

4 September 2006

TREASURY GROUP LIFTS PROFIT & DIVIDEND

Treasury Group (ASX:TRG) has reported a solid 14% lift in profit for FY06 and announced a final dividend of 32 cents a share, bringing FY dividend to 50 cents, fully franked, up 25% on the previous year.

Profit of \$14.4 million – up from \$12.6 million – was struck on revenue of \$51.63 million (\$44.5 million), largely due to increases in fees paid to fund managers in the group. Funds under management rose by 16.9% and at 30 June 06 totalled \$10.1 billion.

Treasury Group invests in and supports the establishment of boutique asset management companies. (See attached list)

Managing Director, David Cooper, said: “we expect the year ahead will see a continued but escalating interest from international investors, predominantly from Europe, for both TAAM and RARE. Australian boutique funds management businesses are only just coming onto the radar for many large northern hemisphere investors seeking diversified earnings and our stable of managers represents a highly experienced, capable and diverse talent pool. We remain enthusiastic and strongly committed to the support and development of boutique fund managers and we are actively representing our managers to prospective investors.”

Mr Cooper said the FY06 result was a good one and noteworthy, given that the year had been one of consolidation and preparation for TRG’s next phase of growth.

“We experienced continued growth in fees paid to fund managers within the group and TRG’s share of profits from associates more than doubled.”

“Given industry dynamics and recent enhancements to the retirement savings legislation in Australia, TRG is exceptionally well placed to reap greater benefits through growth; both the growth of FUM of our existing managers as well as growth via the launch of additional boutique businesses. We are currently assessing a number of opportunities and it is likely that we will add a new manager to our stable in the current year.”

Mr Cooper said revenue growth primarily reflected growth in fee income driven by increases in funds under management within the group.

“Orion Asset Management, in particular, was a major contributor with an increase in funds inflow of 51.8%, while Confluence Asset Management recorded a 32.4% increase. Investors Mutual FUM declined slightly by 1.8% but we feel the tide has turned for value managers. We are already seeing increased support from investors.”

Further information

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At 30 June 2006, Fund Managers in the group included:

Investors Mutual Limited – value manager in Australian equities (50% interest);
Global Value Investors – value manager in international equities (67%);
Treasury Asia Asset Management (TAAM) – international manager, Asian equities (47%);
Orion Asset Management – growth manager in Australian equities (42%);
Confluence Asset Management – small cap value manager in Australian equities (35%);
Armytage private Limited (50%, but sold on 11 July 06);
RARE Infrastructure – focus on listed and unlisted investments in global infrastructure securities (established at the end of the financial year)