

# **TREASURY GROUP LIMITED**

**A.C.N 006 708 792**

**ANNUAL REPORT  
YEAR ENDED 30 JUNE 2001**

**TREASURY GROUP LIMITED**  
**Formerly PTH GROUP LIMITED**

**30 June 2001 Annual Accounts**

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**CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2001**

The Directors are pleased to report a net profit of \$115,368 for the financial year ended, 30 June 2001. This profit was arrived at after charging \$109,605 as a provision, being the reduction in the value of investments held in the company's subsidiary, Treasury Capital Management Pty. Limited. In the previous year the company reported a profit of \$450,463 after including an abnormal profit of \$272, 753 on sale of an investment in a subsidiary .

After adjusting for the investment writedown provision and abnormal profit in the previous year the underlying earnings increased from \$177,710 to \$224,973 (26.6%).

The Directors have declared a final dividend of Y2 cent; this brings the total dividend for the year to 1 cent per share.

Australian Value Funds Management Limited, in which the company has a 20% economic interest, continues to grow its funds under management and contributed a maiden profit of \$14,944.

The outlook for Australian Value Funds Management Limited is positive as the personal wealth management market is becoming a more significant part of the funds management industry in Australia. The Directors and management intend to expand the business of Australian Value Funds Management Limited to meet the strong growth occurring in this segment of the market.

Treasury Group Limited also recently reinforced its firm intentions to develop itself as a financial service and funds management business, when its directors announced in early July the appointment of Mr Rodney Green as C.E.O of the company. Prior to joining Treasury Group Limited Mr Green was the C.E.O of the highly successful funds manager, Perpetual Investments. During Mr Green's 6 year involvement, funds under management grew from \$2.5 billion to over \$15 billion.

Mr Green's experience, proven and successful management style of business and highly respected industry profile are the qualities that the Board and shareholders are proud to have as the C.E.O of this company.

Treasury Group Limited has also announced, subject to shareholder approval, the acquisition of a 50% shareholding in Investors Mutual Limited, from Mr Anton Tagliaferro. Investors Mutual Limited is a successful Australian Equities boutique Funds Manager with assets under management of approximately \$400 million, and a very credible investment track record.

Mr Tagliaferro is a highly experienced funds manager with over 15 years experience in the industry and has held senior positions with Perpetual Investments and County Australia Investment Management Ltd. Mr Tagliaferro has overseen the establishment and growth of Investors Mutual to its current position and provides Treasury Group Limited with a solid business and platform for further growth.

The appointment of Mr Rodney Green and the Investors Mutual transaction clearly reinforces Treasury Group Limited as an active participant in Australia's growing financial services industry. The company now has a sound base from which to grow and generate positive shareholder returns.



**LEE IAFRAĆ**  
**CHAIRMAN**

**TREASURY GROUP LIMITED**  
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**DIRECTORS REPORT**

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2001.

**DIRECTORS**

The names of directors in office at any time during or since the end of the year are:

Mr L. lafraté  
Mr T. Poole  
Mr M. de Tocqueville  
Mr P. Bancroft (retired 30 November 2000)

All directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**PRINCIPAL ACTIVITIES**

The principal activities of the economic entity during the financial year were investment activities. The economic entity also holds a 20% shareholding in Australian Value Funds Management Ltd which conducts a business of investment funds management.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

**OPERATING RESULTS**

The consolidated profit of the economic entity amounted to \$115,368. No income tax is payable.

**DIVIDENDS PAID OR RECOMMENDED**

Dividends paid or declared for payment are as follows:

Ordinary dividend paid on 3 October 2000, as recommended in last year's report.	45,310
Interim ordinary dividend of 0.5 cent per share paid on 23 March 2001.	45,310
Final ordinary dividend of 0.5 cent per share recommended by Directors	45,310

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**DIRECTORS REPORT**

REVIEW OF OPERATIONS

INVESTMENT ACTIVITIES

The economic entity invested available funds in a range of shares and other financial securities achieving profits of \$115,368.

FUNDS MANAGEMENT

Australian Value Funds Management Limited currently provides a professional investment service to high net worth individuals, families, superannuation funds & institutions, on a mandated discretionary basis. The economic entity holds 20% of the issued capital of this company and has equity accounted this proportion of the profit of \$14,944 (2000: loss \$2,857) incurred by this company.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity during the financial year.

AFTER BALANCE DATE EVENTS

The following agreements have been entered into which will have effect subsequent to balance date.

1. Treasury Group Limited entered into agreements with Mr Rodney Green under which
  - i) Mr Green was appointed as Chief Executive Officer of the company
  - ii) A company related to Mr Green was granted options to subscribe for 900,000 shares exercisable at 65 cents at any time until 1 July 2006
  - iii) A company related to Mr Green is to be granted options to subscribe for a total of 900,000 options exercisable as follows

<u>No. of Options</u>	<u>Vesting Date</u>	<u>Exercise Price</u>	<u>Expiry date</u>
300,000	1 July 2002	\$0.60	1 July 2006
300,000	1 July 2003	\$0.75	1 July 2006
300,000	1 July 2004	\$0.90	1 July 2006

- iv) A total of 200,000 shares are to be issued to a company related to Mr Green at an issue price of 40 cents
- v) Treasury Group Ltd is to acquire a 25% shareholding in Group Funds Management Ltd, a company whose intention is to develop a funds management business, from Mr Green for a consideration of \$550,000 to be satisfied by the issue of 1,000,000 shares
- vi) Treasury Group Ltd is to advance up to \$1,500,000 to Group Funds Management Ltd as working capital

The transactions in (iii) to (vi) above are subject to shareholder approval.

