TREASURY GROUP LTD
ABN 39 006 708 792

AND CONTROLLED ENTITIES

FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2014
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

Rule 4.3A

Appendix 4E **Preliminary Final Report**

Name of entity

Treasury Group Limited

ABN : 39 006 708 792

1. Reporting period

Report for the financial year ended	30 June 2014
Previous corresponding period is the financial year ended	30 June 2013

2. Results for announcement to the market

				A$'000s
Revenues from ordinary activities *(item 2.1)*	down	46%	to	2,324
Profit (loss) from ordinary activities after tax attributable to members (*item 2.2*)	up	26%	to	13,062
Net profit (loss) for the period attributable to members *(item 2.3)*	up	26%	to	13,062

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Interim dividend	23 cents	100%
Final dividend	27 cents	100%

Record date for determining entitlements to the dividend *(item 2.5)*	28 August 2014

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

Revenues were down primarily due to loss of management of Premium Investors Ltd in December 2012.

Net profit after tax increased as a result of cost and expense management and the increased contribution by partner boutiques due to strong performance and steady growth in FUM.

Results Commentary

A copy of the financial report for the year ended 30 June 2014 is attached. Treasury Group Limited (TRG) and its subsidiaries and associates (Group) reflect the consolidation of results of the following entities:

Treasury Group Limited (head company)	
Treasury Group Investment Services Limited	(100%)
Global Value Investors Ltd	(100%)
AR Capital Management Pty Ltd	(100%)
Treasury Evergreen Pty Limited	(100%)
Treasury Group Nominees Pty Ltd	(100%)
Treasury Capital Management Pty Ltd	(100%)

The results reflect the recognition of the share of profits of the following associates:

Investors Mutual Limited	(47%)
IML Investment Partners Limited	(40%)
RARE Infrastructure Limited	(40%)
RARE IP Trust	(40%)
Celeste Funds Management Limited	(39%)
Orion Asset Management Limited	(49%)
Octis Asia Asset Management Ltd	(20%)
ROC Partners[1]	(15%)
Treasury Asia Asset Management Limited[2]	(43%)
Evergreen Capital Partners Pty Ltd[3]	(30%)
Aubrey Capital Management Pty Ltd	(0%)*
Freehold Investment Management Ltd	(0%)*

[1] Acquired 30 May 2014.
[2] Sold on 31 October 2013.
[3] Merged with Freehold Investment Management on 13 November 2013.
* As at 30 June 2014, Treasury Group holds securities in these entities which upon conversion will deliver equity interests.

Treasury Group's net profit after tax was $13.06 million. This was up 26% from the headline number of $10.4 million in 2013 which included a number of items that are not considered as forming part of underlying profit. Earnings per share increased from 45.0 cents to 56.6 cents. When the results are analysed on an underlying basis, the comparative position would be an increase in net profit of 27%. The analysis below highlights the reconciliation of the headline profit result to the underlying result:

	2014 ($m)	2013 ($m)
Net profit after tax	**13.07**	**10.4**
Add back/(Less):		
Impairment of goodwill	0.25	0.33
Impairment charge of a subsidiary	0.04	-
Impairment charge of jointly controlled investment	-	0.80
Legal and consulting fees	0.16	0.28
Write off of deferred tax asset in subsidiary (GVI)	0.52	-
Tax adjustment to recognise tax losses previously unrecognised	-	(0.46)
Net settlement from PRV Restructure	-	(0.55)
Employee and restructuring costs	-	0.15
Consulting fees	-	0.07
	0.97	0.23
Underlying profit	**14.04**	**11.02**

The important feature of the 2013/14 result is an outcome of various strategies implemented during the year. The Executive management continues to review significant investment opportunities to diversify Treasury Group's investment and product offerings, completion of new partner boutique such as ROC Partners, pursuing mergers and acquisitions at corporate level, proactive management of investments and interests, pursuing efficiency from support services and investing in core capabilities.

The result also reflected the write off of a tax deferred asset in a subsidiary (Global Value Investors) as well as costs incurred to a disposal of an investment and advisory fees in relation to a proposed acquisition. Goodwill of $250k was written of in relation to AR Capital Management.

On 5 August 2014, the Company announced the merger with Northern Lights Capital Group, a multi-boutique business based in the United States.

For the details, please refer to the attached Annual Report for the year ended 30 June 2014.

3. Income Statement *(item 3)*

Refer to the attached statement

4. Balance Sheet *(item 4)*

Refer to the attached statement

5. Statement of Cash Flows *(item 5)*

Refer to the attached statement

6. Dividends *(item 6)*

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2014	27 March 2013	$5,306,274
Final dividend – year ended 30 June 2014	25 September 2014	$6,398,324

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign sourced dividend
Total dividend:	Current year	50 cents	100%	n/a
	Previous year	40 cents	100%	n/a

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities (*each class separately)*	11,705	9,228
Preference securities (*each class separately)*	n/a	n/a
Other equity instruments *(each class separately)*	n/a	n/a
Total	**11,705**	**9,288**

7. Details of dividend or distribution reinvestment plans in operation are described below *(item 7)***:**

Not applicable.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	Not applicable

8. Statement of retained earnings *(item 8)*

Refer Note 19 (e) in the attached 30 June 2014 Annual Report.

9. Net tangible assets per security *(item 9)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$2.70	$2.64

10. Details of entities over which control has been gained or lost during the period: *(item 10)*

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)*	Treasury Asia Asset Management Ltd
Date(s) of loss of control *(item 4.2)*	31 October 2013
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).*	(0.44m)
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 4.3)*	(1.0m)

11. Details of associates

Name of associate or joint venture entity	% Securities held
Investors Mutual Limited	47
IML Investment Partners Limited	40
RARE Infrastructure Ltd	40
RARE IP Trust	40
Celeste Funds Management Ltd	39
Orion Asset Management (Aust) Pty Ltd	49
Octis Asia Asset Management Pte Ltd	20
ROC Partners[1]	15
Aubrey Capital Management Ltd*	0
Freehold Investment Management*	0

[1] Acquired 30 May 2014.
* As at 30 June 2014, Treasury Group holds securities in these entities which upon conversion will deliver equity interests.

Aggregate share of profits of associates

	2014 $'000	2013 $'000
Group's share of associates:		
Profit from ordinary activities before tax	28,246	21,500
Income tax on ordinary activities	(8,474)	(6,450)
Net profit from ordinary activities after tax	19,772	15,050
Adjustments	-	-
Share of net profit of associates:	19,772	15,050

12. Significant information relating to the entity's financial performance and financial position.

Refer note on results commentary.

13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian accounting standards *(item 13)*.

14. Commentary on the results for the period.

NA

15. Audit of the financial report

☐ The financial report has been audited and an unqualified opinion has been issued.

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Reema Ramswarup

Company Secretary

20 August, 2014

Treasury Group Ltd

Annual Report 2014

Corporate Information

ABN 39 006 708 792

Directors
M. Fitzpatrick (Chairman)
A. McGill (Managing Director, appointed 30 August 2013) & Chief Executive Officer
P. Kennedy
R. Hayes
M. Donnelly

Chief Financial Officer
J. Ferragina

Company Secretaries
R. Ramswarup
J. Ferragina (Appointed 31 July 2014)

Registered Office
Level 14
39 Martin Place
Sydney, NSW, 2000
Phone (02) 8243 - 0400
Facsimile (02) 8243 - 0410

Bankers
Westpac Banking Corporation

Share Register
Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford, Victoria, 3067
Phone (03) 9415 - 5000

Auditors
Deloitte Touche Tohmatsu

Internet Address
www.treasurygroup.com

Contents

Directors Report

Your Directors submit their report for the year ended 30 June 2014.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are listed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

M. Fitzpatrick, (Chairman) B. Eng, B (Oxon) Honours

Mr Fitzpatrick joined the Board on 5 October 2004. He was the founder and Managing Director of Hastings Funds Management Limited. Prior to establishing Hastings in 1994, he was a Director of Credit Suisse First Boston. He is also a Director of Rio Tinto Ltd, Rio Tinto plc, Chairman of the Australian Football League and former Chairman of the Australian Sports Commission.

Mr Fitzpatrick is also a member of the Audit Committee, Remuneration Committee and Nomination Committee.

A. McGill, (Managing Director, appointed 30 August 2013)

Mr McGill has more than 20 years financial markets experience, including investment and management experience within the alternative asset sector of the funds management industry. He joined Treasury Group as Chief Executive Officer in July 2011 and has overall responsibility for management of the business including the Company's investment and partnering activities. Prior to joining Treasury Group, Mr McGill was a founding partner of Crescent Capital, an independent mid-market private equity firm, where he lead the successful development of that business from 2000 to 2010. Prior to establishing Crescent, he held senior roles within Macquarie Bank's Corporate Finance and Direct Investment teams. Previous to that, he was a strategy consultant with LEK Partnership.

P. Kennedy, (Non-Executive Director) B.Ec. L.L.M.

Mr Kennedy joined the Board on 4 June 2003, is the Managing Partner with Madgwicks lawyers and has over 30 years experience in commercial law. Mr Kennedy has also served as a Chairman of Australian Value Funds Management Limited (now called Prime Financial Group Ltd).

He is the Chairman of the Audit Committee and a member of the Remuneration Committee.

R. Hayes, (Non-Executive Director) SF Fin, FAICD

Reubert Hayes joined the Board on 22 February 2007. Mr Hayes has over 40 years experience in investment management and stockbroking research, and was a founder and CEO of Ausbil Dexia Limited, a specialist wholesale boutique asset management operation. Mr Hayes was also a joint founder of Barclays Bank's investment operations in Australia in 1984, and was CEO of that business for 12 years until 1996. Prior to this, Mr Hayes held senior investment roles with AMP and Westpac. Mr Hayes is a Senior Fellow of the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors.

He is the Chairman of the Remuneration Committee and sits on the Audit Committee.

M. Donnelly, (Non-Executive Director) B.C.

Melda Donnelly joined the Board on 28 March 2012. Ms Donnelly is the Founder and former Chairman of the Centre for Investor Education (CIE), a specialist education and consultancy firm for Executives in Australian and superannuation funds, institutional investment bodies and the financial services markets. Ms Donnelly's previous work experience includes CEO of the Queensland Investment Corporation, Deputy Managing Director of ANZ Funds Management and Managing Director of ANZ Trustees.

Ms Donnelly is a former Deputy Chairperson of the Victorian Funds Management Corporation and a current Non-Executive Director of Ashmore Group plc and a current Non-Executive Director of UniSuper Ltd. In addition, Ms Donnelly is a member of the Advisory Committee of the Oxford University Centre for Ageing.

Ms Donnelly is the Chairperson of the Nomination Committee and a member of the Audit Committee.

Directors Report

COMPANY SECRETARIES

R. Ramswarup, BA (Justice Administration)

Ms Ramswarup commenced with Treasury Group Ltd in March 2008. She has worked in company secretarial roles at Wattyl and AMP and has secretariat experience in local government and professional services. Ms Ramswarup has completed the Graduate Diploma in Applied Corporate Governance and is a member of the Governance Institute of Australia.

J. Ferragina, BCom, M App Fin, CA, FFin, GAICD (appointed 31 July 2014)

Mr Ferragina is a Chartered Accountant and Fellow Member of the Taxation Institute of Australia. He has gained specialized experience in a range of funds management companies including Colonial First State Investment Managers and AMP Global Investors Ltd, which led him to a position as CFO and Company Secretary of Ronin Property Group, a separately listed company spun out of AMP. Prior to his appointment as CFO of Treasury Group Limited in October 2005, he was Head of Finance at DBRREEF (now Dexus).

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options/performance rights of Treasury Group Ltd were:

	Ordinary Shares	Options/Performance rights over Ordinary Shares
M. Fitzpatrick	2,701,285	-
A. McGill	530,000	-
R. Hayes	-	-
P. Kennedy	213,487	-
M. Donnelly	20,000	-

EARNINGS PER SHARE

	Cents
Basic earnings per share	56.6
Diluted earnings per share	55.0

DIVIDENDS

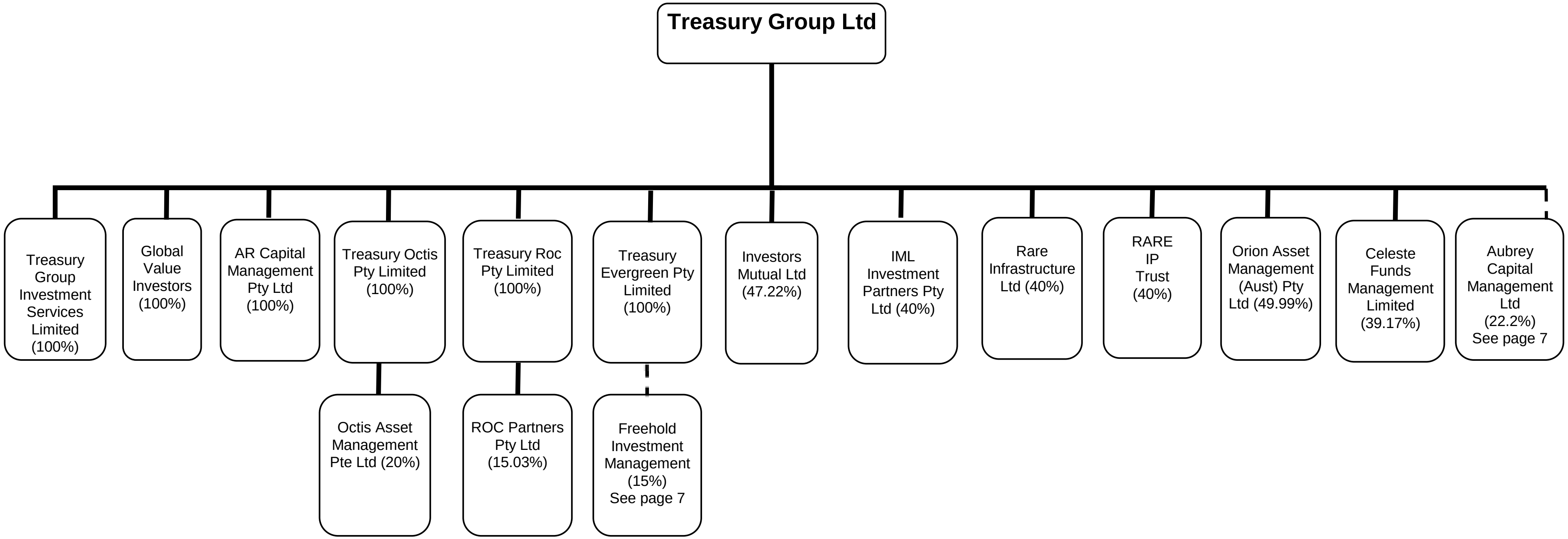
	Cents per share	$
Final dividend declared:		
• on ordinary shares (fully franked)	27	6,398,324
Dividends paid in the year:		
Interim for the year		
• on ordinary shares (fully franked) paid on 27 March 2014	23	5,306,274
Final for 2013 shown as recommended in the 2013 report		
• on ordinary shares (fully franked) paid on 25 September 2013	23	5,306,274

Directors Report

CORPORATE INFORMATION

Corporate structure

Treasury Group Ltd is a company limited by shares and is incorporated and domiciled in Australia. Treasury Group Ltd has prepared a consolidated financial report incorporating the entities that it controlled and jointly controlled during the financial year. The Group's corporate structure as at the date of this report is as follows:



Directors Report

OPERATING AND FINANCIAL REVIEW

Review of Operations

Nature of operations and principal activities

The principal activities of the consolidated entity during the financial year were:

Provision of funds management services to:

- Institutions;
- Master funds and wraps;
- Retail investors and
- Private clients.

