Argo Investing in Australia

Argo Investments Limited

ABN 35 007 519 520

Appendix 4E

Preliminary Final Report
for the year ended 30 June, 2006
(previous corresponding period being
the year ended 30 June, 2005)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

These preliminary results are based on unaudited financial statements.

				$A'000
Revenue from operating activities	up	12.3%	to	134,623
Net operating profit before realised gains on sale of long-term investments	up	17.2%	to	123,124 [(1)]
Net realised gains on sale of long-term investments after tax	up	34.1%	to	21,160 [(2)]
Profit for the year	up	19.4%	to	144,284 [(2)]

Dividends

Interim fully franked paid 10 March, 2006	11 cents [(3)]
Final fully franked payable 8 September, 2006 (12 cents plus 1 cent LIC capital gain[(4)])	13 cents [(3)]
Total	24 cents

The record date for determining entitlements to the final dividends : 23 August, 2006.

The Dividend Reinvestment Plan will operate with a 2.5% discount for the final dividends payable on 8 September, 2006.

Previous corresponding period

Interim fully franked paid 11 March, 2005 (9 cents plus 1 cent special)	10 cents
Final fully franked paid 8 September, 2005 (9 cents plus 1 cent special and 1 cent LIC capital gain)	11 cents
Total	21 cents

Net Asset Backing

Net Tangible Asset Backing per Argo share was $6.81 as at 30 June, 2006, compared with $5.93 as at 30 June, 2005.

Brief explanation of any of the figures reported above:

(1) Profit from operating activities mainly consists of dividends, distributions and interest less associated expenses of operation.

(2) Due to the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), realised gains on sale of long-term investments are now required to be included in the reported profit of the Company, whereas they were previously only reflected in the Balance Sheet. The Company does not consider these gains are part of its operating activities and has identified them separately from its profit from operating activities. Realised gains on sale of long-term investments after tax amounted to $21,160,000 (last corresponding period $15,777,000).

Profit for the year including realised gains on sale of long-term investments amounted to $144,284,000 compared with $120,830,000 (as adjusted for comparative purposes) in the previous corresponding period. The net realised gains on sale of long-term investments for the year ended 30 June, 2006 have been transferred to the Company's capital profits reserve.

(3) Since 1999, the Directors have adopted a policy of declaring special dividends to shareholders out of special dividends received from the investment portfolio. As the receipt of special dividends has continued on a regular basis, it has been decided in future to include these amounts within the ordinary dividend declared.

Reflecting this new policy, an increased fully franked final dividend of 12 cents per share plus a 1 cent per share LIC capital gain dividend (last corresponding period 9 cents per share together with a 1 cent per share special and a 1 cent per share LIC capital gain) have been declared.

(4) The 1 cent per share LIC capital gain dividend will give rise to an attributable part of 1.43 cents per share, which will allow eligible shareholders to claim a portion of the attributable part as a deduction in their 2006/2007 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.

Argo Investing in Australia

7 August 2006

Argo's record $123 million profit brings more shareholder benefits

The record $123.1 million net operating profit announced today by leading Australian listed investment company, Argo Investments Limited, has brought yet another strong dividend increase for its 52,000 shareholders.

Net operating profit advanced by 17.2% from $105.1 million to $123.1 million in the year ended 30 June 2006, after first half profit had been up 14.9%.

Argo's operating profit has now more than doubled in the past four years from $61.2 million in 2001-02.

Shareholders - who will receive a 14.3% increase in their fully franked annual dividend per share from 21 cents to 24 cents - have now seen their total annual dividend per share escalate by 33.3% in the past two years.

