

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 2012

Previous corresponding period

is the financial year ended 30 June 2012

and half year ended 31 December 2011

2. Results for announcement to the market

Revenues (<i>item 2.1</i>)*	up/down	5%	to	<u>A\$'000s</u> 2,293
Profit (loss) after tax attributable to members (<i>item 2.2</i>)	up/down	43%	to	6,027
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	43%	to	6,027
* Does not include the share of profits from Jointly Controlled Entities and Associates. Profits from Jointly Controlled Entities and Associates was \$7.4M				
Dividends (<i>item 2.4</i>)				
It is proposed to pay an interim fully franked dividend of 17.00 cents per share.				
Payment Date: 27 March 2013				
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	6 March 2013			

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 \$6,027,459 for the six months ended 31 December 2012. This compares with a net profit attributable to members of Treasury Group Ltd of \$4,203,286 reported for the corresponding period ended 31 December 2011.

The net profit after tax of the group as reported in the 31 December 2012 half year report has increased compared to the 31 December 2011 half year result due to one-off items as shown in the table below, which also shows the 31 December 2012 underlying profit remaining steady in comparison to 31 December 2011:

	CONSOLIDATED	
	2012	2011
	\$	\$
Net profit for the half year	6,027,459	4,203,286
Add back:		
- Net (gain)/ Loss on disposal of available for sale investments	(396,296)	104,425
- Settlement fee from PRV restructure	(500,000)	-
- Legal and consulting expenses	278,643	-
- Employee and restructuring costs	140,000	-
- Impairment of investment in AR Capital Management Pty Ltd	-	361,201
- Net loss on Global Value Investors Ltd restructure and acquisition	-	509,346
Underlying profit	<u>5,549,806</u>	<u>5,178,258</u>

During the half year ended 31 December 2012, TRG sold its shares in Premium Investors Ltd (PRV) through the Scheme of Arrangement by which Wilson Asset Management acquired PRV.

TRG has received a fee of \$500,000 as compensation for management rights.

During the period, TRG incurred an abnormally high level of legal and consulting fees in relation to business development opportunities.

For the details, please refer to the attached Financial Report for the 6 months period ended 31 December 2012.

3. Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	258¢	248¢

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)	N/A
Date(s) of gain of control (item 4.2)	N/A

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 2012	26 September 2012	4,614,151
Interim dividend – year ended 30 June 2013	27 March 2013	3,922,028

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Interim dividend: Current period	17.00¢	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>	3,922	3,230
Preference securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
Total	3,922	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	44
RARE IP Trust	40
Celeste Funds Management Limited	39
Evergreen Capital Partners Pty Ltd	30
Octis Asset Management Pte Ltd ¹	20
Aubrey Capital Management Ltd ²	0

¹ Treasury Group Ltd can acquire a further 10% of the share capital if certain hurdles linked to new fund flows are satisfied.

² 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 2012 \$	6mths to 31 Dec 2011 \$
Profit (loss) before tax	9,233,132	7,447,733
Income tax	(1,829,093)	(1,653,762)
Net profit (loss) after tax	7,404,039	5,793,971
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	7,404,039	5,793,971

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 2012 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 2012, 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: 20 February 2013
(Company Secretary)

Print name: Reema Ramswarup



A.B.N. 39 006 708 792

Half-Year Condensed Financial Report

For the Half-Year Ended
31 December 2012

DIRECTORS' REPORT

Contents

Directors' Report	3
Auditor's Independence Declaration	5
Condensed Consolidated Financial Statements for the half-year ended 31 December 2012	
Condensed Consolidated Statement of Profit and Loss	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	19
Independent Review Report	20

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2012. 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)

Ms Melda Donnelly (Non-executive Director)

REVIEW AND RESULTS OF OPERATIONS

The principal activity of the Group for the period was the provision of funds management services to institutions, master funds and wraps, retail investors and private clients through Investors Mutual 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, Evergreen Capital Partners, Octis Asset Management Pte Ltd and Aubrey Capital Management Ltd.