There have been no significant changes in the nature of those activities during the year.

Employees

The consolidated entity employed 17 full time equivalent employees as at 30 June 2014 (2013: 17). The consolidated entity includes Treasury Group Ltd (parent), Treasury Group Investment Services Ltd, Global Value Investors Ltd and AR Capital Management Pty Ltd.

Funds Management/Business Performance

Treasury Group Ltd have experienced continued FUM growth driven by favourable market conditions, increased appetite from retail investors, strong performance from key boutique partners and the addition of a new boutique partner ROC Partners. FUM growth across the Group increased by 48% to $25.4bn ($9.5bn as TRG share). This growth in FUM is a reflection of a continued, stable and strong performance delivered by other Treasury Group's partner boutiques as well as the addition of ROC Partners. The increased level of inflows from retail investors of RARE Infrastructure Ltd and Investors Mutual Ltd have contributed to the growth of FUM. The Group's performance is strongly correlated with the level of listed equities markets as the fees and revenues earned by the boutique partners are based upon percentage of funds managed.

The Group's results improved as a result of various strategies implemented during the year. The Executive management continues to review significant investment opportunities to diversify Treasury Group's investment and product offerings, completion of new partner boutique such as ROC Partners, pursuing mergers and acquisitions at corporate level, proactive management of investments and interests, pursuing efficiency from support services and investing in core capabilities.

The Group's results arose from four main business segments. The results from Australian equities increased by 6% which arose from the increased contribution of Investors Mutual Ltd, IML Investment Partners and Celeste Funds Management. The results from alternative equities increased by 47% mainly due to consistent inflows and strong performance of RARE Infrastructure Ltd. The Group's outsourcing and responsible entity services decreased by 59% due to loss of mandate with Premium Investors Ltd (PRV) in the previous year. Lastly, the central administration segment improved by 19% due to continued control, efficiency improvements and expense management at the corporate level. Refer to Note 20 for further discussion on the segment information.

Below are the key business areas of the Group's operations:

Australian Equities

Investors Mutual Ltd (IML) provides a funds management capability to both institutional and retail investors. The consolidated entity holds 47.22% of the issued capital of IML. Investors Mutual Limited is considered a jointly controlled entity of the Group.

IML Investment Partners Limited, a jointly controlled entity of Treasury Group Ltd undertakes a sub advisory role to exclusively manage funds for Investors Mutual Limited and its institutional clients. Treasury Group Ltd has a 40% interest in the sub advisory business with the investment team holding the remaining 60% of equity.

Celeste Funds Management Limited is an Australian equity manager with a small companies focus. Treasury Group Ltd acquired 39.17% equity with the majority of ownership being held by the investment team of Celeste Funds Management Limited. Celeste Funds Management Limited is considered a jointly controlled entity of the Group.

Alternative Equities

RARE Infrastructure Ltd and its subsidiaries (RARE Group), a boutique asset manager specialises in listed global infrastructure. Treasury Group Ltd owns 40% each of RARE and RARE IP Trust (RIP). RARE and RIP are considered as associates of the Group.

Octis Asset Management Pte Ltd is an Asian multi strategy equity manager based in Singapore. Treasury Group owns 20% equity in the Company.

ROC Partners is an Australian and Asian Private equity investment and advice business. It specialises in advice and private equity investment services for investors in Australia, US and Europe. Funds under advice include investments in primary funds, secondaries and co-investment opportunities across the Asia-Pacific Region. The consolidated entity holds 15% of the issued capital of ROC Partners. ROC Partners is considered a jointly controlled entity of the Group. Treasury Group owns 15.03% interest in the Company.

AR Capital Management Pty Ltd is an Australian equity absolute return manager. Treasury Group owns 100% of the issued capital of AR Capital Management Pty Ltd. This is currently being wound up.

Directors Report

OPERATING AND FINANCIAL REVIEW (Cont)

Review of Operations

International Equities

Orion Asset Management Services Pty Ltd, a wholly-owned controlled entity of Orion Asset Management (Aust) Pty Ltd, provides distribution services to Trilogy LLC. The consolidated entity holds 49.99% of the issued capital of Orion Asset Management (Aust) Pty Ltd. Orion Asset Management (Aust) Pty Ltd is considered a jointly controlled entity of the Group.

Global Value Investors Ltd invests in global industrial companies that exhibit recurring earnings, and a strong, stable and competitive business. Treasury Group Ltd owns 100% interest in the Company. The funds are managed by Aubrey Capital Management.

Aubrey Capital Management is a global growth equity thematic manager based in Edinburgh, Scotland. Treasury Group Ltd holds convertible preference shares that entitle Treasury Group Ltd to take 22.2% of the equity capital of Aubrey Capital Management. The convertible preference shares are treated as Available-For-Sale Assets by the Group in accordance with Accounting Standards. In addition, Treasury Group Ltd was issued two options which will allow Treasury Group Ltd to acquire a further 10% if certain conditions are met.

Property

Freehold Investment Management (FIM) is an investment manager established in 2009 specializing into direct property, Australian Real Estate Investment Trusts (A-REITs) and unlisted property funds. Treasury Group holds options in FIM which, upon conversion, will deliver an equity interest of 30%. These options are exercisable at the election of Treasury Group. In addition, the employees of FIM are entitled to equity-based incentives which are linked to profit targets and FUM. In the event these are met, Treasury Group's holdings are diluted to 15%. The options are treated as Available-For-Sale Assets by the Group in accordance with Accounting Standards.

Administration & Compliance Services

Treasury Group Investment Services Limited, a wholly-owned controlled entity of Treasury Group Ltd provides administrative, accounting, and compliance services to certain members of the Group. It is also the responsible entity for the majority of schemes in the Group.

Operations, acquisitions and disposal

On 31 October 2013, Treasury Group Ltd completed the sale of its loan assets and 43.96% equity holding in Treasury Asia Asset Management (TAAM) to Nikko Asset Management International (Nikko). TRG sold loans and equity holdings for the respective book values.

On 13 November 2013, Freehold Investment Management (FIM) and Evergreen Capital Partners (Evergreen) successfully completed a merger with FIM as the surviving entity. Under the new structure, Evergreen shareholders sold their shares in Evergreen in return for equity securities (options) in FIM. Following the transaction, FIM owns 100% of the issued capital in Evergreen. As a consequence of the merger, Treasury Group holds options in FIM which, upon conversion, will deliver an equity interest of 30%. These options are exercisable at the election of Treasury Group. In addition, the employees of FIM are entitled to equity-based incentives which are linked to profit targets and FUM. In the event these are met, Treasury Group's holdings are diluted to 15%. On 16 May 2014, FIM undertook a capital raising limited to its existing shareholder base through the issuance of convertible preference shares which has a convertibility feature. On 30 May 2014, Treasury Group participated in this capital raising to the amount of $600,000. This is treated as loan to FIM fixed at 15% per annum for two years.

On 2 December 2013, the Board of Orion Asset Management restructured its Australian Equities fund management business. Orion ceased to provide funds management services to institutional clients and several members of Orion's investment management team exited the business. Orion also ceased to manage the Orion Australian Share Fund for retail clients. On 30 April 2014, Treasury Group Ltd acquired a further 7% equity of ownership in Orion Asset Management (Aust) Pty Ltd as a result of the corporate restructuring that the Orion Group had undertaken. As a result, Treasury Group owns 49.99% of Orion Asset Management (Aust) Pty Ltd. Orion's alliance with Trilogy Global Advisors has remained unchanged.

On 16 April 2014, Treasury Group Ltd announced the execution of an agreement to invest in ROC Partners, an Australian and Asian private equity investment and advice business. On 30 May 2015, Treasury Group Ltd completed the acquisition of 15.03% equity in ROC Partners for $556,000. In addition, TRG has provided a facility of $4,500,000 of which $2,450,000 was drawn down on 29 May 2014.

Directors Report

OPERATING AND FINANCIAL REVIEW (Cont)

Operating Results for the Year

The above events and transactions reflected in a consolidated profit for the year attributable to members of Treasury Group Ltd amounted to $13,061,814 (2013: $10,390,514). The net profit after tax of the group as reported in the current year has increased by 26% compared to the 30 June 2013 comparative result as shown in the table below reconciling the underlying profit as follows:

	CONSOLIDATED	
	2014	2013
	$	$
Net profit attributable to members of the parent	**13,061,814**	10,390,514
Add/(Deduct):		
- Impairment of goodwill	**252,764**	331,124
- Impairment of investment in subsidiary (AR Capital Management)	**41,012**	-
- Impairment of investments accounted for under the equity method	-	800,000
- Legal fees	**159,928**	278,643
- Write off of deferred tax asset in subsidiary (Global Value Investors)	**520,000**	-
- Tax adjustment to recognise tax losses previously unrecognised	-	(454,950)
- Net settlement fee from PRV restructure	-	(537,264)
- Employee and restructuring costs	-	140,000
- Consulting fees	-	76,250
Underlying profit	**14,035,518**	11,024,317

Review of Operations

Earnings Per Share

The earnings for the last financial year reflect the strong performance across the portfolio boutiques, increase in net margin due to favourable changes in portfolio mix and efficiency improvements and expense management at the corporate level.

	2014	2013
Basic earnings per share (cents)	56.6	45.0
Diluted earnings per share (cents)	55.0	45.0

Financial Position

Treasury Group Ltd has a strong balance sheet and sound capital structure. This is evident from the Company's positive cash flow position and no existing borrowing facilities that were required to date to fund the growth activities of the Group. Consolidated cash balance as at 30 June 2014 is $12.9m. Net assets increased by 5% which is largely attributable to the current year's profit after tax. Treasury Group carries no bank debt.

As at 30 June 2014, Treasury Group Ltd holds Available-For-Sale-Investments amounting to $8.2m which can be readily converted to cash should the need arise.

The value of Treasury Group's investment in partner boutiques is carried at $29.2m which represents historical cost plus the share of undistributed earnings over time. A significant proportion of this carrying value is reflected in cash and liquid assets held at the boutique level.

Treasury Group Ltd has the capacity to pay dividends to its shareholders. During the year, Treasury Group Ltd paid 46 cents in dividends, an increase of 24% compared to the comparative period. A final dividend of 27 cents per share was declared on 5 August 2014.

Treasury Group Investment Services Limited, a wholly owned subsidiary of the Group, is required to retain Net Assets of $5m for regulatory capital requirements as a holder of an Australian Financial Services Licence with ASIC and operating as a Responsible Entity of Managed Investment Schemes.

Cash Flow from Operations

Net cash flow from operating activities increased by $ 1.3m to $12.2m or by 11% over the year. This increase arose from the consistent dividend and distribution payments from the equity accounted investments to Treasury Group Ltd.

Directors Report

Business strategies and prospects

Treasury Group continues to expand and diversify its portfolio by partnering with outstanding asset management professionals worldwide. On 5 August 2014, Treasury Group Ltd announced that it has entered into an agreement to merge with Northern Lights Capital Group (Northern Lights), a privately owned, US-based, multi-boutique funds management business with offices in the United States, United Kingdom and Europe (France).

It is expected that the merger will deliver significant strategic and financial benefits to Treasury Group and its shareholders. It provides exposure to Northern Lights boutiques which have experienced strong growth. It creates a diversified international portfolio of multi-asset management businesses and it executes key elements of Treasury Group's strategy.

Material business risks

The material business risks faced by Treasury Group Ltd that are likely to have an impact on the financial prospects of the Company and how the Company manages these risks include:

Global market risks

The nature of the business of Treasury Group Ltd means that the Group is always exposed to market volatility and potential adverse market conditions. Major international listed equity markets continue to display volatility on both upside and downside with publicised global macro risks such as higher European growth and deflation, slower growth in China and monetary policies in the US and Japan. While these risks are external and beyond the control of the Group, a number of our boutique partners delivered exceptional performance including Investors Mutual Ltd, RARE Infrastructure Ltd and Celeste Funds Management Limited. Market risk is however at the core of the business.

Regulatory environment

The business of the Group operates in a highly regulated environment that is frequently subject to review and regular change. Treasury Group Ltd's risk and compliance team are always working to ensure that the Group is compliant with the new financial and regulatory requirements. In 2013, Treasury Group worked with its Boutique partners to ensure compliance with the Future of Financial Advice Reforms Act. In 2014, Treasury Group has also worked with its Boutique partners to ensure compliance with the new Privacy Act amendments, the AML/CTF amendments and the Foreign Account Tax Compliance Act.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 7 August 2013, Mr. Andrew Howard was appointed as Chief Investment Officer of Treasury Group Ltd.

On 30 August 2013, Mr. Andrew McGill was appointed as Managing Director of Treasury Group Ltd.

On 31 October 2013, Treasury Group Ltd completed the sale of its loan assets and 43.96% equity holding in Treasury Asia Asset Management (TAAM) to Nikko Asset Management International (Nikko). TRG sold loans and equity holdings for the respective book values.

On 13 November 2013, Freehold Investment Management (FIM) and Evergreen Capital Partners (Evergreen) successfully completed a merger with FIM as the surviving entity. Under the new structure, Evergreen shareholders sold their shares in Evergreen in return for equity securities (options) in FIM. Following the transaction, FIM owns 100% of the issued capital in Evergreen. As a consequence of the merger, Treasury Group holds options in FIM which, upon conversion, will deliver an equity interest of 30%. These options are exercisable at the election of Treasury Group. In addition, the employees of FIM are entitled to equity-based incentives which are linked to profit targets and FUM. In the event these are met, Treasury Group's holdings are diluted to 15%. On 16 May 2014, FIM undertook a capital raising limited to its existing shareholder base through the issuance of convertible preference shares which has a convertibility feature. On 30 May 2014, Treasury Group participated in this capital raising to the amount of $600,000. This is treated as loan to FIM fixed at 15% per annum for two years.

On 2 December 2013, the Board of Orion Asset Management restructured its Australian Equities fund management business. Orion ceased to provide funds management services to institutional clients and several members of Orion's investment management team exited the business. Orion also ceased to manage the Orion Australian Share Fund for retail clients. On 30 April 2014, Treasury Group Ltd acquired a further 7% equity of ownership in Orion Asset Management (Aust) Pty Ltd, as a result of the corporate restructuring that the Orion Group had undertaken. As a result, Treasury Group owns 49.99% of Orion Asset Management (Aust) Pty Ltd. Orion's alliance with Trilogy Global Advisors has remained unchanged.

On 16 April 2014, Treasury Group Ltd announced the execution of an agreement to invest in ROC Partners, an Australian and Asia private equity investment and advice business. On 30 May 2015, Treasury Group Ltd completed the acquisition of 15.03% equity in ROC Partners for $556,000. In addition, TRG has provided a facility of $4,500,000 of which $2,450,000 was drawn down on 29 May 2014.

