Argo Investing in Australia

2015
Annual Report

Directory

Argo Investments Limited
ABN 35 007 519 520

Non-executive Directors

G. Ian Martin AM, Chairman
Anne B. Brennan
Roger A. Davis
Russell A. Higgins AO
Joycelyn C. Morton
Robert J. Patterson

Managing Director

Jason Beddow

Chief Financial Officer

Andrew B. Hill

Chief Operating Officer

Timothy C.A. Binks

Auditor

PricewaterhouseCoopers

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Share Registry

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Services Pty Limited
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Telephone: 1300 350 716
www.investorcentre.com

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

Meetings

Annual General Meeting

Adelaide:
26 October, 2015
Adelaide Convention Centre, Hall L, North Terrace, Adelaide at 10.00 a.m.

Information meetings

Melbourne:
27 October, 2015
RACV City Club
Level 2, 501 Bourke Street,
Melbourne at 10.00 a.m.

Sydney:
28 October, 2015
Wesley Conference Centre
The Lyceum, 220 Pitt Street,
Sydney at 10.00 a.m.

Brisbane:
30 October, 2015
Stamford Plaza Hotel
Cnr Edward & Margaret Streets,
Brisbane at 10.00 a.m.

2015 Summary

- Profit of $228.1 million, compared with $195.9 million last year.
- Earnings per share of 34.3 cents, compared with 30.2 cents last year.
- Dividends of 29.5 cents per share (including LIC capital gain component of 3.0 cents), fully franked, compared with 28.0 cents per share last year.
- Year-end net tangible asset backing of $7.52 per share, compared with $7.35 per share at 30 June, 2014.
- Management expense ratio steady at 0.15% of average assets at market value.
- Total portfolio return for the year of 6.1% after deducting costs and tax, which compares with the one year S&P ASX 200 Accumulation Index return of 5.7% without taking into account any costs or tax.
- $36.1 million of capital raised from the Dividend Reinvestment Plan.

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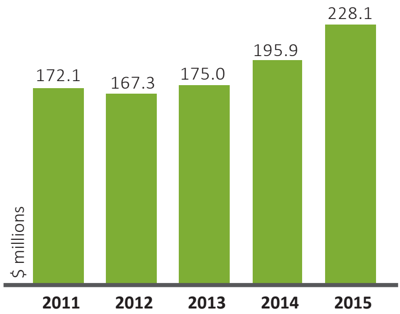
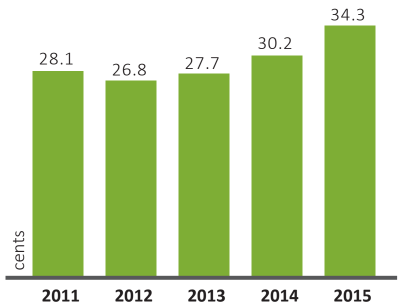
Five year summary

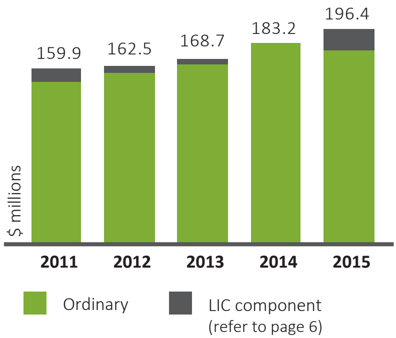
Profit



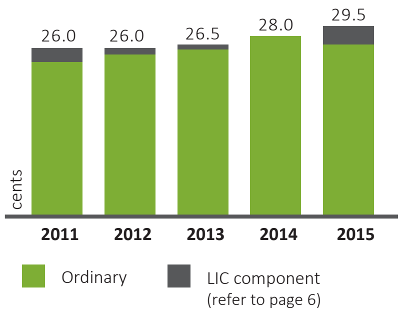
Earnings per share



Total dividends

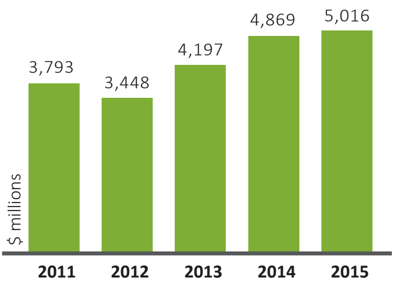


Dividends per share



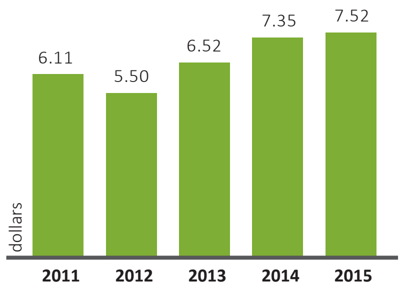
Shareholders' equity

before provision for deferred income tax

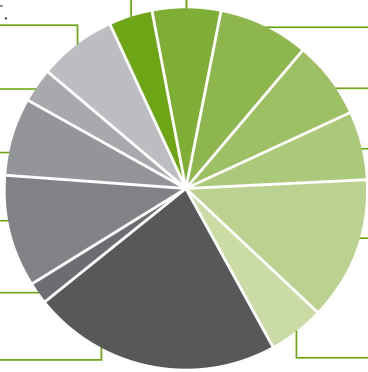


Net tangible assets

per share



Portfolio allocation as at 30 June, 2015



20 largest investments as at 30 June, 2015

	$m	% of total assets
Westpac Banking Corporation	332.8	6.6
Australia and New Zealand Banking Group Ltd.	306.1	6.1
Telstra Corporation Ltd.	264.0	5.2
Commonwealth Bank of Australia	251.4	5.0
BHP Billiton Ltd.	223.6	4.4
Wesfarmers Ltd.	212.3	4.2
National Australia Bank Ltd.	201.7	4.0
Macquarie Group Ltd.	191.7	3.8
Milton Corporation Ltd.	146.6	2.9
Australian United Investment Company Ltd.	137.2	2.7
Rio Tinto Ltd.	135.0	2.7
Woolworths Ltd.	111.4	2.2
CSL Ltd.	91.0	1.8
Origin Energy Ltd.	87.9	1.7
Ramsay Health Care Ltd.	87.1	1.7
APA Group	84.7	1.7
AMP Ltd.	74.5	1.5
Sydney Airport	72.0	1.4
Twenty-First Century Fox, Inc.	70.4	1.4
QBE Insurance Group Ltd.	68.5	1.4
	3,149.9	**62.4**
Cash and Short-term Deposits	**77.6**	**1.5**

Company profile

Argo Investments Limited was established in 1946 and is a leading Australian listed investment company with a market capitalisation at 30 June, 2015 of $5.3 billion.

Argo shares offer investors a low cost, professionally managed entry to the sharemarket.

Argo is ranked by market capitalisation in the top 100 companies listed on the Australian Securities Exchange (ASX code: ARG).

At 30 June, 2015, Argo had 666.8 million shares on issue.

Argo has over 78,000 shareholders who are seeking long-term capital growth and a regular income.

Argo's total assets were $5.0 billion at 30 June, 2015 and are invested predominantly in the shares of companies listed on the Australian Securities Exchange (ASX).

Argo has an experienced and knowledgeable Board of Directors and management team, which are essential prerequisites for the effective surveillance of a long-term investment portfolio. The Board currently consists of seven highly qualified Directors, one of whom is the Managing Director.

The investment policy followed by Argo is straightforward. Rather than attempt to gain spectacular rewards in the short term from high-risk situations, management aims to provide consistent tax-effective income combined with long-term capital growth, by investing in a diversified portfolio of securities. The portfolio contains investments in 101 companies and trusts representing a cross section of Australia's enterprises, including a number with substantial overseas operations. A long-term investment philosophy is adopted in selecting the portfolio which extends beyond the larger companies to include smaller companies where there is good quality management and prospects for sound earnings growth.

Successful equity investment depends on good quality research and analysis. Argo's investment team includes the executive management and a number of specialist research analysts. The research has two objectives: to monitor the portfolio of leading stocks and smaller companies, and to find new investments to complement the portfolio. The investment goal is to identify well-managed businesses with the potential and ability to generate growing and sustainable profits to fund increasing dividend payments.

Due to the spread of investments within the Company's portfolio, Argo shares are particularly suitable for investors who seek to maximise long-term returns through a balance of capital and dividend growth. This could include investors who are looking for broad exposure to the Australian sharemarket, passive investors and self-managed superannuation funds.

Argo shares can be purchased through any sharebroker and the market price of the shares is quoted on the ASX and reported daily in the media. There are no fees charged to Argo shareholders. Being a securities exchange listed company, only normal sharebrokers' charges apply.

We encourage investors to visit the Argo website at www.argoinvestments.com.au to obtain further information on the Company's operations.

Shareholder benefits

Low management costs

Argo's management costs are very low when compared with many other managed investment products. For the year ended 30 June, 2015, total operating costs were 0.15% of average assets at market value.

Franked dividends and potential Listed Investment Company capital gain tax benefits

Argo has paid dividends every year since its inception in 1946.

Franking credits on dividends received by Argo are passed on to shareholders through dividends paid that are fully or substantially franked, depending on tax credits available to the Company. In addition, certain Australian resident shareholders can also claim a tax benefit where a component of the dividend is sourced from realised eligible listed investment company (LIC) capital gains. Overseas shareholders also benefit, since withholding tax is not deducted from franked dividends.

Share Purchase Plan

Argo has a Share Purchase Plan (SPP) which allows eligible shareholders the opportunity to acquire additional parcels of shares, often at a discount to the market price as defined by the SPP. No brokerage or other transaction costs are payable. The maximum amount that a shareholder can invest in any 12 month period pursuant to the SPP is $15,000. The Directors decide when the SPP will operate and on 20 August, 2015 announced an SPP offer which closes on 23 September, 2015.

Dividend Reinvestment Plan

Argo has a Dividend Reinvestment Plan (DRP) which allows eligible shareholders the opportunity to reinvest their dividends, sometimes at a discount to the market price of Argo shares as defined by the DRP.

New share issues

Argo has a history of making new issues of shares on a pro-rata basis to existing shareholders at a discount to the market price. In the case of renounceable rights issues, a shareholder who does not wish to apply for additional shares may sell the entitlement.

Share price performance

Argo's long-term share price performance, assuming that all dividends and the proceeds from the sale of rights had been reinvested in Argo shares, compared with other relevant statistics, is as follows:

	15 years to 30 June, 2015
Compound annual growth rate:	
Argo shares	10.7% p.a.
S&P ASX 200 Accumulation Index	8.0% p.a.
Consumer Price Index	3.0% p.a.

A $10,000 investment in Argo shares on 1 July, 2000 would have grown to a value of $45,942 at 30 June, 2015.

Performance statistics for various periods of time are regularly updated on Argo's website.

Directors' Report

The Directors present their Sixty Ninth Annual Report together with the financial report of the consolidated entity, consisting of Argo Investments Limited and its controlled entities (Argo or Company), for the financial year ended 30 June, 2015 including the independent Auditor's Report thereon.

1. Directors

At the date of this report, the Board comprised six non-executive Directors and the Managing Director.

(a) **The Directors in office during or since the end of the financial year are as follows:**

Geoffrey Ian Martin AM BEc(Hons), FAICD
Non-executive Chairman – Independent

Mr. Martin joined the Board in 2004 and was appointed Chairman on 1 March, 2012. He is also a member of the Remuneration Committee.

His career has included a number of senior executive roles and Board positions. In all, he has over 30 years' experience in economics, investment management, financial services, superannuation and investment banking, both in Australia and internationally.

Mr. Martin is also Chairman of Argo Global Listed Infrastructure Limited (since 2015) and is currently Vice Chairman, Asia Pacific, of Berkshire Capital and an independent non-executive Director of UniSuper Limited.

Jason Beddow BEng, GdipAppFin(SecInst)
Managing Director – Non-independent

Mr. Beddow was appointed to the Board as Managing Director on 3 February, 2014.

He joined the Company in 2001 as an Investment Analyst. He became Chief Investment Officer in 2008 and was appointed Chief Executive Officer in 2010. He is also Managing Director of Argo Global Listed Infrastructure Limited (since 2015).

He has an engineering and investment background.

Anne Bernadette Brennan BCom(Hons), FCA, FAICD
Non-executive Director – Independent

Ms. Brennan joined the Board in 2011 and is Chair of the Audit & Risk Committee.

She is also a non-executive Director of Myer Holdings Limited (since 2009), Charter Hall Group (since 2010) and Nufarm Limited (since 2011). She was previously a non-executive Director of Echo Entertainment Group Limited (2012 to 2014).

Ms. Brennan has extensive financial experience gained over many years in a variety of senior management roles with large corporates and chartered accounting firms, particularly in the areas of audit, corporate finance and transaction services.

Roger Andrew Davis BEc(Hons), MPhil(Oxon), CPA
Non-executive Director – Independent

Mr. Davis joined the Board in 2012 and is a member of the Remuneration Committee.

He is also a non-executive Director of Aristocrat Leisure Limited (since 2005), Ardent Leisure Limited (since 2008) and is Chairman of Bank of Queensland Limited (Director since 2008 and appointed Chair in 2013). Previously he was a non-executive Director and Chairman of Charter Hall Office REIT (2003 to 2012) and a non-executive Director of The Trust Company Limited (2006 to 2013), prior to the takeovers of both entities.

Mr. Davis is a Rhodes Scholar and has over 30 years’ experience in banking and investment banking in Australia, U.S.A. and Japan.

Russell Allan Higgins AO BEc, FAICD
Non-executive Director – Independent

Mr. Higgins joined the Board in 2011 and is Chair of the Remuneration Committee.

He is also a non-executive Director of APA Group (since 2004) and Telstra Corporation Limited (since 2009). He was previously a non-executive Director of Ricegrowers Limited (2005 to 2012) and Leighton Holdings Limited (2013 to 2014).

Mr. Higgins has an extensive background in the energy sector and in economic and fiscal policy, both locally and internationally. He is an experienced company director who has also held senior government positions.

Joycelyn Cheryl Morton BEc, FCA, FCPA, FIPA, FGIA, FAICD
Non-executive Director – Independent

Ms. Morton joined the Board in 2012 and is a member of the Audit & Risk Committee.

She is also a non-executive Director of InvoCare Limited (since 2015), Argo Global Listed Infrastructure Limited (since 2015) and is Chair of Thorn Group Limited (Director since 2011 and appointed Chair in 2014). Previously she was a non-executive Director and Chair of Noni B Limited (2009 to 2015).

Ms. Morton has an extensive business and accounting background and has worked in a number of senior financial roles both in Australia and internationally, with particular expertise in taxation.

Robert John Patterson FAICD
Non-executive Director – Independent

Mr. Patterson has been a non-executive Director since 2011, following a 12 month break from the Company after his retirement as Managing Director in 2010. He is a member of the Audit & Risk Committee.

Mr. Patterson has over 40 years' experience in the investment management industry. He began his career with Argo in 1969 and held the position of Company Secretary from 1969 to 1985. He was appointed Chief Executive Officer in 1982, joined the Board as an executive Director in 1983 and was appointed Managing Director in 1992.

Mr. Patterson is considered an independent Director in accordance with the Company's Board Charter, notwithstanding that he served a one year gap from the Company between his executive and non-executive service, which is less than the three year period suggested by the ASX Corporate Governance Principles and Recommendations. The Board considers that since re-joining the Board as a non-executive Director in 2011, Mr. Patterson has consistently exhibited independent judgement and at all times acted in the best interests of shareholders.

