

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 2011

Previous corresponding period

is the financial year ended 30 June 2011

and half year ended 31 December 2010

2. Results for announcement to the market

Revenues (<i>item 2.1</i>)*	up/down	2%	to	<u>A\$'000s</u> 2,182
Profit (loss) after tax attributable to members (<i>item 2.2</i>)	up/down	20%	to	4,203
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	20%	to	4,203
* Does not include the share of profits from Jointly Controlled Entities and Associates. Profits from Jointly Controlled Entities and Associates was \$5.8M				
Dividends (<i>item 2.4</i>)				
It is proposed to pay an interim fully franked dividend of 14.00 cents per share.				
Payment Date: 26 March 2012				
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	5 March 2012			

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

The Group generated a net profit attributable to members of Treasury Group Ltd of \$4,203,286 for the six months ended 31 December 2011. This compares with a net profit attributable to members of Treasury Group Ltd of \$5,231,998 reported for the corresponding period ended 31 December 2010.

The net profit after tax of the group as reported in the 31 December 2011 half year report has decreased compared to the 31 December 2010 half year result due to the following one-off items as shown in the table below, which also shows the 31 December 2011 normalised profit remaining steady in comparison to 31 December 2010:

	CONSOLIDATED	
	2011	2010
	\$	\$
Net profit for the half year	4,203,286	5,231,998
Add back:		
- Impairment of investment in AR Capital Management Pty Ltd	361,201	-
- Net loss on Global Value Investors Ltd restructure and acquisition	509,346	-
- Loss on disposal of available for sale investments	104,425	-
Normalised profit	<u>5,178,258</u>	<u>5,231,998</u>

On 14 December 2011, Treasury Group Ltd acquired a further 47.5% equity interest in Global Value Investors Ltd from Investors Mutual Ltd, effectively increasing the Group's direct ownership from 25% to 72.5%. This acquisition resulted to the Group acquiring control over Global Value Investors Ltd. The above net loss arising from restructuring and acquiring Global Value Investors Ltd as a subsidiary includes any effects of the sale by Investors Mutual Ltd of its equity stake to Treasury Group Ltd through the latter's interest in the former.

As at 31 December 2011 as a result of the restructure of AR Capital Management Pty Ltd, Treasury Group Ltd has impaired the value of its investment in AR Capital Management Pty Ltd as noted above.

For the details, please refer to the attached Financial Report for the 6 months period ended 31 December 2011.

3. Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	254¢	253¢

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)	Global Value Investors Limited
Date(s) of gain of control (item 4.2)	14 December 2011.

Loss of control of entities

Name of entities (item 4.1)	N/A.
Date(s) of loss of control (item 4.2)	N/A.
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).	N/A.
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	N/A.

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Final dividend – year ended 30 June 2011	28 September 2011	4,614,151
Interim dividend – year ended 30 June 2012	26 March 2012	3,229,906

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Interim dividend: Current period	14.00¢	100%	-¢
Previous period	14.00¢	100%	-¢

Interim dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	3,230	3,230
Preference securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
Total	3,230	3,230

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
Investors Mutual Limited	48
IML Investment Partners Pty Limited	40
Orion Asset Management (Aust) Pty Ltd	42
RARE Infrastructure Ltd	40
Treasury Asia Asset Management Limited	40
RARE IP Trust	40
Celeste Funds Management Limited	39
AR Capital Management Limited	30
Aubrey Capital Management Ltd^	0

* Global Value Investors Limited from 14 December 2011 was no longer a jointly controlled entity subsequent to TRG acquired the company as a subsidiary on that date.

^ Treasury Group Limited acquired convertible preference shares which could entitle TRG to convert into 20% of its ordinary capital.