Other than the information provided above, there have been no other significant changes in the state of affairs of the Company during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 5 August 2014, the Directors of Treasury Group Ltd declared a final dividend on ordinary shares in respect of the 2014 financial year. The total amount of the dividend is $6,398,324 which represents a fully franked dividend of 27 cents per share. The dividend has not been provided for in the 30 June 2014 financial statements.

Directors Report

SIGNIFICANT EVENTS AFTER THE BALANCE DATE (Cont)

On 5 August 2014, Treasury Group Ltd and Northern Lights Capital Group (Northern Lights) agreed to a merger creating an international multi-boutique business with A$49.6bn FUM. Northern Lights is a privately owned international multi-boutique asset management group headquartered in the United States with 13 associated boutiques.

A new Australian Trust and trustee company has been established which will own interests in the combined 21 boutiques and give effect to the merger. The new Australian Trust will have its Board, management and operations integrated. Treasury Group will be entitled to 61% of the economic interest of the Trust and it will have majority board representation. The Trust will issue Treasury Group Class A Trust Units and Northern Lights will be issued Class B Trust Units with 39% interest.

Treasury Group will retain all existing franking credits and Treasury Group is expected to be able to continue to pay franked dividends to its shareholders in the future.

Treasury Group and Northern Lights will treat the Trust as a joint venture arrangement for accounting purposes. Upon completion of the transaction, Treasury Group will transfer all its underlying assets to the Trust. This transfer will be a deemed sale and a gain on the sale will be recognised at the time of completion. Assuming that TRG share price on completion date is similar to the share price on 5 August 2014, the gain on sale is A$159.3m[1] and the assets to be transferred to the Trust will be valued at A$223.1m[1].

Going forward post completion, TRG will recognise its investment in the merger trust as an investment in a joint venture. The accounting will follow the principles of equity accounting. TRG will reflect a share of profit from the trust and its share of the carrying value of the underlying assets of the trust.

The merger transaction is viewed to create diversified international portfolio of asset management businesses and it executes Treasury Group's growth strategy.

[1] Based on the TRG share price as at 4 August 2014.

PERFORMANCE RIGHTS

On 7 August 2013, Treasury Group Ltd granted additional 100,000 performance rights which have vesting date of 7 August 2016 (2013: 39,007 granted on 1 July 2012 and have vesting date of 1 July 2015) to officers and certain employees as part of their long term incentives. The performance rights on issue were valued based on the valuation made by RSM Bird Cameron using a hybrid monte-carlo /binomial option pricing model on the performance rights that were issued on 11 July 2011. The value of each right at issue was $1.64. Total value of the outstanding performance rights is $227,972 amortised over three years from the grant date.

The amount of performance rights amortisation expense for the period was $427,150 (2013:$373,479).

Of the 640,000 performance rights granted on 11 July 2011 to key management personnel, 96% vested on 12 July 2014. As a result, 614,400 Treasury Group Ltd shares were allocated to key management personnel. In addition, other employees were allocated 12,857 Treasury Group shares as a result of vesting of performance rights.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into an agreement for the purpose of indemnifying Directors and Officers of the Company in certain circumstances against losses and liabilities incurred by the Directors or officers 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 2001;
(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.

The insurance contract prohibits the disclosure of the insurance premium for insuring officers of the company against a liability which may be incurred in that person's capacity as an officer of the Company.

Directors Report

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements for Directors and Executives of Treasury Group Ltd in accordance with the requirements of the *Corporations Act 2001* and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 29.4 to Aus 29.7.2 of AASB 124 *Related Party Disclosures*, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and includes the three executives of the Parent.

The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of key management personnel
- Key terms of employment contracts

Key management personnel

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Non-executive directors

M. Fitzpatrick	Chairman, Non-executive director
P. Kennedy	Non-executive director
R. Hayes	Non-executive director
M. Donnelly	Non-executive director
Executive Officers	
A. McGill	Managing Director (appointed 30 August 2013) & Chief Executive Officer
J. Ferragina	Chief Financial Officer & Company Secretary

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Significant portion of Executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

Structure

In accordance with the ASX Listing Rules the aggregate remuneration of Non-Executive Directors is determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the General Meeting held on 15 November 2006 when shareholders approved an aggregate remuneration of $650,000 per year for services of Directors as directors of the Company and its subsidiaries.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed

Directors Report

annually. Non-Executive Directors do not receive performance-based bonuses from Treasury Group Ltd.

REMUNERATION REPORT (AUDITED) (Cont)

Executive Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
  - Short Term Incentive (STI); and
  - Long Term Incentive (LTI)

The proportion of fixed remuneration and variable remuneration is established by the Remuneration Committee.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of performance, relevant comparative remuneration in the market and advice on policies and practices.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI plan is to link the achievement of the Company's operational targets with the remuneration received by the Executives charged with meeting those targets. The STI is fully discretionary in the hands of the Remuneration Committee. The Remuneration Committee receives a recommendation from the Chief Executive Officer (CEO) on executive performance. The CEO bases his report on a number of tailored Key Performance Indicators (KPI) for each Executive. The total potential STI available is set at a level so as to provide sufficient incentive to the Executive to achieve the operational targets such that the cost to the Company is reasonable.

Structure

The Board sets annual KPIs for the CEO against which performance is measured. The KPIs are based on financial targets, growth and business development targets as well as operational management.

The focus of the KPIs is to drive decision making in a manner that increases returns to shareholders in the short and longer term. The financial targets and heavily weighted in the STI calculation. The board also considers the general value add to the business and the company's stakeholders through areas such as investor relations, deal origination and strategy.

Following are the CEO's KPIs for 2015:

- Achievement of EPS growth targets
- Completion of targeted deal opportunities
- Achievement of strategic plan milestones
- Qualitative assessment of management of staff
- Qualitative assessment of effectiveness of communications with market
- Discretionary element

Directors Report

REMUNERATION REPORT (AUDITED) (Cont)

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The awarding of the LTIs is fully discretionary in the hands of the Remuneration Committee and granted under the same governance process as detailed for STI's above.

Structure

LTI grants are delivered in the form of performance rights/options or shares and are subject to service conditions and performance target measures over a three-year period.

Performance rights

A long term incentive plan is currently being considered for the CEO and CFO following the expiry of performance rights on 12 July 2014. As part of the completion of the merger with Northern Lights which is estimated to be completed by the end of October, the Remuneration Committee will undertake a full review the remuneration structure of KMP of the combined group, including the CEO and CFO. It is expected that if a LTI scheme is included, it will consist of TRG performance rights. The vesting structure and competitor group against which performance is measured will reflect the post transaction structure of the group.

Between 2012 and 2013, the Company granted performance rights to other employees as part of their long term incentives. The performance rights have been split into two equal tranches and each tranche is subject to different total shareholder return (TSR) performance hurdles. TSR measures the return to a shareholder over the Performance period in terms of changes in the market value of the shares plus the value of any dividends paid on the shares. Each TSR hurdle compares the TSR performance of Treasury Group with the TSR performance of each of the entities in a comparator group described below:

Tranche 1 – S & P ASX 300 comparator Group

50% of the performance rights are subject to the TSR hurdle that compares the TSR performance of Treasury Group at the end of the performance period with the growth in TSR over the same period of the S&P ASX 300 companies.

Tranche 2 – selected comparator group

50% of the performance rights will be subject to a TSR hurdle that compares the TSR performance of Treasury Group at the end of the performance period with the growth in TSR over the same period of a selected comparator group of companies. Each company in the comparator group is weighted equally. The comparator group comprises:

- BT Investment Management Ltd
- Perpetual Limited
- K2 Asset Management Holdings Limited
- Hunter Hall International Limited
- Platinum Asset Management Limited
- Magellan Financial Group
- IOOF Holdings Limited

The percentage of performance rights which vest (if any) will be determined by the Board in reference to the percentile ranking achieved by the company over the performance period compared to the comparator group applying under the relevant TSR hurdle for the tranche:

TSR growth – percentile ranking	Performance rights that vest (%)
75^{th} percentile or above	100%
Between 50^{th} and 75^{th} percentile	Progressive pro rata vesting from 50% at 2% for every one percentile increase above the 50^{th} percentile
50^{th} percentile	50%
Below 50^{th} percentile	Nil

Upon vesting of the performance rights a share is allocated for each performance right. The shares will rank equally and have the same voting rights and dividend eligibility as other ordinary shares in the company.

Directors Report

REMUNERATION REPORT (AUDITED) (Cont)

Lapse of Performance Rights

Performance rights lapse to the extent that performance conditions are not satisfied. These include:

- Cessation of employment before the end of the vesting period
- Contravention of dealing restrictions
- Acting dishonestly or fraudulently

Change of Control

Generally in the event of a change of control whether through takeover, scheme of arrangement or any other transaction that the Board determines is likely to result in a change of control, the performance rights may vest at the Board's discretion.

Relationship between the remuneration policy and company performance

The table below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2014. Bonuses are paid on individual and Company performance. The Remuneration Committee has ultimate discretion in determining the amount of bonus pool:

	2014 $	2013 $	2012 $	2011 $	2010 $
Revenue	2,323,656	4,303,143	3,944,594	4,492,981	5,601,816
Net profit before tax	15,187,652	10,803,395	6,415,796	9,889,480	11,491,620
Net profit after tax	13,061,814	10,390,514	6,751,757	10,005,104	11,676,131
Share price at start of year ($)	7.07	4.09	3.96	5.06	4.11
Share price at end of year ($)	9.57	7.07	4.09	3.96	5.06
Interim dividend (cps)[1]	23	17	14	14	12
Final dividend (cps)[1]	27[2]	23	20	20	14
EPS	56.6	45.0	29.3	43.4	50.6
Diluted EPS	55.0	45.0	29.3	43.4	50.6
KMP bonuses ($)	629,500	539,200	502,166	992,443	1,421,527

[1] Franked to 100% at 30% corporate income tax rate.

[2] Declared on 5 August 2014 and has not been provided for in the 30 June 2014 financial statements.

Directors Report

REMUNERATION REPORT (AUDITED) (Cont)

Remuneration of key management personnel

Details of the nature and amount of each element of the remuneration of each Director of the Company and each of the key management personnel of the Company and the consolidated entity for the financial year are as follows:

		Short term		Post employment	Share based payments		Other	Total	Performance related[2]
		Salary & fees	Cash Bonus	Super-annuation	Shares	Options/ Performance rights [1]	Others		
		$	$	$	$	$	$	$	
Non-executive directors									
M. Fitzpatrick – Chairman									
	2014	114,679	-	10,608	-	-	-	125,287	-
	2013	114,679	-	10,321	-	-	-	125,000	-
P. Kennedy – Non-Executive Director									
	2014	120,000	-	-	-	-	-	120,000	-
	2013	120,000	-	-	-	-	-	120,000	-
R. Hayes – Non-Executive Director									
	2014	68,807	-	6,365	-	-	-	75,172	-
	2013	80,275	-	7,225	-	-	-	87,500	-
M. Donnelly – Non-Executive Director									
	2014	68,632	-	6,348	-	-	-	74,980	-
	2013	55,046	-	4,954	-	-	-	60,000	-
Executive Officers									
A. McGill – Managing Director (appointed 30 August 2013) & Chief Executive Officer									
	2014	425,575	373,500	17,775	-	273,333	-	1,090,183	34%
	2013	406,850	360,000	16,470	-	273,333	-	1,056,653	34%
J. Ferragina – Chief Financial Officer									
	2014	302,225	256,000	17,775	-	76,533	-	652,533	39%
	2013	303,530	179,200	16,470	-	76,533	-	575,733	31%
Total remuneration: Key Management Personnel									
	2014	1,099,918	629,500	58,871	-	349,866	-	2,138,155	29%
	2013	1,080,380	539,200	55,440	-	349,866	-	2,024,886	27%

[1] Refer to note 22 for the vesting conditions of options and performance rights granted to Executives.

The value of performance rights granted to key management personnel as part of their remuneration were valued based on the valuation made by RSM Bird Cameron using a hybrid monte-carlo /binomial option pricing model on the performance rights that were issued on 11 July 2011. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight line basis over the period from grant date to vesting date. Of the 640,000 performance rights granted on 11 July 2011 to key management personnel, 96% vested on 12 July 2014. As a result, 614,400 Treasury Group Ltd shares were allocated to key management personnel.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Maximum potential of bonus based on fixed remuneration		Actual bonus based on fixed remuneration linked to performance[2]	
Executives	2014	2013	2014	2013
A. McGill	100%	100%	83%	80%
J. Ferragina	80%	80%	80%	56%

[2] KMP bonuses are paid in two instalments being 50% on August and 50% on June the following year. Only the 50% payable on August is provided for as at 30 June 2014.

No key management personnel appointed during the period received a payment as part of his consideration for agreeing to hold the position.

Directors Report

REMUNERATION REPORT (AUDITED) (Cont)

Bonuses and share-based payments granted as a compensation for the current financial year

Cash bonuses
No other cash bonuses were granted during 2014.

Employee share option plan

A Long Term Incentive Plan has been established where Treasury Group Ltd, at the discretion of the Board of Directors, awards performance rights to Directors, executives and certain members of staff of the Group. Each performance right at the time of grant represents one Treasury Group Ltd share if it vests.

Each employee performance rights converts into one ordinary share of Treasury Group Ltd on vesting date. No amounts are paid or payable by the recipient of the performance rights on vesting date. The performance rights carry neither rights to dividends nor voting rights.

The number of performance rights granted is calculated in accordance with the performance-based formula approved by the Remuneration Committee.

The performance rights vest after three years from grant date.

Details of share-based payments/performance rights granted as compensation to key management personnel during the current financial year:

			During the financial year			
	Option series	Numbers granted	Numbers vested	% of grant vested	% of grant forfeited	**% of compensation for the year consisting of performance rights**
Executive officers						
A. McGill	-	-	-	-	-	-
J. Ferragina	-	-	-	-	-	-

At the date of this report, the performance rights of the following key management personnel that were granted to them as part of their compensation have vested. The performance rights that have vested have been converted into one ordinary share of Treasury Group Ltd in accordance with the LTI plan rules.

	Performance rights	**Performance rights that vest**	**No. of ordinary shares of Treasury Group Ltd issued**	**Value vested**	**Value unvested**
Executive officers					
A.McGill	500,000	96%	480,000	4,660,800	194,200
J. Ferragina	140,000	96%	134,400	1,305,024	54,376

The following table summarises the value of performance rights granted, vested or lapsed as at the date of this report, in relation to performance rights granted to key management personnel as part of their remuneration:

	Value of performance rights granted at the grant date [1]	**Value of shares vested through performance rights[2]**	**Value of performance rights lapsed at the date of lapsed**
Executive officers			
A.McGill	-	4,660,800	194,200
J. Ferragina	-	1,305,024	54,376

[1] The value of performance rights granted to key management personnel as part of their remuneration is calculated as at the grant date using a hybrid monte-carlo /binomial option pricing model prepared by RSM Bird Cameron. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight line basis over the period from grant date to vesting date.

