

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 2006

Previous corresponding period

is the financial year ended 30 June 2006

and half year ended 31 December 2005

2. Results for announcement to the market

Revenues (<i>item 2.1</i>)	up/down	9.4%	to	A\$'000s 26,023
Profit (loss) after tax attributable to members (<i>item 2.2</i>)	up/down	38.7%	to	8,491
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	38.7%	to	8,491
Dividends (<i>item 2.4</i>)				
It is proposed to pay interim fully paid dividends of 25.00 cents per share.				
Payment Date: 27 March 2007				
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	13 March 2006			

Brief explanation of any of the figures reported above necessary to enable the figures to be understood (*item 2.6*):

The increase in revenue reflects the growth of funds under management. The results include the profit after tax on the company's 50% share in Armytage private Limited of \$1.25 million.

The consolidated group recorded a net gain of \$565,321 on the redemption of units in funds seeded by the Group.

Share of profits accounted for using the equity method increased through the strong growth in FUM by Orion year on year and the increase in ownership interest in Orion of 42% for the full period compared to 36% for the majority of the previous corresponding period

For the details, please refer to the attached Financial Report for the 6 months period ended 31 December 2006.

3. Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	209.7¢	141.0¢

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)

Loss of control of entities

Name of entities (item 4.1)

Date(s) of loss of control (item 4.2)

Armytage private Limited

11 July 2006

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).

Nil

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

\$136,326

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Final dividend – year ended 30 June 2006	13 October 2006	\$7,077,309
Interim dividend – year ended 30 June 2007	27 March 2007	\$5,544,148

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Interim dividend: Current year	25.00¢	100%	-¢
Previous year	18.00¢	100%	-¢

Interim dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	5,544	3,973
Preference securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
Total	5,544	3,973

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	41.9
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 2006	6ms to 31 Dec 2005
	\$	\$
Profit (loss) before tax	2,390,896	1,616,005
Income tax	(670,809)	(485,397)
Net profit (loss) after tax	1,720,087	1,130,608
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	1,720,087	1,130,608

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 2006 is provided with the Appendix 4D information.
- 2 The interim report has been prepared in accordance with AASB 134 Interim Financial Reporting.
- 3 The interim report and information provided in Appendix 4D uses the same accounting policies as those applied at 30 June 2006, except mandatory changes under the Australian equivalents to International Financial Reporting Standards (A-IFRS).
- 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: 22 February 2007
(Company Secretary)

Print name: Leah Watson




Treasury Group Ltd

A.B.N. 39 006 708 792

Half-Year Financial Report

For the Half-Year Ended
31 December 2006

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Directors' Report

Your Directors submit their report for the half-year ended 31 December 2006.

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 M. Fitzpatrick (Chairman)

Mr R. Green

Mr P. Kennedy

Mr D. Sharp

Mr D Cooper (Managing Director)

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 Ltd, Orion Asset Management Pty Ltd, Global Value Investors Ltd, Treasury Asia Asset Management Ltd, Confluence Asset Management Ltd and RARE Infrastructure Ltd.

On 11 July 2006 the Group disposed of its 50% stake in Armytage private Ltd.

The Group generated a net profit attributable to members of Treasury Group Ltd of \$8,491,452 for the six months ended 31 December 2006, which includes a profit after tax of \$1,250,418 relating to the sale of Armytage private Ltd. This compares with a net profit attributable to members of Treasury Group Ltd of \$6,119,998 reported for the corresponding period ended 31 December 2005. Basic and diluted earnings per share have also increased from 27.86 cents and 27.10 cents per share to 38.38 cents and 37.61 cents per share respectively for the 6 months period ended 31 December 2006.

AUDITOR'S DECLARATION

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

Signed in accordance with a resolution of the Directors.



M. Fitzpatrick

Chairman

Melbourne, 22 February 2007



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Melbourne VIC 3001

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 2006, 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.