The outstanding dividend growth – which has seen Argo's total annual distribution to shareholders top $100 million for the first time - was among highlights of the Company's 2005-2006 result announced today, which included:-

- Record $123.1 million net operating profit after tax – up 17.2% on the previous financial year
- Profit of $144.3 million if net realised gains on sale of long-term investments are included
- Another increase in total final dividend – up to a fully franked 13 cents per share
- Record operating earnings per share of 25.9 cents – up 13.1% on previous financial year
- Total assets up from $2.8 billion to $3.3 billion
- Record year-end $6.81 net asset backing per share

Argo's Chairman, Mr Chris Harris, said the higher profit was enhanced by increased distributions from many of the 180 Australian stocks in which Argo holds investments.

"We also benefited from the Company's management expense ratio (MER) reducing to 0.14% of average assets at market value," he said.

The operating profit does not include $21.2 million (previous year $15.8 million) in net realised gains on sale of long-term investments after tax, mainly resulting from the takeovers of Foodland and Patrick Corporation. While these gains are required to be included in the Company's reported profit under new accounting standards, Argo identifies them separately and not part of operating profit. Full year profit has risen from $120.8 million to $144.3 million including such gains in the annual result.

Value of assets jumps to $3.3 billion

The value of Argo's assets jumped 18% in the latest financial year to $3.3 billion, and has almost doubled in the past four years from $1.7 billion at the end of 2001-2002.

This growth has resulted in the Company's net tangible asset backing per share rising to a year-end record of $6.81 at 30 June 2006, compared with $5.93 a year earlier.

Record annual dividend

A higher fully franked final dividend of 13 cents per share declared by Argo Directors compares with a final of 11 cents per share paid in the previous year. Both years include a 1 cent per share LIC capital gain dividend.

It takes the total annual dividend per share to a record fully franked 24 cents compared with 21 cents in 2004-2005 and 18 cents per share in 2003-2004.

The latest full-year dividend reflects the Company's new policy of including special dividends as part of the ordinary dividend declaration.

The amount of the annual dividend being distributed to shareholders has risen to $115.1 million for the latest financial year from $97.4 million in 2004-2005.

The final dividend just declared is payable on 8 September 2006 to Argo shareholders registered on 23 August 2006.

Strong market performance

Mr Rob Patterson, Argo's Managing Director, said the Company's latest result reflected another strong year of profitability for Australian companies within Argo's diversified portfolio, which in turn flowed through to continuing buoyant trading conditions on the Australian share market.

"In particular, we again saw resources and energy stocks fuelled by high commodity prices and generally provide the main impetus for the overall market performance," Mr Patterson said.

"For the past 10 years, Argo's investment portfolio has produced a compound annual return of 15.3%, as measured by the movement in net asset backing per share plus dividends paid, compared with 12.8% from the ASX All Ordinaries Accumulation Index. This included a total return of 19.1% from the Argo portfolio for the past 12 months," he said.

Significant investment purchases during the year were: -

Transurban Group	$14.1m
Diversified United Investment	$12.4m
BHP Billiton	$11.8m
Tabcorp Holdings	$10.7m
Woolworths	$9.1m

Outlook

Mr Harris said Argo had entered 2006-2007 in a very strong financial position, with no debt and $168 million available for investment at balance date.

"Argo's management is closely monitoring the current company reporting period to assess the future outlook for the profitability of Australian companies and to identify further attractive investment opportunities," he said.

"Our astute management team is very mindful of the fluctuating trading conditions since the Australian share market reached a record level in April 2006.

"While key factors behind that record-breaking market performance are still relevant - including China's apparent insatiable demand for our natural resources and Australia's strong economic performance - we are at the same time seeing changed circumstances in other areas.

"For instance, there is mounting pressure for higher global interest rates in the face of inflationary concerns, record oil prices and continuing hostilities that have unsettled world equity markets.

"Such events continue to cause considerable volatility on global share markets but at the same time are bringing some long-awaited value back into the local market."

Dividend Reinvestment Plan

Argo's Dividend Reinvestment Plan (DRP) will operate for the increased 13 cents per share final dividend.

The Company's Board has resolved that the shares will be allotted at a discount of 2.5% from the market price of Argo shares, as defined by the DRP, to eligible shareholders participating in the DRP.

