ARGO INVESTMENTS LIMITED

ABN 35 007 519 520

PROSPECTUS

1 FOR 8 RENOUNCEABLE RIGHTS ISSUE OF
APPROXIMATELY 61.2 MILLION NEW ORDINARY SHARES
AT $7.20 PER SHARE

This document is important and requires your immediate attention. It should be read in its entirety. If you require further clarification, please consult your stockbroker or other professional adviser without delay.

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IMPORTANT DATES

Announcement of renounceable rights issue	5 February 2007
Rights trading commences and shares quoted ex-rights and ex-dividend	12 February 2007
Record Date to determine Entitlements to New Shares and dividend entitlement on existing shares	16 February 2007
Prospectus and Entitlement and Acceptance Form dispatched to Shareholders	22 February 2007
Rights trading ends	8 March 2007
Expected commencement of trading of New Shares on deferred settlement basis	9 March 2007
Closing Date for receipt of acceptances (and/or renunciations) and payment for New Shares	16 March 2007
Issue and allotment of New Shares - Despatch Date	26 March 2007
Commencement of trading of New Shares on normal T+3 settlement basis	27 March 2007

These dates are indicative and the Company reserves the right, subject to the Corporations Act and the Listing Rules, to amend any of the above dates without notifying you.

DISCLAIMERS AND IMPORTANT INFORMATION

This Prospectus is dated 5 February 2007. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission (ASIC) on 6 February 2007 and a further copy was lodged with ASX on that date. Neither ASIC nor ASX takes any responsibility as to the contents of this Prospectus. No securities will be allotted or issued on the basis of this Prospectus later than thirteen months after the date of issue of this Prospectus.

Certain words and expressions used in this Prospectus are defined in the Definitions section which appears at page 16.

No person is authorised to give any information or to make any representation in connection with this Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company.

This Offer is only made to Shareholders with registered addresses in Australia or New Zealand. This Prospectus does not constitute an offer in any place which, or to any person to whom, it would be unlawful to make such an offer.

Investing in Australia

5 February 2007

Dear Shareholder,

This Prospectus contains details of our recently announced renounceable rights issue of 1 share for every 8 shares held at the close of business on 16 February 2007, at a price of $7.20 per share.

The issue price of $7.20 represents a discount of 16.9% on the latest available market sale price on existing shares on the ASX, namely $8.66 on 2 February 2007.

The Issue closes on 16 March 2007.

Details of the maximum number of shares for which you may subscribe are set out on the green Entitlement and Acceptance Form which accompanies this Prospectus.

Shareholders who have taken up their Entitlements in full may also apply for Additional Shares, as per section 2 of this Prospectus, using the yellow Additional Shares Form.

The New Shares (which includes any Additional Shares) will participate in the final dividend for the year ending 30 June 2007, which is expected to be paid in September 2007 (but not the interim dividend of 12 cents per share payable on 9 March 2007 out of profits earned for the half year ended 31 December 2006).

In the absence of unforeseen circumstances, your Directors expect the final dividend for the year ending 30 June 2007 to be at least 13 cents per share, fully franked, on the increased share capital resulting from the Issue. Application has been made for the New Shares to be listed for quotation on the Official List of ASX Limited.

Your Directors intend to use the additional funds raised by the Issue to make new investments, and to increase existing investments, as favourable opportunities arise.

It is important that you take action either to accept or to renounce your Entitlement. If you decide not to accept all or part of your Entitlement, you are advised to sell the Rights rather than allow them to lapse, since in that event you will receive no benefit from the Issue.

Your Directors will continue their endeavours to ensure that Shareholders receive long- term secure returns from the Company's investments. They are pleased to commend this Issue to you.

Yours sincerely

Chris Harris
Chairman

Argo Investments Limited
ABN 35 007 519 520

Head Office
Share Registry Enquiries
GPO Box 2692
Adelaide, South Australia 5001
Level 12, 19 Grenfell Street
Adelaide, South Australia 5000

Telephone (08) 8212 2055
Facsimile (08) 8212 1658
Email invest@argoinvestments.com.au

Sydney Office
GPO Box 4312
Sydney, New South Wales 2001
Level 17, Suite 1709
Australia Square Tower
264 George Street, Sydney
New South Wales 2000

Telephone (02) 9247 8500
Facsimile (02) 9247 6088

PART I - TERMS OF RENOUNCEABLE RIGHTS ISSUE

1. The Offer

The Company is making a renounceable rights issue of fully paid ordinary shares in the Company on the basis of 1 New Share for every 8 shares held at the close of business on the Record Date at a price of $7.20 per share.