Ernst & Young

Sean Balding
Partner
22 February 2007

Condensed Income Statement

For the half-year ended 31 December 2006

	Notes	CONSOLIDATED	
		2006 \$	2005 \$
CONTINUING OPERATIONS			
Revenues	3(a)	26,023,131	23,790,841
Other income	3(b)	565,321	-
Expenses	3(c)	(10,173,207)	(8,583,412)
Share of net profits accounted for using the equity method		1,720,087	1,130,608
PROFIT BEFORE INCOME TAX EXPENSE		18,135,332	16,338,037
Income tax expense		(5,004,971)	(4,453,842)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		13,130,361	11,884,195
DISCONTINUED OPERATIONS			
Profit after tax from discontinued operations	4	-	272,652
Profit after tax on disposal of discontinued operations	3(d)	1,250,418	-
NET PROFIT FOR THE PERIOD		14,380,779	12,156,847
Profit attributable to minority interest		5,889,327	6,036,849
NET PROFIT ATTRIBUTABLE TO MEMBERS OF TREASURY GROUP LTD		8,491,452	6,119,998
Earnings per share (cents per share)			
• Basic for profit for the period attributable to ordinary equity holders of the parent	7	38.38	27.86
• Basic for profit from continuing operations attributable to ordinary equity holders of the parent	7	32.73	27.24
• Diluted for profit for the period attributable to ordinary equity holders of the parent	7	37.61	27.10
• Diluted for profit from continuing operations for the year attributable to ordinary equity holders of the parent	7	32.07	27.50
Franked dividends per share (cents per share)	6(c)	25.00	18.00

Condensed Balance Sheet

As at 31 December 2006

	Notes	CONSOLIDATED	
		As at 31 December 2006 \$	As at 30 June 2006 \$
CURRENT ASSETS			
Cash and cash equivalents	5	21,189,918	19,437,188
Trade and other receivables		15,246,558	14,559,245
Available-for-sale investments		7,002,326	8,938,324
Other		603,584	322,648
Assets held for sale	4	-	2,014,448
TOTAL CURRENT ASSETS		44,042,386	45,271,853
NON-CURRENT ASSETS			
Available-for-sale investments		162,668	64,550
Other receivables		921,659	-
Loans and advances		1,120,727	-
Deferred tax assets		2,165,906	2,048,238
Investments in associates		7,021,728	7,868,862
Plant and equipment		647,060	858,948
Intangible assets		2,271,267	2,409,239
Other		475,086	485,734
TOTAL NON-CURRENT ASSETS		14,786,101	13,735,571
TOTAL ASSETS		58,828,487	59,007,424
CURRENT LIABILITIES			
Trade and other payables		8,835,218	8,090,348
Income tax payable		3,093,434	3,178,033
Liabilities directly associated with assets classified as held-for-sale	4	-	561,861
TOTAL CURRENT LIABILITIES		11,928,652	11,830,242
NON-CURRENT LIABILITIES			
Other payables		-	44,582
Deferred income tax liability		396,819	361,290
TOTAL NON-CURRENT LIABILITIES		396,819	405,872
TOTAL LIABILITIES		12,325,471	12,236,114
NET ASSETS		46,503,016	46,771,310
EQUITY			
Parent entity interest in equity			
Contributed equity	8	23,775,890	23,404,024
Reserves		2,751,096	2,412,370
Retained earnings		14,820,036	13,405,893
Parent interests		41,347,022	39,222,287
Minority interests		5,155,994	7,549,023
TOTAL EQUITY		46,503,016	46,771,310