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**DIRECTORS REPORT**

AFTER BALANCE DATE EVENTS (continued)

2. Treasury Group Ltd has entered into agreements to acquire 50% of the issued capital of Investors Mutual Ltd for a consideration of \$2,375,000 to be satisfied by the
- i) issue of 2,500,000 shares in the company
  - ii) issue of 1,500,000 options to subscribe for shares in the company exercisable as follows

<u>No. of Options</u>	<u>Vesting Date</u>	<u>Exercise Price</u>	<u>Expiry date</u>
500,000	1 July 2002	\$0.65	1 July 2006
500,000	1 July 2003	\$0.65	1 July 2006
500,000	1 July 2004	\$0.65	1 July 2006

- iii) payment of \$1,000,000

In addition to the above consideration Treasury Group Ltd is to issue 1,000,000 5 year options to employees of Investors Mutual Ltd at an exercise price of \$0.65 under the terms of the company's executive option plan.

The acquisition of shares in Investors Mutual Ltd and the issue of securities as set out above is subject to shareholder approval.

3. Treasury Group Ltd has entered into an agreement to purchase a stockbroking agency business for a consideration of \$75,000 to be satisfied by the issue of 150,000 shares.

The acquisition and the issue of securities described above is subject to shareholder approval. The financial results of Investor Mutual Ltd will be consolidated with Treasury Group Ltd from 1 July 2001.

Except for the above acquisitions, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

**FUTURE DEVELOPMENTS**

The likely developments in the operations of the economic entity in future financial years is further investment and support in partly owned companies providing investment advice and funds management services.

**ENVIRONMENTAL ISSUES**

The economic entity's operations are not presently subject to significant environmental regulation under the law of the Commonwealth and State.

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**DIRECTORS REPORT**

INFORMATION ON DIRECTORS

**Lee Darion Peter lafraté**

Non Executive Chairman

Age:

39

Qualifications:

B.Bus(Acc), Graduate Dip of Applied Finance and Inv.t, ACPA, FSIA

Experience:

Mr. lafraté has 15 years experience in sharebroking, predominantly focusing on corporate and institutional broking, i.e. mergers and acquisitions, capital raising and corporate advisory. Mr lafraté is also the Chairman of Australian Value Funds Management Ltd.

Interest in Shares:

1,297 ,053

Special Responsibilities:

Member of Audit Committee

**Timothy Michael Poole**

Non Executive Director

Age:

32

Qualifications:

B.Com, ACA

Experience:

Mr. Poole has been involved in the financial services industry for more than ten years. He is currently an Associate Director at Hastings Funds Management Limited and is a Director of Australian Value Funds Management Ltd. Prior to that Mr. Poole was member of the taxation services division of Price Waterhouse.

Interest in Shares:

12,000

Special Responsibilities:

Member of Audit Committee

**Michael Brendan Patrick de Tocqueville**

Non Executive Director

Age:

50

Qualifications:

SIA (AFF), FAICD

Experience:

Mr. de Tocqueville a director since 1998 has had over 15 years experience in financial planning and sharebroking. He is the Managing Director of Australian Value Funds Management Ltd.

Interest in Shares:

78,000

Special Responsibilities:

Member of Audit Committee

**DIRECTORS REPORT**

**TREASURY GROUP LIMITED**  
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**DIRECTORS REPORT**

**DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS**

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is based on an assessment of their contribution to the success of the company's activities and the current market levels.

The emoluments of each Director and each of the executive officers receiving the highest emoluments are as follows:

**DIRECTORS**

<b>Economic Entity</b>	<b>Salary</b>	<b>Director's</b>	<b>Committee</b>	<b>Super</b>	<b>Options</b>	<b>Non-</b>	<b>Total</b>
	<b>\$</b>	<b>Fees</b>	<b>Fees</b>	<b>Contributions</b>	<b>\$</b>	<b>Cash</b>	<b>\$</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>Benefits</b>	
						<b>\$</b>	
Mr. L. Iafraté					1,687		1,687
Mr. T. Poole					1,687		1,687
Mr. M. de Tocqueville					1,687		1,687

**EXECUTIVE OFFICERS**

There were no Executives of the Economic Entity.

The amounts disclosed above for remuneration relating to options are the assessed fair values of options at the date they were granted to executive directors and other executives during the year ended 30 June 2001. Fair values have been assessed using the relevant option pricing Tables found in the Income Tax Assessment Act 1997. Factors taken into account by the Tables include the exercise price, the market value and the term of the option.

**AUDIT COMMITTEE**

In accordance with Listing Rule 3C(3)(i) of Australian Stock Exchange Limited ('ASX'), the company advises that it does have an Audit Committee as at the date of this Annual Report.

**MEETINGS OF DIRECTORS**

During the financial year, 8 meetings of directors (including committees) were held. Attendances were:

	<b>DIRECTORS' MEETING</b>		<b>COMMITTEE MEETINGS</b>	
	<b>Number eligible to attend</b>	<b>Number Attended</b>	<b>AUDIT COMMITTEE</b>	
			<b>Number eligible to attend</b>	<b>Number Attended</b>
L. Iafraté	7	7	1	1
P. Bancroft (retired)	4	2	1	-
T. Poole	7	6	1	1
M. de Tocqueville	7	7	1	1

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**DIRECTORS REPORT**

**INDEMNIFICATION & INSURANCE FOR OFFICERS**

Since the end of the financial year the Company has entered into an agreement for the purpose of indemnifying Directors & Officers of the Company against all losses and liabilities incurred by the Director or Officer on behalf of the Company.

The following liabilities, except for a liability for legal costs, are excluded from the above indemnity

- (a) A liability owed to the Company or related body corporate;
- (b) A liability for pecuniary penalty order under section 1317G or a compensation order under section 1317H of the Corporations Act;
- (c) A liability owed to someone other than the Company or a related body corporate and did not arise out of conduct in good faith;
- (d) Any other liability against which the Company is precluded by law from indemnifying the Director. During the financial year, the Company has paid an insurance premium of \$6, 105 in respect of a contract insuring officers of the Company against a liability which may be incurred in that person's capacity as an officer of the Company.