Share Purchase Plan

The Share Purchase Plan (SPP) will be offered in September 2006 to allow eligible shareholders the opportunity to purchase additional Argo shares up to a maximum value of $2,500 at a discount of 2.5% from the market price of the Company's shares.

Media contact: -

Rob Patterson
Managing Director
Argo Investments Ltd
08-8212 2055 or 0401 058 759

INCOME STATEMENT
for the year ended 30 June, 2006

	Note	2006 $'000	2005 $'000
Dividends and distributions		122,439	104,672
Interest		11,843	14,800
Other revenue		341	402
Total revenue		134,623	119,874
Net gains/(losses) on trading investments		(197)	(4,209)
Income from operating activities before realised gains on sale of long-term investments		134,426	115,665
Administrative expenses		(4,202)	(4,083)
Operating profit before income tax expense and realised gains on sale of long-term investments		130,224	111,582
Income tax expense thereon *	2	(7,100)	(6,529)
Net operating profit before realised gains on sale of long-term investments		123,124	105,053
Realised gains on sale of long-term investments		30,473	19,471
Income tax expense thereon *	2	(9,313)	(3,694)
Net realised gains on sale of long-term investments		21,160	15,777
Profit for the year		144,284	120,830

	Note	2006 cents	2005 cents
Basic and diluted earnings per share including realised gains on sale of long-term investments	3	30.4	26.3

Information on earnings per share, including operating profit before realised gains on sale of long-term investments, can be found in Note 3.

	2006 $'000	2005 $'000
* Total income tax expense	16,413	10,223

BALANCE SHEET
as at 30 June, 2006

	Note	2006 $'000	2005 $'000
CURRENT ASSETS			
Cash assets	4 (a)	168,466	207,712
Receivables	5	23,853	23,073
Current tax assets		2,737	-
Total Current Assets		195,056	230,785
NON-CURRENT ASSETS			
Receivables	5	2,158	2,478
Investments	6	3,109,285	2,555,781
Plant and equipment	7	439	472
Total Non-Current Assets		3,111,882	2,558,731
TOTAL ASSETS		3,306,938	2,789,516
CURRENT LIABILITIES			
Payables	8	4,700	4,059
Derivative financial instruments	9	174	954
Current tax liabilities		-	9,274
Provisions	10	471	477
Total Current Liabilities		5,345	14,764
NON-CURRENT LIABILITIES			
Payables	8	501	501
Deferred tax liabilities	11	514,769	390,911
Provisions	10	89	68
Total Non-Current Liabilities		515,359	391,480
TOTAL LIABILITIES		520,704	406,244
NET ASSETS		2,786,234	2,383,272
SHAREHOLDERS' EQUITY			
Contributed equity	12 (a)	1,219,990	1,120,838
Reserves	13	1,430,545	1,150,856
Retained profits	14	135,699	111,578
TOTAL SHAREHOLDERS' EQUITY		2,786,234	2,383,272

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June, 2006

	Note	2006 $'000	2005 $'000
Total equity at the beginning of the year		2,383,272	1,951,578
Direct equity adjustments:-			
Executive performance rights reserve	13	123	73
Revaluation of long-term investments	13	377,308	474,691
Provision for tax on unrealised gains on long-term investments	13	(114,233)	(145,946)
Total direct equity adjustments		263,198	328,818
Profit for the year		144,284	120,830
Total direct equity adjustments and profit for the year		407,482	449,648
Transactions with shareholders:-			
Dividend Reinvestment Plan	12(a)	21,128	16,655
Share Purchase Plan	12(a)	78,024	54,465
Dividends paid from retained profits	15(a)	(99,003)	(86,810)
Dividend paid from capital profits reserve	15(a)	(4,669)	(2,264)
		(4,520)	(17,954)
Total equity at the end of the year		2,786,234	2,383,272

