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CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Net profit after tax for the 2012 fiscal year was $1,511,368 compared with $1,394,412 for the 2011 year.

A dividend of 1.5 cents per share was paid on 28 September 2012.

At 30 June 2012 the net tangible asset backing per share of the company's shares ("NTA") was 86 cents, down from 94 cents at 30 June 2011. This was after the payment of a dividend of 2 cents per share in September 2011.

The reduction in the NTA primarily reflects realised losses on disposals of investments during the year and unrealised losses on revaluations of investments as at 30 June 2012, both as set out in the statement of comprehensive income.

As set out in the statement of comprehensive income an amount of $10,442,241 of the company's deferred tax asset ("DTA") has been derecognised in the balance sheet.

The Directors concluded, after careful consideration and consultation that this derecognition was required in order to comply with Australian accounting standard AASB 112 relating to income taxes.

Effectively what the derecognition does is to write down the carrying value of the DTA which is recorded in the balance sheet by around 50% of the full amount of the DTA.

It is important to note that the write down does not have any impact on the NTA. It is a non cash adjustment and the DTA is not included in the calculation of the NTA.

Importantly also, the derecognised or written down amount is not lost and remains available to be utilised in respect of future capital gains in the same way as if it had not been derecognised.

The financial report provides comprehensive details of the statutory financial results for the year and i do not propose to dwell further on them at this point.

Following the investment manager's presentation we will be pleased to discuss, and respond to any questions that you may wish to ask, concerning the statutory reports for the 2012 fiscal year.

In February 2009 the Board initiated an on market buy back in relation to the Company's shares. The buy back was renewed in 2010, 2011 and 2012 and remains in place.

In the period since February 2009, an aggregate number of 3,673,535 shares have been purchased on market and cancelled under the buy back, at a mean average cost of $0.747 per share.

During most of this period the market price for TGG's shares has been at a discount of 12% to 22% to the NTA. Currently it is around 15%.

The on market buy back has been accretive to the NTA, as well as contributing to liquidity of the company's shares in the market.

It is intended that management will continue to buy back shares as and when appropriate opportunities arise.

During the year the Board examined other options or measures that might contribute to elimination or reduction of the discount that persists between the NTA and market price for the Company's shares. Of course, the discount is not a phenomenon which is peculiar to our shares. Indeed most listed investment company shares trade at a discount to NTA. This appears to have more to do with market sentiment than any sound economic rationale. But it is undesirable and particularly places listed investment company shares at a disadvantage to units in trusts which are redeemable at prices corresponding to net tangible asset backing.

The Board has considered potential restructuring options that could assist to reduce or eliminate the discount in relation to TGG shares. To date none has been identified that, in relation to TGG might be effective, without incurring value destructive collateral losses and tax consequences that, on the Board's assessment, would substantially outweigh the benefit of any discount reduction that might be achieved. The Board will continue to keep under review possible ways to close the discount gap to the overall benefit of shareholders.

In September 2012, the company paid a final dividend of 1.5 cents per share in respect of the year ended 30 June 2012.

I regret that I cannot presently offer guidance regarding future dividends. In principle, the Board would intend to pay dividends if and when profits are generated and available to enable reasonable and prudent distributions to be made.

In the current market climate, however, there is no certainty about whether or when such profits will be achieved.

Throughout the 2012 fiscal year extremely challenging and difficult conditions continued to be experienced in global equity markets and those conditions continue today.

European markets are depressed by concerns over the Eurozone debt crisis and inability or unwillingness of authorities to address budgetary imbalances with effective measures. The USA is also confronted with a potentially unsustainable budget deficit, exacerbated by the fiscal cliff which is again looming in January 2013.

These factors weighed heavily on the performance of TGG's investment portfolio during the 2012 year producing a negative return of minus 5.4%

On the brighter side, however, the performance of the investment portfolio in the first three months of the current fiscal year has been encouraging. Since 30 June the NTA has risen from 86 cents to 91 cents at 30 September. That was after paying a dividend of 1.5 cents. In aggregate this represents a positive return in the first quarter of the year of over 7.5%.

I hasten to add that global equity markets remain highly volatile and they may again gyrate wildly in the days ahead- nonetheless the return for the first quarter of this year is clearly preferable to the minus 10.5% decline we experienced in the first quarter of the 2011 fiscal year.

While in a more upbeat frame of mind, let me leave you with these further thoughts. The Australian dollar has been very strong against the US dollar and other major currencies for some time now. And currently it remains at an elevated level. There have been a number of reasons for this, which all operate in a quite complex way. I am not an economist and do not claim to understand how they all interact but it does seem clear that one of the major contributors to the strength of the Australian dollar has been the massive trade surplus which was almost entirely attributable to the mining boom.

However, the trade balance which for calendar year 2011 was a surplus of 18 billion dollars has become a trade deficit, for the first seven months of this calendar year, of some 4 billion dollars. Thus what has been one of the fundamental props for the strength of the Australian dollar has effectively disappeared. This development could well lead to a significant devaluing of the Australian dollar as against other major currencies, especially if the Europeans start to get their act together and the USA gets through the fiscal cliff. If and when such a revaluation occurs, it will be predicated to produce a commensurately significant uplift in the Australian dollar value of the NTA value of TGG shares.

On this note, let me now hand over to Peter Wilmshurst to make the Investment Manager's presentation.

David Walsh
Chairman

24 October 2012