



## **Argo Investments Limited**

ABN 35 007 519 520

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### **Appendix 4D**

**Half-year Report**  
**for the period ended 31 December 2016**  
**(previous corresponding period being**  
**the half-year ended 31 December 2015)**

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**RESULTS FOR ANNOUNCEMENT TO THE MARKET  
HALF-YEAR ENDED 31 DECEMBER 2016**

(Comparative figures being the half-year ended 31 December 2015)

|                                   |      |      |    | <u>\$A'000</u> |
|-----------------------------------|------|------|----|----------------|
| Revenue from operating activities | down | 3.8% | to | 114,392        |
| Profit for the half-year          | down | 8.9% | to | 104,081        |

**Dividend**

Interim fully franked dividend payable 10 March 2017  
(previous corresponding period 15.0 cents fully franked) 15.0 cents

The Company's Dividend Reinvestment Plan will operate for the interim dividend. The Directors have resolved that the shares will be allotted at a 2% discount to the market price of Argo shares, which will be the volume-weighted average ex-dividend market price of the shares traded on the record date and the three business days following the record date.

The record date for determining entitlements to the interim dividend 20 February 2017  
The election date for determining participation in the Dividend Reinvestment Plan 21 February 2017

Final fully franked dividend for year ended 30 June 2016 paid  
9 September 2016 15.5 cents

**Net Asset Backing**

Net tangible asset backing per Argo share was \$7.63 as at 31 December 2016, compared with \$7.28 as at 31 December 2015.

As a long-term equity investor, Argo does not intend to dispose of its long-term investment portfolio. However, if estimated tax on unrealised portfolio gains was to be deducted, the net tangible asset backing per share would be \$6.73 as at 31 December 2016, compared with \$6.47 as at 31 December 2015.

## Media Release

6 February 2017

### Argo maintains interim dividend in volatile markets

Argo Investments Limited (ASX code: ARG), a major Australian listed investment company with \$5.3 billion in assets, today announced a half-year profit of \$104.1 million and a steady interim dividend of 15 cents per share fully franked.

Argo's Managing Director, Jason Beddow, announced that the Board was pleased to maintain the level of interim dividend despite profit being 8.9% lower than in the previous year's first half result.

#### Summary of financial results

|                                            | <i>Half-year to<br/>31.12.15</i> | <i>Half-year to<br/>31.12.16</i> | <i>change</i> |
|--------------------------------------------|----------------------------------|----------------------------------|---------------|
| Profit                                     | \$114.2 million                  | <b>\$104.1 million</b>           | -8.9%         |
| Earnings per share                         | 17.0 cents                       | <b>15.2 cents</b>                | -10.6%        |
| Interim dividend per share                 | 15.0 cents                       | <b>15.0 cents</b>                | -             |
| Net tangible asset backing (NTA) per share | \$7.28                           | <b>\$7.63</b>                    | +9.6%         |

The lower first half profit was primarily due to a reduction in dividends received from a number of the larger companies held in the investment portfolio, as foreshadowed by Mr Beddow at the time of Argo's previous results announcement in August 2016. In addition, income from option writing and trading activities declined from the high levels achieved in last year's first half.

Mr Beddow said "the very positive reaction of equity markets to Donald Trump's victory in the US election was widely unexpected. Cyclical stocks in the US responded strongly, and this optimistic view spread globally and extended the Australian market's strong performance in the second half of the calendar year."

#### Investment portfolio

During the six months to 31 December 2016, Argo purchased \$89 million of long-term investments. Proceeds of \$98 million were received from long-term investment sales, including \$55 million due to the takeover of Asciano. The larger movements in the portfolio during the half-year included:

##### Purchases

Estia Health  
Vocus Communications  
QANTM Intellectual Property  
Boral  
Rural Funds Group  
oOh!media

##### Sales

Asciano (takeover) \*  
Milton Corporation  
ASX \*  
Scentre Group  
Coca-cola Amatil  
Fletcher Building

\* Sale of complete position. Other stocks exited during the half-year were Sims Metal Management and Reliance Worldwide Corporation.