Your Entitlement to New Shares is shown on the accompanying **green** Entitlement and Acceptance Form. In calculating Entitlements to New Shares, fractional parts of less than one half share have been disregarded, and fractional parts of one half share or more have been regarded as one share. There is no minimum subscription.

The closing time and date for acceptance of the Offer is 5.00pm Adelaide time on 16 March 2007. The issue price for New Shares is payable in full on application.

2. Application for Additional Shares

Only Shareholders who have taken up their Entitlement in full will be eligible to apply for Additional Shares. The availability of Additional Shares will depend on the Shortfall from this Issue.

Shareholders can apply for up to the maximum number of Additional Shares as shown on the accompanying **yellow** Additional Shares Form, being half the number of New Shares to which you are entitled. Where half of your Entitlement would be less than 500 Additional Shares, the maximum number of Additional Shares you can apply for has been increased to 500.

Shareholders are not assured of receiving any Additional Shares.

If applications for Additional Shares exceed the number of Additional Shares available, the amount of Additional Shares available to each applicant will be scaled back at the Directors' discretion, having regard to what is reasonable in the circumstances. In the event of such a scale back, it is intended to favour smaller shareholdings.

A total of approximately 61.2 million New Shares are offered under this Prospectus. The Company reserves the right to allot a nominal number of New Shares in excess of 61.2 million where such allotment is considered commercially sensible given the extent of applications for Additional Shares.

Additional Shares will not be issued to Shareholders where to do so would be in breach of the Listing Rules or any applicable law.

3. Rights Trading

The Rights to subscribe for New Shares are renounceable, and therefore may be sold by you. It is proposed that the Rights trading on the ASX will commence on 12 February 2007 and cease on 8 March 2007.

4. Allotment Date

The latest date by which New Shares will be allotted is 26 March 2007. Shareholder statements will be dispatched soon after that date.

5. Application for Listing of New Shares

On 5 February 2007, the Company applied to ASX for the New Shares to be quoted. If official quotation of the New Shares is not obtained, all application monies will be refunded without interest and the Issue will not proceed.

6. Shareholders Outside Australia and New Zealand

The Offer of New Shares is not being made to any Shareholders with registered addresses outside Australia and New Zealand.

The Company has decided that it is unreasonable to make the Offer to Shareholders with registered addresses outside Australia or New Zealand, having regard to the number of Shareholders in such places, the number and value of New Shares they would be offered, and the costs of complying with the relevant requirements in those places.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Persons who come into possession of this Prospectus should seek advice on and observe such restrictions, as any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The Company will appoint a nominee to arrange for the sale of the Rights which would have been granted to Excluded Shareholders, and to account to those Excluded Shareholders for the net proceeds of sale (if any).

The nominee appointed by the Company for this purpose may in his or her sole discretion determine the price at which Rights may be sold and the manner of any such sale. Neither the Company nor the nominee will be subject to any liability for failure to sell Rights or to sell Rights at any particular price. The net proceeds of the sale (if any), after deducting all costs involved in the sale (including brokerage) and subsequent distribution of such proceeds, will be distributed in due proportion to each of the Excluded Shareholders for whose benefit the Rights have been sold.

If, in the opinion of the nominee, there is no viable market for the Rights of Excluded Shareholders such Rights will be allowed to lapse with no payment to Excluded Shareholders.

7. Interest on Application Monies

Application monies will be held in trust by the Company from the date of receipt of the application monies to the date of the allotment of the New Shares to which the application monies relate. The Company will be entitled to all interest earned on application monies.

Shareholders that apply for Additional Shares which are subsequently not available due to scale back as described in section 2, will be refunded, without interest, that portion of their application monies relating to the unavailable Additional Shares.

8. No Handling Fees

The Company will not be paying a handling fee for lodgments of acceptances or renunciations in respect of Entitlements or in respect of applications for Additional Shares.

PART II - ACTION REQUIRED BY SHAREHOLDERS

9. Your Entitlement to New Shares

Your Entitlement to New Shares offered pursuant to this Prospectus is valuable. You should carefully consider how to deal with your Entitlement, and then take action in accordance with the alternatives referred to below. You may:

- take up your Entitlement in full;
- sell all of your Entitlement on the ASX;
- take up some of your Entitlement and sell the balance on the ASX;
- transfer all or part of your Entitlement to another person other than on the ASX;
- apply for Additional Shares if you take up your Entitlement in full; or
- allow your Entitlement to lapse.