Robert Tom Rich FCA, FAICD
Mr. Rich, the former Deputy Chairman, retired on 27 October, 2014 after a distinguished career in the investment industry which included 22 years on Argo's Board.

(b) **Directors' relevant interests**

The Directors' relevant interests in shares and executive performance rights, as notified to the ASX in accordance with the *Corporations Act 2001*, at the date of this report are as follows:

	Shares	Performance Rights
G.I. Martin AM	248,526	-
J. Beddow	93,257	333,959
A.B. Brennan	3,544	-
R.A. Davis	14,410	-
R.A. Higgins AO	80,337	-
J.C. Morton	16,439	-
R.J. Patterson	714,712	-

(c) **Board and Committee meetings**

At the date of this report, the Company has an Audit & Risk Committee and a Remuneration Committee of the Board.

There were 15 Board meetings, 5 Audit & Risk Committee meetings and 5 Remuneration Committee meetings held during the financial year. Several of the Board meetings were held outside of the normal schedule and related to the establishment of the new listed investment company, Argo Global Listed Infrastructure Limited. The number of meetings attended during the financial year by each of the Directors while in office were:

	Board		**Audit & Risk Committee**		**Remuneration Committee**	
	No. of meetings held while a Director	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended
G.I. Martin AM	15	15	-	3[(b)]	5	5
R.T. Rich[(a)]	3	3	2	2	-	-
J. Beddow	15	14	-	4[(b)]	-	5[(b)]
A.B. Brennan	15	13	5	5	-	1[(b)]
R.A. Davis	15	13	-	3[(b)]	5	5
R.A. Higgins AO	15	15	-	3[(b)]	5	5
J.C. Morton	15	15	5	5	-	1[(b)]
R.J. Patterson	15	14	3	4[(c)]	-	1[(b)]

(a) R.T. Rich retired from the Board on 27 October, 2014.
(b) By invitation.
(c) One meeting by invitation.

2. Secretary

Timothy Campbell Agar Binks BEc, CA, AGIA held the role of Company Secretary during the year and at the date of this report.

Mr. Binks joined the Company in 2007 and has a background in accounting, funds management and stockbroking. He was appointed Company Secretary in 2010 and became Chief Operating Officer in 2015, whilst still maintaining the company secretarial duties.

3. Principal activities and state of affairs

The principal activities of the Company during the financial year were the investment of funds in Australian listed securities and short-term interest bearing securities. There has been a significant change in the activities and state of affairs of the Company during the year. The Company established a wholly owned subsidiary in order to provide funds management services to external listed investment companies under an Australian Financial Services Licence. The management fees earned in conducting these activities will provide Argo with an additional revenue stream to complement its traditional income sources. More details are provided in the Operating and Financial Review below.

The Directors do not anticipate any particular developments in the operations of the Company which will affect the results of future financial years other than those mentioned in this report.

4. Operating and Financial Review

Summary of business model

Argo Investments Limited is a listed investment company which manages a portfolio of Australian investments with the objective of maximising long-term returns to its shareholders through a balance of capital and dividend growth.

Argo generates its revenue primarily by 'harvesting' the dividends and distributions received from the companies and trusts in its portfolio. Additional income is derived from interest earned on cash deposits, premium income from writing exchange-traded options and a small amount of share trading activity. In 2014/15, dividends and distributions made up 98% of Argo's total revenue, with the portfolio's top 20 equity investments contributing 69% of total revenue.

Argo's costs of operation are relatively stable and are lower than those of most other managed investment products, due to the structure of an internally managed listed investment company which requires few employees to administer its business. In 2014/15 the Company's annual expenses were equivalent to 0.15% of average assets, which is unchanged from last year. Argo's main expense items are generally remuneration, share registry fees and office rent.

The above characteristics make for an efficient business model which benefits from economies of scale. The low proportion of variable costs implies that in general, profit will fluctuate according to the performance, and in particular the dividend payout policies, of each of the companies and trusts in the investment portfolio.

The majority of Argo's profit is paid out as dividends to its shareholders, with fully franked dividends a priority.

Argo shares offer investors a professionally managed, diversified and easily traded exposure to the Australian equity market, without the need to pay fees to an investment manager.

For the last 15 years, the Company's investment portfolio has produced a compound annual return of 9.4% as measured by the movement in net tangible asset backing per share assuming dividends paid are reinvested. This return is after payment of all costs and tax and compares favourably with a return of 8.0% per annum from the S&P ASX 200 Accumulation Index, which does not take into account any costs or tax. In addition, Argo's total return based on the share price over the same period was 10.7% per annum.

The Company has recently added another activity to its business model. Following the establishment and separate listing on the ASX of Argo Global Listed Infrastructure Limited (AGLI), Argo will receive an ongoing fee for managing the operations of AGLI. This will provide Argo with an additional revenue stream to complement its traditional dividend and interest income.

Investment process

The investment team, led by the Managing Director and overseen by the non-executive Directors, is responsible for constructing and maintaining an appropriately diversified portfolio which generates long-term capital growth and dividend income.

The investment process, which involves the monitoring and review of existing investments as well as analysing potential new investments, includes extensive research, company visits and industry studies, as well as economic analysis to help identify emerging trends and assist with the timing of transactions.

The closed-end structure of a listed investment company is ideally suited to building a long-term portfolio, as Argo does not experience investor redemptions which might otherwise force desirable long-term holdings to be sold. Instead, shareholders wishing to liquidate their holding in Argo simply sell their shares on the share market. This stability allows Argo to take advantage of short-term market fluctuations in order to buy or add to long-term holdings when prices trade below the long-term valuations calculated by the investment team. The selling of investments is relatively rare and generally only occurs due to takeovers or when it is perceived that the long-term value of an investment is compromised by deteriorating industry conditions or other concerns.

Review of activities and events during the year

The Company's assets are invested primarily in securities which are listed on the ASX. The capital growth of Argo's shares is therefore linked to the fortunes of the Australian equity market. Despite a weak month in June, when the Greek debt crisis saw most global equity markets fall sharply, the S&P ASX 200 Index ended the financial year 1.2% higher. The S&P ASX 200 Accumulation Index, which includes dividend income, gained 5.7% over the year.

Over the course of the year, Argo's investment portfolio returned 6.1% after deducting costs and tax (measured by the movement in net asset backing per share assuming dividends paid are reinvested) and Argo's share price performance returned 8.2% for the financial year, with the share price still trading at a premium to net tangible asset backing per share.

During the year, $283 million was spent on long-term investment purchases, partly funded by $129 million in disposals and takeover proceeds. The larger movements in the portfolio during the year included:

Purchases (above $10m)	Sales (above $5m)
Medibank Private	Milton Corporation
Argo Global Listed Infrastructure	Toll Holdings (takeover)*
APA Group	David Jones (takeover)*
Santos	Newcrest Mining
Commonwealth Bank of Australia	Echo Entertainment Group*
National Australia Bank	Orora*
Asaleo Care	Southern Cross Media*
Affinity Education Group	ASX

* Sale of complete position and removal from portfolio. Other stocks exited during the year were News Corporation, Fleetwood Corporation, 3P Learning and Arrium.

The Company again participated in a number of initial public offerings (IPOs). After careful analysis of the many IPO opportunities offered, Argo has established new investment positions in Medibank Private, Argo Global Listed Infrastructure, Asaleo Care, Australian Careers Network, Regis Healthcare, Surfstitch Group and Amaysim. In addition, a new holding was created when BHP Billiton demerged some of its assets into a separately listed company, South32. Overall, the number of stocks held in the portfolio decreased slightly to 101.

In the second half of the year, Argo incorporated a wholly owned subsidiary, Argo Service Company Pty Ltd (ASCO). ASCO was established to provide management and administrative services to external clients, and in particular to listed investment companies. ASCO provides these services under Australian Financial Services Licence no. 470477. ASCO now acts as manager of a new separately listed investment company, Argo Global Listed Infrastructure Limited (AGLI), which listed on the ASX on 3 July, 2015 after an initial public offer process which raised just over $286 million of capital for investment in a portfolio of international securities in the infrastructure sector.

ASCO will earn a management fee for managing AGLI, which will result in an additional revenue stream to complement Argo's traditional dividend and interest income. The day to day portfolio management of AGLI is outsourced to a New York based specialist fund manager, Cohen & Steers, Inc.

During the year, there was one change to the Company's Board of Directors. The Deputy Chairman, Mr. R.T. Rich, retired from the Board at the Annual General Meeting on 27 October, 2014, after a distinguished career in the investment industry which included 22 years as a Director of Argo.

There were two changes to senior management personnel during the year. The Chief Operating Officer, Mr. B.R. Aird, retired in July 2014 after 28 years of diligent service, and the Senior Investment Officer, Mr. C.C. Hall, resigned in December 2014 after 11 successful years with the Company. These two management roles are now performed by Mr. T.C.A. Binks and Mr. A.G. Forster respectively.

Discussion of results and financial position

A number of key performance indicators are used by the Directors and management in their assessment of the Company's performance, including profit, earnings per share, dividends paid to shareholders, shareholders' equity, net tangible asset backing per share, total portfolio return and control of management costs. The Directors are pleased these indicators were all assessed positively, indicating a very successful year.

Argo's profit increased 16.5% to $228.1 million and earnings per share rose 13.6% to 34.3 cents per share. The Company again received increased dividends and distributions from its long-term investment portfolio, partially offset by reduced interest income on cash deposits due to the lower interest rates available during the year and the generally lower cash balances on hand.

The result was boosted by an $18.6 million item of non-cash, one-off income, being the demerger dividend resulting from BHP Billiton's demerger of South32. This compared to similar one-off items in the previous year of $6.9 million.

Argo's Consolidated Statement of Financial Position (balance sheet) improved over the course of the year, with net assets increasing by $123 million to $4.4 billion. Shareholders contributed $36 million of this improvement through the Dividend Reinvestment Plan, with the bulk of the remaining growth derived from the increase in the value of the investment portfolio. There was no Share Purchase Plan offered during the year.

The diversification of Argo's assets by investment sectors can be seen on page 62 of the Annual Report. The largest 20 equity holdings accounted for 63% of total assets.

The cash assets at year end were $78 million, representing 1.5% of the Company's total assets of $5.0 billion. Cash on hand fluctuates throughout the year according to the timing of dividends received, dividends paid, capital raisings, and investment purchases and disposals. During the year, the Company put in place a $100m standby debt facility, to facilitate short-term cash flow management when required. The facility was not drawn down during the year.

An important measure of the financial position of a listed investment company is its net tangible asset backing (NTA) per share. As a long-term investor, Argo does not intend to dispose of its long-term investment portfolio. Therefore, when calculating NTA, Argo values its portfolio using the market price of each listed holding, without providing for estimated tax on gains that would be realised if the portfolio were to be sold. At 30 June, 2015, this valuation resulted in a NTA per share of $7.52, compared with $7.35 at 30 June, 2014. However, if estimated tax on unrealised gains in the portfolio was to be deducted, the NTA per share at 30 June, 2015 would have been $6.62, compared with $6.48 at 30 June, 2014. Both NTA figures are updated monthly and announced to the ASX.

Future prospects, strategies and risks

The Company has cash available for additional long-term investment in the equity market, and will continue to focus on producing results in accord with its stated investment objective.

The results of Argo's future investment activities will depend primarily on the performance of both the share price of, and the dividends and distributions received from, the entities in which the Company has invested. The performance of those entities is influenced by many factors which are difficult to predict, including economic growth rates, inflation, interest rates, exchange rates, regulatory changes and taxation levels. There are also specific issues such as management competence, capital strength, industry trends and competitive behaviour.

Due to the above factors and general market and economic conditions which can change rapidly, the nature of Argo's business makes it very difficult to forecast future performance. However, the Company is conservatively managed and the diversification of the investment portfolio holdings will help to reduce overall risk and the volatility of Argo's earnings and capital fluctuations.

Argo will continue to focus on controlling costs whilst growing its shareholder funds, including Share Purchase Plan offers to shareholders from time to time when the Directors consider conditions to be suitable.

The management of AGLI and any other external listed investment companies in the future will provide an ongoing revenue source for the Company which is anticipated to grow over time.

Although the constantly changing nature of markets and other investment conditions requires management and the Directors to diligently appraise any opportunities that may present themselves, Argo does not envisage any significant changes to its business model aside from the recent changes discussed above.

5. Matters arising since year end

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year which has significantly affected or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years except as stated elsewhere in this report.

6. Dividends

A fully franked interim dividend of 14.0 cents per share was paid on 4 March, 2015.

On 3 August, 2015, the Directors declared a fully franked dividend of 15.5 cents per share to be paid on 2 September, 2015, which includes a 3.0 cents per share listed investment company (LIC) capital gain component. 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 2015-2016 income tax returns.

Total fully franked dividends for the year amount to 29.5 cents per share. This compares with 28.0 cents per share last year.

The final dividend paid by the Company for the financial year ended 30 June, 2014 of $96.0 million and referred to in last year's Directors' Report dated 21 August, 2014 was paid on 3 September, 2014.

7. Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) raised $36.1 million of new capital for investment during the year.

The DRP will operate for the 15.5 cents per share dividend payable on 2 September, 2015 and the Directors have resolved that the shares will be allotted to eligible shareholders participating in the DRP at a discount of 2% from the market price of Argo shares, as defined by the DRP.

8. Share buy-back

The Company has an on-market share buy-back in place, in order that its shares can be bought back and cancelled where they can be purchased at a significant discount to the net tangible asset backing per share. Any such purchases have the effect of increasing the value of the remaining shares on issue.

During the year, the share buy-back was not activated.

9. Indemnification of Directors and Officers and insurance arrangements

The shareholders in general meeting in November 1999 approved that the Company indemnify its current and future Directors against liabilities arising out of the Directors' position as a Director of the Company, except where the liability arises out of conduct involving a lack of good faith. The deed stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid a premium in respect of a Directors' and Officers' insurance policy covering the liability of past, present or future Directors and Officers, including executive officers of the Company. The terms of the policy prohibit disclosure of the details of the amount of insurance cover and the premium paid.

10. Remuneration Report

The Company is a long-term investor in securities listed primarily in Australia. For the Company to meet its objectives on behalf of its shareholders, it is essential to have professional, competent and highly motivated non-executive Directors, executives and employees. This requires the Company to have attractive remuneration arrangements which are fair, reflect market conditions and recognise the roles, obligations and responsibilities of respective individuals and align to the interests of shareholders.

The Company's Remuneration Committee reviews and advises the Board on remuneration issues for the non-executive Directors, Managing Director and executives. In March 2012, the Remuneration Committee undertook a comprehensive review of executive remuneration matters, particularly in relation to the Company's short-term incentive (STI) and long-term incentive (LTI) arrangements. Ernst & Young were engaged by the Committee to assist with this review. The changes approved by the Board were effective from 1 July, 2012.

Non-executive Directors' remuneration

Non-executive Directors are remunerated by fees within the aggregate limit approved by shareholders from time to time. At the Annual General Meeting held in October 2011, shareholders approved $950,000 as the maximum aggregate amount of remuneration available per annum for distribution to non-executive Directors. The Board, after taking into account the recommendations of the Remuneration Committee, determines the nature and amount of emoluments of non-executive Directors within the limit approved by shareholders.