**OPTIONS**

Options that were granted over unissued shares during or since the financial year by the company to directors or any of the five most highly remunerated officers as part of their remuneration are as follows:

Options granted under the Treasury Group Limited Executive option plan include:

- 250,000 options granted to a company associated with L. Iafraté at an exercise price of \$0.75.
- 250,000 options granted to a company associated with T. Poole at an exercise price of \$0.75.
- 250,000 options granted to M. de Tocqueville at an exercise price of \$0.75.

The options granted are exercisable on or before 30 November 2005.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report and there are 1,715,000 unissued ordinary shares for which options are outstanding at the date of this report.

**CORPORATE GOVERNANCE**

The Board of Directors of Treasury Group Limited is accountable to shareholders for the business and affairs of the Company through the implementation of sound strategies, action plans and controls over resources, functions and assets. The Company's main corporate governance practices employed during the financial year are summarised as follows:

**Board Composition and Membership:**

The Board is comprised of all non-executive directors.

The full Board is responsible for establishing the criteria for Board membership, reviewing Board membership and identifying or nominating directors. Board membership is reviewed annually to ensure the board has an appropriate mix of qualifications, skills and experience. Candidates appointed by the Board must stand for election at the next general meeting of Shareholders.

Directors are subject to re-election by rotation at least every three years.

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**DIRECTORS REPORT**

**Remuneration of Directors and Executives:**

The full Board determines compensation arrangements for Directors and for reviewing related matters including management incentive schemes, share option schemes, fringe benefit policies and superannuation.

**Independent Professional Advice:**

Directors of the company may obtain independent professional advice at the Company's expense if required in furtherance of their duties.

**Audit Committee:**

The Audit Committee comprises the non-executive members of the Board and the Company Secretary. The accountant responsible for preparing the financial accounts and reports and the External Auditor attend meetings by invitation.

The Audit Committee assists the Board with the discharge of its responsibility for financial reporting and financial control. The Committee is an advisory body and ensures that the accounts and reports are prepared in accordance with appropriate standards and statutory requirements, and that cost effective systems of controls and practices are maintained throughout the Company. The Committee also reviews and reports to the Board on the effectiveness of the audit function, and is responsible for the nomination of the external auditors.

**Identifying and Managing business risks:**

The Board regularly monitors the operational and financial performance of the Company and economic entity against budget and other key performance measures. The Board also reviews and receives advice on areas of operational and financial risks. Appropriate risk management strategies are developed to mitigate all identified risks of the business including business acquisitions and disposals, major investment proposals and fund raisings.

**Ethical Standards:**

The Company has adopted a Code of Ethics policy that outlines the standards required so that Directors and Management conduct themselves with the highest ethical standards.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.



MR L. IAFRATE *DIRECTOR*

Dated this 31st day of August 2001



Chartered Accountants  
& Business Advisers

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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF TREASURY GROUP LIMITED**

**Scope**

We have audited the financial report of Treasury Group Limited for the financial year ended 30 June 2001 as set out on pages 11 to 24. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at years end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

*Audit Opinion*

In our opinion, the financial report of Treasury Group Limited is in accordance with:

- a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements.

**PKF**

Chartered Accountants

M J Phillips  
Partner

31 August, 2001  
Melbourne

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A Victorian Partnership

**DIRECTORS' DECLARATION**

The directors of Treasury Group Limited declare that :

1. the financial statements and notes,
  - a) comply with Accounting Standards and the Corporations Act 2001; and
  - b) give a true and fair view of the financial position as at 30 June 2001 and performance for the year ended on that date of the company and economic entity;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made on the 31<sup>st</sup> day of August 2001.



Lee Iafraté

Chairman

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<b>Statement of Financial Performance</b> For the year ended 30 June 2001		<b>Economic Entity</b>		<b>Parent Entity</b>	
		<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues from sales	2(a)	-	2,292,103	-	1,534,159
Cost of sales	2(b)	-	(661,308)	-	(420,288)
<b>Gross Profit</b>		-	1,630,795	-	1,113,871
Other revenues from ordinary activities	2(c)	276,538	151,171	243,874	146,237
Revenues from sale of investment	2(d)	-	-	-	1,519,670
Revenues from sale of business	2(e)	-	1,406,299	-	-
Borrowing costs	2(f)	-	(11,934)	-	(10,404)
Diminution in market value of investments	2(g)	(109,605)	-	-	-
Other expenses from ordinary activities	2(h)	(66,509)	(1,589,465)	(45,139)	(1,127,536)
Expenses from sale of investment	2(d)	-	-	-	(1,184,866)
Expenses from sale of business	2(e)	-	(1,133,546)	-	-
Share of net profit(loss) of associates accounted for using the equity method	2(i)	14,944	(2,857)	-	-
Profit from Ordinary Activities before income tax		115,368	450,463	198,735	456,972
Income tax relating to ordinary activities	3	-	-	-	-
<b>Net Profit</b>		115,368	450,463	198,735	456,972
Non-Owner transaction changes in equity					
Increase(decrease) in asset revaluation reserve		-	-	-	-
Increase(decrease) in retained profits on adoption of a new Accounting Standard		-	-	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		115,368	450,463	198,735	456,972
Basic Earnings per share (cents)	23	1.27	4.97		
Dividend per share (cents/share)		0.50	0.50		