You do not need to take up your full Entitlement, however you will need to take up your full Entitlement in order to be able to apply for Additional Shares. The Company recommends that if you decide not to accept all or part of your Entitlement, you should deal with your Rights rather than allow them to lapse, since in that event you will receive no benefit from the Issue. It is therefore important that you take action either to accept or renounce your Entitlement in accordance with the following instructions.

10. If you wish to take up all of your Entitlement

If you wish to take up all of your Entitlement, you should complete the accompanying **green** Entitlement and Acceptance Form in accordance with the instructions set out on that Form. Forward your completed Form together with your cheque, money order or bank draft for the amount shown in the Form, to reach the Company no later than 5.00pm Adelaide time on 16 March 2007.

Alternatively, you may pay for the New Shares electronically using BPAY – see section 16 for further details. Payment by BPAY should be made in accordance with the instructions on the **green** Entitlement and Acceptance Form using the biller code and reference number shown on that Form. The reference number is used to identify your holding. If you have more than one holding you will have a different reference number for each holding. You must use the reference number on each Entitlement and Acceptance Form to pay for each holding separately. Payments must be made by no later than 5.00pm Adelaide time on 16 March 2007.

If you pay for the New Shares using BPAY you ***do not*** need to complete and return the **green** Entitlement and Acceptance Form.

11. If you wish to sell all of your Entitlement on the ASX

If you wish to sell your full Entitlement on the ASX, forward the **green** Entitlement and Acceptance Form to your stockbroker with instructions to sell the whole of your Entitlement. Please note that quotation of Rights on the ASX will commence on 12 February 2007. Sale of your Entitlement must be completed by 8 March 2007, when Rights trading ceases.

If your shareholding is broker sponsored, you can only sell your Entitlement through your sponsoring broker.

12. If you wish to sell part of your Entitlement on the ASX and take up the balance

If you wish to sell part of your Entitlement on the ASX and take up the balance, complete the section of the accompanying **green** Entitlement and Acceptance Form marked "Instruction to Your Stockbroker" and lodge the Form, together with your cheque, money order or bank draft for the amount due in respect of the New Shares subscribed for, with your stockbroker. Alternatively, lodge the Form with your stockbroker and use BPAY to pay for the amount due in respect of the New Shares subscribed for.

If your shareholding is broker sponsored, you can only sell part of your Entitlement through your sponsoring broker.

13. If you wish to dispose of all or part of your Entitlement to another person other than on the ASX

If you wish to dispose of all or part of your Entitlement to another person other than on the ASX, Shareholders holding shares registered on the issuer sponsored sub-register maintained by the Company should forward a completed Australian Standard Renunciation and Acceptance Form (obtainable from your stockbroker or the Company) together with your **green** Entitlement and Acceptance Form and a cheque, money order or bank draft from the applicable transferee for the appropriate amount and your cheque, money order or bank draft where you wish to apply for the balance of your Entitlement not disposed of to another person. These are to reach the Company by no later than 5.00pm Adelaide time on 16 March 2007.

Shareholders holding shares registered on the CHESS sub-register should contact their sponsoring broker.

14. If you wish to apply for Additional Shares

If you wish to apply for Additional Shares, you must take up your Entitlement in full and complete the accompanying **yellow** Additional Shares Form in accordance with instructions set out in that Form. Forward your completed Form together with your cheque, money order or bank draft for the amount calculated in accordance with instructions in the Form, to reach the Company no later than 5.00pm Adelaide time on 16 March 2007.

Alternatively, you may pay for the Additional Shares electronically using BPAY – see section 16 for further details. Payment by BPAY should be made in accordance with the instructions on the **yellow** Additional Shares Form using the biller code and reference number shown on that Form. Payments must be made by no later than 5.00pm Adelaide time on 16 March 2007.

If you pay for the Additional Shares using BPAY you ***do not*** need to complete and return the **yellow** Additional Shares Form.

Do not combine your payment for New Shares under your Entitlement with payment for the Additional Shares. Please send a separate cheque, money order or bank draft or make a separate BPAY payment for the Additional Shares you are applying for.

15. Entitlement not taken up – if you do nothing

Your Entitlement to New Shares offered pursuant to this Prospectus may be valuable. The Company recommends that if you decide not to accept all or part of your Entitlement, you should deal with your Rights rather than allow them to lapse.

