment portfolio. This is achieved through building a portfolio of long-term investments, representing a cross section of Australia's enterprises, where there is good quality management and prospects for sound earnings and dividend growth.

A number of key performance indicators are used by the Directors and management in their assessment of the Company's performance, including growth in operating profit, operating earnings per share, dividends paid to shareholders, shareholders' equity, asset backing per share, total portfolio return and control of management costs.

The Company has no debt and has liquid funds on deposit at balance date available for additional long-term investment.

Operating profit after tax and before net realised gains on the sale of long-term investments rose 25.6% to $89,986,460, compared with $71,643,706 in the previous corresponding half-year.

Dividend income strengthened during the period as a number of companies increased their dividend payments due to improved company earnings. In addition, positive one-off transactions included the dividend received when DuluxGroup Ltd. demerged from Orica Ltd. and the Woolworths Ltd. share buy-back dividend. Also, the merger of Milton Corporation Ltd. and Choiseul Investments Ltd. resulted in the early declaration of their interim dividends and contributed to Argo's improved first half result. These interim dividends normally would have been accounted for in the second half of the financial year.

The Directors welcomed the improvement in investment revenue, which was also assisted by a strong recovery in interest income due to a larger cash balance with higher interest rates applying.

Operating earnings per share was 14.8 cents, compared with 12.2 cents in the previous corresponding half-year.

The Company has previously advised that it adopted Accounting Standard AASB 9 *Financial Instruments* as at 7 December, 2009. After that date, realised gains on the sale of long-term investments are accounted for through the capital profits reserve, rather than as part of profit. Therefore, for the half-year under review, no realised gains on the sale of long-term investments are included as profit whereas $11.1 million was included in the previous corresponding period, which resulted in an AIFRS accounting result for the half-year ended 31 December, 2009 of $82,720,614.

As Argo is a long-term investor, the Directors are pleased that it is now no longer a requirement to include realised gains on the sale of long-term investments as profit and believe that the presentation allowed by Accounting Standard AASB 9 *Financial Instruments* better reflects the Company's investment objectives.

A fully franked interim dividend of 13 cents per share (previous corresponding period 12 cents per share) has been declared.

The interim dividend absorbs $79,204,948 compared with $70,412,372 in the previous corresponding period and will be paid on 7 March, 2011.

The Dividend Reinvestment Plan raised $15,572,489 of new capital for investment during the half-year and resulted in the allotment of 2,727,231 shares at $5.71 per share.

The Company has an on-market share buy-back facility in place and for the six months ended 31 December, 2010, no Company shares were acquired.

The following persons were Directors during the half-year and are in office at the date of this report:-

Name	Period of Directorship
Christopher Lee Harris (Chairman)	Director since 1994 - appointed Chairman 1998
Robert Tom Rich (Deputy Chairman)	Director since 1992 - appointed Deputy Chairman 1998
Marina Santini Darling	Director since 1999
Ian Rutledge Johnson	Director since 2006
Geoffrey Ian Martin	Director since 2004

Robert John Patterson, a Director since 1983 and Managing Director since 1992, retired as Managing Director on 25 October, 2010.

Auditor's Independence Declaration

The auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 3.

This report is made in accordance with a resolution of the Board of Directors.

On behalf of the Board,

C.L. Harris
Chairman

Adelaide
7 February 2011

Auditor’s Independence Declaration

As lead auditor for the review of Argo Investments Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Argo Investments Limited during the period.

AG Forman
Partner
PricewaterhouseCoopers

Adelaide
7 February 2011

PwC, ABN 52 780 433 757
Level 14, 91 King William St, GPO BOX 418, ADELAIDE SA 5000
DX 77 Adelaide, Australia
T +61 8 8218 7000, F +61 8 8218 7999, www.pwc.com.au

ARGO INVESTMENTS LIMITED

INCOME STATEMENT
for the half-year ended 31 December, 2010

	Note	2010 $'000	2009 $'000
Dividends and distributions		92,251	71,224
Interest		6,301	2,407
Other revenue		167	639
Total revenue		98,719	74,270
Net gains on trading investments		2,116	7,293
Income from operating activities		100,835	81,563
Administration expenses		(4,003)	(3,098)
Operating profit before income tax expense and realised gains on sale of long-term investments		96,832	78,465
Income tax expense thereon *		(6,846)	(6,821)
Net operating profit before net realised gains on sale of long-term investments		89,986	71,644
Realised gains on sale of long-term investments before income tax expense		-	16,142
Income tax expense thereon *		-	(5,065)
Net realised gains on sale of long-term investments		-	11,077
Profit for the half-year		89,986	82,721
* Total income tax expense		(6,846)	(11,886)

	Note	2010 cents	2009 cents
Basic and diluted earnings per share including net realised gains on sale of long-term investments	2	14.8	14.1

Information on earnings per share, including operating profit before net realised gains on sale of long-term investments, can be found in note 2.

