

Chairman's Report

We are pleased to announce our financial results for the year ended 30 June 2002.

Net profit after tax has risen to \$259,146 an increase of 125% from the previous year of \$115,368. We have declared a final fully franked dividend of one cent per ordinary share, the same as last year's total full year dividend. Directors are pleased to report that dividends are now fully franked and are likely to be for the foreseeable future.

The 2002 financial year was a watershed period for Treasury Group as it marked the beginning of our transformation into a credible financial services and funds management company. Much has been achieved over the course of the year with the highlights being :-

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| July 2001 | The securing of Mr. Rodney Green's Services as CEO of the company. Mr. Green was previously CEO of the highly successful Perpetual Investments. |
| July 2001 | Announcement of our intention to acquire 50% of Investors Mutual Limited, then a newly established boutique funds management business with just over \$300 million in assets under management. |
| November 2001 | Approval by shareholders of the terms of investment in Investors Mutual Limited. |
| June 2002 | Increasing our stake in Armytage private Limited, formerly named Australian Value Funds Management Limited, from 20% to 50% (Armytage is a funds manager of discretionary accounts for high net worth and smaller institutional clients). |
| June 2002 | Group funds under management at 30 June 2002 increasing to \$927 million from a base of just over \$15 million at 30 June 2001 via Armytage private Limited. |

Whilst global share markets have been extremely volatile over the last twelve months, the outlook for the group remains encouraging. Investment performance within both Armytage and Investors Mutual has been resilient in the face of market declines and as previously reported Investors Mutual has recently received two industry awards in recognition of the strength of its people, processes and performance.

Treasury Group's funds under management through Armytage and Investors Mutual continues to grow steadily, with group funds under management at 31 August having reached \$1.1 billion. As we indicated at last year's Annual General Meeting, we expect company profitability to increase in the next few years as a result of our increased funds under management and we are budgeting for a significant increase in profit during the year ended 30 June 2003.

In addition to the organic growth that we are achieving, we are continuing to monitor opportunities for further expansion either by investment into already established funds management businesses which we believe would benefit from our infrastructure and expertise or by being involved in new start up funds management operations that we believe will be successful. Our involvement and business support contributed greatly to the success that Investors Mutual has achieved over the last twelve months. We are confident that we can use the same skills and infrastructure to help build other successful funds management operations.

Key milestones for Investors Mutual during the last 12 months were :-

- Growing its funds under management to over \$ 1 billion,
- Winning the Money Management award for “ Australian Equities Fund Manager” for 2002 as well as Personal Investor magazine’s award for “Australian Share Fund of the Year” thanks to Investors Mutual’s involvement in the highly successful Sandhurst Industrial Share Fund, and
- Strong investment ratings by the key industry research and ratings houses.

The Investors Mutual success represents an excellent case study and model of how Treasury Group and a leading funds manager can combine forces and skills to develop a highly successful business.

Treasury Group remains well positioned to figure actively in the continued growth in the funds management industry. The Board of directors are confident that 2003 will be a prosperous and rewarding year for our clients and shareholders.

Mr Lee Iafrate
Chairman

Melbourne

11 September 2002