If you do nothing and your Rights lapse, your Entitlement may be taken up by other Shareholders (see sections 2 and 14) and you will receive no benefit from the Issue.

16. Payment/BPAY

Cheques, money orders and bank drafts should be made payable to "**Argo Investments Limited**" and crossed "Not Negotiable".

Payments will only be accepted in Australian currency as follows:

(a) cheque drawn on and payable by any Australian bank or financial institution; or

(b) money orders from an Australia Post outlet; or

(c) bank draft drawn on and payable at any Australian bank.

Other currency will not be accepted. Shareholders are asked not to forward cash. Receipts for payment will not be issued.

Shareholders can also make payments using BPAY. If paying via BPAY, Shareholders do not have to return the Entitlement and Acceptance Form and/or the Additional Shares Form. BPAY biller codes, reference numbers and instructions are specified on the Entitlement and Acceptance Form and the Additional Shares Form.

IMPORTANT!
Please note that the Entitlement and Acceptance Form and the Additional Shares Form have <u>different</u> BPAY biller codes and reference numbers. The correct BPAY biller code and reference number for each Form <u>must</u> be used when paying via BPAY.

PART III - ADDITIONAL INFORMATION

17. Rights Attaching to New Shares

The New Shares (including any Additional Shares) will be entitled to participate in the final dividend for the year ending 30 June 2007, which is expected to be paid in September 2007 (but not the interim dividend of 12 cents per share payable on 9 March 2007 out of profits earned for the half year ended 31 December 2006). In all other respects the New Shares will rank equally with existing ordinary shares.

The rights and liabilities attaching to ordinary shares are set out in the Company's Constitution. The following is a summary of the more important rights and liabilities which attach to the Company's existing ordinary shares which are quoted on the ASX:

- ***General Meetings:*** Shareholders are entitled to notice of and to attend and vote at general meetings of the Company.

- ***Voting Rights:*** Each share confers the right to vote at general meetings. On a show of hands, each person present, whether as a member, proxy, attorney or representative, has one vote. If a poll is held, each share will confer one vote.

- ***Dividends:*** Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none) the profits of the Company may be distributed by way of dividend divisible amongst the shareholders in proportion to the numbers of shares held by them respectively.

- ***Transfer of Shares:*** Generally, fully paid ordinary shares in the Company are fully transferable, except that the Directors may refuse to register a transfer if permitted or required to do so by the Listing Rules, and the Directors may not register a transfer resulting from a proportional takeover offer contrary to clause 101.

- ***Allotment and Issue of Further Shares:*** The allotment of and issue of additional shares is under the control of the Directors, who may allot or otherwise dispose of them on such terms and conditions as they think fit, subject to certain restrictions contained in the Company's Constitution, the Corporations Act and the Listing Rules.

- ***Variation of Rights:*** If at any time the Company's share capital is divided into different classes of shares the rights attached to any class may be varied by 75% of the holders of that class or by a special resolution of a general meeting of such holders. At present, the Company only has fully paid ordinary shares on issue.

- ***Rights on Winding Up:*** If the Company is wound up, the liquidator may, subject to a special resolution of the Company, divide the assets of the Company amongst shareholders, as the liquidator thinks fit.

- ***Alteration of Constitution:*** The Constitution of the Company can only be amended by a special resolution passed by at least a 75% majority of those shareholders present and voting at a general meeting.

- ***ASX Listing Rules:*** Despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules and authority is given for acts required to be done by the Listing Rules.

18. Purpose of the Issue

The Company's objective is to maximise long-term secure returns to Shareholders through a balance of capital and dividend growth from a diversified Australian investment portfolio.

The purpose of the Issue is to provide additional funds to enable the Company to make new investments and to increase existing investments as favourable opportunities arise, in accordance with the Company's objective.

19. Underwriting

The Offer has not been underwritten.

20. Effect of the Issue on the Company

The effect of the Issue can be seen in the following pro-forma balance sheet, showing the position of the Company at 31 December 2006, and the pro-forma position following the Issue, assuming that all New Shares are issued.