[2] The value of performance rights vested during the date of this report is calculated as at the vesting date.

Directors Report

REMUNERATION REPORT (AUDITED) (Cont)

Key terms of employment contracts

The Chief Executive Officer, Mr Andrew McGill, is employed under contract. His employment contract commenced on 12 July 2011 with a base salary package of $450,000 (gross including superannuation) and has no predetermined termination date. Under the terms of the contract, Mr McGill or Treasury Group may terminate the contract giving six months written notice with no termination benefits.

As a long term incentive, Mr McGill was awarded 500,000 performance rights on 12 July 2011 with each right at the time of grant representing one Treasury Group Ltd share if it vests. The performance rights have been split in two equal tranches and each tranche is subject to different total shareholder return (TSR) performance hurdles over a three-year period. Vesting conditions are subject to performance hurdles which are discussed earlier in this report. On 12 July 2014, these performance rights have vested at 96%. Accordingly, Mr. McGill was allocated 480,000 Treasury Group shares.

Mr McGill is also eligible for a short term incentive based on a number of clearly defined Key Performance Indicators. The short term incentive is for up to 100% of base salary and paid in two equal instalments over a two year period.

The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Mr McGill is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unvested performance rights will immediately be forfeited.

Where employment is terminated with notice, no further payments will be paid by the Company except unpaid salary accrued to the date of termination and accrued annual leave. Where employment is terminated with notice, deferred short term incentives will also be paid. However, the Board retains the discretion to determine that some or all unvested performance rights vest or lapse with effect from or after the cessation date.

The Chief Financial Officer, Mr Ferragina, is employed under contract. The current employment contract has no predetermined termination date. Under the terms of the contract Mr Ferragina may terminate the contract by giving three months written notice with no termination benefits.

As a long term incentive, Mr Ferragina was awarded 140,000 performance rights on 12 July 2011 with each right at the time of grant representing one Treasury Group Ltd share if it vests. The performance rights have been split in two equal tranches and each tranche is subject to different total shareholder return (TSR) performance hurdles over a three-year period. Vesting conditions are subject to the same performance hurdles as discussed earlier in this report. On 12 July 2014, these performance rights have vested at 96%. Accordingly, Mr. Ferragina was allocated 134,400 Treasury Group shares.

Directors Report

REMUNERATION REPORT (AUDITED) (Cont)

Key management personnel equity holdings

Fully paid ordinary shares of Treasury Group Ltd

30 June 2014	Balance 1 July 2013	Granted as remuneration	Received on vesting of performance rights/options	Net change other #	Balance held nominally (As at the date of this report)
Non-executive directors					
M. Fitzpatrick	2,701,285	-	-	-	2,701,285
P. Kennedy	213,487	-	-	-	213,487
R. Hayes	-	-	-	-	-
M. Donnelly	-	-	-	20,000	20,000
Executives					
A. McGill	50,000	-	480,000	480,000	530,000
J. Ferragina	22,404	-	134,400	118,996	141,400

30 June 2013	Balance 1 July 2012	Granted as remuneration	Received on vesting of performance rights/options	Net change other #	Balance held nominally
Directors					
M. Fitzpatrick	2,701,285	-	-	-	2,701,285
P. Kennedy	211,200	-	-	2,287	213,487
R. Hayes	-	-	-	-	-
M. Donnelly	-	-	-	-	-
Executives					
A. McGill	50,000	-	-	-	50,000
J. Ferragina	22,404	-	-	-	22,404

Performance rights of Treasury Group Ltd

	Balance at 1 July	Granted as compensation	Received on vesting of performance rights/options	Net change other #	Balance At 30 June	Balance Vested at 30 June	Vested but not exercisable	Vested and exercisable	Performance rights vested as at the date of this report
	No.	No.	No.	No.	No.	No.	No.	No.	No.
30 June 2014									
A. McGill	500,000	-	-	-	500,000	-	-	480,000	480,000
J. Ferragina	140,000	-	-	-	140,000	-	-	134,400	134,400
30 June 2013									
A. McGill	500,000	-	-	-	500,000	-	-	-	-
J. Ferragina	140,000	-	-	-	140,000	-	-	-	-

Directors Report

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors Meetings		**Audit Committee Meetings**		**Remuneration Committee Meetings**		**Nomination Committee Meeting**	
	Meetings eligible to attend	Meetings Attended	Meetings eligible to attend	Meetings Attended	Meetings eligible to attend	Meetings Attended	Meeting eligible to attend	Meeting Attended
M. Fitzpatrick	11	11	4	4	3	3	1	1
A. McGill*	8	8						
P. Kennedy	11	11	4	4	3	3		
R. Hayes	11	11	4	4	3	3		
M. Donnelly	11	11	3	3	0	0	1	1

* Mr McGill was not a Director for the full year.

Committee membership

As at the date of this report, the Company had an Audit Committee, a Remuneration Committee and a Nomination Committee of the Board of Directors.

Members acting on the Committees of the Board during the year were:

Audit
P. Kennedy (Chairman)
M. Fitzpatrick
R. Hayes
M. Donnelly

Remuneration
R. Hayes (Chairman)
M. Fitzpatrick
P. Kennedy

Nomination
M. Donnelly (Chairperson)
M. Fitzpatrick

TAX CONSOLIDATION

Effective 1 July 2003, for the purposes of income taxation, Treasury Group Ltd and its 100% owned entities have formed a tax consolidated group.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Treasury Group Ltd support the Principles of Corporate Governance. The Company's Corporate Governance Statement is contained in the following section of this annual report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Directors Report

AUDITOR INDEPENDENCE

The Directors received an independence declaration from the auditors of Treasury Group Ltd. A copy of the declaration is set out on page 22.

Signed in accordance with a resolution of the Directors.

M. Fitzpatrick
Chairman
20 August 2014

Deloitte.

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

20 August 2014

Dear Board Members

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 audit of the financial statements of Treasury Group Ltd for the financial year ended 30 June 2014, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants

Corporate Governance Statement

The ASX Corporate Governance Council has published Corporate Governance Principles and Recommendations ("ASX Principles") on what it considers to be best practice in conducting the business of a listed company. The ASX Listing Rules require companies to disclose their compliance with the guidelines on an "if not, why not" basis in their annual report to shareholders.

The Guidelines are set out recommended practice in the form of eight principles

1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

Treasury Group Ltd's (the Company) adherence to each of these principles, together with details of the policies adopted by the Board to ensure compliance is described on a principle by principle basis below.

In accordance with the ASX Principles the Company has posted copies of its governance policies, charters and procedures on its website www.treasurygroup.com

Principle 1: Lay solid foundations for management and oversight

The Board's role is to govern the Company rather than to manage it. The Board recognises the importance of clearly delineating between its roles and the roles of management, and has adopted a formal statement of matters reserved to itself and a list of delegations to management. It is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board is accountable to shareholders for the successful operations of the Company.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is contained in the Corporate Governance section on the Company's website.

Role of senior executives

It is the role of senior executives to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of senior executives in carrying out these delegated duties. The Board conducts an annual review of the performance of senior executives against pre-determined qualitative and quantitative key performance indicators. Senior executives undergo an induction programme to gain an understanding of the Company's financial position, its strategies, operations and risk management policies as well as the rights, duties, responsibilities and roles of the Board and senior executives.

Principle 2: Structure the Board to add value

The Board considers independent decision-making as critical to effective governance, and the Company recognises the importance of independent directors and the external perspective and advice that they can offer. The names of the Directors and their qualifications and experience are included in the profiles in the Directors Report, along with the term of office held by each of the Directors.

The Board is made up primarily of Non-Executive Directors with a majority of independent directors as recommended by the ASX Principles. Mr Kennedy, Mr Hayes and Ms Donnelly are Non-Executive Directors, and meet the ASX Principles' criteria for independence.

Mr Fitzpatrick is a Non-Executive Director and Chairman of the Company, but is a major shareholder of the Company and as such he does not meet the ASX Principles' criteria for independence. However, his experience and knowledge of the Company make his contribution to the Board such that it is appropriate for him to remain as Chairman of the Board.
The Board size is considered appropriate for the size of the Company's operations.

Corporate Governance Statement

Principle 2: Structure the Board to add value (Cont)

The Company's Managing Director and Chief Executive Officer is Mr Andrew McGill. The Company's Chairman and CEO have separate roles. The division of responsibilities between the Chairman and the CEO are set out in the Board charter.

All Directors bring an independent judgment to bear in Board deliberations.

The Board established a Nomination Committee in 2004, to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

During the financial year, the members of the Nomination Committee were Ms Donnelly (Chairperson) and Mr Fitzpatrick. Mr Hayes resigned as a member of the Nomination Committee during the year. Whilst the ASX principles recommend three members for a Nomination Committee given the size of the Company and the Board, the Board has decided that two committee members is sufficient.

The Nomination Committee's charter and a description of the process for selection and appointment of new directors are available on the Company's website.

The Board Charter provides for the undertaking of annual Board and Committee performance evaluation. The objective of this evaluation is to provide best practice Corporate Governance to the Company. During the reporting period the Chairman met with individual Directors to discuss their performance.

The Nomination Committee is responsible for making recommendations for the appointment and removal of Directors. During the reporting period the Committee recommended Mr McGill be appointed to the Board as Managing Director & CEO.

In order to achieve continuing improvement in Board performance, all Directors are able to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

New Directors undergo an induction process in which they are given a full briefing on the Company. Where possible, this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new directors includes:

- details of the role and responsibilities of a director;
- formal policies on director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- access to a copy of the Board and Committee Charters;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- a copy of the Constitution of the Company.

Each Director has the right of access to all Company information and to the Company's executives. The Board collectively and each Director, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Corporate Governance Statement

Principle 3: Promote ethical and responsible decision-making

To ensure that the Company maintains the highest standards of integrity, honesty and fairness in its dealings with all stakeholders, the Board has established a formal Code of Conduct for management and employees and also a Code of Ethical Conduct for the Board. These Codes act as a guide for compliance with legal and other obligations that the Company has to stakeholders which include customers, clients, government authorities, creditors, employees and the community as whole. These Codes govern all the Company's commercial operations and the conduct of the Board, employees, consultants, contactors, advisors and all other people when they represent the Company.

These Codes also outline the responsibility and accountability of individuals for reporting and investigating unethical practices and can be viewed in the Corporate Governance section on the Company's website.

The Company has a Securities Trading Policy under which Directors and employees and their associates may only trade in the Company's securities during specific period trading windows. This policy can be viewed in the Corporate Governance section of the Company's website.

The Board has a Diversity Policy. The Board's measurable objectives for achieving gender diversity are:

- a minimum of one female Director;
- at least 20% of senior executives to be female; and
- at least 35% of managers to be female.

Currently the proportion of women at different levels within the organisation is as follows:

	Total	Female	%
Board	5	1	20%
Senior Executives	3	0	-
Managers	6	3	50%
Employees	7	3	43%

The representation of women across the organisation as a whole is 33%.

Principle 4: Safeguard integrity in financial reporting

The Board established an Audit Committee in 2004. The Audit Committee has a formal charter, which can be found in the Corporate Governance section of the Company's website.

The Audit Committee comprises of four non-executive directors, three of whom are independent, and the Committee is also chaired by an independent director. During the year under review, the members of the Audit Committee were Mr Kennedy (Chairman), Mr Fitzpatrick, Mr Hayes and Ms Donnelly (appointed 21 August 2014). Whilst Mr Fitzpatrick is not independent, the Company believes that the Committee structure is adequate to perform its duties independently. All members can critically evaluate financial statements and are financially literate. Mr Kennedy, the Chairman, has a commerce background with experience in financial and accounting matters. Details of members' qualifications may be found in the director profiles in the Directors' Report.

The Audit Committee held four meetings for the year and details of attendance of the members of the Audit Committee are contained in the Directors' Report.

Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners may be found in the Corporate Governance section of the Company's website.

Corporate Governance Statement

Principle 5: Make timely and balanced disclosure

The Board has established a Continuous Disclosure Policy for ensuring compliance with the ASX Listing Rule disclosure requirements. This policy is located in the Corporate Governance section of the Company's website.

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules,* the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on the Company's website in an area accessible by the public.

To enhance clarity and balance of reporting and to enable investors to make an informed assessment of the Company's performance, financial results are accompanied by a commentary.

Details of payments to executives for the 2013/14 financial year are disclosed in the Directors' Report. Core entitlements of any new executives will be disclosed at the time when they are agreed as well as at the time the actual payment is made.

Principle 6: Respect the rights of shareholders

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the Company's website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Shareholder Communications Policy is published on the Company's website in its Corporate Governance section.

Principle 7: Recognise and manage risk

The Board's Charter clearly establishes that it is responsible for ensuring that there is a sound system for overseeing and managing risk. The Audit Committee is also responsible for establishing policies on risk oversight and management. A summary of the Company's Risk Management and internal compliance and control system is available on the Company's website in its Corporate Governance section.

Due to the size and scale of operations of the Company, there is no separate internal audit function or Risk Management Committee.

In accordance with Recommendation 7.3 of the *ASX Principles*, the CEO and CFO have stated in writing to the Board:

"That

- the statement given in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks."

The Company's Risk and Compliance Services team has designed and implemented a risk management and internal control system to manage Treasury Group's material business risks. Risk is managed on an enterprise wide basis, with risks being reviewed across the whole group of companies, as well as risks arising from key stakeholder relationships and external events.

Corporate Governance Statement

Principle 7: Recognise and manage risk (Cont)

The Company has an on-line governance, risk and compliance software system which allows material business risks to be linked to mitigating controls so that the performance of Treasury Group's enterprise risk and compliance programs can be monitored continuously.

Management provides monthly board reports on the effectiveness of managing the Company's business risks.

Principle 8: Remunerate fairly and responsibly

The Board has established a Remuneration Committee to assist the Board in making appropriate decisions about incentive schemes and superannuation arrangements. The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

Mr Kennedy, Mr Fitzpatrick and Mr Hayes are the current members of the Remuneration Committee. Mr Hayes, the Chairman of the Remuneration Committee is an Independent Director. Ms Donnelly was a member of the Remuneration Committee from 17 July 2013 until her resignation from the Committee on 21 August 2013.

The Remuneration Committee has a formal charter which is available on the website of the Company in the Corporate Governance Section.

The Board have endorsed the following Senior Executive Remuneration Policy and the Non-Executive Director Remuneration Policy.

Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executives may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in Treasury Group Long Term Incentive Plan (LTI Plan) and
- statutory superannuation.

By remunerating Senior Executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and enhance Company performance. The amount of remuneration, including both monetary and non-monetary components, for each of the Key Management Personnel during the year (discounting accumulated entitlements) is detailed in the Directors' Report.

The value of shares, performance rights and options granted to Senior Executives has been calculated using the Binomial method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments. This discretion is exercised on the following basis:

- Retentions and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of the Company.

The Treasury Group LTI Plan had been approved by shareholders in which executives may participate. The number of shares and performance rights issued under the plan are reasonable in relation to the existing capitalisation of the Company and all payments under the plan are made in accordance with thresholds set in plans approved by shareholders.