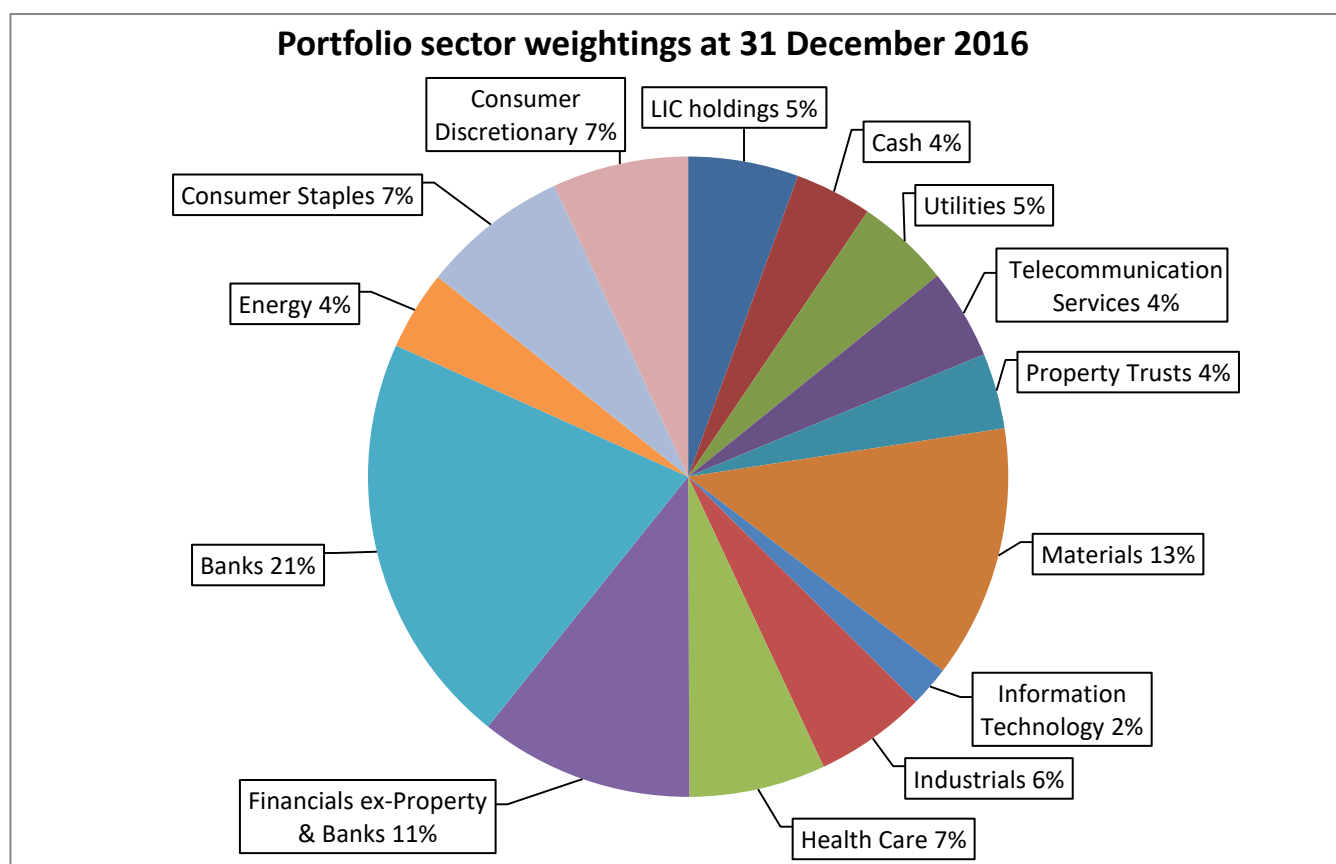
Continuing the trend noted in the 2016 full year result commentary, the majority of Argo's recent purchases have focused on smaller and mid-sized company opportunities. New investments were made in QANTM Intellectual Property, oOh!media, Speedcast International and Murray River Organics Group.

Overall, the number of stocks held in the portfolio decreased slightly over the half-year to 99. The cash balance at 31 December was \$209 million, representing 3.9% of the Company's total assets of \$5.3 billion.

### Investment performance

Argo's net tangible asset backing performance returned +9.6% after all costs and tax over the six months to 31 December 2016, slightly underperforming the ASX200 Accumulation Index which returned +10.6% without any allowance for costs or tax. The share price performance was +3.4%, with Argo shares now trading at a slight discount to NTA.

At a sector level, Argo's underweight position in the Materials sector was the main contributor to relative underperformance, as resource stocks performed very strongly on rebounding commodity prices and better than expected economic activity in China, capped off by expectations of expansionist policy making in the US.