Pro-forma Balance Sheet as at 31 December 2006

	31/12/06 (Note 1) $'000's	*Adjustments for Interim Dividend* *(Note 2)* *$'000's*	*Adjustments for Rights Issue* *(Note 3)* *$'000's*	*Pro-forma Balance Sheet* *$'000's*
CURRENT ASSETS				
Cash and cash equivalents	144,389	(46,861)	440,867	538,395
Receivables	10,448	-	-	10,448
TOTAL CURRENT ASSETS	154,837	(46,861)	440,867	548,843
NON-CURRENT ASSETS				
Receivables	2,039	-	-	2,039
Investments	3,572,321	-	-	3,572,321
Plant and equipment	418	-	-	418
TOTAL NON-CURRENT ASSETS	3,574,778	-	-	3,574,778
TOTAL ASSETS	3,729,615	(46,861)	440,867	4,123,621
CURRENT LIABILITIES				
Payables	223	-	450	673
Derivative financial instruments	576	-	-	576
Current tax liabilities	17,046	-	-	17,046
Provisions	523	-	-	523
TOTAL CURRENT LIABILITIES	18,368	-	450	18,818
NON-CURRENT LIABILITIES				
Payables	501	-	-	501
Deferred tax liabilities	610,541	-	(135)	610,406
Provisions	131	-	-	131
TOTAL NON-CURRENT LIABILITIES	611,173	-	(135)	611,038
TOTAL LIABILITIES	629,541	-	315	629,856
NET ASSETS	3,100,074	(46,861)	440,552	3,493,765
SHAREHOLDERS' EQUITY				
Contributed equity	1,268,098	11,921	440,552	1,720,571
Reserves	1,684,084	-	-	1,684,084
Retained profits	147,892	(58,782)	-	89,110
TOTAL SHAREHOLDERS' EQUITY	3,100,074	(46,861)	440,552	3,493,765

Note 1: The financial position at 31 December 2006 has been derived from the auditor reviewed balance sheet as at 31 December 2006.

Note 2: Adjustment for the fully franked interim dividend of 12 cents per share, to be paid 9 March 2007, assuming participation in the Dividend Reinvestment Plan at a rate equivalent to the average participation over the last 3 dividends (20.28%) resulting in approximately 1,528,338 shares being issued under the Dividend Reinvestment Plan.

Note 3: Adjustments for the 1 for 8 renounceable rights issue at $7.20 per share assuming all of the New Shares offered under this Prospectus are taken up. An accrual for $450,000 relating to the estimated costs of the Issue has been made.

The total expenses of the Issue payable by the Company are estimated to amount to approximately $450,000.

The total number of ordinary fully paid shares in the Company on issue following the Issue will be approximately 552,611,657 of which 1,341,384 are not quoted on the ASX as they are issued under the Argo Investments Executive Share Plan.

The estimated Net Asset Backing per share in the Company as at 31 December 2006 and the pro-forma Net Asset Backing after adjusting for the Issue are as follows:

Net Asset Backing per share	
as at 31 December 2006(1)	$7.56
as at 31 December 2006 adjusted(2)	$7.44
adjusted for Issue(2)	$7.41

Note 1: *Before providing for notional capital gains tax on unrealised gains.*
Note 2: *Before providing for notional capital gains tax on unrealised gains and after allowing for the interim dividend of 12 cents per share.*

21. Dividends

Dividends paid and operating earnings per share for each of the last 5 financial years are set out in the table below:

Financial Year Ending	Total Dividends (1) (cents per share)	Operating Earnings (2) (cents per share)
30 June 2002	17	16.6
30 June 2003	18	18.7
30 June 2004	18	18.7
30 June 2005	21	22.9
30 June 2006	24	25.9

Note 1: Total Dividends comprise ordinary, special and LIC capital gain dividends.
Note 2: Operating earnings per share excludes realised gains on the sale of long-term investments.

In the absence of unforeseen circumstances, the Directors present intention is to continue the practice of paying out on an annualised basis, dividends at a rate which represents a high proportion of operating earnings per share.

All dividends referred to in the table above were fully franked. The Company's franking account balance at 31 December 2006 (after adjusting for the interim dividend of 12 cents per share payable on 9 March 2007) was $20.7 million. Given the expected receipt of franked dividends from the Company's investments, it is the Directors' present intention that the final dividend for the year ending 30 June 2007 of at least 13 cents per share will be fully franked.

Certain Australian resident Shareholders can claim a tax benefit where the dividend is sourced from realised eligible LIC capital gains. Therefore when determining the amount of dividends to be paid to Shareholders the Directors also consider whether any LIC capital gain dividend will be declared as an additional distribution.