Corporate Governance Statement

Principle 8: Remunerate fairly and responsibly (Cont)

Non-Executive Director Remuneration Policy

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in the option scheme of the Company. Non-Executive Directors are entitled to statutory superannuation.

The payment to Directors is based on a workload criterion. Consequently, all Non-Executive Directors, except the Chairman receive a fixed amount plus a load for Committee Membership and Committee chairing. The Chairman receives an extra loading given the duties and extra time associated with the position.

Current Director Remuneration

The aggregate amount of remuneration paid to Non-Executive Directors is approved by shareholders and is currently $650,000.

Further information in relation to the remuneration of Directors can be found in the Directors' Report.

Income Statement

FOR THE YEAR ENDED 30 JUNE 2014	Notes	CONSOLIDATED 2014 $	2013 $
REVENUES	5 (a)	**2,323,656**	4,303,143
Gain/(loss) on investments	5 (b)	**845,156**	(403,703)
Salaries and employee benefits expenses	5 (c)	**(4,466,383)**	(4,517,723)
Other expenses	5 (c)	**(3,286,577)**	(3,628,471)
Share of net profits of equity accounted investments	12 (e)	**19,771,800**	15,050,149
PROFIT BEFORE INCOME TAX		**15,187,652**	10,803,395
Income tax expense	6 (c)	**(2,109,758)**	(399,156)
PROFIT FOR THE YEAR		**13,077,894**	10,404,239
ATTRIBUTABLE TO:			
NON-CONTROLLING INTEREST		**16,080**	13,725
MEMBERS OF THE PARENT	19 (e)	**13,061,814**	10,390,514
Earnings per share (cents per share)			
• basic for profit for the year attributable to ordinary equity holders of the parent	24	**56.6**	45.0
• diluted for profit for the year attributable to ordinary equity holders of the parent	24	**56.6**	45.0
Franked dividends paid per share (cents per share) for the financial year	7 (b)	**46**	37

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

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014	CONSOLIDATED	
	2014	2013
	$	$
PROFIT FOR THE YEAR	**13,077,894**	10,404,239
Other Comprehensive Income		
Items that may be reclassified to profit and loss		
Net unrealised (losses) /gains on available-for-sale investments taken to equity	**(213,894)**	1,301,512
Income tax relating to items reclassified	**64,169**	(390,452)
Share of after-tax gain on available-for-sale investments of an associate	**(13,250)**	8,445
Other comprehensive (loss)/ income for the year (net of tax)	**(162,975)**	919,505
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**12,914,919**	11,323,744
ATTRIBUTABLE TO:		
NON-CONTROLLING INTEREST	**16,080**	13,725
MEMBERS OF THE PARENT	**12,898,839**	11,310,019

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

Statement of Financial Position

AS AT 30 JUNE 2014

	Notes	CONSOLIDATED	
		2014	2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents	8 (a)	**12,860,219**	12,116,947
Trade and other receivables	9	**11,117,179**	7,578,686
Other assets		**1,093,163**	175,232
TOTAL CURRENT ASSETS		**25,070,561**	19,870,865
NON-CURRENT ASSETS			
Trade and other receivables	9	**833,073**	723,958
Available-for-sale investments	10	**11,005,105**	9,893,255
Loans and other receivables	11	**4,797,624**	3,629,539
Deferred tax	6 (d)	**781,881**	2,760,114
Investments accounted for using the equity method	12 (b)	**29,242,193**	30,633,054
Plant and equipment	13	**61,447**	70,270
Intangibles	14	**12,540**	18,440
Goodwill	15	**-**	252,764
TOTAL NON-CURRENT ASSETS		**46,733,863**	47,981,394
TOTAL ASSETS		**71,804,424**	67,852,259
CURRENT LIABILITIES			
Trade and other payables	16	**7,671,969**	5,861,982
Provisions	17	**221,903**	213,202
Financial liability	18	**-**	600,000
TOTAL CURRENT LIABILITIES		**7,893,872**	6,675,184
NON-CURRENT LIABILITIES			
Provisions	17	**135,882**	99,650
TOTAL NON-CURRENT LIABILITIES		**135,882**	99,650
TOTAL LIABILITIES		**8,029,754**	6,774,834
NET ASSETS		**63,774,670**	61,077,425
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	19 (a)	**29,594,265**	29,594,265
Reserves	19 (f)	**4,088,120**	3,823,945
Retained profits	19 (e)	**30,092,285**	27,643,019
Non-controlling interest		**-**	16,196
TOTAL EQUITY		**63,774,670**	61,077,425

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

		CONSOLIDATED					
	Note	Ordinary shares $	Share options reserve $	Net unrealised gains reserve $	Retained earnings $	Non-controlling interest $	Total $
AS AT 1 JULY 2013		**29,594,265**	**3,447,286**	**376,659**	**27,643,019**	**16,196**	**61,077,425**
Total comprehensive income for the year		-	-	(162,975)	13,061,814	16,080	12,914,919
Share-based payments		-	427,150	-	-	-	427,150
Share bought back for non-controlling interest		-	-	-	-	(32,276)	(32,276)
Dividends paid	7 (b)	-	-	-	(10,612,548)	-	(10,612,548)
AT 30 JUNE 2014		**29,594,265**	**3,874,436**	**213,684**	**30,092,285**	**-**	**63,774,670**

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Ordinary shares $	Share options reserve $	Net unrealised gains reserve $	Retained earnings $	Non-controlling interest $	Total $
				CONSOLIDATED			
AS 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 year		-	-	919,505	10,390,514	13,725	11,323,744
Share-based payments		-	373,479	-	-	-	373,479
Dividends paid	7 (b)	-	-	-	(8,536,179)	-	(8,536,179)
AT 30 JUNE 2013		**29,594,265**	**3,447,286**	**376,659**	**27,643,019**	**16,196**	**61,077,425**

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014	Notes	CONSOLIDATED 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**20,675,949**	20,005,673
Payments to suppliers and employees		**(27,016,738)**	(23,173,780)
Dividends and distributions received		**17,885,459**	13,507,057
Interest received		**615,407**	570,870
NET CASH FLOWS FROM OPERATING ACTIVITIES	8 (b)	**12,160,077**	10,909,820
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale investments		**3,281,492**	7,562,073
Purchase of available-for-sale investments		**(2,300,000)**	(6,121,318)
Repayment of loans by associates		**1,889,028**	343,750
Advances to associates		**(2,450,000)**	-
Advances to other related party		**(600,000)**	-
Proceeds from disposal of investment accounted for under the equity method		**235,960**	-
Purchase of investment accounted for under the equity method		**(811,420)**	(225,395)
Purchase of plant and equipment		**(15,224)**	(10,609)
Purchase of intangible assets		**(1,817)**	-
NET CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES		**(771,981)**	1,548,501
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares bought back for non-controlling interest		**(32,276)**	-
Equity dividends paid on ordinary shares		**(10,612,548)**	(8,536,179)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(10,644,824)**	(8,536,179)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**743,272**	3,922,142
Cash and cash equivalents at beginning of year		**12,116,947**	8,194,805
CASH AND CASH EQUIVALENTS AT END OF YEAR	8 (a)	**12,860,219**	12,116,947

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

Notes to the Financial Statements

For the Year ended 30 June 2014

1. CORPORATE INFORMATION

The financial report of Treasury Group Ltd (the 'Company' or the 'Group') for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 20 August 2014.

Treasury Group Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The nature of operations and principal activities of the Group are disclosed in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for financial assets held at fair value through profit and loss, and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

Treasury Group Ltd is a for-profit entity.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)
The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Standard/Interpretation	Summary
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 10 replaces the parts of AASB 127 Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the Group. The Directors of the Company made an assessment as the date of the initial application of AASB 10 (i.e. 1 July 2013) as to whether or not the Group has control over associates accounted for under the new standard. The outcome of this assessment was that there was no change in control as a result of the application of AASB 10.

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Standard/Interpretation	Summary
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity). The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards. The Directors of the Company have reviewed and assessed the Group's investments for compliance with AASB 11 and noted no impact on the financial reporting of currently held investments.
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. The Directors have assessed the implementation of this requirement and accordingly, new disclosures on material associates have been included in the consolidated financial statements.

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
Standard/Interpretation	**Summary**
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has made any new disclosures required by AASB 13 for the 2013 comparative period.
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had no impact on the financial reporting of Treasury Group.
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	The Group has applied the amendments to AASB 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements which affected the reporting results or financial position.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-'5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments '	1 January 2014	30 June 2015

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretation have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	30 June 2015
Annual Improvements to IFRS's 2010-2012 Cycle	1 July 2014	30 June 2015
Annual Improvements to IFRS's 2011-2013 Cycle	1 July 2014	30 June 2015
IFRS 14 Regulatory Deferral Accounts	1 January 2016	30 June 2017
IFRS 15Revenue from contracts with Customers	1 January 2017	30 June 2018

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Service fees

Fees charged for providing administrative services to related companies are recognised as revenue as services are provided.

Management fees

Management fees on asset management activities are accrued as services are provided.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends and distributions

Revenue is recognised when the Group's right to receive the payment is established.

(d) Basis of consolidation

The consolidated financial statements comprise Treasury Group Ltd and its subsidiaries as at 30 June each year (the Group). Control is achieved when the Company :

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

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

Interests in associates are equity accounted and are not part of the consolidated Group (see notes (g) and (h) below).

(e) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(f) Trade and other receivables

Trade receivables, which are generally on 30 day terms, are recognised at fair value and subsequently valued at amortised cost using the effective interest method, less any allowance for uncollectible amounts. Cash flows relating to short term receivables are not discounted as any discount would be immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

The Group did not have any impaired trade receivables (2013: Nil).

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(g) Impairment of available-for-sale financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the Income Statement, is transferred from equity to the Income Statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. The Group would consider that there was objective evidence of impairment if there was a significant or prolonged decline in market value to below cost.

(h) Investments in associates

The Group's investments in its associates are accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities in which the Group has significant influence and which are neither a subsidiary nor a joint venture.

Under the Accounting Standards, significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies.

The Group generally deems they have significant influence if they have the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investments in the associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

Goodwill acquired in a business combination represents payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. It is initially measured as cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill relating to the associates is included in the carrying amount of the investments and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates in the consolidated financial statements reduce the carrying amount of the investment.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(i) Investments in joint ventures

Investments in which the Group has joint control are accounted for under the equity method in the consolidated financial statements similar to investments in associates as described in Note 2(h).

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate is described at note (h).

(k) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Major depreciation methods and periods are:

	2014 & 2013	
Furniture & fittings:	5 – 10 years	diminishing value
Office equipment:	3 – 10 years	diminishing value
Leasehold improvements:	1 – 6 years	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(l) Intangibles

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

(m) Financial assets

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments, available-for-sale (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that required delivery of assets within the time frame established by regulation or convention in the marketplace.

When financial assets are recognised initially they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases of sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit and loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit.

Derivatives are also classified as held for trading unless they are designed as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the Statement of Financial Position.

The fair value of financial assets at fair value through profit or loss is determined by reference to quoted market bid prices at the close of business on that balance date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loan and receivables are derecognised or impaired, as well as through the amortisation process.

For loans and receivables carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three other categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on that balance date.

(n) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The group has applied the Stand-Alone Taxpayer approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidation group. The tax funding agreement provides each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgment of the consolidated return and payment of the tax liability.

The deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112.

Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, Treasury Group Ltd and its 100% owned entities have formed a tax consolidated group. Treasury Group Ltd is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned entities on a pro-rata basis. Under a tax funding agreement, each member of the tax consolidated group is responsible for funding their share of any tax liability. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Impairment of non-financial assets other than goodwill

Amortising intangible assets and property, plant and equipment are tested for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(s) Employee leave benefits

(i) Short term and long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measure reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration date expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating leases

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends), if any;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element, if any.

Notes to the Financial Statements

For the Year ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(w) Share-based payments

Equity-settled transactions:

The Group provides benefits to employees (including Senior Executives and Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

During the year, there were two plans in place to provide these benefits:

(i) The Treasury Group LTI Plan had been established where Treasury Group Ltd, at the discretion of the Board of Directors, awards performance rights to Directors, executives and certain members of staff of the Group. Each performance right at the time of grant represents one Treasury Group Ltd share if it vests.

(ii) The Employee Share Plan, which provides the opportunity to the employees (including Directors) of the Group to purchase shares in the parent company at a discount.

The cost of the equity-settled Treasury Group LTI Plan is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Treasury Group Ltd (market conditions), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-based transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No cumulative expense is recognised for awards that do not ultimately vest due to the non-fulfilment of a non-market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and performance rights are reflected as additional share dilution in the computation of earnings per share.

(x) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Treasury Group Ltd and its subsidiaries are Australian dollars ($).

(ii) Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying an average spot exchange rate for the period. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Non-monetary items are measured in terms of historical cost in a foreign currency and are translated using the exchange rate at the date the fair value was determined.

(y) Comparatives

Where necessary, comparative information has been immaterially reclassified and repositioned for consistency with current year disclosures.

Notes to the Financial Statements

For the Year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of cash, short-term deposits, available-for-sale investments, investments at fair value through profit and loss, receivables and payables.

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 2 to the financial statements.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and short term investments.

At balance date, the Group had the following mix of financial assets exposed to Australian variable interest rate risk:

	CONSOLIDATED	
	2014	2013
	$	$
Financial Assets		
Cash at bank and on hand	**12,860,219**	12,116,947
	12,860,219	12,116,947

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date.

If interest rates had moved during the year as illustrated in the table below (using an average cash balance), with all other variables held constant, post tax profit and reserves would have been affected as follows:

	Post Tax Profit Higher / (Lower)	
	2014	2013
	$	$
Consolidated		
+0.75% [2013:0.75%]/ (75 basis points), [2013:75 basis points]	**69,762**	48,571
-0.75% [2013:0.75%]/ (75 basis points), [2013:75 basis points]	**(69,762)**	(48,571)

The movements in profit are due to higher/lower interest income from cash and short term deposit balances.

The Group's profit and reserves do not have any significant sensitivity to fixed interest rate risk as the loans made by Treasury Group Ltd to its related parties, which are the only assets or liabilities exposed to fixed interest rate risk, are carried at amortised cost.

Notes to the Financial Statements

For the Year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, investments at fair value through profit and loss, and loans receivable from related entities. The Group's exposure to credit risk arises from potential default of the counterparty, with the maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivables balances and loans made to related entities are monitored on an ongoing basis at Board level and remain within approved levels, with the result that the Group's exposure to bad debts is not significant.

It is a core part of Treasury Group Ltd's policy to extend loans to new companies in the Group to provide them financing until they reach profitability. As with all new start-ups there is a risk that a new venture will fail, in which case Treasury Group Ltd would have to write the loan off. All loans made to new ventures are monitored on an ongoing basis at Board level to minimise the risk of a write off occurring. The maximum exposure to credit risk is the carrying value of the loans.

Liquidity risk

The Group does not have any external financing liabilities and has significant cash balances. As such management is of the opinion that it does not face significant liquidity risks. Management prepares cash flow forecasts on a monthly basis to ensure that it has sufficient liquid assets to meet its liabilities.

