

Chairman's Report

Financial and operating results for the half year to the 31st of December 2003

The Board of directors of Treasury Group Limited are very pleased to report to shareholders that net profit after tax and outside equity interests was \$1,968,187 for the six months ended 31 December 2003. This represents an increase of 357 % compared to the profit of \$431,329 reported in the corresponding period to 31 December 2002. In light of these results and given the strong operating and financial base on which the business now operates, the Board has made a decision to declare an interim dividend of 3 cents per share.

The company recently reported that group wide funds under management (FUM) as at 31 December 2003 stood at \$4.2 billion. It is pleasing to note that this increase came from across our different businesses adding further diversification and spreading of risk for the group across the various businesses. Healthy share markets during the period were also clearly of assistance over the half both in terms of buoying investor sentiment and increasing asset values.

Investors Mutual Limited has continued to grow strongly lifting its funds under management as at 31 December 2003 to over \$3 billion. Support from a wide range of retail platforms and clients broadened the client base and directors remain confident the company can continue to grow in the same controlled manner as it has since its inception in 1998.

Orion Asset Management Limited was more recently formed and commenced operations in February 2003. Since that time its funds under management has grown to over \$500 million and we are very pleased with the progress achieved to date. This growth has been achieved on the back of solid investment performance and the support of a number of select institutional clients. In addition Orion announced during the half year an alliance with Challenger Financial Services Group for the distribution of retail equity investment products.

Confluence Asset Management Limited, a venture formed during the second half of 2003 with smaller companies specialist manager Campbell Boag, is tracking well through its initial start up phase of operations and is attracting very good interests from its target market. The directors are confident that Confluence is on track to achieve its objectives.

Armytage private Limited, a funds manager dedicated to high net worth clients and smaller institutions, has also continued to grow its funds under management with FUM at \$87 million as at 31 December 2003. During the half year Armytage was pleased to secure an alliance with ANZ Bank for the provision of portfolio management services to high net worth individuals.

Premium Investors Limited was launched during November 2003 as a newly listed investment company with Treasury Group Investment Services as the manager. Subscription capital of \$172 million was raised with shares commencing trading on the ASX on 27 November 2003. The multi manager approach employed by Premium Investors Limited is well accepted and widely used in the non listed unit trust market segment and we are confident of this vehicle's long term success.

Treasury Group Investment Services Limited operates as a responsible entity for the group as required and is currently providing specialist services in accounting, company secretarial, legal and compliance, and human resources across the entire group. This enables each funds management company to benefit from streamlined operational efficiencies and support, but importantly allows the fund managers to focus on investing on behalf of clients.

The Treasury Group as we see it today has come a long way from it's beginning in 2001. Today we have a diversified business with investments in four operating businesses, management rights via Premium Investors and the provision of a full service administration support facility to fund managers in the group.

Finally in looking ahead, we continue to remain confident of the group's outlook. The Board expects that the strong first half result is a forerunner to a very strong second half result. The full year dividend will recognise the company's continued strong profit growth performance.

Lee IaFrate
Chairman

TREASURY GROUP LIMITED
A.B.N. 39 006 708 792

Half-year Financial Report

For the Six Months Ended
31 December 2003

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2003.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name

Mr L. IaFrate (Chairman)

Mr R. Green (Managing Director)

Mr T. Poole

Mr P. Kennedy

REVIEW AND RESULTS OF OPERATIONS

The principal activity of the group for the period was the provision of funds management services to institutions, master funds and wraps, retail investors and private clients through Investors Mutual Limited, Armytage private Limited, Orion Asset Management (Aust) Pty Ltd and Confluence Asset Management Ltd. In addition the company has entered an agreement with Mr Campbell Boag, in which Treasury Group Limited acquired 35% of the issued capital of Confluence Asset Management Ltd. Confluence Assets Management Ltd is a funds management business which specialises in the small business capitalisation segment of the funds management industry.

In November 2003, Treasury Group Investment Services Ltd, a wholly owned controlled entity of Treasury Group Limited, was appointed the manager of a newly listed investment company, Premium Investors Limited, which received \$172.1 million in subscriptions.

The group generated an operating profit from ordinary activities after income tax and outside equity interests of \$1,968,187 for the six months period ended 31 December 2003. This compares with an operating profit of \$431,329 reported for the corresponding period ended 31 December 2002. Basic and diluted earnings per share have also increased from 3.00 cents and 2.22 cents per share to 12.10 cents and 9.94 cents per share respectively for the 6 months period ended 31 December 2003.

Signed in accordance with a resolution of the directors.