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

Group's share of associates' and joint venture entities':	6mths to 31 Dec 2011 \$	6mths to 31 Dec 2010 \$
Profit (loss) before tax	7,447,733	9,529,883
Income tax	(1,653,762)	(2,227,727)
Net profit (loss) after tax	5,793,971	7,302,156
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	5,793,971	7,302,156

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 2011 is provided with the Appendix 4D information.
- 2 The interim report has been prepared in accordance with AASB 134 Interim Financial Reporting.
- 3 Except where noted in the report, the interim report and information provided in Appendix 4D uses the same accounting policies as those applied at 30 June 2011, 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 2012
(Company Secretary)

Print name: Reema Ramswarup




Treasury Group Ltd

A.B.N. 39 006 708 792

Half-Year Condensed Financial Report

For the Half-Year Ended
31 December 2011

Contents

Directors' Report	3
Auditor's Independence Declaration	5
Condensed Consolidated Financial Statements for the half-year ended 31 December 2011	
Condensed Consolidated Income Statement	6
Condensed Consolidated Statement of Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Selected Notes to the Condensed Half-Year Financial Statements	11
Directors' Declaration	18
Independent Review Report	19

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

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 P. Kennedy (Non-executive Director)

Mr R. Hayes (Non-executive Director)

Mr D. Cooper (Non-executive Director, resigned 14 December 2011)

REVIEW AND RESULTS OF OPERATIONS

The principal activity of the Group for the period was the provision of funds management services to institutions, master funds and wraps, retail investors and private clients through Investors Mutual Limited, Orion Asset Management Pty Ltd, Global Value Investors Ltd, Treasury Asia Asset Management Ltd, RARE Infrastructure Ltd, Celeste Funds Management Limited, AR Capital Management Pty Limited and Aubrey Capital Management.

The Group generated a net profit attributable to members of Treasury Group Ltd of \$4,203,286 for the six months ended 31 December 2011. This compares with a net profit attributable to members of Treasury Group Ltd of \$5,231,998 reported for the corresponding period ended 31 December 2010. The net profit after tax of the group as reported in the 31 December 2011 half year report has decreased compared to the 31 December 2010 half year result due to the following one-off items as shown in the table below, which also shows the 31 December 2011 normalised profit remaining steady in comparison to 31 December 2010:

	CONSOLIDATED	
	2011	2010
	\$	\$
Profit for the period	4,203,286	5,231,998
Add back:		
- Impairment of investment in AR Capital Management Pty Ltd	361,201	-
- Net loss on Global Value Investors Ltd restructure and acquisition	509,346	-
- Loss on disposal of available for sale investments	104,425	-
Normalised profit	5,178,258	5,231,998

Basic and diluted earnings per share have also decreased from 22.68 cents per share to 18.22 cents for both basic and diluted earnings per share respectively for the six months ended 31 December 2011.

During the half year, Treasury Group Ltd acquired units in Orion Sirius Fund for \$1,000,000. Treasury Group Ltd also redeemed its units in Global Industrial Share Fund Unhedged and subsequently invested the proceeds for units in Global Opportunities Fund Hedged and Global Opportunities Fund Unhedged which were also redeemed during the period. These investments represent seed capital to assist in the growth and marketing of these products.

SIGNIFICANT CHANGES IN STATES OF AFFAIRS

On 12 July 2011, Mr Andrew McGill commenced in his executive capacity as Chief Executive Officer of Treasury Group Ltd.

On 16 November 2011, Ms Christine Feldmanis, the Managing Director of Treasury Group Investment Services Ltd resigned from the Group.

On 14 December 2011, Treasury Group Ltd acquired a further 47.5% equity interest in Global Value Investors Ltd from Investors Mutual Ltd, effectively increasing the Group's direct ownership from 25% to 72.5%. As a consequence of the terms of the shareholders agreement relating to the ability of TRG to acquire minority interests, Treasury Group Limited has gained control of Global Value Investors Limited as at 31 December 2011. The net loss arising from restructuring and acquiring Global Value Investors Ltd as a subsidiary amounted to \$509,346, including any effects of the sale by Investors Mutual Ltd of its equity stake to Treasury Group Ltd through the latter's interest in the former.