The Group's objective is to maintain financial flexibility and only invests surplus funds in cash and short-term deposits.

Both in the current and proceeding year all of the Group's financial liabilities are due within 6 months or less.

Price risk

Equity security price risk arises from investments in unlisted managed trusts, which mainly invest their funds in equities listed on the ASX, except Aubrey Conviction Fund which invest their fund on various global stock markets. The investments are made by members of the Group for the purpose of seeding new products. Equity securities price risk also arises from investments in equity markets made by any funds that are consolidated.

A simple analysis has been conducted to provide some perspective when considering the determination of a reasonably possible change.

Notes to the Financial Statements

For the Year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

As at year end, the Group had the following exposure to equity security price risks:

	CONSOLIDATED	
	2014	2013
	$	$
Available-for-sale investments		
- Units in managed investment trusts	**8,174,164**	8,568,200
- Unlisted shares in other corporations	**900**	1,100
	8,175,064	8,569,300

As at year end, if the price for the Group's investments had moved, as illustrated in the table below, with all other variables held constant, post tax profit and reserves would have been affected as follows:

	Reserves Higher / (Lower)	
	2014	2013
	$	$
Consolidated		
MSCI World index +10%	**572,254**	599,851
MSCI World index -10%	**(572,254)**	(599,851)

For the investments that are classified as available-for-sale, movements in market value are captured in an Unrealised Gains Reserve and do not impact reported profit unless they are deemed to be impaired at reporting date.

As at 30 June 2014, the Group has no investments at fair value through profit or loss and only available for sale investments with any potential gains or losses being taken to equity.

Notes to the Financial Statements

For the Year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

The Group does not have any significant transactional currency exposures.

Foreign Currency Risk

Investments in foreign currency funds are individually approved by the Board. The Group has not hedged its foreign currency exposure.

A simple analysis has been conducted to provide some perspective when considering the determination of a reasonably possible change.

The Group does not have any significant transactional currency exposures.

At year end, the Group had the following exposure to foreign currency:

	CONSOLIDATED	
	2014	2013
	$	$
Available-for-sale investments – British Pound	**1,393,261**	1,323,955
	1,393,261	1,323,955

For the investments that are classified as available-for-sale, movements in market value are captured in an Unrealised Gains Reserve and do not impact reported profit unless they are deemed to be impaired at reporting date.

As at year end, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Equity Higher / (Lower)	
	2014	2013
	$	$
Consolidated		
AUD/GBP +10%	**97,528**	92,677
AUD/GBP -10%	**(97,528)**	(92,677)

Notes to the Financial Statements

For the Year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

Fair value measurements recognised in the Statement of Financial Position

Some of the Group's available-for-sale assets are measured at fair value at the end of each reporting period. The following table gives an information about how the fair values of these available-for-sale assets of the Group is determined (in particular, the valuation techniques and inputs used):

Financial assets/financial liabilities	Fair values at		Fair value Hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable input
	2014	2013				
1. Investments in unlisted unit trusts	8,175,064	8,569,300	Level 2	The fair value of the unlisted available-for-sale investments is based on the current unit price of the investments which is determined by the value of the underlying investments of the unit trust.	Not required	Not required
2. Investment in Freehold Investment Management - Options	1,436,780	-	Level 3	Cost	Unlisted equity instrument where value cannot be reliably measured. Start up investment and impairment assessment undertaken by management against initial acquisition milestones. Milestones include future FUM inflows, stability of management team, business costs and discount rates.	Not required
3. Investments in Aubrey Capital Management - convertible preference shares	1,393,261	1,323,955	Level 3	Discounted cash flow. Future cash flows are determined based on current Funds Under Management of the business using various growth rates discounted at 18%.	18% discount rate Long term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the discount rate, the lower the fair value. The higher the growth rate, the higher the fair value.

The fair values of the available-for-sale assets included in the level 2 and 3 categories have been determined in accordance with generally accepted pricing models based a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Notes to the Financial Statements

For the Year ended 30 June 2014

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

Fair value measurements recognised in the Statement of Financial Position

The available-for-sale investments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as market prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between any levels.

Significant assumptions in determining fair value of financial assets and liabilities

The fair value of the options is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. In determining the fair value, a revenue growth derived from FUM growth factors ranging from 3-10% has been used with appropriate probabilities assigned to each. In addition, expense growth of 3-10% has been used and a discount factor of 20% has been applied. If these revenue and expense inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the options would decrease/increase by $121,765.

The fair value of the convertible preference shares is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. In determining the fair value, a revenue growth derived from FUM growth factors ranging from 0-50% has been used with appropriate probabilities assigned to each. In addition expense growth of 5% has been used and a discount factor of 18% has been applied. If these revenue and expense inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the shares would decrease/increase by $139,326.

Reconciliation of Level 3 fair value measurements of financial assets

	30 June 2014
	Available for sale Level 3
Opening balance	**1,323,955**
Revaluation of Aubrey and acquisition of FIM	**1,506,086**
Total	**2,830,041**

	30 June 2013
	Available for sale Level 3
Opening balance	862,808
Revaluation and additional acquisition of Aubrey	461,147
Total	1,323,955

Notes to the Financial Statements

For the Year ended 30 June 2014

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments

Taxation

Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Statement of Financial Position.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future income, operating costs, dividends and other capital management transactions. Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised.

In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Classification of and valuation of investments

The Group classified investments in unit trusts as 'available-for-sale' investments and movements in fair value are recognised in unrealised reserves except the impairments are recognised in profit and loss. The fair value of the investments has been determined by reference to the published unit price.

The fair value of convertible securities has been determined based on Directors' valuation.

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include performance, technological, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

(ii) Significant accounting estimates and assumptions

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using hybrid monte-carlo/binomial option pricing model with the assumptions detailed in Note 22. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account

Notes to the Financial Statements

For the Year ended 30 June 2014

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Cont.)

Valuation and Impairment of Non Current Loans and Receivables

The Group carries loans and receivables at amortised cost with impairments for these loans and receivables recognised in profit and loss. Determining whether non current loans and receivables are impaired requires an estimation of the future cash flows expected from the loans and applying a suitable discount rate in order to calculate present value. The carrying amount of non current loans and receivables at the balance date was $4,797,624 (2013: $3,629,539). There was no impairment charge during the year (2013: nil).

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at 30 June 2014 was nil (2013: $252,764). An impairment charge of $252,764 (2013: $331,124) was recognised during the year.

Notes to the Financial Statements

For the Year ended 30 June 2014

	Notes	CONSOLIDATED 2014 $	2013 $
5. REVENUE AND EXPENSES			
(a) Revenues from continuing operations			
Fee income			
Fund management fees		**423,461**	1,385,405
Service fees			
- associates		**1,229,355**	1,713,743
- other		**-**	202,028
Total fee income		**1,652,816**	3,301,176
Dividends and distributions			
Unit trust distribution		**147,947**	395,048
Total dividends and distributions		**147,947**	395,048
Interest			
Related parties			
- associates		**323,329**	299,155
Other persons/corporations		**199,564**	285,325
Total interest		**522,893**	584,480
Other Income			
Other income		**-**	22,439
Total revenues		**2,323,656**	4,303,143
(b) Gains on investments			
Net gains on disposal of available-for-sale investments		**886,168**	396,297
Impairment of investment in subsidiary (AR Capital Management)		**(41,012)**	-
Impairment of investment accounted for under the equity method		**-**	(800,000)
Total gains/(losses) on investments		**845,156**	(403,703)

Notes to the Financial Statements

For the Year ended 30 June 2014

	Notes	CONSOLIDATED 2014 $	2013 $
5. REVENUE AND EXPENSES (Cont.)			
(c) Expenses			
Salaries and employee benefits			
Salaries and employee benefits		**4,039,233**	4,144,244
Share-based payment expense arising from equity-settled share-based payment transactions		**427,150**	373,479
		4,466,383	4,517,723
Depreciation and amortisation			
Furniture & fittings	13 (a)	**1,747**	2,231
Office equipment	13 (a)	**20,916**	27,515
Leasehold improvements	13 (a)	**1,384**	2,305
Software	14 (a)	**7,717**	15,917
Total depreciation and amortisation of non-current assets		**31,764**	47,968
Other expenses			
Accounting & audit fees		**259,657**	170,602
Operating lease rental – minimum lease payments		**375,529**	410,295
Marketing & communication expenses		**138,845**	249,728
Travel & accommodation costs		**242,191**	210,392
Payroll tax		**122,514**	164,803
Legal & compliance fees		**165,742**	235,700
Consulting fee & IT charges		**791,152**	651,431
Insurance charges		**151,283**	266,528
Directors' fees (non-executives)		**375,439**	392,500
Share registry & ASX fees		**116,567**	103,258
Subscriptions and training expenses		**142,812**	210,296
Impairment of goodwill	15 (a)	**252,764**	331,124
Other expenses		**120,318**	183,846
		3,254,813	3,580,503
Total other expenses		**3,286,577**	3,628,471

Notes to the Financial Statements

For the Year ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	$	$

6. INCOME TAX

(a) Income tax benefit

The major components of income tax benefit are:

	2014 $	2013 $
Income Statement		
Current income tax		
Adjustments in respect of current income tax charge of previous years	**(375,936)**	(110,506)
Deferred income tax		
Relating to origination and reversal of temporary differences	**(106,134)**	(116,588)
Relating to utilisation of tax losses	**(1,169,352)**	(627,012)
Write off of deferred tax asset in subsidiary (Global Value Investors)	**(520,000)**	-
Benefit from previously unrecognised difference/tax loss	**61,664**	-
Tax adjustment to recognise tax losses previously unrecognised	**-**	454,950
Income tax (expense) reported in the Income Statement	**(2,109,758)**	(399,156)

(b) Amounts charged directly to other comprehensive income

	2014 $	2013 $
Deferred income tax related to income charged or credited directly to other comprehensive income		
Unrealised loss/(gain) on available-for-sale investments	**173,668**	(112,737)
Income tax benefit/(payable) reported in other comprehensive income	**173,668**	(112,737)

(c) Reconciliation between aggregate tax benefit recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax benefit and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2014 $	2013 $
Accounting (profit) before income tax:	**(15,187,652)**	(10,803,395)
At the Group's statutory income tax rate of 30% (2013: 30%)	**(4,556,295)**	(3,241,019)
Share-based payments	**(128,145)**	(112,044)
Reversal of share in net profit of associates	**5,931,540**	4,515,045
Distributions received	**(3,133,729)**	(1,583,400)
Expenditure not allowable for income tax purposes	**(7,913)**	(8,682)
Adjustments in respect of current income tax charge of previous years	**(375,936)**	(110,506)
Dividend difference	**-**	(313,500)
Others	**160,720**	-
Tax adjustment to recognise tax losses previously unrecognised	**-**	454,950
Aggregate income tax (expense)	**(2,109,758)**	(399,156)

Notes to the Financial Statements

For the Year ended 30 June 2014

6. INCOME TAX (Cont.)

(d) Recognised deferred tax assets and liabilities

	Statement of Financial Position		Income Statement	
	2014	2013	**2014**	2013
	$	$	**$**	$
Deferred income tax at 30 June relates to the following:				
Consolidated				
Deferred tax assets				
Tax losses	**634,390**	2,099,432	**(1,127,091)**	(412,076)
Tax losses of acquired subsidiaries	**-**	562,261	**(562,261)**	-
Revaluation of available-for-sale investments at fair value charged to equity	**105,752**	-	**3,793**	-
Impairment of investment in ARCM	**217,017**	108,360	**108,657**	-
Impairment of investment accounted for under the equity method	**-**	240,000	**(240,000)**	240,000
Accruals and provisions	**375,751**	414,827	**(29,696)**	54,954
Deductible capital expenditures	**87,919**	-	**45,265**	-
	1,420,829	3,424,880		
Deferred tax liabilities				
Revaluation of convertible notes to fair value	**(551,230)**	(551,230)	**-**	-
Revaluation of available-for-sale investments at fair value charged to equity	**(76,730)**	(112,737)	**11,990**	-
Receivables	**(10,988)**	(799)	**(6,143)**	534
	(638,948)	(664,766)		
Deferred tax	**781,881**	2,760,114	**(1,795,486)**	(116,588)

(e) Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, Treasury Group Ltd and its 100% owned entities have formed a tax consolidated group. Treasury Group Ltd is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned entities on a pro-rata basis. Under a tax funding agreement, each member of the tax consolidated group is responsible for funding their share of any tax liability. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group allocate current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations are made at the end of each half year.

The allocation of taxes is recognised as an increase / decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Treasury Group Ltd. The Group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

Notes to the Financial Statements

For the Year ended 30 June 2014

	TREASURY GROUP LTD 2014 $	2013 $
7. DIVIDENDS PAID AND PROPOSED		
(a) Dividends proposed and not recognised as a liability*		
Final fully franked dividend 27 cents per share (2013: 23 cents per share)	**6,398,324**	5,306,274
(b) Dividends paid during the year		
Current year interim		
Fully franked dividend (23 cents per share) (2013: 17 cents per share)	**5,306,274**	3,922,028
Previous year final		
Fully franked dividend (23 cents per share) (2013: 20 cents per share)	**5,306,274**	4,614,151
Total paid during the year (46 cents per share) (2013: 37 cents per share)	**10,612,548**	8,536,179

* Calculation based on the ordinary shares on issue as at 28 August 2014

	2014 $	2013 $
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- franking account balance as at the end of the financial year at 30% (2013: 30%)	**9,597,667**	9,378,174
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date	**607,114**	915,732
	10,204,781	10,293,906
The amounts of franking credits available for future reporting periods:		
- impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the year	**(2,742,139)**	(2,274,117)
Franking credits carried forward after payment of final dividend	**7,462,642**	8,019,789

The tax rate at which paid dividends have been franked is 30% (2013: 30%).

Dividends proposed will be franked at the rate of 30% (2013: 30%).

Notes to the Financial Statements

For the Year ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	$	$
8. CASH AND CASH EQUIVALENTS		
(a) Reconciliation of cash and cash equivalents		
Cash balance comprises:		
– cash at bank and on hand	**12,860,219**	12,116,947
Closing cash balance	**12,860,219**	12,116,947
(b) Reconciliation		
Profit for the year	**13,077,894**	10,404,239
Adjustments for		
Share of associates' net profits	**(19,771,800)**	(15,050,149)
Dividend and distribution received from associates	**19,805,351**	13,547,967
Impairment of investment in subsidiary	**41,012**	-
Impairment of investment accounted for under equity method	**-**	800,000
(Gain) on disposal of available-for-sale investment	**(886,168)**	(396,297)
Depreciation and amortisation of non-current assets	**31,764**	47,968
Impairment of goodwill	**252,764**	331,124
Non-cash distributions and dividends	**(147,946)**	(395,048)
Non-cash interest	**(28,874)**	(54,117)
Share-based payments	**427,150**	373,479
Foreign exchange loss	**5,900**	11,609
Others	**85,416**	(45,146)
Changes in assets and liabilities		
(Increase) in trade and other receivables	**(3,538,493)**	(2,929,864)
(Increase)/decrease in other assets	**(1,027,046)**	684,698
Decrease in deferred tax assets	**1,978,233**	448,519
Increase in trade and other payables	**1,809,987**	3,038,311
Increase in current provisions	**8,701**	70,071
Increase in non-current provisions	**36,232**	22,456
Net cash flow from operating activities	**12,160,077**	10,909,820

At reporting date, Treasury Group Ltd did not have any financing facilities available.