### Outlook

"Global stock markets appear to have priced in plenty of good news on pro-growth policies following the US election, which in our mind leaves room for some disappointment in the future" said Mr Beddow.

"The policies laid out during Trump's election campaign suggest higher US growth, most likely accompanied by higher interest rates and a stronger US dollar. Confidence levels have improved on the hope of increased investment and wage growth. However, many of these policies will require Congressional approval," he said.

Political risks will remain a focus for markets in the year ahead, with significantly increased uncertainty and a number of potential sources of market volatility. We remain cautious as to the flow-on implications of forthcoming European elections this year in the Netherlands, France and Germany, as well as the ongoing steps that Britain needs to undertake to complete its withdrawal from the European Union.

Mr Beddow also said that “although resource stocks have seen significant upgrades to earnings expectations in recent months, increasing the overall earnings for the Australian market, it is prudent to remember that less than 12 months ago, the same resource companies were slashing dividends and aggressively cutting costs just to remain profitable.”

“Argo remains cautious on the market at these high levels, as broader company earnings will need to improve in order to justify current stock valuations,” he said.

“In this volatile environment, we are likely to be patient with further meaningful investments, unless the market weakens or opportunities arise through the upcoming corporate results reporting season.”

**Media contact:**

**Jason Beddow**

**Managing Director**

**02 8274 4702 or 0409 900 709**



**Argo Investments Limited**  
ABN 35 007 519 520

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**Half-year Report**  
**31 December 2016**

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## DIRECTORS' REPORT

The Directors present the financial report of the consolidated entity, consisting of Argo Investments Limited and its controlled entity (Argo or Company), for the half-year ended 31 December 2016.

The Company's objective is to maximise long-term returns to shareholders through a balance of capital and dividend growth from a diversified Australian investment portfolio. This is achieved through building a portfolio of long-term investments, currently 99 stocks, representing a cross section of Australia's enterprises where there is good quality management and prospects for sound earnings and dividend growth.

### Review of Operations

Profit for the half-year under review was \$104.1 million, down from \$114.2 million in the previous corresponding period. The result for the period was affected by a decrease in dividends and distributions received from the investments in the portfolio and reduced income from option and trading activity.

The Company's earnings per share was 15.2 cents, compared with 17.0 cents for the half-year ended 31 December 2015.

A steady fully franked interim dividend of 15 cents per share has been declared. This dividend totals \$103.6 million, compared with \$101.6 million in the previous corresponding period and will be paid on 10 March 2017.

Net tangible asset backing per Argo share was \$7.63 as at 31 December 2016, compared with \$7.11 as at 30 June 2016 and \$7.28 as at December 2015.

During the half-year, \$80.4 million of additional capital was raised for investment from the Dividend Reinvestment Plan (\$19.9 million) and the Share Purchase Plan (\$60.5 million).

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

| <u>Name</u>                       | <u>Period of Directorship</u>   |
|-----------------------------------|---------------------------------|
| Geoffrey Ian Martin AM (Chairman) | Director since 28 October 2004  |
| Jason Beddow (Managing Director)  | Director since 3 February 2014  |
| Anne Bernadette Brennan           | Director since 1 September 2011 |
| Christopher Edgar Cuffe           | Director since 25 August 2016   |
| Roger Andrew Davis                | Director since 1 June 2012      |
| Russell Allan Higgins AO          | Director since 1 September 2011 |
| Joycelyn Cheryl Morton            | Director since 1 March 2012     |

Robert John Patterson, a Director since 25 October 2011, retired on 26 October 2016.

### Auditor's Independence Declaration

The Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001*, is set out on page 3.

### Rounding of Amounts

Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies to the Company and accordingly amounts have been rounded to the nearest one thousand dollars in accordance with that Instrument, unless otherwise stated.

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

On behalf of the Board

A handwritten signature in black ink, appearing to read 'G.I. Martin', with a stylized flourish at the end.

G.I. Martin AM  
Chairman

Adelaide  
6 February 2017



### Auditor's Independence Declaration

As lead auditor for the review of Argo Investments Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Argo investments Limited and the entity it controlled during the period.

A handwritten signature in black ink, appearing to be 'M.T. Lojszczyk'.