(To be read in conjunction with the accompanying notes)

ARGO INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the half-year ended 31 December, 2010

	2010 $'000	2009 $'000
Profit for the half-year	89,986	82,721
Other comprehensive income		
Revaluation of long-term investments	269,626	738,360
Provision for deferred tax expense on unrealised gains on long-term investments	(79,901)	(223,330)
Realised gains on sale of long-term investments transferred to the Income Statement from the investment revaluation reserve	-	(16,142)
Income tax expense thereon transferred to the Income Statement	-	5,065
Other comprehensive income for the half-year	189,725	503,953
Total comprehensive income for the half-year	279,711	586,674

(To be read in conjunction with the accompanying notes)

ARGO INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 December, 2010

	31 December 2010 $'000	30 June 2010 $'000
CURRENT ASSETS		
Cash and cash equivalents	114,250	187,270
Receivables	10,038	24,628
Other financial assets	110,000	45,000
Total Current Assets	234,288	256,898
NON-CURRENT ASSETS		
Receivables	883	1,039
Investments	3,627,008	3,302,886
Plant and equipment	526	577
Total Non-Current Assets	3,628,417	3,304,502
TOTAL ASSETS	3,862,705	3,561,400
CURRENT LIABILITIES		
Payables	890	2,523
Derivative financial instruments	353	-
Current tax liabilities	16,069	55
Provisions	550	547
Total Current Liabilities	17,862	3,125
NON-CURRENT LIABILITIES		
Payables	501	501
Deferred tax liabilities	400,102	329,478
Provisions	168	186
Total Non-Current Liabilities	400,771	330,165
TOTAL LIABILITIES	418,633	333,290
NET ASSETS	3,444,072	3,228,110
SHAREHOLDERS' EQUITY		
Contributed equity	2,098,770	2,083,247
Reserves	1,108,303	931,131
Retained profits	236,999	213,732
TOTAL SHAREHOLDERS' EQUITY	3,444,072	3,228,110

(To be read in conjunction with the accompanying notes)

STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December, 2010

	Contributed Equity $'000	Reserves $'000	Retained Profits $'000	Total $'000
Balance at 1 July, 2010	2,083,247	931,131	213,732	3,228,110
Profit for the half-year	-	-	89,986	89,986
Net revaluation of long-term investments	-	189,725	-	189,725
Total comprehensive income for the half-year	-	189,725	89,986	279,711
Transactions with shareholders				
Dividend Reinvestment Plan	15,572	-	-	15,572
Cost of share issue net of tax	(49)	-	-	(49)
Executive performance rights reserve	-	(422)	-	(422)
Dividend paid	-	(12,131)	(66,719)	(78,850)
Total transactions with shareholders	15,523	(12,553)	(66,719)	(63,749)
Balance at 31 December, 2010	2,098,770	1,108,303	236,999	3,444,072
For the half-year ended 31 December, 2009				
Balance at 1 July, 2009 (as reported)	1,943,944	744,993	205,618	2,894,555
Restatement on adoption of AASB 9				
Investment revaluation reserve	-	(191,847)	-	(191,847)
Impairment revaluation charge reserve	-	191,847	-	191,847
Restated balance	1,943,944	744,993	205,618	2,894,555
Profit for the half-year	-	-	82,721	82,721
Net revaluation of long-term investments	-	515,030	-	515,030
Net realised gains on sale of long-term investments transferred to the Income Statement	-	(11,077)	-	(11,077)
Total comprehensive income for the half-year	-	503,953	82,721	586,674
Net realised gains on sale of long-term investments transferred to capital profits reserve	-	11,077	(11,077)	-

(To be read in conjunction with the accompanying notes)

ARGO INVESTMENTS LIMITED

	Contributed Equity $'000	Reserves $'000	Retained Profits $'000	Total $'000
Transactions with shareholders				
Dividend Reinvestment Plan	14,806	-	-	14,806
Cost of share issue net of tax	(49)	-	-	(49)
Executive performance rights reserve	-	(139)	-	(139)
Dividend paid	-	(11,688)	(64,288)	(75,976)
Total transactions with shareholders	14,757	(11,827)	(64,288)	(61,358)
Balance at 31 December, 2009	1,958,701	1,248,196	212,974	3,419,871

