

Chairman's Address

Financial results for the half year to 31 December 2004

The board of Treasury Group is pleased to have reported the following results for the first half of the June 2005 financial year.

1. Revenue increased by 72% to \$20.2 m
2. Net profit after tax increased by 155% to \$5.02 m
3. Interim dividend increased by 333% from 3 cents to 13 cents per share fully franked

The four operating funds management businesses Investors Mutual, Armytage private, Orion Asset Management and Confluence Asset Management all performed very well and are all ahead of budget expectations. The diversity of funds managers ensures that Treasury Group continues to build on the synergistic value of our business.

Premium Investors Limited, a listed investment company managed by Treasury Group Investment Services and its stable of managers, was able to achieve a pleasing take up of option exercises in late Dec 2004, totaling approximately \$30m. Despite the relative flat market sentiment towards LICs, the outcome achieved was quite noteworthy. Premium's market cap is now in excess of \$205m.

Global Value Investors Ltd, being Treasury Group's latest funds management business to be launched, continues to add to the broadening of both manager and revenue stream for Treasury Group. Global's charter is the operating of a value based, yield driven international equities fund. Established in association with Investors Mutual, Treasury Group is confident regarding the future potential of this new business.

The board is confident to indicate that based on current results to date, we anticipate significantly increasing net profit for the June 2005 relative to the prior period.

The board would like to expressly thank all the staff across our entire group for their continued efforts in establishing Treasury Group as a major force in the Australian funds management industry.

Yours faithfully



Lee IaFraté
Chairman

10 February 2005

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 2004

Previous corresponding period

is the financial year ended 30 June 2004

and half year ended 31 December 2003

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up/down	72%	to	A\$'000s \$20,268
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up/down	155%	to	\$5,027
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	155%	to	\$5,027
Dividends (<i>item 2.4</i>)				
It is proposed to pay interim fully paid dividends of 13.00 cents per share. Payment Date: 23 March 2005				
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	25 February 2005			
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 2004. 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	113.6¢	66.2¢

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 2004	27 September 2004	\$5,132,898
Interim dividend – year ended 30 June 2005	23 March 2005	\$2,801,317

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Interim dividend: Current year	13.00¢	100%	-¢
Previous year	3.00¢	100%	-¢

Interim dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	2,801,317	498,663
Preference securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
Total	2,801,317	498,663

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	29.9
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 2004	6ms to 31 Dec 2003
	\$	\$
Profit (loss) from ordinary activities before tax	449,661	(183,688)
Income tax on ordinary activities	(44,850)	-
Net profit (loss) from ordinary activities after tax	404,811	(183,688)
Adjustments	(42,485)	(37,432)
Share of net profit (loss) of associates and joint venture entities	362,326	(221,120)

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)*.

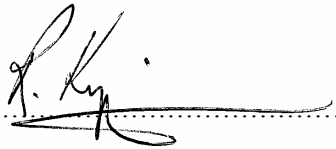
9. The interim financial report is not subject to audit dispute or qualification. *(item 9)*

Periodic Disclosure Requirements Compliance Statement

- 1 An interim report for the half-year ended 31 December 2004 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 2004.
- 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:



(Company Secretary)

Date: 10 February 2005

Print name: Robert Kipp




Treasury Group Ltd

A.B.N. 39 006 708 792

Half-year Financial Report

For the Six Months Ended
31 December 2004

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2004.

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

Mr P. Kennedy

Mr T. Poole (resigned 5 October 2004)

Mr M. Fitzpatrick (appointed 5 October 2004)

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, on 1 July 2004 the company exercised its call options and acquired a further 10% of the issued capital of Orion Asset Management (Aust) Pty Ltd, for cash consideration of \$100,000.

The group generated an operating profit from ordinary activities after income tax and outside equity interests of \$5,027,431 for the six months period ended 31 December 2004. This compares with an operating profit of \$1,968,187 reported for the corresponding period ended 31 December 2003. Basic and diluted earnings per share have also increased from 12.10 cents and 9.94 cents per share to 25.01 cents and 23.98 cents per share respectively for the 6 months period ended 31 December 2004.