M.T. Lojszczyk  
Partner  
PricewaterhouseCoopers

Adelaide  
6 February 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
for the half-year ended 31 December 2016

|                                      | <b>Note</b> | <b>2016</b><br>\$'000 | <b>2015</b><br>\$'000 |
|--------------------------------------|-------------|-----------------------|-----------------------|
| Dividends and distributions          |             | 111,527               | 116,632               |
| Interest                             |             | 1,591                 | 1,067                 |
| Other revenue                        |             | <u>1,274</u>          | <u>1,260</u>          |
| Total revenue                        |             | 114,392               | 118,959               |
| Net gains on trading investments     |             | <u>286</u>            | <u>7,294</u>          |
| Income from operating activities     |             | 114,678               | 126,253               |
| Administration expenses              |             | (4,254)               | (4,272)               |
| Finance costs                        |             | <u>(37)</u>           | <u>(95)</u>           |
| Profit before income tax expense     |             | 110,387               | 121,886               |
| Income tax expense thereon           |             | <u>(6,306)</u>        | <u>(7,670)</u>        |
| Profit for the half-year             |             | <u>104,081</u>        | <u>114,216</u>        |
|                                      |             | <b>2016</b><br>cents  | <b>2015</b><br>cents  |
| Basic and diluted earnings per share | 2           | <u>15.2</u>           | <u>17.0</u>           |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the half-year ended 31 December 2016

|                                                                            | <b>2016</b><br>\$'000 | <b>2015</b><br>\$'000 |
|----------------------------------------------------------------------------|-----------------------|-----------------------|
| Profit for the half-year                                                   | <u>104,081</u>        | <u>114,216</u>        |
| Other comprehensive income:                                                |                       |                       |
| <i>Items that will not be reclassified to profit or loss</i>               |                       |                       |
| Revaluation of long-term investments                                       | 372,031               | (172,803)             |
| Provision for deferred tax benefit on revaluation of long-term investments | <u>(112,209)</u>      | <u>51,655</u>         |
| Other comprehensive income for the half-year                               | <u>259,822</u>        | <u>(121,148)</u>      |
| Total comprehensive income for the half-year                               | <u>363,903</u>        | <u>(6,932)</u>        |

(To be read in conjunction with the accompanying notes)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2016

|                                      | <b>31 December<br/>2016<br/>\$'000</b> | <b>30 June<br/>2016<br/>\$'000</b> |
|--------------------------------------|----------------------------------------|------------------------------------|
| <b>CURRENT ASSETS</b>                |                                        |                                    |
| Cash and cash equivalents            | 183,823                                | 93,144                             |
| Receivables                          | 10,355                                 | 41,178                             |
| Investments                          | 8,021                                  | 1,865                              |
| Other financial cash assets          | 25,000                                 | -                                  |
| Current tax assets                   | -                                      | 5,628                              |
| <b>Total Current Assets</b>          | <b>227,199</b>                         | <b>141,815</b>                     |
| <b>NON-CURRENT ASSETS</b>            |                                        |                                    |
| Receivables                          | 108                                    | 119                                |
| Investments                          | 5,074,819                              | 4,712,277                          |
| Plant and equipment                  | 304                                    | 326                                |
| <b>Total Non-Current Assets</b>      | <b>5,075,231</b>                       | <b>4,712,722</b>                   |
| <b>TOTAL ASSETS</b>                  | <b>5,302,430</b>                       | <b>4,854,537</b>                   |
| <b>CURRENT LIABILITIES</b>           |                                        |                                    |
| Payables                             | 695                                    | 1,988                              |
| Derivative financial instruments     | 7,492                                  | 4,354                              |
| Current tax liabilities              | 15,772                                 | -                                  |
| Provisions                           | 514                                    | 467                                |
| <b>Total Current Liabilities</b>     | <b>24,473</b>                          | <b>6,809</b>                       |
| <b>NON-CURRENT LIABILITIES</b>       |                                        |                                    |
| Deferred tax liabilities             | 628,722                                | 536,369                            |
| Provisions                           | 129                                    | 154                                |
| <b>Total Non-Current Liabilities</b> | <b>628,851</b>                         | <b>536,523</b>                     |
| <b>TOTAL LIABILITIES</b>             | <b>653,324</b>                         | <b>543,332</b>                     |
| <b>NET ASSETS</b>                    | <b>4,649,106</b>                       | <b>4,311,205</b>                   |
| <b>SHAREHOLDERS' EQUITY</b>          |                                        |                                    |
| Contributed equity                   | 2,652,329                              | 2,572,213                          |
| Reserves                             | 1,625,101                              | 1,366,037                          |
| Retained profits                     | 371,676                                | 372,955                            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>    | <b>4,649,106</b>                       | <b>4,311,205</b>                   |