22. Disclosure Requirements

The Company, as a disclosing entity under the Corporations Act, is subject to regular reporting and disclosure obligations under that Act and under the Listing Rules.

Copies of documents lodged in relation to the Company may be obtained from, or inspected at, an office of ASIC. The Company will provide, free of charge, a copy of any of the following documents to any person who requests a copy during the application period (i.e. between 22 February 2007 and 16 March 2007 inclusive):

(a) the Company's financial statements for the year ended 30 June 2006 (being the last financial statements for a financial year lodged with ASIC by the Company);

(b) the Company's half year financial report lodged with ASIC for the period ended 31 December 2006; and

(c) any continuous disclosure notices lodged by the Company with ASX after the lodgment of the financial statements referred to in paragraph (a) and before the lodgment of a copy of this Prospectus with ASIC.

23. Tax

The tax effect on each person subscribing for New Shares or acquiring or selling Rights can vary depending on the circumstances of that person and that person's shareholding. It is solely the responsibility of each individual person who may subscribe for New Shares, or acquire or sell an Entitlement to New Shares, to ascertain the impact of the transaction on their personal tax position. None of the Company, any other person named in this Prospectus or any of their respective officers accepts any liability or responsibility in respect of the taxation consequences arising from an investment in the New Shares or dealing with an Entitlement to the New Shares.

However, the following information is of a general nature in relation to the tax treatment on the sale of Rights:

(a) If you sell Rights issued to you in respect of shares in the Company you acquired after 19 September 1985, a capital gains tax liability may arise. The capital gain would be the net capital proceeds received for the disposal of the Rights.

(b) The capital gain arising to an individual or a trust (other than a trust that is a complying superannuation entity) may be reduced by 50%, but only if the Rights are issued in respect of shares held by the individual or trust for more than 12 months. For a complying superannuation entity, such a capital gain may only be reduced by 33⅓%.

(c) If you sell Rights issued to you in respect of shares in the Company you acquired before 20 September 1985, no capital gains tax liability arises.

Certain residents, for example those who carry on a business of trading in shares, or those who carry on a business of which the sale of shares or rights is a normal incident, may be liable to tax under the income tax provisions in respect of any profit on the disposal of the Rights, irrespective of the date of acquisition of shares in the Company in respect of which the Rights are issued.

If you are in doubt as to your personal tax position, you should seek professional advice.

24. Risk Factors

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, are dependent on the policies adopted and approaches taken by regulatory authorities or otherwise cannot be mitigated. This section describes some of the risks associated with an investment in the Company.

Before deciding to subscribe under this Offer, investors should consider carefully the following factors, as well as the other information contained in this Prospectus and if they consider appropriate, take professional advice from their accountant, stockbroker, financial planner, solicitor or other professional adviser.

General factors which may have an impact on the future performance of the Company include:

- domestic and international economic conditions including interest rates and movements in foreign exchange rates;
- volatility of Australian and international financial markets;
- regulatory and Governmental policy changes;
- the impact of the global security situation, possible terrorist disturbances and other geopolitical and economic events;
- any changes which may occur to the taxation of company income and capital gains;
- any changes to the system of dividend imputation in Australia; and
- any changes to accounting or financial reporting standards.

Company specific factors which may have an impact on the future performance of the Company include:

- market conditions affecting the Company's ability to implement its investment strategies;
- the success of the investment strategies of the Company;
- the performance of the stock market and the specific companies in which the Company invests;
- the level of dividend payments made by the companies in which the Company invests;
- the market prices of the listed and unlisted securities in which the Company invests;
- the market liquidity of the listed and unlisted securities in which the Company invests; and
- requirements of Australian tax law in relation to Listed Investment Companies. The Company currently complies with the conditions set out in the Australian tax law for it to be regarded as a Listed Investment Company. As such it is able to pass on to certain Shareholders tax benefits arising from eligible capital gains made on the sale of investments held for more than 12 months. Its ability to continue to pass on such benefits, should they arise in future, depends on it continuing to satisfy the particular requirements of Australian tax law.

Shareholders should be aware that past performance is not necessarily an indication of future performance. Returns and values of investments may be volatile and may rise and fall significantly.

The ability of the Company to maintain its current level of fully franked dividends is dependent on a number of issues, the most important of which is the Company's operating profit performance. The Company's operating profit is mainly affected by the amount of dividends paid by the companies in which the Company invests, including the level of franking attached to these dividends. The Company's operating profit may also be affected by the following items in any financial year:

- other sources of income, if any, such as interest, option premiums, trading profits and sub-underwriting fees;
- the level of expenses incurred in administering the Company; and
- the amount of tax payable by the Company.