L. IaFrate

Chairman

Melbourne, 11 February 2004

Condensed Statement of Financial Performance

For the half-year ended 31 December 2003

	Notes	CONSOLIDATED	
		2003	2002
		\$	\$
Revenues from ordinary activities	2	11,798,397	5,112,343
Expenses from ordinary activities	3	(4,452,350)	(3,163,514)
Share of net (loss) / profit of associates accounted for using the equity method		(221,120)	3,191
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		7,124,927	1,952,020
Income tax expense attributable to ordinary activities		(2,384,775)	(704,462)
NET PROFIT		4,740,152	1,247,558
Net profit attributable to outside equity interest		(2,771,965)	(816,229)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF TREASURY GROUP LIMITED		1,968,187	431,329
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		1,968,187	431,329
Basic earnings per share (cents per share)		12.10	3.00
Diluted earnings per share (cents per share)		9.94	2.22
Franked dividends per share (cents per share)		3.00	-

The condensed statement of financial performance is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 9.

Condensed Statement of Financial Position

For the half-year ended 31 December 2003

	Notes	CONSOLIDATED	
		As at 31 DECEMBER 2003 \$	As at 30 JUNE 2003 \$
CURRENT ASSETS			
Cash assets		10,507,181	6,778,980
Receivables		5,817,731	4,211,718
Other financial assets		923,549	910,252
Tax assets		56,616	49,586
Other		265,101	86,849
TOTAL CURRENT ASSETS		17,570,178	12,037,385
NON-CURRENT ASSETS			
Receivables		2,022,907	1,284,539
Other financial assets		710,869	1,163,255
Investments accounted for using the equity method		1,077,974	1,152,004
Plant and equipment		242,069	266,416
Intangible assets		1,713,728	1,902,823
Other		92,066	83,132
TOTAL NON-CURRENT ASSETS		5,859,613	5,852,169
TOTAL ASSETS		23,429,791	17,889,554
CURRENT LIABILITIES			
Payables		1,731,861	1,432,388
Provisions		838,398	1,981,860
Current tax liabilities		3,651,620	1,661,392
TOTAL CURRENT LIABILITIES		6,221,879	5,075,640
TOTAL LIABILITIES		6,221,879	5,075,640
NET ASSETS		17,207,912	12,813,914
EQUITY			
Parent entity interest in equity			
Contributed equity		11,974,707	10,874,882
Retained earning / (accumulated losses)		890,502	(1,031,685)
Total parent entity interest in equity		12,865,209	9,843,197
Total outside equity interest		4,342,703	2,970,717
TOTAL EQUITY		17,207,912	12,813,914

The condensed statement of financial position is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 9.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2003

	Notes	CONSOLIDATED	
		2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,210,385	4,364,719
Payments to suppliers and employees		(5,467,137)	(3,447,540)
Interest received		215,449	77,883
Dividends received		11,252	20,652
Income tax paid		(402,052)	(18,766)
NET CASH FLOWS FROM OPERATING ACTIVITIES		4,567,897	996,948
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(57,870)	(78,184)
Proceeds from disposal of plant and equipment		-	4,096
Payments for shares and units		(1,333,553)	(1,532,350)
Proceeds from sale of shares and units		1,776,756	1,514,499
Advances to associates		(675,000)	(25,000)
Payments for investment in controlled entities		-	(52,834)
Payments for investment in associate		(51,204)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(340,871)	(169,773)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		1,099,825	1,190,576
Payment of share issue costs		-	(1,806)
Advances from director related entity		-	150,000
Payment of dividends on ordinary shares		(498,663)	(142,983)
Payment of dividends to outside equity interest		(1,099,987)	(159,948)
NET CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES		(498,825)	1,035,839
NET INCREASE IN CASH HELD		3,728,201	1,863,014
Add opening cash brought forward		6,778,980	2,829,168
CLOSING CASH CARRIED FORWARD		10,507,181	4,692,182

The condensed statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 9.

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Treasury Group Limited as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Treasury Group Limited and its controlled entities during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 “Interim Financial Reporting” and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2003.

(c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2003

	Notes	CONSOLIDATED	
		2003 \$	2002 \$
2. REVENUE FROM ORDINARY ACTIVITIES			
Fund management fees		11,296,005	4,971,883
Management fees		137,304	1,885
Share trading ^(a)		(9,182)	17,605
Interest income		279,735	82,075
Dividend income		24,548	28,507
Commission income		1,382	9,393
Other income		68,605	995
		11,798,397	5,112,343
^(a) Share trading activities:			
Proceeds on disposal of shares		1,776,756	1,514,499
Carrying amount of shares disposed		(1,785,938)	(1,496,894)
Gain on disposal of shares		(9,182)	17,605
3. EXPENSES FROM ORDINARY ACTIVITIES			
Depreciation and amortisation of:			
Plant and equipment		80,308	55,891
Goodwill		55,709	55,770
Fund administration		708,611	401,993
Salaries and employee benefits		2,294,715	1,587,059
Other expenses		1,313,007	1,062,801
		4,452,350	3,163,514

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2003

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

Dividends paid or provided for in the current and comparative periods by Treasury Group Limited are:

	TREASURY GROUP LIMITED	
	31 DECEMBER 2003	31 December 2002
	\$	\$
(a) Dividends proposed and recognised as a liability		
Final fully franked dividends	-	-
(b) Dividends paid during the half-year		
Final fully franked dividends	498,663	142,983
(c) Interim dividends proposed and not recognised as a liability*		
Interim fully franked dividends (3 cents per share) (2002: nil)	502,928	-

* Calculation based on the ordinary shares on issue as at 31 January 2004

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

6. SEGMENT INFORMATION

The economic entity operates in one business segment, being fund management, solely in Australia.