(To be read in conjunction with the accompanying notes)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the half-year ended 31 December 2016

|                                              | Contributed<br>Equity<br>\$'000 | Reserves<br>\$'000      | Retained<br>Profits<br>\$'000 | Total<br>\$'000         |
|----------------------------------------------|---------------------------------|-------------------------|-------------------------------|-------------------------|
| Balance at 1 July 2016                       | <u>2,572,213</u>                | <u>1,366,037</u>        | <u>372,955</u>                | <u>4,311,205</u>        |
| Profit for the half-year                     | -                               | -                       | 104,081                       | 104,081                 |
| Other comprehensive income                   | <u>-</u>                        | <u>259,822</u>          | <u>-</u>                      | <u>259,822</u>          |
| Total comprehensive income for the half-year | <u>-</u>                        | <u>259,822</u>          | <u>104,081</u>                | <u>363,903</u>          |
| Transactions with shareholders:              |                                 |                         |                               |                         |
| Dividend Reinvestment Plan                   | 19,895                          | -                       | -                             | 19,895                  |
| Share Purchase Plan                          | 60,459                          | -                       | -                             | 60,459                  |
| Cost of share issues net of tax              | (238 )                          | -                       | -                             | (238 )                  |
| Executive performance rights reserve         | -                               | (758)                   | -                             | (758)                   |
| Dividend paid                                | <u>-</u>                        | <u>-</u>                | <u>(105,360)</u>              | <u>(105,360)</u>        |
| Total transactions with shareholders         | <u>80,116</u>                   | <u>(758)</u>            | <u>(105,360)</u>              | <u>(26,002)</u>         |
| Balance at 31 December 2016                  | <u><u>2,652,329</u></u>         | <u><u>1,625,101</u></u> | <u><u>371,676</u></u>         | <u><u>4,649,106</u></u> |

**For the half-year ended 31 December 2015**

|                                              |                         |                         |                       |                         |
|----------------------------------------------|-------------------------|-------------------------|-----------------------|-------------------------|
| Balance at 1 July 2015                       | <u>2,437,320</u>        | <u>1,596,512</u>        | <u>341,572</u>        | <u>4,411,404</u>        |
| Profit for the half-year                     | -                       | -                       | 114,216               | 114,216                 |
| Other comprehensive income                   | <u>-</u>                | <u>(121,148)</u>        | <u>-</u>              | <u>(121,148)</u>        |
| Total comprehensive income for the half-year | <u>-</u>                | <u>(121,148)</u>        | <u>114,216</u>        | <u>(6,932)</u>          |
| Transactions with shareholders:              |                         |                         |                       |                         |
| Dividend Reinvestment Plan                   | 19,548                  | -                       | -                     | 19,548                  |
| Share Purchase Plan                          | 60,355                  | -                       | -                     | 60,355                  |
| Cost of shares issued net of tax             | (243 )                  | -                       | -                     | (243 )                  |
| Executive performance rights reserve         | -                       | (306)                   | -                     | (306)                   |
| Dividend paid                                | <u>-</u>                | <u>(20,003)</u>         | <u>(83,346)</u>       | <u>(103,349)</u>        |
| Total transactions with shareholders         | <u>79,660</u>           | <u>(20,309)</u>         | <u>(83,346)</u>       | <u>(23,995)</u>         |
| Balance at 31 December 2015                  | <u><u>2,552,980</u></u> | <u><u>1,455,055</u></u> | <u><u>372,442</u></u> | <u><u>4,380,477</u></u> |

(To be read in conjunction with the accompanying notes)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the half-year ended 31 December 2016