For the year ended 30 June, 2015, the Chairman received remuneration of $192,400 inclusive of Committee appointments; and the base Directors' fees for each of the other non-executive Directors was $90,100 with an additional fee of $3,000 for each Committee appointment, except that the Chair of each Committee received a fee of $6,000. In addition, contributions were also made by the Company on behalf of non-executive Directors to external superannuation funds nominated by them in compliance with the relevant legislation.

Following a review of non-executive Directors' remuneration, a 3% increase is being applied for the year ending 30 June, 2016. The Chairman's remuneration will be $198,200 inclusive of Committee appointments and the base fee for each of the other non-executive Directors will be $92,800, with an additional fee of $3,100 payable for each Committee appointment, except that the Chair of each Committee will receive $6,200. Superannuation payments will continue to be made by the Company on behalf of non-executive Directors to external superannuation funds nominated by them in compliance with the relevant legislation.

A performance evaluation process for non-executive Directors is undertaken each year and is described in the Corporate Governance Statement, which is available on the Company's website.

The Company entered into an agreement with each non-executive Director who held office prior to 31 December, 2003 for the payment of a retirement benefit upon termination of office, within the limits contemplated by the *Corporations Act 2001* and in accordance with principles established by resolution of the shareholders. Mr. R.T. Rich was party to such an agreement which was varied as at 31 December, 2003 when the entitlement to that date was frozen. The amount of his Director's retiring benefit was paid upon his retirement on 27 October, 2014.

Managing Director and executives' remuneration

The remuneration framework to reward the Managing Director and executives includes a mix of fixed remuneration and short and long-term performance based 'at risk' remuneration which reflect both Company and individual performance. The proportions of those elements of the person's remuneration are considered appropriate having regard to industry and commercial practices. The broad remuneration policy is to ensure remuneration packages properly reflect a person's duties and responsibilities, and that remuneration is competitive with that offered in the investment industry to attract, retain and motivate people who have the relevant skills and experience to create value for shareholders.

(a) **Fixed remuneration and benefits**

The terms of employment for all executives contain a fixed remuneration component (inclusive of superannuation and any agreed salary sacrifice arrangements) together with certain non-monetary benefits which can include the benefit of interest free loans pursuant to the superseded Argo Investments Executive Share Plan.

The fixed amount of remuneration and benefits are determined in line with market factors and independent advice. For the current financial year the Company has used the services of the Financial Institutions Remuneration Group (FIRG) who provided independent financial services industry data to assist in setting the remuneration for executives.

(b) **Short-term incentive (STI)**

For the year ended 30 June, 2014, the Managing Director and executives were entitled to receive an annual STI of up to 70% of their fixed remuneration component which is inclusive of superannuation and any agreed salary sacrifice arrangements. Of the 70% maximum STI opportunity, 5/7th was paid in cash and 2/7th was deferred. Pursuant to the Argo Investments Limited Executive Performance Rights Plan (Plan), the STI deferral was issued as performance rights which vest two years after grant, subject to the executive having continued service with the Company. However, the Board has discretion to allow the performance rights to vest in certain circumstances which could include death, incapacity, redundancy and retirement. On exercise, each performance right will be convertible into an ordinary Argo share.

From 1 July, 2014, the STI deferral component increased to half of the 70% maximum STI opportunity, with the other half payable in cash. These changes to the STI opportunities assist the Board to achieve its objective of providing senior executives with the opportunity to hold equity in the Company which will better align their interests with shareholders.

The Board has the discretion to claw back unvested STI deferred performance rights if after they have been granted, a material misstatement is discovered in the Company's accounts.

The STI amount awarded is determined based on key Company and individual performance indicators, of which at least 50% are financially based. The financial performance indicators which are tested include the requirement for the Company to achieve a superior one year earnings per share (EPS) performance relative to its approved listed investment company (LIC) peer group; and to achieve a superior one year total portfolio return (TPR) (as independently calculated and based on the movement in net asset backing per share before providing for tax on unrealised gains in the portfolio and assuming dividends paid are reinvested) adjusted for franking credits, when compared with the S&P ASX 200 Accumulation Index, adjusted for franking credits.

The EPS performance indicator tests the ability of the Company to meet its objective of maximising the payment of dividends to its shareholders.

The TPR performance indicator tests the ability of the Company to meet its objective of maximising total shareholder returns and also ensures the Company strives to provide outperformance in its investment sector.

In addition, personal performance indicators are set for each executive. These personal objectives are designed to encourage outperformance on non-financial metrics and the indicators are tailored for each individual to take account of their specific role and responsibilities. They can include advising and reporting to the Board, management of staff, risk management, succession planning, strategic direction, marketing and communication with internal and external stakeholders.

The individual performance indicators, both financial and non-financial, are considered to be important determinants of business success and key drivers to improve the Company's performance. They provide a structure in order to assess an individual's short-term performance. The assessment of an individual's performance against the applicable specific metrics is made by the Board, Remuneration Committee or Managing Director, as the case may be, as it is considered that they are best qualified to provide an objective assessment of the performance of the individual concerned.

The STI for individual executives is determined after the finalisation of both the year end results and the assessment of the key individual performance indicators for each executive. For the year ended 30 June, 2015, the cash component of the STI was paid on 10 August, 2015 and the STI deferral, in the form of performance rights, is expected to be granted on 26 October, 2015.

The Board considers the STI, including the individual performance indicators and the method of assessing performance, is appropriate in a competitive remuneration environment and will assist to attract and retain quality executives who can drive Company performance and shareholder returns.

(c) **Long-term incentive (LTI)**

Argo Investments Limited Executive Performance Rights Plan

The Argo Investments Limited Executive Performance Rights Plan (Plan) was introduced in 2004 to create a stronger link between increasing shareholder value and executive reward. Pursuant to the Plan, performance rights to acquire shares in the Company are granted to satisfy an executive's LTI entitlement. Since 1 July, 2012, the Managing Director's entitlement can be a monetary value of up to 70% of his fixed remuneration component and an executive's entitlement can be a monetary value of up to 30% of his or her fixed remuneration component, which is inclusive of superannuation and any agreed salary sacrifice arrangements. It is considered that the performance linked design of this Plan is appropriate in the contemporary business environment.

Upon exercise of the performance rights, shares are allocated to the respective executives. The Board has the discretion to either purchase shares on market or to issue new shares.

Details of the respective LTI performance rights issued are as follows:

2009, 2010 and 2011 LTI Performance Rights

Performance rights issued in three equal tranches, each subject to a performance and service condition, were granted by the Company on 22 April, 2010 (known as 2009 LTI Performance Rights), 18 November, 2010 (known as 2010 LTI Performance Rights) and 17 November, 2011 (known as 2011 LTI Performance Rights) as remuneration pursuant to the Plan to the Managing Director and executives, with no consideration in respect to the granting or vesting of the rights payable by the recipient.

The three equal tranches each have a performance condition; the first tranche is known as the TPR tranche of rights and has the Total Portfolio Return (TPR) Performance Condition, the second tranche is known as the ALICA tranche of rights and has the Australian Listed Investment Companies Association (ALICA) Performance Condition and the third tranche is known as the EPS tranche of rights and has the Earnings Per Share (EPS) Performance Condition.

The performance rights have vesting opportunities at the end of the fourth year and the performance conditions can be re-measured at the end of the fifth year to the extent that the performance rights have not vested. Performance rights that are not vested after the second performance measurement date will lapse. All 2009 LTI Performance Rights that had not vested after the last measurement date have now lapsed.

The TPR Performance Condition is that the TPR Performance of the Company (as independently calculated and based on the movement in net tangible asset backing per share before providing for tax on unrealised gains in the portfolio and assuming dividends paid are reinvested) over a performance period must exceed the movement in the S&P ASX All Ordinaries Accumulation Index (Index Movement).

The ALICA Performance Condition is that the TPR Performance of the Company (as independently calculated and based on the movement in net tangible asset backing per share before providing for tax on unrealised gains in the portfolio and assuming dividends paid are reinvested) over a performance period must exceed the movement in the average of the TPR of those member companies of the Australian Listed Investment Companies Association, excluding the Company, which have Australian equity portfolios (ALICA Movement).

The EPS Performance Condition is that the EPS Performance of the Company (EPS means a company's non-dilutive earnings per share which is measured as the net profit of the consolidated entity after minority interests divided by the weighted average number of shares on issue over the performance period and as calculated by the Board on a comparable basis) over a performance period must exceed the average of the EPS performance of those member companies of the Australian Listed Investment Companies Association, excluding the Company, which have Australian equity portfolios (ALICA EPS).

If the Company's performance exceeds the respective abovementioned Performance Conditions by 3 or more percentage points, the respective tranche of rights will vest. If the Company's performance exceeds the respective Performance Conditions by less than 3 percentage points, the respective tranche of rights will vest pro-rata in the proportion the increase bears to the respective 3 percentage point benchmark. If the Company's performance does not exceed the respective Performance Conditions, none of the respective tranche of rights will vest.

A service condition also applies which makes the performance rights subject to the individual executives remaining in service until the rights vest. However, the Board has discretion to allow the performance rights to vest in certain circumstances which could include death, incapacity, redundancy and retirement.

2012, 2013 and 2014 LTI Performance Rights

Performance rights issued in two equal tranches, each subject to a performance and service condition, were granted by the Company on 15 November, 2012 (known as 2012 LTI Performance Rights), 22 November, 2013 (known as 2013 LTI Performance Rights) and 20 November, 2014 (known as 2014 LTI Performance Rights) as remuneration pursuant to the Plan to the Managing Director and executives, with no consideration in respect to the granting or vesting of the rights payable by the recipient.

The two equal tranches each have a performance condition; the first tranche is known as the TPR tranche of rights and has the Total Portfolio Return (TPR) Performance Condition and the second tranche is known as the EPS tranche of rights and has the Earnings Per Share (EPS) Performance Condition.

The performance rights have one vesting opportunity at the end of the fourth year.

The TPR Performance Condition is that the TPR Performance of the Company (as independently calculated and based on the movement in net tangible asset backing per share before providing for tax on unrealised gains in the portfolio and assuming dividends paid are reinvested), adjusted for franking credits, must exceed the movement in the S&P ASX 200 Accumulation Index over the performance period, adjusted for franking credits (Index Movement).

The EPS Performance Condition is that the EPS Performance of the Company (EPS means a company's non-dilutive earnings per share which is measured as the net profit of the consolidated entity after minority interests divided by the weighted average number of shares on issue over the performance period and as calculated by the Board on a comparable basis) over the performance period must exceed the average of the EPS performance of those member companies of the Australian Listed Investment Companies Association, excluding the Company, which have Australian equity portfolios (ALICA EPS).

If the Company's performance at least equals the respective abovementioned Performance Conditions, 25% of the respective tranche of rights will vest, dependent upon the performance producing an absolute positive return.

If the Company's performance exceeds the respective abovementioned Performance Conditions, then the 75% balance of the respective tranche of rights will vest in full if the outperformance is 30% or greater, with pro-rata award apportioned on a straight line basis between the Index Movement and outperformance of the Index Movement (for the TPR tranche of rights) and between the ALICA EPS and outperformance of the ALICA EPS (for the EPS tranche of rights), dependent upon each outperformance producing an absolute positive return.

If, at the Performance Date, the TPR Performance of the Company is greater than the Index Movement but produces an absolute negative return, then the benefit is 50% of the number of TPR tranche of rights that would vest if the return had been positive.

If, at the Performance Date, the EPS Performance of the Company is greater than the ALICA EPS but produces an absolute negative return, then no benefit is available.

The Board has the discretion to claw back unvested LTI performance rights if after they have been granted pursuant to the Performance Conditions, a material misstatement is discovered in the Company's accounts.

The Board considers that the changes made to the executive LTI opportunities in 2012 provide better alignment with the Company's corporate objectives and provide the Managing Director with a remuneration structure that is more orientated towards rewarding his efforts if they provide the Company with sustained performance.

A service condition also applies which makes the performance rights subject to the individual executives remaining in service until the rights vest. However, the Board has discretion to allow the performance rights to vest in certain circumstances which could include death, incapacity, redundancy and retirement.

Independent advice and benchmarks

At the time of determining and before amending the performance conditions, the Board sought advice from independent remuneration consultants and reviewed independent surveys of the performance of a range of managers of Australian share funds and believed that the selected performance conditions at those times were appropriate for the Company.

After the 2009 review of the executive remuneration policies, the Company introduced two additional performance conditions which applied to the issue of the 2009, 2010 and 2011 LTI Performance Rights. As the Company is a listed investment company, it was considered appropriate for the Company's performance to also be measured against a benchmark peer group of listed investment companies when assessing the ALICA Performance Condition and the EPS Performance Condition.

After the 2012 review of the executive remuneration structure, it was considered that the Company's performance was currently best measured using the EPS Performance Condition and the TPR Performance Condition. At the same time and in view of the holdings held in the Company's investment portfolio, it was considered appropriate that the S&P ASX 200 Accumulation Index be used as the comparator when assessing the TPR Performance Condition. The 2012, 2013 and 2014 LTI Performance Rights were issued incorporating these changes.

Restrictions and further details

Company policy prohibits executives from entering into transactions or arrangements which limit the economic risk of unvested entitlements under the Plan.

Further details regarding the STI and LTI performance rights are disclosed on pages 28 to 30.

(d) **Argo Employee Share Ownership Plan**

Under the Argo Employee Share Ownership Plan, all employees other than the Directors are offered up to $1,000 per year in Company shares at market value. The costs of acquiring the shares on market are paid by the Company. Any shares acquired cannot be disposed of or transferred until the earlier of three years from the acquisition date or the date the employee ceases employment.

Directors

The non-executive Directors of the Company during the financial year were Mr. G.I. Martin AM (Chairman), Mr. R.T. Rich (Deputy Chairman) until his retirement on 27 October, 2014, Ms. A.B. Brennan, Mr. R.A. Davis, Mr. R.A. Higgins AO, Ms. J.C. Morton and Mr. R.J. Patterson.

Mr. J. Beddow (Managing Director) was an executive Director during the financial year.

Other Key Management Personnel

The names of the other key management personnel disclosed in this report are Mr. T.C.A. Binks (Company Secretary to 30 June, 2015 and Chief Operating Officer from 1 July, 2015), Mr. C.C. Hall (Senior Investment Officer) until his resignation on 31 December, 2014 and Mr. A.B. Hill (Chief Financial Officer).