As at 31 December 2011 as a result of the restructure of AR Capital Management Pty Ltd, Treasury Group Ltd has reflected an impairment charge on the value of its investment in AR Capital Management Pty Ltd of \$361,201. This was the result of the key executives deciding to resign. AR Capital Management Pty Ltd entered into an investment management agreement with Evergreen Capital, a specialist alternatives manager.

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 22 February 2012, the Directors of Treasury Group Ltd declared an interim dividend on ordinary shares in respect of the half year ended 31 December 2011. The total amount of the dividend is \$3,229,905 which represents a fully franked dividend of 14 cents per share. The dividend has not been provided for in the 31 December 2011 half year financial statements and will be recognised in subsequent financial reports.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration in relation to the half year review is provided with this report on Page 5.

Signed in accordance with a resolution of the Directors made pursuant to 306(3) of the Corporations Act 2001.



M. Fitzpatrick

Chairman

22 February 2012

The Board of Directors
Treasury Group Limited
Level 5, 50 Margaret Street
Sydney, NSW 2000

22 February 2012

Dear Directors

Treasury Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Treasury Group Limited.

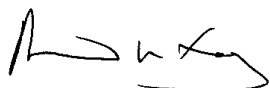
As lead audit partner for the review of the condensed financial statements of Treasury Group Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



A H Young
Partner
Chartered Accountants

Condensed Consolidated Income Statement

For the half-year ended 31 December 2011

	Notes	CONSOLIDATED	
		Half-year ended 31 December 2011 \$	Half-year ended 31 December 2010 \$
Revenues	3(a)	2,181,756	2,234,249
Net gain on investments	3(b)	85,977	-
Salaries and employee benefits expenses	3(c)	(2,403,294)	(2,742,391)
Other expenses	3(d)	(1,482,438)	(1,557,003)
Share of net profits of equity accounted investments	3(e)	5,793,971	7,302,156
PROFIT BEFORE INCOME TAX (EXPENSE)/BENEFIT		4,175,972	5,237,011
Income tax (expense)/benefit		27,314	(5,013)
PROFIT FOR THE PERIOD		4,203,286	5,231,998
ATTRIBUTABLE TO:			
MEMBERS OF THE PARENT		4,203,286	5,231,998
Earnings per share (cents per share) for profit attributable to the ordinary equity holders of the parent:			
• Basic earnings per share	10	18.22	22.68
• Diluted earnings per share	10	18.22	22.68
Interim franked dividends per share (cents per share)	9(c)	14.00	14.00

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2011

	Notes	CONSOLIDATED	
		Half-year ended 31 December 2011 \$	Half-year ended 31 December 2010 \$
PROFIT FOR THE PERIOD		4,203,286	5,231,998
Other comprehensive income			
(Loss)/gain on available-for-sale investments taken to equity		(757,746)	155,141
Income tax relating to components of other comprehensive income		227,324	(46,542)
Share of net after-tax gain on available-for-sale investments of jointly controlled entity		26,039	10,417
Other comprehensive income for the period (net of tax)		(504,383)	119,016
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,698,903	5,351,014
ATTRIBUTABLE TO:			
MEMBERS OF THE PARENT		3,698,903	5,351,014

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 31 December 2011

	Notes	CONSOLIDATED	
		As at 31 December 2011 \$	As at 30 June 2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	9,613,727	10,088,968
Trade and other receivables	6	3,872,479	6,590,789
Other assets		582,029	237,729
TOTAL CURRENT ASSETS		14,068,235	16,917,486
NON-CURRENT ASSETS			
Trade and other receivables		1,118,739	233,638
Available-for-sale investments	7	8,962,679	8,925,097
Loans and other receivables	8	4,624,441	5,086,720
Deferred tax assets		3,554,071	2,861,454
Investments accounted for under the equity method		29,433,383	29,269,020
Plant and equipment		106,967	111,620
Intangible assets		40,908	45,087
TOTAL NON-CURRENT ASSETS		47,841,188	46,532,636
TOTAL ASSETS		61,909,423	63,450,122
CURRENT LIABILITIES			
Trade and other payables		2,558,534	3,205,017
Provisions		200,744	295,889
TOTAL CURRENT LIABILITIES		2,759,278	3,500,906
NON-CURRENT LIABILITIES			
Provisions		116,652	132,433
Deferred tax liabilities		553,051	631,493
TOTAL NON-CURRENT LIABILITIES		669,703	763,926
TOTAL LIABILITIES		3,428,981	4,264,832
NET ASSETS		58,480,442	59,185,290
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	11	29,594,265	29,594,265
Reserves		2,416,057	2,710,040
Retained earnings		26,470,120	26,880,985
TOTAL EQUITY		58,480,442	59,185,290