(To be read in conjunction with the accompanying notes)

STATEMENT OF CASH FLOWS
for the half-year ended 31 December, 2010

	2010 $'000	2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends and distributions received	106,795	85,648
Interest received	6,151	2,126
Other receipts	169	849
Payments for trading investments	(1,695)	(17,544)
Proceeds from trading investments	4,165	26,847
Other payments	(4,641)	(3,117)
Income tax refunded	285	5,242
Net operating cash inflows	111,229	100,051
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of long-term investments	62,081	67,007
Payments for long-term investments	(117,605)	(35,047)
Proceeds from other financial assets	45,000	-
Payments for other financial assets	(110,000)	-
Executive share scheme repayments	133	133
Executive performance shares purchased	(506)	-
Proceeds from sale of fixed assets	31	-
Payments for fixed assets	(34)	(35)
Net investing cash inflows/(outflows)	(120,900)	32,058
CASH FLOWS FROM FINANCING ACTIVITIES		
Cost of share issues	(71)	(69)
Dividends paid - net of reinvestment	(63,278)	(61,170)
Net financing cash outflows	(63,349)	(61,239)
Net increase/(decrease) in cash held	(73,020)	70,870
Cash at the beginning of the half-year	187,270	89,961
Cash at the end of the half-year	114,250	160,831

(To be read in conjunction with the accompanying notes)

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December, 2010

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

The general purpose financial report for the half-year ended 31 December, 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this half-yearly report is to be read in conjunction with the Annual Report for the year ended 30 June, 2010 and any public announcements made by Argo Investments Limited ("the Company") during the half-year, in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. EARNINGS PER SHARE

	2010 number '000	**2009** number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	608,305	585,932
Basic and diluted earnings per share	$'000	$'000
Profit for the half-year	89,986	82,721
	cents	cents
Basic and diluted earnings per share including net realised gains on sale of long-term investments	14.8	14.1
Basic and diluted operating earnings per share excluding net realised gains on sale of long-term investments	$'000	$'000
Net operating profit before net realised gains on sale of long-term investments	89,986	71,644
	cents	cents
Basic and diluted operating earnings per share excluding net realised gains on sale of long-term investments	14.8	12.2

3. DIVIDENDS

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

	2010 $'000	2009 $'000
Since the end of the half-year, the Directors have declared the following dividend which has not been recognised as a liability at the end of the half-year:		
Interim dividend for the year ending 30 June, 2011 of 13 cents fully franked at 30% tax rate payable 7 March, 2011 (previous corresponding period: 12 cents fully franked at 30% tax rate)	79,205	70,413

4. CONTRIBUTED EQUITY

	2010 No. of shares	2009 No. of shares	2010 $'000	2009 $'000
Issued and fully paid ordinary shares				
Opening balance	606,541,598	584,434,409	2,083,247	1,943,944
Dividend reinvestment plan	2,727,231	2,335,361	15,572	14,806
Cost of shares issued net of tax	-	-	(49)	(49)
Closing balance	609,268,829	586,769,770	2,098,770	1,958,701

5. FINANCIAL REPORTING BY SEGMENTS

The Company operates only in the investment industry within Australia.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Managing Director (for the period to 25 October, 2010), Chief Executive Officer (from 25 October, 2010) and the Directors when making strategic, investment or resource allocation decisions.

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

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

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

DIRECTORS' DECLARATION

In the opinion of the Directors of Argo Investments Limited ("the Company"):-

(a) the financial statements and notes set out on pages 4 to 11 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's financial position as at 31 December, 2010 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

C.L. Harris
Chairman

Adelaide
7 February, 2011

Independent auditor's review report to the members of Argo Investments Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Argo Investments Limited, which comprises the statement of financial position as at 31 December 2010, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Argo Investments Limited.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Argo Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

PwC, ABN 52 780 433 757
Level 14, 91 King William St, GPO BOX 418, ADELAIDE SA 5000
DX 77 Adelaide, Australia
T +61 8 8218 7000, F +61 8 8218 7999, www.pwc.com.au

Independent auditor's review report to the members of Argo Investments Limited (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Argo Investments Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

AG Forman
Partner

Adelaide
7 February 2011