12 February, 2004

Investing in Australia

Dear Shareholder,

The Directors of Argo Investments Limited, a leading Australian listed investment company with total assets of $1.9 billion, are pleased to advise a record profit and increased dividend for the six months ended 31 December, 2003.

Financial Result

Net profit after tax increased 9.7% to a record $38.6 million compared with $35.2 million in the previous corresponding half-year. The profit for the previous corresponding period included a de-merger dividend of $1 million from WMC Limited. No de-merger dividends were received in the current period. The improved profit resulted from an increase in the receipt of ordinary dividends, special dividends and interest.

This result reflects the analytical strength and disciplined approach utilised by management in evaluating and selecting long-term investment opportunities in the Australian share market. Our operations continue to reflect the benefit of having a widely diversified Australian investment portfolio. Earnings per share rose 6.7% from 9.0 cents to 9.6 cents per share.

Interim Dividend and Special Dividend

An increased fully franked interim ordinary dividend of 8 cents per share (last corresponding period 7.5 cents per share) together with a fully franked special interim dividend of 0.5 cent per share (last corresponding period 0.5 cent per share) have been declared.

These dividends total 8.5 cents per share, absorbing $34.6 million and will be paid on 12 March, 2004. The shares are expected to trade ex-dividend on 23 February, 2004 and the record date to establish shareholder dividend entitlements is 27 February, 2004.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (DRP) will operate for the dividends totalling 8.5 cents per share payable on 12 March, 2004.

The Directors have resolved that the shares will be allotted at a discount of 5% from the market price of Argo shares, as defined by the DRP, to eligible shareholders participating in the DRP.

Eligible shareholders, being those shareholders with registered addresses in Australia or New Zealand, who wish to participate in the DRP and who have not already lodged their intention, must do so by 27 February, 2004. Any variation to an existing election must be lodged by this date.

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Net Asset Backing

Net tangible asset backing per share rose to a record $4.64 as at 31 December, 2003 compared with $4.28 on 30 June, 2003.

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 were to be deducted, the net tangible asset backing per share would be $4.12 on 31 December, 2003 compared with $3.86 on 30 June, 2003.

These calculations are before providing for the interim and special dividends.

Investment Portfolio

The Company's diversified portfolio of quality Australian shares produced a total return of 17.3% for calendar 2003, as measured by the movement in net asset backing per share plus dividends paid, compared with 15.9% from the ASX All Ordinaries Accumulation Index.

A list of the Company's principal investments as at 31 December, 2003 is set out below:-

	Market Value $M
Macquarie Bank Ltd.	135.6
Milton Corporation Ltd.	111.7
National Australia Bank Ltd.	95.0
Australia and New Zealand Banking Group Ltd.	75.3
Wesfarmers Ltd.	64.2
Westpac Banking Corporation	57.2
Australian United Investment Co. Ltd.	56.0
Telstra Corporation Ltd.	55.0
BHP Billiton Ltd.	53.7
Commonwealth Bank of Australia	47.4
St. George Bank Ltd.	46.9
Foster's Group Ltd.	32.4
Amcor Ltd.	29.8
AMP Ltd.	28.6
Australian Gas Light Company	23.5
Insurance Australia Group Ltd.	23.1
Woolworths Ltd.	21.3
Coles Myer Ltd.	21.1
Rinker Group Ltd.	21.1
Rio Tinto Ltd.	20.7

New Share Issue

The Directors have announced a one-for-ten renounceable rights issue at $4.40 per share as detailed in the enclosed letter from the Chairman. Due to this capital raising, the Share Purchase Plan will not be offered to shareholders at this time, however shareholders will be able to apply for Additional Shares out of the rights issue shortfall, if any.

Yours faithfully,

Patterson

R.J. Patterson
Managing Director

12 February, 2004

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Dear Shareholder,

New Share Issue

I am pleased to advise that your Directors resolved and announced on 9 February, 2004 to make a one-for-ten renounceable rights issue of approximately 40,725,084 fully paid ordinary shares in the Company to be offered to existing shareholders at a price of $4.40 per share. Shareholder approval will not be required. Following the issue, there will be approximately 447,984,920 shares on issue.

The issue is priced at a substantial discount of 16.3% on the closing market price for Argo shares on Friday 6 February, 2004 which was the last trading day prior to the date of the announcement.

The new issue will be available to registered holders of ordinary shares at the close of business on 27 February, 2004. The shares will trade ex rights on 23 February, 2004 and rights trading will commence on that date. Rights trading will cease on 17 March, 2004 and the issue will close on 24 March, 2004.

The issue will not be underwritten. Macquarie Equities Capital Markets Ltd. has been appointed Lead Manager. If the issue is fully subscribed, the Company will raise approximately $179 million. These additional funds will enable the Company to make new investments, and to increase existing investments, as favourable opportunities arise.

The new shares will participate in the final dividend for the year ending 30 June, 2004 which is expected to be paid in September 2004. In the absence of unforseen circumstances, your Directors intend to pay at least the current annual ordinary dividend rate of 16 cents per share. This will provide shareholders who apply for new shares with a yield of at least 3.6%, currently fully franked, on the money invested in the new shares. Application has been made for the new shares to be listed for quotation on the Official List of the Australian Stock Exchange.

In calculating your entitlement to the new shares, fractional parts of less than one half share will be disregarded and fractional parts of one half share or more will be regarded as one share.

Shareholders with a registered address outside Australia and New Zealand are not eligible to participate in the issue. However, the Company will appoint a nominee to arrange for the sale of the entitlements which those shareholders would have received and if those entitlements are sold, the net proceeds of sale will be sent to the shareholders in question.

Eligible shareholders who do not wish to take up the renounceable issue can sell either all or part of their rights by completing the appropriate sections of the Entitlement and Acceptance Form and lodging it with their sharebroker. If they are selling only part of their entitlement, eligible shareholders should also enclose a cheque or bank draft for the amount due in respect of the new shares they wish to take up.

Eligible shareholders are also able to transfer their rights off market. Issuer sponsored shareholders should complete a standard renunciation form and shareholders registered on the CHESS sub-register should contact their sponsoring participant.

The issue will include a facility that will allow eligible shareholders to apply for Additional Shares which will be allocated out of the shortfall from the rights issue, if any. The number of Additional Shares that each eligible shareholder is able to apply for will be limited to 50% of their entitlement to the new shares or 500 Additional Shares, whichever is the greater. Only those shareholders who take up their pro rata entitlement in full will be eligible to apply for Additional Shares. No shareholder is assured of receiving any Additional Shares.

If applications for Additional Shares exceed those available, the number of Additional Shares allotted to each applicant may be scaled back, subject to the Company's discretion. The Directors intend in the first instance to allot Additional Shares to applicants with smaller shareholdings.

The Company will pay a handling fee of 1% up to a maximum of $200 per shareholder to sharebrokers and financial planners who lodge applications for Additional Shares on behalf of eligible shareholders. These applications may be subject to scale back and the handling fee will be paid only on those Additional Shares allotted.

The Company intends to lodge a Prospectus with the Australian Securities and Investments Commission on 18 February, 2004 and it is anticipated that the Prospectus, Entitlement and Acceptance Form and Additional Shares Form will be posted to shareholders by 3 March, 2004.

The new shares resulting from the issue will be allotted and entered into uncertificated holdings by 16 April, 2004.

Yours faithfully,

C.L. Harris
Chairman