|                                                   | <b>2016</b><br>\$'000 | <b>2015</b><br>\$'000 |
|---------------------------------------------------|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>       |                       |                       |
| Dividends and distributions received              | 142,075               | 123,496               |
| Interest received                                 | 1,472                 | 987                   |
| Other receipts                                    | 1,272                 | 1,832                 |
| Proceeds from trading investments                 | 9,807                 | 24,913                |
| Payments for trading investments                  | (12,538)              | (29,011)              |
| Other payments                                    | (5,467)               | (5,592)               |
| Income tax paid                                   | (4,658)               | (7,378)               |
| Net operating cash inflows                        | <u>131,963</u>        | <u>109,247</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                       |                       |
| Proceeds from sale of long-term investments       | 98,496                | 59,037                |
| Payments for long-term investments                | (89,435)              | (123,807)             |
| Payments for other financial cash assets          | (25,000)              | -                     |
| Executive share scheme repayments                 | 10                    | 10                    |
| Payments for fixed assets                         | (7)                   | (30)                  |
| Net investing cash outflows                       | <u>(15,936)</u>       | <u>(64,790)</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                       |                       |
| Proceeds from Share Purchase Plan                 | 60,458                | 60,355                |
| Cost of share issues                              | (341)                 | (347)                 |
| Dividend paid - net of Dividend Reinvestment Plan | (85,465)              | (83,801)              |
| Net financing cash outflows                       | <u>(25,348)</u>       | <u>(23,793)</u>       |
| Net increase in cash held                         | 90,679                | 20,664                |
| Cash at the beginning of the half-year            | <u>93,144</u>         | <u>77,644</u>         |
| Cash at the end of the half-year                  | <u>183,823</u>        | <u>98,308</u>         |

(To be read in conjunction with the accompanying notes)

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the half-year ended 31 December 2016**

**1. BASIS OF PREPARATION OF HALF-YEAR REPORT**

The general purpose financial report for the half-year ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this half-yearly report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Argo Investments Limited (Company) during the half-year, in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

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

**2. EARNINGS PER SHARE**

|                                                                                                   | <b>2016</b><br>number<br>'000 | <b>2015</b><br>number<br>'000 |
|---------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Weighted average number of ordinary shares on issue used in the calculation of earnings per share | 685,098                       | 671,991                       |
|                                                                                                   | \$'000                        | \$'000                        |
| Profit for the half-year                                                                          | 104,081                       | 114,216                       |
|                                                                                                   | cents                         | cents                         |
| Basic and diluted earnings per share                                                              | <u>15.2</u>                   | <u>17.0</u>                   |

**3. DIVIDENDS**

|                                                                                                                                                                                              | <b>2016</b><br>\$'000 | <b>2015</b><br>\$'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Dividend paid during the half-year:                                                                                                                                                          |                       |                       |
| Final dividend for the year ended 30 June 2016 of 15.5 cents fully franked at 30% tax rate paid 9 September 2016<br>(2015: 15.5 cents fully franked at 30% tax rate)                         | <u>105,360</u>        | <u>103,349</u>        |
| Since the end of the half-year, the Directors have declared the following dividend which has not been recognised as a liability at the end of the half-year:                                 |                       |                       |
| Interim dividend for the year ending 30 June 2017 of 15 cents fully franked at 30% tax rate payable 10 March 2017<br>(previous corresponding period: 15 cents fully franked at 30% tax rate) | <u>103,625</u>        | <u>101,557</u>        |

#### 4. 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 the proportion to the number of the shares held. The Company does not have a limited amount of authorised capital.

|                                           | 2016               | 2015               | 2016             | 2015             |
|-------------------------------------------|--------------------|--------------------|------------------|------------------|
|                                           | No. of shares      | No. of shares      | \$'000           | \$'000           |
| Issued and fully paid ordinary shares:    |                    |                    |                  |                  |
| Opening balance                           | 679,742,854        | 666,769,679        | 2,572,213        | 2,473,320        |
| Dividend reinvestment plan <sup>(a)</sup> | 2,717,901          | 2,490,187          | 19,895           | 19,548           |
| Share purchase plan <sup>(b)</sup>        | 8,373,743          | 7,787,690          | 60,459           | 60,355           |
| Cost of share issues net of tax           | -                  | -                  | (238)            | (243)            |
| Closing balance                           | <u>690,834,498</u> | <u>677,047,556</u> | <u>2,652,329</u> | <u>2,552,980</u> |

(a) On 9 September 2016, 2,717,901 shares were allotted at \$7.32 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June 2016.

(b) On 11 October 2016, 8,373,743 shares were allotted at \$7.22 per share pursuant to the Share Purchase Plan offered to eligible shareholders.

#### 5. 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. No single investment accounts for more than 10% of revenue.

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

## DIRECTORS' DECLARATION

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

- (a) the consolidated financial statements and notes set out on pages 4 to 9 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 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



G.I. Martin AM  
Chairman

Adelaide  
6 February 2017



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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Argo Investments Limited (Company), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Argo Investments Limited (the Consolidated Entity). The Consolidated Entity comprises the company and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

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

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Argo Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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

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

*Conclusion*

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

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers



M.T. Lojszczyk  
Partner

Adelaide  
6 February 2017