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

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<b>Statement of Financial Position</b> As at 30 June 2001		<b>Economic Entity</b>		<b>Parent Entity</b>	
		<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CURRENTS ASSETS</b>					
Cash Assets	4	917,615	1,784,661	917,613	1,528,896
Receivables	5	4,557	2,155	4,557	1,234
Investments	6	-	389,461	-	-
<b>TOTAL CURRENT ASSETS</b>		<u>922,172</u>	<u>2,176,277</u>	<u>922,170</u>	<u>1,530,130</u>
<b>NON-CURRENT ASSETS</b>					
Investments	7	1,187,834	-	55,002	55,002
Equity accounted investments	8	67,087	52,143	-	-
Other assets	9	123	-	1,289,920	649,797
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,255,044</u>	<u>52,143</u>	<u>1,344,922</u>	<u>704,799</u>
<b>TOTAL ASSETS</b>		<u>2,177,216</u>	<u>2,228,420</u>	<u>2,267,092</u>	<u>2,234,929</u>
<b>CURRENT LIABILITIES</b>					
Payables	10	20,771	97,268	20,771	97,268
Provisions	11	45,310	45,310	45,310	45,310
Other liabilities	12	545	-	545	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>66,626</u>	<u>142,578</u>	<u>66,626</u>	<u>142,578</u>
<b>NON CURRENT LIABILITIES</b>					
Borrowings		-	-	-	-
Provisions		-	-	-	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>66,626</u>	<u>142,578</u>	<u>66,626</u>	<u>142,578</u>
<b>NET ASSETS</b>		<u>2,110,590</u>	<u>2,085,842</u>	<u>2,200,466</u>	<u>2,092,351</u>
<b>SHAREHOLDERS' EQUITY</b>					
Contributed equity	13	3,967,348	3,967,348	3,967,348	3,967,348
Accumulated Losses	14	<u>(1,856,758)</u>	<u>(1,881,506)</u>	<u>(1,766,882)</u>	<u>(1,874,997)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>2,110,590</u>	<u>2,085,842</u>	<u>2,200,466</u>	<u>2,092,351</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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**Statement of CashFlows**

	Note	Economic Entity		Parent Entity	
		2001	2000	2001	2000
		\$	\$	\$	\$
<b>Cash flows relating to operating activities</b>					
Receipts from customers		-	2,387,464	-	1,629,520
Payments to suppliers and employees		(122,521)	(2,045,663)	(122,521)	(1,373,166)
Payment for shares in Listed Companies		(312,761)	(3,708,175)	-	-
Proceeds from sale of shares in Listed Companies		307,317	3,428,315	-	-
Interest received		65,925	19,487	55,544	14,898
Dividends received		2,470	6,760	-	1,740
Other Income		7,236	15,323	6,314	4,646
Interest and other costs of finance paid		-	(11,934)	-	(10,404)
<b>Net operating cash flows</b>	16	<u>(52,334)</u>	<u>91,577</u>	<u>(60,663)</u>	<u>267,234</u>
<b>Cash flows relating to investing activities</b>					
Payment for property, plant and equipment		-	(78,846)	-	(78,846)
Proceeds from sale of investment		-	-	-	1,519,670
Proceeds from disposal of business	(i)	-	1,406,299	-	-
Payment for sale expenses		-	(50,267)	-	(50,261)
Payments for investment in managed funds		(724,092)	-	-	-
Payments for investment in unlisted companies		-	(40,000)	-	(40,002)
<b>Net investing cash flows</b>		<u>(724,092)</u>	<u>1,237,186</u>	<u>-</u>	<u>1,350,561</u>
<b>Cash flows relating to financing activities</b>					
Loan to Related party		-	-	(460,000)	(544,797)
Dividends Paid		(90,620)	(90,620)	(90,620)	(90,620)
Payment of borrowing		-	(4,649)	-	(4,649)
<b>Net financing cash flows</b>		<u>(90,620)</u>	<u>-95,269</u>	<u>(550,620)</u>	<u>(640,066)</u>
<b>Net increase in cash held</b>		(867,046)	1,233,494	(611,283)	977,729
Cash at beginning of year		1,784,661	551,167	1,528,896	551,167
<b>Cash at end of financial year</b>	4	<u>917,615</u>	<u>1,784,661</u>	<u>917,613</u>	<u>1,528,896</u>

**(i) Disposal of business**

During the 2000 year all of the ordinary shares of Stikki Products Pty Ltd. were disposed of. Details are as follows:

Consideration received:

- Cash	-	1,406,299	-	-
Carrying amounts of net assets at date of disposal:	-	1,133,546	-	-
Gain on disposal	-	272,753	-	-

The above Statement of Cashflows should be read in conjunction with the accompanying notes.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the economic entity of Treasury Group Limited and controlled entities, and Treasury Group Limited as an individual parent entity. Treasury Group Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**a. Principles of Consolidation**

The consolidated accounts comprise the accounts of Treasury Group Limited and all of its controlled entities. A controlled entity is any entity controlled by Treasury Group Limited. Control exists where Treasury Group Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Treasury Group Limited to achieve the objectives of Treasury Group Limited. A list of controlled entities is contained in Note 22 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

**b. Income Tax**

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001**

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**c. Investments**

Shares in listed companies held as current assets are valued by directors at cost. The gains or losses are included in profit from ordinary activities before income tax when realised.

Non-current investments are carried at cost or at directors' valuation. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

**d. Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

**e. Cash**

For the purpose of the statement of cash flows, cash includes:

- i. cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts
- ii. investments in money market instruments with less than 14 days to maturity.

**f. Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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NOTES TO AND FORMING PART OF THE ACCOUNTS