The Group generated a net profit attributable to members of Treasury Group Ltd of \$6,027,459 for the six months ended 31 December 2012. This compares with a net profit attributable to members of Treasury Group Ltd of \$4,203,286 reported for the corresponding period ended 31 December 2011. The net profit after tax of the group as reported in the 31 December 2012 half year report has increased/decreased compared to the 31 December 2011 half year result due to the following one-off items as shown in the table below:

	CONSOLIDATED	
	2012	2011
	\$	\$
Net profit attributable to members of the parent	6,027,459	4,203,286
Add back:		
- Net (gain)/loss on disposal of available-for-sale investments	(396,296)	104,425
- Settlement fee from PRV restructure	(500,000)	-
- Legal and consulting expenses	278,643	
- Employee and restructuring costs	140,000	
- Impairment of investment in AR Capital Management Pty Ltd	-	361,201
- Net loss on Global Value Investors Ltd restructure and acquisition	-	509,346
Underlying profit	5,549,806	5,178,258

Basic and diluted earnings per share have increased from 18.22 cents per share to 26.13 cents per share for the six months ended 31 December 2012.

On 10 July 2012, Treasury Group Ltd acquired a 20% equity ownership in Octis Asset Management Pte Ltd (Octis) with an option to increase its stake by further 10% if certain hurdles linked to new fund flows are satisfied. Octis is an Asian multi strategy equity manager based in Singapore. Cost of the initial 20% acquisition was \$225,395.

During the half year, Treasury Group Ltd and its subsidiary Treasury Group Investment Services Ltd acquired units in Octis Asia Pacific Fund Limited for \$3,000,000 and \$1,500,000 respectively. These investments represent seed capital to assist in the growth and marketing of this product. Treasury Group Ltd also redeemed its shares held in Premium Investors Ltd (PRV) and its units held in TG TAAM Asia Ex Japan 1, Ascot Fund and Orion Sirius Fund.

SIGNIFICANT CHANGES IN STATES OF AFFAIRS

On 22 August 2012, the Board of PRV resolved to undertake an off market buyback of up to 75% of the ordinary shares on issue subject to approval by PRV shareholders. On 14 September 2012, PRV and Wilson Asset Management Capital Limited (WAM) entered into a Scheme Implementation Agreement (the Scheme). On 12 December 2012, the Scheme was approved and WAM assumed control of the Company at that date.

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 11 January 2013, the Board of PRV gave the 30-day notice of termination of the Management Agreement between TIS and PRV.

On 24 January 2013, Treasury Group Ltd acquired additional units in Octis Asia Pacific Fund Limited for \$1,307,245.

On 21 February 2013, the Directors of Treasury Group Ltd declared an interim dividend on ordinary shares in respect of the half year ended 31 December 2012. The total amount of the dividend is \$3,922,028 which represents a fully franked dividend of 17 cents per share. The dividend has not been provided for in the 31 December 2012 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

21 February 2013

The Board of Directors
Treasury Group Ltd
Level 14, 39 Martin Place
Sydney NSW 2000

21 February 2013

Dear Directors

Treasury Group Ltd

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 Ltd.

As lead audit partner for the review of the condensed financial statements of Treasury Group Ltd for the half year ended 31 December 2012, 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



Stuart Alexander
Partner
Chartered Accountants

Condensed Consolidated Statement of Profit and Loss

For the half-year ended 31 December 2012

	Notes	CONSOLIDATED Half-year ended 31 December 2012 \$	Half-year ended 31 December 2011 \$
Revenues	3(a)	2,292,851	2,181,756
Net gain on investments	3(b)	396,296	85,977
Salaries and employee benefits expenses	3(c)	(1,974,540)	(2,403,294)
Other expenses	3(d)	(2,086,012)	(1,482,438)
Share of net profits of equity accounted investments	3(e)	7,404,039	5,793,971
PROFIT BEFORE INCOME TAX		6,032,634	4,175,972
Income tax benefit		-	27,314
PROFIT FOR THE PERIOD		6,032,634	4,203,286
ATTRIBUTABLE TO:			
NON-CONTROLLING INTEREST		5,175	-
MEMBERS OF THE PARENT		6,027,459	4,203,286
Earnings per share (cents per share) for profit attributable to the ordinary equity holders of the parent:			
• Basic earnings per share	11	26.13	18.22
• Diluted earnings per share	11	26.13	18.22
Interim franked dividends per share (cents per share)	10(c)	17.00	14.00

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2012

	Notes	CONSOLIDATED	
		Half-year ended 31 December 2012 \$	Half-year ended 31 December 2011 \$
PROFIT FOR THE PERIOD		6,032,634	4,203,286
Other comprehensive income			
Reversal of previous revaluation of available-for-sale investments sold during the period		470,527	-
Gain/(loss) on available-for-sale investments taken to equity		191,396	(757,746)
Income tax relating to components of other comprehensive income		(57,419)	227,324
Share of net after-tax gain on available-for-sale investments of jointly controlled entity		73,096	26,039
Other comprehensive income for the period (net of tax)		677,600	(504,383)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,710,234	3,698,903
ATTRIBUTABLE TO:			
NON-CONTROLLING INTEREST		5,175	-
MEMBERS OF THE PARENT		6,705,059	3,698,903