AUDITOR'S DECLARATION

A copy of the auditor's declaration in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors.



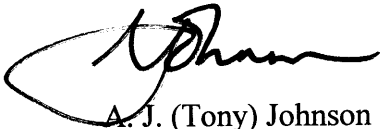
L. IaFrate

Chairman

Melbourne, 10 February 2005

Auditor's Independence Declaration to the Directors of Treasury Group Limited

In relation to our review of the financial report of Treasury Group Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



A. J. (Tony) Johnson
Partner
Melbourne
28 January 2005


Ernst & Young

Condensed Statement of Financial Performance

For the half-year ended 31 December 2004

	Notes	CONSOLIDATED	
		2004	2003
		\$	\$
Revenues from ordinary activities	2	20,267,926	11,798,397
Expenses from ordinary activities	3	(6,120,762)	(4,452,350)
Share of net profits / (losses) of associates accounted for using the equity method		362,326	(221,120)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		14,509,490	7,124,927
Income tax expense relating to ordinary activities		(4,377,720)	(2,384,775)
NET PROFIT		10,131,770	4,740,152
Net profit attributable to outside equity interest		(5,104,339)	(2,771,965)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF TREASURY GROUP LIMITED		5,027,431	1,968,187
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		5,027,431	1,968,187
Basic earnings per share (cents per share)		25.01	12.10
Diluted earnings per share (cents per share)		23.98	9.94
Franked dividends per share (cents per share)		13.00	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 8 to 11.

Condensed Statement of Financial Position

For the half-year ended 31 December 2004

	CONSOLIDATED	
	As at 31 DECEMBER 2004 \$	As at 30 JUNE 2004 \$
CURRENT ASSETS		
Cash assets	21,463,454	13,621,661
Receivables	9,218,091	9,589,187
Other financial assets	2,500,000	2,500,000
Tax assets	100,999	192,485
Other	311,794	94,071
TOTAL CURRENT ASSETS	33,594,338	25,997,404
NON-CURRENT ASSETS		
Receivables	2,171,685	2,427,819
Other financial assets	100,600	100,600
Investments accounted for using the equity method	1,587,962	1,125,636
Plant and equipment	534,116	556,595
Intangible assets	1,615,856	1,664,550
Other	179,792	200,059
TOTAL NON-CURRENT ASSETS	6,190,011	6,075,259
TOTAL ASSETS	39,784,349	32,072,663
CURRENT LIABILITIES		
Payables	2,771,228	4,266,777
Provisions	1,878,315	1,208,711
Current tax liabilities	2,944,573	4,137,096
TOTAL CURRENT LIABILITIES	7,594,116	9,612,584
NON-CURRENT LIABILITIES		
Payables	69,318	77,563
TOTAL NON-CURRENT LIABILITIES	69,318	77,563
TOTAL LIABILITIES	7,663,434	9,690,147
NET ASSETS	32,120,915	22,382,516
EQUITY		
Parent entity interest in equity		
Contributed equity	21,575,025	13,075,623
Retained earnings	4,559,007	4,664,475
Total parent entity interest in equity	26,134,032	17,740,098
Total outside equity interest	5,986,883	4,642,418
TOTAL EQUITY	32,120,915	22,382,516

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 8 to 11.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2004