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>2 PROFIT FROM ORDINARY ACTIVITIES</b>				
Profit from ordinary activities before income tax is arrived at after taking into account:				
(a) Revenues from sales				
Sales of adhesive stationery products	-	2,292,103	-	1,534,159
(b) Cost of sales	-	(661,308)	-	(420,288)
<b>Gross Profit</b>	-	1,630,795	-	1,113,871
(c) Other revenues from ordinary activities				
Interest received	65,380	19,487	54,999	14,898
Management Fees	-	-	180,000	105,000
Dividends received	2,470	6,760	-	1,740
Share Trading (i)	5,751	89,648	-	-
Investment activities	194,062	-	-	-
Other Income	8,875	35,276	8,875	24,599
	276,538	151,171	243,874	146,237
(i) Share Trading activities				
Proceeds on disposal of shares	307,317	2,862,030	-	-
Carrying amount of shares disposed	(301,566)	(2,772,382)	-	-
Gain on disposal	5,751	89,648	-	-
(d) Sale of Investment				
On the 31 March 2000, the parent entity disposed of its 100% interest in Sticky Notes Pty Ltd.				
Proceeds received	-	-	-	1,519,670
Costs incurred on sale of subsidiary	-	-	-	(50,261)
Carrying amounts of net assets at date of disposal	-	-	-	(1,134,605)
Capital Profit on sale of investment	-	-	-	334,804
(e) Sale of Business				
During the 2000 year all of the ordinary shares of Stikki Products Pty Ltd were disposed of.				
Cash consideration received	-	1,406,299	-	-
Carrying amounts of net assets at date of disposal	-	(1,133,546)	-	-
Capital Profit on disposal	-	272,753	-	-
(f) Borrowing Costs				
Interest - Finance Leases	-	(11,934)	-	(10,404)
(g) Provision for diminution in market value of investment	(109,605)	-	-	-
(h) Other expenses from ordinary activities				
Bad and Doubtful Debts	(937)	(9,134)	(937)	(9,134)
Depreciation and Amortisation of:				
- Plant & Equipment	-	(124,818)	-	(81,889)
- Leasehold Improvements	-	(5,565)	-	(3,675)
- Leased Assets	-	(19,770)	-	(15,906)
- Patents & Trademarks	-	(7,926)	-	(5,284)
Other expenses	(65,572)	(1,422,252)	(44,202)	(1,011,648)
	(66,509)	(1,589,465)	(45,139)	(1,127,536)
(i) Share of associates net profit (loss)	14,944	(2,857)	-	-
<b>Profit from ordinary activities before income tax</b>	115,368	450,463	198,735	456,972

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NOTES TO AND FORMING PART OF THE ACCOUNTS

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>3 INCOME TAX EXPENSE</b>				
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 34% (2000: 36%)	39,225	162,167	67,570	164,509
Add/(less) tax effect of:				
- Entertainment	-	24	-	24
- Share of net (profit)/loss of associates	(5,081)	1,028	-	-
- Movement in market value of investments	37,266			
- Recoupment of Losses not previously recognised	(71,410)	(163,219)	(67,570)	(164,533)
	<u>(39,225)</u>	<u>(162,167)</u>	<u>(67,570)</u>	<u>(164,509)</u>
Income tax charged to Statement of Financial Performance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Future income tax benefits arising from tax losses and timing differences have not been recognised as an asset because realisation cannot be assured beyond reasonable doubt within a relatively short period of time. These consist of:

Tax Losses	65,218	99,345	34,629	98,250
Capital Losses	118,911	118,911	118,911	118,911
Timing Differences	4,484	2,709	-	2,709
Foreign Capital Losses	6,593	6,593	6,593	6,593
	<u>195,206</u>	<u>227,558</u>	<u>160,133</u>	<u>226,463</u>

Realisation of these benefits will depend upon:

- (a) the ability of the economic entity to derive future assessable income of a nature and of sufficient amount to enable the benefit to be realised;
- (b) the ability of the economic entity to continue to comply with the conditions for deductibility imposed by law; and
- (c) the expectation that legislation will not change in a manner which could adversely affect the economic entity's ability to realise the benefit.

**4 CASH ASSETS**

Monies on deposit	850,000	1,507,356	850,000	1,507,356
Cash at bank and on-hand	67,615	277,305	67,613	21,540
	<u>917,615</u>	<u>1,784,661</u>	<u>917,613</u>	<u>1,528,896</u>

**5 RECEIVABLES**

**Current**

Trade Debtors	-	937	-	937
Sundry Debtors	4,557	1,218	4,557	297
	<u>4,557</u>	<u>2,155</u>	<u>4,557</u>	<u>1,234</u>

The carrying amounts of accounts receivable approximate net fair values. Net fair values have been determined by reference to the present value of future net cash flows. Trade Debtor accounts are subject to normal terms of trade, which provide for settlement within 30 days. The maximum credit risk exposure of financial assets is the carrying amount.

**6 INVESTMENTS**

**Current**

Shares in Listed Companies (i)	-	389,461	-	-
<b>(i) Market value of shares at balance date</b>				
Shares on a prescribed stock exchange	-	380,244	-	-

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	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>7 INVESTMENTS</b>				
<b>Non Current</b>				
Shares in Subsidiaries - at cost	-	-	2	2
Shares in Associated Companies - at cost	-	-	55,000	55,000
Investment in Managed Account - at cost	1,297,439	-	-	-
Less: Provision for diminution of Investment	(109,605)	-	-	-
	<u>1,187,834</u>	<u>-</u>	<u>55,002</u>	<u>55,002</u>

**8 EQUITY ACCOUNTED INVESTMENTS**

Interests are held in the following associated companies

Name	Principal Activities	Ownership Interest		Carrying amount of Investment	
		2001	2000	2001	2000
				\$	\$
Australian Value Funds Management Ltd	Funds Management	20%	20%	67,087	52,143

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>(i) Movements during the year in equity accounted investment in associated companies</b>				
Balance at beginning of the financial year	52,143	15,000	-	-
Add:				
New investments during the year	-	40,000	-	-
Less:				
Share of associated company's profit/(loss) from ordinary activities after tax	14,944	(2,857)	-	-
Balance at end of the financial year	<u>67,087</u>	<u>52,143</u>	<u>-</u>	<u>-</u>
<b>(ii) Retained earnings attributable to associate:</b>				
Share of associate's profit/(loss) from ordinary activities before income tax expense	21,041	(2,857)	-	-
Share of associate's income tax expense	(6,097)	-	-	-
Share of associate's profit/(loss) from ordinary activities after income tax	14,944	(2,857)	-	-
Share of retained profits at beginning of the financial year	578	3,435	-	-
Share of retained profits at end of the financial year	<u>15,522</u>	<u>578</u>	<u>-</u>	<u>-</u>
<b>(iii) Summarised presentation of aggregate assets, liabilities and performance of associate</b>				
Current Assets	398,110	280,760	-	-
Non Current Assets	5,996	4,341	-	-
Total Assets	<u>404,106</u>	<u>285,101</u>	<u>-</u>	<u>-</u>
Current Liabilities	46,488	2,201	-	-
Non Current Liabilities	-	-	-	-
Total Liabilities	<u>46,488</u>	<u>2,201</u>	<u>-</u>	<u>-</u>
Net Assets	<u>357,618</u>	<u>282,900</u>	<u>-</u>	<u>-</u>
Net profit/(loss) from ordinary activities after income tax of associates	<u>74,718</u>	<u>(14,284)</u>	<u>-</u>	<u>-</u>