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	CONSOLIDATED	
		As at 31 December 2012 \$	As at 30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents	5	10,809,108	8,194,805
Trade and other receivables	6	3,404,655	4,648,822
Other assets		407,963	692,175
TOTAL CURRENT ASSETS		14,621,726	13,535,802
NON-CURRENT ASSETS			
Trade and other receivables		909,631	891,713
Available-for-sale investments	7	7,589,182	9,514,834
Loans and other receivables	8	3,814,866	4,002,406
Deferred tax assets		3,154,361	3,208,633
Investments accounted for under the equity method		32,159,553	29,697,032
Plant and equipment		86,370	91,712
Intangible assets		26,398	34,357
Goodwill		583,888	583,888
TOTAL NON-CURRENT ASSETS		48,324,249	48,024,575
TOTAL ASSETS		62,945,975	61,560,377
CURRENT LIABILITIES			
Trade and other payables		1,948,801	2,823,671
Provisions		157,454	143,131
TOTAL CURRENT LIABILITIES		2,106,255	2,966,802
NON-CURRENT LIABILITIES			
Provisions		41,999	77,194
Financial liability	9	600,000	600,000
TOTAL NON-CURRENT LIABILITIES		641,999	677,194
TOTAL LIABILITIES		2,748,254	3,643,996
NET ASSETS		60,197,721	57,916,381
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	12	29,594,265	29,594,265
Reserves		3,393,819	2,530,961
Retained earnings		27,201,991	25,788,684
Non-controlling interest		7,646	2,471
TOTAL EQUITY		60,197,721	57,916,381

The above 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 2012

	Note	Ordinary Shares	Share options reserve	Net unrealised gains reserve	Consolidated Retained earnings	Non-Controlling interest	Total
		\$	\$	\$	\$	\$	\$
AT 1 JULY 2012		29,594,265	3,073,807	(542,846)	25,788,684	2,471	57,916,381
Total comprehensive income for the period		-	-	677,600	6,027,459	5,175	6,710,234
Share-based payments		-	185,258	-	-	-	185,258
Dividends paid	10	-	-	-	(4,614,152)	-	(4,614,152)
AT 31 DECEMBER 2012		29,594,265	3,259,065	134,754	27,201,991	7,646	60,197,721

	Note	Ordinary Shares	Share options reserve	Net unrealised gains reserve	Retained earnings	Non-Controlling interest	Total
		\$	\$	\$	\$	\$	\$
AT 1 JULY 2011		29,594,265	2,722,698	(12,658)	26,880,986	-	59,185,291
Total comprehensive income for the period		-	-	(504,383)	4,203,286	-	3,698,903
Share-based payments		-	210,400	-	-	-	210,400
Dividends paid	10	-	-	-	(4,614,152)	-	(4,614,152)
AT 31 DECEMBER 2011		29,594,265	2,933,098	(517,041)	26,470,120	-	58,480,442

The above 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 2012

	Notes	CONSOLIDATED Half-year ended 31 December 2012 \$	Half-year ended 31 December 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,442,057	2,447,803
Payments to suppliers and employees		(7,911,131)	(6,485,798)
Dividends and distributions received		7,230,634	6,842,044
Interest received		515,826	530,602
NET CASH FLOWS FROM OPERATING ACTIVITIES		4,277,386	3,334,651
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(10,609)	(8,009)
Purchase of intangible assets		-	(5,785)
Purchase of available-for-sale investments		(4,500,000)	(1,697,610)
Purchase of share in jointly controlled entity		(225,395)	-
Proceeds from disposal of available-for-sale investments		7,562,073	729,761
Repayment of loan by jointly controlled entities		125,000	536,278
Net cash acquired on acquisition of subsidiary		-	1,249,625
NET CASH FLOWS FROM INVESTING ACTIVITIES		2,951,069	804,260
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid on ordinary shares		(4,614,152)	(4,614,152)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(4,614,152)	(4,614,152)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,614,303	(475,241)
Cash and cash equivalents at the beginning of the period		8,194,805	10,088,968
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	10,809,108	9,613,727

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

Selected Notes to the Half-Year Financial Statements

For the half-year ended 31 December 2012

1. CORPORATE INFORMATION

The condensed consolidated financial report of Treasury Group Ltd for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Directors on 21 February 2013. 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 2012 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 2012 and considered together with any public announcements made by Treasury Group Ltd during the half-year ended 31 December 2012 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 2012 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 2012