CASH FLOW STATEMENT
for the year ended 30 June, 2006

	Note	2006 $'000	2005 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		109,581	89,281
Interest received		12,028	15,060
Other receipts		7,637	6,264
Payment for trading investments		(1,451)	(4,548)
Proceeds from trading investments		1,949	5,578
Other payments		(4,217)	(3,751)
Income tax paid		(18,740)	(11,699)
Net operating cash flows	4(b)	106,787	96,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of long-term investments		51,453	88,202
Acquisition of long-term investments		(193,154)	(239,936)
Executive share scheme repayments		320	183
Payments for fixed assets		(29)	(330)
Net investing cash flows		(141,410)	(151,881)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		78,163	54,650
Share issues transaction costs		(198)	(175)
Dividends paid – net of reinvestment		(82,544)	(72,418)
Net financing cash flows		(4,579)	(17,943)
Net increase/(decrease) in cash held		(39,202)	(73,639)
Cash at the beginning of the year		207,405	281,044
Cash at the end of the year	4(a)	168,203	207,405

1. Basis of Preparation

This preliminary financial report has been prepared in accordance with the measurement and recognition requirements of Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The Company's financial statements until 30 June, 2005 were prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing this financial report for the year ended 30 June, 2006, the Company has amended certain accounting methods applied in the previous AGAAP financial statements to comply with AIFRS. The comparative figures have been restated to reflect these adjustments.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Company's equity and its net income are given in note 18.

Where necessary, the comparative figures have been adjusted to conform with the presentation in the current year.

2. Income Tax Expense

(a) Reconciliation of income tax expense to prima facie tax payable

	2006 $'000	**2005** $'000
Operating profit before income tax expense and realised gains on sale of long-term investments	130,224	111,582
Prima facie tax payable calculated at 30% (2005: 30%)	39,067	33,475
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:-		
Imputation gross-up on dividends received	12,760	10,255
Franking credits on dividends received	(42,532)	(34,185)
Other	(2,085)	(2,978)
Over provision previous year	(110)	(38)
Income tax expense on operating profit before realised gains on sale of long-term investments	7,100	6,529
Realised gains on sale of long-term investments	30,473	19,471
Prima facie tax payable calculated at 30% (2005: 30%)	9,142	5,841
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:-		
Difference between accounting and tax cost base for capital gains purposes	171	(2,147)
Income tax expense on realised gains on sale of long-term investments	9,313	3,694
Total income tax expense	16,413	10,223

	2006	2005
	$'000	$'000
(b) Income tax expense composition		
Charge for tax payable relating to current year	16,187	10,006
Increase in deferred tax liabilities	336	255
Over provision previous year	(110)	(38)
	16,413	10,223
(c) Amounts recognised directly in equity		
Increase in deferred tax liabilities	123,522	142,157

3. **Earnings Per Share**

	2006	2005
	number '000	number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	474,739	459,846
Basic and diluted earnings per share	$'000	$'000
Profit for the year	144,284	120,830
	cents	cents
Basic and diluted earnings per share including realised gains on sale of long-term investments	30.4	26.3
Basic and diluted operating earnings per share excluding realised gains on sale of long-term investments	$'000	$'000
Net operating profit before realised gains on sale of long-term investments	123,124	105,053
	cents	cents
Basic and diluted operating earnings per share excluding realised gains on sale of long-term investments	25.9	22.9

4. **Cash Assets**

(a) Cash includes cash on deposit (5.70% floating interest rate 30 June, 2006; 5.45% floating interest rate as at 30 June, 2005) with banks, fixed term deposits (fixed interest rates between 5.85% and 5.98% as at 30 June, 2006; 5.64% and 5.71% as at 30 June, 2005) with banks and negotiable bank bills of exchange (fixed interest rates to maturity between 5.82% and 5.93% as at 30 June, 2006; 5.61% and 5.63% as at 30 June, 2005) all maturing within three months and investment grade negotiable promissory notes (fixed interest rates between 5.87% and 6.03% as at 30 June, 2006; 5.63% and 5.74% as at 30 June, 2005) all maturing within three months.