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	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>9 OTHER ASSETS</b>				
<b>Non Current</b>				
Loan - Subsidiary	-	-	1,289,797	649,797
Goods & Services Tax receivable	123	-	123	-
	<u>123</u>	<u>-</u>	<u>1,289,920</u>	<u>649,797</u>
<b>10 PAYABLES</b>				
<b>Current</b>				
Trade Creditors	-	135	-	135
Other Creditors & accruals	20,771	97,133	20,771	97,133
	<u>20,771</u>	<u>97,268</u>	<u>20,771</u>	<u>97,268</u>
<p>The carrying amounts of accounts payable approximate net fair values. Net fair values have been determined by reference to the present value of future net cash flows. Accounts payables and Other creditors are subject to normal terms of trade which provide for settlement within 30 days.</p>				
<b>11 PROVISIONS</b>				
<b>Current</b>				
Dividend	45,310	45,310	45,310	45,310
	<u>45,310</u>	<u>45,310</u>	<u>45,310</u>	<u>45,310</u>
<b>12 OTHER LIABILITIES</b>				
<b>Current</b>				
Prepaid Income	545	-	545	-
	<u>545</u>	<u>-</u>	<u>545</u>	<u>-</u>
<b>13 CONTRIBUTED EQUITY</b>				
(a) Issued and paid up capital:				
9,061,925 Ordinary fully paid shares	3,967,348	3,967,348	3,967,348	3,967,348
	<u>3,967,348</u>	<u>3,967,348</u>	<u>3,967,348</u>	<u>3,967,348</u>
(b) Options				
<p>The company granted options to subscribe for 750,000 shares to Directors and Officers at an exercise price of 75 cents under the terms of the executive option plan. The options are exercisable on or before 30 November 2005.</p> <p>At 30 June 2001 the total options outstanding were 1,715,000</p>				
<b>14 ACCUMULATED LOSSES</b>				
Accumulated Losses at the beginning of the financial year	(1,881,506)	(2,241,349)	(1,874,997)	(2,241,349)
Net Profit after Income Tax	115,368	450,463	198,735	456,972
Dividends provided for or paid (Note 15)	(90,620)	(90,620)	(90,620)	(90,620)
	<u>(1,856,758)</u>	<u>(1,881,506)</u>	<u>(1,766,882)</u>	<u>(1,874,997)</u>
<b>15 DIVIDENDS PAID OR PROPOSED</b>				
Interim unfranked Ordinary Dividend	45,310	45,310	45,310	45,310
Proposed final unfranked Ordinary Dividend	45,310	45,310	45,310	45,310
	<u>90,620</u>	<u>90,620</u>	<u>90,620</u>	<u>90,620</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>16 NOTES TO THE STATEMENTS OF CASH FLOWS</b>				
<b>Reconciliation of cashflow from operations with profit from ordinary activities after income tax</b>				
Profit from ordinary activities after income tax	115,368	450,463	198,735	456,972
Depreciation and Amortisation	-	158,078	-	106,752
Profit on sale of shares	(5,751)	(109,601)	-	-
Management Fee	-	-	(180,000)	(105,000)
Profit on sale of subsidiary	-	(272,753)	-	(334,804)
Share of (profit)/loss in Associate	(14,944)	2,857	-	-
Net goods & services tax	(123)	-	(123)	-
Changes in Assets and Liabilities:				
(Increase) / decrease in other debtors	(3,338)	99,256	(4,260)	100,177
(Increase) / decrease in trade debtors	937	95,361	937	95,361
(Increase) / decrease in equities	(5,445)	(279,860)	-	-
(Increase) / decrease in investments	(63,085)	-	-	-
(Increase) / decrease in inventories	-	55,359	-	55,359
(Increase) / decrease in prepayments	-	(15,599)	-	(15,599)
Increase/(decrease) in trade creditors	(135)	(104,416)	(135)	(104,416)
Increase/(decrease) in other creditors & accruals	(76,362)	23,765	(76,362)	23,765
Increase/(decrease) in other liabilities	545	-	545	-
Increase/(decrease) in provision for employee entitlements	-	(11,333)	-	(11,333)
<b>Cashflow from operating activities</b>	<b>(52,333)</b>	<b>91,577</b>	<b>(60,663)</b>	<b>267,234</b>

**17 FINANCIAL INSTRUMENTS**

**Interest rate risk exposure**

The economic entity's exposures to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	<u>Floating Interest</u>	<u>Fixed Interest maturing 1 yr</u>	<u>Non-Interest bearing</u>	<u>TOTAL</u>
<b>2001</b>				
<b>Financial asset</b>				
Cash	917,615	-	-	917,615
Receivables	-	-	4,557	4,557
Investments	-	-	1,255,044	1,255,044
<b>TOTAL</b>	<b>917,615</b>	<b>-</b>	<b>1,259,601</b>	<b>2,177,216</b>
Weighted average interest rate	4.89%		Nil	
<b>Financial liability</b>				
Accounts payable	-	-	20,771	20,771
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>20,771</b>	<b>20,771</b>
Weighted average interest rate			Nil	
<b>2000</b>				
<b>Financial asset</b>				
Cash	1,784,661	-	-	1,784,661
Receivables	-	-	2,155	2,155
Investments	-	-	441,604	441,604
<b>TOTAL</b>	<b>1,784,661</b>	<b>-</b>	<b>443,759</b>	<b>2,228,420</b>
Weighted average interest rate	5.48%		Nil	
<b>Financial liability</b>				
Accounts payable	-	-	97,268	97,268
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>97,268</b>	<b>97,268</b>
Weighted average interest rate			Nil	

**Fair net values**

The economic entity's financial assets and liabilities included in current assets and liabilities in the balance sheet are carried at amounts approximating net fair value.