	CONSOLIDATED	
	Half Year ended 31 December 2012 \$	Half Year ended 31 December 2011 \$
3. REVENUE AND EXPENSES		
(a) Revenues		
Fund management fees	1,011,623	155,454
Service fees	986,337	1,527,669
Interest income	294,891	373,395
Dividend and distribution income	-	125,238
	2,292,851	2,181,756
(b) Gains/ (losses) on investments		
Net gain/(Loss) on disposal of available-for-sale investments	396,296	(104,425)
Impairment of equity investment in AR Capital	-	(361,201)
Net gain on purchase of a subsidiary (Note 4d)	-	551,603
	396,296	85,977
(c) Salaries and employee benefits expenses		
Salaries and employee benefits	1,789,282	2,192,894
Share-based payment expense arising from equity-settled share-based payment transactions	185,258	210,400
	1,974,540	2,403,294
(d) Other expenses		
Depreciation and Amortisation:		
Software	7,958	9,964
Furniture & fittings	1,116	3,218
Office equipment	13,683	13,409
Leasehold improvements	1,152	1,288
	23,909	27,879
Other expenses:		
Accounting & audit fees	113,275	72,719
Consulting fees & IT charges	378,072	312,531
Directors' fees (non-executives)	241,023	206,102
Insurance charges	145,752	88,610
Legal & compliance fees	226,209	95,683
Marketing & communication expenses	96,442	62,163
Operating lease rental – minimum lease payments	289,271	181,972
Travel & accommodation costs	117,614	128,178
Payroll tax	105,567	187,091
Subscriptions and training expenses	131,707	39,200
Fund administration fee expenses	20,646	-
Others	196,525	80,310
	2,062,103	1,454,559
Total other expenses	2,086,012	1,482,438
(e) Share of net profits of equity accounted investments		
Share of net profits from operations	7,404,039	5,793,971
	7,404,039	5,793,971

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

For the half-year ended 31 December 2012

4. ACQUISITION OF SUBSIDIARY

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% on 14 December 2011. On 23 May 2012, as a consequence of the terms of the shareholders agreement relating to the ability of TRG to acquire minority interests, Treasury Group Ltd acquired the remaining minority interest increasing the direct ownership to 100%. Accordingly, Treasury Group Ltd gained full control of Global Value Investors Limited.

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

	31 DECEMBER 2011 \$
a. Consideration transferred	
Cash and cash equivalents	493,000 ¹
 ¹ Consideration transferred reported on 30 June 2012 financial report amounted to \$843,000.	
b. Assets acquired and liabilities assumed at the date of acquisition	
Current assets	
Cash and cash equivalents	1,742,625
Trade receivables ²	349,638
Other assets	242,502
Deferred tax assets	484,004
 Current liabilities	
Trade and other payables	1,058,305
	1,760,464
 ² 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	832,990 ³

³ Gain from purchase reported on 30 June 2012 financial report amounted to \$657,990.

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.

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

For the half-year ended 31 December 2012

4. ACQUISITION OF SUBSIDIARY (Cont)

	31 DECEMBER 2011 \$
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>

*Net gain from purchase of subsidiary reported in the 30 June 2012 annual report amounted to \$376,603.

e. Net cash inflow arising on acquisition	
Consideration paid in cash	493,000
Less: cash and cash equivalents balances acquired	1,742,625
	<u>1,249,625#</u>

Net cash inflow arising on acquisition reported on 30 June 2012 amounted to \$899,625.

f. Impact on acquisition on the results of the Group

Included in the profit for the comparative period was a loss of \$1,070,246 attributable to Global Value Investors Ltd (including any indirect interest of Treasury Group Ltd through its interest in Investor Mutual Ltd 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 comparative six months ended 31 December 2011 would have been \$4,176,282, and the profit for the same comparative period from continuing operations would have been \$3,196,452.