Key Management Personnel Remuneration

		Short-term		Post-employment			
				Superannuation			
		Directors' fees $	Committee fees $	Salary sacrifice $	Other[c] $	Termination benefits $	Total $
Non-executive Directors							
G.I. Martin AM	**2015**	**192,400**	**-**	**-**	**18,278**	**-**	**210,678**
	2014	186,800	-	-	17,279	-	204,079
R.T. Rich	**2015**	**-**[a]	**-**	**30,320**[a]	**2,880**	**150,000**[d]	**183,200**
	2014	70,862[a]	2,900	16,638[a]	8,362	-	98,762
A.B. Brennan	**2015**	**90,100**	**6,000**	**-**	**9,129**	**-**	**105,229**
	2014	87,500	5,800	-	8,630	-	101,930
R.A. Davis	**2015**	**90,100**	**3,000**	**-**	**8,845**	**-**	**101,945**
	2014	87,500	2,900	-	8,362	-	98,762
R.A. Higgins AO	**2015**	**90,100**	**6,000**	**-**	**9,129**	**-**	**105,229**
	2014	87,500	5,800	-	8,630	-	101,930
J.C. Morton	**2015**	**90,100**	**3,000**	**-**	**8,845**	**-**	**101,945**
	2014	87,500	2,900	-	8,362	-	98,762
R.J. Patterson	**2015**	**67,805**[b]	**2,034**	**22,295**[b]	**8,752**	**-**	**100,886**
	2014	64,500[b]	-	23,000[b]	8,094	-	95,594
Total	**2015**	**620,605**	**20,034**	**52,615**	**65,858**	**150,000**	**909,112**
	2014	672,162	20,300	39,638	67,719	-	799,819

(a) Base fee totalling $30,320 was paid as a superannuation contribution (2014: Base fee totalling $87,500 includes amounts paid in cash and superannuation).

(b) Base fee totalling $90,100 includes amounts paid in cash and superannuation (2014: $87,500).

(c) Superannuation contributions made on behalf of non-executive Directors to satisfy the Company's obligations under the Superannuation Guarantee Charge legislation.

(d) Director's retiring benefit paid in cash upon retirement.

		Short-term			Post-employment	Share based[g]		
		Salaries[a] $	STI[b] $	Non-monetary benefits[f] $	Superannuation $	STI[h] $	LTI[i] $	Total $
Managing Director								
J. Beddow	**2015**	**611,985**	**193,515**[c]	**1,522**	**-**	**79,244**	**68,760**	**955,026**
	2014	535,229	185,500[c]	1,807	-	42,729	97,196	862,461
Other Key Management Personnel								
B.R. Aird[i]	2014	223,228	155,800[d]	10,105	35,000	33,238	57,720	515,091
T.C.A. Binks[ii]	**2015**	**194,291**	**65,354**[e]	**-**	**18,783**	**28,489**	**7,940**	**314,857**
C.C. Hall[iii]	**2015**	**162,235**	**-**	**-**	**9,392**	**(43,704)**	**(92,708)**	**35,215**
	2014	342,425	126,000[e]	-	17,775	29,852	53,809	569,861
A.B. Hill	**2015**	**162,865**	**62,659**[e]	**1,868**	**35,000**	**28,658**	**7,629**	**298,679**
	2014	159,354	69,250[e]	2,281	25,000	15,508	27,114	298,507
Total	**2015**	**1,131,376**	**321,528**	**3,390**	**63,175**	**92,687**	**(8,379)**	**1,603,777**
	2014	1,260,236	536,550	14,193	77,775	121,327	235,839	2,245,920

(i) Retired 25 July, 2014. Key Management Personnel to 30 June, 2014.
(ii) Key Management Personnel from 1 July, 2014.
(iii) Resignation effective 31 December, 2014.

(a) Salaries include the movement in the provision for annual leave and long service leave and any salary sacrifice arrangements.

(b) STI cash payments are paid in August each year.

(c) The STI of $193,515 was paid $163,515 in cash and $30,000 as a superannuation contribution (2014: $185,500 of which $155,500 was paid in cash and $30,000 as a superannuation contribution).

(d) The STI of $155,800 was paid $120,800 in cash and $35,000 as a superannuation contribution.

(e) The STI was paid in cash.

(f) Comprises the benefit of interest free loans pursuant to the superseded Argo Investments Executive Share Plan.

(g) The Accounting Standards require that the expense relating to the incentive instruments be reflected over the performance period, regardless of whether the executive ever receives any actual value from them. If the performance rights lapse, the expense is reversed and the amount previously disclosed for individual executives is also reversed.

(h) **Argo Investments Limited Executive STI Performance Rights**

The values of the STI performance rights are calculated and allocated to each reporting period from the commencement of the performance period to the vesting date. The value of STI performance rights for the current reporting period, which are yet to be issued to executives, has been estimated.

The value disclosed is the portion of the value of the STI performance rights which has been allocated as an administration expense to this reporting period.

(i) **Argo Investments Limited Executive LTI Performance Rights**

The fair value of the LTI performance rights granted was calculated by estimating the value of dividends an award recipient would not receive during the performance measurement period and subtracting this amount from the value of the grant date share price, and applying the Monte Carlo simulation.

The value disclosed is the portion of the fair value of the LTI performance rights allocated as an administration expense to this reporting period.

Argo Employee Share Ownership Plan

Employees received $1,000 of Company shares at market value pursuant to the Argo Employee Share Ownership Plan.

(j) The Directors' and Officers' liability insurance contract does not specify premiums in respect of individual Directors and Officers and the policy also prohibits disclosure of the premium paid.

Remuneration Performance Percentages

		STI opportunity as % of fixed remuneration component	Actual STI as % of STI opportunity	% of STI opportunity not achieved	Share based remuneration as proportion of remuneration[(1)]	Total performance related remuneration
J. Beddow	**2015**	**70%**	**97.0%**	**3.0%**	**15.5%**	**35.8%**
	2014	70%	70.0%	30.0%	16.2%	37.7%
T.C.A. Binks	**2015**	**70%**	**97.0%**	**3.0%**	**11.6%**	**32.3%**
C.C. Hall	**2015**	**70%**	**n/a**	**n/a**	**n/a**	**n/a**
	2014	70%	70.0%	30.0%	14.7%	36.8%
A.B. Hill	**2015**	**70%**	**93.0%**	**7.0%**	**12.1%**	**33.1%**
	2014	70%	78.0%	22.0%	14.3%	37.5%

(1) These percentages are based on the Accounting Standard disclosures and reflect the net effect of the various outcomes described in (h) and (i) above.

Executive remuneration (non-statutory)

The Company has included the following table to clarify actual payments received by the Managing Director and Other Key Management Personnel.

Remuneration received

		Total fixed remuneration[(a)] $	Annual STI to 30 June[(b)] $	Loan repayment[(c)] $	Prior years LTI vested[(d)] $	Total received $
Managing Director						
J. Beddow	**2015**	**570,000**	**193,515**	**7,202**	**15,433**	**786,150**
	2014	530,000	185,500	7,023	33,602	756,125
Other Key Management Personnel						
T.C.A. Binks	**2015**	**192,500**	**65,354**	**-**	**5,093**	**262,947**
A.B. Hill	**2015**	**192,500**	**62,659**	**11,524**	**5,709**	**272,392**
	2014	177,500	69,250	11,236	13,453	271,439
Total	**2015**	**955,000**	**321,528**	**18,726**	**26,235**	**1,321,489**
	2014	707,500	254,750	18,259	47,055	1,027,564

(a) Base remuneration including superannuation and any salary sacrificing arrangements.

(b) Comprises the 50% cash portion of the STI performance for the 12 months to 30 June and is paid in August each year. The 50% STI deferred component for the year ended 30 June, 2015 will be issued on 26 October, 2015 as STI performance rights and will vest two years after grant, subject to the executive having continued service with the Company (2014: issued 20 November, 2014).

(c) Comprises the amount of dividends received to repay the interest free loan pursuant to the superseded Argo Investments Executive Share Plan.

(d) The value of LTI performance rights exercised during the year is based on the market price of shares of the Company on the date the LTI performance rights were exercised.

Performance Rights[1]
Granted

		Number	Grant date	Fair value per right at grant date	Earliest vesting date	Expiry date	Number yet to vest	Value yet to vest Min.[2]	Max.[3]
								$	$
J. Beddow	STI	10,484	17/09/13	$6.17	17/09/15	1/10/15	10,484	-	7,368
		10,785	20/11/14	$7.07	20/11/16	4/12/16	10,785	-	33,570
		-	-	-	-	-	-	-	136,461[4]
	LTI	29,100	22/04/10	$5.74	18/11/13	2/12/14	-	-	-
		42,300	18/11/10	$5.16	18/11/14	2/12/15	40,890	-	-
		53,400	17/11/11	$4.40	17/11/15	1/12/16	53,400	-	5,514
		86,000	15/11/12	$4.44	15/11/16	29/11/16	86,000	-	40,880
		67,700	22/11/13	$5.67	22/11/17	6/12/17	67,700	-	62,861
		64,700	20/11/14	$6.33	20/11/18	4/12/18	64,700	-	104,115
		364,469					333,959	-	390,769
T.C.A. Binks	STI	4,089	17/09/13	$6.17	17/09/15	1/10/15	4,089	-	2,872
		3,961	20/11/14	$7.07	20/11/16	4/12/16	3,961	-	13,154
		-	-	-	-	-	-	-	46,086[4]
	LTI	10,500	22/04/10	$5.74	18/11/13	2/12/14	-	-	-
		13,500	18/11/10	$5.16	18/11/14	2/12/15	13,050	-	-
		16,800	17/11/11	$4.40	17/11/15	1/12/16	16,800	-	1,644
		12,000	15/11/12	$4.44	15/11/16	29/11/16	12,000	-	5,580
		9,400	22/11/13	$5.67	22/11/17	6/12/17	9,400	-	8,540
		9,400	20/11/14	$6.33	20/11/18	4/12/18	9,400	-	14,797
		79,650					68,700	-	92,673
C.C. Hall	STI	7,565	17/09/13	$6.17	17/09/15	1/10/15	-	-	-
	LTI	26,100	22/04/10	$5.74	18/11/13	2/12/14	-	-	-
		30,300	18/11/10	$5.16	18/11/14	2/12/15	-	-	-
		38,100	17/11/11	$4.40	17/11/15	1/12/16	-	-	-
		25,900	15/11/12	$4.44	15/11/16	29/11/16	-	-	-
		19,700	22/11/13	$5.67	22/11/17	6/12/17	-	-	-
		147,665					-	-	-
A.B. Hill	STI	4,173	17/09/13	$6.17	17/09/15	1/10/15	4,173	-	2,935
		4,025	20/11/14	$7.07	20/11/16	4/12/16	4,025	-	13,365
		-	-	-	-	-	-	-	44,185[4]
	LTI	12,000	22/04/10	$5.74	18/11/13	2/12/14	-	-	-
		15,000	18/11/10	$5.16	18/11/14	2/12/15	14,500	-	-
		18,600	17/11/11	$4.40	17/11/15	1/12/16	18,600	-	1,941
		12,700	15/11/12	$4.44	15/11/16	29/11/16	12,700	-	6,233
		9,700	22/11/13	$5.67	22/11/17	6/12/17	9,700	-	9,300
		9,400	20/11/14	$6.33	20/11/18	4/12/18	9,400	-	15,618
		85,598					73,098	-	93,577
Total		**677,382**					**475,757**	**-**	**577,019**

Performance Rights[1]
Vested, Exercised and Lapsed

		Grant date	Number of rights vested during the year	Number of shares purchased on exercise	Value at exercise date[5] $	Number of rights lapsed during the year	Value at lapse date[8] $
J. Beddow	LTI	22/04/10	561	561	4,393	27,246[6]	156,392
		18/11/10	1,410	1,410	11,040	-	-
T.C.A. Binks	LTI	22/04/10	202	202	1,578	9,831[6]	56,430
		18/11/10	450	450	3,515	-	-
C.C. Hall	STI	17/09/13	-	-	-	7,565[7]	46,676
	LTI	22/04/10	503	503	4,004	24,437[6]	140,268
		18/11/10	1,010	1,010	8,040	29,290[7]	151,136
		17/11/11	-	-	-	38,100[7]	167,640
		15/11/12	-	-	-	25,900[7]	114,996
		22/11/13	-	-	-	19,700[7]	111,699
A.B. Hill	LTI	22/04/10	231	231	1,804	11,236[6]	64,495
		18/11/10	500	500	3,905	-	-
Total			**4,867**	**4,867**	**38,279**	**193,305**	**1,009,732**

(1) The STI and LTI performance rights granted do not have an exercise price and no amount is payable by the recipient.

(2) The minimum value of STI and LTI performance rights yet to vest is $nil as the performance and service conditions may not be met and consequently the STI and LTI performance rights may not vest.

(3) The maximum value yet to vest of STI performance rights has been determined as the amount of the fair value of the STI performance rights from the commencement of the performance period to the vesting date that is yet to be expensed.

The maximum value of LTI performance rights yet to vest has been determined as the amount of the grant date fair value of the LTI performance rights that is yet to be expensed.

Ultimately, the value received from STI and LTI performance rights will be determined by the quantity of rights that vest and the market value.

(4) The maximum value yet to vest of STI performance rights which are expected to be granted on 26 October, 2015 has been determined as the estimated fair value of the STI performance rights yet to be expensed.

(5) The value of LTI performance rights exercised during the year is calculated as the market price of shares of the Company on the date the LTI performance rights were exercised.

(6) The 2009 LTI performance rights lapsed on 18 November, 2014 because the performance condition was not satisfied.

(7) Performance rights lapsed due to the resignation of the executive.

(8) The value of LTI performance rights that lapsed during the year represents the benefit forgone, and is calculated at the date the rights lapsed assuming the performance condition had been satisfied.

Shareholdings, performance rights and transactions

The number of ordinary shares and performance rights in the Company held or controlled by key management personnel or their related parties during the financial year are disclosed in the following tables:

(a) **Shareholdings**

	Opening balance	Changes during the year	Closing balance
G.I. Martin AM	239,762	8,764	248,526
R.T. Rich (retired 27.10.14)	15,531,052	-	n/a
J. Beddow	91,274	1,983	93,257
A.B. Brennan	3,544	-	3,544
R.A. Davis	14,410	-	14,410
R.A. Higgins AO	77,504	2,833	80,337
J.C. Morton	13,405	3,034	16,439
R.J. Patterson	813,177	(11,457)	801,720
T.C.A. Binks	4,465	884	5,349
C.C. Hall (resigned 31.12.14)	37,723	178	n/a
A.B. Hill	61,428	962	62,390

(b) **STI performance rights holdings**

	Opening balance	Granted as remuneration	Vested and exercised	Lapsed	Closing balance
J. Beddow	10,484	10,785	-	-	21,269
T.C.A. Binks	4,089	3,961	-	-	8,050
C.C. Hall	7,565	-	-	(7,565)	-
A.B. Hill	4,173	4,025	-	-	8,198

(c) **LTI performance rights holdings**

	Opening balance	Granted as remuneration	Vested and exercised	Lapsed	Closing balance
J. Beddow	277,207	64,700	(1,971)	(27,246)	312,690
T.C.A. Binks	61,733	9,400	(652)	(9,831)	60,650
C.C. Hall	138,940	-	(1,513)	(137,427)	-
A.B. Hill	67,467	9,400	(731)	(11,236)	64,900

Key Management Personnel Loans

	Opening balance $	Closing balance $	Interest not charged $	Highest balance in period $
J. Beddow	69,887	62,685	1,522	69,887
A.B. Hill	87,196	75,672	1,868	87,196
Total	**157,083**	**138,357**	**3,390**	**157,083**

Prior to 2004, interest free loans were issued to key management personnel to assist the purchase of shares pursuant to the now superseeded Argo Investments Executive Share Plan. The dividends paid on the shares, less an amount equal to the estimated tax payable by the executives on the dividends, are utilised to repay the loan. The shares cannot be dealt with by the executive until the loan has been repaid in full.