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2006

	Ordinary Shares	Share options	Net unrealised gains reserve	Consolidated Retained earnings	Total attributable to members of Treasury Group Ltd	Minority Interest	Total
	\$	\$	\$	\$	\$	\$	\$
AT 1 JULY 2006	23,404,024	1,548,374	863,996	13,405,893	39,222,287	7,549,023	46,771,310
Net gains on available-for-sale investments	-	-	61,912	-	61,912	-	61,912
Total income and expense for the period recognised directly in equity	-	-	61,912	-	61,912	-	61,912
Profit for the period	-	-	-	8,491,452	8,491,452	5,889,327	14,380,779
Total income and expense for the period	-	-	61,912	8,491,452	8,553,364	5,889,327	14,442,691
Shares issued	371,866	-	-	-	371,866	-	371,866
Share-based payments	-	276,814	-	-	276,814	-	276,814
Disposal of subsidiary	-	-	-	-	-	(782,446)	(782,446)
Dividends paid	-	-	-	(7,077,309)	(7,077,309)	(7,499,910)	(14,577,219)
AT 31 DECEMBER 2006	23,775,890	1,825,188	925,908	14,820,036	41,347,022	5,155,994	46,503,016

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2005

	Ordinary Shares	Share options	Net unrealised gains reserve	Consolidated Retained earnings	Total attributable to members of Treasury Group Ltd	Minority Interest	Total
	\$	\$	\$	\$	\$	\$	\$
AT 1 JULY 2005	22,012,557	159,021	-	9,226,364	31,397,942	3,296,585	34,694,527
Prior year adjustment	-	-	-	(289,452)	(289,452)	-	(289,452)
RESTATED EQUITY BALANCE AT 1 JULY 2005	22,012,557	159,021	-	8,936,912	31,108,490	3,296,585	34,405,075
Net gains on available-for-sale investments	-	-	680,772	-	680,772	-	680,772
Total income and expense for the period recognised directly in equity	-	-	680,772	-	680,772	-	680,772
Profit for the period	-	-	-	6,119,998	6,119,998	6,036,849	12,156,847
Total income and expense for the period	-	-	680,772	6,119,998	6,800,770	6,036,849	12,837,619
Shares issued	1,391,467	-	-	-	1,391,467	-	1,391,467
Share-based payments	-	1,167,155	-	-	1,167,155	-	1,167,155
Minority Interest on acquisition of subsidiary	-	-	-	-	-	450	450
Dividends paid	-	-	-	(5,956,810)	(5,956,810)	(4,999,943)	(10,956,753)
AT 31 DECEMBER 2005	23,404,024	1,326,176	680,772	9,100,100	34,511,072	4,333,941	38,845,013

Condensed Cash Flow Statement

For the half-year ended 31 December 2006

	Notes	CONSOLIDATED	
		2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		29,555,003	32,376,375
Payments to suppliers and employees		(15,387,758)	(15,899,031)
Dividends received		1,978,775	1,250
Interest received		670,252	698,912
Interest paid		-	(2,384)
Income tax paid		(5,866,312)	(6,299,875)
NET CASH FLOWS FROM OPERATING ACTIVITIES		10,949,960	10,875,247
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(31,321)	(226,385)
Proceeds from disposal of plant and equipment		73,450	-
Purchase of shares and units		(416,265)	(250,100)
Proceeds from disposal of shares and units		2,975,219	39,106
Payment for investment in associates		-	(4,200,000)
Repayment of loan from an associate		-	2,106,021
Payment of loan to a related party		(1,093,050)	-
Proceeds from disposal of subsidiary, net of cash disposed	4	(26,203)	-
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		1,481,830	(2,531,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		371,986	1,391,467
Payment of dividends on ordinary shares		(7,077,309)	(5,956,810)
Payment for finance leases		-	(8,245)
Payment of dividends on ordinary shares to minority interests		(4,999,940)	(6,999,841)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(11,705,263)	(11,573,429)
NET (DECREASE) / INCREASE IN CASH HELD		726,527	(3,229,540)
Add opening cash brought forward		20,463,391	22,254,205
CLOSING CASH CARRIED FORWARD	5	21,189,918	19,024,665

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

1. CORPORATE INFORMATION

The financial report of Treasury Group Limited for the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors on 22 February 2007. Treasury Group Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

2. SUMMARY 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 Ltd as at 30 June 2006. It is also recommended that the half-year financial report be considered together with any public announcements made by Treasury Group Ltd and its controlled entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

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 134 “*Interim Financial Reporting*” and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis except for available-for-sale-investments which have been measured at fair value.