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 2012	30 JUNE 2012
Cash at bank and on hand	10,809,108	8,194,805
	<u>10,809,108</u>	<u>8,194,805</u>

31 DECEMBER 2012	30 JUNE 2012
\$	\$

6. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade and other receivables	1,992,682	1,451,389
Sundry receivables	3,363	4,443
Other receivables	42,779	341,612
Related party receivables		
- jointly controlled entities - dividends	-	2,095,797
- others	1,345,205	704,273
Other related parties	20,626	51,308
	<u>3,404,655</u>	<u>4,648,822</u>

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

For the half-year ended 31 December 2012

7. AVAILABLE-FOR-SALE INVESTMENTS

	31 DECEMBER 2012	30 JUNE 2012
	\$	\$
Investment in Premium Investors Ltd listed shares	-	3,180,669
Investment in Octis Asia Pacific Fund Limited*	4,500,000	-
Investment in TG TAAM Asia ex Japan 1*	-	1,606,829
Investment in Aubrey Conviction Fund*	2,217,931	2,033,877
Investment in Ascot Cayman Fund*	-	838,522
Investment in Orion Sirius Fund*	-	991,029
Aubrey Capital Management convertible preference shares**	870,151	862,808
Unlisted shares in other corporations	1,100	1,100
	7,589,182	9,514,834

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

** 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.

	31 DECEMBER 2012	30 JUNE 2012
	\$	\$
8. LOANS AND OTHER RECEIVABLES (NON-CURRENT)		
Loan receivables due from:		
Jointly controlled entities	3,814,866	4,002,406
	3,814,866	4,002,406

(a) Loans

The majority of non-current loans to 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%.

	31 DECEMBER 2012	30 JUNE 2012
	\$	\$
9. FINANCIAL LIABILITY		
Financial Liability	600,000	600,000
	600,000	600,000

On 25 May 2012, Treasury Group Ltd acquired a 30% equity ownership in Evergreen Capital Partners Pty Ltd for an upfront payment of \$1,400,000 plus a deferred amount of \$600,000 contingent upon the achievement by Evergreen of business performance hurdles prior to 30 June 2014.

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

For the half-year ended 31 December 2012

	Half Year ended 31 December 2012 \$	Half Year ended 31 December 2011 \$
10. 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) (2012: 20 cents per share)	4,614,152	4,614,152
(c) Interim dividends proposed and not recognised as a liability*		
Interim fully franked dividends (17cents per share) (2012: 14 cents per share)	3,922,028	3,229,905

* Calculation based on the ordinary shares on issue as at 31 January 2013 (2011: 31 January 2012)

	Half Year ended 31 December 2012 \$	Half Year ended 31 December 2011 \$
11. 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	6,027,459	4,203,286
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 – performance rights/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.

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

For the half-year ended 31 December 2012

	31 DECEMBER 2012	30 JUNE 2012
	\$	\$
12. 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 2012	23,070,755	29,594,265
At 30 June 2012	23,070,755	29,594,265
At 31 December 2012	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 2012, management paid dividends of \$4,614,152 (2011: \$4,614,152). Directors anticipate maintaining a dividend payout ratio over a medium term of at least 60%-80% of underlying profit in a normal year subject to future acquisitions.

The Group does not have any external borrowings.

(d) Performance rights

During the half year, Treasury Group Ltd issued 39,007 (2011: 816,749) performance rights to executives and certain employees as part of their long term incentives. Due to resignation or redundancy, 163,892 performance rights lapsed and have been terminated. Total value of outstanding performance rights is \$1,134,655 amortised over three years from the grant date. The amount of performance rights amortisation expense for the period was \$185,258 (2011:\$210,400).

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

For the half-year ended 31 December 2012

13. 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 2012	Half Year ended 31 December 2011
	\$	\$
Outsourcing and trustee services	621,262	13,883
Australian equities	3,776,780	3,206,085
International equities	53,485	(377,382)
Alternative equities	3,573,774	2,965,268
	8,025,301	5,807,854
Central administration costs and directors' salaries	(1,992,667)	(1,604,568)
Total per statement of profit and loss	6,032,634	4,203,286

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 Treasury Asia Asset Management Ltd only.

14. EVENTS AFTER THE BALANCE SHEET DATE

On 11 January 2013, the Board of PRV gave the 30-day notice of termination of the Management Agreement between TIS and PRV.

On 24 January 2013, Treasury Group Ltd acquired additional units in Octis Asia Pacific Fund Limited for \$1,307,245.

On 21 February 2013, the Directors of Treasury Group Ltd declared an interim dividend on ordinary shares in respect of the half year ended 31 December 2012. The total amount of the dividend is \$3,922,028 which represents a fully franked dividend of 17 cents per share. The dividend has not been provided for in the 31 December 2012 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 condensed 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 2012 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

21 February 2013

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

We have reviewed the accompanying half-year condensed financial report of Treasury Group Ltd, which comprises the condensed statement of financial position as at 31 December 2012, 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 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of a 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 a 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 2012 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 Ltd, 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 Ltd, 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 condensed financial report of Treasury Group Ltd 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 2012 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*.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Stuart Alexander
Partner
Chartered Accountants
Sydney, 21 February 2013