**Credit risk exposures**

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

NOTES TO AND FORMING PART OF THE ACCOUNTS

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>18 REMUNERATION OF AUDITORS</b>				
Total of all remuneration received or due and receivable by the Auditors in connection with:				
Auditing the financial report	17,815	19,585	17,815	19,585
Other services	-	12,028	-	12,028
	<u>17,815</u>	<u>31,613</u>	<u>17,815</u>	<u>31,613</u>

**19 REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS**

(a) Directors remuneration

Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors and any related parties

-	<u>113,955</u>	-	<u>113,955</u>
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Number of parent entity directors whose income from the parent entity and any related parties was within the following bands:

	No.	No.	No.	No.
\$ 0 - \$ 9,999	4	3	4	3
\$110,000 - \$119,999	0	1	0	1

Directors of the parent entity in office at any time during the year:-  
Michael Brendan Patrick deTocqueville  
Lee Darion Peter laFrate  
Timothy Michael Poole  
Peter Alfred Bancroft (Resigned 30/11/00)

(b) Executives remuneration

Remuneration of executives of the economic entity or the parent entity who received remuneration of \$100,000 or more from the economic, parent or related entities.

Aggregate remuneration	-	<u>113,955</u>	-	<u>113,955</u>
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The number of executives whose income was in the following bands:-

	No.	No.	No.	No.
\$110,000 - \$119,999	0	1	0	1

(c) Other than the Directors there are no other employees of the company.

NOTES TO AND FORMING PART OF THE ACCOUNTS

**20 SEGMENT REPORTING**

The economic entity derived income from the following activities:

**Industry A:** investment activities

**Industry B:** up until 31 March 2000 the manufacture and marketing of adhesive stationery products in Australia

	INDUSTRY A		INDUSTRY B		CONSOLIDATED	
	2001	2000	2001	2000	2001	2000
	\$	\$	\$	\$	\$	\$
<u>Operating Revenue</u>						
Sales to customers outside the entity	-	-	-	2,292,103	-	2,292,103
Unallocated Revenue	91,669	14,394	-	27,176	91,669	41,570
Investment activities revenue	90,208	89,648	-	19,954	90,208	109,602
Total Revenue	<u>181,877</u>	<u>104,042</u>	<u>-</u>	<u>2,339,233</u>	<u>181,877</u>	<u>2,443,275</u>
Segment result	115,367	101,349	-	351,971	115,367	453,320
Unallocated expenses					-	(2,857)
Consolidated operating profit before tax					<u>115,367</u>	<u>450,463</u>
Segment assets	<u>2,177,215</u>	<u>646,148</u>	<u>-</u>	<u>1,582,273</u>	<u>2,177,215</u>	<u>2,228,421</u>
Unallocated assets					-	-
Total assets	<u>2,177,215</u>	<u>646,148</u>	<u>-</u>	<u>1,582,273</u>	<u>2,177,215</u>	<u>2,228,421</u>

**21 RELATED PARTY TRANSACTIONS**

The following transactions with companies or firms in which directors of the company have an interest were on normal terms and conditions. Other fees and remuneration paid to directors and executive officers are disclosed in the Report of Directors and Note 19

	2001	2000
	\$	\$
Payment of rent and outgoings to Banson Nominees Pty Ltd, a Director related entity of Mr P. Bancroft	-	62,572
Shares representing 20% of the issued capital of Australian Value Funds Management Ltd a company which Mr L IaFrate, Mr T. Poole and Mr M. deTocqueville are Directors were acquired at their fair market value	-	40,000
Aggregate number of shares and share options of the Company held by the Directors and their related entities at the balance date:		
- Ordinary shares	1,374,053	3,270,803
- Options over ordinary shares	1,500,000	750,000
Directors and their related entities were granted 750,000 options to subscribe for shares in the company on the same terms and conditions as options which were granted last year. The Directors did not exercise or dispose of any options during the year.		
The company sold all of the shares in a subsidiary company to Mr. P Bancroft and persons associated with him for a consideration of \$385,071. This transaction was approved by shareholders at a meeting held on 30 June 2000.	-	385,071
A management fee was paid to Treasury Group Limited by Treasury Capital Management Pty Ltd for the provision of services.	180,000	105,000
Payment of a management/administration fee to Australian Value Funds Management Ltd which covered administrative and corporate services provided by Mr de Tocqueville and the sublease of offices and reception.	17,650	-
Advance made by the parent entity to its subsidiary. The advance has been made on a long-term basis, and is interest free.	460,000	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

**22 CONTROLLED ENTITIES**

	<b>Incorporated</b>	<b>Share Class</b>	<b>Holding</b>	<b>BOOK VALUE 2001</b>	<b>2000</b>
Treasury Capital Management Pty Ltd (formerly PTH Investments Pty Ltd)	Australia	Ordinary	100%	2	2

**23 EARNINGS PER SHARE**

	<b>2001 cents</b>	<b>2000 cents</b>
Basic earnings per share	1.27	4.97
Diluted earnings per share	1.27	4.97

Weighted average number of shares used in the calculation of Basic Earnings Per Share

	9,061,925	9,061,925
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Dilutive Earnings Per Share:  
All Potential Ordinary shares disclosed in Note 13 are not dilutive.

Option Exercise price exceeded Market Value of shares at year end and based on prevailing conditions were unlikely to be converted at balance date.

**24 EVENTS SUBSEQUENT TO REPORTING DATE**

The following agreements have been entered into which will have effect subsequent to balance date.

