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5 August, 2013

Dear Shareholder,

Result for the year ended 30 June, 2013
Argo Investments Limited ("Argo" or "the Company")

The Directors are pleased to report an improved result for the year ended 30 June, 2013 and an increased final dividend of 13.5 cents per share fully franked.

Summary of financial results

	2013	*2012*	*change*
Profit	**$175.0 million**	$167.3 million	+4.6%
Earnings per share	**27.7 cents**	26.8 cents	+3.4%
Final dividend per share	**13.5 cents[(a)]**	13.0 cents[(b)]	+3.8%
Total dividends per share for the full year	**26.5 cents**	26.0 cents	+1.9%
Net tangible asset backing per share	**$6.52**	$5.50	+18.5%
Management Expense Ratio	**0.18%**	0.18%	steady

(a) Includes a 0.75 cent per share listed investment company (LIC) capital gain component
(b) Included a 1 cent per share listed investment company (LIC) capital gain component

Overview

Argo's profit increased 4.6% to $175.0 million and earnings per share rose 3.4% to 27.7 cents per share. This pleasing outcome was achieved due to increased dividends and distributions received from the investments in Argo's portfolio, partially offset by a decline in interest income on cash deposits due to the lower interest rates available this year.

In addition, Argo's investment portfolio outperformed the broader Australian share market, returning 23.6% (measured by the movement in net asset backing per share assuming dividends paid are reinvested), compared with the S&P/ASX All Ordinaries Accumulation Index which returned 20.7% for the year. The strong performance of higher yielding stocks and the relative under-performance of the mining sector over the period both contributed to this result.

It was also pleasing that over the course of the year, Argo's share price performance returned 31.0%, reflecting a combination of stronger equity markets and the closing of the discount to NTA.

During the year, $224 million was spent on investment purchases, partly funded by $143 million in disposals and takeover proceeds. The largest purchases were additions to holdings in Australia & New Zealand Banking Group and Wesfarmers. The largest sale was a reduction in the Macquarie Group position. The cash balance at year end was $196 million, representing 4.7% of the Company's total assets of $4.2 billion.

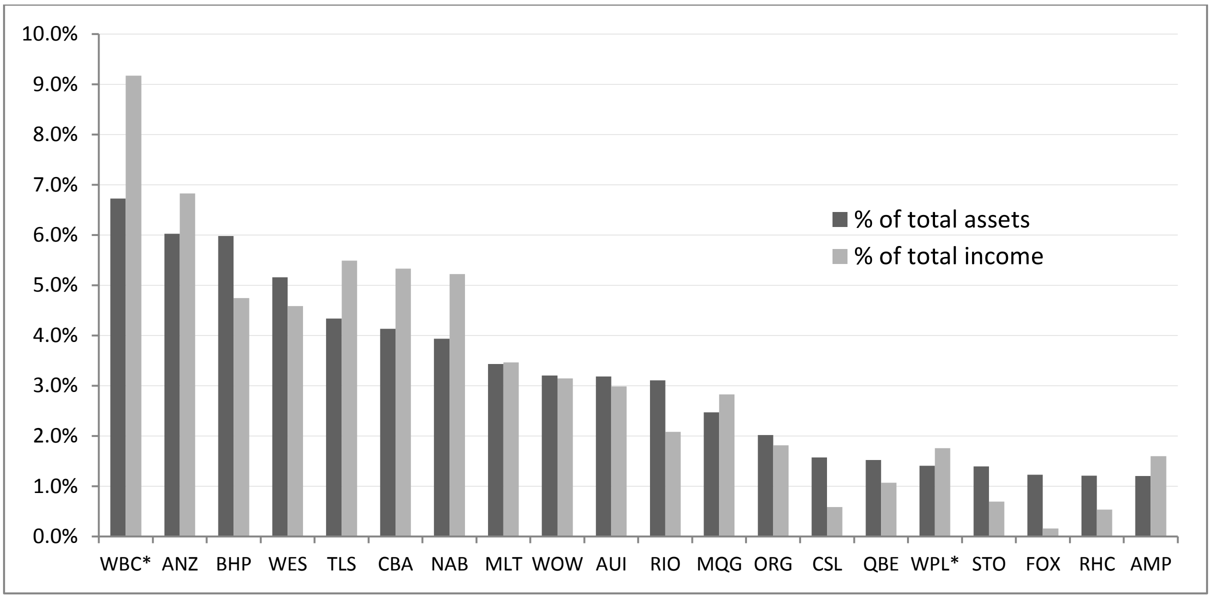
The Share Purchase Plan and Dividend Reinvestment Plan were well supported by shareholders during the year and raised $76 million and $31 million respectively for further investment. Argo now has over 70,000 shareholders and more than 640 million shares on issue.