Reconciliation of cash disclosed in the Balance Sheet and the Cash Flow Statement:-

	2006 $'000	**2005** $'000
Bank deposits	51,284	48,557
Bank accepted bills (face value $49,000,000; 2005 $78,345,274)	48,874	78,149
Bank negotiable certificate of deposits (face value $41,494,614; 2005 $34,295,343)	41,356	34,180
Promissory notes (face value $27,000,000; 2005 $47,000,000)	26,952	46,826
	168,466	207,712
Amortised interest	(263)	(307)
	168,203	207,405

(b) Reconciliation of net cash provided by operating activities to profit for the year:-

	2006 $'000	**2005** $'000
Profit for the year	144,284	120,830
Net realised (gain)/loss on sale of long-term investments	(21,160)	(15,777)
Depreciation	62	58
Charges to provisions	(12)	76
Increase/(decrease) in provision for income tax	(12,011)	2,069
Transfer from/(to) provision for deferred income tax	314	(7,238)
(Increase)/decrease in deferred tax assets	57	(1)
Changes in assets and liabilities		
(Increase)/decrease in other debtors	(2,157)	(6,740)
Increase/(decrease) in other creditors	(2,590)	2,908
Net cash provided by operating activities	106,787	96,185

(c) Financing Arrangements

Total lines of credit available:-		
Bank overdraft	200	200
Amount utilised	-	-
Undrawn facility	200	200

The bank overdraft is repayable on demand and is subject to a set-off arrangement against a credit account and annual review.

(d) Non-cash Financing Activities

Dividends paid totalling $21,129,100 were reinvested in shares under the Company's dividend reinvestment plan (last year $16,655,321).

5. Receivables

	2006	2005
	$'000	$'000
Current		
Dividends and distributions receivable	22,665	20,277
Interest receivable	394	558
Outstanding settlements	748	2,169
Other	46	69
	23,853	23,073

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

	2006	2005
	$'000	$'000
Non-Current		
Executive share plan loans		
- Director	1,112	1,226
- Others	1,046	1,252
	2,158	2,478

The Executive Share Plan loans are repaid in accordance with the terms of the plan.

6. Investments

	2006	2005
	$'000	$'000
Non-current		
Listed securities at market value	3,107,285	2,555,781
Unlisted securities at market value	2,000	-
	3,109,285	2,555,781

7. Plant and Equipment

Plant, equipment and vehicles at cost	680	651
Accumulated depreciation	(241)	(179)
	439	472

<u>Reconciliation of Plant and Equipment</u>

Carrying amount at beginning of year	472	200
Additions	29	330
Depreciation	(62)	(58)
Carrying amount at end of year	439	472

		2006	**2005**
8.	**Payables**	$'000	$'000
	Current		
	Outstanding settlements	4,322	3,468
	Other	378	441
	Directors' retiring allowance	-	150
		4,700	4,059
	Non-Current		
	Directors' retiring allowances	501	501

Outstanding settlements include amounts due to brokers for settlement of security purchases and are settled within three days of the transaction date. Other payables and Directors' retiring allowances are non-interest bearing and unsecured.

		2006	**2005**
9.	**Derivative Financial Instruments**	$'000	$'000
	Exchange traded call options at market value	174	954
10.	**Provisions**		
	Current		
	Provision for employee entitlements	471	477
	Non-Current		
	Provision for employee entitlements	89	68
	Aggregate of current and non-current provision for employee entitlements	560	545
11.	**Deferred Tax Liabilities**		
	Non-current		
	Amounts recognised in profit for the year:-		
	Income receivable which is not assessable for tax until receipt	983	791
	Tax on unrealised income on call options sold	162	-
		1,145	791
	Offset by deferred tax assets:-		
	Provisions and payables	(377)	(359)
		768	432