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2011

	Note	Ordinary Shares	Share options reserve	Consolidated Net unrealised gains reserve	Retained earnings	Total
		\$	\$	\$	\$	\$
AT 1 JULY 2011		29,594,265	2,722,698	(12,658)	26,880,985	59,185,290
Total comprehensive income for the period		-	-	(504,383)	4,203,286	3,698,903
Share-based payments		-	210,400	-	-	210,400
Dividends paid	9	-	-	-	(4,614,151)	(4,614,151)
AT 31 DECEMBER 2011		29,594,265	2,933,098	(517,041)	26,470,120	58,480,442

	Note	Ordinary Shares	Share options reserve	Net unrealised gains reserve	Retained earnings	Total
		\$	\$	\$	\$	\$
AT 1 JULY 2010		29,594,265	2,798,973	398,331	23,335,693	56,127,262
Total comprehensive income for the period		-	-	119,016	5,231,998	5,351,014
Share-based payments		-	86,044	-	-	86,044
Dividends paid	9	-	-	-	(3,229,905)	(3,229,905)
AT 31 DECEMBER 2010		29,594,265	2,885,017	517,347	25,337,786	58,334,415

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2011

	Notes	CONSOLIDATED	
		Half-year ended 31 December 2011 \$	Half-year ended 31 December 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		2,447,803	5,412,592
Payments to suppliers and employees (inclusive of GST)		(6,485,798)	(7,342,029)
Dividends and distributions received		6,842,044	5,705,491
Interest received		530,601	412,868
NET CASH FLOWS FROM OPERATING ACTIVITIES		3,334,650	4,188,922
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(8,009)	(12,317)
Purchase of intangible assets		(5,785)	-
Purchase of available-for-sale investments		(1,697,610)	(3,128,783)
Proceeds from disposal of available-for-sale investments		729,761	-
Repayment of loan by jointly controlled entities		536,278	776,092
Advances to jointly controlled entities		-	(100,000)
Net cash acquired on acquisition of subsidiary		1,249,625	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		804,260	(2,465,008)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid on ordinary shares		(4,614,151)	(3,229,905)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(4,614,151)	(3,229,905)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(475,241)	(1,505,991)
Cash and cash equivalents at the beginning of the period		10,088,968	10,949,185
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	9,613,727	9,443,194

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Selected Notes to the Condensed Half-Year Financial Statements

For the half-year ended 31 December 2011

1. CORPORATE INFORMATION

The condensed consolidated financial report of Treasury Group Ltd for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 22 February 2012. Treasury Group Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose condensed consolidated financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value, financial assets comprising convertible notes and shares held for trading, which are designated at fair value through profit and loss, and loans and receivables, which are measured at amortised cost.

The half-year condensed consolidated 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 condensed consolidated financial report should be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by Treasury Group Ltd during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

The financial report is presented in Australian dollars.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

All other accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2011 including the accounting policy for the equity-settled shared based payments which applies to the performance rights issued during the period.