Investment Portfolio

During the year, the number of stocks in the portfolio was reduced as several holdings were sold due to deteriorating industry conditions or other concerns. In addition, Alesco Corporation, Australian Infrastructure Fund, Consolidated Media Holdings and Hastings Diversified Utilities Fund are no longer held due to takeovers or corporate activity.

At 30 June, 2013, Argo's portfolio was diversified across 98 different equity holdings and cash. The largest 20 equity holdings accounted for 63% of total assets and provided 64% of the Company's income for the year.

Top 20 equity holdings - proportion of total assets and contribution to income



*income from Westpac Banking Corporation (WBC) and Woodside Petroleum (WPL) included special dividends

Top 20 equity holdings - movements in 2012/13

	Net purchases or (sales) ($m)	*Change in market value ($m)*	*30.6.13 market value ($m)*
Westpac Banking Corporation	17.4	73.3	284.5
Australia and New Zealand Banking Group	32.1	54.2	255.0
BHP Billiton	1.3	(0.7)	253.0
Wesfarmers	20.6	48.3	218.3
Telstra Corporation	15.0	40.3	183.4
Commonwealth Bank of Australia	(14.9)	42.3	174.9
National Australia Bank	13.9	31.1	166.4
Milton Corporation	(6.8)	26.4	145.2
Woolworths	1.5	24.7	135.6
Australian United Investment Company	(0.3)	25.8	134.6
Rio Tinto	2.9	(10.2)	131.5
Macquarie Group	(21.0)	42.3	104.5
Origin Energy	1.2	2.6	85.4
CSL	(4.6)	24.6	66.5
QBE Insurance Group	2.9	7.5	64.3
Woodside Petroleum	(0.1)	6.8	59.5
Santos	7.7	8.0	58.9
Twenty-First Century Fox	(5.9)	15.8	51.9
Ramsay Health Care	-	18.0	51.1
AMP	(1.2)	5.0	50.9

Investment performance

As noted above, Argo's portfolio has performed well this year. However, the Company has a long-term investment philosophy and as such longer term performance statistics may be more relevant and less volatile.

The following table provides annual return statistics for Argo's portfolio and relevant share market indices for various periods ended 30 June, 2013. It should be noted that Argo's portfolio performance (measured by the movement in net asset backing per share assuming dividends paid are reinvested) is calculated after deducting all administration expenses and tax, whereas the share market indices do not take account of these costs.

	1 year	*3 years*	*5 years*	*10 years*	*15 years*
Argo portfolio performance	+23.6%	+8.5%	+3.9%	+9.0%	+9.4%
S&P/ASX All Ordinaries Accumulation Index	+20.7%	+8.0%	+2.2%	+9.2%	+8.3%

The best performing stocks in the portfolio during the year were Macquarie Group, Peet, Primary Health Care, Insurance Australia Group, Twenty-First Century Fox (previously part of News Corporation), Ramsay Health Care, Aristocrat Leisure and Fletcher Building, all of which increased in price by more than 60%.