1. Treasury Group Ltd entered into agreements with Mr Rodney Green under which
  - i) Mr Green was appointed as Chief Executive Officer of the company
  - ii) A company related to Mr Green was granted options to subscribe for 900,000 shares exercisable at 65 cents at any time until 1 July 2006
  - iii) A company related to Mr Green is to be granted options to subscribe for a total of 900,000 options exercisable as follows

<u>No. of Options</u>	<u>Vesting Date</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
300,000	1 July 2002	\$0.60	1 July 2006
300,000	1 July 2003	\$0.75	1 July 2006
300,000	1 July 2004	\$0.90	1 July 2006

- iv) A total of 200,000 shares are to be issued to a company related to Mr Green at an issue price of 40 cents
- v) Treasury Group Ltd is to acquire a 25% shareholding in Group Funds Management Ltd, a company whose intention is to develop a funds management business, from Mr Green for a consideration of \$550,000 to be satisfied by the issue of 1,000,000 shares
- vi) Treasury Group Ltd is to advance up to \$1,500,000 to Group Funds Management Ltd as working capital

The transactions in (iii) to (vi) are subject to shareholder approval

2. Treasury Group Ltd has entered into agreements to acquire 50% of the issued capital of Investors Mutual Ltd for a consideration of \$2,375,000 to be satisfied by the

- i) issue of 2,500,000 shares in the company
- ii) issue of 1,500,000 options to subscribe for shares in the company exercisable as follows

<u>No. of Options</u>	<u>Vesting Date</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
500,000	1 July 2002	\$0.65	1 July 2006
500,000	1 July 2003	\$0.65	1 July 2006
500,000	1 July 2004	\$0.65	1 July 2006

- iii) payment of \$1,000,000

In addition to the above consideration Treasury Group Ltd is to issue 1,000,000 5 year options to employees of Investors Mutual Ltd at an exercise price of \$0.65 under the terms of the company's executive option plan.

The acquisition of shares in Investors Mutual and the issue of securities as set out above is subject to shareholder approval. The financial results of Investor Mutual Ltd will be consolidated with Treasury Group Ltd from 1 July 2001.

3. Treasury Group Ltd has entered into an agreement to purchase a stockbroking agency business for a consideration of \$75,000 to be satisfied by the issue of 150,000 shares.

The acquisition and the issue of securities described above is subject to shareholder approval.

Except for the above acquisitions, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

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**OTHER INFORMATION**

Australian Stock Exchange Requirements

**SHAREHOLDINGS**

The distribution of members and their holdings as at 31 August 2001 as per the Register of Members was as follows:-

Category	Fully Paid Shares	
	No. of Holders	No. of Shares
1 - 1,000	234	229,424
1,001 - 5,000	62	263,392
5,001 - 10,000	31	282,749
10,001 - 100,000	39	1,410,608
100,001 - and over	11	6,875,752
	<u>377</u>	<u>9,061,925</u>

The Top 20 shareholders of the company as at 31 August 2001 were:-

Name of Shareholder	No. of shares
Top Pocket Pty Ltd	1,297,053
Anjolson Nominees Pty Ltd	1,124,000
HFM Investments Pty Ltd	985,000
Banson Nominees Pty Ltd	910,500
Squitchy Lane Holdings Pty Ltd	800,000
Provident Nominees Pty Ltd	600,000
Mr Peter A. Bancroft	490,250
Catholic Church Insurances Ltd	281,000
Denvorcorp Holdings Pty Ltd	270,500
Brighton Mortgages & Finance Pty Ltd	117,449
Mr Peter Bancroft	100,000
Denvor Corporation Holdings Pty Ltd	100,000
Soldon Investments Pty Ltd	90,500
Western Park Holdings Pty Ltd	80,000
Michael Brendan deTocqueville	78,000
Walloon Pty Ltd	68,000
Rockbank Enterprises Pty Ltd	65,000
Talantte Nominees Pty Ltd	58,000
David W Lee & Associates Pty Ltd	55,000
Gobel Pty Ltd	47,283

The percentage holding of the twenty largest shareholders as per the Register of Shareholders was 84.05%

No securities of the company have been classified by the ASX as vendor securities.

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**VOTING RIGHTS**

The Company's constitution stipulates the voting rights of members. In summary, but without prejudice to the provisions of the Constitution, every member present in person or by representative, proxy or attorney, shall have one vote on a show of hands and, on a poll, one vote for each share held by him.

The Company's ordinary shares are quoted on Australian Stock Exchange Limited.

The options are not listed.

**SUBSTANTIAL SHAREHOLDERS**

As at 31 August 2001, notices of substantial shareholders lodged with the Company were:-

HFM Investments Pty Ltd; Squitchy Lane Holdings Pty Ltd; Hastings Funds Management Pty Ltd; Michael Clifford Fitzpatrick.	1,785,000	19.69%
Banson Nominees Pty Ltd; Mr P Bancroft; Mrs M Bancroft; Marlyn Bancroft Super Fund; Peter Bancroft Super Fund	1,616,500	17.83%
Top Pocket Pty Ltd	1,297,053	14.31%
Anjolson Nominees Pty Ltd	1,124,000	12.40%
Provident Nominees Pty Ltd	600,000	6.62%

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**DIRECTORS AND OTHER CORPORATE INFORMATION**

**DIRECTORS:** Lee Darion Peter laFrate - Chairman  
Timothy Michael Poole  
Michael Brendan Patrick de Tocqueville

**COMPANY SECRETARY:** John Gordon McCormack

**REGISTERED OFFICE  
AND PRINCIPAL PLACE  
OF BUSINESS:** Level 15  
90 Collins Street  
Melbourne Victoria 3000  
Telephone: 03 - 9639 8709  
Facsimile: 03 - 9650 2249

**BANKERS:** BANK OF MELBOURNE  
360 Collins Street  
Melbourne Victoria 3000

**SOLICITORS:** NORTON GLEDHILL  
Commercial Lawyers  
Level 23  
459 Collins Street  
Melbourne Victoria 3000

**AUDITORS:** PKF  
Level 11, CGU Tower  
485 LaTrobe Street  
Melbourne Victoria 3000

**SHARE REGISTRAR:** COMPUTERSHARE REGISTRY SERVICES PTY LTD  
Level 12  
565 Bourke Street  
Melbourne Victoria 3000