Service Agreements

Mr. J. Beddow (Managing Director), Mr. T.C.A. Binks (Chief Operating Officer) and Mr. A.B. Hill (Chief Financial Officer) have service agreements with the Company. Mr. C.C. Hall's service agreement was terminated on 31 December, 2014 as a result of his resignation.

Pursuant to these agreements, remuneration is reviewed annually by the Company but there is no obligation to increase it unless the Company sees fit to do so.

The agreements may be immediately terminated by the Company, without prior notice to the executives, if they have committed certain breaches or become permanently incapacitated.

The executives' employment may be terminated at any time after the initial period by either party giving to the other party written notice of termination (not less than six calendar months for Mr. Beddow and not less than three calendar months for Mr. Binks and Mr. Hill), or written notice of such other duration as is agreed in writing between the parties.

The Company is entitled at any time after the initial period to terminate the executives' employment by paying each respective party a lump sum in lieu of notice being the equivalent to six calendar months' total remuneration package for Mr. Beddow and three calendar months' total remuneration package for Mr. Binks and Mr. Hill.

If the Company changes the responsibilities of the executives without their consent, they can terminate their agreements by giving not less than three calendar months' prior written notice to the Company.

If the Company commits any serious or persistent breach of any of the provisions of the agreement including failing to materially maintain the salary or other benefits, or where a receiver and manager or a liquidator is appointed, the executives may terminate their agreement immediately by giving written notice to the Company.

Unless otherwise stated above, no termination payments are provided for under the service agreements.

Remuneration Policy and Company Performance

In considering the relationship between the Company's remuneration policy, the Company's performance and benefits for shareholders' wealth, the following data can be considered:

	2015	2014	2013	2012	2011
Argo share price as at 30 June	$7.97	$7.63	$6.46	$5.15	$5.61
Change in share price between years	+$0.34	+$1.17	+$1.31	-$0.46	-$0.24
Total portfolio return	+6.1%	+17.1%	+23.6%	-5.7%	+9.5%
	$'000	$'000	$'000	$'000	$'000
Profit for the year	228,104	195,874	175,035	167,274	172,058
Dividends	196,384	183,217	168,674	162,498	159,862
Total assets	5,034,649	4,912,162	4,232,680	3,493,084	3,838,216

There was a 4.5% increase in the Company's share price during the year.

The total portfolio performance for the year after deducting all costs and tax was a return of 6.1%, based on the movement in net tangible asset backing per share assuming dividends paid are reinvested, compared with the S&P ASX 200 Accumulation Index which returned 5.7% for the same period without taking into account any costs or tax.

The Company's profit, dividends paid and total assets indicators all improved during the year.

The performance of the above indicators represents a successful, value-adding year for shareholders.

It is considered that the current mix of fixed, short-term and long-term remuneration for key management personnel is generating the desired outcome for shareholders and is appropriate to attract and retain the best executives in a competitive industry.

11. Corporate Governance Statement

The Corporate Governance Statement for the year ended 30 June, 2015 can be accessed on the Company's website at www.argoinvestments.com.au/about-argo/corporate-governance.

It is located in the 'About Argo' section, under the 'Corporate Governance' tab. Relevant governance charters, policies and codes are also available in this section of the website.

12. Environmental Regulations

The Company's operations are not directly affected by environmental regulations.

13. Rounding of Amounts

Australian Securities and Investments Commission Class Order 98/100 dated 10 July, 1998 applies to the Company and accordingly amounts have been rounded to the nearest one thousand dollars in accordance with that Class Order, unless otherwise stated.

14. Non-audit Services

Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the year are set out in Note 27 to the financial statements on page 60 of this report.

The Board has considered the position and, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

(a) all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

(b) the non-audit services provided do not undermine the general principles relating to audit independence as set out in APES 110 Code of Ethics for Professional Accountants.

The Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001*, is set out on page 34.

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

On behalf of the Board

G.I. Martin AM
Chairman

20 August, 2015

Auditor's Independence Declaration

As lead auditor for the audit of Argo Investments Limited for the year ended 30 June 2015, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Argo Investments Limited and the entities it controlled during the year.

A G Forman
Partner
PricewaterhouseCoopers

Adelaide
20 August, 2015

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Consolidated Statement of Profit or Loss

for the year ended 30 June, 2015

	Note	2015 $'000	2014 $'000
Dividends and distributions	2	237,289	202,649
Interest		4,004	6,805
Other revenue		608	1,252
Total revenue		241,901	210,706
Net gains on trading investments		7,183	4,495
Income from operating activities		249,084	215,201
Administration expenses	3	(7,869)	(7,269)
Finance costs		(50)	-
Profit before income tax expense		241,165	207,932
Income tax expense thereon	4	(13,061)	(12,058)
Profit for the year		228,104	195,874
		cents	cents
Basic and diluted earnings per share	5	34.3	30.2

Consolidated Statement of Comprehensive Income

for the year ended 30 June, 2015

	2015 $'000	2014 $'000
Profit for the year	228,104	195,874
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Revaluation of long-term investments	73,620	532,059
Provision for deferred tax expense on revaluation of long-term investments	(26,271)	(160,009)
Other comprehensive income for the year	47,349	372,050
Total comprehensive income for the year	275,453	567,924

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Financial Position

as at 30 June, 2015

	Note	2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents	6(a)	77,644	126,893
Receivables	7	38,551	38,334
Investments	8	1,660	-
Other financial cash assets	9	-	70,000
Total Current Assets		117,855	235,227
Non-Current Assets			
Receivables	7	138	157
Investments	8	4,916,333	4,676,433
Plant and equipment	10	323	345
Total Non-Current Assets		4,916,794	4,676,935
Total Assets		5,034,649	4,912,162
Current Liabilities			
Payables	11	2,271	10,299
Derivative financial instruments	12	1,466	1,000
Current tax liabilities		879	12,360
Provisions	13	428	480
Total Current Liabilities		5,044	24,139
Non-Current Liabilities			
Deferred tax liabilities	14	618,091	599,192
Provisions	13	110	122
Total Non-Current Liabilities		618,201	599,314
Total Liabilities		623,245	623,453
Net Assets		4,411,404	4,288,709
Shareholders' Equity			
Contributed equity	15	2,473,320	2,437,259
Reserves	16	1,596,512	1,548,931
Retained profits	17	341,572	302,519
Total Shareholders' Equity		4,411,404	4,288,709

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Changes in Equity

for the year ended 30 June, 2015

	Contributed Equity $'000 (Note 15)	Reserves $'000 (Note 16)	Retained Profits $'000 (Note 17)	Total $'000
Balance as at 1 July, 2014	2,437,259	1,548,931	302,519	4,288,709
Profit for the year	-	-	228,104	228,104
Other comprehensive income	-	47,349	-	47,349
Total comprehensive income for the year	-	47,349	228,104	275,453
Transactions with shareholders:				
Dividend Reinvestment Plan	36,115	-	-	36,115
Cost of share issues net of tax	(54)	-	-	(54)
Executive performance rights reserve	-	232	-	232
Dividends paid	-	-	(189,051)	(189,051)
Total transactions with shareholders	36,061	232	(189,051)	(152,758)
Balance as at 30 June, 2015	2,473,320	1,596,512	341,572	4,411,404

for the year ended 30 June, 2014

	Contributed Equity $'000 (Note 15)	Reserves $'000 (Note 16)	Retained Profits $'000 (Note 17)	Total $'000
Balance as at 1 July, 2013	2,304,790	1,181,322	275,887	3,761,999
Profit for the year	-	-	195,874	195,874
Other comprehensive income	-	372,050	-	372,050
Total comprehensive income for the year	-	372,050	195,874	567,924
Transactions with shareholders:				
Dividend Reinvestment Plan	33,113	-	-	33,113
Share Purchase Plan	99,631	-	-	99,631
Cost of share issues net of tax	(275)	-	-	(275)
Executive performance rights reserve	-	385	-	385
Dividends paid	-	(4,826)	(169,242)	(174,068)
Total transactions with shareholders	132,469	(4,441)	(169,242)	(41,214)
Balance as at 30 June, 2014	2,437,259	1,548,931	302,519	4,288,709

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Cash Flows

for the year ended 30 June, 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Dividends and distributions received		212,293	184,387
Interest received		4,798	6,807
Other receipts		608	1,252
Proceeds from trading investments		19,120	15,629
Payments for trading investments		(13,131)	(10,793)
Other payments		(8,136)	(7,196)
Income tax paid		(31,891)	(14,939)
Net operating cash inflows	6(b)	183,661	175,147
Cash flows from investing activities			
Proceeds from sale of long-term investments		135,987	115,476
Payments for long-term investments		(286,245)	(248,011)
Proceeds from other financial cash assets		70,000	140,000
Payments for other financial cash assets		-	(150,000)
Executive share scheme repayments		389	104
Payments for fixed assets		(29)	(16)
Net investing cash outflows		(79,898)	(142,447)
Cash flows from financing activities			
Proceeds from Share Purchase Plan		-	99,631
Cost of share issues		(76)	(393)
Dividends paid – net of Dividend Reinvestment Plan		(152,936)	(140,955)
Net financing cash outflows		(153,012)	(41,717)
Net decrease in cash held		(49,249)	(9,017)
Cash at the beginning of the year		126,893	135,910
Cash at the end of the year	6(a)	77,644	126,893

(To be read in conjunction with the accompanying notes)

Notes to the Financial Statements

for the year ended 30 June, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the financial statements of the consolidated entity, consisting of Argo Investments Limited and its controlled entities (Argo or Company) which are presented in Australian currency. The Company is incorporated and domiciled in Australia. Argo Investments Limited is a company limited by shares.

The financial statements were authorised for issue by the Directors on 20 August, 2015. The Directors have the power to amend and reissue the financial statements.

The significant accounting policies which have been adopted in the preparation of these financial statements are set out below. The policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards. The Company is a 'for profit' entity for the purpose of preparing the financial statements.

These financial statements have been prepared using the conventional historical cost basis except for the fair value accounting of investments detailed in Note 1(d)(ii) and exchange traded options in Note 1(e).

The accounting policies adopted are consistent with those of the previous financial year.

(b) Principles of consolidation

The Company meets the definition of an investment entity (see Note 1(c)).

The Company's wholly owned subsidiary, Argo Service Company Pty Ltd, provides services to the Company. The consolidated financial statements incorporate the assets and liabilities of Argo Service Company Pty Ltd as at 30 June 2015 and its results for the year then ended. Intercompany transactions and balances between the Company and Argo Service Company Pty Ltd are eliminated on consolidation.

The Company has determined that for any entities that it controls or has significant influence over, that do not provide services to the Company, consolidated financial statements are not required provided the Company measures its investments in these entities at fair value in its financial statements.

(c) **Investment Entity**

The Company has determined that it is an investment entity under the definition in AASB 10 *Consolidated Financial Statements* as it meets the following criteria:

(i) The Company has obtained funds from shareholders for the purpose of providing them with investment management services;

(ii) The Company's business purpose, which it communicated directly to shareholders, is investing solely for returns from capital appreciation and investment income; and

(iii) The performance of investments made by the Company are measured and evaluated on a fair value basis.

The Company also meets all of the typical characteristics of an investment entity.

(d) **Investments**

(i) **Classification**

Purchases and sales of investments are recognised on trade-date, being the date the Company commits to purchase or sell the asset.

Current Assets

Investments classified as Current Assets comprise holdings of trading securities and are categorised as financial assets measured at fair value through the Consolidated Statement of Profit or Loss. Investments are initially recognised at fair value and transaction costs are expensed. An investment is classified in this category if acquired principally for the purpose of selling in the short term.

Non-Current Assets

Investments classified as Non-Current Assets comprise holdings of long-term securities and are revalued at fair value through other comprehensive income. Investments are initially recognised at cost.

(ii) **Valuation**

Trading securities and long-term securities are continuously carried at fair value using price quotations in an active stock market.

Securities which are not listed on a securities exchange are valued using appropriate valuation techniques as reasonably determined by the Directors.

(iii) **Gains and Losses**

Investments are considered to have been sold when contractual rights to the investment expire or contractual rights to receive cash flows have been transferred and substantially all the risk and rewards of ownership have not been retained.

Current Assets

Realised gains and losses from the sale of trading securities are included in the Consolidated Statement of Profit or Loss in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of the trading securities are included in the Consolidated Statement of Profit or Loss in the period in which they arise.

Non-Current Assets

Realised gains and losses on the sale of long-term investments, net of tax, are transferred from the investment revaluation reserve and recorded in the capital profits reserve.

Unrealised gains and losses arising from changes in the fair value of long-term securities are recognised in other comprehensive income and reflected in the investment revaluation reserve.

(e) **Derivative Financial Instruments**

The Company sells Australian Securities Exchange traded options to earn income. Where the Company sells a call option, it is obligated to deliver securities at an agreed price if the holder exercises the option. Where the Company sells a put option, it is obligated to purchase securities at an agreed price if the holder exercises the option.

The premium received for selling options is not initially brought to account as revenue but is recognised in the Consolidated Statement of Financial Position as a liability. When the option expires, is exercised or is repurchased, the premium received is brought to account and is included in net gains on trading investments in the Consolidated Statement of Profit or Loss.

Any open option positions at balance date are carried at their fair value and unrealised gains and losses are included in the Consolidated Statement of Profit or Loss.

(f) **Revenue**

Revenue is recognised when the right to receive payment is established.

(g) **Plant and Equipment**

Items of plant and equipment are depreciated over their estimated useful lives to the Company using the straight line method of depreciation at rates ranging from 7.5% to 33.3%.

(h) **Income Tax**

The income tax expense is the tax payable on the current year's taxable income based on the company tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax balances attributable to revaluation amounts recognised in other comprehensive income are also recognised in the investment revaluation reserve. The revaluation of long-term investments is net of tax on unrealised capital gains by recognising a deferred tax liability. Where the Company disposes of long-term securities in the investment portfolio, tax is calculated on the net gains made according to the particular parcels allocated to the sale for tax purposes. The tax recognised in the investment revaluation reserve is then transferred to the capital profits reserve. The associated deferred tax liability is similarly adjusted and transferred to tax payable.

Argo Investments Limited (the parent) and its wholly owned subsidiary have formed an income tax consolidated group. Each entity in the group recognises its own current and deferred tax amounts. The current tax liability of both entities is subsequently assumed by the parent entity.

The entities have also entered into a tax funding agreement whereby the subsidiary compensates the parent entity for any current tax payable or receivable and deferred tax assets relating to unused tax losses or unused tax credits.

(i) **Employee Entitlements**

Provision is made for benefits accruing to employees in respect of wages, salaries, annual leave and long service leave (based on wage rates expected at the time of settling the liability) when it is probable that settlement will be required and they are capable of being reliably measured.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(j) **Argo Investments Limited Executive Performance Rights Plan**

The share based short-term incentive (STI) performance rights are measured at fair value. The amount of these rights is expensed on a straight line basis over the period between the performance commencement date and the expected date that the rights will vest.

The share based long-term incentive (LTI) performance rights are measured at fair value, and recorded as an expense on a straight line basis over the period between grant date and the expected date that the rights will vest.

(k) **Argo Investments Executive Share Plan Loans**

The interest free loans were issued to executives pursuant to the superseded Argo Investments Executive Share Plan and are recognised initially at fair value and subsequently measured at amortised cost.