Notes to the Financial Statements

For the Year ended 30 June 2014

	Note	CONSOLIDATED 2014 $	2013 $
9. TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		**6,500,907**	4,835,029
Sundry receivables		**3,988**	2,664
Other receivables		**161,265**	79,091
Related party receivables			
- Associates - Dividend	28	**1,416,600**	2,136,708
- Distribution		**2,640,000**	-
- Other		**394,419**	525,194
		11,117,179	7,578,686

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and generally on 30 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No allowance for impairment losses has been made.

	Total	0-30 days	31-60 days PDNI*	61-90 days PDNI*	+91 days PDNI*
	$	$	$	$	$
2014	**11,117,179**	**10,550,171**	**40,252**	**17,100**	**509,656**
2013	7,578,686	6,995,367	72,124	90,804	420,391

* Past due not impaired ('PDNI')

Receivables past due but not impaired is $567,008 (2013:$583,319). All overdue amounts as at 30 June 2013 have been received in full. Management is satisfied that payment will be received in full.

(b) Related party receivables

For terms and conditions of related party receivables refer to note 27.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security with the exception of the receivable from disposal of subsidiary, which was secured by the shares of the subsidiary disposed. It is not the Group's policy to transfer (on-sell) receivables to special purpose entities.

Trade receivables represent the Group's outstanding invoices for management fees. As the fees are receivable from large investment and superannuation funds, management regards the credit risk as very low.

Notes to the Financial Statements

For the Year ended 30 June 2014

9. TRADE AND OTHER RECEIVABLES (Cont.)

	CONSOLIDATED	
	2014	2013
	$	$
Non-current		
Security deposits	**833,073**	723,958
	833,073	723,958

The amount receivable is in Australian Dollars, non-interest bearing and is not considered past due or impaired.

10. AVAILABLE-FOR-SALE INVESTMENTS

Non-current		
- Investment in Octis Asia Pacific Fund Limited*	**3,035,532**	5,921,032
- Investment in Octis Opportunities Fund*	**3,030,546**	-
- Investment in Aubrey Conviction Fund*	**2,108,086**	2,647,168
- Aubrey Capital Management**	**1,393,261**	1,323,955
- Investment in Freehold Investment Management ***	**1,436,780**	-
- Unlisted shares in other corporations	**900**	1,100
	11,005,105	9,893,255

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

Units in funds are readily saleable with no fixed terms.

The fair value of the unlisted available for sale investments is based on the current unit price of the investments which is determined by the Value of the underlying investments of the unit trust.

** 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 $1,314,073. The change in fair value reflects movements in fair value between reporting periods, including foreign exchange rates.

*** Whilst classified as an available-for-sale to satisfy the definition under the accounting standards, the Board views this as a long term investment. The valuation of this investment was based on the net present value of the discounted cash flows of FIM.

Notes to the Financial Statements

For the Year ended 30 June 2014

	Notes	CONSOLIDATED 2014 $	2013 $
11. LOANS AND OTHER RECEIVABLES			
Loans receivables due from:			
Associates	28	**4,197,624**	3,629,539
Advances to other related party		**600,000**	-
		4,797,624	3,629,539

All amounts are receivable in Australian Dollars and are not considered past due or impaired.

(a) Loans

On 31 October 2013, Nikko bought from Treasury Group Ltd all loans and receivables due from TAAM.

On 29 May 2014, Treasury Group Ltd initially funded the $4,500,000 working capital facility to ROC Partners by $2,450,000.

The balance of the loan receivable from associates as at 30 June 2014 represents the subordinated loan to RARE and loan to ROC Partners.

The loan to RARE is subordinated to all other creditors as a condition of their Australian Financial Services Licence as agreed with the Australian Securities and Investments Commission (ASIC).

Interest rates on the loans vary between 7.5% to 8%.

The advances to other related party is fixed at 15% and has a maturity date of 16 May 2016.

Notes to the Financial Statements

For the Year ended 30 June 2014

	Notes	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD			
Investments in associates	12 (b)	**29,242,193**	30,633,054
		29,242,193	30,633,054

(a) Interests in associates

Name	Balance date	Ownership interest held by consolidated entity 2014 %	Ownership interest held by consolidated entity 2013 %
Investors Mutual Ltd – ordinary shares	30 June	**47.22**	47.22
Orion Asset Management (Aust) Pty Ltd - ordinary shares	30 June	**49.99**	41.99
Treasury Asia Asset Management Ltd – ordinary shares	30 June	-	43.96
RARE IP Trust – units	30 June	**40.00**	40.00
RARE Infrastructure Ltd – ordinary shares	30 June	**40.00**	40.00
IML Investment Partners Ltd - ordinary shares	30 June	**40.00**	40.00
Celeste Funds Management Ltd - ordinary shares	30 June	**39.17**	39.17
Evergreen Capital Partners Pty Ltd – ordinary shares	30 June	-	30.00
Octis Asset Management Pte Ltd - ordinary shares	30 June	**20.00**	20.00
ROC Partners	30 June	**15.03**	-

(i) Principal activity

(a) Investors Mutual Ltd provides a funds management capability to both institutional and retail investors.

(b) Orion Asset Management (Aust) Pty Ltd is the parent company of Orion Asset Management Ltd, a wholesale fund management company in Australia.

(c) Treasury Asia Asset Management Ltd is a boutique asset manager specialising in the Asia Pacific Region. This was sold on 31 October 2013.

(d) RARE IP Trust and RARE Group [RARE Infrastructure Ltd, RARE North America, RARE Infrastructure Sovereign Enterprise, RARE Infrastructure (Europe) Ltd, RARE Infrastructure (UK) Ltd, RARE Infrastructure (USA) Inc.] are funds management businesses specialising in listed global infrastructure assets.

(e) IML Investment Partners Ltd provides investment sub advisory services to Investors Mutual Ltd.

(f) Celeste Funds Management Limited is an Australian equity manager with a smaller companies focus.

(g) Evergreen Capital Partners Pty Ltd is an Australian equity absolute return manager which focuses on management of ASX listed equities via an absolute return style. Evergreen merged with FIM on 13 November 2013.

(h) Octis Asset Management Pte Ltd is an Asian multi strategy equity manager based in Singapore.

(i) ROC Partners is an Australian and Asian private equity investment and advice business.

These entities, except Octis Asset Management Pte Ltd, are incorporated and domiciled in Australia.

Notes to the Financial Statements

For the Year ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	$	$

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont)

(b) Carrying amount of investments accounted for using the equity method	**$**	$
Balance at the beginning of the year	**30,633,054**	29,697,032
-acquisition of jointly controlled entity	**811,420**	225,395
-disposal of jointly controlled entity	**(2,155,480)**	-
-share of associates' net profits for the year	**19,771,800**	15,050,149
-trust distribution received from an associate	**(10,445,762)**	(5,278,000)
-dividends received from associates	**(9,359,589)**	(8,269,967)
-share of unrealised gains reserve of associate	**(13,250)**	8,445
-impairment of investment in associates	**-**	(800,000)
Balance at the end of the year	**29,242,193**	30,633,054

(c) Share of associates' balance sheet		
Current assets	**32,524,868**	30,510,221
Non-current assets	**1,596,128**	977,788
Current liabilities	**(16,440,196)**	(14,099,555)
Non-current liabilities	**(1,638,890)**	(1,598,177)
Net assets	**16,041,910**	15,790,277

(d) Share of associates' revenues		
Revenues	**43,405,089**	36,367,614

(e) Share of associates' net income		
Profit before income tax	**24,842,644**	19,173,361
Income tax expense	**(5,070,844)**	(4,123,212)
Profit after income tax	**19,771,800**	15,050,149

On 31 October 2013, Treasury Group Ltd sold its equity ownership in Treasury Asia Asset Management Ltd to Nikko. On 13 November 2013, Evergreen was merged with FIM. As a result, the equity accounted investment in Evergreen was treated as if it was disposed of during the year and subsequently recognised as FIM available-for-sale investment.

Notes to the Financial Statements

For the Year ended 30 June 2014

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont)

(f) Details of each of the Group's material associates at the end of the reporting period are as follows:

Name of Associate	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2014	2013
IML	Funds Management	Australia	**47.22%**	47.22%
IML Investment Partners Ltd	Funds Management	Australia	**40%**	40%
RARE Infrastructure Ltd	Funds Management	Australia	**40%**	40%
RARE IP Trust	Funds Management	Australia	**40%**	40%

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amount shows in associate's financial statements in accordance with the Accounting Standards.

2014	Investors Mutual Group	RARE Group
Current assets	31,284,143	32,963,030
Non-current assets	348,863	1,124,406
Current liabilities	9,858,359	20,785,135
Non-current liabilities	-	1,741,649
Net assets	21,774,648	11,560,651
Goodwill	4,851,599	2,602,810
Carrying Amount of the Group's interest	14,823,379	7,141,408
Year ended 30 June 2014		
Revenue	34,747,017	55,184,330
Profit for the year	13,077,054	31,847,660
Other comprehensive income for the year	(28,060)	-
Total comprehensive income for the year	13,048,994	31,847,660
Dividends/distributions received during the year	5,958,461	8,777,359

Notes to the Financial Statements

For the Year ended 30 June 2014

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amount shows in associate's financial statements in accordance with the Accounting Standards.

2013	Investors Mutual Group	RARE Group
Current assets	30,695,892	21,666,023
Non-current assets	365,696	1,442,922
Current liabilities	12,320,392	13,532,458
Non-current liabilities	-	2,120,874
Net assets	18,741,196	7,455,613
Goodwill	5,361,563	2,661,695
Carrying amount of the Group's interest	14,153,179	5,643,941
Year ended 30/06/2013		
Revenue	28,387,933	37,717,034
Profit for the year	10,559,178	20,384,430
Other comprehensive income for the year	-	-
Total comprehensive income for the year	10,559,178	20,384,430
Dividends received from the associate during the year	4,551,708	6,118,000

(g) Following is an aggregate of other associates which are not deemed material:

	30/06/2014	30/06/2013
Current assets	16,632,990	19,179,857
Non-current assets	4,944,506	595,645
Current liabilities	10,405,476	7,601,894
Non- current liabilities	5,964,806	1,729,106
Net assets	5,207,214	10,444,591

	Year ended 30/06/2014	Year ended 30/06/2013
Revenue	15,632,144	21,600,696
Profit for the year	3,962,866	5,212,092
Dividends received during the year	3,149,639	2,158,260

Notes to the Financial Statements

For the Year ended 30 June 2014

	Notes	CONSOLIDATED 2014 $	2013 $
13. PLANT AND EQUIPMENT			
Furniture & fittings			
At cost		**12,082**	12,082
Accumulated depreciation		**(5,192)**	(3,445)
	13 (a)	**6,890**	8,637
Office equipment			
At cost		**434,827**	419,603
Accumulated depreciation		**(388,473)**	(367,557)
	13 (a)	**46,354**	52,046
Leasehold improvements			
At cost		**12,089**	12,089
Accumulated depreciation		**(3,886)**	(2,502)
	13 (a)	**8,203**	9,587
Total		**61,447**	70,270

(a) Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year.

	2014 $	2013 $
Furniture & fittings		
Opening balance	**8,637**	10,868
Depreciation expense	**(1,747)**	(2,231)
Closing balance	**6,890**	8,637
Office equipment		
Opening balance	**52,046**	75,081
Additions	**15,224**	4,480
Depreciation expense	**(20,916)**	(27,515)
Closing balance	**46,354**	52,046
Leasehold improvements		
Opening balance	**9,587**	5,763
Additions	**-**	6,129
Depreciation expense	**(1,384)**	(2,305)
Closing balance	**8,203**	9,587

Notes to the Financial Statements

For the Year ended 30 June 2014

	Note	CONSOLIDATED 2014 $	2013 $
14. INTANGIBLES			
Software			
At cost		**114,944**	121,779
Accumulated amortisation		**(102,404)**	(103,339)
	14 (a)	**12,540**	18,440

(a) Reconciliations

Reconciliations of the carrying amounts of intangibles at the beginning and end of the current financial year.

	2014 $	2013 $
Software		
Opening balance	**18,440**	34,357
Additions	**1,817**	-
Amortisation expense	**(7,717)**	(15,917)
Closing balance	**12,540**	18,440

15. GOODWILL

	2014 $	2013 $
Cost	**252,764**	583,888
Accumulated impairment losses	**(252,764)**	(331,124)
	-	252,764

The goodwill relates to the acquisition of AR Capital Management. No goodwill is reflected in the Statement of Financial Position.

16. TRADE AND OTHER PAYABLES (CURRENT)

	2014 $	2013 $
Trade payables	**643,184**	946,759
Other payables	**937,255**	941,552
Related party payables:		
- associates	**6,091,530**	3,973,671
	7,671,969	5,861,982

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Related party payables

For terms and conditions relating to related party payables please refer to Note 27.

(c) Interest rate and liquidity risk

Trade and other payables are non-interest bearing. Liquidity risk exposure is not regarded as significant.

Trade, other and related party payables are all due within less than 90 days.

Notes to the Financial Statements

For the Year ended 30 June 2014

	Note	CONSOLIDATED 2014 $	2013 $
17. EMPLOYEE PROVISIONS			
Current			
Provision for annual leave, beginning balance		**213,202**	143,131
Provisions during the year		**113,407**	127,986
Annual leave taken		**(104,706)**	(57,915)
Provision for annual leave, closing balance		**221,903**	213,202
Non-Current			
Provision for long service leave, beginning balance		**99,650**	77,194
Provisions during the year		**36,232**	22,456
Provision for long service leave, closing balance		**135,882**	99,650
18. FINANCIAL LIABILITY			
Current		-	600,000

As a result of the merger between Freehold Investment Management and Evergreen Capital Partners, the contingent liability of $600,000 to Evergreen was extinguished as at 31 December 2013.

Notes to the Financial Statements

For the Year ended 30 June 2014

19. CONTRIBUTED EQUITY AND RESERVES

	2014	2013
(a) Ordinary shares	**$**	$
Issued and fully paid	**29,594,265**	29,594,265

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in ordinary shares on issue

	TREASURY GROUP LTD			
	2014		2013	
	Number of shares	$	Number of shares	$
Balance at beginning of the financial year	23,070,755	29,594,265	23,070,755	29,594,265
Balance at end of the financial year	**23,070,755**	**29,594,265**	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 periodically reviews the capital structure to take advantage of favourable costs of capital or high returns on assets.

During the year ended 30 June 2014, management paid dividends of $10,612,548 (2013: $8,536,179). The Directors anticipate maintaining a dividend payout ratio over a medium term period 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) Long term incentives- performance rights

On 7 August 2013, Treasury Group Ltd granted additional 100,000 performance rights which have vesting date of 7 August 2016 (2013: 39,007 granted on 1 July 2012 and have vesting date of 1 July 2015) to officers and certain employees as part of their long term incentives. The performance rights on issue were valued based on the valuation made by RSM Bird Cameron using a hybrid monte-carlo /binomial option pricing model on the performance rights that were issued on 11 July 2011. The value of each right at issue was $1.64. Total value of the outstanding performance rights is $227,972 amortised over three years from the grant date.