	CONSOLIDATED	
	2004	2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	22,002,663	10,210,385
Payments to suppliers and employees	(9,199,062)	(5,467,137)
Interest received	508,397	215,449
Dividends received	-	11,252
Income tax paid	(5,478,757)	(402,052)
NET CASH FLOWS FROM OPERATING ACTIVITIES	7,833,241	4,567,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(83,831)	(57,870)
Proceeds from security deposits	19,001	-
Purchase of shares and units	-	(1,333,553)
Proceeds from sale of shares and units	-	1,776,756
Advances to associates	-	(675,000)
Payment for investment in associates	(100,000)	(51,204)
Repayment from an associate	350,000	-
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	185,170	(340,871)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	8,499,402	1,099,825
Payment of dividends on ordinary shares	(5,132,898)	(498,663)
Payment of lease incentive	(8,245)	-
Payment of dividends on ordinary shares to outside equity interests	(3,534,877)	(1,099,987)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(176,618)	(498,825)
NET INCREASE IN CASH HELD	7,841,793	3,728,201
Add opening cash brought forward	13,621,661	6,778,980
CLOSING CASH CARRIED FORWARD	21,463,454	10,507,181

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 8 to 11.

Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2004

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 2004. 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 2004 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 2004.

(c) Comparatives

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

	CONSOLIDATED	
	2004	2003
	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES		
Fund management fees	18,987,142	11,296,005
Management fees	154,296	137,304
Sale of shares / investments ^(a)	-	(9,182)
Interest income	602,865	279,735
Dividend income	-	24,548
Other income	523,623	69,987
	20,267,926	11,798,397
^(a) <i>Sale of shares / investments:</i>		
Proceeds on disposal of shares / investments	-	1,776,756
Carrying amount of shares / investments disposed	-	(1,785,938)
Loss on disposal	-	(9,182)

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2004

6. SEGMENT INFORMATION

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

7. SUBSEQUENT EVENT

On 7 February 2005, the directors of Treasury Group Limited declared an interim dividend on ordinary shares in respect of the June 2005 half year. The total amount of the dividend is \$2,801,317, which represents a fully franked dividend of 13 cents per share. The dividend has not been provided for in the 31 December 2004 half year financial statements and will be recognised in subsequent financial reports.

8. INVESTMENT IN AN ASSOCIATE

On 1 July 2004 the company exercised its call options and acquired a further 10% of the issued capital of Orion Asset Management (Aust) Pty Ltd, for cash consideration of \$100,000.

The ownership interest held by the consolidated entity at 31 December 2004 is 29.9%.

9. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Treasury Group Limited (the "Group") has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (AIFRS). The group has allocated internal resources to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to AIFRS. As a result of these procedures, the group has graded impact areas as either high, medium or low and has established a dedicated project team to address each of the areas in order of priority as represented by the gradings. As the group has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004. This will form the basis of accounting for AIFRS in the future, and is required when the group prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the group. At this stage the group has not been able to reliably quantify the impacts on the financial report.

Classification of Financial Instruments

Under AASB 139 "Financial Instruments: Recognition and Measurement", financial instruments will be required to be classified into one of four categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables- measured at amortised cost, held to maturity investments - measured at amortised cost, a financial asset or financial liability at fair value through profit or loss – measured at fair value with fair value changes charged to net profit or loss, available for sale financial assets – measured at fair value with fair value changes taken to equity and non-trading liabilities - measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost in the Statement of Financial Position. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Goodwill

Under AASB 3 "Business Combinations", goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the group's current accounting policy which amortises goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2004

9. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

Impairment of Assets

Under AASB 136 “Impairment of Assets”, the recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use. This will result in a change in the group’s current accounting policy which determines the recoverable amount of an asset on the basis of cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Intangible Assets

Under AASB 138 “Intangible Assets”, costs incurred in the start-up phase of business development must be expensed. This will result in a change in the group’s current accounting policy which allows for the capitalisation of costs incurred where future benefits are expected beyond reasonable doubt. On transition approximately \$350,000 of such currently recognised internally generated intangible assets will be required to be adjusted against opening retained profits as they will not meet the recognition requirements under AIFRS.

Share based payments

Under AASB 2 “Share based Payments”, the company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

Income taxes

Under AASB 12 “Income Taxes”, the company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. It is not expected that there will be any material impact as a result of adoption of this standard.

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 2004 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, 10 February 2005

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 2004.

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 financial 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 2004 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
10 February 2005