	2006 $'000	2005 $'000
Amounts recognised directly in equity:-		
Deferred tax liabilities on unrealised gains on long-term investments	514,150	390,643
Offset by deferred tax assets:-		
Share issue transaction costs	(149)	(164)
	514,001	390,479
	514,769	390,911
Movements:-		
Balance at beginning of year	390,911	248,499
Charged to the Income Statement	336	255
Charged to equity	123,522	142,157
Balance at end of year	514,769	390,911

12. **Contributed Equity**

	30.6.06 No. of shares	30.6.05 No. of shares	30.6.06 $'000	30.6.05 $'000
(a) Issued and fully paid ordinary shares				
Opening balance	466,943,431	452,850,204	1,120,838	1,049,718
Dividend reinvestment plan	3,390,167	3,267,686	21,128	16,655
Share purchase plan	12,585,420	10,825,541	78,024	54,465
Closing balance	482,919,018	466,943,431	1,219,990	1,120,838

(b) On 8 September, 2005, 1,760,608 shares were allotted at $5.79 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June, 2005.

On 10 March, 2006, 1,629,559 shares were allotted at $6.71 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend for the year ended 30 June, 2006.

(c) On 19 October, 2005, 6,831,183 shares were allotted at $5.79 per share resulting from the Share Purchase Plan offered to eligible shareholders and transaction costs after tax of $68,086 were offset against the proceeds of the issue.

On 20 April, 2006, 5,754,237 shares were allotted at $6.71 per share resulting from the Share Purchase Plan offered to eligible shareholders and transaction costs after tax of $70,941 were offset against the proceeds of the issue.

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

13. **Movements in Reserves during the Year**

	2006	2005
CAPITAL PROFITS RESERVE	$'000	$'000
Balance at beginning of year	175,072	161,559
Transfer to provision for dividend	(4,669)	(2,264)
Transfer from retained profits	21,160	15,777
Balance at end of year	191,563	175,072
INVESTMENT REVALUATION RESERVE		
Balance at beginning of year	975,711	646,966
Revaluation of long-term investments	377,308	474,691
Provision for tax on unrealised gains on long-term investments	(114,233)	(145,946)
Balance at end of year	1,238,786	975,711
EXECUTIVE PERFORMANCE RIGHTS RESERVE		
Balance at beginning of year	73	-
Performance rights allocation	123	73
Balance at end of year	196	73
Total Reserves	1,430,545	1,150,856

Nature and Purpose of Reserves

Capital Profits Reserve (formerly known as Investment Fluctuation Reserve)

Gains or losses arising from the sale of long-term investments are recorded in this reserve.

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.

Executive Performance Rights Reserve

This reserve contains the fair value of the rights issued to executives, as per the Executive Performance Rights Plan, calculated at grant date and allocated to each reporting period from grant date to vesting date.

	2006	2005
14. Retained Profits	$'000	$'000
Balance at beginning of year	111,578	93,335
Profit for the year	144,284	120,830
Transfer to capital profits reserve	(21,160)	(15,777)
Dividends paid	(99,003)	(86,810)
Balance at end of year	135,699	111,578

15. Dividends

(a) Dividends paid during the year

	2006 $'000	2005 $'000
Final dividend for the year ended 30 June, 2005 of 9 cents fully franked at 30% tax rate paid 8 September, 2005 (last year 8.5 cents fully franked at 30% tax rate)	42,026	38,492
Special dividend for the year ended 30 June, 2005 of 1 cent fully franked at 30% tax rate paid 8 September, 2005 (last year 0.5 cent fully franked at 30% tax rate)	4,669	2,264
Interim dividend for the year ended 30 June, 2006 of 11 cents fully franked at 30% tax rate paid 10 March, 2006 (last year 9 cents fully franked at 30% tax rate)	52,308	41,449
Special dividend for the year ended 30 June, 2006 - nil (last year 1 cent fully franked at 30% tax rate)	-	4,605
Dividends paid from retained profits	99,003	86,810
LIC capital gain dividend for the year ended 30 June, 2005 of 1 cent fully franked at 30% tax rate paid 8 September, 2005 from capital profits reserve (last year 0.5 cent fully franked at 30% tax rate)	4,669	2,264
Total dividends paid	103,672	89,074