(l) **Receivables**

Receivables include dividends, distributions and securities sold where settlement has not occurred at the end of the reporting period. Amounts are generally received within 30 days of recognition.

(m) **Payables**

Payables include liabilities for goods and services provided to the Company and for securities purchased where settlement has not occurred at the end of the reporting period. Amounts are usually paid within 30 days of recognition.

(n) **Operating Leases**

Payments made under operating leases are accounted for on a straight line basis over the period of the lease.

(o) **Cash and Cash Equivalents**

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include bank deposits held at call, other short-term bank fixed term deposits with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(p) **Other Financial Cash Assets**

Other financial cash assets are bank fixed term deposits with maturities from three to six months from date of acquisition.

(q) **Earnings per Share**

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the period.

If applicable, diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) **Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO).

Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Consolidated Statement of Financial Position. Cash flows relating to GST are included in the Consolidated Statement of Cash Flows on a gross basis.

(s) **Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity net of tax.

(t) **Provision for Dividend**

A provision for dividend is only made for any amount of any dividend declared by the Directors on or before the end of the financial year but not distributed at balance date.

(u) **Rounding of Amounts**

Australian Securities and Investments Commission Class Order 98/100 dated 10 July, 1998 applies to the Company and accordingly amounts have been rounded to the nearest one thousand dollars in accordance with that Class Order, unless otherwise stated.

(v) **New Accounting Standards**

The Company has applied the following new and revised accounting standards which became effective for the annual reporting period commencing on 1 July, 2014:

(1) AASB 10 *Consolidated Financial Statements;* and

(2) AASB 127 (revised 2011) *Separate Financial Statements* by AASB 2013-5 *Amendments to Australian Accounting Standards - Investment Entities.*

The amendments made by AASB 2013-5 introduce an exception from the consolidation requirements for investment entities. The amendment provides relief from the requirement to consolidate any investments in subsidiaries. The Company meets the definition of an investment entity under the standard. Therefore any investment in subsidiaries (other than those subsidiaries that provide investment related services) must be measured as fair value (Refer Notes 1(b) and 1(c)).

Any other Accounting Standards and interpretations that have been issued but are not yet mandatory for adoption have been assessed and the impact on the Company's financial statements when they become operative is not expected to be material. The Company intends to adopt the Accounting Standards and interpretations at the date at which their application becomes mandatory.

(w) **Critical Accounting Estimates and Judgements**

There are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

2. DIVIDENDS AND DISTRIBUTIONS

	2015 $'000	**2014** $'000
Received/receivable from:		
Long-term investments held at the end of the year	234,924	200,368
Long-term investments sold during the year	2,365	2,281
	237,289	**202,649**

3. ADMINISTRATION EXPENSES

	2015 $'000	**2014** $'000
Employment benefits	4,397	4,733
Depreciation	51	54
Other	3,421	2,482
	7,869	**7,269**

4. INCOME TAX EXPENSE

	2015 $'000	2014 $'000
(a) Reconciliation of income tax expense to prima facie tax payable:		
Profit before income tax expense	241,165	207,932
Prima facie tax expense calculated at 30% (2014: 30%)	72,349	62,380
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax offset for franked dividends	(52,472)	(46,982)
Non-taxable distributions	(5,579)	(1,209)
Other	(705)	(1,885)
Over provision in previous year	(532)	(246)
Income tax expense	**13,061**	**12,058**
(b) Income tax expense composition:		
Charge for tax payable relating to current year	13,579	12,430
Increase/(decrease) in deferred tax liabilities	14	(126)
Over provision in previous year	(532)	(246)
	13,061	**12,058**
(c) Amounts recognised directly in other comprehensive income:		
Increase in deferred tax liabilities	**26,271**	**160,009**

5. EARNINGS PER SHARE

	2015 number '000	2014 number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	664,839	649,399
	$'000	$'000
Profit for the year	228,104	195,874
	cents	cents
Basic and diluted earnings per share	**34.3**	**30.2**

6. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents includes cash on deposit (floating interest rates between 2.00% and 2.45% at 30 June, 2015; 2014: 2.45% and 3.50%) with banks and fixed term deposits (fixed interest rates to maturity between 2.30% and 2.70% at 30 June, 2015; 2014: 3.20% and 3.40%) with banks, maturing within three months from date of deposit.

	2015 $'000	2014 $'000
Bank deposits	**77,644**	**126,893**
(b) Reconciliation of net cash provided by operating activities to profit for the year:		
Profit for the year	228,104	195,874
Dividends received as securities in dividend reinvestment plans	(4,861)	(6,081)
Demerger dividends and distributions	(18,596)	(6,917)
Depreciation	51	54
Charges to/(from) provisions	17	(134)
Other movements	232	385
(Decrease)/increase in provision for income tax	(11,481)	6,443
Transfer from provision for deferred income tax	(7,168)	(9,165)
Increase in deferred tax assets	(262)	(257)
Changes in operating assets and liabilities:		
Increase in current investments	(1,660)	-
Increase in other debtors	(1,590)	(5,548)
Increase in other creditors	875	493
Net cash provided by operating activities	**183,661**	**175,147**
(c) Financing arrangement		
Total line of credit available:		
Bank overdraft	-	200
Loan facility – unsecured	100,000	-
Amount utilised	-	-
Undrawn facility	**100,000**	**200**

(d) Non-cash financing activities

Dividends paid totalling $36.1 million were reinvested in shares under the Company's Dividend Reinvestment Plan (2014: $33.1 million).

7. RECEIVABLES

	2015 $'000	2014 $'000
Current		
Dividends and distributions receivable	37,421	35,882
Interest receivable	175	969
Outstanding settlements	264	800
Executive share plan loan	-	370
Other	691	313
	38,551	**38,334**

Receivables are non-interest bearing and unsecured. Outstanding settlements include amounts due from brokers for settlement of security sales and are settled within three days of the transaction date. None of the receivables are past due or impaired.

	2015 $'000	2014 $'000
Non-Current		
Executive share plan loans	**138**	**157**

The Executive share plan loans are repaid in accordance with the terms of the superseded Argo Investments Executive Share Plan.

8. INVESTMENTS

	2015 $'000	2014 $'000
Current		
Listed securities at fair value(1)	**1,660**	**-**
Non-Current		
Listed securities at fair value(1)	4,886,463	4,672,893
Unlisted securities at fair value(2)	29,870	3,540
	4,916,333	**4,676,433**

The fair value of investments is based on the fair value measurement hierarchy disclosed in Note 28.

(1) The fair value of listed securities is established from the quoted prices (unadjusted) in the active market of the Australian Securities Exchange for identical assets in accordance with Level 1 of the fair value measurement hierarchy. No amounts have transferred between Level 3 and 1 during the year.

(2) The fair value of unlisted securities is not based on observable market data in accordance with Level 3 of the fair value measurement hierarchy. The Directors have made valuation judgements to determine the fair value of these securities based on cost and the net tangible asset values provided by the responsible entities of the securities.

Reconciliation of changes in unlisted securities valued in accordance with Level 3 of the fair value measurement hierarchy:

	2015 $'000	2014 $'000
Carrying amount at beginning of year	3,540	3,450
Additions	26,000	-
Fair value gains recognised in other comprehensive income	330	90
Carrying amount at end of year[a]	**29,870**	**3,540**

(a) Unlisted securities of $29.9 million include $26.0 million which relates to investment in Argo Global Listed Infrastructure Limited and amaysim Australia Limited, with the companies subsequently listing in July, 2015. The remaining unlisted investment of $3.9 million is valued at estimated fair value based on reported net tangible assets.

The fair value of each non-current security (long-term investment) is disclosed in Note 29.

There were 81 investment transactions during the financial year. The total brokerage paid on these transactions was $0.9 million.

9. OTHER FINANCIAL CASH ASSETS

	2015 $'000	2014 $'000
Bank term deposits	**-**	**70,000**

Other financial cash assets are fixed term deposits (2014: fixed interest rates to maturity between 3.40% and 3.48%) with banks, maturing from three to six months from date of deposit.

10. PLANT AND EQUIPMENT

	2015 $'000	2014 $'000
Plant and equipment at cost	1,004	975
Accumulated depreciation	(681)	(630)
	323	**345**
Movements		
Carrying amount at beginning of year	345	383
Additions	29	16
Depreciation	(51)	(54)
Carrying amount at end of year	**323**	**345**

11. PAYABLES

	2015 $'000	2014 $'000
Current		
Outstanding settlements	1,000	8,970
Director's retiring allowance	-	150
Other	1,271	1,179
	2,271	**10,299**

Payables are non-interest bearing and unsecured. Outstanding settlements include amounts due to brokers for settlement of security purchases and are settled within three days of the transaction date.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 $'000	2014 $'000
Exchange traded options at fair value	**1,466**	**1,000**

The fair value of exchange traded options is established from the quoted prices (unadjusted) in the active market of the Australian Securities Exchange for identical assets in accordance with Level 1 of the fair value measurement hierarchy.

13. PROVISIONS

	2015 $'000	2014 $'000
Current		
Provision for employee entitlements	**428**	**480**
Non-Current		
Provision for employee entitlements	**110**	**122**

14. DEFERRED TAX LIABILITIES

	2015 $'000	2014 $'000
The balance comprises temporary differences attributed to:		
Deferred tax liability on unrealised gains on long-term investments	618,035	599,284
Income receivable which is not assessable for tax until receipt	1,254	994
Deferred tax liability on unrealised gains on trading investments	124	108
	619,413	600,386

	2015 $'000	2014 $'000
Offset by deferred tax assets:		
Capital losses not utilised	-	(75)
Provisions and payables	(1,172)	(911)
Deferred tax on cost of share issues	(150)	(208)
	(1,322)	(1,194)
Net deferred tax liabilities	**618,091**	**599,192**
Movements		
Balance at beginning of year	599,192	448,624
Debited/(credited) to profit or loss	14	(126)
Charged to other comprehensive income	26,271	160,009
Changes to the tax base of investments	(7,386)	(9,315)
Balance at end of year	**618,091**	**599,192**

The amount of net deferred tax liabilities expected to be settled in the next 12 months is $0.7 million (2014: $0.7 million).

15. CONTRIBUTED EQUITY

Ordinary shares rank pari passu, have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of the shares held. The Company does not have a limited amount of authorised capital.

	2015 No. of shares	2014 No. of shares	2015 $'000	2014 $'000
Issued and fully paid ordinary shares:				
Opening balance	662,179,486	643,456,209	2,437,259	2,304,790
Dividend reinvestment plan[(a)]	4,590,193	4,808,332	36,115	33,113
Share purchase plan	-	13,914,945	-	99,631
Cost of share issues net of tax	-	-	(54)	(275)
Closing balance	**666,769,679**	**662,179,486**	**2,473,320**	**2,437,259**

(a) On 3 September, 2014, 2,357,163 shares were allotted at $7.79 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June, 2014.

On 4 March, 2015, 2,233,030 shares were allotted at $7.95 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend paid for the year ended 30 June, 2015.

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

16. RESERVES

	2015 $'000	2014 $'000
Executive Performance Rights Reserve	1,339	1,107
Investment Revaluation Reserve	1,354,931	1,309,495
Capital Profits Reserve	240,242	238,329
	1,596,512	**1,548,931**
Movements in reserves during the year		
Executive Performance Rights Reserve		
Balance at beginning of year	1,107	722
Accrued entitlement for unvested rights	296	523
Executive performance shares purchased	(64)	(138)
Balance at end of year	1,339	1,107
Investment Revaluation Reserve		
Balance at beginning of year	1,309,495	968,246
Revaluation of long-term investments	73,620	532,059
Provision for deferred tax expense on revaluation of long-term investments	(26,271)	(160,009)
Realised gains on sale of long-term investments transferred to capital profits reserve	(3,893)	(44,501)
Income tax expense thereon	1,980	13,700
Balance at end of year	1,354,931	1,309,495
Capital Profits Reserve		
Balance at beginning of year	238,329	212,354
Dividend paid	-	(4,826)
Transfer from investment revaluation reserve	1,913	30,801
Balance at end of year	240,242	238,329
Total Reserves	**1,596,512**	**1,548,931**

Long-term investments were sold in the normal course of the Company's operations as a listed investment company or as a result of takeovers. The fair value of the investments sold during this period was $129.3 million (2014: $110.8 million). The cumulative profit after tax on these disposals was $1.9 million (2014: $30.8 million), which has been transferred from the investment revaluation reserve to the capital profits reserve.

Nature and Purpose of Reserves

Executive Performance Rights Reserve

This reserve contains the fair value of the short-term incentive (STI) and long-term incentive (LTI) performance rights pursuant to the Argo Investments Limited Executive Performance Rights Plan. When rights are exercised, shares are purchased on market and issued to the executive.

STI performance rights

The values of the STI performance rights are calculated and allocated to each reporting period from the commencement of the performance periods to the vesting dates. The value of the STI performance rights for the current reporting period, which are yet to be issued to participants, has been estimated.

LTI performance rights

The values of the LTI performance rights are calculated at grant dates and allocated to each reporting period from the grant dates to the vesting dates.

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.

Capital Profits Reserve

Gains or losses arising from the sale of long-term investments, net of any tax expense or benefit, are recorded in this reserve.

17. RETAINED PROFITS

	2015 $'000	**2014** $'000
Balance at beginning of year	302,519	275,887
Dividends paid	(189,051)	(169,242)
Profit for the year	228,104	195,874
Balance at end of year	**341,572**	**302,519**

18. CAPITAL MANAGEMENT

The Company's objective in managing its capital 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 by the process of providing shareholders with a steady stream of fully franked dividends and enhancement of capital invested, with the goal of paying an increased level of dividends and providing attractive total returns over the long term.

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

The Company's capital consists of its shareholders' equity and the changes to this capital are shown in the Consolidated Statement of Changes in Equity.

19. DIVIDENDS

	2015 $'000	2014 $'000
(a) **Dividends paid during the year**		
Final dividend for the year ended 30 June, 2014 of 14.5 cents fully franked at 30% tax rate paid 3 September, 2014 (2014: 13.5 cents fully franked at 30% tax rate)	96,016	86,867
Interim dividend for the year ended 30 June, 2015 of 14.0 cents fully franked at 30% tax rate paid 4 March, 2015 (2014: 13.5 cents fully franked at 30% tax rate)	93,035	87,201
Total dividends paid	**189,051**	**174,068**

The final dividend paid did not contain a listed investment company (LIC) capital gain component (2014: 0.75 cent per share).

	2015 $'000	2014 $'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, 2015 of 15.5 cents fully franked at 30% tax rate payable 2 September, 2015 (2014: 14.5 cents fully franked at 30% tax rate)	**103,349**	**96,016**

The final dividend declared will contain a LIC capital gain component of 3.0 cents per share (2014: nil).

20. FRANKING ACCOUNT

	2015 $'000	2014 $'000
Balance of the franking account after allowing for tax payable and the receipt of franked dividends recognised as receivables	91,073	76,320
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year	(44,293)	(41,150)
	46,780	**35,170**
The franking account balance would allow the Company to frank additional dividend payments up to an amount of	**109,153**	**82,063**

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 paying tax.