The financial report is presented in Australian Dollars.

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 2006.

(c) Comparatives

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

(d) Basis of consolidation

The consolidated financial statements comprise Treasury Group Ltd and its subsidiaries as at 31 December each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Minority interests represent the portion of profit or loss and net assets in Investor Mutual Ltd, Global Value Investors Ltd, and Treasury Asia Asset Management Ltd not held by the parent and are presented separately in the Income Statement and equity in the consolidated Balance Sheet.

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(e) New Accounting Standards and Interpretations

Australian Accounting standards and UIG Interpretation that have recently been amended but are not yet effective or have been adopted for the annual reporting period ending 30 June 2007

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard*	Application date for Group
2005-10	AASB 132: <i>Financial Instruments Disclosure and Presentation</i> , AASB 101: <i>Presentation of Financial Statements</i> , AASB 114: <i>Segment Reporting</i> , AASB 117: <i>Leases</i> , AASB 133: <i>Earnings per Share</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i> , AASB 1: <i>First-time adoption of AIFRS</i> , AASB 4: <i>Insurance Contracts</i> , AASB 1023: <i>General Insurance Contracts</i> , and AASB 1038: <i>Life Insurance Contracts</i>	AASB 7 is a disclosure standard and will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 January 2007	1 July 2007
AASB 7	AASB 7: <i>Financial Instruments: Disclosures</i>	As above.	1 January 2007	1 July 2007

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

	Notes	CONSOLIDATED	
		31 DECEMBER 2006 \$	31 DECEMBER 2005 \$
3 REVENUE AND EXPENSES			
(a) Revenue from continuing operations			
Fund management fees		24,219,330	22,915,242
Management fees		549,127	207,837
Interest income		829,845	667,762
Distribution income		424,829	-
		<u>26,023,131</u>	<u>23,790,841</u>
(b) Other Income			
Net gain on disposal of available-for-sale investments		565,321	-
		<u>565,321</u>	<u>-</u>
(c) Expenses from continuing operations			
Depreciation of plant and equipment		151,588	169,958
Fund administration		1,272,298	1,130,475
Salaries and employee benefits		5,788,794	4,760,328
Accounting & audit fee		121,144	100,828
Insurance charges		173,078	115,917
Marketing & stationery expenses		453,054	443,326
Operating lease rental		243,507	206,775
Travel & entertainment costs		448,973	359,687
Payroll tax		356,184	351,199
Subscriptions		181,106	196,720
Other expenses		983,481	748,199
		<u>10,173,207</u>	<u>8,583,412</u>
(d) Net gain on disposal of Armytage private Ltd			
Net gain on disposal of Armytage private Ltd	4	<u>1,250,418</u>	<u>-</u>
(e) Income from discontinuing operations			
Fund management fees		-	622,197
Interest income		-	31,150
Other income		-	1,250
	4	<u>-</u>	<u>654,597</u>

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

	Notes	CONSOLIDATED	
		31 DECEMBER 2006 \$	31 DECEMBER 2005 \$
3 REVENUE AND EXPENSES (Cont.)			
(f) Expenses from discontinuing operations			
Depreciation of plant and equipment		-	4,908
Fund administration		-	44,240
Salaries and employee benefits		-	125,817
Accounting & audit fee		-	5,400
Insurance charges		-	20,595
Marketing & stationery expenses		-	10,137
Operating lease rental		-	19,608
Service fees		-	25,055
Travel & entertainment costs		-	4,567
Payroll tax		-	23,442
Subscriptions		-	23
Other expenses		-	62,373
	4	-	346,165

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

4. DISCONTINUED OPERATIONS

The Board of Directors entered into a sale agreement to dispose of the Company's 50 percent interest in Armytage private Limited (Armytage), a company that predominantly focused on funds management for private clients. The disposal was completed on 11 July 2006, on which date control of the business passed to the acquirer.