(b) Compliance with IFRS

The financial report complies with AASB 134 *Interim Financial Reporting* as issued by the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2011

	CONSOLIDATED	
	Half Year ended 31 December 2011 \$	Half Year ended 31 December 2010 \$
3. REVENUE AND EXPENSES		
(a) Revenues		
Fund management fees	155,454	161,807
Service fees	1,527,669	1,551,369
Interest income	373,395	428,847
Dividend and distribution income	125,238	92,226
	2,181,756	2,234,249
(b) Gains/ (losses) on investments		
(Loss) on disposal of available-for-sale investments	(104,425)	-
Impairment of equity investment in AR Capital	(361,201)	-
Net gain on purchase of a subsidiary	551,603	-
	85,977	-
(c) Salaries and employee benefits expenses		
Salaries and employee benefits	2,192,894	2,607,998
Share-based payment expense arising from equity-settled share-based payment transactions	210,400	134,393
	2,403,294	2,742,391
(d) Other expenses		
Depreciation and Amortisation:		
Software	9,964	13,649
Furniture & fittings	3,218	3,749
Office equipment	13,409	11,210
Leasehold improvements	1,288	2,146
	27,879	30,754
Other expenses:		
Accounting & audit fees	72,719	150,812
Consulting fees & IT charges	312,531	224,916
Directors' fees (non-executives)	206,102	181,661
Insurance charges	88,610	102,352
Legal & compliance fees	95,683	130,014
Marketing & communication expenses	62,163	127,313
Operating lease rental – minimum lease payments	181,972	179,788
Travel & accommodation costs	128,178	143,928
Payroll tax	187,091	178,250
Subscriptions and training expenses	39,200	63,564
Others	80,310	43,651
	1,454,559	1,526,249
Total other expenses	1,482,438	1,557,003
(e) Share of net profits of equity accounted investments		
Share of net profits from operations	5,793,971	7,302,156
	5,793,971	7,302,156

Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2011

4. ACQUISITION OF SUBSIDIARY

On 14 December 2011, Treasury Group Ltd acquired a further 47.5% equity interest in Global Value Investors Ltd from Investors Mutual Ltd, effectively increasing the Group's direct ownership from 25% to 72.5%. As a consequence of the terms of the shareholders agreement relating to the ability of TRG to acquire minority interests, Treasury Group Limited has gained control of Global Value Investors Limited as at 31 December 2011.

The consideration transferred and the related gain on the acquisition is as follows:

	CONSOLIDATED 31 DECEMBER 2011 \$
a. Consideration transferred	
Cash and cash equivalents	493,000
b. Assets acquired and liabilities assumed at the date of acquisition	
Current assets	
Cash and cash equivalents	1,742,625
Trade receivables ¹	349,638
Other assets	242,502
Deferred tax assets	484,004
Current liabilities	
Trade and other payables	1,058,305
	<u>1,760,464</u>
¹ Trade receivables acquired with a fair value of \$349,638 which is equivalent to the gross contractual due to Global Value Investors Ltd.	
c. Gain from purchase of subsidiary	
Consideration transferred to Investors Mutual Ltd (IML)	493,000
Plus: Payable for acquisition of non-controlling interest (at fair value)	175,000
Plus: Fair value of previously held equity interest	259,474
Less: Fair value of identifiable net assets acquired	1,760,464
Gain from purchase	<u>832,990</u>
The acquisition of a further 47.50% interest in Global Value Investors Ltd resulted in a gain from purchase, being the excess of the net fair value of the identifiable assets acquired and liabilities assumed over the aggregate of the consideration transferred, fair value for the non-controlling interests and the fair value of any previously-held equity interest in Global Value Investors Ltd.	
The equity interest previously held by Treasury Group Ltd in Global Value Investors Ltd, which qualified as an equity accounted investment is treated as if it were disposed of and reacquired at fair value on the acquisition date. It is remeasured to its acquisition-date fair value and compared against the carrying amount of the equity accounted investment. Accordingly, the loss on disposal of the equity accounted investment in Global Value Investors Ltd amounted to \$281,387.	
d. Net gain from purchase	
Gain from purchase of a subsidiary	832,990
Loss on disposal of equity accounted investment	(281,387)
	<u>551,603</u>

Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2011

4. ACQUISITION OF SUBSIDIARY (Cont)

e. Net cash inflow arising on acquisition

Consideration paid in cash	493,000
Less: cash and cash equivalents balances acquired	1,742,625
	1,249,625

f. Impact on acquisition on the results of the Group

Included in the profit for the interim period is a loss of \$1,070,246 attributable to Global Value Investors Ltd (including any indirect interest of TRG through its interest in IML during the period). No revenue was included for the period in respect of Global Value Investors Ltd. Had the acquisition of Global Value Investors Ltd been effected at 1 July 2011, the revenue of the Group from continuing operations for the six months ended 31 December 2011 would have been \$4,176,282, and the profit for the year from continuing operations would have been \$3,196,452. The Directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on a half-yearly basis and to provide a reference point for comparison in future periods.

5. NOTES TO THE STATEMENT OF CASH FLOWS

For the purpose of the cash flow statement, cash and cash equivalents are comprised of the following:

	31 DECEMBER 2011	31 DECEMBER 2010
Cash at bank and on hand	9,613,727	9,443,194
	9,613,727	9,443,194

6. TRADE AND OTHER RECEIVABLES (CURRENT)

	31 DECEMBER 2011	30 JUNE 2011
	\$	\$
Trade and other receivables	1,451,570	2,115,250
Sundry receivables	32,966	22,528
Other receivables	712,879	534,581
Related party receivables		
- jointly controlled entities - dividends	950,000	2,448,456
- distribution	-	768,000
- others	725,064	653,344
Other related parties	-	48,630
	3,872,479	6,590,789

Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2011

7. AVAILABLE-FOR-SALE INVESTMENTS

	31 DECEMBER 2011	30 JUNE 2011
Investment in Premium Investors Ltd listed shares	2,677,136	2,092,561
Investment in TG TAAM Asia ex Japan 1**	1,606,358	1,849,191
Investment in Global Industrial Share Fund- Unhedged	-	1,000,772
Investment in Aubrey Conviction Fund**	1,861,138	2,148,229
Investment in Ascot Cayman Fund**	980,800	996,700
Investment in Orion Sirius Fund**	986,303	-
Aubrey Capital Management convertible preference shares*	849,844	836,544
Unlisted shares in other corporations	1,100	1,100
	8,962,679	8,925,097

* Whilst classified as an available-for-sale to satisfy the definition under the accounting standards, the Board views this as a long term holding investment. The acquisition price of these securities was \$1,000,000. The change in fair value reflects movements in fair value between reporting periods, including foreign exchange rates.

** These investments represent seed capital to assist in the growth and marketing of these products.

	31 DECEMBER 2011	30 JUNE 2011
	\$	\$
8. LOANS AND OTHER RECEIVABLES (NON-CURRENT)		
Loan receivables due from:		
Jointly controlled entities	4,624,441	5,086,720
	4,624,441	5,086,720

(a) Loans

The majority of non-current loans to associates and jointly controlled entities are subordinated to all other creditors as a condition of their Australian Financial Services Licences as agreed with the Australian Securities and Investments Commission (ASIC). Interest rates on the loans are fixed at between 6.5% and 7.5%.

	Half Year ended 31 December 2011	Half Year ended 31 December 2010
	\$	\$
9. 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 (20 cents per share) (2011: 14 cents per share)	4,614,151	3,229,905
(c) Interim dividends proposed and not recognised as a liability*		
Interim fully franked dividends (14 cents per share) (2011: 14 cents per share)	3,229,905	3,229,905

* Calculation based on the ordinary shares on issue as at 31 January 2012 (2010: 31 January 2011)

Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2011

	Half Year ended 31 December 2011 \$	Half Year ended 31 December 2010 \$
10. 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	4,203,286	5,231,998
Weighted average number of ordinary shares used in calculating basic earnings per share	23,070,755	23,070,755
Effect of dilutive securities		
Dilutive effect of potential ordinary shares – share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	23,070,755	23,070,755

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.