Net asset backing

As a long term investor, Argo does not intend to dispose of its long-term investment portfolio. Therefore, when calculating net asset backing (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, 2013, this valuation resulted in a NTA per share of $6.52. However, if estimated tax on unrealised gains in the portfolio was to be deducted, the NTA per share at 30 June, 2013 would be $5.85.

Both NTA figures are updated monthly and announced to the Australian Securities Exchange (ASX).

Dividend and Dividend Reinvestment Plan

The Directors have announced an increased final dividend of 13.5 cents per share fully franked, which includes a 0.75 cent per share listed investment company (LIC) capital gain component. The LIC component of the dividend will give rise to an attributable part of 1.07 cents per share, which will allow eligible shareholders to claim a portion of the attributable part as a deduction in their 2013/14 income tax returns. The amount which eligible shareholders may be able to claim as a tax deduction depends on their individual situation. Details will be provided in the dividend statement.

The Dividend Reinvestment Plan (DRP) will apply to the final dividend for those shareholders with registered addresses in Australia or New Zealand who elect to participate. Shares issued under the DRP will be priced at a discount of 2% to the volume-weighted average price of Argo shares traded on the ASX between 16 August and 21 August, 2013 inclusive. The following dates apply to the final dividend and DRP:

- Ex-dividend date for trading in Argo shares on the ASX	15 August, 2013
- Record date for dividend entitlement	21 August, 2013
- Last day for amendment of DRP participation instructions	21 August, 2013
- Dividend payment date	4 September, 2013

Please note that following the outsourcing of Argo's share registry operations to Computershare Investor Services Pty. Limited, DRP participation instructions can be updated online at www.investorcentre.com. Registering your holding online with Computershare also allows you to elect to receive communications from Argo electronically rather than by post.

Annual General Meeting and shareholder information meetings

The Annual General Meeting will be held at the Adelaide Convention Centre, North Terrace, Adelaide on Monday 28 October, 2013 at 10.00am.

For the benefit of shareholders unable to attend the Annual General Meeting in Adelaide, information meetings will be held in Melbourne at 10.00am on Tuesday 29 October, 2013 at the State Library of Victoria Theatrette, entry 3, 179 La Trobe Street, Melbourne and in Sydney at 10.00am on Wednesday 30 October, 2013 at the Wesley Conference Centre, 220 Pitt Street, Sydney.

Outlook

For some time, Argo has prioritised investments in larger, well capitalised companies with relatively high, predominantly franked, dividend yields and scope for dividend growth. This has been a successful strategy which has delivered strong portfolio performance in the 2012/13 financial year, as investors in Australia seek to acquire these types of securities in their search for yield in an environment of low interest rates.

The global economic outlook is showing signs of improvement, particularly in the U.S. However, some structural challenges remain in Europe and markets are wary of slowing growth in China.

As investors seek direction in this environment, bouts of volatility have been a feature of equity and bond markets. The more the U.S. economy improves, the greater the likelihood of higher interest rates in that country. In addition, investors have struggled to interpret conflicting commentary from the U.S. Federal Reserve, which appears to be divided as to the timing of the unwinding of its monetary expansion program.

Domestically, the Australian economy appears sluggish. In response, the Reserve Bank of Australia continues to cut interest rates in order to stimulate the non-resource segments of the economy in particular. The possibility of slowing Australian economic growth has seen the Australian dollar fall almost 15% against the U.S. dollar since mid-April, as international investors take profits. However, the weaker currency and further interest rate cuts should provide some relief and stimulate consumer spending and business investment in Australia.

Against this backdrop, we do not expect strong earnings growth from Australian companies over the coming year and therefore predict only modest dividend growth. However, we believe the overall yield available in the Australian equity market remains attractive.

Argo has no debt and with cash reserves of $196 million, remains of the view that for a long-term investor, the Australian equity market is relatively good value. As a result, we will continue to selectively invest funds into quality, well managed companies with solid cash flows and dividend streams.

Yours faithfully,
ARGO INVESTMENTS LIMITED

J. Beddow
Chief Executive Officer