Treasury Group

20th November 2002

ASX Company Announcements

Fax Number 1300 300 021

Dear Sir/Madam,

Please find attached, company announcement in relation to:

Chairman's Address at 2002 AGM.

Yours faithfully,

Robert Kipp
Company Secretary

Chairman's and Managing Director's Address

The past 2 years has seen enormous change within Treasury Group. It is worth remembering that it was only 2 years ago that shareholders approved the name change from P T H Group Ltd to Treasury Group in order to reflect proposed future activities. At that time, Directors had a vision for the company but there was little else in place. Then a little over a year ago we secured the services of our current Managing Director, Rodney Green and it was only a year ago in November 2001 at our previous AGM that shareholders approved the transaction with Investors Mutual. We will cover the activities of Investors Mutual in more detail shortly, however, at the outset I would like to say that the investment in Investors Mutual has proven to be a fantastic success and we would like to give special thanks to the very talented team at Investors Mutual for this outstanding achievement over the course of the past 12 months.

I would now like to cover briefly our annual results for the year ended 30 June 2002. The net profit after tax increased to $259,146 an increase of 125% over the previous year. We declared a final fully franked dividend of 1c per ordinary shares, the same as last years total full-year dividend which was paid at interim and a final dividend. We are pleased to report that dividends are now fully franked and likely to be so for the foreseeable future. Treasury Group's funds under management through our investment's in Armytage and Investors Mutual continued to grow steadily throughout the year, with assets under management rising from just over $15 million at 30 June 2001 (via our 20% investment in Armytage Private Ltd), rising to $927 million at 30 June 2002. At the end of October 2002 despite ongoing poor stock market performance, we are pleased to report that group funds under management has since risen to $1.4 billion dollars.

From the Managing Director - Operational Activities

I would now like to cover progress in the various operating entities within the group over the course of the past financial year to the current time.

I would like to start off with Armytage Private Limited, which in fact was the only operating business in which Treasury Group had a stake in at the commencement of the 2001/2002 financial year. At the start of the financial year some 17 months ago, Treasury Group held a 20% stake in a young company called Australian Value Funds Management. For those who don't remember and who were not shareholders at the time, Australian Value Funds Management was essentially a start-up funds management business, which focussed on the management of discreet portfolios for high net worth and smaller corporate funds. In January 2002 the name of this company was changed from Australian Value Funds Management to Armytage Private Limited in order to more properly reflect the nature and focus of the business. In June 2002 Treasury Group increased it's shareholding to 50.1%. I am pleased to report that Armytage Private enjoyed a successful year both in terms of the delivery of strong investment performance for its clients as well as delivering a meaningful profit. Funds under management at the time of preparing this report had, despite market volatility, risen to $37.4 million.

Now to Investors Mutual. I joined Investors Mutual as Chief Operating Officer to assist Anton Tagliaferro and his team in July 2001. Whilst we were confident that Treasury Group was investing into a sound business with exciting prospects, I must tell you that the success we have enjoyed has exceeded our expectations. What is even more astounding is the fact that we have been in a bear market ever since the time that the investment was made as the September 11 tragedy occurred shortly after the deal was announced to shareholders and prior to shareholders granting final approval for the transaction. The fact that the business has gone forward in leaps and bounds is a tribute to the team at Investors Mutual who have excelled across all facets of the business. Investors have benefited from the excellent investment performance and a number of industry accolades have been awarded during this period in recognition of these achievements. The industry turmoil that has been occurring has assisted our cause. Several household names in fund management circles have disappointed investors and many leading brand name managers have lost market share. This has opened the way for boutique managers such as Investors Mutual to assume a leading position and participate in the changing of the guard from larger, inflexible fund managers to more nimble boutiques.

It is only a couple of weeks ago a table representing September quarter retail inflows was highlighted in the Financial Review. For those of you who don't recall the table, I draw your attention to the fact that Investors Mutual represented by Sandhurst Trustees, who is the retail distributor for Investors Mutual Industrial Share Fund and Future Leaders Fund, was ranked in the top 10 on the inflow list ahead of many well known funds managers. This covered only Investors Mutual pure retail products, and does not take into account the very substantial wholesale and master fund flows that Investors Mutual has also achieved.

Investors Mutual has continued to strengthen its business by a broadening representation on master funds, an expanded product range and a strengthened retail strategic alliance with Sandhurst Trustees, a wholly owned subsidiary of Bendigo Bank. I am pleased to report that inflows have continued at the robust level of earlier periods. Despite having spoken about Investors Mutual strong growth prospects, it is important to note that Investors Mutual is growing in the areas it seeks to grow and has closed off certain funds along the way as conditions dictate. It's very successful Smaller Companies Fund was closed off effective the end of October to new investors, thereby protecting future investment performance. This fund was replaced with the Future Leaders Fund which will invest in companies within the mid cap sector as well as the smaller companies sector. In June 2002 Investors Mutual appointed Mr Conor Byrne as Chief Operating Officer.

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In July 2002 we secured the services of Mr David Cooper, previously Head of Institutional Business at Perpetual Investments, into Treasury Group. Mr Cooper enjoyed an extremely successful track record at Perpetual in helping to build the Institutional Business and has joined us as Manager Strategic Investments to assist in evaluating opportunities and developing businesses. Since the time of from my departure from a full time role at Investors Mutual and the joining of Mr David Cooper, Treasury Group has investigated a series of investment opportunities and start-up businesses, with a view to building on our success and broadening and diversifying the company's range of activities. As you now would be aware, after a sustained and rigorous process, we believe we have found such an opportunity, which will benefit Treasury Group and continue to build on our past successes.

In a release to the Australian Stock Exchange yesterday evening, we announced that we would be setting up a new funds management business in partnership with Mr Tim Ryan. The business will focus on Australian equities, will be based in Sydney and comes about after a long period of planning. Mr Ryan has a long and distinguished track record in the Australian share market and most recently worked until early 2001 with Credit Suisse Asset Management. During his time with Credit Suisse, Tim presided as Head of Equities and then Chief Investment Officer. In his period at Credit Suisse when total funds under management grew from around $1 billion to $18 billion, Tim's funds achieved consistently strong investment performance. Tim has an excellent reputation within the industry and we are very excited to have reached agreement with such a high calibre, well regarded investment manager. Under the terms of that arrangement, through our initial investment and through a series of call options, we will be in a position to increase our ownership to 49% of the company over the next 3 years. We are committed to building the business with Mr Ryan and we are confident that the business will become a strong contributor to Treasury Group's future profitability and assets under management.

In terms of group profitability, it is important to note that during the course of the 2001/2002 financial year we allowed expenses associated with the infrastructure and growth of the business to increase in response to the prevailing opportunities and increasing revenue base. In adopting this strategy, our focus remains centred on the medium to long-term. The current growth rate of the group augurs well for the current and future financial years. Profitability for the Group is budgeted to grow strongly over the course of the current financial year as expenses taper and revenues continue to build. Whilst our results are not strictly seasonal we expect that underlying profitability in the second half of the year will significantly exceed the first half given the margin improvement and growth in funds under management.

On behalf of the Board we thank all shareholders for your support during the year.