	31 DECEMBER 2011 \$	30 JUNE 2011 \$
11. CONTRIBUTED EQUITY		
(a) Ordinary shares		
Ordinary shares	29,594,265	29,594,265
Fully paid ordinary shares carry one vote per share and carry the right to receive dividends		
(b) Movement in ordinary shares on issue	Number	\$
At 1 January 2011	23,070,755	29,594,265
At 30 June 2011	23,070,755	29,594,265
At 31 December 2011	23,070,755	29,594,265

(c) Capital management

The Company's capital management policies focus on ordinary share capital. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders.

Management is constantly reviewing the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders or conduct share buybacks.

During the half year ended 31 December 2011, management paid dividends of \$4,614,151 (2010: \$3,229,905). Management anticipates maintaining a dividend payout ratio over a medium term of at least 60%-80% of normalised earnings in a normal year subject to future acquisitions.

The Group does not have any external borrowings.

(d) Share Options

Options over ordinary shares:

During the period, no options over ordinary shares were issued (30 June 2011: nil) and 275,000 options lapsed (30 June 2011: nil).

At the end of the period there were no (30 June 2011: 275,000) unissued ordinary shares in respect of which no options (30 June 2011: 275,000) were outstanding. The options had a nil weighted average exercise price (30 June 2011: \$12.07).

Selected Notes to the Half-Year Financial Statements (continued)

For the half-year ended 31 December 2011

11. CONTRIBUTED EQUITY (Cont.)

(e) Performance rights

During the period, Treasury Group Ltd issued 816,749 performance rights to executives and certain employees as part of their long term incentives. These performance rights were granted on 12 July 2011 and have a vesting date of 11 July 2014. The performance rights on issue were valued by RSM Bird Cameron using a hybrid monte-carlo /binomial option pricing model. The value of each right at issue was \$1.64. Total value of performance rights is \$1,339,468 amortised over three years from the grant date. The amount of performance rights amortisation expense for the period was \$210,400.

12. SEGMENT INFORMATION

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of performance is specifically focused on the profit after tax earned by each business within the Group. Therefore the Group's reportable segments under AASB 8 are included in the table below.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's results by reportable operating segment:

	Consolidated	
	Half Year ended 31 December 2011 \$	Half Year ended 31 December 2010 \$
Outsourcing and trustee services	13,883	323,107
Australian equities	3,206,085	4,540,773
International equities	(377,382)	538,754
Alternative equities	2,965,268	2,222,629
	5,807,854	7,625,263
Central administration costs and directors' salaries	(1,604,568)	(2,393,265)
Total per Income statement	4,203,286	5,231,998

Other than Australia, no country represents more than 10% of revenue of Treasury Group Ltd and its jointly controlled entities. No individual customer represents more than 10% of revenue of Treasury Group Ltd and its jointly controlled entities. International equities in the above table includes Global Value Investors Ltd.

13. EVENTS AFTER THE BALANCE SHEET DATE

On 22 February 2012, the Directors of Treasury Group Ltd declared an interim dividend on ordinary shares in respect of the half year ended 31 December 2011. The total amount of the dividend is \$3,229,905 which represents a fully franked dividend of 14 cents per share. The dividend has not been provided for in the 31 December 2011 half year financial statements and will be recognised in subsequent financial reports.

Directors' Declaration

In accordance with a resolution of the Directors of Treasury Group Ltd made pursuant to s303(5) of the Corporations Act 2001, 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 2011 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

22 February 2012

Independent Auditor's Report to the members of Treasury Group Limited

We have reviewed the accompanying half-year financial report of Treasury Group Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed income statement, condensed statement of comprehensive income, condensed statement of cash flows and condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 half-year 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 2011 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*. As the auditor of Treasury Group Limited, 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.


Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Treasury Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

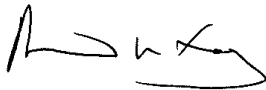
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Treasury Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



A H Young
Partner
Chartered Accountants

Sydney, 22 February 2012