The Company is also able to source the dividends it pays to Shareholders from Retained Profits and from realised gains made on the sale of long-term investments which are included in the Capital Profits Reserve. In certain circumstances Directors will consider accessing these Reserves where they consider it appropriate and in the best interest of Shareholders.

PART IV - DISCLOSURE OF INTERESTS

25. Interests of the Directors

The particulars of the shares in the Company in which the Directors have an interest at the date of this Prospectus are:

Name	Beneficially Owned	Non Beneficially Owned
C L Harris	87,729	-
R T Rich	12,979,736	2,613,593
R J Patterson*	728,745[1]	-
M S Darling	16,197	-
I R Johnson	10,546	-
G I Martin	51,673	-

** In addition, Mr Patterson has 127,800 Executive Performance Rights which are yet to vest.*
[1] Includes 706,362 shares issued to Mr Patterson pursuant to the Argo Investments Executive Share Plan.

Other than as set out in this Prospectus, no Director or proposed director of the Company has, or during the last two years has had, an interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer other than in their capacity as a Shareholder

and no amounts (whether in cash or shares or otherwise) have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to any Director or proposed director of the Company, either:

- to induce him or her to become, or to qualify him or her as, a director, or
- otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

Directors will be entitled to participate in the Issue and are entitled to their pro-rata allocation on the same basis as other Shareholders. However, as Directors are not permitted to be issued shares in excess of their pro-rata allocation without shareholder approval, they will not be applying for Additional Shares. Under the terms of the Argo Investments Executive Share Plan, the Company can advance funds to the executives (including Mr Patterson) in order to enable them to take up their Entitlements in respect of their Executive Share Plan shares. The Company has decided to make such advances (including to Mr Patterson) to enable them to take up their Entitlements in relation to their Executive Share Plan shares.

Mr Patterson will not be entitled to participate in the Issue in relation to his Executive Performance Rights. However, pursuant to the terms of the Executive Performance Rights Plan the Directors may make an adjustment to the number of shares relating to each of those Executive Performance Rights, subject to obtaining prior written confirmation from the Company's auditors that the adjustment is fair and reasonable. Although a formal decision in relation to any such adjustment has not been made, the Directors intend to make an adjustment (subject to the auditors' confirmation) once the results of the Issue are known.

Under the Company's Constitution, each Director (other than an Executive Director) may be paid remuneration for ordinary services as a Director. The maximum amount of remuneration that may be paid to non-executive Directors has been set at $600,000. This remuneration may be divided among the non-executive Directors in such fashion as the Board may determine. Under the Listing Rules, the maximum fees payable to Directors may not be increased without prior approval from the Company at a general meeting. Also, Directors holding office prior to 31 December 2003 are entitled to a lump sum on retirement under the Company's Director's Retiring Agreements.

The Company has entered into Director's Access and Indemnity Deeds with each Director. Under that deed, a Director is entitled (among other things) to be indemnified against liabilities incurred as a director to the extent permitted by law. They are also entitled to the benefit of an insurance policy taken out for their benefit.

The Directors may be paid all travelling and other expenses properly incurred by them in attending meetings of the Directors or any committee of Directors or general meetings of the Company or otherwise in connection with the execution of their duties as Directors.

In addition, any Director who is called to perform extra services or to make special exertions or to undertake any executive or other work for the Company beyond their ordinary duties may, subject to law, be remunerated by a fixed sum or a salary as determined by the Directors. This sum may be either in addition to or in substitution for their remuneration for ordinary services.

Mr Robert Patterson as Managing Director is entitled to receive a salary plus superannuation and other benefits (including his participation in the Argo Investments Executive Share Plan and the Argo Investments Limited Executive Performance Rights Plan) as an employee of the Company. No Directors' fees are paid to him in addition to his salaries and benefits.

26. Experts and Advisers Consents, Interest and Disclaimer

Other than as set out below and elsewhere in this Prospectus, all other persons named in this Prospectus as having performed services in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have and have not had during the last two years before the date of this Prospectus, an interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer; or

otherwise for services rendered by them in connection with the formation or promotion of the Company or the Offer.