	2006 $'000	2005 $'000
(b) Dividends declared after balance date		
Since the end of the financial year, the Directors have declared the foll owing dividendswhich have not been recognised as a liability at the end of the financial year:-		
Final dividend for the year ended 30 June, 2006 of 12 cents fully franked at 30% tax rate payable 8 September, 2006 (last year 9 cents fully franked at 30% tax rate)	57,950	42,026
Special dividend for the year ended 30 June, 2006 - nil (last year 1 cent fully franked at 30% tax rate)	-	4,669
Dividends to be paid from retained profits	57,950	46,695
LIC capital gain dividend for the year ended 30 June, 2006 of 1 cent fully franked at 30% tax rate payable 8 September, 2006 from capital profits reserve (last year 1 cent fully franked at 30% tax rate)	4,829	4,669
Total dividends declared after balance date	62,779	51,364

16. Franking Account

Credit balance of the franking account after allowing for tax payable in respect of the current year's profits and the receipt of franked dividends recognised as receivables and it does not reflect the impact of dividends declared after balance date	40,772	35,695
The franking account balance would allow the Company to frank additional dividend payments up to an amount of	95,135	83,289

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 itself paying tax.

	2006 $'000	2005 $'000
17. Listed Investment Company capital gain account		
Balance of the Listed Investment Company (LIC) capital gain account and it does not reflect the impact of the dividend declared after balance date	13,097	9,641

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 distributions from LIC securities held in the investment portfolio.

18. Explanation of Transition to AIFRS

(a) Reconciliation of Statement of Financial Performance under previous AGAAP to Income Statement under AIFRS:

Reconciliation for year ended 30 June, 2005

	As per AGAAP $'000	Adjustments $'000	AIFRS $'000
Dividends and distributions	104,672	-	104,672
Interest	14,800	-	14,800
Proceeds from sale of trading investments	5,578	(5,578)(i)	-
Other Revenue (1)	402	-	402
	125,452	-	119,874
Cost of trading investments	(4,548)	4,548 (i)	-
	120,904	-	119,874
Net gains/(losses) on trading investments (1)	(5,239)	1,030 (i)	(4,209)
Income from operating activities before realised gains on sale of long-term investments	115,665	-	115,665
Administrative expenses	(4,010)	(73) (ii)	(4,083)
	111,655	-	111,582
Income tax expense thereon*	(6,529)	-	(6,529)
Operating profit before realised gains on sale of long-term investments	105,126	-	105,053
Realised gains on sale of long-term investments	-	19,471 (iii)	19,471
Income tax expense thereon*	-	(3,694) (iii)	(3,694)
Net realised gains on sale of long-term investments	-	-	15,777
Increase in investment revaluation reserve	344,522	(344,522) (iv)	-
Total changes in equity other than those resulting from transactions with owners as owners	449,648	-	-
Profit for the year	-	-	120,830
*Total income tax expense	6,529	-	10,223

(1) Change of presentation
The comparative figures have been adjusted to conform with the presentation in the current year.