As at 11 July 2006, Treasury Group Ltd carried the investment in Armytage at a cost of \$299,591.

The results of the discontinued operations for the half-year until disposal are presented below:

	Notes	CONSOLIDATED	
		31 DECEMBER 2006	31 DECEMBER 2005
		\$	\$
Revenue	3 (e)	-	654,597
Expenses	3 (f)	-	(346,165)
Profit before tax from discontinued operations		-	308,432
Income tax expense		-	(35,780)
Profit from discontinued operations		-	272,652
		11 JULY 2006	
		\$	

Details of the disposal of Armytage are as follows:

The major classes of assets and liabilities of Armytage are as follows:

Assets

Cash and cash equivalents	1,026,203
Trade and other receivables	656,881
Deferred tax asset	20,957
Available for sale investments	282,573
Plant and Equipment	27,834
Assets classified as held for sale	2,014,448
Liabilities	
Trade and other payables	488,676
Tax liabilities	73,185
Liabilities directly associated with assets classified for sale	561,861
Net assets attributable to discontinued operations	1,452,587

	31 DECEMBER 2006	31 DECEMBER 2005
	\$	\$
The net cash flows of Armytage private Limited are as follows:		
Operating activities	-	667,743
Investing activities	-	(254,930)
Financing activities	-	-
Net cash inflow	-	412,813

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

4. DISCONTINUED OPERATIONS (Cont.)

	31 DECEMBER 2006 \$	31 DECEMBER 2005
Consideration received or receivable		
Cash and short term deposits	1,000,000	
Present value of deferred sales proceeds	1,775,047	
Total disposal consideration	<u>2,775,047</u>	
Net assets disposed	(1,452,587)	
Goodwill disposed	(137,970)	
Less: Minority interest in net assets	760,456	
Divestment costs associated with disposal	<u>(35,453)</u>	
Gain on disposal before income tax	1,909,493	
Income tax expense	<u>(659,075)</u>	
Gain on disposal after income tax	<u>1,250,418</u>	
	3 (d)	
The proceeds on the sale exceeded the book value of the related net assets and accordingly no impairment losses were recognised on the reclassification of these operations as held for sale		
Net cash inflow on disposal	1,000,000	
Cash and cash equivalents balance disposed of	<u>(1,026,203)</u>	
Reflected in the cash flow statement	<u>(26,203)</u>	
Earnings per share (cents per share):		
- Basic from discontinued operations	-	1.22
- Diluted from discontinued operations	-	1.18

5. CASH AND CASH EQUIVALENTS

	31 DECEMBER 2006 \$	30 JUNE 2006 \$
For the purpose of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	4,250,243	2,482,009
Commercial bills	16,939,675	16,955,179
	<u>21,189,918</u>	19,437,188
Cash at bank and in hand attributable to discontinued operations	-	1,026,203
	<u>21,189,918</u>	<u>20,463,391</u>

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

	31 DECEMBER 2006 \$	31 DECEMBER 2005 \$
6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES		
Dividends paid or provided for in the current and comparative periods by Treasury Group Ltd are:		
(a) Dividends proposed and recognised as a liability		
Fully franked dividends	-	-
(b) Dividends paid during the half-year		
Final fully franked dividends	7,077,309	5,956,810
(c) Interim dividends proposed and not recognised as a liability*		
Interim fully franked dividends (25 cents per share) (2005: 18 cents per share)	5,544,148	3,973,546
* Calculation based on the ordinary shares on issue as at 31 January 2007		
7. EARNINGS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit attributable to ordinary equity holders of the parent from continuing operations	8,491,452	5,983,872
Profit attributable to ordinary equity holders of the parent from discontinued operations	-	136,126
Net profit attributable to ordinary equity holders	8,491,452	6,119,998
Weighted average number of ordinary shares used in calculating basic earnings per share	22,126,835	21,970,040
Effect of dilutive securities		
Dilutive effect of potential ordinary shares – share options	450,907	613,593
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	22,577,742	22,583,633
There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements		
To calculate earnings per share amounts for discontinued operations, the weighted average number of ordinary shares for both basic and diluted amounts is as per the table above. The following table provides the profit figure used as the numerator:		
Net profit attributable to ordinary equity holders of the parent from discontinued operations:		
- for basic earnings per share	-	136,326
- for diluted earnings per share	-	136,326