PricewaterhouseCoopers has given and not withdrawn its consent to be named in this Prospectus as the Company's auditors, and has performed specific procedures agreed upon with the Company in connection with the presentation of the Pro-Forma Balance Sheet and accompanying notes set out on page 9 of this Prospectus. The Company estimates that it will pay approximately $3,500 (excluding GST and disbursements) in respect of this work up to the date of lodgment of this Prospectus. PricewaterhouseCoopers will receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

Kelly & Co. has acted as solicitors to the Company in respect of the Issue and has given and not withdrawn its consent to be named as such in this Prospectus. The Company estimates that it will pay approximately $26,500 (excluding GST and disbursements) in respect of this work up to the date of lodgment of this Prospectus. Kelly & Co. will receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

Neither PricewaterhouseCoopers nor Kelly & Co.:

(a) have authorised or caused the issue of this Prospectus;

(b) have made, or purported to have made, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement made by either of them other than the statements in this paragraph;

(c) assume responsibility for any part of this Prospectus except for the statements in this paragraph,

and each of those firms to the maximum extent permitted by law disclaims any responsibility or liability for any part of this Prospectus other than a statement on their part contained in this paragraph.

27. Consents to Lodgment

Each Director of the Company has given and has not withdrawn, their consent to lodgment of this Prospectus with ASIC.

PART V - DEFINITIONS

28. Definitions

In this Prospectus:

"**Additional Shares**" means, subject to any Shortfall, the number of New Shares for which Shareholders other than Excluded Shareholders may apply to subscribe for in addition to their Entitlement (including any nominal oversubscriptions pursuant to section 2) at $7.20 per share;

"**Additional Shares Form**" means the **yellow** personalised form to apply for Additional Shares accompanying the Prospectus;

"**ASIC**" means the Australian Securities and Investments Commission;

"**ASX**" means ASX Limited ABN 98 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited;

"Closing Date" means 5.00pm Adelaide time on 16 March 2007;

"**Company**" means Argo Investments Limited ABN 35 007 519 520;

"**Corporations Act**" means the Corporations Act 2001 (*Commonwealth*);

"**Directors**" means the directors of the Company as at the date of this Prospectus;

"Dollar" or **$** means Australian dollars;

"Entitlement" means that number of New Shares a Shareholder is entitled to subscribe for as part of the Issue as set out in that Shareholder's Entitlement and Acceptance Form based on 1 New Share for every 8 shares held at the Record Date;

"**Entitlement and Acceptance Form**" means the **green** personalised entitlement and acceptance form accompanying the Prospectus;

"**Excluded Shareholder**" means a Shareholder as at the Record Date with a registered address outside Australia or New Zealand;

"**Issue**" means the issue of New Shares pursuant to this Prospectus;

"**Listing Rules**" means the Official Listing Rules of ASX;

"**New Shares**" means approximately 61,231,480 fully paid ordinary shares in the Company offered pursuant to this Prospectus and where applicable, includes Additional Shares;

"**Prospectus**" means this prospectus dated 5 February 2007;

"**Offer**" means the offer of New Shares pursuant to this Prospectus;

"**Record Date**" means 7.00pm Eastern Summer time on 16 February 2007;

"**Right**" means the right to subscribe for 1 New Share for every 8 ordinary shares held as at the Record Date;

"**Shareholder**" means a registered holder of fully paid ordinary shares in the Company; and

"**Shortfall**" means the number of New Shares for which valid applications in response to Entitlements under this Prospectus have not been received by the Closing Date.

Words importing a gender include any gender.

Words importing the singular include the plural and vice versa.

A reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate.

DIRECTORY

Argo Investments Limited ABN 35 007 519 520

Directors

Christopher L. Harris	Chairman
Robert T. Rich	Deputy Chairman
Robert J. Patterson	Managing Director
Marina S. Darling	Non-Executive Director
Ian R. Johnson	Non-Executive Director
G. Ian Martin	Non-Executive Director

Secretary

Brenton R. Aird

Registered Office and Principal Share Registry:	12th Floor, 13 Grenfell Street Adelaide, South Australia, 5000 Telephone: (08) 8212 2055 Facsimile: (08) 8212 1658 Email: invest@argoinvestments.com.au Internet: www.argoinvestments.com.au
Postal Address:	GPO Box 2692 Adelaide, South Australia 5001
Solicitors:	Kelly & Co. Level 17, 91 King William Street Adelaide, South Australia 5000
Auditors:	PricewaterhouseCoopers Level 14, 91 King William Street Adelaide, South Australia 5000