The amount of performance rights amortisation expense for the period was $427,150 (2013:$373,479).

At the end of the year, there were no unissued ordinary shares in respect of which performance rights were outstanding to employees of the Group.

Of the 640,000 performance rights granted on 11 July 2011 to key management personnel, 96% vested on 12 July 2014. As a result, 614,400 Treasury Group Ltd shares were allocated to key management personnel. In addition, other employees were allocated 12,857 Treasury Group shares as a result of vesting of performance rights.

	CONSOLIDATED	
	2014	2013
	$	$
(e) Retained profits		
Balance at the beginning of the year	**27,643,019**	25,788,684
Profit for the year	**13,061,814**	10,390,514
Dividends	**(10,612,548)**	(8,536,179)
Balance at end of year	**30,092,285**	27,643,019

Notes to the Financial Statements

For the Year ended 30 June 2014

	CONSOLIDATED	
	2014	2013
	$	$
19. CONTRIBUTED EQUITY AND RESERVES (Cont)		
(f) Reserves		
Net unrealised gains reserve		
Balance at the beginning of the year	**376,659**	(542,846)
Net unrealised (losses)/gains on available for sale investments taken to equity	**(213,894)**	1,301,512
Income tax relating to items not reclassified	**64,169**	(390,452)
Share of after-tax gain on available for sale investments of associates	**(13,250)**	8,445
Balance at end of year	**213,684**	376,659
Share options reserve		
Balance at end of year	**3,874,436**	3,447,286
Total Reserves	**4,088,120**	3,823,945

Net unrealised gains reserve

The reserve records after tax fair value changes on available-for-sale investments.

Share Options reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 22 for further details of these plans.

Notes to the Financial Statements

For the Year ended 30 June 2014

20. 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	
	2014	2013
	$	$
Segment profit after tax for the year		
- Outsourcing and responsible entity services	**338,150**	830,764
- Australian equities	**7,478,915**	7,069,305
- Alternative investments	**11,841,348**	8,056,603
	19,658,413	15,956,672
- Central administration costs and directors' salaries	**(6,580,519)**	(5,552,433)
Total per Income Statement	**13,077,894**	10,404,239
Segment net assets for the year		
- Outsourcing and responsible entity services	**5,625,758**	5,960,548
- Australian equities	**21,233,035**	22,103,482
- Alternative investments	**23,362,365**	18,446,603
	50,221,158	46,510,633
- Central administration	**13,553,512**	14,566,792
Total per Statement of Financial Position	**63,774,670**	61,077,425

Other than Australia, no country represents more than 10% of revenue for Treasury Group Ltd and its associates.

No individual customer represents more than 10% of revenue for Treasury Group Ltd and its associates.

Notes to the Financial Statements

For the Year ended 30 June 2014

21. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group has entered into commercial property leases to meet its office accommodation requirements. These non-cancellable leases have remaining term of three years as at 30 June 2014. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	CONSOLIDATED	
	2014	2013
	$	$
Future minimum rentals:		
Minimum lease payments		
- not later than one year	**329,389**	316,720
- later than one year and not later than five years	**576,950**	906,339
Aggregate lease expenditure contracted for at reporting date	**906,339**	1,223,059
Amounts not provided for:		
- rental commitments	**906,339**	1,223,059
Total not provided for	**906,339**	1,223,059
Aggregate lease expenditure contracted for at reporting date	**906,339**	1,223,059

22. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

The Treasury Group LTI Plan

The Treasury Group LTI Plan has been established where Treasury Group Ltd, at the discretion of the Board of Directors, awards performance rights to Directors, executives and certain members of staff of the Group. Each performance right at the time of grant represents one Treasury Group Ltd share if it vests.

On 7 August 2013, Treasury Group Ltd granted additional 100,000 performance rights which have vesting date of 7 August 2016 (2013: 39,007 granted on 1 July 2012 and have vesting date of 1 July 2015) to officers and certain employees as part of their long term incentives. The performance rights on issue were valued based on the valuation made by RSM Bird Cameron using a hybrid monte-carlo /binomial option pricing model on the performance rights that were issued on 11 July 2011. The value of each right at issue was $1.64. Total value of the outstanding performance rights is $227,972 amortised over three years from the grant date.

The amount of performance rights amortisation expense for the period was $427,150 (2013:$373,479).

Of the 640,000 performance rights granted on 11 July 2011 to key management personnel, 96% vested on 12 July 2014. As a result, 614,400 Treasury Group Ltd shares were allocated to key management personnel. In addition, other employees were allocated 12,857 Treasury Group shares as a result of vesting of performance rights.

Employee Share Plan

The Employee Share Plan has been established whereby Treasury Group Ltd, at the discretion of the Board of Directors, provides the opportunity to employees and Directors to purchase shares in Treasury Group Ltd at market value less a discount of 5% to 20%. These shares are purchased via a salary sacrifice arrangement. The shares are held in trust at the employees' request for a period between 2 and 10 years. Employees have to be employed by the consolidated group while taking part in the plan. There are 17 employees eligible to participate in the plan. Shares acquired under the Employee Share Plan vest immediately. There were no shares purchased during the year (2013: 4,360 at weighted average cost of $4.91). The balance as at 30 June 2014 was 3,099 shares (2013: 46,751). There were no shares that vested during the year (2013: 4,360) and 43,652 shares were sold (2013: 3,345). The weighted average cost of the shares remaining is $12.0 (2013: $7.37) per share.

Notes to the Financial Statements

For the Year ended 30 June 2014

23. SUBSEQUENT EVENTS

On 5 August 2014, the Directors of Treasury Group Ltd declared a final dividend on ordinary shares in respect of the 2014 financial year. The total amount of the dividend is $6,398,324 which represents a fully franked dividend of 27 cents per share. The dividend has not been provided for in the 30 June 2014 financial statements.

On 5 August 2014, Treasury Group Ltd and Northern Lights Capital Group (Northern Lights) agreed to a merger creating an international multi-boutique business with A$49.6bn FUM. Northern Lights is a privately owned international multi-boutique asset management group headquartered in the United States with 13 associated boutiques.

A new Australian Trust and trustee company has been established which will own interests in the combined 21 boutiques and give effect to the merger.

The new Australian Trust will have its Board, management and operations integrated. Treasury Group will be entitled to 61% of the economic interest of the Trust and it will have majority board representation. The Trust will issue Treasury Group Class A Trust Units and Northern Lights will be issued Class B Trust Units with 39% interest.

Treasury Group will retain all existing franking credits and Treasury Group is expected to be able to continue to pay franked dividends to its shareholders in the future.

Treasury Group and Northern Lights will treat the Trust as a joint venture arrangement for accounting purposes. Upon completion of the transaction, Treasury Group will transfer all its underlying assets to the Trust. This transfer will be a deemed sale and a gain on the sale will be recognised at the time of completion. Assuming that TRG share price on completion date is similar to the share price on 5 August 2014, the gain on sale is A$159.3m[1] and the assets to be transferred to the Trust will be valued at A$223.1m[1].

Going forward post completion, TRG will recognise its investment in the merger trust as an investment in a joint venture. The accounting will follow the principles of equity accounting. TRG will reflect a share of profit from the trust and its share of the carrying value of the underlying assets of the trust.

The merger transaction is viewed to create diversified international portfolio of asset management businesses and it executes Treasury Group's growth strategy.

[1] Based on the TRG share price as at 4 August 2014.

24. EARNINGS PER SHARE

	CONSOLIDATED	
	2014	2013
	$	$
Net profit attributable to ordinary equity holders of the parent	**13,061,814**	10,390,514
	Number of shares	
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 and performance rights	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**23,070,755**	23,070,755
Earnings per share (cents per share)		
basic for profit for the year attributable to ordinary equity holders of the parent	**56.6**	45.0
diluted for profit for the year attributable to ordinary equity holders of the parent	**56.6**	45.0

Performance rights do not have a diluted effect on the Earnings per Share calculation as the vesting conditions of these rights have not been met as at 30 June 2014. Had the performance rights that had vest on 12 July 2014 actually vested on 30 June 2014, the diluted effect of these performance rights on the Earnings per Share calculation would have been 55.0.

Notes to the Financial Statements

For the Year ended 30 June 2014

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Non-executive directors

M. Fitzpatrick	Chairman (Non-Executive)
P. Kennedy	Director (Non-Executive)
R. Hayes	Director (Non-Executive)
M. Donnelly	Director (Non-Executive)

(ii) Executives

A. McGill	Managing Director (appointed 30 August 2013) & Chief Executive Officer
J. Ferragina	Chief Financial Officer

(b) Compensation for Key Management Personnel

	CONSOLIDATED	
	2014	2013
	$	$
Short-term	**1,729,418**	1,619,580
Post employment	**58,871**	55,440
Share-based payments	**349,866**	349,866
Total remuneration	**2,138,155**	2,024,886

KMP bonuses are paid in two instalments being 50% on August and 50% on June the following year. Only the 50% payable on August is provided for as at 30 June 2014.

(c) Transactions with director-related entity

Details of the transactions with Director-related entities are set out in Note 27. All transactions were conducted on commercial terms.

(d) Loans to key management employees

No loans have been advanced to key management employees at any stage during the financial year ended 30 June 2014 (2013: $Nil).

	CONSOLIDATED	
	2014	2013
	$	$
26. AUDITOR'S REMUNERATION		
Auditor of Parent entity (Deloitte Touche Tohmatsu)		
Amounts received or due and receivable by Deloitte Touche Tohmatsu:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group and associates	**224,466**	197,587
- corporate advisory services to the entity and any other entity in the consolidated group	**58,800**	-
- tax advisory services to the entity and any other entity in the consolidated group	**442,982**	6,575
- tax compliance services to the entity and any other entity in the consolidated group	**65,545**	14,590
- other services to the entity and any other entity in the consolidated group	**74,440**	58,394
Total	**866,233**	277,146

Notes to the Financial Statements

For the Year ended 30 June 2014

27. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Treasury Group Ltd and the controlled entities in the following list:

	Percentage of equity interest held by the consolidated entity	
	2014	2013
Companies		
Treasury Capital Management Pty Ltd	**100**	100
Treasury Group Investment Services Limited	**100**	100
Treasury Group Nominees Pty Ltd	**100**	100
Global Value Investors Ltd	**100**	100
Treasury Evergreen Pty Limited	**100**	100
AR Capital Management Pty Ltd	**100**	77.8

All subsidiaries are incorporated in Australia.

Transactions with related parties

Service fees

During the year, Treasury Group Ltd and its wholly-owned entity, Treasury Group Investment Services Limited provided administrative services to associates. Dealings were on commercial terms and conditions. Details of service fees and receivables at reporting date are disclosed in Note 5 and Note 10 to the financial report respectively.

Dividend and distribution

Dividends and distributions received and receivable at reporting date are disclosed in Note 5 and Note 9 to the financial report respectively.

Loans

Loans advanced by Treasury Group Ltd to associates are with a fixed repayment date once repayment clause has been triggered. Interest on the loans is capitalised at commercial rates until repayment clauses have been triggered.

During the year, Treasury Group Ltd provided additional loans to associates for $2,450,000 (2013: $Nil) and received $1,889,028 (2013: $343,750) in repayments. Details of interest income and the amount remaining outstanding at year-end are disclosed in Note 5 and Note 11 to the financial report respectively.

Notes to the Financial Statements

For the Year ended 30 June 2014

28. PARENT ENTITY DISCLOSURE

The accounting policies of the parent are the consistent with the consolidated entity.

(i) Financial Performance

	2014	2013
	$	$
Profit for the year	14,203,006	8,352,207
Other comprehensive income for the year (net of tax)	(293,944)	859,334
Total comprehensive income	13,909,062	9,211,541

(ii) Financial Position

	2014	2013
Assets		
Current assets	13,316,626	9,258,596
Non-current assets	37,736,719	38,538,683
Total assets	51,053,345	47,797,279
Liabilities		
Current liabilities	1,224,158	1,417,581
Non-current liabilities	135,882	67,733
Total liabilities	1,360,040	1,485,314
Equity		
Issued capital	29,594,265	29,594,265
Retained earnings	16,283,472	13,035,337
Reserves		
Share options	3,874,436	3,447,286
Net unrealised gains/ (losses) reserve	(58,868)	235,077
Total equity	49,693,305	46,311,965

Directors' Declaration

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

1. In the opinion of the Directors:

   (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date;

      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

      (iii) complying with International Financial Reporting Standards, as stated in note 2 to the financial statements

   (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.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2014.

On behalf of the Board

M Fitzpatrick
Chairman

20 August 2014

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

Report on the Financial Report

We have audited the accompanying financial report of Treasury Group Ltd, which comprises the statement of financial position as at 30 June 2014, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 29 to 77.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Treasury Group Ltd is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 19 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Treasury Group Ltd for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants
Sydney, 20 August 2014

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.

(a) Distribution of equity securities (as at 6 August 2014)

The number of shareholders by size of holding, in each class of share are:

			Ordinary shares	
			Number of holders	Number of shares
1	–	1,000	1,196	672,621
1,001	–	5,000	1,407	3,445,565
5,001	–	10,000	239	1,716,414
10,001	–	100,000	137	3,404,955
100,001	and over		22	14,457,943
			3,001	23,697,498
The number of shareholders holding less than a marketable parcel of shares are:			48	519

(b) Twenty largest shareholders (as at 6 August 2014)

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	RBC Investor Services Australia Nominees Pty Limited (Perpetual)	2,806,036	11.84
2	Squitchy Lane Holdings Pty Ltd	2,401,500	10.13
3	BNP Paribas Noms Pty Ltd	1,683,469	6.91
4	Citicorp Nominees Pty Ltd	993,809	4.19
5	UBS Wealth Management Australia Nominees Pty Ltd	844,218	3.56
6	JP Morgan Nominees Australia Limited	729,038	3.08
7	Mr Timothy Gerard Ryan	703,927	2.97
8	Kattag Holdings Pty Ltd	554,000	2.34
9	Mini-Me Ventures Pty Ltd	480,000	2.03
10	National Nominees Limited	473,466	2.00
11	Mr Michael Brendan Patrick De Tocqueville	425,000	1.79
12	HSBC Custody Nominees (Australia) Limited	395,948	1.67
13	Banson Nominees Pty Ltd	370,313	1.56
14	HFM Investments Pty Ltd	250,000	1.05
15	Top Pocket Pty Ltd	250,000	1.05
16	RBC Investor Services Australia Nominees Pty Ltd	201,938	0.85
17	Penswood Pty Ltd	199,000	0.84
18	Bond Street Custodians Limited	197,031	0.83
19	29th Marsupial Pty Ltd	172,050	0.73
20	Mardom Pty Ltd	141,400	0.59
		14,227,143	**60.03**

ASX Additional Information

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
Perpetual Limited	2,806,036
Michael Fitzpatrick	2,701,285

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.