7. SUBSEQUENT EVENT

On 11 February 2004, the directors of Treasury Group Limited declared an interim dividend on ordinary shares in respect of the June 2004 half year. The total amount of the dividend is \$502,928, which represents a fully franked dividend of 3 cents per share. The dividend has not been provided for in the 31 December 2003 half year financial statements and will be recognised in subsequent financial reports.

Directors' Declaration

In accordance with a resolution of the directors of Treasury Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; 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.

On behalf of the Board



L. IaFrate
Chairman

Melbourne, 11 February 2004

Independent review report to members of Treasury Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both Treasury Group Limited (the company) and the entities it controlled during the period, and the directors' declaration for the company, for the period ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

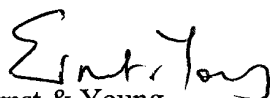
Independence

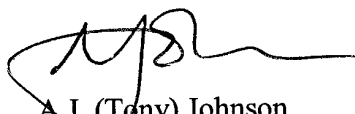
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Treasury Group Limited and the entities it controlled during the period is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity, at 31 December 2003 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.


Ernst & Young


A.J. (Tony) Johnson
Partner
Melbourne
11 February 2004

Appendix 4D

1. Half yearly report

Name of entity

Treasury Group Limited

ABN:

39 006 708 792

Report for the half-year ended 31 December 2003

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up/down	131%	to	A\$'000s \$11,798
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up/down	357%	to	\$1,968
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	357%	to	\$1,968
Dividends (<i>item 2.4</i>)				
It is proposed to pay interim fully paid dividends of 3.00 cents per share.				
Payment Date: 25 March 2004				
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	25 February 2004			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				
For the details, please refer to the attached Financial Report for the 6 months period ended 31 December 2003. Also, please see attached Chairman Address for detailed commentary.				

3. Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	66.2¢	42¢

4. Details of entities over which control has been gained or lost during the period: (item 4)

Control gained over entities

Name of entities (item 4.1)	-	
Date(s) of gain of control (item 4.2)	-	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)	-	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	-	

Loss of control of entities

Name of entities (item 4.1)	-	
Date(s) of loss of control (item 4.2)	-	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).	-	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	-	

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Final dividend – year ended 30 June 2003	22 September 2003	\$498,663
Interim dividend – year ended 30 June 2004	25 March 2004	\$502,928

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Interim dividend: Current year	3.00¢	100%	-¢
Previous year	0.00¢	-%	-¢

Interim dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	-	-
Preference securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
Total	-	-

6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6):*

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

7. Details of associates and joint venture entities *(item 7)*

Name of associate or joint venture entity	%Securities held
Orion Asset Management (Aust) Pty Ltd	19.9
Confluence Asset Management Ltd	35

Aggregate share of profits (losses) of associates and joint venture entities *(where material)*

Group's share of associates' and joint venture entities':	6ms to 31 Dec 2003	6ms to 31 Dec 2002
	\$	\$
Profit (loss) from ordinary activities before tax	(183,688)	3,191
Income tax on ordinary activities	(37,432)	-
Net profit (loss) from ordinary activities after tax	(221,120)	3,191
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	(221,120)	3,191

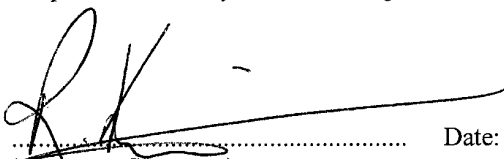
8. The information provided in the Appendix 4D is based on the interim financial report (attached), which has been prepared in accordance with Australian accounting standards *(item 8)*.

9. The interim financial report is not subject to audit dispute or qualification. *(item 9)*

Periodic Disclosure Requirements Compliance Statement

- 1 An interim report for the half-year ended 31 December 2003 is provided with the Appendix 4D information.
- 2 The interim report has been prepared in accordance with AASB 1029 Interim Financial Reporting.
- 3 The interim report and information provided in Appendix 4D uses the same accounting policies as those applied at 30 June 2003.
- 4 The Appendix 4D information gives a true and fair view of the matters disclosed in the interim financial report.
- 5 The Appendix 4D information is based on the interim financial report, which has been subject to review.

- 6 The audit report or review by the auditor is provided with the interim financial report.

Sign here:  Date: *11 Feb 2004*
(Company Secretary)

Print name: Robert Kipp