21. LISTED INVESTMENT COMPANY (LIC) CAPITAL GAIN ACCOUNT

	2015 $'000	2014 $'000
Balance of the LIC capital gain account	21,825	208
Impact on the LIC capital gain account of the dividend declared but not recognised as a liability at the end of the financial year	(20,003)	-
	1,822	**208**
This equates to an attributable amount of	**2,603**	**297**

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 capital gain distributions from LIC securities held in the investment portfolio.

22. FINANCIAL REPORTING BY SEGMENTS

The Company operates in the investment industry predominately 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 Directors when making strategic, investment or resource allocation decisions.

The Company is domiciled in Australia and derives its revenue from the 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.

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

23. COMMITMENTS

	2015 $'000	2014 $'000
Operating leases		
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	291	347
Later than one year but not later than five years	502	793
Later than five years	-	-
	793	**1,140**

The Company has entered into two property leases, one expiring on 31 January, 2016 and the other expiring on 12 December, 2018. Lease rentals are subject to review during the term of the leases. The lease expiring on 12 December, 2018 provides the Company with a right of renewal.

24. RELATED PARTIES

	2015 $	2014 $
(a) **Key Management Personnel Compensation**		
Short-term	2,096,933	2,503,441
Post-employment (superannuation)	181,648	185,132
Termination benefits	150,000	-
Share based	84,308	357,166
	2,512,889	**3,045,739**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 32.

	2015 $	2014 $
(b) **Key Management Personnel Loans**		
Balance at beginning of year	527,286	631,680
Loan repayments	(388,929)	(104,394)
Balance at end of year	**138,357**	**527,286**
Notional interest not charged	3,390	14,193

The loan repayments are made in accordance with the terms of the superseded Argo Investments Executive Share Plan.

(c) **Argo Global Listed Infrastructure Limited**

During the financial year the Company launched Argo Global Listed Infrastructure Limited (AGLI) by way of an initial public offering. AGLI is an Australian investment company which invests in international securities in the infrastructure sector. It listed on the ASX on 3 July, 2015.

Prior to balance date the Company acquired 12,500,100 shares, representing 8.74% of the issued capital, of AGLI, for a consideration of $25,000,100 and 12,500,000 options were also received for no consideration and are exercisable for $2.00 per option on or before 31 March, 2017.

At balance date, AGLI was valued at cost and has been included as an unlisted security, in accordance with Level 3 of the fair value measurement hierarchy, as reported in Note 8. Following its listing on the ASX, AGLI will be valued as a listed security at fair value (established from quoted prices) in accordance with Level 1 of the fair value measurement hierarchy.

An outstanding balance of $630,245, representing AGLI expenses paid by the Company, has been included as at balance date as a receivable in Note 7 and was subsequently repaid on 2 July, 2015.

There are five directors of AGLI, of which three are also directors of the Company.

The Company will receive an ongoing fee for managing the operations of AGLI, via its wholly owned subsidiary, Argo Service Company Pty Ltd. No fees were received or receivable in the financial year ended 30 June, 2015.

25. PARENT ENTITY DISCLOSURES

In accordance with the *Corporations Amendment (Corporate Reporting Reform) Act 2010* and the *Corporations Act 2001* the following summarised parent entity information is set out below.

As at, and throughout, the financial year ended 30 June, 2015 the parent entity is Argo Investments Limited.

	2015 $'000	**2014** $'000
Profit of the parent entity		
Profit for the year	228,100	195,874
Total comprehensive income for the year	275,449	567,924
Financial position of the parent entity as at 30 June		
Current assets	117,325	235,227
Total assets	5,034,244	4,912,162
Current liabilities	4,591	24,139
Total liabilities	622,843	623,453
Net assets	4,411,401	4,288,709
Total equity of the parent entity comprising of:		
Contributed equity	2,473,320	2,437,259
Reserves	1,596,512	1,548,931
Retained profits	341,569	302,519
Total equity attributable to shareholders of the parent entity	4,411,401	4,288,709

Argo Investments Limited has an agreement in place with Argo Service Company Pty Ltd to provide up to $250,000 financing to cover any negative cash flow requirements arising from its operations. The facility was not utilised during the financial year to 30 June, 2015.

26. SHARE BASED PAYMENTS

(a) Argo Employee Share Ownership Plan

The Directors may at such time or times as determined, issue invitations to eligible employees to apply for shares under the Argo Employee Share Ownership Plan (ESOP) as part of the employees' remuneration. Each eligible employee is offered up to $1,000 per year in shares at market value. The costs of acquiring the shares on market are paid for by the Company. Any shares acquired cannot be disposed of or transferred until the earlier of three years from the acquisition date or on the date the employee ceases employment. The ESOP was approved by shareholders at the 1997 Annual General Meeting.

During the year, 1,524 (2014: 2,002) shares were acquired by the Company on behalf of eligible employees under the ESOP at a cost of $12,033 (2014: $14,000) and had a market value of $12,146 (2014: $15,275) at $7.97 per share (2014: $7.63 per share) at balance date.

(b) Argo Investments Limited Executive Performance Rights Plan

The establishment of the Argo Investments Limited Executive Performance Rights Plan (Plan) was approved by shareholders at the 2004 Annual General Meeting and amended at the 2007 Annual General Meeting. The Plan is designed to provide participants with performance-linked incentives as shareholder value is created. Under the Plan, performance rights are granted to executives to satisfy their STI and LTI entitlements. These performance rights only vest if certain performance and service conditions are met. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

A detailed discussion of the performance and service conditions for performance rights granted or to be granted is set out in the Remuneration Report.

The STI and LTI performance rights are granted under the Plan for no consideration, carry no dividend or voting rights and do not have an exercise price.

When exercisable, each performance right is convertible into an ordinary Company share, subject to certain adjustments allowable under the Plan.

Set out below are summaries of rights granted under the Plan:

STI performance rights

Grant date	Earliest vesting date	Expiry date	Opening balance	Granted	Vested and exercised	Lapsed	Closing balance (unvested)
17/09/13	17/09/15	1/10/15	51,803	-	-	(7,565)[(2)]	44,238
20/11/14	20/11/16	4/12/16	-	41,073[(1)]	-	-	41,073
			51,803	**41,073**	**-**	**(7,565)**	**85,311**

(1) The fair value at grant date of the STI performance rights issued during the year was $7.07 (2014: $6.17) and was independently calculated by estimating the value of dividends that would not have been received during the vesting period and subtracting this amount from the value of the grant date share price. The following inputs were used to calculate the fair value of the STI performance rights issued:

(a) Share price at valuation date 20 November, 2014: $7.89 (17 September, 2013: $6.92); and

(b) Dividend yield grossed up for franking credits based on historic and future yield estimates: 5.5% (2014: 5.7%).

(2) STI performance rights lapsed due to the resignation of an executive.

(3) STI performance rights expense of $245,598 (2014: $198,751) was recognised as an administration expense in the Consolidated Statement of Profit or Loss.

(4) The weighted average remaining life of the STI performance rights outstanding at the end of the year was 0.8 years (2014: 1.3 years).

LTI performance rights

Grant date	Earliest vesting date	Expiry date	Opening balance	Granted	Vested and exercised	Lapsed	Closing balance (unvested)
22/04/10	18/11/13	2/12/14	150,300	-	(7,682)	(142,618)[(2)]	-
18/11/10	18/11/14	2/12/15	192,600	-	(5,790)	(48,190)[(3)]	138,620
17/11/11	17/11/15	1/12/16	235,500	-	-	(38,100)[(3)]	197,400
15/11/12	15/11/16	29/11/16	223,900	-	-	(25,900)[(3)]	198,000
22/11/13	22/11/17	6/12/17	171,800	-	-	(19,700)[(3)]	152,100
20/11/14	20/11/18	4/12/18	-	129,700[(1)]	-	-	129,700
			974,100	**129,700**	**(13,472)**	**(274,508)**	**815,820**

(1) The fair value at grant date of the LTI performance rights issued during the year was $6.33 (2014: $5.67) and was independently calculated by estimating the value of dividends that would not have been received during the vesting period and subtracting this amount from the value of the grant date share price. The Monte Carlo simulation has been used to determine the probabilities of meeting the performance conditions and the expected level of vesting under each performance condition. The following inputs were used to calculate the fair value of the LTI performance rights issued:

(a) Share price at valuation date 20 November, 2014: $7.89 (22 November, 2013: $7.12); and

(b) Dividend yield grossed up for franking credits based on historic and future yield estimates: 5.5% (2014: 5.7%).

(2) 29,700 LTI performance rights lapsed due to resignation of executives and 112,918 lapsed without vesting.

(3) LTI performance rights lapsed due to resignation of executives.

(4) LTI performance rights expense totalling $51,120 (2014: $324,918) was recognised as an administration expense in the Consolidated Statement of Profit or Loss.

(5) The weighted average remaining life of the LTI performance rights outstanding at the end of the year was 1.8 years (2014: 2.2 years).

27. AUDITOR'S REMUNERATION

	2015 $	**2014** $
During the year the following remuneration amounts were paid or payable for services provided by the Auditor:		
(a) Audit services		
Audit and review of financial reports	139,465	108,075
(b) Non-audit services		
Taxation and professional services	42,871	11,770
Total remuneration	**182,336**	**119,845**

The Board considers that the non-audit services provided by the Auditor did not affect the independence of the external audit function.

28. FINANCIAL RISK MANAGEMENT

The risks associated with the holding of financial instruments such as investments, cash and cash equivalents, other financial cash assets, receivables and payables include credit risk, liquidity risk and market risk.

Credit Risk

The risk that a financial loss will occur because a counterparty to a financial instrument fails to discharge an obligation is known as credit risk.

In relation to cash and cash equivalents and other financial cash assets disclosed in Notes 6(a) and 9, the maximum exposure to credit risk is the carrying amount of bank deposits and any interest accrued.

The Company's cash investments are managed internally under Board approved guidelines. Funds are invested for the short to medium term with the major Australian banks which have a Standard & Poor's short-term rating of A1+. The maturities of bank term deposits in cash and cash equivalents are within three months while bank term deposits in other financial cash assets mature from three to six months.

The credit risk exposure for the Company's receivables as disclosed in Note 7 is the carrying amount.

Credit risk exposure also arises in relation to option positions held by the Company. The extent of this exposure is reflected in the carrying value and is disclosed in Note 12.

None of the assets exposed to credit risk are past due or considered to be impaired.

Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due.

The Company has no borrowings and monitors its cash flow requirements daily which includes the amount required for purchases of securities, the amount receivable from sales of securities, and dividends and distributions to be paid or received.

The Company's inward cash flows depend mainly upon the amount of dividends and distributions received from the investment portfolio as well as the proceeds from the sale or takeover of investments. Should these inflows drop by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are purchases of investments and dividends paid to shareholders, the level of both is controllable by the Board and management.

The assets of the Company are largely in the form of tradeable securities which, if necessary, could be sold on market to meet obligations.

The Company has a financing arrangement in place which is disclosed in Note 6(c). The unsecured line of credit loan facility was undrawn at 30 June, 2015 (2014: nil).

Current financial liabilities are disclosed in Note 11.

Market Risk

Market risk is the risk that changes in market prices will affect the fair value of financial instruments.

The Company is a listed investment company that invests in tradeable 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.

A general fall in the fair value of long-term investments of 5% and 10%, if equally spread over all assets in the long-term investment portfolio, would lead to a reduction in the Company's equity of $172.1 million (2014: $163.7 million) and $344.1 million (2014: $327.4 million) respectively, after tax. The investment revaluation reserve at 30 June, 2015 has an after tax balance of $1,354.9 million (2014: $1,309.5 million). It would require a 39% (2014: 40%) after tax fall in the value of the long-term investment portfolio to fully deplete this reserve.

The Company seeks to reduce the market risk of the long-term investment portfolio by ensuring that it is not, in the opinion of the Board, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and market sectors are reviewed and risk is appropriately managed. The Company does not have set parameters as to a minimum or maximum amount of the long-term investment portfolio that can be invested in a single company or sector.

The Company's assets are spread across investment industry sectors as below:

	2015	**2014**
Energy	5%	6%
Materials	13%	15%
Industrials	6%	7%
Consumer Discretionary	7%	5%
Consumer Staples	8%	9%
Health Care	6%	5%
Banks	22%	22%
Cash and Short-term Deposits	2%	4%
Other Financials	10%	8%
Listed Investment Companies	7%	7%
Property Trusts	3%	3%
Telecommunication Services & I.T.	7%	6%
Utilities	4%	3%
	100%	100%

The following investments represent over 5% of the total assets:

	2015	2014
Westpac Banking Corporation	6.6%	7.1%
Australia and New Zealand Banking Group Ltd.	6.1%	6.4%
Telstra Corporation Ltd.	5.2%	4.4%
Commonwealth Bank of Australia	5.0%	4.5%

The fair value of the Company's derivative financial instruments, being exchange traded options, are subject to market risk as changes in market price will affect the fair value of the financial instrument. The Company seeks to reduce the market risk of these derivatives by imposing Board approved maximum exposure limits for each security and in total. The total exposure position is determined and monitored on a daily basis. The fair value of exchange traded options at balance date was $1.5 million (2014: $1.0 million) and is disclosed in Note 12. Investments with a market value of $52.2 million (2014: $44.3 million) were lodged with the ASX Clearing Corporation as collateral for any option positions written by the Company in the Exchange Traded Option Market.

The Company is not materially exposed to interest rate risk as all of its cash investments and bank term deposits mature in the short-term and have a fixed interest rate.

The Company is not significantly exposed to currency risk as the majority of investments are quoted in Australian dollars. One security is not quoted in Australian dollars and has a fair value that represents 1.4% (2014: 1.3%) of the fair value of long-term investments disclosed in Note 29.

Fair Value Measurement

The Company measures the fair value of its long-term investments, as required by Accounting Standard AASB 7 *Financial Instruments: Disclosures*, based on the following fair value measurement hierarchy:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

(c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

29. LONG-TERM INVESTMENTS

The following long-term investments are valued at fair value through other comprehensive income.