(b) Balance Sheet as at 30 June, 2005

	As per AGAAP $'000	Adjustments $'000	AIFRS $'000
Current assets			
Cash assets	207,405	307 (v)	207,712
Receivables	23,380	(307) (v)	23,073
Total current assets	230,785	-	230,785
Non-current assets			
Receivables	2,478	-	2,478
Investments	2,555,781	-	2,555,781
Plant and equipment	472	-	472
Total non-current assets	2,558,731	-	2,558,731
Total assets	2,789,516	-	2,789,516
Current liabilties			
Payables	4,059	-	4,059
Derivative financial instruments	954	-	954
Current tax liabilities	9,274	-	9,274
Provisions	477	-	477
Total current liabilities	14,764	-	14,764
Non-current liabilities			
Payables	501	-	501
Deferred tax liabilities	391,075	(164) (vi)	390,911
Provisions	68	-	68
Total non-current liabilities	391,644	-	391,480
Total liabilities	406,408	-	406,244
Net assets	2,383,108	-	2,383,272
Equity			
Contributed equity	1,120,674	164 (vi)	1,120,838
Reserves	1,150,783	73 (ii)	1,150,856
Retained profits	111,651	(73) (ii)	111,578
Total equity	2,383,108	-	2,383,272

c) Notes to the reconciliations

(i) Trading investments

Under AGAAP, the proceeds from sale of trading investments were included in operating revenue and the cost of trading investments was disclosed separately in the Statement of Financial Performance.

Under AIFRS, the cost of trading investments sold during the period is netted off against the proceeds of sale of trading investments in operating revenue in the Income Statement and the profit on sale of trading investments is included in the net gains/(losses) on trading investments.

Cost of trading investments totalled $4,547,289 and the profit on sale of trading investments totalled $1,030,318.

(ii) Argo Executive Performance Rights Plan

Under AIFRS, the Company must recognise an expense for the performance rights granted to executives under the Executive Performance Rights Plan on 25 November, 2004.

There has been a decrease in retained profits (performance rights expense) of $73,276 and a corresponding increase in reserves.

(iii) Realised gains on long-term investments included in profit for the year

Under AIFRS, the revaluation adjustment relating to realised gains on sale of long-term investments standing in the investment revaluation reserve at the time of realisation is included in the profit for the year before being transferred to the capital profits reserve. Previously under AGAAP, the net realised gains on sale of long-term investments were transferred from the investment revaluation reserve to the capital profits reserve.

Net realised gains on sale of long-term investments (after tax) of $15,777,207 have been included in the Income Statement before being transferred to capital profits reserve.

(iv) Revaluation of long-term investments in Income Statement

Under AGAAP, the increase in the investment revaluation reserve was included in the Statement of Financial Performance.

Under AIFRS, the revaluation increments are not reflected in the Income Statement and are now included in the Statement of Changes in Equity.

Increase in investment revaluation reserve totalled $344,522,077 before transfers to capital profits reserve.

(v) Revaluation of cash assets in Balance Sheet

Under AGAAP, bank accepted bills and promissory notes were held in the Balance Sheet at cost with the amortised interest carried as a current receivable.

Under AIFRS, these financial assets are carried at their amortised cost using the effective interest method.

Restated balances for cash assets and receivables have been adjusted by $306,983.

(vi) Recognition of deferred tax assets on transaction costs on the issue of equity instruments

Under AGAAP, the transaction costs arising on the issue of equity instruments were deducted from contributed equity and no related tax benefit recognised.

Under AIFRS, the expenses incurred in issuing equity instruments are deducted from contributed equity net of any tax benefit. The tax benefit is claimed over a five year period and gives rise to a deferred tax asset which has been netted against deferred tax liabilities in the Balance Sheet.

Contributed equity has been increased by $163,922 with a corresponding increase in deferred tax assets.

Audit of Accounts

The accounts for the year ended 30 June, 2006 are in the process of being audited.

Annual General Meeting

The Annual General Meeting will be held at the Adelaide Convention Centre, North Terrace, Adelaide on Friday 27 October, 2006 at 10.00 a.m.

Information Meetings

For the benefit of shareholders unable to attend the Annual General Meeting in Adelaide, informal meetings will be held in Melbourne on Monday 30 October, 2006 at 10.00 a.m. in The Age Theatre, Melbourne Museum, 11 Nicholson Street, Carlton and in Sydney on Tuesday 31 October, 2006 at 10.00 a.m. in The Sydney Room, The Menzies Hotel, 14 Carrington Street, Sydney.