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

	31 DECEMBER 2006 \$	30 JUNE 2006 \$
8. CONTRIBUTED EQUITY		
Ordinary shares	23,775,890	23,404,024
Fully paid ordinary shares carry one vote per share and carry the right to receive dividends		
Movement in ordinary shares on issue	Number	\$
At 1 January 2006	21,699,925	22,012,557
Issued during period for cash on exercise of share options	375,333	1,391,467
At 30 June 2006	22,075,258	23,404,024
Issued during period for cash on exercise of share options	101,333	371,866
At 31 December 2006	22,176,591	23,775,890

9. CONTINGENT ASSETS AND LIABILITIES

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

10. SEGMENT INFORMATION

The economic entity only operates in funds management, solely in Australia. Therefore, segment reporting does not apply.

11. SUBSEQUENT EVENT

On 22 February 2007, the directors of Treasury Group Ltd declared an interim dividend on ordinary shares in respect of the December 2006 half year. The total amount of the dividend is \$5,544,148, which represents a fully franked dividend of 25 cents per share. The dividend has not been provided for in the 31 December 2006 half year financial statements and will be recognised in subsequent financial reports.

12. RELATED PARTY DISCLOSURE

Related party		Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
		\$	\$	\$	\$
Associates	2006	351,962	229,562	520,194	361,544
	2005	161,427	322,132	582,083	326,003
Key management personnel of the Group – related entities	2006	228,330	-	3,645,009	8,707
	2005	1,271,111	-	545,257	18

On 11 July 2006 Treasury Group Limited disposed of the Company's 50% interest in Armytage private Limited to a company of which P Kennedy was a director as at the date of the sale. As at 31 December 2006 Treasury Group Limited was owed \$2 million in respect of the sale. These funds are receivable in \$1 million instalments in July 07 and July 08. Please refer to Note 4 for details of the transaction.

Mr D Sharp has invested in investment schemes by the Group and received rebates on management fees totalling \$4,081 during the six month period ended 31 December 2006 (2005: \$3,800).

Notes to the Half-Year Financial Statements continued

For the half-year ended 31 December 2006

12. RELATED PARTY DISCLOSURE (Cont.)

Terms and conditions of transactions with related parties

Sales and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances are unsecured, with the exception of the \$2m receivable in respect of the sale of the equity interest in Armytage private Ltd, which is secured by a mortgage over the shares in Armytage private Ltd held by the purchaser. Settlement occurs in cash.

Amounts receivable from associates includes an interest bearing loan of \$245,871 (2005: \$225,837). All other outstanding balances represent trade and other receivables which are interest free.

For the half-year ended 31 December 2006, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties (2005: \$nil).

Directors' Declaration

In accordance with a resolution of the Directors of Treasury Group Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2006 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) complying with Accounting Standard AASB 134 '*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



M. Fitzpatrick
Chairman

Melbourne, 22 February 2007



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To the members of Treasury Group Limited

Report on the Half-Year Condensed Financial Report

We have reviewed the accompanying half year financial report of Treasury Group Limited and the entities it controlled during the half year, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Treasury Group Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

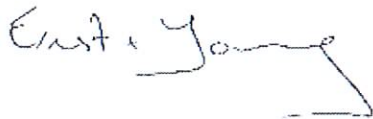
Independence

In conducting our review, we have complied with the independence requirements of 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.

Conclusion

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

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Sean Balding
Partner
Melbourne
22 February 2007