	2015 No. of shares or units	2015 $'000	2014 No. of shares or units	2014 $'000
3P Learning Ltd.	-	-	700,000	1,750
Adelaide Brighton Ltd	7,681,385	33,107	7,504,449	25,890
Affinity Education Group Ltd.	15,459,510	12,522	5,742,980	7,179
AGL Energy Ltd.	3,650,000	56,757	3,159,316	48,906
ALS Ltd.	4,122,480	24,117	4,026,811	35,678
Alumina Ltd.	11,779,840	18,023	11,779,840	15,903
Amalgamated Holdings Ltd.	1,634,721	20,499	1,240,151	11,571
amaysim Australia Ltd.	555,556	1,000	-	-
Amcor Ltd.	4,918,564	67,483	4,614,711	48,131
AMP Ltd.	12,381,674	74,538	12,381,674	65,623
Ansell Ltd.	786,972	18,958	786,972	15,606
APA Group	10,277,940	84,690	7,358,455	50,700
A.P. Eagers Ltd.	4,312,620	40,323	4,312,620	24,625
Argo Global Listed Infrastructure Ltd.	12,500,100	25,000	-	-
Argo Global Listed Infrastructure Ltd. options	12,500,000	-	-	-
Aristocrat Leisure Ltd.	2,485,130	19,011	2,241,000	11,788
Arrium Ltd.	-	-	5,079,109	4,038
Asaleo Care Ltd.	8,606,920	16,353	2,409,091	4,035
Asciano Ltd.	6,743,086	44,841	6,543,086	36,838
ASX Ltd.	109,101	4,353	269,701	9,612
Australia and New Zealand Banking Group Ltd.	9,506,235	306,101	9,406,235	313,604
Australian Careers Network Ltd.	4,717,596	8,327	-	-
Australian United Investment Company Ltd.	16,711,022	137,197	16,990,102	138,469
Automotive Holdings Group Ltd.	5,184,593	20,687	5,184,593	18,924
BHP Billiton Ltd.	8,265,004	223,568	8,065,004	289,534
Boral Ltd.	3,075,132	17,990	3,075,132	16,144
Brambles Ltd.	5,422,449	57,478	5,272,449	48,454
Brickworks Ltd.	584,009	8,059	574,960	7,860
Challenger Ltd.	3,590,311	24,127	2,955,473	21,989
CIMIC Group Ltd.	439,733	9,564	489,733	9,662
Coca-Cola Amatil Ltd.	2,700,733	24,712	2,700,733	25,549

	2015 No. of shares or units	2015 $'000	2014 No. of shares or units	2014 $'000
Colorpak Ltd.	5,162,885	2,143	4,049,000	2,551
Commonwealth Bank of Australia	2,952,895	251,380	2,727,895	220,632
Computershare Ltd.	4,901,166	57,393	4,901,166	61,167
Crown Resorts Ltd.	2,609,184	31,832	2,184,184	33,025
CSL Ltd.	1,051,952	90,962	1,101,952	73,335
David Jones Ltd.	-	-	3,418,106	13,467
Diversified United Investment Ltd.	10,169,575	35,695	10,169,575	36,610
Downer EDI Ltd.	2,392,527	11,436	2,392,527	10,814
DUET Group	16,688,075	38,549	14,088,385	34,094
DuluxGroup Ltd.	3,881,512	22,202	3,410,939	19,306
Echo Entertainment Group Ltd.	-	-	2,155,825	6,769
Fleetwood Corporation Ltd.	-	-	1,352,485	3,151
Fletcher Building Ltd.	1,350,701	9,739	1,350,701	11,049
GPT Group	3,480,667	14,897	3,477,121	13,352
GUD Holdings Ltd.	1,772,013	15,665	1,495,000	9,299
Harvey Norman Holdings Ltd.	4,213,182	19,001	4,030,000	12,493
Iluka Resources Ltd.	1,700,000	13,056	1,700,000	13,821
Incitec Pivot Ltd.	4,095,530	15,768	4,095,530	11,877
Insurance Australia Group Ltd.	6,981,075	38,954	6,981,075	40,769
InvoCare Ltd.	2,082,191	25,195	2,082,191	21,051
IRESS Ltd.	791,884	8,014	791,884	6,486
iSelect Ltd.	4,472,554	6,440	4,472,554	5,143
Lend Lease Group	3,893,609	58,521	3,893,609	51,045
LEX Property Fund	3,000,000	3,870	3,000,000	3,540
Macquarie Group Ltd.	2,355,151	191,709	2,355,015	140,430
Macquarie Group Ltd. income securities	15,000	1,073	15,000	1,315
Managed Accounts Holdings Ltd.	12,500,000	2,188	12,500,000	3,000
Medibank Private	13,953,488	28,047	-	-
Milton Corporation Ltd.	32,583,552	146,626	38,426,060	174,454
Mirvac Group	6,000,551	11,101	6,000,551	10,711
MMA Offshore Ltd.	13,862,997	7,417	13,862,997	28,558
Monash IVF Group Ltd.	6,261,645	8,015	3,040,541	5,367
National Australia Bank Ltd.	6,055,138	201,697	5,606,609	183,785
Navitas Ltd.	3,623,160	15,543	3,123,160	22,268
Newcrest Mining Ltd.	134,750	1,754	1,077,750	11,338

	2015 No. of shares or units	2015 $'000	2014 No. of shares or units	2014 $'000
News Corporation class A	-	-	219,913	4,191
News Corporation class B	-	-	195,016	3,616
Orica Ltd.	2,557,983	54,434	2,557,983	49,830
Origin Energy Ltd.	7,339,947	87,859	6,789,947	99,269
Orora Ltd.	-	-	4,614,711	6,576
OZ Minerals Ltd.	701,342	2,791	701,342	2,868
Pact Group Holdings Ltd.	3,237,038	15,149	2,700,000	9,261
Peet Ltd.	12,802,705	14,659	11,090,988	14,973
Peet Ltd. convertible notes	32,500	3,331	32,500	3,412
Perpetual Ltd.	238,905	11,553	238,905	11,319
Premier Investments Ltd.	1,250,000	15,938	1,250,000	10,625
Primary Health Care Ltd.	3,315,015	16,708	3,177,458	14,426
Programmed Maintenance Services Ltd.	1,572,197	4,528	1,642,838	4,616
QBE Insurance Group Ltd.	5,011,191	68,503	4,559,706	49,564
Ramsay Health Care Ltd.	1,375,437	84,548	1,353,923	61,603
Ramsay Health Care Ltd. reset conv. preference	25,000	2,563	25,000	2,656
Reece Australia Ltd.	697,806	24,221	620,506	18,764
Regis Healthcare Ltd.	1,660,959	8,571	-	-
Rio Tinto Ltd.	2,510,739	134,952	2,510,739	148,912
Santos Ltd.	6,289,105	49,244	4,803,200	68,494
Scentre Group	8,526,662	31,975	8,526,662	27,285
Sims Metal Management Ltd.	415,772	4,332	415,772	4,025
Sonic Healthcare Ltd.	2,824,483	60,359	2,624,483	45,482
South32 Ltd.	8,265,004	14,794	-	-
Southern Cross Media Group Ltd.	-	-	7,390,784	7,908
Spark Infrastructure	4,244,214	8,297	4,244,214	7,852
Steadfast Group Ltd.	7,974,237	12,878	5,197,797	6,809
Stockland	2,817,934	11,554	2,817,934	10,934
Suncorp Group Ltd.	4,260,838	57,223	4,260,838	57,692
Surfstitch Group Ltd.	6,750,000	12,319	-	-
Sydney Airport	14,458,175	72,002	13,958,175	58,903
Tabcorp Holdings Ltd.	2,850,670	12,971	2,631,388	8,841
Tassal Group Ltd.	3,851,848	12,827	2,000,000	7,720
Tatts Group Ltd.	2,052,730	7,636	2,052,730	6,712

	2015 No. of shares or units	2015 $'000	2014 No. of shares or units	2014 $'000
Technology One Ltd.	5,964,564	21,771	5,964,564	15,925
Telstra Corporation Ltd.	43,004,800	264,049	41,504,800	216,240
Toll Holdings Ltd.	-	-	2,888,785	14,733
Transfield Services Ltd.	5,397,040	7,691	5,397,040	5,856
Transurban Group	5,481,463	50,978	5,481,463	40,508
Twenty-First Century Fox, Inc. class B	1,681,687	70,369	1,681,687	61,045
UGL Ltd.	2,113,242	4,480	2,113,242	14,455
Washington H. Soul Pattinson and Company Ltd.	2,182,606	29,334	2,182,606	32,193
Wesfarmers Ltd.	5,440,027	212,324	5,535,796	231,618
Westfield Corporation	3,724,835	33,971	3,724,835	26,633
Westpac Banking Corporation	10,351,594	332,804	10,251,594	347,324
Whitehaven Coal Ltd.	3,656,652	4,808	3,656,652	5,247
Woodside Petroleum Ltd.	1,700,873	58,221	1,700,873	69,855
Woolworths Ltd.	4,133,026	111,426	4,133,026	145,565
WorleyParsons Ltd.	972,336	10,122	572,336	9,964
Total long-term investments		**4,916,333**		**4,676,433**

Directors' Declaration

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

(a) the consolidated financial statements and notes set out on pages 35 to 67 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 consolidated entity's financial position as at 30 June, 2015 and of its performance for the financial 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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Chief Financial Officer for the financial year ended 30 June, 2015.

Dated this 20th day of August, 2015

Signed in accordance with a resolution of the Directors

G.I. Martin AM
Chairman

pwc

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

Report on the financial report

We have audited the accompanying financial report of Argo Investments Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Argo Investments Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Argo Investments Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(b) the financial report and notes also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 32 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Argo Investments Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A G Forman
Partner
PricewaterhouseCoopers

Adelaide
20 August, 2015

Shareholding details as at 18 August, 2015

	Ordinary shareholders
Number of shareholders holding:	
1- 1,000 shares	19,730
1,001- 5,000 shares	29,166
5,001- 10,000 shares	13,459
10,001- 100,000 shares	15,180
100,001 or more shares	473
Total number of shareholders (entitled to one vote per share)	**78,008**
Number of shareholders holding less than a marketable parcel	1,590

20 largest shareholders of ordinary shares

	No. of shares	% of issued capital
RCY Pty. Limited	6,166,887	0.92
JIT Pty. Limited	4,950,972	0.74
Questor Financial Services Limited (TPS RF a/c)	4,226,901	0.63
TRIGT Pty. Limited	2,852,478	0.43
Nulis Nominees (Australia) Limited (Navigator Mast Plan Sett a/c)	2,595,834	0.39
Navigator Australia Ltd. (MLC Investment Sett a/c)	2,484,128	0.37
McLennan Holdings Pty. Ltd.	2,120,026	0.32
Bougainville Copper Limited	1,937,571	0.29
Donald Cant Pty. Ltd.	1,848,302	0.28
Kalymna Pty. Ltd.	1,620,737	0.24
Redemptorists (Central Investment Fund a/c)	1,598,000	0.24
Mr. Stuart John McWilliam	1,566,927	0.24
Poplar Pty. Ltd.	1,464,479	0.22
Salur Holdings Pty. Limited	1,459,665	0.22
Tyrrell (1984) Nominees Pty. Limited (Tyrrell Family a/c)	1,412,303	0.21
Jacaranda Pastoral Pty. Ltd.	1,366,178	0.20
Questor Financial Services Limited (TPS PIP a/c)	1,236,111	0.19
Australian Executor Trustees Limited	1,150,123	0.17
Ling Nominees Pty. Ltd.	1,066,366	0.16
HSBC Custody Nominees (Australia) Limited	993,797	0.15
	44,117,785	**6.61**

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

Securities issued since 19 September, 1985

Date	Details
10 January, 1986	1:5 bonus issue from Capital Profits Reserve
16 May, 1986	1:10 bonus issue from Share Premium Reserve
20 March, 1987	1:8 rights issue @ $2.50 per share
23 March, 1987	1:9 bonus issue from Capital Profits Reserve
22 May, 1987	1:5 bonus issue from Capital Profits Reserve
16 December, 1988	1:8 rights issue @ $2.40 per share
19 December, 1988	1:6 bonus issue from Share Premium Reserve
27 April, 1990	1:10 bonus issue from Share Premium Reserve
12 March, 1992	1:8 rights issue @ $2.00 per share
10 October, 1995	1:10 bonus issue from Share Premium Reserve
21 June, 1996	Share Purchase Plan @ $2.57 per share
19 July, 1996	1:10 bonus issue from Share Premium Reserve
20 June, 1997	Share Purchase Plan @ $2.65 per share
27 November, 1997	1:10 rights issue @ $2.50 per share
19 June, 1998	Share Purchase Plan @ $3.19 per share
23 June, 1999	Share Purchase Plan @ $3.48 per share
15 November, 1999	Dividend Reinvestment Plan @ $3.32 per share
19 May, 2000	Dividend Reinvestment Plan @ $3.08 per share
23 June, 2000	Share Purchase Plan @ $3.08 per share
28 March, 2001	Dividend Reinvestment Plan @ $3.43 per share
27 June, 2001	Dividend Reinvestment Plan @ $3.74 per share
12 September, 2001	Dividend Reinvestment Plan @ $3.92 per share
12 October, 2001	Share Purchase Plan @ $3.92 per share
15 March, 2002	Dividend Reinvestment Plan @ $4.27 per share
18 April, 2002	1:10 rights issue @ $3.95 per share
13 September, 2002	Dividend Reinvestment Plan @ $4.35 per share
15 October, 2002	Share Purchase Plan @ $4.35 per share
14 March, 2003	Dividend Reinvestment Plan @ $4.00 per share
16 April, 2003	Share Purchase Plan @ $4.00 per share
12 September, 2003	Dividend Reinvestment Plan @ $4.78 per share
20 October, 2003	Share Purchase Plan @ $4.78 per share
12 March, 2004	Dividend Reinvestment Plan @ $4.76 per share
16 April, 2004	1:10 rights issue @ $4.40 per share with the possibility of additional shares
8 September, 2004	Dividend Reinvestment Plan @ $4.75 per share
18 October, 2004	Share Purchase Plan @ $4.75 per share
11 March, 2005	Dividend Reinvestment Plan @ $5.43 per share
18 April, 2005	Share Purchase Plan @ $5.43 per share
8 September, 2005	Dividend Reinvestment Plan @ $5.79 per share

Securities issued

Date	Details
19 October, 2005	Share Purchase Plan @ $5.79 per share
10 March, 2006	Dividend Reinvestment Plan @ $6.71 per share
20 April, 2006	Share Purchase Plan @ $6.71 per share
8 September, 2006	Dividend Reinvestment Plan @ $6.95 per share
17 October, 2006	Share Purchase Plan @ $6.95 per share
9 March, 2007	Dividend Reinvestment Plan @ $7.92 per share
27 March, 2007	1:8 rights issue @ $7.20 per share with the possibility of additional shares
5 September, 2007	Dividend Reinvestment Plan @ $7.62 per share
9 October, 2007	Share Purchase Plan @ $7.62 per share
4 March, 2008	Dividend Reinvestment Plan @ $7.39 per share
8 April, 2008	Share Purchase Plan @ $7.39 per share
5 September, 2008	Dividend Reinvestment Plan @ $6.69 per share
10 October, 2008	Share Purchase Plan @ $6.69 per share
4 March, 2009	Dividend Reinvestment Plan @ $5.12 per share
6 April, 2009	Share Purchase Plan @ $5.12 per share
4 September, 2009	Dividend Reinvestment Plan @ $6.34 per share
3 March, 2010	Dividend Reinvestment Plan @ $6.31 per share
14 April, 2010	Share Purchase Plan @ $6.31 per share
3 September, 2010	Dividend Reinvestment Plan @ $5.71 per share
7 March, 2011	Dividend Reinvestment Plan @ $6.21 per share
15 April, 2011	Share Purchase Plan @ $6.10 per share
7 September, 2011	Dividend Reinvestment Plan @ $5.10 per share
7 March, 2012	Dividend Reinvestment Plan @ $5.27 per share
5 September, 2012	Dividend Reinvestment Plan @ $5.36 per share
4 March, 2013	Dividend Reinvestment Plan @ $6.48 per share
9 April, 2013	Share Purchase Plan @ $6.48 per share
4 September, 2013	Dividend Reinvestment Plan @ $6.63 per share
5 March, 2014	Dividend Reinvestment Plan @ $7.16 per share
9 April, 2014	Share Purchase Plan @ $7.16 per share
3 September, 2014	Dividend Reinvestment Plan @ $7.79 per share
4 March, 2015	Dividend Reinvestment Plan @ $7.95 per share

Argo Investing in Australia